

# BOOK OF ABSTRACTS



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## THE ROLE OF THE BRETTON WOODS INSTITUTIONS IN SHAPING AND SPREADING EDUCATION POLICIES

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### ABSTRACT

It was shortly before the end of World War II (1944) that the decision was taken to establish the Bretton Woods institutions, namely the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). A few years later (1948), the Universal Declaration of Human Rights was adopted by the UN, according to which education was at last officially established as a human right for the first time throughout human history.

Upon the end of WW II, the creation of International Institutions aiming principally at implementing policies towards economic development came to the fore. Given that collaboration is more effective if it takes place through multilateral institutions, the International Institutions gradually emerged as important regulators of the global scene, setting or influencing international developments at various levels.

At the same time, the content of education, the structure of the educational system and the implemented education policies were regarded as key factors influencing economic growth. In this way, economy was directly related to education while education was in its turn directly linked to development programs.

There are many international institutions intervening in education policy matters. The action taken by some of them is widely known while others' action is not, since the fields they get involved in are prima facie not related to education issues. The less known institutions include the IMF and, secondarily, the IBRD. The role of the IBRD is more active and visible while the involvement of the IMF is indirect, through its involvement in the financing procedures of the WB.

The present paper will attempt to examine the role played by the IBRD and the IMF in cultivating and diffusing specific education policies and ideas as well as the value bases on which their education programs develop.

The vast majority of the International Institutions dealing with education do not form a specific self-contained policy promoted by the member states themselves since they are not capable of enforcing specific measures.

They usually define specific goals and create an attractive atmosphere around them. These goals are subsequently promoted through the mesh of relationships and partnerships they have been developing.

The particularity of the Bretton Woods Institutions lies in their ability to impose specific measures on the states. While promoting their positions through financial programs, rendering their implementation an integral part of financing, they in fact enforce the implementation of specific education policies. This fact attaches great importance to the role they play with regard to education at a global level since they may be the only International Institutions possessing the ability to directly exert education policies.

### KEYWORDS

Bretton Woods institutions, education policy, economic development, financial programs

### JEL CLASSIFICATION CODES

F330, I250, I280

## “YOU HAVE TO RUN TO STAY STILL” (J. Stiglitz)

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### ABSTRACT

“In economics, you have to run to stay still.” (Stiglitz, 2010 p. 63). The world is going ahead and all the national economies need to find their own development path. Countries are competing among themselves and are analyzing, copying, or avoiding the other countries’ success/failure experiences. They differ not only by the levels of reached development standard, but also by the possible methods which might be used for accelerating growth.

This paper is trying to discover some of the specific growth drivers and to analyze different aspects of the economy structure of several selected countries, with a special focus on Macedonia. The conclusions are driven by making comparison and analysis of the results from World Bank database<sup>1</sup>, Global Development Indicators and World Development Finance indicators. Some of the conclusions are based on the use of Global Economic Prospects indicators, Worldwide Governance Indicators, Poverty and Inequality Indicators, Doing Business and Enterprise Surveys.

### KEYWORDS

Macroeconomics, development, Macedonia.

### JEL CLASSIFICATION CODES

E2, O1, O5

# **EXCHANGE RATE REGIMES IN THE NEW EU MEMBER STATES AS FACTORS FOR BALANCE OF PAYMENTS SUSTAINABILITY - THE CASE OF BULGARIA**

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## **ABSTRACT**

The choice of exchange rate regime is one of the major questions faced by the transition economies from Central and Eastern Europe (CEE). As the role of the exchange rate regime for the economic development and external competitiveness of a country is very important, the discussions on fixed versus flexible currency are inevitable. These debates could be further developed through assessment of the nature of the catching-up process in terms of trade and investments dynamics in and out of the CEE countries.

The balance of payments statistics provide enough information for analysis of the external positions of an economy, but they also give clues on the sustainability of a country's economic development and the impact of a flexible/fixed exchange rate on its competitiveness. In the last decades it became generally accepted that the transition and catching-up process in the CEE countries results in balance-of-payments imbalances proven by the statistical data. That circumstance raises the issue of the sustainability of these imbalances and the methods for assessment of their long-term impact on the economy.

Thus, the purpose of this paper is to analyze the dynamics of the main balance-of-payments accounts in the new EU member states from Central and Eastern Europe – Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, in order to outline the dependency of these dynamics on the exchange rate regimes in the selected countries. The focus is on the balance-of-payments dynamics between 2004 and 2012 and the key country of analysis is Bulgaria as it was found that the external imbalances in this state are the most distinct in the years before the crisis in comparison to the rest of the selection. Additionally, in the period of 2009 – 2012 a balance-of-payments adjustment is registered in all of the selected countries, including Bulgaria - a circumstance that could provide us with clear and unarguable information on the character of the pre-crisis imbalances and the reasons for the differences in the external positions of the observed countries. An in-depth study of the major factors affecting the imbalances is made in order to define the key processes taking course in the economies and to assess the impact of exchange rate arrangements on them.

As a result of the analysis, it is concluded that the currency board system in Bulgaria has a role in stimulating domestic demand which results in further deepening of the pre-crisis balance-of-payments imbalances and worsening of the Bulgarian external positions. These observations are proven, among other factors, by the character of the foreign direct investments in the country, the dynamics of GDP's components and the statistics on foreign indebtedness of the economy. In addition, it is found that the adjustment that takes course after 2009 has much larger negative effect on economic stability in the fixed exchange rate economies in comparison to the countries with flexible currency.

## **KEYWORDS**

Balance of payments; sustainability; exchange rates; currency board; competitiveness; adjustment

## **JEL CLASSIFICATION CODES**

E21, F32, F43

## **ECONOMIC DIPLOMACY AND SECURITY IN SOVEREIGN STATE**

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### **ABSTRACT**

This article illustrates the connection between the national security and the economic diplomacy. The main goal is to be shown that the economic diplomacy can contribute to national security policy as a secondary factor, since the army forces are the major factor, by raising the security levels and improving the state's power, without causing any security dilemmas. In order to prove, that I use the following indicators, who can lead to secure outcome. First and foremost, I use as a tool the political economy of Greek and Turkish security policy by analyzing and contrasting indicators such as the Greek geopolitical and geostrategic environment, the bilateral economic diplomacy (Greece and Turkey) and secondly, by contrasting the military spending on both sides and the number of the Turkish violations of the Greek Airspace and Territorial Waters. By focusing on that field, I conclude that the Turkish disputation over the Greek sovereignty is reduced, but without eliminating, consequently Greece feels less insecure and as a result, much more deterrence can be achieved by the Greek side. Summarizing, when there is strong economic activity between two countries then the national security is enhanced, for both sides, unless the power of the one overcomes the existing.

### **KEYWORDS**

Neo-Realism, national security, economic diplomacy, political economy of security, power

# **IMPACT AND LEGAL CONSEQUENCES OF THE APPLICATION OF THE EUROPEAN MUTUAL RECOGNITION PRINCIPLE IN THE COUNTRIES FROM SOUTH EAST EUROPE**

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## **ABSTRACT**

To benefit from the above mentioned advantages, however, is not that simple. It is necessary to develop techniques for applying the principle in the legislation and legal practice of the countries. For example, in the countries from South East Europe, applying for European membership, the obligation arises from the Stabilisation and Association Agreements signed with the European Union and its Member States, which declare that “the parties perceive the importance of adapting the existing and future laws with those of the Community. The countries will strive gradually to ensure compatibility of their laws with those of the Community. ”

This provision is very general and it does not provide any specific reference to the principle. Apart from the numerous potential economic and social benefits of applying the principle of mutual recognition it often proves to be inadequate and expensive process for the business community for the following reasons: It is hard to see/ recognize the principle of mutual recognition. Specifically, the business community is often not able to recognize the laws relating to mutual recognition, nor the rules under which the principle functions are apparent at first sight for officers inspecting the markets. Numerous businesses have no idea about the case law that deals with Mutual Recognition or that it might matter to them, let alone that company might know how to verify whether it is applied to their goods. They therefore tend not to consider Mutual Recognition as a viable mode of achieving their trade objectives and refrain from exporting to other countries or, alternatively, make adaptations before exporting, thus reducing their competitiveness.

As Genschel points out, since companies cannot wait for a court to vindicate a claim of Mutual Recognition, they often comply with the rules of the importing country even when they could insist on the functional equivalence of their home-country regulation. Or as Nikolaides puts it: “while it is important to analyse the role of the rulings of the European Court of Justice (ECJ) in the European story of Mutual Recognition, it is also true that all the Court could do when it came to designing this more sophisticated understanding of the principle was to provide a road map for politicians and technical experts later drafting the laws.” As a consequence many small and medium-sized enterprises fail to consider Mutual Recognition and thus either refrain from exporting to countries, or do export but after adaptations, which is exactly what Mutual Recognition aims to avoid. On the other hand for companies which do know about Mutual Recognition, the costs of verifying whether Mutual Recognition would apply to their goods can be high and/or lead to uncertainty. Also, the losses of reputation which may result in the case of the refusal of a product or a service by the importing country and the waiting costs until the possible admission (‘time to market’) of the product are considerable.

For this and a number of other reasons, countries may be faced with numerous challenges and problems in the application of mutual recognition, which are to be analysed within the framework of this paper.

## **KEYWORDS**

Mutual Recognition, Cassis de Dijon, Free movement of goods

## **INNOVATIVE BUSINESS MODELS AND CRISIS MANAGEMENT**

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### **ABSTRACT**

Nowadays the worldwide and regional increasing competition, increasing demands from customers asking for more sophisticated products and the rapid changing of the environment where the businesses operate, has created the need for innovative business models. From a survey run by IBM in 2008 it was concluded that Chief Executive Officers from many corporations feel the need to adopt their business models and even to undertake larger changes as a result.

Most financial analysts or academics take the music industry as a prime example of failure to innovate its core business model, especially in this troubled crisis period. There are many other industries where failure to innovate its core business lead to their decline. One of the biggest calamities of the current recession is the fall of the once highly regarded (and onetime fourth-largest) Wall Street investment firm – Lehman Brothers Holdings, which was forced to file for bankruptcy protection few years ago. Not many years ago another giant WorldCom second biggest long distance phone company in the US filed for bankruptcy burning 107 billion USD of assets.

It is claimed that the financial crisis is the reason. But, is the financial crisis the only reason for failure? The reality shows that the business models and crisis management provisions have lost their role.

The aim of this article is to present the rationale on the need of investing in innovative business models as the literature tells and run a comparative study using data from two or three big corporations in order to show how innovative business models can help the management to take the right decisions when dealing with crisis situations.

The main result and conclusion of this article is to show that the failure of many corporations is not created by the crisis alone, but because the management did not innovate its business model.

### **KEYWORDS**

Business model, innovative, crisis, management, failure, success

### **JEL CLASSIFICATION CODES:**

G3, M1, E37, F2

## CREDIT RISK MANAGEMENT

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### ABSTRACT

Managing the credit risk is a priority issue to financial institutions for stability and continuous profitability in the future. Carefully, considering consequences of credit risk we could minimize risks while securing reasonable returns for the financial institutions be those private or governed by state. Recently Credit Risk Management has become harder to forecast the future due to financial crisis that the world, in particular EU zone is experiencing. For Banks, nowadays lending is becoming a hassle regardless of its purpose. The borrowers are overdue to their payments and that's not because they do not wish to pay but due to limited liquidity and their bad debts from their clients and customers. Though there is been studies on strategies to overcome these crisis and lower the credit risks using all the strategic tools, yet, this issue takes place almost all over the world. Very few nations are in control of credit risk management and that's due to government restrictions in centralized economy.

Others suffer lack of expertise and skilfulness to this issue. High levels of liquidity, rapid changes of inflation and interest rates have played their part to the equation of financial and economic stability. The global banking system with its international transactions is facing problems because it does not possess the necessary tools and it does not have full cultural knowledge. This comes from mistrust of the involved parties. Each party employ its techniques and strategies without considering carefully the cultural affects and weaknesses of that country. Most cultures around the world are not used to large amount of lending and borrowing based on interest rates and just a bunch of papers called contract especially from foreign financial institutions.

The aim of credit risk management is to maximize bank's risk-adjusted rate of return by maintaining the exposure to credit risk within acceptable boundary. Banks should manage the credit risk basics in the entire loan portfolio as well as the risk in individual credit transaction. They should also take into consideration the relationships between credit, liquidity and interest rate risks. The efficient management of credit risk is the most important part of the overall risk management system and crucial to each bank's bottom line and from that the survival of all banking system establishments.

The idea of profit has been misperceived from most institutions and its representatives and upper class of management. Ignoring small problems and when it comes to credit could be a great issue in the future, e.g in US cases, Spain, Greece, Italy etc.

### KEYWORDS

Risk, management, interest rate

## **FAMILY BUSINESSES IN THE NEW ECONOMY: HOW TO SURVIVE AND DEVELOP**

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### **ABSTRACT**

The family businesses have a significant role to play in the strength and dynamism of the European economy and long-term stability. Across Europe around 70-80% of all enterprises are family businesses and totally they comprise employment around 40-50%. In Europe the family business sector is dominated by SMEs, and particularly by micro enterprises with less than 10 employees. Family businesses are active in all sectors of the economy. Most of the family businesses can be found in traditional and labour intensive sectors. However, a shift towards more modern industries is taking place.

The family businesses involve three overlapping elements that make them different from other types of business, namely the family, the business, and the ownership. Although many of the challenges facing family businesses also concern Small and Medium Sized Enterprises (SMEs) in general, some affect family firms more specifically, and others are exclusive to only them. Some challenges stem from the environment in which the firms operate (inheritance, taxation etc.), others are connected to the family firm's internal matters, such as balancing the business, family and ownership aspects, succession and internal conflicts between family members and ascertaining professional business management. Family businesses compared to other businesses are characterised by two dynamic and sometimes conflicting reference systems - the family (the emotional) and the company (the professional). Private and personal interests may be transferred to the company and vice versa. As same persons may have different overlapping roles in family business it is not easy to find balance at times. Despite the fact that family businesses contribute significantly to economic activity and employment, comparatively little research has been carried out to identify the needs, aspirations and challenges of European family businesses.

This paper recognises the importance of family businesses in both the Greek and the Finnish economy and the need for in-depth research about the dynamics of family businesses, the difficulties they face (strategy, succession, internal conflicts etc.) and factors influencing their survival (endurance) and sustainability. Despite the differences in economic structure and culture both Greece and Finland are small countries in the outskirts of Europe with a high percentage of family businesses. Greece relies on the service sector and in particular on tourism, whilst Finland counts on a highly industrialized manufacturing sector and is one of the economically and politically most stable countries in the world. Culturally Finns are known to be hard-working with an introverted nature and direct communication style, compared to Greeks who are more outgoing and highly value personal relationships and networks.

Currently a study cross-cultural study between Greece and Finland is undertaken. It includes an extensive literature review for deeper understanding of the research variables. In addition it incorporates a qualitative and quantitative research methodology. Personal site visits and interviews will be carried out to obtain deeper understanding of the research problem and to support the design of a survey instrument, comprising an on-line structured questionnaire aiming to collect rigorous data for statistical analysis of 100 family businesses in both Greece and Finland. This paper describes the study and some early results from the interviews.

### **KEYWORDS**

Family business, Greece, Finland

### **ACKNOWLEDGE**

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# **MEASURING AND BENCHMARKING INTELLECTUAL CAPITAL (IC) IN HIGHER EDUCATION AND THE ECONOMIES OF BALKANS AND EASTERN EUROPEAN COUNTRIES: EVALUATION TOWARDS AN EU ENLARGEMENT**

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## **ABSTRACT**

Higher education-- colleges and universities -- represent the ultimate knowledge organizations. These institutions of learning embody centers of knowledge creation, knowledge acquisition, sharing and ultimately, application for innovation. Students flock to these knowledge centers for learning and application of knowledge. Faculty and staff similarly invest their human capital in learning, applying, and creating new knowledge to benefit society and the world in many creative ways. A faculty also uses their unique expertise to transfer their knowledge to students in the classroom. Thus, it is intuitive that colleges and universities have extraordinary and vast resources in intellectual capital. Arguably, the most valuable resources in any University are the expertise of its faculty and staff; it's intellectual capital. The employees working in these organizations don't care that much anymore about having a job that implies working formally at the same desk; these persons are able to meet all the requirements in several work places; today, in a work place, the importance of traditional specifications of tasks to be performed has greatly diminished, as well as respecting a rigid time table, with exact hours. In the business world where most of the organizational value is based on intangible assets, the ability to recognize and estimate the sources of this value has become vital for companies. In order to be able to manage intellectual assets we have to recognize where this value is coming from and how it is created in an organization. Though the definitions of intellectual capital are all very similar, describing more or less the same source of intellectual assets, the approaches to measure them differ substantially. Management models have also evolved but there has been a key difference in the transition to the knowledge economy. To develop the knowledge management process in academic institutions that includes all these aspects, it is important to consider cultural and human resource issues as well as intelligent systems that facilitate IC knowledge (teachers) to perform their teaching duties. The EU's relations with the Western Balkan countries take place within a special framework known as the stabilization and association process. It has 3 aims:

- stabilizing the countries politically and encouraging their swift transition to a market economy
- promoting regional cooperation
- eventual membership of the EU

A country is offered the prospect of membership (it becomes a potential candidate). This means it should be offered official candidate status when it is ready. The process helps the countries concerned build their capacity to adopt and implement EU law, as well as European and international standards. It is based on an ever-closer partnership, with the EU offering a mixture of trade concessions, economic and financial assistance, assistance for reconstruction, development and stabilization. Each country moves step by step towards EU membership as it fulfills its commitments in the stabilization and association process.

## **KEYWORDS**

Strategic plan, human capital, measuring and benchmarking of Intellectual Capital Balkans and Eastern European countries, EU enlargement policy

## **FEMALE UNIVERSITY STAFF IN GREECE AND TURKEY**

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### **ABSTRACT**

In Greece there are 40 universities. In this paper we analyze their permanent academic staff. We use data from Greek Ministry of Education for all permanent academic staff in May 2011. The data are about, gender, grade, research field, department, years in academia. We present women percents per university, per faculty, per grade as well as the research field distribution of women. We find areas where men are dominated and areas where there are not women. We compare percents of women in Greek with correspond percents in Turkish universities, based on Turkish bibliography. We display tables, graphs and results from cluster analysis method. We conclude useful results for future perspectives in two countries.

### **KEYWORDS**

Gender, higher education, staff, Greece, Turkey

## **REGIONAL DEVELOPMENT POLICY OF TURKEY AFTER 2000's: PERSPECTIVES FROM THRACE REGION**

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### **ABSTRACT**

What are the major changes of national and regional development policy in Turkey, especially in the last decade? Which new institutions have been introduced? Which key actors have emerged as powerful actors that influence regional and local policy? The objective of this paper is to evaluate the regional development policy of Turkey and to analyze its impact on Thrace region bordering Greece and Bulgaria. The main findings of several national and international research held in Thrace region by Erkut et.al. (2006, 2007, 2012) will be evaluated and discussed.

Economic globalization and harmonization with European Union *acquis communautaire* are the basic determinants of the change in regional policy of Turkey. Following the Helsinki Summit in 1999 Turkey has been a candidate country. Turkey's accession to the EU has led to opening of regional development agencies, whose basic task has become to establish strategic priorities and allocation of funds to projects initiated by individual and social entrepreneurs (RDAs) to support local economic development.

Regarding the pre-accession funds for interregional cooperation, Thrace Region (NUTS2) benefited from cross-border cooperation programs. Thrace Region provides the most important land connection of Turkey to South-Eastern Europe. It also provides the shortest land connection for countries in the Middle East. Thrace Region region is a site of production and a site of *tres-passé* of the goods. Cross-border cooperation network of the institutions are established who are the emergent actors to execute regional and local policy. TRAKYAKENT is the the Union of Municipalities of East-West for cross border cooperation. Cooperation protocol has been signed with Greece POLIS, and with Bulgaria RAM-TRAKIA, in 2001. Later, in 2005 the cooperation protocol of TRAKYAKENT, POLIS and RAM-TRAKIA three instututions has been established .Thrace Development Union established in 2001 following the preparation of environmental development plan of the region. Recently, Thrace Regional Development Agency (TRAKYAKA) established and prepared the Thrace Regional Plan ( 2010).

In the earlier research, held by (Erkut et al, 2007) European Union cross-border cooperation programs are evaluated as a strategic planning tool for regional development. Depending on the case study on Western Marmara Region which includes the Thrace, the strategies and cross-border cooperation based problems of municipalities, provincial private administrations and chambers of trade - industry and trade exchanges are evaluated prior to the establishment of RDAs. Within the context of EU Interreg IIIB Archimed Programme a project coordinated by University of Thessaloniki entitled ‘Spatial Impacts of Multimodal Development in Gateway Areas: Italy-Greece-Turkey’. Turkey's Thrace Region studied by (Erkut et. al 2006-2008) in order to find out the social, economic and spatial impact of historical road Via Egnatia . The recent research is on ‘Entrepreneurs, social networks and local economic development in border regions in Thrace region’. The paper will end with the evaluation and contextualization of the researches within the regional development policy in Turkey.

### **KEYWORDS**

EU and regional development policy in Turkey, Cross-border cooperation programmes, Thrace region in Turkey

## **ENTREPRENEURS, SOCIAL NETWORKS AND LOCAL ECONOMIC DEVELOPMENT IN THE TURKISH-GREEK- BULGARIAN CROSS-BORDER REGION**

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### **ABSTRACT**

This paper focuses on the importance of social networks on entrepreneurial behaviour and their impact on local economic development in the Thrace Region of Turkey, bordering Greece and Bulgaria. The entrepreneurial activities within the cross-border region have nourished in the post 1990's, and found support under cross-border cooperation programmes through Turkey's accession process to the EU after year 2004. Due to historical ties and a common cultural background, Turkish entrepreneurs have successfully established new ventures in the region. Yet almost no research is held about the influence of social network support on nascent entrepreneurs' ventures, diffusion of knowledge and expansion of entrepreneurial territory beyond the border, which all would have a strong impact on endogenous local economic development in this region. Using primary data on entrepreneurs from Keşan and Lüleburgaz, hypotheses on initial network support, diffusion of knowledge, reinvestment behaviour and relocation decisions of entrepreneurs are tested. Findings suggest that initial social network support levels differ significantly between cities, and social network support levels influence entrepreneurs' sharing of knowledge, reinvestment behaviour and willingness to relocate. These findings would be useful in the design of operational programmes of the EU and Turkish regional development agencies in the forthcoming 2014-2020 period.

### **KEYWORDS**

entrepreneurial territory, cross border regions, social networks, knowledge diffusion, local economic development

## **REGIONAL ALLOCATION OF INVESTMENT AND THE DILEMMA OF REGIONAL POLICY: EQUITY OR EFFICIENCY?**

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### **ABSTRACT**

The geographical allocation of investment often causes a contradiction in design and implementing regional economic policies. In particular, a given allocation of funds across regions might lead to high rates of aggregate growth accompanied with unequal distribution of income across regions and vice versa. The rational treatment of this contradiction (or dilemma) becomes feasible with the application of optimal control theory. The necessary conditions to achieve the major aims of economic policy, namely efficiency and equity, are developed in this paper. It is argued further that under certain conditions the contradiction between aims can be avoided.

### **KEYWORDS**

Optimal control theory, regional disparities, regional policy

## **LOCAL AGENTS’ COOPERATION AS A SIGNAL GAME: FIRMS, LOCAL GOVERNMENTS AND INVESTMENT STRATEGIES**

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### **ABSTRACT**

The aim of this paper is to examine the strategies of cooperation and conflict that are adopted by two dominant local agents in order to maximize their payoffs. Research uses as methodological tool a signal game that informs actors about potential gains and risks. Two actors support the game, namely local government with a high level of competences, and a local firm. Local government has significant power in the field of local entrepreneurship while local firm is interested in running a new investment in the region.

Research focuses in the significance that cooperation among local dominant actors has in local development. The implementation of commonly accepted investment projects by local actors reflects the importance of local networks of cooperation. The sharing of norms, values and rules about the priorities of local development impacts implicitly but efficiently in local development. Cooperation strategies generate crucial spill over effects and counterbalance risk and uncertainty as well. The key element is the integration of individual interests into the functions of local economic circuit.

The game is constructed using signals that either guarantee payoffs or produce losses for both actors. The local firm confronts two options: to run the investment project in the local jurisdiction or to invest in the neighboring region. Decision making of local firms is shaped by the institutional capacity of local government to cooperate. In sequence, local government’s motive to support the investment stands in the intention of local firm to compensate local economy with employment increase. The necessary condition for equilibrium encompasses high levels of cooperation between local government and firms. Therefore; (a) Local actors should adopt strategies that relate their profits with the prosperity of the region, (b) Strategies of cooperation decrease transaction cost for local actors as the sharing of profits grounds the prerequisites for local growth, (c) Policy implications of local government should focus in the transformation of its function in order to attract investments and successively to improve local welfare.

### **KEYWORDS**

Cooperation of Local Agents, Signal Game, Local Development

### **JEL CLASSIFICATION CODES**

R11, C71

## **TRANSFRONTIER COOPERATION IN THE AREA OF SERRES PREFECTURE AND CONSEQUENCES OF THE EU BULGARIAN ACCESSION - AN EMPIRICAL RESEARCH**

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### **ABSTRACT**

The enlargement of the European Union to twenty five (25) member states (2004) resulted greater inequalities between European regions and subsequent expansions in other countries of south-east Europe may exacerbate these inequalities. These regional disparities in the enlarged EU must be reduced and dealt with an effective cohesion policy, part of which is the development of cross-border cooperation. According to the European Outline Convention of Madrid (1980), trans-frontier cooperation means any agreed transaction intended to encourage and cultivate the relationships between neighbouring local authorities of two or more parties. Euroregions promote crossborder cooperation between border regions and social partners in areas such as culture, education, tourism and the economy. From a purely economic standpoint, the preservation of natural or “invisible” borders is an obstacle to economic development. Since “invisible barriers” (languages, cultural problems, etc.) are hard to eliminate, the need to turn the boundaries in contact zones is stressed. These areas should be “bridges between states”, “channels for the mutual understanding of peoples”, “prosperity borders” and “cradles of development”. Factors that promote cross-border cooperation is, among others, the tradition and experience in collaboration, adequate common mechanisms by local authorities, the availability of sufficient financial resources, etc. On the contrary, factors that impede this cooperation are legal restrictions, disputes about the responsibility of the various levels of government, the limited experience of local authorities in the implementation of development programs, etc. It is estimated that, regarding the economic situation of regions bordering to candidate countries and the potential consequences of EU enlargement on them, the border areas of Greece and especially continental border areas, are among the least favoured regions, since they are faced with the most difficult situation regarding income, labour market dynamics, infrastructure and human resources. The prefecture of Serres, a border region, according to the predictions of General and Regional Framework for Physical Planning, is indented to become a regional growth pole of the trans-border cooperation.

In this paper, based on the results of empirical research in institutions of Serres, we examine the collaboration of institutions of Serres with their respective Bulgarian ones. More particularly we explore areas of cooperation, opportunities and obstacles, results, and impacts on Serres by the accession of Bulgaria to the EU. The majority of institutions consider Bulgaria's endorsement to the EU as a positive progress for Serres and the extended region. Half or more of the institutions began their collaboration after the Bulgarian accession, aiming mainly to economic-development benefits and the exchange of experience and expertise, in fields of environment, culture, education, employment, entrepreneurship, etc.

### **KEYWORDS**

Transfrontier cooperation, Serres, Bulgaria, consequences.

### **JEL CLASSIFICATION CODES**

F02, F59.

## **THE EUROPEAN DEBT CRISIS: UNIFICATION OR THE BALKANIZATION OF THE EU**

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### **ABSTRACT**

In 2008 the debt crisis that erupted in the U.S. caused turbulence in the global economy, particularly in the European economy. Main victims in the European Union were the countries with either their banking system was exposed to toxic derivatives of U.S. banks see Ireland or economies had structural problems as in the case of Greece. This resulted that the debt crisis gradually spread to other countries in the EU's main core so the debt crisis become a dominant issue for the Union, mainly for the countries of the Euro zone.

This situation has exposed the inherent weaknesses which presents the European Union and especially the processes of European integration mainly the institutional deficit which is presented in this resetting the question which posed by many scholars over the years, "What is the EU, another State or an international organizations?".

The institutional deficit in the integration processes became highly visible in several EU summit meetings which organized to address the problems of member countries and their rescue when it became apparent that the lack of the necessary structures to deal with such situations and the approach the problem of the member countries which have essentially divided into lenders and borrowers or as otherwise described as north and south making it unstable the European architecture.

With the present study attempt to approach the European construction through the perspective of dealing with the debt crisis of the Eurozone sovereign question whether this crisis will be the springboard for European integration or the Balkanization of the EU with the term Balkanization pose the idea of dissolution.

### **KEYWORDS**

Debt crisis, economic political governance, European integration

## **CITIES IN QUESTION: THE GREEK ECONOMICAL CRISIS AS A FORCE OF SPATIAL TRANSFORMATION**

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### **ABSTRACT**

The worldwide economic crisis has dramatically affected Greece. This is one of the most rapidly developing crises that inevitably reshape the Greek urban space, deregulating the urban characteristics that used to be considered as stable and predictable. The urbanity, always being negotiated in a country with limited urban history, restarted being challenged in small towns in the Greek province, since the economic changes has been followed by spatial subversions.

The paper attempts to identify transformation tendencies observed in small Greek cities, because of the economic crisis. These changes concern fundamental urban characteristics, redefining both the internal structure and the relationships between the cities their selves. The main axis of research is the temporal correlation of the tertiary sector of economy with Greek urbanization and the effects of its burst localized to specific examples in the Greek area that will shed light upon special spatial conditions.

The main purpose of this research is to investigate the trends of spatial transformation of Greek urban space during the years of economical crisis, in order to show their birth traces that may become symptoms of a potentially urban pathology.

### **KEYWORDS**

Urbanity, transformation, Greece, crisis

## **ECONOMIC CRISIS IN GREECE: STUDENTS WORST NIGHTMARE**

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### **ABSTRACT**

During the last five years Greece has experienced the most serious financial crisis. Greece struggle to pay the debts it has built up in previous decades. The consequences are enormous for the people, severe measurements, taxes, poverty, and loss of jobs, unemployment, and even suicides. No simple answer to Greece's crisis seems to exist. Government and political parties are not capable of changing the situation. Young people seem to be very skeptical and pessimistic about their lives. The present study aims to capture students' attitudes about the economic crisis, its origin. In addition it analyses their judgments of the effects on the distribution of income, the long terms sacrifices and their expectations for the future. In particular, the paper reports the responses of 230 Greek students from the Pedagogical Departments in Greece. Principal Components Analysis was used for the analysis of the data. The results indicate, among others, political games and corruptions as the major components of the crisis. Employment seems to trouble students and who face the challenge to immigrate in other countries.

### **KEYWORDS**

Economic, crisis, Greece, students, attitudes

# **THE ECONOMIC CRISIS THWARTS ALBANIA’S ATTEMPTS TO EMPLOY MODERN POLITICAL MARKETING TECHNIQUES**

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## **ABSTRACT**

The case study of the 2009 electoral campaign of Parliamentary candidates in Albania reveals that, although attempts were made to employ modern marketing techniques in the political arena, such attempts met with failure, which was largely due to the economic crisis. Attempting to use the U.S. campaign model that relies heavily on technology in order that a candidate’s message reach the maximum number of potential voters, candidates were frustrated by the lack of technological capacity that is needed to employ effective marketing techniques in Albania.

There are critical signs of decline in the Albanian economy, which seriously limit the availability of funds for a political campaign. Subsequently, the use of political marketing techniques is greatly limited. Television advertising, mailings of campaign literature, among other marketing needs, are too costly to be carried out on a great scale. The use of computers and internet to reach voters is not a viable choice as such technology is not affordable by the population at large. The financial crisis has limited the availability of technology in the Albanian society even more. The financial crisis appears to have hit exceptionally hard in this country, which was making attempts toward Modernization. As early as in the 2005 Presidential election, evidence of the use of political marketing techniques could be observed. However, with the onset of the crisis in the Pre-Modern Albanian society, the 2009 political campaign lacked the ability to employ the modern marketing techniques that were necessary.

Interviews and campaign materials will be analysed using critical discourse analysis, arriving at the meaning of what we observed, viewing it in the context of Albanian history and culture.

## **KEYWORDS**

Economic Crisis, Albania, Political Marketing Techniques

## **JEL CLASSIFICATION CODES**

M31, G01, D72

## **GREENHOUSE GAS EMISSIONS AND ECONOMIC GROWTH FOR THE EUROPEAN AGRICULTURAL SECTOR**

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### **ABSTRACT**

Agri-environmental schemes, within the context of the Common Agricultural Policy (CAP) have been implemented to decrease farm pollution, while at the same time the decoupled subsidies given to farmers that follow environmental friendly agricultural practices have been oriented towards the preservation of the agricultural income. Certainly, the producers' endeavours to increase productivity and consequently their income had a negative impact upon the environment and generated more greenhouse emissions. However, after reaching a satisfactory standard of living, most producers assign increasing value to environmental amenities and their willingness to pay for environmental friendly practices rises by a greater proportion than income (Kijma et al., 2010). Bearing this in mind, policy measures under the CAP follow an investment path through subsidizing cleaner technology or more expensive environmental friendly pesticides, for instance, so as to replace obsolete practices and improve production quality standards.

The connection between the levels of environmental degradation and the per capita income has been highlighted through abundant empirical surveys, arguing that the specific relationship follows an inverted U pattern, replicating the classical Kuznets curve. The present empirical study employs the income per capita and the Greenhouse gas emissions (GHG) per capita in order to investigate the environmental Kuznets curve in the sector of agriculture. The objective is to estimate the relationship between the agricultural income per Farm Work Unit (FWU) and the Greenhouse Gas emissions per FWU for European countries in which agriculture is the driving force for their economy. We examine the long run and causal relationship between GHG and economic growth for the European agriculture for the period of 1990-2010 for the cases of Bulgaria as an ex socialist country, Germany as an old member state of the EU and Hungary as a significant producer of agricultural products and a new member state in EU. The stationarity of the obtained time series was estimated through the application of the DF - GLS test and the Kapetanios and Shin test. Initially, the number of policy regimes was determined in the model with the assistance of the supreme Wald test. The analysis additionally involved the test suggested by Hansen and Seo (2002), in which the null hypothesis implies a linear vector error correction model (VECM) against a threshold VECM with two regimes. The study incorporates two regimes that refer to the reform of the Common Agricultural Policy (CAP) in 2000 and 2003, in which particular focus has been placed to the adoption of agrienvironmental schemes within the context of the environmental malfunctions caused by the poor farm management. The threshold cointegration extends the concept of the linear cointegration case by allowing the adjustment to occur only after the deviation exceeds some critical point, thus the particular model takes into account possible delays in income adjustment. Furthermore, it allows to capture asymmetries in the adjustment, where positive or negative deviations won't be corrected in the same manner.

### **KEYWORDS**

Greenhouse gas emissions, economic growth, agriculture income, agriculture

## **MAPPING THE RURAL PROBLEM AND DEVELOPMENT: WHAT DO GREEK LANDOWNERS THINK?**

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### **ABSTRACT**

In less favoured areas (LFA's) the farmer's pluriactivity along with the protection and conservation of the countryside have emerged as key levers of development and as a means of coping with adverse economic conditions. The adoption of alternative farming activities regenerates production methods towards new directions, consisting a new development path for these regions. Engaging in off-farm income generation activities can create new standards for employment, new professions and new middle-class employees that preserve development despite the subsidence of the traditional agricultural activities. In the recent years, the Greek agricultural sector seeks for new opportunities of development, particularly oriented towards farmer's pluriactivity and investments on alternative crops. On the one hand, such crops focus on supporting farmer's income and the agricultural economy, conserving the rural population and highlighting the abundant natural resources of LFA's and disadvantageous areas, whereas on the other hand, the serious repercussions of the economic crisis confine the private initiatives for this kind of investment. Therefore, it seems imperative to identify such deficiencies in a local level in order to efficiently form and implement required policy measures.

The objective of the present study is to investigate the attitudes and perceptions of landowners regarding rural development and the existence of alternative prospects for enhancing primary production, family income and consequently their quality of life. Primary data were gathered through personal administered interviews (structured questionnaire) in the prefectures of Rodopi and Evros that were analyzed through methods of multivariate data analysis. The results indicate the non-existence of significant differences between the two regions. The majority of respondents were middle-aged men who consider the state and the political parties as responsible for environmental problems. They also argue that the future regional development may depend upon agriculture and livestock production, whereas the majority wishes to get involved with alternative crops like truffle, pomegranate and dogwood. Reasons for such a decision would be the competitiveness and the increased demand for these products along with the state subsidies.

### **KEYWORDS**

Development, landowners, perceptions, pluriactivity

## **AGRICULTURE’S ROLE IN ECONOMIC GROWTH: AN EXPLORATORY STUDY AMONG SOUTHERN AND NORTHERN EU COUNTRIES**

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### **ABSTRACT**

The role of agriculture in economic growth is an issue that still attracts the interest of scholars and particularly now when the whole growth approach is reexamined and reevaluated. The main objective of the current paper is to identify the causal relationship that exists between agricultural value added per worker and Gross Domestic Product (GDP) per capita in the European Union. The differences and similarities, in relation to the role of agriculture in economic growth, are examined between Southern and Northern EU countries. Recent methods of linear co-integration and the Granger causality test are used to examine short-run and long-run relationships and the role of agricultural value added in economic growth, as well as the direction of causality. The bi-directional relationship between agricultural value added and economic growth is of crucial importance since it can facilitate successful economic policies. Results provide evidence that agriculture can lead to growth in several EU countries and can play stabilizer’s role and an engine of growth in this period of economic crisis.

### **KEYWORDS**

Agriculture, GDP growth, Granger causality, Co-integration

## MAPPING OF SUBJECTIVE HAPPINESS ACROSS THE RURAL-URBAN CONTINUUM

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### ABSTRACT

Inconsistent circumstances, driven by global monetary crisis and counterurbanization, create without doubt a scientifically intriguing period, especially through the lens of urban or rural dwellers' happiness. The main aim of this paper is to advocate a rural-urban continuum of happiness through modern methodological tools. The study sets out to determine the most suitable and appropriate, on policy grounds, definition of happiness. In so doing, it acknowledges the importance of the transformations of happiness according to different socioeconomic conditions alongside the urban-rural continuum. The importance for this research stems from the current debate for a more suitable and alternative index, compared to the Gross Domestic Product, which can actually reflect the progress of a society in a more pervasive manner. The study applies multivariate statistical methods and econometric analysis of a large scale empirical data, undertaken from January 2013 to March 2013 from the Prefecture of Thessaloniki; calculate statistical indicators and quantification of the spatial and unequal distribution of happiness between rural and urban areas.

### KEYWORDS

Categorical regression, happiness, mapping, rural, two-step cluster analysis, urban

## INVESTIGATING EXPORT PERFORMANCE OF BALKAN AND EASTERN EUROPEAN FISHERIES SECTOR

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### ABSTRACT

The fisheries sector constitutes one of the most globalised food industries. The sector operates in an increasingly market-orientated economy, which is characterized by rapid changes in consumer and market demands, especially regarding fish quality and safety issues, and in a liberalized trade regime. The fact that globalisation has become an indubitable reality has led firms and consequently many countries to search beyond their traditional domestic markets and to focus on high-growth export markets, in order to expand and to strengthen their positioning in the world trade arena. Therefore, exporting could be considered as an important activity both at firm, industry and country level, taking into account that viability, development and competitiveness of many countries' production sectors depend on entering and effectively operating in the global markets. Furthermore, as foreign markets tend to be more diverse than domestic ones and in many cases more competitive, export performance has been gaining increasing attention by policy makers, business managers and marketing researchers.

This is not an exception for the fisheries exporting sector. Therefore, the aim of this paper is the investigation of export performance in fisheries sector among the Euro Balkan and Eastern European countries. Using secondary data by Eurostat, the external trade is described for each country, regarding exports of fisheries products in the market of European Union - 27. The estimation of total export volume for over thirteen years revealed that there is a wide range of these products exported by the countries examined. In specific, Greece presents a significant external trade in fresh or chilled edible saltwater fish. Bulgaria has a significant external trade in snails (live, fresh, chilled, frozen, salted dried or in brine with or without shell). Czech Republic exports mainly live carp, while Hungary portrays a significant external trade in live freshwater fish. Finally, Poland shows a significant external trade in frozen fisheries products such as crustaceans, fillets of pacific salmon and sprats, while Slovenia exports mainly frozen hake.

Thus, the investigation of export performance in fisheries sector among the Euro Balkan and Eastern European countries contributed to the identification of the most significant fisheries products for each exporting country in the market of European Union – 27. Therefore, the results of this study could be helpful for all the stakeholders in order to compete more successfully in the European marketplace. Particularly, the findings can help decision and policy makers to undertake initiatives aiming to potentially increase export market share and to raise export performance.

### KEYWORDS

Fisheries products, external trade, export performance, Euro Balkan and Eastern European countries

### JEL CLASSIFICATION CODES

Q17, Q18, Q22

## **COMPARISON OF GOVERNMENT EXPENDITURE ON CIVIL SERVANTS IN 24 COUNTRIES OF THE EU FROM 1999-2008**

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### **ABSTRACT**

The purpose of this study is to examine and to estimate the most accurate association model for the comparison of government expenditure on civil servants in 24 countries of the EU from 1999-2008. We compare and contrast these countries to ascertain which country has the highest or lowest spending on its civil servants. Data used for the study are obtained from the Eurostat. The programme of the Categorical Data Analysis System (CDAS) will be used in order to ascertain the results. The Analysis of Association table (ANOAS) is given in order to find the percentage of the data which is covered by each model. We analyze and estimate the association model with the best fit and in conclusion we find out that all the six association models show unacceptable fit. Thus, we proceeded to the multivariate model to find the model with the best fit and as a result the multivariate (M=9) row column effects show stronger fit because it covers more than 99% of the data, thereby giving the best fit among all.

### **KEYWORDS**

Association model, government expenditure, 24 EU countries

### **JEL CLASSIFICATION CODES**

C13, C81, C82

## **INTEREST RATE PASS-THROUGH IN ALBANIA**

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### **ABSTRACT**

In this study I have tried to investigate empirically the money market interest rate to retail banking interest rates, by making a qualitative and quantitative analysis, for Albania. I will also try to discuss the results considering the recent financial market developments. This study is focused on the speed of the pass-through from the market interest rate to wholesale interest rates. For the study of the interest rate pass through in Albania I have used several statistical and econometrical methods and tests. An error correction model (ECM) is used in order to incorporate short-term and long-term information. For non-integrated series, a VAR model is used. This analysis offers some interesting policy insights as well as valuable information in assessing the effects of the recent financial crisis on the interbank rate developments. The results show that the reactions of the interbank interest rates to the variations created by the Bank of Albania in the monetary policy interest rate were moving slowly over the period 2004 – 2008, but they were very intense in the period after October 2008. The empirical results obtained in this study might be useful for the increase in the efficiency of monetary policy implementation, providing useful information of the Albanian monetary policy transmission mechanism.

### **KEYWORDS**

Interest rate pass through, VAR model, policy interest rate, transmission mechanism

### **JEL CLASSIFICATION CODES**

C10, E43, E52, E58, G21

## **TRENDS AND CYCLES OF TOP INCOME SHARES IN GREECE: 1957-2010**

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### **ABSTRACT**

This paper analyses the evolution of top income shares in Greece for the period 1957 to 2010. We present trends and cycles of 10%, 5%, 1%, 0,5% and 0,1% income shares estimates which are based on tax statistics. The empirical results indicate that a ‘flat’ U-shaped pattern for most cases of top income shares seems to exist. The behavior of 10% and 5% top shares seem to be more volatile, accompanied with an increasing trend (with decreasing rate) by the end of the period. Also, most of the upper income shares yield similar business cycles for the periods 1970-1976, 1976-1984, 1984-1994 and 1998-2007. For the whole period, the country comparison shows that the estimated 1% top income share in Greece is in lower levels than the other countries (Italy, Portugal, Spain, France, Germany and USA).

### **KEYWORDS**

Top income shares, income inequality, Greece

### **JEL CLASSIFICATION CODES**

A1, I3

## **THE ABSORPTION (ENTRY) OF SHADOW ECONOMY IN THE GREEK GDP**

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### **ABSTRACT**

The aim of this paper is to explain in which way the shadow economy was absorbed by the Greek GDP once in the past and the necessity to do it again in order to overcome the current economic crisis. The negative result of the austerity measures that were imposed to the countries which have been hit by the sovereign debt crisis created a big European issue. The extent of the shadow economy in Greece is the subject of a verbal conflict, since the majority of people wanted to balance the loosen part of their income through their participation in the shadow economy. The statistical issues of shadow economy were debated externally with the Greek statistical authorities. In the previous years, Eurostat expressed the doubt about reservations on the quality of Greek debt and deficit figures. Specifically, Eurostat had publicly expressed doubts on the debt and deficit figures transmitted by the Greek authorities since 2002 by the way of “footnotes” or specific comments in the press releases where these figures are published. Also, Eurostat maintained again reservations on the data notified at the notification of March 2004. Because of the present Greek sovereign debt crisis, the authors present their opinion that part of shadow economy must be absorbed in the Greek GDP and become official economy.

### **KEYWORDS**

Greece, GDP, Eurostat, debt, deficit, statistics

### **JEL CLASSIFICATION CODES**

O17, F34, H63

## **VAT - THE SUCCESS OF ITS ADMINISTRATION AND ITS INFLUENCE IN THE BUDGET INCOME**

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### **ABSTRACT**

Income tax and customs revenues are collected as all kinds of taxes that are implemented by the Central Government. These include 6 main categories: Value Added Tax, Income Tax, Excise, Personal Income Tax, Customs Duties and other National Taxes.

Tax and customs revenues constitute the main voice in providing income to the State Budget. It should be noted that the change of each component item of customs and tax revenue, both in absolute and in the relative year-on-year have significantly affected fiscal policies that have been implemented in the respective periods. However, the leading provider of tax revenue continues to be the Value Added Tax (VAT) of 50%.

The strategy of reforming the tax system was based on several key elements associated with VAT: VAT system wide basis and the standard rate of 20% (with a reduced rate of 10%), and a threshold exemption "within normal" for small businesses.

This study attempts to assess the effects of fiscal policy to Gross Domestic Product (GDP) in Albania and how successful is the tax system in relation to the implementation of the Law on VAT.

The study finds that VAT is necessary to continue to vigorously administered, increasing the use of available capacity and combat the disease the development of corruption. Also there is space for review of its rate application in our country.

### **KEYWORDS**

VAT, badget income, fiscal policies etc

# THE PROBLEMS OF THE ALBANIAN CLASSICAL SYSTEM OF COMPANY TAXATION

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## ABSTRACT

The right to dividends is one of the basic rights of the shareholders of a company. From a tax perspective it is very important to decide whether, and if so how, to eliminate the potential double economic taxation from dividend distributions. There is double economic taxation when income from the same source is taxed twice in the hands of two different legal entities. On the other hand we have double juridical taxation when the same income is taxed twice in the hands of the same entity. In dividend distributions there is double economic taxation because company profits out of which dividends are paid are subject to both corporate tax at the company level and to individual income tax at the shareholder level. The system which does not eliminate such double taxation is known as a “classical system”, while systems that try eliminate it are referred to as “integration systems”. Albania since the introduction of the flat tax, has been operating a pure classical system, which is uncommon for many countries. Such a system encourages non-distribution, debt financing and tax avoidance schemes, which are quite problematic and are creating troubling repercussions for Albanian businesses. The article analyses integration systems for corporate and shareholder taxation, while providing a critical analyses of the current Albanian system.

## KEYWORDS

Double Economic Taxation, Flat Tax, Debt financing, Tax avoidance

## JEL CLASSIFICATION CODES

H20, H25, H26

## **GLOBALIZATION’S IMPACT ON EUROPE’S ECONOMY: THEORETICAL CONCERNS ON MACROECONOMIC SITUATION IN SOUTH EAST EUROPE**

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### **ABSTRACT**

Examining many different metrics of Globalization, we can easily conclude that in overall terms, Europe has benefited from the openness, free movement and higher flows of goods and services, investment, capital and ideas, and faced an increasingly acute need to facilitate freer movement of high skilled labor. Globalization has given Europe greater access to other nation’s markets and resources, while Europe remains the largest trading entity in the world. These gains have not been evenly shared, however, and do not directly benefit every worker, firm, community and state.

Thus, in terms of economy, globalization was said to refer to an increasingly interdependent world. From this outlook, economic or financial globalization means something more than a growing influence within domestic economies of the financial dealings of multinational agencies.

Both the massive volume and the mobility of world financial capital have led nation- states to take a more defensive attitude. Consequently, governments have introduced restrictive fiscal and monetary policies and taken austerity measures for public expenditure and investments, aiming at lower deficits, following the international financial directives.

In Southeastern European countries the structural adjustment that is occurring within the EU’s relatively integrated economic space is generating opportunities and threats. The fact is that the economies of Southeastern Europe do not have the ability to cope effectively with globalization. It is not just the “macroeconomic reforms” and the unregulated expansion of the neoliberal market economy, it is, also the need to keep a minimum degree of convergence not only in absolute mathematic-economic basis but in deeper social level. Unemployment, inactivity and poverty still affect citizens and societies in Europe. The mistake that both politicians and corporate firms still make is that they believe “labor market flexibility” is the only instrument to gain competitive advantage against other nations. Reduce of consumption, social insecurity, overuse of indirect taxes are few elements of unsuccessful macroeconomic policy.

### **KEYWORDS**

Globalization, Political Economy, Southeastern Europe, Macroeconomic Theory, EU

# **ATTRACTIVENESS OF BALKAN AND EASTERN EUROPE FOR FOREIGN DIRECT INVESTMENTS: AN INTERNATIONAL COMPARISON**

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## **ABSTRACT**

Globalization, which has an important influence in the last 3 decades, is an important phenomenon having negative and positive effects based on the improvement of free movement of goods, services, knowledge and capital among countries in the world. During the increasing globalization, all individuals, public authorities, private companies and countries are trying to minimize the negative effects whereas they are trying to benefit the positive effects in maximum. The result of this situation is the increasing global competition for attracting foreign direct investments among countries and nearly all developed and developing economies are making regulations to improve the investment environment to attract foreign investors. Regarding to this fact, in this research paper, we tried to figure out the main drivers for multinational companies for making the decisions about the selection of the investment country in four dimensions (comparative advantages, macroeconomic advantages, legal and business environment and agglomeration advantages), define the related data and collect the data to identify the FDI Attractiveness Index showing the attractiveness of countries for foreign direct investments. We used Principal Components Analysis to create the composite indicators for 2008 and 2011, which also allowed us to evaluate the effect of Global Financial Crisis in the specific countries. Based on the calculations, we compared the index results with the real inward FDI amounts attracted by the countries and concluded about the situation and policy suggestions for 12 countries in the Black Sea Basin.

## **KEYWORDS**

FDI, PCA, attractiveness

## **EFFECTS UPON FOREIGN TRADE OF FYROM AFTER FREE TRADE AGREEMENT WITH EFTA COUNTRIES**

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### **ABSTRACT**

The FYROM economy is not traditionally connected and heavily dependent on the economic cooperation and trade exchange with the Iceland, Liechtenstein, Norway and Switzerland. The country had different customs, transport and transit procedures and completion of specific export/import documentation with above mentioned countries. This had a negative effect not only upon the total Macedonian trade exchange, but it also hindered, slowed down and complicated the export-procedure to the EU-market. FYrom tried to fill in the gap in the foreign trade exchange of goods by signing bilateral free trade agreement with the above mentioned countries that constitute the European Free Trade Association (EFTA). In this paper we are going to analyze the effects from signing the free trade agreement, actually the foreign trade and export between FYrom and EFTA countries.

### **KEYWORDS**

EFTA, FTA, trade liberalization, trade exchange.

### **JEL CLASSIFICATION CODES**

F4, F14

# **THE EFFECT OF POLICY INTEREST RATE WITHIN THE FRAMEWORK OF THE TURKISH INFLATION TARGETING**

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## **ABSTRACT**

Inflation Targeting as a framework for monetary policy was adopted in Turkey after 2001. In conducting monetary policy under the inflation-targeting framework, the monetary policy stance is signaled through the policy interest rate. Any change in policy interest rate leads first to a change in interest rates on the interbank market and latter to change in interest rates of bank credits and deposits. The result is a contraction of aggregate demand and ultimately a weakening of inflation pressures. Our study aims to analyze the effect of interest rate policy on total economic activity within the framework of inflation targeting in Turkey. Considering the excessive dependence of Turkish economy on foreign financial capital, this study indicates that the expected result of an interest rate policy based on inflation targeting is not efficient enough to get a permanent success in fighting inflation.

## **KEYWORDS**

Inflation Targeting, Policy Interest Rate, Capital Flows to Developing Countries.

## **JEL CLASSIFICATION CODES**

E43, E52, F32

## **BLACK SEA: OLD TRADE ROUTES AND CURRENT PERSPECTIVES OF SOCIOECONOMIC CO-OPERATION**

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### **ABSTRACT**

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

### **KEYWORDS**

Regional and Urban Development, Black Sea Economic Area.

### **JEL CLASSIFICATION CODES**

N93, N94, N95

## **CUSTOMER RELATIONSHIP MANAGEMENT AND CHALLENGING ASPECTS FOR A SUSTAINABLE GROWTH OF THE BANKING SECTOR: CASE OF ALBANIA**

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### **ABSTRACT**

The banking sector is one of the most dynamic and innovative sectors regarding the economic development in the Balkan region during recent years. The attention of international banking groups accompanied by significant influx is also evident. The banking sector is regarded as the main pillar of the economy, so all indicators of growth and strengthening of this sector are the basic elements of modeling the expected economic growth. Recent Albanian statistics highlight that the profit level of all banking system during the last year was about 5.2 billion lek (about 50 million dollars), this level is two times greater than in 2009, but lending policies do not reflect the same positive situation. On the other hand, banks in our country as representatives of the banking service, operate in an increasingly competitive environment and therefore they seek to pursue new development strategies. In this focus, the function of banking marketing applied by the banks that operate in Albania, constitutes the core of this paper. Our goal is to analyze banking marketing as manifested in the Albanian environment not merely as trading techniques, but serves as meeting the needs of clients. Furthermore we want to evident our observations about what the political and customer loyalty, CRM (Customer Relationship Management) is followed in the last decade (2002 - 2012) by banks that operate in Albania, issues and implementation strategies to ensure sustainable growth sector. More in detail, our analysis will focus on the customer perspective of facing CRM policies respectively in three banks: Societe Generale (Banka Popullore), Emporiki Bank of Albania and Credins Bank.

### **KEYWORDS**

Customer Relationship Management, marketing, customer loyalty, banking, economic growth, sustainable economic growth

### **JEL CLASSIFICATION CODES**

M31, G21

## **IMPORTANCE OF LEAN CONCEPT IN COMPANIES COST MANAGEMENT**

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### **ABSTRACT**

Last few decades current business conditions are characterized by market globalization, business internationalization, an intensive development of information and communication technologies, shorter product lifecycle and more selective and sophisticated customer demand. As a response to numerous contemporary challenges, a broad range of new management approaches and philosophies is developing, such as: value chain analysis, setting up long-term relationships of close cooperation with key customers and suppliers, continuous improvement, broad empowerment of employees, new production management systems and many others. Despite the underlying notional differences, they all have the same universal motif – to master key factors for business success (cost, quality, time, innovations) and supply customers with superior value on the market. Powerful integrative relations require systemic perception and coordination of business processes of all involved organizations. Therefore, managers in contemporary companies face complex and numerous challenges of successful company management.

Achieving and sustaining competitive advantage in a dynamic and thoroughly uncertain environment necessarily requires sophisticated professional knowledge and skills, as well as designing an adequate information system – quality support to larger and more complex information requirements of managers at all levels of management. Within business and financial decision-making cost accounting, as the essential part of a company’s accounting information system as a whole represents a reliable information support for the management. Therefore, it is necessary to continuously review its information offer, as well as to find new ways of generating quality information as a support for modern mechanisms of company management. Only a flexibly designed cost accounting information system can qualitatively respond to numerous and various information requirements – as such, it will be able to adapt to changes occurring in business environment as well as in the company itself.

In this paper we emphasize the role of cost accounting system as the information support of company management and importance of lean concept and lean accounting for improvement and strengthening of companies’ competitive performances in global settings. Lean is one of the concepts that achieve and preserve significant competitive advantage. It strives to eliminate all forms of waste, while continuously improving service quality and response time to customer demand. Lean production is flexible and computer-integrated. It performs without intermissions and without high inventory levels. Lean production enables a significant increase of productivity, a considerable decrease of inventory level and a multiple shortening of final goods delivery time to end-users. Within such business environment, traditional cost accounting systems have become inadequate, as they have been created to support mass production performed in a stable and predicted environment. All that has resulted in development of lean accounting that can meet the challenges of lean production systems. Accordingly, basic lean accounting methods provide accurate, timely and understandable information that is needed for decision making, stimulation of lean changes and continuous improvement in all business aspects.

### **KEYWORDS**

Management, strategy, competitive advantage, cost management, lean accounting

## **CORPORATE GOVERNANCE IN PRACTICE. THE GREEK CASE**

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### **ABSTRACT**

This study investigates the characteristics of corporate governance in Greece today as illustrated through a thorough analysis of the Corporate Governance Statements of all public companies in the Athens Stock Exchange. We attempt to highlight various characteristics of the enforcement of corporate governance rules in the everyday practice of corporations. We identify idiosyncratic factors pertaining in the Greek market that present interesting features in the global context. On average firms comply with internationally accepted Corporate Governance Codes as they have been adopted in Greece by the Hellenic Federation of Enterprises (SEV), even though the number of firms that gradually develop their own Corporate Governance Codes is increasing. Greek firms appear to have surprisingly low percentages of CEO – Chairman of Board duality phenomena. On the other hand, in relation with other corporate governance best practices, we find the relative absence of committees other than the Audit Committee, which is compulsory, while the majority firms are directed by small Boards of fewer than seven members. On the negative side we also document low presence of women in Boards and a high percentage of main stock holder family members on companies' Boards. When examining the distribution between executive and non-executive members in Boards it is found that the majority of Boards consist of executive and non-executive members, whereas independent non-executive members are constrained within the limits set by Greek corporate governance legislation. Our analysis further highlights that even though corporate governance implementation has been introduced to the local market for only approximately ten years, firms and authorities tend to be relatively strict relative to the level of conformity with internationally accepted corporate governance legislation. When analyzing the effect of the gradually harsher legislation on firms' classification in the main and specialized trading categories, we find that tighter legislation, along with the worsening financial situation in Greece, has led numerous firms to delist, voluntarily or not. At the same time a significant fraction of public companies trades in special trading categories with this tendency becoming ever more evident in recent years, coinciding with the debt crisis in Greece.

### **KEYWORDS**

Corporate governance; Board of directors; CEO duality; Law 3016; Audit Committee

### **JEL CLASSIFICATION CODES**

G10, G23, G34

## **GENDER AND MANAGERIAL COMPETENCIES IN GREECE**

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### **ABSTRACT**

**Purpose-** This paper investigates the profiles of male and female managerial competencies, examines the influence of managerial competencies on managerial effectiveness and provides a course for action toward managerial excellence.

**Design/methodology/approach-** Drawing upon a sample of male and female managers in Greek firms, a structured questionnaire was developed to measure managerial competencies and individual effectiveness. The Competing Values Framework (CVF) was adopted to operationalise both managerial competencies and effectiveness. In particular, managerial competencies have been measured by adapting the Management Skills Assessment Instrument (MSAI). MSAI is an instrument developed by Cameron and Quinn (1999) which is based on the CVF's four models. The CVF evolved from the early study of Quinn and Rohrbaugh (1983) as they attempted to synthesize different approaches and formulate a generally agreed upon theoretical model of the concept of organizational effectiveness. Given that CVF is experimentally derived and found to have a high degree of face and empirical validity in comparison with other instruments commonly used in organizational science, it fits the purpose of this study. CVF shares wider acceptance among academics as it has been validated by an increasing number of researchers not only as a model of organizational effectiveness, but also as a measurement instrument for other organizational phenomena such as organizational culture, leadership. Moreover, it has also been utilised as a device for mapping profiles of organizations and managers, and conducting comparative analysis. CVF emphasizes the competing tensions and conflicts across two axes. The first axis extends from change, flexibility and spontaneity to stability, control, continuity and order. The second reflects the conflict between the internal focus or inward socio-technical systems and external focus on the interaction with business environment. In this way, CVF forms a four-cell model, namely open system, human relations, internal processes and rational models. Cameron and Quinn (1999) developed an instrument to assess individual effectiveness based on the four CVF models and consolidated a list of successful leadership skills into a set of 12 managerial competency categories. In particular, Open Systems Model involves managing the future, promoting continuous improvement, and fostering innovation, Rational Goal Model is comprised of managing competitiveness, energizing employees and focusing on customer service, Internal Processes Model is consisted of managing acculturation, controlling the system and coordination, and Human Relations Model considers the management of interpersonal relationships, teamwork and personal development.

**Findings-Results** reveal the differences between the competency profiles of male and female managers. Furthermore, specific managerial competencies are proved to be linked with increased individual effectiveness.

**Practical Implications** - Understanding the nature of the association between gender, managerial competencies and individual effectiveness would enable academics and administrators to reflect critically on career and personal development and the quality of decisions making and actions undertaken, so as to ensure enhanced individual effectiveness, the successful implementation of strategic planning and consequently organizational excellence.

**Originality/value-**The research led to the diagnosis of the competency profiles of both male and female managers and the assessment of their impact on individual effectiveness.

### **KEYWORDS**

Managerial Competencies, Skills, Individual effectiveness, Gender, Greece.

### **JEL CLASSIFICATION CODES**

M10, M12, J24

## **MEASURING CITIZEN SATISFACTION USING THE SERVQUAL APPROACH: THE CASE OF THE HELLENIC POST**

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### **ABSTRACT**

In a global environment of intense competition and continuous change, companies need to focus on improving the level of their services and enhance the satisfaction of their customers in order to stay competitive and achieve long-term survival. This necessity underlines the need for developing measures that can estimate the current level of service provision, since measurement is the first step towards improvement. Measuring the existing level of services provided can help manager make better decisions for improving customer satisfaction. The purpose of the present study is to (a) measure the level of services provided by the Hellenic Post and (b) evaluate the satisfaction of its customers (citizens). The evaluation was made using an enhanced approach, incorporating both customers and managers in the sample of the study. Moreover, the present study investigated the gap between customer expectations and customer perceptions considering the level of the services offered by the Hellenic Post. The empirical study was utilized with the use of two structured questionnaires; the first was targeted to customers (SERVQUAL modified instrument) and the second to managers of Hellenic Post branches. In total, 306 questionnaires were collected from customers (citizens) and 20 questionnaires from the managers of a consequent number of Hellenic Post branches. Results showed that customers have a negative perception about the services offered by the Hellenic Post (in comparison with their expectations) and that there is a statistically significant difference between the actual perceptions of managers and customers.

### **KEYWORDS**

Service evaluation, customer satisfaction, citizen satisfaction, empirical study, Structural Equation Modeling (SEM), Hellenic Post.

### **JEL CLASSIFICATION CODES**

M19, L87

## **THE RECOGNITION OF PROVISIONS: EVIDENCE FROM ISE 100 NON-FINANCIAL COMPANIES**

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### **ABSTRACT**

The objective of financial reporting is to provide reliable and relevant information to the users of financial statements. Some of the information that presented in the financial reports is based on management judgments. Provisions are one of the main outputs of these management judgements and intent. The recognition and disclosure of provisions require the interpretation of probabilities, key assumptions and estimation uncertainty. Therefore recognition of provisions can play an important role in the preparation of financial reporting. Provisions can also allow companies to use creative accounting practices and to manage earnings because of involving uncertainty. This study was focused on the recognition and disclosure of provisions in the financial reports of Istanbul Stock Exchange 100 (ISE100) non-financial companies to examine provision types, trends, and whether the disclosure provided on key assumptions and estimation uncertainty is limited or not. To measure the uncertainty degree of companies' obligations give trend of provisions that is presented in the financial reports. To this purpose, qualitative and numerical trend analysis has been conducted.

### **KEYWORDS**

Provisions, uncertainty, management judgments, earnings management

## **THE ROLE OF ADDITIONAL PENSION PLANS IN THE CENTRAL AND EASTERN EUROPE**

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### **ABSTRACT**

In large parts of the world poverty risk among elderly people is a serious problem. In recent years the pension issues have taken on a specific meaning, which is associated with the process of ageing population and financial instability of numerous pension schemes. In the last decade of the 20th century there have been numerous pension reforms in many countries in the world, including the Central and Eastern Europe. They reformed the existing schemes based on the principle of pay-as-you-go pension schemes, introduced mandatory pension funds and enabled to make additional retirement savings in private pension programs. Nowadays CEE countries still make some adjustments of their pensions system in the defined contribution formula due to the fact that these countries are facing even more extreme demographic ageing than those in western Europe. Pension reforms put risk on future pensioners. In accordance with the common tendency, lower replacement rate from common public pension programs will lead to a greater role of additional pensions. The aim of the present article is to depict the role and circumstances of the development of additional pension programs in selected countries in the Central and Eastern Europe.

### **KEYWORDS**

pension system, additional retirement savings, replacement rate, CEE

## **EMPIRICAL ANALYSIS OF THE SHADOW ECONOMY OF SOUTH EAST EUROPEAN COUNTRIES**

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### **ABSTRACT**

Shadow economy relates to the problem of non-reporting and/or underreporting of market transactions by economic agents. The prevalence of shadow economy can have serious impact on economic growth as well as income distribution in a country. Findings in the literature about the size of shadow economy in SEE countries reveal relatively high levels of shadow economy. Therefore the main purpose of this paper is to assess the size of shadow economy in South East European countries by some new estimates covering the period 2003-2011. Also the paper investigates the response of the shadow economy to financial crisis. To estimate the size of the shadow economy, we use the Multiple Indicators Multiple Causes (MIMIC) estimation procedure. Our econometric results show that the average size of shadow economy of SEE countries is at about 33% of the official GDP. The last three years show a slightly increasing trend in the magnitude of shadow economy in the most of countries compare to the previous period. This fact highlights that the financial crisis has negative implications on the shadow economic activities.

### **KEYWORDS**

Shadow economy, size, estimate, MIMIC method, financial crisis

### **JEL CLASSIFICATION CODES**

E60, C50, C02

## **BUSINESS CONSTRAINTS AND CORRUPTION DURING THE ECONOMIC CRISIS: EVIDENCE FROM GREEK FIRMS**

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### **ABSTRACT**

This article investigates the business constraints across Greek firms under the current economic crisis. Based on firm-level data from the World Bank - European Bank for Reconstruction and Development Business Environment and Enterprise Performance Survey, conducted in more than 500 Greek firms in 2005, we investigate the sectors, within manufacturing and services, that appear most hampered by corruption in the public sector. We identify four sectors within services in which firms systematically evaluate corruption as a bigger obstacle for their operation and development. These sectors consist of construction and general engineering services, retail clothing, catering services, accounting and auditing services. We subsequently interview firms within these sectors to understand the reasons that drive the higher reporting of corruption as a barrier in doing business, and the possible constraints in the establishment and development of these firms. Through face-to-face interviews with firm managers and owners we evaluate the exposure of these firms to public institutions and the quality of the business environment. We conduct in-depth interviews and find that firms operating in these sectors systematically report corruption, bureaucracy, and the quality of the court system as a major barrier in doing business. These firms also report difficulties in accessing information on laws and regulations that affect their business. They describe the regulations on their operation as ambiguous and associate this ambiguity and complexity of laws with corruption. Specifically, the firm managers interviewed support that this ambiguity often raises the discretionary power of public officials to interpret the laws and regulations to their benefit and extract unofficial payments in return for lawful services. Firms in construction and general engineering services, retail clothing, catering services, accounting and auditing services also report the access to finance as major constraint in their operation and survival. Finally firms in these sectors report that they are facing major constraints during the current economic crisis in Greece. Under the crisis, limited financial and banking support and increased exposure to corruption and public sector bureaucracy, these firms have suffered redundancies and a sharp decline in performance. In some cases forms of undeclared employment are chosen by firm managers who report in their majority that the crisis contributes to the increase of corruption and unofficial payments, and that it threatens the survival of their business.

### **KEYWORDS**

Corruption, Business Constraints, Bureaucracy, Greece, Greek Debt Crisis

### **JEL CLASSIFICATION CODES**

K42, L2, L88

## **THEORETICAL AND PRACTICAL APPROACH IN ESTIMATING CAUSAL EFFECTS**

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### **ABSTRACT**

The main hindrance to modeling the causality arises from the basic problem of the causal inference, saying that for an individual we cannot simultaneously observe (1) the outcome when the individual receives the treatment and (2) the outcome when the individual does not receive the treatment. Due to that, we cannot observe the outcome for such an individual at the same time in the event of the treatment and in the event of the absence of treatment. Basically, each causal inference includes a comparison of the actual outcome with the counterfactual outcome. We cannot say anything about the causal effect if we do not have the record on the counterfactual status. The problem of the treatment effect assessment may actually be defined as a problem of missing data. We have observed the outcomes of individuals participating in the employment program and the outcomes of those not participating in the employment program. To know the “true” effect of the employment program on a particular individual, we must compare the observed outcome with the outcome that would have resulted had that individual not participated in the employment program. However, only one outcome is actually observed. What would have resulted had the individual not received treatment (the counterfactual result) cannot be observed. Information on nonparticipants can be used to derive the counterfactual result for participants. The practical approach in this paper refers to the implementation of the propensity score matching technique using statistical package to estimate the causal effects of the employment program.

### **KEYWORDS**

Causal effects, estimation, employment program, propensity score.

### **JEL CLASSIFICATION CODES**

C54, J08, J64

# **MONITORING AND EVALUATION OF THE WATER AND SANITATION SECTOR PERFORMANCE: CASE OF ALBANIA**

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## **ABSTRACT**

Sustainable and equitable access to safe water and adequate sanitation are widely acknowledged as important development goals in the framework of Millennium Development Goals for economic growth and poverty reduction. Water and Sanitation interventions are multi-dimensional, multi sector and there is a wide spectrum of possible socio-cultural, economic, environmental, political and legal conditions in which services are delivered. Additionally, water and sanitation services in many countries are responsibility of the local government, which increases the demand for accountability in terms of increasing quality of services and improving performance. All these facts raise the need to monitor and evaluate water and sanitation projects and their impact to development goals, which is not easy considering the far reaching objectives of the water and sanitation programs. To date there are few impact evaluations showing water and sanitation programs efficiency in delivering many of the desired outcomes.

The aim of this paper is to analyze the role of monitoring and evaluation of the water and sanitation performance. This will build on different studies and analysis performed and the data of International Benchmarking Network over the last 5 years. The study focuses on Albania because water and sanitation sector has benefited many development projects and policy development assistance and therefore, evaluating the sector performance is a good reference for scaling up new water and sanitation projects.

For the purpose of this study a sector analysis of the water and sanitation in Albania is undertaken using data from the International Benchmarking Network database and the Benchmarking Albania database. The result of the analysis demonstrates that monitoring and evaluation of the water and sanitation sector performance can serve as a good premise for setting minimum standards of services for the whole sector and as a good tool for the Government to guide the necessary investments needed in the sector. The findings of this study are a good reference for those interested to study and make further analysis of the role of evaluation of water and sanitation projects in economic development and poverty reduction.

## **KEYWORDS**

Monitoring, evaluation, water and sanitation sector, performance, development goals

## **JEL CLASSIFICATION CODES**

H41, O18, O19

## **FUTURE OF SHARED SERVICE CENTERS IN CEE REGION**

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### **ABSTRACT**

The purpose of classical shared service model is to realize saving by economies of scale while continuously develop the service level. Efficiency of the model could be enhanced by conscious location selection for shared service centers (SSC) with using rightshoring.

In this intention of international companies, there are countries and regions on the global service market that compete with each other to attract new shared service centers into their countries because it means investments and well-paid employment for white-collar workforce. Among these countries and regions, the countries of Central-Easter European (CEE) region got quite good position in the last decade.

In this research paper I would like to analyze what will be this sector of service industry in CEE region in the future. What are the advantages and disadvantages on the global market. How could preserve the advantages and mitigate the disadvantages? What are the tendencies on this market and how can these tendencies influence the CEE countries? What are with human resource, are there enough well-skilled, well-educated potential employees for new shared service centers? Can continuously enhancing labor-cost endanger the new establishment of shared service centers in CEE countries? Have North-African countries or Middle-East countries better attraction for these investing international countries? In my research besides of literature review I use personal interviews, case studies.

### **KEYWORDS**

Shared Service Center, SSC, Sourcing Strategy, Nearshoring

### **JEL CLASSIFICATION CODES**

M16, M19

## WHY GREECE FAILED? A POLITICAL EXEGESIS

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### ABSTRACT

Many scholars have tried to comprehend and analyze the root causes of the Greek financial crisis with a series of economic. While these factors are profound aspects of the Greek financial failure, nevertheless, it is only a part of the reality. The root causes for the Greek crisis can be found only within the Greek political and institutional model of development and its model of governance. In this regard, it seems that all the attempts for modernization and Europeanization not only failed to create a stable political and economic system in Greece but also solidified a mature clientelist political system as the main characteristic of the Greek polity. Thus, it is very difficult for the Greek political system to change considerably. The current demands made by Eurozone officials for austerity and a smaller, more efficient state apparatus are understandable but they amount to a demand that Greek political culture be dramatically changed in a very short time frame. This is not an easy task and is rather unlikely to be realized. This political dimension of the Greek financial crisis makes us worry about the future of the Greek state and the EU.

### KEYWORDS

Eurozone, Financial Crisis, Greece, Economic Governance

### JEL CLASSIFICATION CODES

H63, H62, O43

## THE GREXIT PARADOX

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### ABSTRACT

In this paper we consider whether there the potential of Greece's exit (GrExit) from the Eurozone has an impact on Greece's economic adjustment program and vice versa. In particular, we ask the question whether the “GrExit” discussion is leading into a Catch-22 situation: Greece is expected to default if it does not follow through with the economic adjustment program, when, at the same time, the economic adjustment program appears to be an unsustainable strategy for reversing the Greek economic downfall. Our findings are based on analyzing the literature regarding (a) the possibility and consequences of a Greek exit from the Eurozone, (b) the viability of the Greek economy given the adjustment program, and (c) the magnitude of the discussion regarding Greece's troubled economy before and during the crisis period.

### KEYWORDS

Grexit, Eurozone, Memorandum,

### JEL CLASSIFICATION CODES

F02, F34, F5

## **WHAT CAN BE LEARNED FROM THE SOVEREIGN DEBT CRISIS REGARDING EUROPEAN ECONOMIC STATISTICS?**

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### **ABSTRACT**

Since the outbreak of the European sovereign debt crisis, the leaders of the European Union (EU) have learned that to secure the survival of the single currency, they must considerably improve the control, prevention and correction mechanisms of public finance imbalances in member countries. Of course, such monitoring can only be effective if the supervising authority has reliable data elaborated impartially and based on unified concepts and methods prescribed by the EU in conformity with international standards. However, the recent experience of the euro zone, especially in the case of Greece, has revealed the weaknesses of European statistics, particularly of those used to monitor national budgets. Henceforth, it would be foolhardy to continue with the same practices as before, i.e. a decentralized system that entrusts to member countries the task of developing themselves, with considerable autonomy, national statistics on behalf of the European statistical agency (Eurostat). The series of failures related to Greek economic statistics over the years and the way European authorities handled them remind us that this issue is all but academic and what happened to Greece could also occur in other countries with possibly disastrous consequences for themselves, the EU and beyond.

This paper goes through the case of Greece as an example to identify structural problems in the European statistical system and propose solutions for the future. It attributes the responsibility of malfunctioning both to the offending country and to deficient EU structures. On the Greek side failures were numerous, especially the use of inappropriate accounting methods and statistical techniques, the lack of resources and skills within the official body responsible for compiling the statistics, and of course the deliberate manipulation of figures due to political pressures.

At the European level, the problem lies in the fact that the statistical system upon which controls of member countries' public budgets are based relies on the principle of subsidiarity. This presupposes that national authorities act on good faith, a condition that is far from being ensured when the country is directly interested in the numbers produced. In many instances, national institutions producing official statistics are not completely autonomous from the government and may therefore be subject to political pressures.

The paper proposes to remedy the situation by acting at two levels. At the level of member States, the most urgent measure would confer de jure - through the Constitution – as well as de facto autonomy to the public institution in charge of elaborating official statistics. In the medium term, one should create a competent and independent authority capable of analyzing impartially the economic indicators of the country. At the EU level, one should seriously reconsider the scope of the principle of subsidiarity and intervene more directly at the national level. Also, in the longer term, one must go beyond the Maastricht criteria and base control mechanisms on an extended and more forward-looking set of economic (and not just accounting-based) indicators. Last but not least, one must inflict severe sanctions on discovered cases of tampering with official statistics.

### **KEYWORDS**

Euro zone, sovereign debt crisis, Greek statistics, Eurostat, subsidiarity principle, Maastricht criteria.

### **JEL CLASSIFICATION CODES**

C82, F15, H63

## KEYNES AND THE EUROZONE’S CRISIS: TOWARDS A FISCAL UNION

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### ABSTRACT

The global financial crisis that began in 2007 in the United States of America had a tremendous impact on all areas of human activity. It started as a crisis in the housing market and almost simultaneously, not only became a financial and banking crisis but also has spread throughout the world. Under these conditions, the crisis passed from the American to the European region. In this way, the crisis led to the apocalypses not only of the vulnerabilities that exist at European level but also of the domestic weaknesses of the nation states. In this paper we will argue that until now all the solutions that have been agreed in the European level do not help to solve the root causes of the Greek financial problem. The national governments of the European Union (EU) do not follow any of the Keynesian ideas to overcome the crisis and the European leaders seem to have forgotten to act as a policy makers. Thus, even if the Greek financial problem can be moderated, it cannot be solved. The above observation is highly significant for the future of the European Union because every currency union in order to survive needs a mechanism of fiscal transfers. This kind of mechanism necessitates the creation of a fiscal union that will improve the performance and function of the EU.

### KEYWORDS

Eurozone, Financial Crisis, Greece, Economic Governance

### JEL CLASSIFICATION CODES

H63, H62, O43

# THE DEBATE ABOUT POLITICAL RISK: HOW INSTITUTIONAL AMBIGUITY AND REGIMES OF UNCERTAINTY SHAPE BUSINESS STRATEGIES IN THE BLACK SEA REGION

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## ABSTRACT

In the context of internationalization, companies are permanently confronted with adapting their operations to unfamiliar environments. Sometimes, environments might even turn negative and counteract international businesses in the respective country or create an atmosphere of preventing international companies from entering these markets. In the Black Sea Region we face a diversity of political regimes with varying concepts of democracy, stability and economic policies. This research focuses on the Ukraine, one of the most important economies in the Black Sea Region for international investors.

Against this backdrop, we apply the concept of political risk as our theoretical framework to model how institutional frameworks and political regimes impact on local strategies of international businesses. To deepen our understanding of the institutional characteristics we additionally draw on the Political Scientific concept of neopatrimonialism.

Political risk is either referred to as the consequence of government interference with business operations or to certain events such as expropriation, devaluation, political turmoil, or war. It is argued that political risk factors have an influence on the behavior of international firms. Political stability, i.e. a stable political environment that provides for predictability, has a positive effect on attracting foreign companies. Level of democracy, i.e. the degree to which elected representatives in the executive and legislative offices act according to the will of the citizens, is suggested to have a positive influence on reducing losses to international businesses. Finally, red tape in the host country government is considered under the internal political risk factors concept. The degree of the red tape describes protocols, procedures and administrative rules that apply for business activities. In its extreme case red tape may result in corruption and bribery. The latter have been shown empirically to exert negative effects on attracting international business activities.

The intention of this paper is twofold: Firstly, we aim at shedding light on the specific institutional framework that shapes the business environment in Ukraine. As our field researches have shown, corruption and political arbitrariness against foreign investors are systemic. In this specific form they are characteristic for post-Soviet countries, which we explain through neopatrimonialism.

Secondly, drawing on the results of our empirical researches in Ukraine, we discern challenges for international business actors operating under such regimes and unveil coping strategies. To generate our empirical results we relied on the Delphi Method, a qualitative research approach that has increasingly been applied in social sciences to unveil information on sensitive or future oriented questions. Our results are based on more than 30 expert interviews conducted in Ukraine. The empirical results of our interviews indicate that political risk factors are highly impacting market entry strategies and coping strategies of those companies already in these markets.

## KEYWORDS

Political Risk, Internationalization, Institutional Framework, Corporate Strategy, Economic Environment

## JEL CLASSIFICATION CODES

M16, P37, F23

## **PROFITABILITY AND GROWTH IN THE AFTER CRISIS ERA: DOES TECHNOLOGY AND SIZE MATTER?**

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### **ABSTRACT**

**Purpose:** Technology sectors are considered to be among the most promising sectors in an economy. In an era of persisting recession in the Balkan countries and Greece, profitability and growth aspects on a firm level are crucial for economic development. The present study explores the critical factors which affect the performance of technology sectors in Greece and compares them with those of other sectors. A comparison also of the performance is attempted between small and medium size technology firms and large firms. All the above are examined in a time span of 8 years, separated in before and after the crisis period.

**Data and Methodology:** The study is based on random sample of 960 firms from the sectors of metallurgy products, machinery, electrical and electronic products, electrical appliances and transportation vehicles in Greece, for the period 2004-2011, based on firm level financial data. Among the variables used are financial leverage, size, age, new investments, capital intensity ratio, export ability, efficiency and liquidity ratios. The methodology used is F-tests for means for performance comparison and panel data econometric modelling to identify the critical determinants of profitability and growth.

**Practical Implications:** The findings of this study can lead to policy implications for both managers and the State, which could promote profitability, growth and improvement of a firm's financial condition, in technology sectors. To the best of our knowledge, there is very limited research on this subject for Greece.

### **KEYWORDS**

Profitability, technology sectors, exporting and non-exporting firms

### **JEL CLASSIFICATION CODES**

O14, L25, D22

## **IMPLICATIONS OF THE GLOBAL FINANCIAL CRISIS ON THE GLOBAL MARKET LABOUR WITH REFERENCE TO LABOUR BOSNIA AND HERZEGOVINA**

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### **ABSTRACT**

More than 200 million people in the last two years joined the category of extremely poor, those who do not have enough food and water, increasing the number of one billion people still cannot live a normal life. The economic slowdown caused by the global financial crisis in 2008. The materialized in a reduced need for employees which affect the global economic stability.

In this paper, we analyze the impact of the global financial crisis on the labour market, and discusses how to lower economic activity increases various forms of precarious employment and vulnerable employment. It is notable that a significant decrease in employment occurred in the sector based on exports, construction and manufacturing. In the EU the largest loss of jobs generated in the industrial sector, and the lowest in the services sector. In the final analysis, the authors argue that the policy on the labour market in terms of financial (and debt) crisis should include a combination of passive and active programs, which would stabilize employment and wages, we should strive to simultaneously economic flexibility and security.

Besides this, special emphasis in this paper is focused on the analysis of the labour market in B&H in the period before the onset of the crisis, and post-crisis period. It is a quantitative analysis of the data in order to present a better insight into how the global financial crisis affected the most vulnerable groups of population, but also the ways in which this country has been struggling with the adverse effects of the global financial and debt crisis.

### **KEYWORDS**

Unemployment, labour, Bosnia

## **INTERNATIONAL LABOR FORCE MIGRATION IN A NATIONAL COMPETITIVENESS FORMATION**

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### **ABSTRACT**

The governmental regulation of labor force migration is an important part of country's image. An elaborated regulation of international migration and country's comparative closeness for unqualified workers are among the main reasons of the “elite” image of such countries like USA and Great Britain.

Poor quality of regulation of the labor force migration results in a lack of high-class managers and specialists in different branches of activity. The main aim of development of the governmental policy in a sphere of labor force migration is to conquer mentioned failings of international migration.

In that case it is also necessary to analyze an influence of international labor force migration on the main components of the country's competitiveness. The Global Competitiveness Index was chosen as a background of the research. Global Competitiveness Index includes 12 pillars: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

The results of the research show a strong interdependence between international labor force migration and national competitiveness. Governmental regulation of labor force migration influences even the figures of national market size. Tough control and the migrants inflow limits implementation will cause a decrease in an unemployment rate and an increase in a competitiveness of national business.

The stimulation of the high-qualified specialists' immigration is also a way of gaining a competitive advantage. They can help to provide innovations and modern technologies on local enterprises. On other hand, one of the most important issues of governmental policy is a support of homegrown scientists and IT-specialists. Their emigration badly influences most pillars of national competitiveness. The process of outflow of such specialists is called ‘brain drain’.

The necessity of governmental programs, supporting national entrepreneurs must be emphasized. Companies, which give job to local workers instead of usage of cheaper foreign labor force, should receive governmental subsidies and grants. Such actions will result in creating of new jobs for locals and in a next step in fighting the unemployment.

Proposed actions are to increase an international competitiveness of national economy and to develop country's international image.

### **KEYWORDS**

Labor force migration, governmental regulation, global competitiveness index, national competitiveness

## LABOUR MARKET REFORM IN WESTERN BALKANS: A WAY OUT OF THE CRISIS?

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### ABSTRACT

From 2000 until 2008, the economies of Central and Eastern Europe (CEE) experienced large amounts of Foreign Direct Investment (FDI) from the West, a credit boom and rapid expansion in consumption and investment. Multinationals could choose to transfer part of their production where taxes and wages were low, import the semi-finished products they needed, and export to the Western markets. They contributed to a growth in exports, but also to the trade imbalance by forced imports or through the outflow of a large portion of their profits. Moreover, the ratio of credit to GDP doubled between 2001 and 2007 in “emerging Europe”. The Hungarian economy revealed the first signs of weaknesses with a fall in its rate of growth from 4% in 2006 to less than 1% in 2007. The downturn in 2008 was sharpest where the growth had been the most spectacular - in Estonia and Latvia with -5.1 and -4.2% negative growth rate, respectively - and a further slump the following year. In 2009 all other Eastern European states (except Poland) were confronted with the most radical recessions throughout the EU – with a negative rate of growth ranking from -4.2 for the Czech Republic to -18% for Lithuania. As a consequence, the IMF granted loans to CEE countries under conditional terms of austerity and structural adjustment. A set of policies imposed public expenditures (slashing of government budgets) and reforms aimed at deregulation of the economy (removing protections for local producers), labour market flexibilisation (removing labour rights protections) and mass privatization (sale of national assets). Those conditional policies promise increased flexibility, competitive restructuring and thus, favorable conditions for FDI and growth. Real GDP began to increase during the second quarter of 2009 in most countries of Central Europe, while South Eastern Europe has not emerged from recession. Recovery is uneven and mainly export-led: Central European countries (like Slovakia) are the most integrated into Germany’s cycles of growth, thus with increased capacity in exports. But still, the recourse to the IMF in the two “peripheries” of the European Union (Central Eastern and South Eastern) reveals the fragility of the EU. Moreover, whether referring to the USA, Greece or the Baltic States, crises are the repercussions of profoundly unbalanced growth. In this context, there is a growing debate concerning the structural reforms imposed by the combined action of the IMF and the European institutions and their effectiveness as a way out of the crisis. The suppressed expenditures on welfare, pensions and public sector wages, along with the labour market deregulation has so far attacked the remaining forms of social protection and deepened poverty and unemployment in all recipient countries. In the presented work, we focus on Greece and the neighbouring EU member countries of Romania and Bulgaria. We acknowledge the different historical and political paths of the countries in question and the different elements of the crisis each one of them is going through today. But we also acknowledge the fact that they constitute part of the SE European “super-periphery” (Bartlett 2013); and being recipients of the IMF loans, they are submitted to similar restructuring policies. We particularly explore the impact of the recent labour market reforms and measures for employment flexibilisation, which have been promoted to overcome the rigidities that hinder investments and to boost growth and employability in the host economies.

### KEYWORDS

Recession, IMF, labour flexibilisation, FDI, employability

### JEL CLASSIFICATION CODES

R11, F59, P25

## **THE ANNUAL DEMAND FOR SEASONAL IMMIGRANT LABOR IN GREECE DURING THE CRISIS PERIOD**

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### **ABSTRACT**

The paper investigates the annual inflow of legal immigrants in Greece the last five years, 2008-2012, on the basis of the demand of Greek employers for seasonal immigrant labor in provenance from non European Union countries. This process is determined by the new legislative framework described by the Law 3386/2005 on the entrance, accommodation and social integration of third country nationals in the Greek territory.

Every year Greek authorities determine the maximum number of residence and work permits that will be given to non EU immigrants. Permits concern mainly seasonal jobs and profited basically to Albanian workers.

Local needs for work determine the number of immigrants on the local level. Local demand is expressed through prefectures, (Greece is divided administratively in 54 prefectures). The local needs determine the national demand, and therefore the annual inflow, for legal economic immigrants from non EU countries. Some prefectures on the North of Greece concentrate the majority of this immigrant population.

The paper analyses the evolution of this demand during the crisis period and tries to investigate if the economic crisis and especially the unemployment influenced this evolution.

The analysis is based on a prefectural level because it permits a more qualitative approach of the evolution since we can have a more specific result.

### **KEYWORDS**

Albania, crisis, Greece, migration, regional economy, unemployment

# **PATRIOTISM, NATIONALISM, NATIONAL IDENTITY IMMIGRATION AND REFUGEES IN GREECE IN THE ERA OF ECONOMIC CRISIS**

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## **ABSTRACT**

The present study validated patriotism, nationalism and national identity as determinants of attitudes towards Immigration and Refugees in Greece in the era of Economic Crisis, when the ethnocentrism emotion and behaviors may take new dimensions. The study evaluates 296 students' opinions in relation to the subject by the application of Principal Components Analysis. Findings reveal that intrinsic factors have a significant impact on students' behaviors towards refugees.

## **KEYWORDS**

Immigration, refugees, Greece, patriotism, nationalism, PCA

## **ASSOCIATION MODEL FOR GDP AND MAIN COMPONENTS - CURRENT PRICES IN EU-27**

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### **ABSTRACT**

This study aims at considering and estimating the most accurate association model for the Gross Domestic Product (GDP) and main components at current prices in 25 EU countries for the period of 2000-2009. The data used for the study are obtained from the Eurostat. The programme of the Categorical Data Analysis System (CDAS) will be used in order to ascertain the results. The Analysis of Association table (ANOAS) is given in order to find the percentage of the data which is covered by each model. We analyze and estimate the association model with the best fit and in conclusion we find out that all the six association model show unacceptable fit. We proceeded to the multivariate model to find the model with the best fit and as a result the multivariate (M=7) row column effects show stronger fit because it covers more than 99% of the data, thereby giving the best fit among all.

### **KEYWORDS**

Association model, GDP and main components at current prices, log-linear and log-nonlinear models

### **JEL CLASSIFICATION CODES**

C10, E24, C82

## LIMITS OF GROSS DOMESTIC PRODUCT IN CHARACTERIZING ECONOMIC WELFARE

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### ABSTRACT

This paper aims to present primarily the weaknesses of the most important macroeconomic aggregate, the Gross Domestic Product (GDP), in the characterization of the material welfare of citizens. Although the inadequacy of GDP in measuring economic welfare is widely accepted in theory, it is still used as a key indicator of economic policies. This article intends to provide some evidence for the theoretical criticism made to GDP, with reference to the case of Romania, taking into account three essential components in describing material welfare of the citizens in a country : the social, economic and environmental part. Having as a starting point the assumption that private expenditure of GDP are crucial in quantifying the real consumption possibilities of individuals, an indicator based on private consumption is proposed, which is adjusted with certain values of benefits and costs concerning environmental and social components, considering also the income inequality in the society. The comparative analysis of GDP and this new adjusted indicator of private consumption is reflecting a general trend upward over the time interval 1990-2009, the two indicators evolving in the same direction but having obviously different levels.

### KEYWORDS

GDP, economic welfare, sustainability, private consumption.

### JEL CLASSIFICATION CODES

E01, E21, I31

## **EVOLUTION OF MACRO GENERATIONS: MULTI-AGENT APPROACH**

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### **ABSTRACT**

The objective of the study is modeling of the macroeconomic growth as the evolutionary process. To solve this problem the hypotheses of the macrogenerations model have been formulated based on the evolutionary theory and the theory of multi-agent systems. The paper deals with the multi-agent model of macrogenerations evolution which is developed in NetLogo. Model shows the macro-effects that are not inherent to the individual agent behavior. The results correspond with the theoretical assumptions and are suitable for further analysis of evolutionary processes in the economy.

### **KEYWORDS**

Economic growth, evolutionary theory, multi-agent model

## **INVESTIGATING THE CONVERGENCE HYPOTHESIS IN THE EU: MORE EVIDENCE ACCOUNTING FOR STRUCTURAL BREAKS**

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### **ABSTRACT**

The aim of this paper is to test the convergence hypothesis for the EU with Netherlands which is considered as the benchmark. The empirical analysis uses PPP Gross Domestic Product (GDP) per capita, in constant prices of 2005 and covers the period 1950-2010. The empirical approach complementary employs time series tests for stochastic convergence and more particularly the “trend test” proposed by Dawson and Sen (2007) that is based on Carlino and Mills’ (1993) methodology. Based on unit root tests for the relative per capita real GDP for each country, we are able to reject the unit root hypothesis for 6 out of 14 countries. However, our results suggest stronger evidence in favor of convergence when we account for one and/or two endogenous structural breaks either in the intercept and/or the slope of the trend function

### **KEYWORDS**

Stochastic convergence,  $\beta$ -convergence, trend test, structural breaks

## **CATASTROPHIC RISK IN LOCAL GOVERNMENT UNITS - THE SEARCH FOR THE OPTIMAL RISK MANAGEMENT**

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### **ABSTRACT**

The multiplicity of meanings of word “risk” used in the literature and risk management standards leads us to a question about the possibility of creating an universal definition and its application in the risk management process and implementation of the agreements of insurance. The authors point to the basic elements of such a definition. But above all, in the article has been operationalized the concept of risk in relation to local government units. Based on a survey, Authors made the identification of events that is afraid of head of local government units. Additionally, there is specified the level of losses that officials consider to be catastrophic in charge of their local governments. Based on studies and analysis of government documents the article demonstrates significant gaps in the identification and financing of catastrophic phenomena. Local government entities do not take action within the risk management process relating to catastrophic risks, even in the narrow sense, a specially referring only to the effects of nature.

It should be noted that the application of the procedures of risk management has been imposed on local government by the Act of August 27, 2009, the Public Finance Act, which introduced the obligation for public sector entities management control as one of its objectives is to provide risk management.

Discussed in this article the authors’ risk management model based on the concept of “risk owner”, which was first defined in ISO 31000. This standard contains numerous links between risk management and the management of the entire organization. This relationship may involve both strategic and operational areas. Detailed activities are based on the separation of areas where risks are identified or created. In the next step the risk is assessed by system of questionnaires and interviews with employees in a lower-level in unit of local government. The end result are recommendations for further action, which should be consistent between different areas.

### **KEYWORDS**

Local government units, risk management, insurance, catastrophic risk, Poland

# **INFRASTRUCTURE PUBLIC PRIVATE PARTNERSHIP INVESTMENTS: A COMPARATIVE ANALYSIS OF WESTERN BALKAN AND EMERGING COUNTRIES**

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## **ABSTRACT**

The private sector participation is crucial to country development bringing more funds, technical knowledge and efficiency in several sectors (energy, telecommunication, transport, water and sewerage), particularly to developing countries. The demand for infrastructure projects has increased considerably in the recent years especially in emerging and developing countries, which can be attributed primarily to the rapid economic growth and the vast urbanization and industrialization of these economies. Moreover, much investment will be needed in these countries for achieving the Millennium Development Goals, specifically the goal of poverty reduction. In order to ensure the private participation in infrastructure projects, it is necessary to deepen the government-private sector cooperation through Public Private Partnerships (PPPs). These partnerships have proved to be successful instruments to country development as much in developed countries as in developing countries.

The aim of this paper is to analyze the determinant factors of PPPs in infrastructure development in Western Balkan and Emerging Countries. This will build on previous empirical analysis performed and the data of World Bank Database for Public Participation in Infrastructure for the period 2002-2013. The study focuses on the Western Balkan and Emerging countries because these countries need PPP arrangements in infrastructure. Additionally, the Western Balkan countries will need to integrate into European Union in the near future and therefore, the needed structural reforms and development strategies require much more investments.

For the purpose of this study a comparative analysis of countries of the Western Balkan and Emerging economies is undertaken by using data of the Public Participation in Infrastructure projects by type of sectors for the period 2002-2013. The result of the analysis confirms previous conclusions that countries with small size of the market have lower number of PPPs as compared to those with big size of the market. Regarding macroeconomic stability the data strongly confirm that macroeconomic situation favor foreign investors to get involved in PPP projects, but their small size of the market discourages these countries to have high PPP projects. The findings of this study are a good reference for those interested to study and make further analysis of PPPs in infrastructure.

## **KEYWORDS**

Public-private partnership, infrastructure development, Western Balkan countries, Emerging countries, determinant factors

## **JEL CLASSIFICATION CODES**

H44, O57, O19

## ACCESS TO FINANCE IN BALTIC FINANCIAL MARKETS

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### ABSTRACT

Access to finance is considered one of the main obstacles to successful financial market development (Peachey, 2004; Beck, 2006; Mazanai, 2011; Roman, 2011). Access to finance was second-ranked most pressing problem faced by companies in the Euro Area (ECB, 2012) and one of the main barriers to companies innovation capacity (Pro Inno Europe, 2011).

The object of this paper is the availability of financial services in the Baltic financial markets.

The purpose of this research is to identify main obstacles in access to finance by analysing financial markets of the three Baltic States and to develop recommendations for improving availability of financial services. To achieve the purpose the following tasks were conducted:

1. to analyse access to finance in the Baltic states financial markets;
2. to emphasize the differences of availability of financial services between three Baltic countries;
3. to identify the main difficulties faced by companies in securing sources of financing;
4. to arrive at conclusions and to put forward proposals on how to improve the availability of financial services in the Baltic markets on the basis of the author's findings.

The research methodology used in this paper starts with a literature review in order to highlight the importance of financial services availability from companies and financial market perspectives. The analysis conducted in this paper is based on data and statistics provided mainly by the Baltic States Central banks, by certain empirical studies and by the World economic forum data base.

During development of the paper the generally accepted qualitative and quantitative methods of economic research were used including comparative analysis and synthesis, graphical illustration methods.

To analyse access to finance is a multifaceted task, the authors of the paper in this research have mostly concentrated on the main sources of finance: loans, stock markets and venture capital.

The study results highlight the need to recognize that countries require sound and at the same time well-functioning financial markets. Only in this case financial markets can provide resources for investments as sound banking loans, properly regulated securities exchanges, venture capital, and other sources.

### KEYWORDS

Baltic financial markets, access to finance, loans, stock markets, venture capital

### JEL CLASSIFICATION CODES

G10, G20, O16

## **CORPORATE SOCIAL RESPONSIBILITY IN GREEK BANKING SECTOR - AN EMPIRICAL RESEARCH**

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### **ABSTRACT**

Companies voluntarily embody social and environmental actions via Corporate Social Responsibility (CSR). In this paper we indicate CSR policies in banking sector in Greece and we study the banks customers' perceptions regarding their banks' CSR policies. We present the ten biggest banks in Greece and we indicate the charitable programs and sponsoring that they offer in general during the last years in Greece. The present study empirically investigates the customers' perception regarding CSR policies of banks; we study if they have really understood the meaning of CSR. Specifically, it is estimated whether customers believe that banks really wish to help society and the environment or they just wish to improve their sales and increase their profits. Under this framework, the results of empirical research are presented and the relevant findings are discussed.

### **KEYWORDS**

Corporate Social Responsibility, banking sector, customers' perception.

### **JEL CLASSIFICATION CODES**

D21, M14

## **CORPORATE GOVERNANCE INDEX: THE ISTANBUL STOCK EXCHANGE POSITION**

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### **ABSTRACT**

Corporate governance (CG) has become one of the most important developments as a consequence of accounting scandals. There are different CG regulatory systems in different jurisdiction areas. Although certain countries have Corporate Governance Index (CGI), each country has different CGI requirements. The purpose of this paper is to conceptually examine the CG and to understand the trend of CGI gradually developing. A study has been conducted to understand the development of CGI and to analyze the ratings of CGI companies in Turkey. In February 2005, Istanbul Stock Exchange (ISE) published the requirements of CGI that has been active since August 31, 2007. ISE CGI aims to measure the price and return performances of ISE listed companies with their corporate governance ratings of minimum 7 out of 10. ISE CGI will be examined to see the trend in Turkey. To do this, Corporate Governance Rating Reports (CGRR) and CGI ratings will be examined for the period of 2007-2012.

### **KEYWORDS**

Corporate Governance (CG), Corporate Governance Index (CGI), Corporate Governance Rating Reports(CGRR), Corporate Governance in Turkey

## **BANKING AND FINANCIAL ISSUES. FINANCIAL SYSTEM ANALYSIS AND ECONOMIC GROWTH**

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### **ABSTRACT**

Strategic Administration appears to be of the utmost importance in the Banking Management. In fact, Administrative and Operational Banking seems to serve Strategic Administration in the Banking Management.

In addition, Banking Managerial tools and Processes are claimed to be based upon the basic decisions taken (Investment decision, Financing decision, Dividend Policy decision which are related to financial structure and to optimal structure too).

On the other hand, cash flows as part of the Operational Banking are totally related to the corporate's profitability. It is an undeniable fact that cash flows contribute to transactions and thus their contribution to transactions and to Financial - Economic Growth and Prosperity in a State's Economy as a whole, is an undeniable fact.

The Money Market as well as the Capital Market need to be studied thoroughly.  
Market Efficiency appears to be of great interest, so it is quite necessary to study it too.

### **KEYWORDS**

Finance, Economic Development & Growth, Money Market, Capital Market.

### **JEL CLASSIFICATION CODES**

G10, G20, G21

## **THE CURE OF A BIG PATIENT. AN ACCOUNTANT’S PERSPECTIVE**

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### **ABSTRACT**

Greek public healthcare system suffers from many and severe illnesses. The applied treatments seem to have no results. The legislatively established (since 2003), introduction of a costing system in order to rationalize the operation of the Public Healthcare sector is still an unachieved dream for the majority of the Greek public hospitals and a nightmare for the Greek Governments.

The prescribed in the P.D.146/2003, penalties for the hospitals which wouldn't apply the introduced costing system, proved to be not efficient and the cost of the provided healthcare services remains an unknown area. The lack of costing data has a lot of impacts on the efficient management of hospitals, such as the inaccurate pricing, and the elimination of any control possibility. This article exams the problem and suggests an integrated solution under an accountant's perspective of view.

### **KEYWORDS**

Greek public healthcare system, healthcare services, health economics

# **A MODEL FOR THE TOTAL INTRAMURAL R&D EXPENDITURE (GERD) BY SECTORS OF PERFORMANCE WITHIN THE 27 COUNTRIES OF THE EUROPEAN UNION FROM 2000-2010**

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## **ABSTRACT**

In this study, we consider and estimate the most accurate association model of the Categorical Data Analysis (CDAS) for the total intramural R&D expenditure (GERD) by sectors of performance in 27 countries of the EU. The data used in this study are obtained from Eurostat statistical surveys which are regularly conducted at national level covering R & D performing entities in the private and public sectors estimated on actual base year from 2000-2010. Since the main focus is to have a better understanding of the total intramural research and development (R & D) expenditures within the 27 countries of the European Union (EU) according to the sector of performance and the source of funds, the Analysis of Association table (ANOAS) is given in order to ascertain the percentage of the data which is covered by each model. We find and estimate the association model with the best fit and in conclusion we find out that the row-column effect model RC ( $M = 8$ ) has the best fit among all.

## **KEYWORDS**

Association model, log-linear & non-linear models, intramural R&D-Gross domestic expenditure(% share of GDP) in EU 27

## **JEL CLASSIFICATION CODES**

C10, C13, C81

## **THE EFFECTS OF FINANCIAL INTEGRATION AND DEVELOPMENT ON ECONOMIC GROWTH IN TRANSITION ECONOMIES**

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### **ABSTRACT**

The main objective of the paper is to investigate the effect of financial integration and development on economic growth in transition economies. For this purpose I use Arellano – Bond Dynamic Panel GMM Estimators to assess the effect of financial integration and development on economic growth. The analysis contains all EU developed countries; several transition countries including new member of EU and future member of EU countries. I find out that both the financial development at national level and financial integration has a positive effect on economic growth. Moreover, the investigation show that the effect is highly non linear. In addition, the result discover that financial integration can not have a positive effect on economic growth in less developed transition countries because their the effect depends on the development of the domestic financial market and other macroeconomics factor such as macroeconomic stability and quality of institutions. Therefore, the result identifies a positive effect of financial integration on economic growth in the transition countries which have sufficient level of the financial development. Finally, the result show most of new and future EU members and other transition countries have reached sufficient level of financial development that enable them to gains from further financial integration.

### **KEYWORDS**

Financial integration, financial development, economic growth

## **ECONOMIC DIFFERENCES OF COUNTRIES BY THE RIVER DANUBE**

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### **ABSTRACT**

One of the main aims of regional science is researching differences among regions and discovering reasons of variables. Regional policies of each countries target the reduction of economic differences in development as general act. Main goal of this study is to analyze economic differences of countries, located by the river Danube, specifically comparing countries on the base of NUTS2 regions. Main motivator of this topic is the event according to in 2011; the European Committee restarted the so called EU Strategy for the Danube Region, which is a complex development plan, focusing on this geographic area. Primal targets of Danube Region Strategy are enabling long term cooperation between countries by the Danube, urging economic development, improving infrastructure, saving environmental elements and handling local problems. Worth to analyze regional characteristics of the attached Eastern European and Balkan countries, recognize reasons of regional differences in order to facilitate proper tools of regional cohesion and progress.

In our study, we did not analyze all of the countries, attached by Danube Region Strategy. We are focusing solely on countries possessing bigger territory by the river and mainly on Eastern European and Balkan countries. Main resource of information is Eurostat. According to exact territories there are two south German states: Baden-Württemberg and Bavaria. These states are quite independent in aspect of economic characteristics. Other Countries are Eastern European and Balkan countries: Austria, Hungary, Slovakia, Romania and Bulgaria.

Time period of our research is year 2000 until current days, focusing on main changes of the previous decade. We worked by analyzing different data, main analyzing factor is GDP per capita. Above this there are several factors, which are important in order to represent significant regional differences. These are employment, unemployment rates, industrial concentration, and other development factors like research and development spending and data of higher education. According to research methodology we implemented already applied methodologies and models in regional and economic science. These are Williamson-hypothesis, which is focusing on local inequality of countries. As consequence it shapes a ‘U’ shaped curve, representing development level of each countries and measure of economic differences between them. Next to this there are several spreading factors applied in the study. Other significant and representative methodology is Lorenz curve, analyzing concentration of economic differences of incomes and unemployment rate in this study.

This study aims to show the method of defining regional, economic differences in order to contribute to equality of economic factors. Findings of the study have inspiring effects on cohesion between Eastern European and Balkan Regions located by the Danube and shows the importance of local development policy in this territory.

### **KEYWORDS**

Regional economic differences, Danube region strategy, regional GDP, Eastern Europe, Balkan, local policy

# **POST-SOCIALIST ECONOMIC DIFFERENCES AS SOCIALY PRODUCED DIFFERENCES: A DYNAMIC INTERPRETATION OF ECONOMIES IN TRANSFORMATION**

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## **ABSTRACT**

Contrary, the ontology of those regional economies is a dynamic notion in constant formation, that can be fully understood only if we restore geographical importance, seeing globalization not as the cause of social change, but economic geography as socially produced; natural advantages cannot explain the subsequent quality or quantity of development (contrary to static hierarchies and 'Ricardian theorems'). Nor can we take for granted the conceptual context of global and European institutional propositions for reforms without placing it in a concrete context of capital accumulation and its particular interpretations.

Concerning now the local literature, when many authors simulate many eastern cities as dominated by the ill-composed and shadow circulation of all kinds of goods or they observe the new economic patterns, where social pathogenesis of marginalization and crime assume a distinct part, what they miss is that the above is mainly nothing other than the form that capital accumulation takes in peripheral and transitional economies. Namely, those authors, instead of a brutal social transformation concept they introduces economic and social 'legacies' that emerge through 'plural causations'.

In concluding, we believe that an another approach of the economic changes in post-socialist Europe has to take place, where the question of transformation will have a central position. The notion of transformation retains a confrontative framework, and also beholds not the formal limitations, but a direction to approach the regional economies while permitting local features to sketch the whole image. Moreover, the question of transformation is also a matter of scale. It is the switchability of geographic scales that enables economic globalization and not vice versa. But, contrary to an epistemology that pre-determines the particular position of each economy, global economic relations of scale are always socially constructed and are bound to the particularity of space.

## **KEYWORDS**

Transformation, spontaneity, global institutions, epistemology, post-socialism

## **LDC AND BALKAN COUNTRIES IN THE HUG OF CYBERNETIC NEOCOLONIALISM: AN EXAMPLE OF BOSNIA AND HEZEGOVINA**

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### **ABSTRACT**

The world is changing rapidly. Dialectic of globalization suggests that extant economic theory becomes a virtual and unsuitable to the process of globalization. We raise the following questions we are not able to answer by extant theory and policy: whose BDP should be optimized in a global economy? Whose employment level should be addressed, that of territorial or market state? Who is the main economic subject in upcoming market state: corporation or state deprived of economic resources? What is going to look like a new stage in world (capitalist) development? We propose term mega-capitalism for next stage in capitalist development we have partly stepped in which totally differs from Friedman's (1982) and neoliberal understanding of the economic processes and Fukuyama's end of history. New stage of capitalist development might definitely endangered prospect for development of LDC and transition economies treating them more as colonies than independent state. Transition countries of western Balkans are clear case studies of such a development. Transition of B&H we consider as a perfect example that confirms our thesis. The example of B&H is highly relevant for all Western Balkan countries: Croatia, Serbia, Monte Negro, Macedonia and Kosovo. For these and other LDC globalization raises the question: how to liberate these countries from chains of cybernetic neocolonialism and lift them on a road of cybernetic developmentalism.

### **KEYWORDS**

Globalization, theory, colonialism, balkan, future

### **JEL CLASSIFICATION CODES**

O3, P16, P2

# **A COUNTRY’S PROCESS OF DEVELOPMENT AS DESCRIBED BY A CUSP CATASTROPHE MODEL. THE CASE OF EASTERN EUROPEAN AND BALTIC COUNTRIES**

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## **ABSTRACT**

For a long period of time a country’s development has been synonymous with its economic growth and GDP per capita has been the main indicator expressing a country’s prosperity. Over the last years, however, economies and societies have been undergoing dramatic changes. Globalization, international integration, technological innovation and mobility of capital have changed the picture and make it extremely difficult to predict the future of countries. Economic changes test the ability of all countries to compete and the gap between leading and lagging countries in terms of growth, income and employment may be widening. Social changes test the ability of states and governments to provide an appropriate social framework for their people. Environmental factors test the ability of national and local governments to manage resources in a sustainable manner and to maintain and improve the quality and safety of life. These changes have led to a modification of the targets of development and to the acceptance that the concept of development has to embody human well being alongside with economic growth. Sustainable development refers to the ability of our societies to meet the needs of the present without sacrificing the ability of future generations to meet their own needs. Measuring sustainable development means going beyond a purely economic description of human activities; requires integration of economic, social and environmental concerns. In other words, sustainable development means ensuring economic efficiency while respecting social equity and safeguarding ecological integrity. New techniques are required in order to benchmark performance, highlight leaders and laggards on various aspects of development and facilitate efforts to identify best practices. New tools have to be designed so as to make sustainability decision-making more objective, systematic and rigorous. Many tools and methodologies have been used over the past years to measure the progress towards sustainability. The majority of those methodologies make use of a single indicator in order to measure separately the evolution of each component i.e. the economic, the social and the environmental. Our objective in the present paper is to:

- Outline the process of a country’s development taking into account all its three dimensions, economic, social and environmental.
- Present a model for quantifying its process of development encompassing all those dimensions.
- Apply the model to Eastern European and Baltic countries.
- Discuss the results.

## **KEYWORDS**

Country’s Image, Country’s Process of Development, Economic Social & Environmental Factors, Cusp Catastrophe Model

## **JEL CLASSIFICATION CODES**

C65, Q01, R58

## **INTERACTION BETWEEN HIGHER EDUCATION AND INDUSTRY IN REGIONAL ASPECTS**

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### **ABSTRACT**

The development in the information technology and in the telecommunications, weltered in the 20th century, had basically changed the economic and social relations in the world of globalization. Today the knowledge has already meant the economic and political centres, the base of the society is the knowledge society, and the direction of the capital investments is the knowledge capital. The most important institutions of the society based on knowledge have become the institutions dealing with production, distribution and reproduction of knowledge. Nowadays this role is occupied constantly by the educational institutes, especially the higher education. Currently the role and the function of the higher education institutes reevaluate the world and as a result a new aspect of economic and social roles and functions has appeared.

These impacts are felt in Hungary too, where recently demographical changes and reforms in the higher education change the state of the educational system. Nowadays higher education is a key strategic resource in the globalized and knowledge-driven economy for achieving economic success. Moreover a higher education institution can only be successful if it becomes at the same time local, regional and national actor of the economy. The Hungarian higher education system is being reorganized from 1989, at the end of the communist regime, which has many structural and financial problems. The main failure of the last twenty years governance, that the higher educational politics has not been connected to the regional development politics. But some positive example proves how a university can play an important role in the regional development.

Győr is one of the most quickly developing city in Hungary, where Széchenyi István University plays a vital role. The University is actively engaged with its own region. The presence of the world's largest engine plant, the Audi – which is a global company at the premium segment – and the concentration of the automotive industry in the region create new kind of opportunities and expectations for the City and the University. Recently the foundation stone of the new factory resulted Győr has become a vehicle factory with the whole vertical processes of car manufacturing, which also means new challenges. The major quality-industry, Győr, the University's collaborative, joint development directions is a possibility in which the knowledge and the roles have important meaning for success. It could contribute to the regional development, and could ensure stable and predictable operation for the University.

### **KEYWORDS**

Regional development, higher education, knowledge-driven economy

### **JEL CLASSIFICATION CODES**

L32, L39

## **CURRENT CONDITION AND PERSPECTIVES FOR THE DEVELOPMENT OF AGRICULTURE IN THE SOUTH CENTRAL REGION OF BULGARIA**

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### **ABSTRACT**

The republic of Bulgaria is a country in which there is a good environment for development. There is a wide variety of potential opportunities for cultivating agricultural crops. The South Central Region is located in the south portion of the country. Its territory comprises the areas of Pazardzhik, Plovdiv, Smolyan, Haskovo and Kardzhali. Agriculture in the region is well developed. Twenty per cent of Bulgaria's utilized agricultural areas are in this region. The agricultural holdings in the region make for thirty per cent of all farms in the country. The objective of this elaboration is to trace out the main problems of agriculture in the South Central region of Bulgaria.

### **KEYWORDS**

Gross domestic product, gross added value, utilized agricultural areas, specialization in agriculture, agricultural holdings

## **TESTING EFFICIENCY AND UNBIASEDNESS IN COTTON FUTURES: EMPIRICAL EVIDENCE FROM TURKEY**

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### **ABSTRACT**

The paper aims to study the market efficiency, unbiasedness among Cotton futures contracts traded at Turkish Derivatives Exchange (TURDEX). The study aims to test the market efficiency and unbiasedness with different maturities using cointegration analysis, and short-term market efficiency, using an error correction model and GARCH-M-ECM. The results from the study will have important implications on the role of Turkish commodity exchange in providing the role of price discovery and risk management among its various stakeholders. Further, if inefficiency is reflected in the results which may provide support to further reforms in the agricultural commodity futures through increasing awareness, wider participation, better infrastructure etc. so as to make futures market more efficient in the long run and perform their role of price discovery and risk management more efficiently and effectively.

### **KEYWORDS**

Market efficiency, Unbiasedness, Price discovery, Commodity markets, turkey

### **JEL CLASSIFICATION CODES**

C14, C32

## **CONSULTING FOR SUSTAINABLE DEVELOPMENT, INFORMATION TECHNOLOGY ADOPTION, MARKETING AND ENTREPRENEURSHIP ISSUES IN LIVESTOCK FARMS**

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### **ABSTRACT**

Consulting services constitute a major key for implementing successfully sustainable development EU goals in rural areas. Today, in the context of the Rural Development Programme of 2007-2013, there are initiatives for funding livestock and agriculture farms and entrepreneurship. Presently, there are bureaus offering/providing? consulting services and reliable information to the Greek agricultural sector about Information technology adoption and innovative e-tools, marketing and processing of agricultural products, certificated agro-products (ISO), modernization of agricultural holdings, restructuring of livestock sector, etc. Farmers have the opportunity to participate in EU funded measures aiming to develop new activities, such as innovative actions, marketing services, new information technology software and web tools and production innovations through specific investments. This paper aims to study and evaluate the adoption of consulting from livestock farms and discuss future opportunities. This case study is based on primary data collected from the prefecture of Rodopi, in Thrace, Northeastern Greece, through a farm management survey which was carried out during September and December 2011. A sample of 120 livestock farmers between the ages of 20 and 70 was surveyed for the empirical application of this study using a well-structured questionnaire. The survey took place in private consulting bureaus and locally at farms. The collected data were coded and analyzed with SPSS. Data was classified with cluster analysis in order to identify and describe groups with common opinions among farmers. Findings show that 54% of the farmers in the sample are interested in consulting and adopt information technology solutions, marketing and entrepreneurship issues, aiming to sustainability in the context of EU goals. The results also indicate that 63% of the farmers have already participated in a program while 37% have participated in the schemes promoting the establishment of young farmers. Moreover, 55% of them would prefer to be consulted by private consulting bureaus rather than government consulting divisions. Private consulting bureaus satisfy farmers who consider them as a significant support in their attempt to achieve the contemporary EU goals for sustainable development through the adoption of information technologies tools and innovative trade and marketing techniques. Farmers can be further classified in two groups that share similar either innovative or traditional aspects, about Greek agriculture trends, in relation to their social characteristics.

### **KEYWORDS**

Sustainable development, information technology adoption, marketing, livestock farms, innovation, entrepreneurship.

### **JEL CLASSIFICATION CODES**

Q01, M31, L26

# MULTIFUNCTIONAL AGRICULTURE: SOCIAL AND ECOLOGICAL IMPACTS ON THE ORGANIC FARMS IN BULGARIA

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## ABSTRACT

Agriculture remains one of the dominant activities in rural areas across the European Union, not least in respect of utilization of land and its impact on landscapes. Agriculture operates within complex systems and is multifunctional in its nature. The concept of multifunctional agriculture emerged in the last decade of the twentieth century in developed countries where the economic importance of agriculture was negligible, and the community was increasingly concerned with the quality of consumed food and the surrounding environment. Within multifunctional agriculture, the different functions can be categorized into five colour categories. Firstly, the white functions represent a contribution to food security and food safety. Secondly, green functions represent a contribution to nature, the environment and landscape. Water management by farmers and the harnessing of energy on farms are respectively categorized as blue and red functions. The final category are the yellow functions, which have a more social focus. The social farming belongs to the group of yellow functions. It is one of the fields of multifunctional agriculture.

Multifunctional agriculture is a relatively new concept in the CEE countries and especially in Bulgaria. Empirical findings show that the notion of multifunctionality is rarely used in Bulgaria. The government in the country does not implement the concept of multifunctionality in the National Plan for Rural development but use relative concepts such as “economic diversification”, “rural development” or “alternative activities” and etc.

The purpose of this paper is to analyze and to assess the status of multifunctional agriculture and its yellow functions in Bulgaria using a number of case studies and on the basis of farmers’ attitude towards the development such activities and proposals of ways to establish a network and a National Competence Center.

## KEYWORDS

Multifunctional agriculture, organic farms, social farming, farmers network, National Competence Center

## THE NEW INSTRUMENTS OF RISK MANAGEMENT IN AGRICULTURE IN THE EUROPEAN UNION

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### ABSTRACT

The specific character of farming has perceived since the beginning of the creation of the European Community. Initiation and systematic evolution of Common Agricultural Policy aim at harmonious development farmstead. Any negative events, especially catastrophic, don't allow to execute plans and they can be a cause of an abandonment of farms by farmers. These can upset the situation on food market. European Community, in its regulations, permits and even recommends the use of various support instruments. In response to Commission Regulation (EC) No 1857/2006 of 15th December 2006 on the application of Articles 87 and 88 of the Treaty to State aid to small and medium-sized enterprises active in the production of agricultural products, subsidized crop and animal insurance were introduced in Poland. Much larger opportunities are offered by solution which are financed by assets derived from the mechanism of modulation and defined by Council Regulation (EC) No 73/2009 of 19th January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers. That problem can be a wider range of subsidized crop, animal and plant insurance or mutual funds. Mutual fund is a mechanism that lets affiliated farmers to pay a compensation for economic losses incurred as a result of animal and plant diseases and environmental incidents. This regulation defines the financial rules of the fund and the possible use of this mechanism in the public and the EU. At the same time, there are many concerns about the practical implementation of this solution.

Mutual fund can be a complementary tool for the protection of risks, which can not be accepted by the insurance market. Experience of Member States with regard to its use are small, but the examples of countries in which it is operated (in this article indicates the Italian example) suggest that it may be a simple tool in its design but highly effective. And it will permit for more complete protection of agricultural production

The paper tries to identify the organizational and financial solutions to the mutual fund concept and proposed the establishment of specific solutions for this mechanism in Poland. This paper will present a discussion of the benefits from the introduction of this solution on the Polish and European market for agricultural insurance.

### KEYWORDS

Common Agricultural Policy, risk management, mutual fund, insurance, Poland

## **AN EMPIRICAL INVESTIGATION OF THE EFFECTS OF ENERGY PRICES ON AGRICULTURAL COMMODITIES**

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### **ABSTRACT**

Since 2002, the rapid increasing trend of agricultural commodities prices is at the core of public, media and academics, mainly because the implications on the world's population are dramatic. One of the most important factors behind the surge in the agricultural commodities prices is cited to be the rise of the petroleum prices. This study seeks to investigate the existence or absence of a long-run positive relationship between crude oil and internationally traded agricultural commodities prices represented by barley, maize, soybean, wheat, soybean oil, sunflower oil and palm oil. The study uses monthly data over the period of January 1980 through October 2012. To that end, we apply a battery of cointegration tests between price series and we estimate Error Correction Models to capture the short and long-run linkages of the dynamic relationship between them.

### **KEYWORDS**

Agricultural commodities prices, crude oil prices, Co-integration, Causality

# TESTING THE RATIONAL BUBBLES IN THE STOCK MARKETS OF BALKAN AND EASTERN EUROPE ECONOMIES: A FRACTIONAL INTEGRATION APPROACH UNDER STRUCTURAL BREAKS

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## ABSTRACT

In the recent decades, a huge of interest in stock market developments have arised. In the academic literature, bubbles, that is, deviations of stock prices from fundamentals, have become a popular issue of particular interest. This is hardly surprising since ‘false’ prices may have adverse effects for the functioning of the financial system and even for the economy as whole. In this regard, our study aims to investigate whether rational bubbles are valid in the stock market of selected Balkan and Eastern Europe economies. For this purpose, we employ a recently introduced fractional unit root test which allows structural breaks. By employing this econometric methodology, we aim to remedy the problems which arise when the structural breaks are ignored.

## KEYWORDS

Stock market bubbles; Fractional integration; Structural breaks

## MODELLING MONEY DEMAND IN THE FYR OF MACEDONIA

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### ABSTRACT

The empirical analysis of money demand seems to be of crucial importance for checking the existence of a stable relationship between money and prices as a prerequisite of attaching a greater role for monetary aggregates in the conduct of monetary policy. This paper provides for an empirical analysis of the demand for narrow money in the FYR of Macedonia. Specifically, the paper deals with the following issues: the empirical modelling of the demand for money in the long-run, the short-run dynamics of money, and the stability of the demand for money.

The empirical analysis of the demand for money in the FYR of Macedonia covers the period from the first quarter of 1994 up to the last quarter of 2012. We work with quarterly values of the following variables: narrow money as represented by the monetary aggregate M1 (comprising cash plus sight deposits), real Gross Domestic Product, and nominal interest rate on 3-month time deposits, denominated in domestic currency.

We employ the Vector Error Correction Model (VECM) where we first check for the long-run relationship between the variables and then we investigate the short-run dynamics. As part of the estimation strategy, we first run a series of unit root test, which shows that narrow money, GDP and interest rates are non-stationary. Then, we proceed by testing for the presence of cointegration between these three variables by means of the Johansen maximum likelihood approach. In order to determine the number of cointegrating vectors, we employed the two alternative test statistics: the trace of the stochastic matrix and the maximum eigenvalue. Based on both tests we can conclude that there is cointegration relationship between the variables of interest.

Hence, the cointegrating vector can be interpreted as a money demand function, where money holdings are positively related to real income and negatively associated with the short run interest rate. As for the economic importance of the obtained coefficients, it can be seen that income elasticity is much lower than unity, i.e. it is closer to 0.5. This result may reflect the fact that we model the demand for narrow money, which serves for transaction purposes and not as an asset, so that economic agents tend to economise with money holdings. This finding is further confirmed by the pretty high coefficient before the interest rate, which is in line with the interest semi-elasticity usually found in other countries with less developed financial systems. As for the short-run dynamics, the results suggest very slow adjustment of the demand for money towards its long-run equilibrium level. Finally, we estimate the recursive coefficients before real income and nominal interest rates and find that they remain quite stable over time. Therefore, we take this exercise as evidence in favour of the stability of the demand for money.

### KEY WORDS

Money demand, Vector error correction model, Cointegration

## **OPPORTUNITIES FOR SME COOPERATION WITH PPP: WITH SPECIAL EMPHASIS TO THE REPUBLIC OF MACEDONIA**

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### **ABSTRACT**

PPS's as a model for the development of cooperation between private business on one side and local or/and central government on the other have gained increased importance during the last couple of decades. PPP's can present improved opportunities for the growth of SME's, but also can contribute to imputing a new form of thinking and acting by the local and central government representatives. The main rationale behind this paper is to provide an extensive overview on the basic PPP' concepts and principles, but also to point out the opportunities for the development of mutual cooperation in order to provide increased possibilities for local economic development.

### **KEYWORDS**

PPP , SMEs, Investments, LED, economic growth

### **JEL CLASSIFICATION CODES**

O12, H79

## COMMERCIAL REAL PROPERTY INVESTMENTS UNDER DEBT CRISIS ECONOMIC CONDITIONS

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### ABSTRACT

The main purpose of our paper is the incorporation of life-cycle costs (LCC) and whole-life costing (WLC) methodology into the investment appraisal procedure for commercial real property projects under the current debt crisis conditions that the Greek economic environment is facing. The paper initially presents the methodologies of LCC and WLC together with the NPV measure for the evaluation of real estate investments. These methods are incorporated into a decision-making model using mathematical approaches. The model is applied to a typical commercial property project (office building) in order to explore the significance of impacts from changes in structured variables and the taxation environment under today's debt crisis Greek economic conditions in the evaluation of commercial real estate projects. Testing of our methodology on the current Greek economic environment revealed that, time, cost, the tax regime, the financial variables of funding and the applied monetary and fiscal policies affecting demand and inflation are the main variables of the Net Present Value (NPV) of a commercial property project investment. An integrated valid WLC mathematical model for the evaluation and valuation of commercial real property projects is introduced. The herein proposed methodology contributes to taxation policy and real estate theory in general and assists industry professionals in effective commercial property management and decision-making.

### KEYWORDS

LCC, WLC, property evaluation, decision-making, economic crisis, taxation

### JEL CLASSIFICATION CODES

R30; R33; C60

# **GROWTH, PROFITABILITY AND CAPITAL ADEQUACY OF BANKING SECTORS IN CEE IN THE LIGHT OF GLOBAL FINANCIAL CRISIS**

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## **ABSTRACT**

The global financial crisis is still a major challenge for European banks. State aid provided for certain financial institutions turned out to be an insufficient remedy for banks' troubles. Financial and economic crisis has made it evident that the scale of the problems and the negative practices in the banking sector are so deep that it requires deep structural changes in the functioning of banks.

Studies indicate that banks which are particularly affected by the crisis are those from countries belonging to the euro area. In the first phase of the crisis, when the consequences of the subprime crisis and the bankruptcy of Lehman Brothers occurred, banks of the euro area countries suffered huge losses resulting from toxic assets (CDO instruments). In the second phase of the crisis we need to deal with the problems related to financing banks in the southern euro zone countries, which are on the verge of bankruptcy.

Different financial condition of individual banks in national banking sectors, in conjunction with the economic situation of their countries, leads to important changes in the structure of the European banking sector.

In this context, the banking sectors of the Central and Eastern Europe countries, have resisted the crisis to a great extent and are in a relatively good financial condition. It does not mean that the financial crisis did not affect the position of some of the banking sectors of Central and Eastern Europe, especially taking into consideration the strong links within the euro area banking sectors connected with their ownership structure and economic difficulties of some countries.

The main objective of this paper is to assess the changes in the position of the banking sectors in Central and Eastern Europe in terms of profitability, capital adequacy and growth against the background of the banking sectors of the euro area as a result of the global financial crisis.

First of all, we have assessed the rate of growth of the banking sectors in Central and Eastern Europe as well as changes in the level of profitability and capital adequacy in those sectors, using the growth rates of assets, equity, ROA, ROE and leverage. The analysis of capital adequacy takes also into account solvency ratios in accordance with the regulations of the Basel Committee on Banking Supervision.

Secondly, we have evaluated how, under the influence of the crisis, the position of the banking sectors of CEE countries changed relative to banking sectors of euro area. As a result, we have identified homogeneous groups of European banking sectors in terms of profitability, solvency and growth. The analysed problem is multi-dimensional, which justifies the application of multivariate comparative analysis (cluster analysis).

The results of this analysis have allowed us to determine which factors influenced the position of individual banking sectors of EU countries in 2009-2011 and what impact the global financial crisis has on the structure of the European banking sectors.

## **KEYWORDS**

European Banking Sector, Global Financial Crisis, profitability, capital adequacy

## **JEL CLASSIFICATION CODES**

G15, G17, G21

## **OPERATIVE REGRESSION OR STRATEGIC THINKING – A CRISIS THAT LEADS TO INNOVATION OR STAGNATION**

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### **ABSTRACT**

One of the most popular interesting topics of competitiveness researches is innovation. It is one of the key of business development and stability as the results say. However I was very interested how it starts or blocks in human. Is it a given potential in somebody and it only needs the necessary situation? Is innovation only a question of decision or can we recognize how ability for innovation develops?

Erikson has shown how personality develops during the whole life during typical crisis of the self to solve. Two stages belong to existential life: the professional identity and self-realization. I would like to point out that further stairs can be found within these stages that follow career development along maturing processes. One of them is belonged a quite extraordinary but after all a very common situation as the leader frustrates the professional or strategic role or ambition of the subordinate. After analyzing a 50-members pattern I have found that six possible alternative strategies were used by the people to cope with this frustration. Five of them show different, but practically efficient solutions of the crisis which leads to career development around at middle management level. One of them causes typical stagnation or regression in the frames of the position and blocks the career development. Choosing a way from the first five one, we need to cross the functional borders or confront with and synthesize different interest along the organization which are the necessary psychological skills of innovation. The paper intends to introduce this crisis and the possible solutions of it with facts, practical examples and correlations on innovation and career development.

The use of this knowledge is manifold. We can identify the focal points of training and development methods such as mentoring. We can define the tools for leaders by understanding the dynamics of how to be able to develop the people. Due to this development we can hope the innovation level, ability and willingness are increasing in a company or a region.

### **KEYWORDS**

Innovation, development, human resources, knowledge, career, crisis.

### **JEL CLASSIFICATION CODES**

O15, M51

## INNOVATIVE CITIZENS IN AN INNOVATIVE SOCIETY

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### ABSTRACT

Nowadays critical and transition economies set new boundaries meanwhile extend new solutions. Among the soft and plastic circumstances one should construct his/her own preferences regarding values and the walk of life. As the coins have two sides, some values are incompatible with another, like tolerance and patience can't manifest at the same time; when we want to perform well – or as the business attitude requires it. Another example is the paradox of the technical development and the cautious consumption of the natural heritage – an order must be taken in an ethical way – but how?

An old-new theory might help: the Glaser and Strauss paradigm, the grounded theory says to let the researcher lead him/herself through his/her observation, like finding solutions without too many assumptions. Even Babbie encourages researchers to realize him/herselves in using unusual data sources. Teddlie and Tashakkory's mixed method research design fits to the latest methodology trends. It emphasizes strengthening the results via using variable techniques for one topic. They say each topic shall have its own hybrid design. The author is conducting her research in this open intellect. This paper describes the results of the first stage from her hybrid design.

The nature of open innovation is quite unusual. The traditional business practice was to keep secrets, all the information and brand-new concepts among the dick walls of the HQs. Today the fast and transparent communication techniques revealed another possibility: open innovation. The creation of values and inventions can be made in a very cooperative way, reaching an extreme cost-efficiency and a win-win situation, which of course requires a new perception and know-how. The different situation and the different relations (regarding hierarchy and rank of importance) can be handled with different manners. Instead of profit maximization (in accordance with the satisfactory hypothesis) the ultimate goal is creating values. The question is how to manage the operational process? What is the criteria of appropriateness? The following assumptions might give a guideline:

- The high level of social trust enhances the efficiency of the open innovation process.
- There is a link between the level of social trust and the financial status.

The demonstration of the pre-hypotheses went along with a quantitative survey with questionnaires. This research had 3 main focuses besides demographic details. As the followings:

- it helps the better understanding of innovation, in an embedded context: I expected the placement of the term in the value system of the respondents. A couple of questions deal with the associations in connection with the innovation, the other requirement is to place the concept among other different independent values (independent from culture, location and civilization).
- There is a focus on a consumer and creator perspective with the help of attitude sentences, which contain the measurement of the willingness of acceptance and participation – like sharing information about it.
- The questions about the innovative industries and then then ranking of the industries was about to map the appearance of the innovation in the vertical chains.

The detailed explanations of the results of the above mentioned primary research can be read in the full paper.

### KEYWORDS

Social trust, values, open innovation, mixed method research design

### JEL CLASSIFICATION CODES

M38, M39

## **TRUST, KNOWLEDGE TRANSFER AND CONTROL IN IJVs: THE CASE OF FOUR GREEK FIRMS**

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### **ABSTRACT**

The main objective of this paper is to investigate specific factors and their impact on the development of trust and on knowledge transfer success in International Joint Ventures (IJVs) with at least one Greek partner. We further expand our previous work and argue that the type of knowledge (tacit/explicit) and the proper control mechanism play an important role for the creation of trust between partners and affect knowledge transfer success. Four, in depth interviews with presidents/CEOs of Greek companies with IJV participation, were conducted. Overall, they consider the transfer of knowledge from their companies to the IJVs as very successful. The results indicate that tacit knowledge is considered to be one of the major strengths of the Greek companies and among their most important contributions to the IJVs. Furthermore, tacit knowledge and trust were revealed as key factors to IJV success. Finally, our findings reveal that formal and clear control mechanisms are positively related to the development of trust when they are established at the initial stages of the IJV establishment.

### **KEYWORDS**

International Joint Ventures (IJVs), type of knowledge (tacit/explicit), knowledge transfer, trust, control.

### **JEL CLASSIFICATION CODES**

M16

## **T THE GREEK FAMILY BUSINESSES AND THE SUCCESSION PROBLEM**

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### **ABSTRACT**

Family firms are important, not only because they make an essential contribution to the economy, but also because of the long-term stability they bring, the responsibility they feel and the values they stand for. Greece has one of the largest numbers of SMEs businesses within the EU and most of them are family businesses. Most of these family businesses are small and very small and operate in traditional sectors of the national economy such as retail trade, services and construction. The three most important challenges faced by the Greek family businesses are: business strategy formulation, staff employment and transition of ownership or control to the next generation.

One of the most critical phases in the life cycle of an enterprise comes at the time of transferring its ownership and leadership. Preparing for a business transfer is a long and complex process and can entail many difficulties. The first type of difficulty is psychological or emotional. The second type is related to the complexity of the business transfer process and to the fact that the entrepreneur has no experience or knowledge of how to handle this situation. The third type of obstacle stem from national legislation (company law, taxation and administrative formalities). In a number of EU countries appropriate support structure and services have been created for a successful transfer of family businesses to the next generation. In Greece the creation of such a support structure would facilitate considerably the process of a family business transfer to the next generation, especially this particular time of economic crisis, where the alternative employment opportunities of the younger members of a family business, are very limited.

We will examine some issues related to the family business succession problem in Greece, such as:

- Are entrepreneurs well prepared and in which ways, for the transfer of their firms to the next generation?
- Do they have any criteria for choosing their successors?
- Which are the main obstacles during the transfer process?
- Are there any professional bodies providing support and advice for a successful transfer of a family business to the next generation?
- Do the younger family members have real concern to undertake the fate of the family business?
- Are the older family members confident that the younger members will succeed in continuing and growing the family business?
- Is there any successful process securing a normal succession?

### **KEYWORDS**

Family Business, Succession, Entrepreneurship

### **JEL CLASSIFICATION**

L26

# THE ROLE OF EMOTIONAL INTELLIGENCE IN KNOWLEDGE MANAGEMENT

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## ABSTRACT

Until the last decade, the possession of physical resources meant wealth and power in business. Labour, capital and natural resources were the key factors of production. Although, knowledge existed at this time, the production was defined by the holders of tangible assets. Only slight interest was given towards knowledge and its value was not known. Today, this trend is changing. In the future, economic and business wealth, success will be determined by intellectual assets. (Bencsik, 2009) As Peter F. Drucker said, "Today, the single most valuable resource for both the individual and the society is knowledge. Knowledge is able to create everything else."(Tomka, 2009) Nowadays in theories of knowledge economics knowledge is defined as possession of technology. By means of technological innovations we can only obtain market leadership positions for a short period of time, as they can be easily copied by our competitors. However, the same cannot be said about intellectual capital, tacit knowledge and experience of employees. In the rapidly evolving world of technology the only important factor providing long-term competitive advantage is the knowledge of the employees.

In this paper I will show a new part of tacit knowledge, which plays an important role in organizational success: emotional intelligence. I would like to define this new issue, to introduce the relation between tacit knowledge and emotional intelligence and to show its effect on organizational success. This paper will try to confirm that emotional intelligence will be an important part of knowledge economies. With cognition of emotional intelligence we are able to build and operate a strong company.

## KEYWORDS

Tacit knowledge, knowledge management, emotional intelligence, emotional competencies

## JEL CLASSIFICATION CODES

J24

# **STRUCTURE AND AGENCY IN ENTREPRENEURIAL INTENTION IN THE MIDST OF CRISIS: UNDERSTANDING THE PROFILES OF ASPIRING GREEK SMALL ENTREPRENEURS**

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## **ABSTRACT**

Entrepreneurial aspiration is commonly regarded as a desirable trait in modern societies; having said that, the dialogue among researchers regarding the societal and psychological factors affecting the emergences of such aspirations is ongoing and as yet inconclusive.

One of the commonly used empirical typologies of entrepreneurial intention utilises four types of motives: 1) Financial 2) Recognition 3) Freedom and 4) Family Tradition Motives (Friedman et al, 2012). This paper seeks to explore the potential of Margaret Archer's (2003) Internal Conversation methodology as a model for explaining and possibly predicting the predominance of one or more of the above motivational categories in different individuals.

A first small scale pilot research indicated that in the case of Greek potential entrepreneurs in the agri-food sector, two more categories of motives could be applicable: Self- fulfilment and long-term cross-generational support. The final questionnaires were therefore modified, adding the two new categories.

The initial quantitative research findings are based on a sample of 40 individuals; the qualitative research involves semi-structured interviews with 10 individuals. Tentative findings indicate that a majority of would-be entrepreneurs fall into Archer's "meta-reflexive" type, while the short-term financial motive is less pronounced than one would expect.

## **KEYWORDS**

Entrepreneurship, motivation, internal conversation, structure & agency

# MULTI-ASPECT ASSESSMENT OF AUDITING SERVICES QUALITY OF COMPANIES’ FINANCIAL STATEMENTS

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## ABSTRACT

This study addresses to the conceptual provisions of multi-aspect assessment of the auditing services’ quality and their application in Eastern European countries; it contributes to the investigation of quality determinants of audit services as complicated phenomenon and their complex quantitative assessing methods.

The scientific literature analysis and surveying of the practical situation in Eastern Europe countries show a topicality of an analytical research in the total quality assessment of auditing services. The papers deal mainly with the analysis of some quality factors of auditing services and use of qualitative assessment methods. The investigation and complex (qualitative & quantitative) evaluation of total quality level of auditing services is contingent upon applying the appropriate methodological issues.

The representative framework has been developed by authors taking into account the quantitative evaluation methods, such as utility function and MCDM methods. In terms of the problem addressed to the quality determinants, the audit services assessment usually is using the multiple criteria evaluation methodology based on Simple Additive Weighting (SAW) method that is examined in detail in academic papers. The research is focused on holistic approach to audit services quality dimension. Advanced examination of audit services quality determinants allows us to identify the set of important primary factors. In common cases, the total quality of services is defined by following composite indicators: content, individuality, total time, availability, reliability, security, possibilities of providing additional services. When specifying the essential determinant pillars in the case of financial statements audit (concerning auditing services for manufacturing companies financial statements), there are as follows: underlying content of services, functional level of audit firm’s quality control system, business consultancy services (accounting and tax consultation, etc.), level of implementation of legislative (International Standards on Audit, professional ethics code, national and European Union legislative requirements for governance and independence of audit firms, ownership rules, mandatory rotation, fee structure, etc.), external factors. To evaluate the total quality of auditing services in an appropriate country, SWOT analysis must be performed.

A multicriteria assessment technique provides the constructing of determinant pillars, quantifiable (in 10 or 100 point system, by expert ranking method) assessment of primary determinants, the establishment of the pillar indexes and the determination of the total (relative) quality index of audit services (score in points). The promising background assessment models adopted for auditing services of manufacturing companies’ financial statements by use of SAW method developed are discussed also an outcome of our analytical research.

The presented evaluation framework is important for revealing the audit firms’ reserves of increasing the auditing services’ quality (developing the knowledge potential of auditing services) also permits the simulation of changes in service quality determinants; it may be useful also for auditing associations. Further investigations could be attributed to the detailed analysis of foreseeable effects of particular determinants on the competitiveness of audit firms and to the impact of concentration ratio in audit market on auditing services’ quality level.

## KEYWORDS

Auditing service quality, multiple criteria evaluation, simple additive weighting method

## JEL CLASSIFICATION CODES

C13 G29 M42

## **TRANSPARENCY OF FINANCIAL REPORTING IN SERBIA - REGULATORY FRAMEWORK AND REPORTING PRACTICES**

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### **ABSTRACT**

The process of communication of enterprises with their environment involves continuous exchange of financial as well as non-financial information. With the purpose of achieving competitive advantage, it is important that enterprises use their publicity policies for providing existent and potential investors with information that are relevant for making decisions on their capital investment. Regular annual financial reports stand for the part of the reporting process, especially when enterprises whose shares and other securities are listed on capital markets and enterprises that recognize the significance of publishing information at frequent intervals are taken into consideration. Interim financial reporting differs from enterprises' regular annual reporting on assets, financial position, income and cash flows. Interim reporting involves disclosure of information related to short and regular semiannual or quarterly intervals as well as disclosure of the so-called ad-hoc information in cases when this extraordinary disclosure should protect the investors' interests and improve competitive advantage.

Protection of investors' interests by providing them with relevant and reliable information stands for one of the segments of harmonization of regulations within the European Union. In that sense, purposes of harmonization of existent regulations related to the reporting of companies whose securities are traded on EU capital markets engaged the European Commission and its bodies in an intensive work on the passing of directives, regulations and other acts in the last couple of years. Transparent reporting of companies which participate in the capital markets involves voluntary disclosure of a classic set of financial reports as well as other reports to the public and investors. Within that process, what matters is not only the quantity of reports, but also the quality of disclosed financial information.

The objective of this paper is to examine the regulatory framework and financial reporting practices in the Republic of Serbia as one of the European transitional economies where financial reporting environment and accounting legislation have been changing rapidly in the last decade. It is a great challenge for the Serbian public companies to offer reliable and high quality accounting information in order to attract external sources of finance, particularly from foreign investors. Transparency and reliability of financial reporting has been and still is a severe problem in Serbia. This study contributes to the existing literature by examining financial reporting transparency in transitional economies and especially by focusing on the extent to which the stage of capital market development affects the quality and quantity of financial reporting. Our study covers listed companies on the Serbian regulated market during the period from 2008 to 2011, thus showing that the practice of financial reporting is primarily determined by the needs of an illiquid and thin capital market.

### **KEYWORDS**

Financial reporting, transparency, capital market, regulation, transition economy

## **ACCOUNTING ATTRIBUTES OF LISTED COMPANIES IN THE ATHENS STOCK EXCHANGE**

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### **ABSTRACT**

Corresponding to the call for more accounting research on family owned firms (Salvato and Moores, 2010) this study examines whether family ownership affects a number of accounting attributes of companies listed in the Athens Stock Exchange. Specifically, it examines empirically for potential differences on three accounting attributes, namely earnings management, timeliness of loss recognition and value relevance of book value of equity and earnings. Evidence is provided that family firms engage less in earnings managements, they recognize their losses in a less timely manner and their accounting numbers are less value relevant than of nonfamily firms.

### **KEYWORDS**

Accounting attributes, Earnings management, Timeliness, Value relevance, Greece

# **IS THE FINANCIAL REPORTING QUALITY AFFECTED BY MANAGER’S KNOWLEDGE AND AGE? THE STUDY OF THE PORTUGUESE STOCK INDEX PSI 20**

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## **ABSTRACT**

The latest crises in the credibility of the systems of corporate governance have led to an avalanche of new rules guiding how the board should work. The recommendation of the existence of non-executive directors and independent directors within the board sought to introduce elements that could evaluate the performance of the company, contributing to their valorization, but being turned away from the vision for the daily management of the business. According to this perspective, these members may contribute to an exterior view of the business developed and simultaneously act as the supervisors of the way the business has been conducted and should act to correct less appropriate guidelines. This paper tries to identify the extent to which features such as the introduction of a non-executive director, an independent director, the academic experience and age contribute to an improvement of accounting information submitted to stakeholders by the companies.

## **KEYWORDS**

Corporate governance; financial reporting, characteristics.

## **JEL CLASSIFICATION CODES**

M41, G34

## TAX LEVERAGE IN GREECE

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### ABSTRACT

This study examines the implementation in Greece of a type of poll tax, namely the ‘trading duty’. In the past, the poll tax was chiefly a fixed tax charge applied to an individual, irrespective of the latter’s income, property and consumer expenditure. Similarly, the ‘trading duty’ is a fixed tax levy which runs contrary to modern perceptions of society as a whole regarding proportional and progressive taxation. Nowadays, a fair distribution of the tax burden must be characterized by both horizontal and vertical tax equality. The principles of universality of taxation, taxation equality, justice and certainty and the principle that no tax measures should be retroactive are embodied in the Greek Constitution.

In Greece, the last three years have seen the approval of numerous tax laws, non-tax laws containing articles on tax provisions and Ministry of Finance decisions and decrees, while, in 2012, for the first time after many decades, all sectors of the economy are ‘in the red’. Despite the gloomy financial environment in Greece, in fiscal year 2012 a type of poll tax was imposed as a ‘trading duty’ for traders who filed Natural Person Income Tax (NPIT) returns.

The implementation of the ‘trading duty’ allows for an extension from the terms ‘Operating Leverage’ (OL) and ‘Financial Leverage’ (FL) to the term ‘Tax Leverage’ (TL). Thus, when a percentage change in Earnings Before Tax (EBT) translates into growth of Earnings After Tax (EAT), then the phenomenon of the magnifying effect may be called Tax Leverage (TL) and it will be due to the possible constancy of the tax burden (e.g. trading duty, poll tax).

In this study, through a detailed example, financial results (Degrees of Operating, Financial and Tax Leverage) determined at different levels of sales volume exhibit similar financial characteristics. Statistically they show linearity and a strong correlation, which create reasonable grounds for introducing a new terminology in Finance. We consider it a given that OL is determined to a large extent by technology and can increase or decrease as a result of decisions relating to the investment budget. Furthermore, FL is positively related to the profitability of Assets, when  $EBIT/Assets > Borrowing\ Costs$ . Then, on the basis of the data and limitations of this study, TL is positively related to the profitability of Assets, when  $EBT/Assets > Tax\ Costs$ , while the Degree of Tax Leverage and the size of EAT are directly related accordingly.

Lastly, a specific degree of combined leverage can be achieved through a different mix of OL, FL and TL, in order to offset any negative results that may arise from one of the three.

### KEYWORDS

Trading duty, fair distribution of the tax burden, determination of financial results.

### JEL CLASSIFICATION CODES

G00, H20, M41

## EXPLORING CONSUMERS’ ATTITUDE TOWARDS BIOMASS PRODUCTS THAT COULD BE DERIVED FROM TRANSGENIC FOREST CROPS IN GREECE

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### ABSTRACT

This paper aims at i) exploring consumers’ purchasing behaviour towards biomass products potentially derived from transgenic forest crops and ii) their attitudes regarding use of biotechnology in this sector. Data were collected through a survey, which was implemented within the framework of the Cost-Action FP0905 “Biosafety of forest transgenic trees. Improving the scientific basis for safe tree development and implementation of E.U. policy directives”. Field interviews based on a structured questionnaire were carried out to a randomly selected sample of 418 consumers in Greece during November and December of 2011. Multivariate statistical analysis was performed to 220 consumers, that is, those who declared that would buy biomass products originating from Genetically Modified (GM) forest crops. More specifically, through Principal Components Analysis (PCA) three main factors appeared to affect consumers’ purchasing behaviour towards GM biomass products: (a) marketing issues, (b) product quality features and (c) health safety issues. Moreover, through PCA it was shown that the consumers’ attitude towards use of biotechnology in the forestry sector was influenced by two factors: (a) Environmental impact and (b) Economic Issues. Hierarchical and non hierarchical cluster techniques were employed to classify consumers with similar consumption behaviour. Three groups of consumers were identified: (a) opportunists, (b) consumers interested in health protection and (c) consumers influenced by marketing issues. Discriminant Analysis was performed to predict cluster membership of the main factors affecting the consumers’ buying behaviour, which were identified through PCA. Finally, a non parametric test was used to profile each group of consumers in relation to their demographic characteristics and identify which of the consumers’ attitude towards use of biotechnology in the forest sector affected each group.

### KEY WORDS

Consumer Purchasing behaviour, Biomass products, Transgenic Forest Crops

## **CONSUMERS’ PURCHASE INTENTIONS TOWARDS WATER BUFFALO MILK PRODUCTS (WBMPs) IN THE GREATER AREA OF THESSALONIKI, GREECE**

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### **ABSTRACT**

Over the last years (2004-2013), water buffalo population in Greece in spite of its small size, has been increasing significantly. Furthermore, the consumption of water buffalo milk products (WBMPs) has been rising, due to a large extent to the full taste and the health benefits of these products. In this paper we investigate the consumers’ purchasing intentions towards WBMPs in the greater area of Thessaloniki, Greece, based on the Theory of Planned Behavior (TPB). According to the TPB theory, a) attitude towards the behavior, b) subjective norms and c) perceived behavioral control, jointly influence the intention to a specific behavior. Furthermore, the stronger the intention, the more likely the expected behavior is. We develop and propose a model of behavioral intention based on the TPB theory and we investigate the impact of behavioral and normative beliefs. More specifically, we examine consumers’ knowledge, nutritional benefits, general attitudes and social contacts on the WBMPs purchasing intention of consumers in the greater area of Thessaloniki, Greece.

We use the quantitative analytical approach, to test the above model and hypotheses, based on empirical data gathered from 247 questionnaires. Our findings indicate that as expected, nutritional benefits have a positive impact on WBMPs’ purchasing intention. However, we did not find any significant evidence on the impact of consumers’ knowledge, of general attitudes and of social contacts on WBMPs purchasing intention.

### **KEYWORDS**

Marketing, Theory of Planned Behavior, Purchasing intention, Water Buffalo Milk Products

## **BEHAVIORAL INTENTION OF CONSUMERS IN PERIOD OF CRISIS: THE CASE OF E-COMMERCE**

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### **ABSTRACT**

Economic crisis is a situation in which the economy of a country experiences a sudden downturn. The current economic crisis is the worst the world has seen since the Great Depression of the 1930s. In the new, globalized world of closely interdependent economies, the crisis affected almost every part of the world.

In periods of economic crisis, companies are looking for new strategies to survive. E-commerce can be used as a strategy as apart of reducing costs and increasing productivity allows firms the ability to penetrate in new markets. On the other hand, consumers are looking by using the internet cheaper prices through online stores. In Greece, in crisis period (2008-2011), the turnover has tripled and reached 1.7 billion € in 2011. Despite the estimates that the expenses for electronic markets will decline due to the economic crisis, market players predict that the turnover of e-commerce will be increased in 2012, reaching the 2 billion €. Customers of online stores in Greece spend an average of 1.150 € per year while the Poles spend 600 € and the Norwegians 1.900 €.

The purpose of this study was to investigate the intention of consumers to switch to electronic commerce due to the economic crisis and moreover to determine behavioral differences due to individual characteristics of consumers.

The results of a research in a sample of 222 individuals shows that the Greeks who have been greatly influenced by the economic crisis are indented to adopt e-commerce, in the near future, expecting better prices and greater variety of products and services. However, the findings of the research do not identify significant differences in the behavioral intention of the customers.

### **KEYWORDS**

Economic Crisis, E-Commerce, Greece, Consumers' behaviour

## **CONSUMER ETHOCENTRISM: THE CASE OF GREEK STUDENTS**

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### **ABSTRACT**

In the era of economic crisis in Greece the role of consumer ethnocentrism is substantial than ever before. This study is aiming to investigate the existence of consumer ethnocentrism in Greece as defined by Shimp and Sharma with a view to enhance understanding of consumer ethnocentrism in different circumstances, places and countries and its key role in universal trade and Greek trade and markets as well. Moreover the study is aiming to extend knowledge of cognitive processing of country of origin in this specify era of economic crisis in Greece. In addition the impact of the demographic factors such as age, gender, income and educational levels is also under study.

### **KEYWORDS**

Consumer, ethnocentrism, Greece

## **SEGMENTING CUSTOMERS BASED ON PERCEIVED IMPORTANCE OF WELLNESS FACILITIES**

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### **ABSTRACT**

Increased consumers' shift towards a healthier way of living as a rewarding life philosophy resulted over the last years and had as a consequence an increase of a healthy lifestyle as well as a natural way of healing or curing diseases or disorders. Therefore, the health and wellness industry grew rapidly all over the world, making it a dynamic tourism market in a country's economy. Under this context, this study aims in segmenting customers of the thermal spring baths of Pozar Aridaia, Greece, based on what they perceive as important regarding the wellness facilities. Primary research was used for data collection, with a field research actualized on the premises of the thermal springs. A questionnaire designed specifically for this purpose and based on the results of qualitative research and previous literature review was used. Seventeen wellness facilities were rated on a five point scale by 263 customers. Data analysis included descriptive statistics, reliability, and factor and cluster analysis. Three factors derived based on visitors' perceptions accounting for 76.4% of total variance. Cluster analysis exported three clusters: the customers with high demands, the ones with moderate demands and the mostly indifferent in demands customers. The results of this research are considered important for thermal spring/spa of Pozar in order to satisfy its customers and maintain its market share.

### **KEYWORDS**

Wellness tourism, thermal springs, perceived importance, marketing, facilities.

### **JEL CLASSIFICATION CODES**

M31

## **CUSTOMERS’ ETHICAL BEHAVIOUR TOWARDS HOTELS**

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### **ABSTRACT**

This study is an exploratory research effort to understand hotel future customers’ intentions to adopt and perform the three types of ethical tourism, namely positive, negative and discursive types. There has been scant research, so far, with regards to ethical behaviour in the tourism sector, as well as towards the factors that might be found able to affect this type of behaviour. However, in Greece there is already a considerable number of hotels, which have obtained the Green Key certificate. Their managers do need and seek for the most optimum marketing channels to promote their competitive advantages.

The present study aims to offer a somewhat better understanding of future travellers’ intentions to search, plan and stay at a green hotel. Further, to explore their willingness to participate in a boycotting against an unethical hotel and in addition to spread their word against unethical hotel practices through discursive activities, such as petitions gathering, taking part in protest events etc. Also, to investigate the impact of attitudes and demographics on customers’ intentions to adopt and perform the above mentioned ethical behaviours.

With reference to intentions to stay at a green hotel, it was found that potential travellers seem more agreeable to express their willingness to stay at a green hotel than to plan or make an actual effort to do so. The usual in consumer behaviour gap between intentions and actual behaviour was once more established here. It was also found that travellers are very much willing to participate in a hotel boycotting in cases that the hotel under boycotting has been demonstrably reported for safety and hygiene scandals, child labour, cruelty towards animals and particularly barbaric exploitation of their employees. On the contrary, consumers were not found equally willing to participate in discursive activities against unethical hotels. In fact, all they were found to do is to discuss with their friends the possibility of getting engaged in a hotel boycotting. The results also indicated that better educated consumers expressed higher level of intentions to stay at a green hotel, to boycott and discursively act against an unethical hotel, than their counterparts did. Women were found more likely to participate in a hotel’s boycotting and consumers of 35-44 years of age were found more likely to enhance discursive activities.

Attitudes that concern green hotels seem to be able to influence moderately travellers’ intentions to stay at a green hotel. Consumer’s intentions to stay at a green hotel are mostly effected by their feelings that staying at a green hotel is favourable and desirable. Attitudes in overall were found to be more able to influence consumers’ willingness to stay at a green hotel than their actual plans or efforts to do so. Attitudes seem to be able, to a lesser extent, to influence consumers’ intentions to get involved in boycotting and discursive activities.

These findings, if studied carefully, might very well be found useful to marketing management strategies in cases of green hotels or hotels, which would decide to “go green” in the future. The Green Key certification should become one of criteria used in searching and locating hotels either through internet or the agencies. In addition, enthusiastic testimonials of past customers might very well be incorporated in the communication campaigns of the green hotels.

### **KEYWORDS**

Ethical Tourism, Green Hotel Visit, Boycotting and Discursive Activities against Unethical Hotels.

### **JEL CLASSIFICATION CODE**

M31

## **RELATIONSHIP BETWEEN TOURISM AND QUALITY OF LIFE AT LAKE BALATON**

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### **ABSTRACT**

Nowadays tourism and quality of life have important role, more research is made on these topic and expanding the number of conference, where for the role of the importance of these factors have made attention. Tourism is a sort of activity, during which visitors can gain experience (mainly positive) and can actively take part in their actions. This kind of experience can intensify through repeated travelling, can contribute to satisfaction concerning life and, hereby, according to Veenhoven, travelling can lead to the awareness of hapiness.

The Lake Balaton touristic region plays major role in Hungary's tourism: it is the second most visited touristic region. The Hungarian Tourism Plc. and the Lake Balaton Regional TDM Alliance made researches in the high season in 2012 about the travel habits and satisfaction of the Hungarians and foreign tourists.

From the research revealed that more than 90% of the respondents were satisfied with the travelling at Lake Balaton, and recommended to friends and relatives to travel there. This is the best advertisement. In the region it is different that how high are the expectations of customers. According to the interviewed experts there are significant differences between the waterfront and the outlying settlements in terms of economic, social and infrastructure development. The outlying settlements are increasingly recognizing that tourism could be one possible way of development, they think it is good, because tourism has lot of advantages.

From the research it is clear that Lake Balaton is important touristic destination, and most of the tourist like and recommend this area to other people. It is important because if you are satisfied and gain a lot of experiences you will be happier and satisfied with your life and travel often to get more positive experiences.

### **KEYWORDS**

Tourism, quality of life, Lake Balaton, research, satisfaction

## **BRANDING THE CULTURAL CITY: THE RESIDENTS' PERSPECTIVE**

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### **ABSTRACT**

City authorities often attempt to establish a city brand focusing on the city's cultural characteristics. At its simplest level much place management depends heavily upon is changing the way places are perceived and thus used by specified user groups. The literature of place branding emphasizes the important role of stakeholders - and in particular that of residents - in the creation of a true and reliable place brand. Consequently, the city that wants to be conceived as a cultural city brand undertakes specific actions and markets city culture through a number of cultural goods and services, such as street culture, cultural festivals and events. This city brand is quite often also communicated as a destination brand, with a special focus on tourists.

People living in a city develop specific associations with the city's cultural brand through their experiences in the city, inferences to pre-existing associations and the information sources available and used. Consistent favorable brand associations held in somebody's mind are the essential elements for the creation of strong and long lasting brands. These associations are actually reflecting perceptions, while it is authentic experiences that determine not only satisfaction, but also loyalty. That is, in the case of residents, having people who enjoy staying in the city and, therefore, have no desire to move out, while also recommending the city as a cultural destination that should be preferred, and wishing to contribute positively to the cultural experience expected by tourists.

Considering the above, this paper, as part of a larger research project, will present an on-going research, which aims at assessing culture's contribution to city brand equity dimensions when the stakeholder put on the scope is the city inhabitants. The case study presented will focus on street art, cultural festivals, cultural events, ambiance and generally the cultural attributes of Istanbul as experienced by the residents of Istanbul. Finally, Istanbul's sustainability as a place and destination brand is also going to be discussed.

### **KEYWORDS**

Residents, city branding, brand equity, culture, tourism, Istanbul

## **CONTENT ANALYSIS AS A RESEARCH TOOL FOR MARKETING, MANAGEMENT AND DEVELOPMENT STRATEGIES IN TOURISM**

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### **ABSTRACT**

Mature tourism destinations are dealing constantly with increased competition. Therefore, there is a growing need to identify their product's strengths and weaknesses, their direct competitors and potential for differentiation.

In order to reveal these elements to managers, through the eyes of the visitors, a detailed content analysis of open-ended survey items will be presented. The scope of this paper is to use content analysis as a research tool for studying tourism destinations, in order to support their efforts for a steady flow of arrivals.

The open-ended survey items offer the opportunity to the respondents to express, to analyze and expand their opinions and thoughts. The paper is based on a situation analysis, using as a case Corfu Island and the opinions of its major income generating market, British tourists. The large sample size of the survey, N=376, which is stratified, gives a wide variety of answers, used for an expanded analysis.

The findings offer implications for managers concerning investment priorities, product differentiation and marketing actions. The limited use of this approach in this kind of destinations makes this study a contribution to the research field.

### **KEYWORDS**

Marketing management in tourism, development strategies, content analysis, open-ended survey items, advantages, disadvantages, improvements

# THE “WIDESPREAD HOTELS” A NEW WAY OF SUSTAINABLE TOURISM AND SUSTAINABLE ECONOMY DEVELOPMENT

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## ABSTRACT

The widespread hotel can be defined as a “horizontal accommodation facility”, generally situated in an old town center, with rooms and bathrooms placed in different buildings which refer to the same reception. This type of hotel is applied in old town centers of artistic and architectural interest. In this way, these centers can restore and develop some of their old closed and unused buildings and, at the same time, they can avoid building new structures for solving the problem of the tourist accommodation capacity.

The “widespread hotel” is conceived as a hotel that is not in a single block, but converted out of various historic buildings in a small community. The “Albergo Diffuso”, is an innovative very successful concept of hospitality that was launched in Italy in the early 1980s as a means of reviving small, historic Italian villages and town centers off the usual tourist track. It has to conform to the following requisites:

Run directly by an individual owner and providing normal hotel services  
Rooms distributed in existing converted buildings in historic centers  
Central reception area with cafe and food available  
Part of a genuine community so that guests can be part of local life

The popular/widespread hotel allows guests and visitors to live a unique experience: the added value is represented by the possibility of plunging into the life of a typical rural borough and to live a relaxing and regenerating holiday, by taking part in the life of the village and all the initiatives of popular tradition.

The idea of the popular/widespread hotel stems from the need to safeguard and recover the existing building heritage. Houses, stables and old farmsteads have been restored and today they stand as structures which are in harmony with the environment and the urban lay out of these centers.

Tourism is a very important economic element worldwide and in order to be successful its development has to adapt to the continues social trends. Today tourists want to experience something different from what they experience every day in their life or have been experiencing so far. They want to experience a new lifestyle. The widespread hotel could be a different way, for the tourist, to get to feel like in their own home, in a close contact with the local people and organize his own holiday to improve his knowledge about the history, art, and culture of the territory that he wishes to visit. This will make them feel part of this community for a short time and habitants of this cultural context, by living the same way as locals do, try their local foods, and experience a very authentic stay.

There are new economic possibilities for many areas which have stuck of historical buildings and lack of funds on recuperating from time degradation. their economic sustainable development it will not be helpful only for their building but for the whole local economy, finding solution for problems like new jobs, risk of abandonment, using more their recourses and finding their identity. The “widespread hotels” offers the possibility to give back value to existing buildings with no need of building new structures and for tourists to stay with locals and not just with other tourist, like in other models of hospitality. The Italian experience in this kind of hospitality is been very successful and the use of this hotels is not just seasonal but for all year around.

“Stepping into our houses means stepping into our history, our culture and our art. Not only into the peace of the surrounding nature; enjoy both and be our welcomed guests”

Leonardo Zanier

## KEYWORDS

Widespread hotels, sustainable, tourism. Economy, development

# **THE INFLUENCE OF MEDIA AND INFORMATION SOURCES ON BUYING DECISION PROCESS AND DESTINATION CHOICE. THE CASE OF AN ESTABLISHED MEDITERRANEAN DESTINATION**

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## **ABSTRACT**

This research paper examines the influence of several information sources, media, popular culture and promotion techniques on the formation of the buying decision process and final tourism destination choice. The consumer buying process and the choice which concern a tourism destination are influenced by several factors. Among them there is the flood of information which has many sources including promotion (advertising and brochures), the opinions of others (family/friends, travel agents), media reporting (newspapers, magazines, television news reporting and documentaries) and popular culture (motion pictures, literature). This flood of information creates also an image.

This article reports the findings of a research, conducted in an established Mediterranean island destination, in which 376 respondents from Britain had already chosen the island as a vacation destination by using several promotional sources. The study implements descriptive statistics and factor analysis in order to discover the most influential promotional tools and to shape these tools into variables which operate as “promotional factors”.

The findings reveal that tourism authorities need to understand that successful tourism promotion is dependent on a broad range of information influences.

Therefore, they should assess the impact of their promotional decisions within the realm of a destination’s overall marketing communication strategy.

## **KEYWORDS**

Information sources, influences, tourism promotion, destination choice, destination image

## **INTERNATIONAL BANKING SUPERVISION AND RETAIL BANK STRATEGIES**

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### **ABSTRACT**

The international banking supervision convergence and implementation process represent one of the most important challenges for the central Bank of Albania and the retail banking system itself. Due to the several economic and financial developments, the supervision agreements have seen they proper evolution through time. In the Albanian banking system you may find a mixed basis of supervisory and prudential norms and agreements between the national and international origins. The question stands: are the international norms an obstacle or an opportunity for the retail banking system development? This paper explores through an empirical assessment the scale of penetration of several supervisory or prudential international norms and most importantly the potential impact that they might have on the banking strategy or the market action-reaction system. The approach that has been taken relies on a qualitative-quantitative analysis based on surveys and individual interviews with members of several Albanian retail banks. Each interview and survey aims to enlist information about the impact of the supervisory norms in a multiple two axis basis: national-international; past-present; conditioning-orientating; cost-profit and so on. The results have been weighted and paralleled with the theoretical development of the matter, to conclude on the real relation between the international banking supervision agreements and national retail banking strategy as well as theirs action field. The further implications of the findings explore interactions on both sides of this relationship.

### **KEYWORDS**

Banking regulations, banking supervision, basel agreement, retail bank strategy

## **NON-PERFORMING LOANS IN THE BULGARIAN BANKING SYSTEM: EVIDENCE FROM ARDL MODELLING**

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### **ABSTRACT**

Using an autoregressive distributed lag model (ARDL), the paper estimates the determinants of the Bulgarian banking sector's loan-portfolio quality. The analysis covers the period 2001 to 2010, thus, captures both the booming period after bank privatizations and the financial instability period after the global financial crisis and the ensuing Greek debt crisis. In accordance to previous research, empirical findings suggest that the system's stability should be sought endogenously - credit growth - or in macroeconomic indicators - construction, unemployment - as the effect of Greek crisis is less evident, probably due to the tight supervisory policies of the Central Bank of Bulgaria.

### **KEY WORDS**

Non-Performing Loans, Bulgarian banking system, Greek crisis, ARDL approach to cointegration

## **BANK EFFICIENCY IN EASTERN EUROPE (EE), BALKAN STATES (BS) AND TURKEY**

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### **ABSTRACT**

**Purpose:** This study examines the cost and profit efficiency of banking sectors in twenty two countries of Eastern Europe, Balkan States and Turkey over the period 2005–2011. We also seek to find the degree of individual banks' competitiveness association with the Worldwide Governance Indicators for six dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. We seek to find important evidence about efficiency of banking sectors in relation with institutional variables. In our research we also test whether and to what extent the main efficiency factors impact on banking efficiency in EE and BS regions as well as in Turkey.

**Data and Methodology:** Our calculations are based on individual bank data drawn from the Bankscope database, provided by Bureau van Dijk. Using the DEA approach, our analysis calculates the average cost efficiency of 434 banking institutions and the average profit efficiency.

Based on literature on bank efficiency we identify factors that could explain the efficiency differences among banking institutions in countries of the respective regions.

The second-stage analysis consists of regressions on the determinants of bank efficiency further which analyze special characteristics associated with profit and cost efficiency in banking institutions. Government banks are generally associated with lower profit efficiency. Efficiency characteristics between foreign banks, domestic private banks and government banks, however, are taking into account over time.

**Practical Implications:** The main contribution of this work is a better understanding of various factors that may affect the banks' efficiency and insolvency within the context of Eastern Europe (EE), Balkan States (BS) and Turkey. The findings will provide important implications for managers and policy makers for the better understanding of cost and profit efficiency issues in the respective banking systems.

Furthermore, the findings will contribute to the relevant literature on the fact that it covers banks' performance in economic crisis, among the specified regions.

**Originality/Value:** To the best of our knowledge, there is little research on comparison of Eastern Europe (EE), Balkan States (BS) and Turkey in terms of cost and profit efficiency of their banking sectors.

### **KEYWORDS**

Banks, cost and profit efficiency, DEA

### **JEL CLASSIFICATION CODES**

G21, G28

## **COMPETITION BETWEEN BANKS AND BOND MARKETS: HARDLY IMPACTED OR SOFTLY COMPLEMENTED**

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### **ABSTRACT**

Finance systems being extremely bank-centric, which meant that most of the financial risks were being concentrated in the banking system, there is a need for alternate channel of intermediation that could be used if the banks once again encountered difficulty. Moreover, bonds are increasingly supplementing bank lending as a source of finance for the private sector. On the other hand, the relative unimportance of the corporate bond market in Europe was mirrored by the corresponding dominance of the banking sector. Although there is no definitive evidence that either a market-based or bank-dominated financial system is better, arguments, that a more diversified financial system would mitigate its vulnerability to systemic risk, are made. With the instruments of comparative analysis, underdeveloped bond markets and dependence on bank finance are topics of concern of this paper as well as an aim to examine other competing factors on impacts of banking on bond markets, banking substitution and mixed market models are argued.

### **KEYWORDS**

Bond market, banking, competition, complements, substitutes

### **JEL CLASSIFICATION CODES**

G15, G21, G31

## **FACTORS OF WEAKNESSES OF SUPERVISORY METHODS AS COMPONENTS OF SYSTEMATIC RISK. THE IMPACTS OF COLLAPSES AND INSTABILITY OF BANKING SYSTEM**

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### **ABSTRACT**

Watching the latest development about Cyprus banking system Crisis and searching the reasons of this Crisis (of March 2013) ,before and after the decisions of Euro group (of 18/3/2013).

The questions was about the reformations NEEDED after the decision of Eurogroup , including the shrinkage of Cyprus banking system, to a more smaller in capitalization and in volume of turnover, of the existed banking system in Cyprus.

The Eurogroup insisted , that the size of banking system, is now 8 times bigger than the G.D.P. of the country , asking simultaneously from Cyprus government , to alter the economic model of the country, by reducing the service/banking sector, after the bankruptcy of one at least of the two bigger banks.

This means a) to reduce the high capitalization of banking system and to find the amounts for the recapitalization , b) the split the size of banks as firms and c) to reduce the number of banks ,or finally if it is not achieve all them, to go in bankruptcy every bank which can not cover their deficits and the capital adequacy.

This events of sharp and forced changes, is most possible to lead to the collapse of the two bigger banks of the country.

After this evolutions, there was a relative concern and the spread of a fear between depositors, even in Germany putting to an uncertainty the Eurozone and the future of Euro.

So after all these evolutions and the psychological environment that created the degree of uncertainty increased for the Cyprus economy and also the possibility of Banking System to collapse.

This catastrophic phenomenon could affect also the Greek Banks, being in the stage of recapitalization, threatens also the stability of Greek banking system and the same the Eurozone.

So we have here a typical systematic Risk situation, which would have negative reactions generally for the Banking System in the country.

The big problem emerged, after the declaration of the suspension of the «deposits guarantee» and the fear of the Bank run and the following collapses.

So we have to examine the right application of rules and procedures.

To examine the mistakes that brinks the system very near to collapse, through the contagion mechanism, to the rest of Eurozone and mainly to Greek Banking System.

After the above we have to examine and re-examine the methods of Supervision of Banking System procedures (choosing among other) political/country risk and credit risk, in order to increase the credibility and the soundness of Banking System.

So we have to analyze here the Systematic Risk situation , according mainly the “political/country risk” and credit risk, searching about the “components” that are used for the credit risk methodology, according Basel II and III methods and criteria of supervision.

Methods referring to the supervisory criteria of Banking System to prevent the negative impacts of the systematic risk, that is possible to lead to an “irregular” bankruptcy.

### **KEYWORDS**

Systematic risk, Banking System, Supervisory methods

## **BUSINESS CYCLE CORRELATION BETWEEN THE EURO AREA AND THE BALKAN COUNTRIES**

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### **ABSTRACT**

This paper examines the degree of trade integration and business cycle synchronisation between eight Balkan countries and the Euro Area over the period 2000:1-2011:4. The main findings are that Slovenia and the Former Yugoslav Republic of Macedonia exhibit a high level of openness relative to Euro Area and seem to have achieved a large degree of business cycle synchronisation with the aggregate Euro Area cycle. The other Balkan countries are characterized by high trade integration with the EMU (except Greece and Turkey) and a rather modest degree of association with the Euro Area cycle, although Turkey is nearest the average of the EMU17 countries. We further document that there is a tendency for an increase in the degree of synchronisation with EMU for all Balkan countries. We also note, however, that at the end of the period, the degree of synchronisation has become less pronounced.

### **KEYWORDS**

Business cycles, synchronization, trade relations, Balkan countries, European integration, Euro Area

### **JEL CLASSIFICATION CODES**

E32, F15, F41

## **QUALITY INFRASTRUCTURES IMPROVE THE ECONOMIES OF BALKANS AND EASTERN EUROPEAN COUNTRIES**

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### **ABSTRACT**

The development of a common market for goods and services including a pan-European integrated industrial, technological and trade policy has represented the main challenge at the European Union level in the last years. In particular emphasis is given to Eastern European Countries (EEC) and Balkans which represent the Enhanced European Economic Area through the operation of two EU funded programs: EuropeAid and Twinning. Despite the major achievements made so far in this process, the extension of the European Union of 27 members to the EEC & Balkans has raised new challenges in the integration process. European authorities (the European Commission) have identified that in order to deepen the European integration process, and thus provide the full benefit of it to the European citizens, the integration of the goods and services sectors must be accompanied by an integration of the industrial sector by the development of certain Quality Infrastructures. Although certain infrastructures have developed in EU-27 countries, there is a challenge of the integration to EEC and Balkans systems and how this has influenced the economies and competitiveness of these economic areas. In this context and considering the fast growth and development of the industrial sectors from the new member states it appears reasonable to investigate which have been the main achievements in the integration process made by these sectors and also the futures challenges that may prevent the deepening of this process. Thus, the aim of our research is to analyse the progresses made so far in the integration process of the new member states industrial sectors from Quality infrastructures point of view while also underling the main challenges that prevent the deepening of this process. The first step of our research is the reviewing of the academic literature that tackles this important subject, in order to identify the most relevant studies in this field, present their conclusions and their limits and thus underline the way in which our research will complete the existent literature through an original and rigorous approach. In order to underline the progresses made so far in the integration process we review a database of EuropeAid and Twinning projects implemented in EEC and Balkans, as a qualitative approach, in order to identify the main challenges that exist in the deepening of the integration process of the new EU member states Quality Infrastructures sector and thus provide possible solutions for their overcoming. Through this approach we consider to be able to provide an original and rigorous possible answer to a very important issue of the European integration process and competitiveness in EEC and Balkans.

### **KEYWORDS**

Quality, EuropeAid, Twinning programmes, competitiveness, Balkan and EEC

### **JEL CLASSIFICATION CODES**

L15, L16, O10

# **OPTIMUM CURRENCY AREA THEORY, NOMINAL AND REAL CONVERGENCE CONTROVERSIES AND THE EUROPEAN EXPERIENCE AFTER THE RECENT GLOBAL ECONOMIC CRISIS**

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## **ABSTRACT**

The traditional theory of Optimum Currency Areas (OCA) has provided the conceptual explanation of currency unions for nearly half a century and played a dominant role in shaping the idea of the European monetary integration, whereas it further offered a basis for the creation of the eurozone. According to this theory, when the criteria for the creation of a monetary union are met, a substantial factor for the economic development of the participating countries is ensured, the result being a gradual decline in economic indicator divergences. What is basically expected is a speedier increase on the growth rate of the less developed countries in order to attain a convergence of their development levels with the more advanced countries within the union, i.e. a real convergence evaluated by indicators including the GDP, the labor productivity and the unemployment rate. On the other hand, nominal convergence, in accordance with the OCA theory, represents the final stage of the process and involves monetary and fiscal variables: the inflation rate, the government budget deficit, the debt to GDP ratio, the exchange rate and the long term interest rates. The relationship between real and nominal convergence turns out to be complex and insufficiently defined both in contemporary economic theory and empirical research. As maintained by some authors, economic integration complicates monetary integration as it leads to growing specialization and allows asymmetries. Other authors argue in contrast that the nominal convergence process prevents real convergence due to the distortions it causes in real variables. The Maastricht Treaty establishing the criteria, which must be met by European countries if they wish to adopt the single currency, caused several concerns about their capacity to secure faster rates of growth in the less developed countries of the European South. This question arose again after the latest enlargements of the European Union toward the former socialist countries in transition, in the sense that the compliance of those states with the strict criteria on monetary convergence would prevent a rapid increase of their per capita income. The emergence of the world economic crisis in 2007 further accentuated the problem of the relation between nominal and real convergence especially following the worsening of the macroeconomic disequilibria of many “old” and “new” member states. This article firstly aims to approach the Optimum Currency Areas theory in its evolution and to underscore its weak points. We shall then consider the criteria and the main suggested methods of estimating real divergence. We shall finally attempt a meta-analysis of the often contradictory results of empirical researches on real convergence, both within the context of the eurozone and the European Union in view of the abovementioned theoretical controversy. Our conclusions lead to skepticism on the evolution of the real convergence process, in particular since the recent global economic crisis erupted.

## **KEYWORDS**

OCA, nominal – real convergence controversy, E.U.

## **JEL CLASSIFICATION CODES**

E52, F15, O11

## **MULTISPATIAL INTEGRATION AND TURKEY’S EUROPEAN PERSPECTIVE: A DYNAMIC GRAVITY MODEL APPROACH**

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### **ABSTRACT**

Turkey exemplifies better than any other country the role of geography, history and culture that operates in a parallel way in the context of its multispatial integration.

In that sense the case of Turkey is very interesting as the geographical sensitivity of its location in combination with its historical and religious ties with a number of adjacent countries of the broader Eurasian region and the countries of southeastern and southwestern Mediterranean region unavoidably intensify the spatial multitude of its economic orientation and its own geopolitical and geo-economic role. Moreover, these multispatial references as well as the increasing geopolitical role of Turkey constitute a continuous source of disputes reflected into the antithetical approaches of the European political elites with regard to Turkey’s European perspective.

The article sheds light on the dynamics of Turkey’s economic integration process into different spatial levels, placing greater emphasis on the trade flows with the Eurasian and European countries. We run an econometric gravity model of FE dynamic panel data model, for the period 1996 through 2010 that to a great extent covers the developments of the major geopolitical transformations in the Eurasian region as well as the economic consequences of Turkey’s custom union agreement with the EU in 1995-1996. The findings of this article reveal that the integration process of Turkey driven by structural factors such as geography, history and culture takes place simultaneously at different spatial levels with intensive momentum in Europe and the broader space of Eurasia.

### **KEYWORDS**

Gravity model, static and dynamic panels, geography, history, culture, trade flows, spatial integration.

### **JEL CLASSIFICATION**

F15, F50

## **The EU-Ukraine Association Agreement as a framework of Integration between the two parties**

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### **ABSTRACT**

The strengthening of relations between EU and Ukraine is of strategic significance to the two parties, both politically and economically, given the size and geographic position of the country under consideration and the fact that EU is already one of the major commercial partners of Ukraine. Towards this goal, the partnership and cooperation regime should be succeeded by an association regime joining the two sides. Negotiations for the conclusion of a pioneer Association Agreement (AA), the first with a country of Eastern Partnership, have been completed. However, its final signature depends upon the fulfillment, from the side of Ukraine, of specific terms related to the progress of internal reforms in the nation's political, economic and legal system. The AA will become the legal framework for the political association and economic integration between the contracting parties. Crucial component of the agreement is a deep and comprehensive free trade area (DCFTA), the establishment of which is expected to contribute in Ukraine's economic modernization and integration with EU's internal market, mainly by adopting the trade-related EU acquis. The aim of this paper is to examine the importance of the AA and in particular the rules governing the liberalization of bilateral trade, the implementation mechanisms laid down and the issues related to the perspective of Ukraine's accession to the EU.

### **KEYWORDS**

EU, Ukraine, Political Association, Economic Integration.

### **JEL CLASSIFICATION CODES**

F15, F53, K33

## DEVELOPMENT DIFFERENCES AMONG THE REGIONS OF HUNGARY

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### ABSTRACT

The analysis of the regional inequality is essential for a country and it is also an important question whether the inequalities are growing or decreasing. The first, shorter part of the paper provides a number of reflections of the existing methods of the examinations of intertemporal change of spatial differences of various socio-economic indicators, mainly the per capita income. The diverse growth rate of spatial income level of various spatial units (regions, countries, provinces, counties etc.) is a historical-statistical fact which refers to an unrepeatable, unique and particular historical situation. The descriptions of the convergence or divergence of various spatial units in various time periods contribute to our historical knowledge and help to evaluate the effectiveness of regional policy.

The subject of the second, larger part of our study is the regional disparities in Hungary. Our approach is mainly historical-descriptive, but by the help of Hungarian case study many theoretical issues will be presented also. The regional comparison includes the economic development of Central Hungary, Central Transdanubia, Western Transdanubia, Southern Transdanubia, Northern Hungary, Northern Great Plain, Southern Great Plain.

Our study primarily analyses the macrostructure of the seven Hungarian regions between 1990 and 2010. It includes the social factors of Hungary such as the population allocation, the labour market situation, income and living conditions as well as we analyse the general economic indicators of the seven regions.

The social statistics describe how the population has changed in each region in the last twenty years. From these indicators we can see which areas are stricken with population decline the most. Our study describes the unemployment rate in each region between 1990 and 2010, which shows great differences.

Our paper introduces the average monthly gross earnings of employees in the last twenty years, which also show significant differences. The study includes some income inequality metrics which measure the distribution of income among the regions. We also study the general economic indicators in our essay which describe the changes in the gross domestic product and the structure of the economy in each territory.

The general economic indicators and the social statistics such as population, income and employment are all the essential indices if we analyse the economy of a country. If we examine a longer period, we can observe the changes whether the inequalities have grown or decreased and how large the changes are. With the help of these indicators we have tried to prove that the regional inequalities have grown in the last twenty years.

### KEYWORDS

Economy, regions, inequality, economic indicators, Hungary

### JEL CLASSIFICATION CODES

O11, O52, R11

## **PERCEIVED BRAND QUALITY AND BRAND LOYALTY TOWARDS DIFFERENT BRANDS OF MOBILE PHONES**

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### **ABSTRACT**

Brand equity, is defined as the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name. This implies that brands vary in amount of power and value they have in customer's mind. Thus it can be inferred that a powerful brand has got higher brand equity as compared to rival brands. This era has made mobile phones as indispensable companions for everyone, despite the customers belonging to any class of society, culture or nation. A study showed that the biggest segment of mobile phone users is said to be students of colleges and universities. Accordingly, the author developed a study at an international university. Given the importance of brand equity regarding mobile phone usage among students, this study aims to assess the equity of global mobile phone brands among the students. This study is largely focus on analyzing perception of students belonging to different cultural backgrounds in relation to two dimensions of brand equity such as perceived brand quality and brand loyalty.

### **KEYWORDS**

Brand quality, brand loyalty, mobile brands

## **ECONOMIC CRISES IMPACT IN MARKETING EXPENSES. THE CASE OF THE ALBANIAN BANKING SECTOR**

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### **ABSTRACT**

During the last decade the financial institutions have faced significant changes. Globalization, for instance, has increased the level of competition and the access to information by affecting this way the "loyal customer" of the past years. However, in the business environment of the XXI century, the increase and retention of loyal customers are important factors for long term success. In fact, many companies have shifted their emphasis from winning new customers to retaining existing ones. In such environments, marketing is seen as an essential weapon to their success in the near future. Thanks to globalization, the economic crisis has been the most debated topic in the recent years, since it has affected many developed and developing economies. Developed countries like the United States of America have suffered bankruptcies of many important companies, they have cut jobs, raised prices, etc. In developing countries like Albania, the effects are felt in foreign investments, prices, income, etc. During recent years in Albania the relationship between marketing and the banking sector has been very strong as a result of different factors, such as changes in the demographic structure, the intensity of competition in the financial sector, and banks' aim to increase personal benefits. However, marketing function in the banking sector did not consist mainly in the sales of products and services, but was also focused in creating a strong image and personality of the bank in the minds of actual and potential consumers. The aim of this paper is to explore the impact of the economic crisis in the marketing expenses of the Albanian banking sector. The study takes into consideration the main marketing spenders in the Albanian banking sector, and focuses on their main marketing activities during this period. The result of this study confirms what was previously confirmed, the fact that during economic crises companies tend to mainly reduce their marketing expenses.

### **KEYWORDS**

Marketing; communication; financial institutions; economic crises

### **JEL CLASSIFICATION CODES**

M31, M30, M37

## MARKETING STRATEGIES IN GREEK MUNICIPALITIES

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### ABSTRACT

This paper aims to explore the marketing strategies that Greek municipalities adopt and to identify the factors that affect them in their strategic planning. Data were collected through an electronic survey. The questionnaires were sent to the 325 municipalities exist in Greece through e-mail. The productive sample consists of 80 responses (24.6% productive response rate). Principal Component Analysis performed and identified four key factors that affect the formulation of the marketing strategies that municipalities in Greece adopt. These marketing strategies are: (a) Market orientation, (b) Income improvement, (c) Cost reduction and (d) Adoption of modern financial tools and methods. Hierarchical and k-means cluster analysis conducted to classify the municipalities into strategic groups according to their strategic behaviour. The analysis identified the following three marketing strategies: (i) income improvement strategy, (ii) cost focus strategy and (iii) market orientation strategy. Discriminant analysis was performed to assess how the identified factors derived from PCA could predict cluster membership. Non parametric statistical techniques were performed to profile the identified group of consumers regarding the factors that have significant contribution to their economic growth and to forms of tourism and other economic activities that are mainly developed in their area.

### KEYWORDS

Marketing strategies, marketing in public sector, strategic marketing in municipalities

## **FINANCIAL EDUCATION AND DECISION MAKING PROCESSES**

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### **ABSTRACT**

The present paper aims to examine whether students of financial studies, who are, therefore, most likely to pursue a career in stock market, demonstrate tendencies of irrational behaviour during decision making when exposed to dilemmas.

In detail, based on questions drawn from the literature of Behavioural Finance, the study attempts to explore whether biases, emotions and overall behaviour are likely to deter rational choices and also whether the acquisition of financial knowledge enables generating rational thinking and decisions. The findings of the empirical research, based on a sample of 84 students, seem to support the principles of the Behavioural Finance theory, according to which decision making is contingent upon emotions that are likely to result in systematic errors.

### **KEYWORDS**

Behavioral finance, decision making, dilemmas, systematic errors

**FINANCIAL DECISION MAKING AND MARKETING -  
MANAGEMENT APPROACHES WITH THE AIM OF  
STRATEGY PLANNING AND IMPLEMENTATION. A  
QUALITATIVE RESEARCH METHOD (CASE STUDIES  
RESEARCH IN BUSINESS HOTELS IN PATRAS AND IN  
ATHENS, GREECE / A COMPARATIVE ANALYSIS)**

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**ABSTRACT**

In this paper I am going to present the theoretical framework having to do with Financial Decision – Making and Marketing – Management approaches. Moreover I am going to discuss the findings of my primary research in 4 and 5 star business hotels (case studies); More specifically, it is going to be a comparative qualitative analysis between 4 and 5 star business hotels of two towns in Greece, Patras and Athens.

It is more than apparent that Corporate Strategy has to do with the whole corporate’s culture towards to its being competitive in the marketplace while strategic planning makes the firm focus on a high level productivity and profitability by promoting the firm’s competitive advantage (s) (Thomson et al. 2008).

Taking into account the fact that Tourism is a major industry (40% of GDP for developing countries and 65% for developed or industrial countries (Cooper et al., 1998: 125, Gee et al. 1997), I am going to further examine the relation between Financial Statement Analysis based on Ratios and Microeconomic theory and thus with Strategic Planning and Entrepreneurship, Knowledge Management and Human Resources. (Getz & Nilsson 2003,

**KEYWORDS**

Finance, Management, Marketing, Strategy, Entrepreneurship, Human Resources

## **TRADE SHOWS: A STRATEGIC MARKETING TOOL FOR GLOBAL COMPETITION**

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### **ABSTRACT**

Markets and business relationships today have become global. In the meantime, it is noticed that the trade shows and exhibition industry has experienced a rapid growth. Trade shows are considered as a vital communication technique for those companies that operate in international markets. Making them an integral part of the marketing communication strategy in turbulence periods enables companies in: developing customer relationships; offering possibilities for sales and sales promotion; undertaking and maintaining good international business relations; monitoring international competition, as well as, minimizing entry barriers in new markets. During the last 5 years, trade shows usage has increased considerably even in Albania. Companies operating in different industries meet their competitors and their target markets in specific trade shows every year. But, it is important to mention the fact that even though trade shows usage is increasing constantly, research on its effectiveness is still limited.

The aim of this paper is to study the effectiveness of marketing communication techniques. More specifically, it is focused in studying the usage of trade shows as a strategic marketing tool in competing in international markets. For this reason there were chosen two Albanian based companies that operate solely in foreign markets: FPM Albania and Henry Ltd. Both companies focus their communication strategies in international markets solely on trade shows, which facilitated the process of evaluating the effectiveness of this marketing technique on variables such as sales, international business contacts, market research, etc.

### **KEYWORDS**

Marketing; trade show; customer relationship; market research; communication strategies.

### **JEL CLASSIFICATION CODES**

M30 M31 M37

## USE RESORT-RECREATION COMPLEX IN SYSTEM OF HEALTH ECONOMICS IN UKRAINE

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### ABSTRACT

In today's global economy, resort complexes are the one of the most profitable and the most dynamic on development sectors of the economy. Many countries have in their face constantly growing source of foreign exchange earnings. Due to attracting millions of tourists are actively developing the infrastructure areas, create additional workplaces. According to the World Tourism Organization (UNWTO), on the stake of resorts and related industries to him now there are 8.3% workplaces of the world, 9.3% international investments, 12% export and 3.6% world gross internal product. Tourists expend 10.2% all facilities, which are outlaid world consumer. An average tourist, visiting Europe, brought a local economy a profit in size of \$790, and for the countries of Eastern Europe and European republics of the former Soviet Union this index was \$370. Considering the state of the resort-recreational potential of the Ukraine, it should be noted availability of favorable climatic conditions and varied recreational and balneological resources. This is a prerequisite for the formation of a highly developed, competitive recreational complex. However, the existing resource potential is used not sufficiently, and the state and impact of recreation development, not only lags behind the leading countries of the world, but does not meet the requirements of the modern consumer. Domestic industry resorts forms less than 1% of GDP, while in economic developed countries this index arrives at 6 - 8%. The sphere of tourism and resorts does not play a considerable role in economic development of Ukraine and producing a positive international image. The current situation is explained by non-competitiveness of the majority of Ukrainian resort-recreation complexes, which all in a greater degree shows up on a background the processes of globalization and liberalization. Today, for placing of tourists in Ukraine offer their services to more than 1,300 hotels, motels, campgrounds, tourist centers, and about 3000 recreational objects. The strategy of development sectors suggests that these recreational centers primarily positioned as tourist objects, and only then - as health care complexes, while the world practice shows otherwise. Although the volume of the Ukrainian market by more than 50% more than in Hungary, the Czech Republic and Slovakia of together taken, the indicator of tourist visited remains stably low. The current economic situation in Ukraine requires a sharp rise in the economic role of the resorts.

### KEYWORDS

Resort-recreation complex, economic development, competitiveness, health economics

## **A NEW PROPOSAL IN THE PUBLIC - SOCIAL INSURANCE SYSTEM. THE CASE OF GREECE**

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### **ABSTRACT**

The future of social protection is in doubt. Nowadays, in the continuously changing world, the European –and not only- crisis has reached to that extent that needs immediate actions. Apart from its disastrous results, opportunities are also created that a decade before none could have ever considered. The crucially importance area which is mostly in need is the societal one because the world we leave in consists of the civil society that leaves and functions within it. Nevertheless, thankfully, for any obstacle appeared many potential solution are provided.

In the present study - analysis we will try to understand under which circumstances a new system can be implemented, as an alternative program of social security -in contrast to the present ones- that is capable of creating the incentives for individual/private initiative for self-insurance rather than the ones based in central governmental ones that function now.

In Greece, the three last years, many measures have been taken, in the field of social insurance. The Insurance Act has been modified several times in the last decade. In this study we will present and analyze the relevant legal provisions in comparison with the last one and with the aims of the European policy in this sector.

Through comparative analysis in countries that have already implemented this scheme we will try to reach to the conclusion in what extent this newly introduced system can have positive results for the well being of a state and especially in Greek society and under which condition it can become reality.

Through our research we will try to answer the raised questions; what is this new phenomenon, what are the potential hazards, can this innovative system works for Greece? And also what are the barriers or boundaries that the state raises in terms of bureaucracy and law.

### **KEYWORDS**

Legislation, jurisprudence, insurance law, unemployment insurance savings accounts.

### **JEL CLASSIFICATION CODES**

J08, J65, K31

## **DISCOVERING THE REAL PROCESSES IN THE EMERGENCY DEPARTMENT OF A HOSPITAL**

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### **ABSTRACT**

There is a continuous pressure for augmented quality and responsiveness in healthcare services that demand for growing budget needs. Thus, controlling the increasing costs of health care is a prominent item in political and social agenda (Kaymak, Mans, Steeg, & Dierks, 2012). One could easily enumerate a few factors (such as the innovative but costly treatment potentials, the protracted medical care for an ageing population, the particularities in medical operations which require highly qualified personnel, etc.) that leave very few alternatives to reduce the related costs, but to focus on the healthcare processes design and execution. These processes involve clinical and administrative tasks, large volumes of data, and large numbers of patients and personnel. Healthcare organizations have to focus on ways to streamline their processes in order to deliver high quality care while at the same time reducing costs (Kemafor Anyanwu, Amit Sheth, Jorge Cardoso, John Miller, & Krys Kochut, 2003).

A sine qua non condition to proceed towards this direction is to get the related process models documented. These models need to be validated, analyzed (over multiple perspectives e.g. control-flow, performance etc.) and eventually redesigned for improvement. Traditional methods of business process analysis and redesign rely on lengthy interviews and group meetings in order to try to understand how things are working (Wil M. P. Aalst, Hofstede, & Weske, 2003). Adding to the large costs claimed by these methods, the results are essentially subjective and biased by flawless or overemphasized perceptions. Therefore, there emerges a need for methods that would operate affordably and more objectively at the same time. Process mining techniques appear to fit as a solution, since they are based on real data (what really happened vs. assumed process models) and comprise a rich toolbox for process analysts and decision makers.

This work will demonstrate the potentials of process mining in the healthcare domain, and in particular in the emergency department (ED) processes. These potentials include the identification and visualization of the process paths that are typically followed by patients; the discrepancy of exceptional flows; performance analysis (e.g. identification of bottlenecks); and testing the process conformance to the medical standards. As a case study, sample data from the General Hospital of Chania, Greece were collected and the above-mentioned tasks were applied in order to guide a process improvement endeavor.

### **KEYWORDS**

Process Mining, Healthcare Services, Business Process Management

### **JEL CLASSIFICATION CODES**

I12, M1, C38

## **EXPLORING CONSUMERS’ BUYING BEHAVIOUR TOWARDS DOMESTIC PRODUCED (HELLENIC) FOOD IN GREECE DURING ECONOMIC CRISIS**

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### **ABSTRACT**

This paper aims to identify the factors that affect consumers’ purchasing behaviour towards domestic produced (Hellenic) food during the economic crisis in North Greece. Intercept survey conducted in a random selected sample consisted of 198 consumers in summer of 2012 in North Greece. Multivariate statistical analysis performed to identify consumers’ behaviour towards Hellenic food. In particular, principal components analysis (PCA) was conducted in order to identify the factors that affect people in purchasing Hellenic food. The factors that influence people in Greece to buy Hellenic products are: (a) product’s features (b) psychological issues, (c) economic issues. Furthermore, cluster analysis was employed to classify consumers with similar buying behaviour towards Hellenic food, and identified three groups of consumers: (a) those that support the National Economy, (b) those who are influenced by psychological issues and (c) opportunists. Discriminant analysis was performed to assess how the identified factors derived from PCA could predict cluster membership. Non parametric tests employed to explore the association between consumers’ opinion, willingness to pay (WTP) premium and demographic characteristics, and a particular purchasing behaviour towards Hellenic food as well as to profile each identified group of consumers regarding their demographic characteristics and WTP.

### **KEYWORDS**

Consumer buying behaviour, domestic food, consumer purchasing attitudes

## **E-CONSUMERS’ PERCEPTION - AN EMPIRICAL RESEARCH**

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### **ABSTRACT**

Consumers who prefer to make their shopping via Internet are continuously increasing. This paper investigates the relation of e-consumers with the e-commerce’s applications, their attitude when buying and their consuming satisfaction. The present study empirically investigates the e-consumers’ perception regarding e-shopping. A sample of 168 consumers from three prefectures of Greece was used in order to answer a structured questionnaire regarding e-consumer behaviour. The results of the empirical research are presented and the relevant findings are discussed.

### **KEYWORDS**

e-commerce, consumer behaviour, statistical analysis

### **JEL CLASSIFICATION CODES**

D12

## **A STRUCTURAL EQUATION MODEL DESCRIBES FACTORS AFFECTING GREEK STUDENTS’ CONSUMPTION PURCHASING BEHAVIOUR**

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### **ABSTRACT**

The present study proposes a structural equation model which describes factors affecting Greek students’ consumption purchasing behavior, such as xenophobia, morality and nationality in respect of ethnocentrism, patriotism and nationalism, general animosity and economic and war animosity. Confirmatory Factor Analysis was used for the model refinement. The model was tested for its Convergent and Discriminant Validity. Moreover it was tested for its reliability and construct reliability. Findings reveal the main components which have significant effects on purchasing behavior especially in the era of economic crisis.

### **KEYWORDS**

Structural, equation, model, purchasing, behaviour

## **PURCHASE DECISIONS OF GREEK CONSUMERS: AN EMPIRICAL STUDY**

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### **ABSTRACT**

The present study investigates the culture and behavior of Greek consumers, taking under consideration various factors which affect final purchase decisions. Consumer culture has become one of the most powerful components that influence both individual and groups decisions. Even though consumer behavior and purchase intention models are continuing to dominate the research and practice of the management science, they could not imprint the whole picture of this evolution phenomenon that is faced in today's reality. Furthermore, consumers are operating in a dynamic and constantly changing environment that dictates the reevaluation of purchase intentions and decisions. In order to investigate the impact of contextual factors, brand loyalty and brand switching on consumers purchase decisions, an empirical survey was conducted with the use of a structured questionnaire on a sample of Greek consumers, aged between eighteen and fifty five. The size of the sample included more than four hundred and fifty questionnaires. The findings showed that contextual factors have the strongest influence on purchase decisions and influence brand loyalty and switching. Moreover, the findings provide important insights with regard to the factors on which practitioners should focus to better tailor their content and approaches. This study supplies knowledge to managers and researchers on the issue of purchase decision, brand loyalty and brand switching, and contextual factors.

### **KEYWORDS**

Purchase decisions, contextual factors, brand switching, brand loyalty, empirical study, Greece

### **JEL CLASSIFICATION CODES**

M31, M37, D12

## **BRINGING MIDSIZE ORGANIZATIONS CLOSER TO THEIR CUSTOMERS USING BUSINESS INTELLIGENCE**

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### **ABSTRACT**

The main incentive for sales departments in companies is to establish relations with the customers, which will be as close as possible. Although sales managers know the importance of close relations with their customers, due to mostly transactional communication very few organizations achieve high levels of business proximity with customers. So where is the problem? One of the most serious parts of misinformation concerning business intelligence, is that mid-size companies can not succeed to benefit from it. Lost benefits from business intelligence for mid-size companies is the same as lost benefit from their accounting and payroll software, software for sale or from CRM –customer relationship management business tool. In contrast, mid-size companies do benefit from similar business tools as bigger companies, because those business tools are basically built specifically for the mid-size market, and are often easier, less expensive and faster to adopt and use than the ones designed for bigger companies.

Contemporary economic flows impose for companies, especially mid-size organizations the need for various business intelligence techniques for analyzing business data, such as sales revenue or production costs. But other problem is that some mid-size companies see business intelligence (BI) tools as too unwieldy and expensive for them, and use spreadsheets for budgeting, forecasting and planning.

Business intelligence (BI) allows users to analyze and better understand their organization’s plans and results. It provides insight into what’s working correctly while identifying potential problem areas in time for corrective actions to be taken. BI covers concepts and methods to improve business decision making by using fact-based support systems and provides tools for data mining, process mining, online analytical processing, business performance management and predictive analytic. Numerous data mining methods are used for marketing, sales and customer support: market basket analysis, clustering, neural networks, decision trees, genetic algorithms, association rules, statistical methods, etc.

In this paper we are aiming to confirm that the success of a company does not depend on its size, and the mid-size organizations can achieve better performance and greater proximity to its customers using business intelligence, supported by real cases using IBM Cognos Business Intelligence.

### **KEYWORDS**

Business intelligence, midsize organizations, business performance, business tools, business analytic

## **SERIAL DEFAULTERS: STATE DEPENDENCE OR UNOBSERVED HETEROGENEITY?**

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### **ABSTRACT**

Some economies default repeatedly and at relatively low levels of external debt (serial defaulter). Once a serial defaulter enters the state of default it spends in average 9 years in that state. One example is Greece that has spent 46% of the time in the state of default in the last 200 years. The last time Greece defaulted (before the 2012 episode) it was during the Great Depression and it spent 33 years in that state.

The empirical literature has invoked history to explain this fact. Since Emerging Market Economies (EMEs) have defaulted in the past; they are more likely to do so again. However, there are two possible explanations for the observed phenomenon that have been not disentangled: state dependence or unobserved heterogeneity. State dependence means that the fact that a country experienced a default in the past makes it more likely to default again. In a scenario with incomplete information and political uncertainty, reputation matters in the sense that the governments' actions signal their type. In this context, past defaults affects lenders decisions and the interest rates a government is able to obtain. This could be associated with the fact that once a country defaults, it is punished by the market with worse borrowing terms. This increases the cost of repayment raising the likelihood of future defaults. Unobserved heterogeneity, on the other hand, means that countries have some specific characteristics that influence the probability of default. Unobservable characteristics that might be affecting the probability of default -and that might be correlated with the level of debt a country can sustain- could be colonial history, political, religious and financial institutions, government's ability to implement adequate fiscal policy, the power of contending interest groups, and political uncertainty among others. For example, governments make promises to creditors to make structural reforms, but their ability to keep promises is private information, it is unobserved.

Some of these sources of heterogeneity might be persistent others might change over time. The failure to account for the unobserved heterogeneity, that might be time invariant and time-varying, could result in an over statement of the importance of state dependence. That is, the past default would seem to explain future probability of default due solely to uncontrolled heterogeneity. I estimate a two-step fixed effect panel data model for the probability of default. I correct for the incidental parameter bias by implementing a split the panel Jackknife estimation. The sample includes 45 countries for the period 1970-2010.

I found that empirical literature that fails to account for unobserved heterogeneity overstates the importance of history. However, results indicate that if a country runs into a default, the probability of defaulting again increases by 50%. In this sense defaults are like a “trap”, once a country enters the category of a “serial defaulter” not even the level of external debt matters to explain the risk of defaulting again.

The paper concludes with policy implications for economies of Balkans and Eastern Europe countries.

### **KEYWORDS**

Serial defaulters debt renegotiation non-linear panel

### **JEL CLASSIFICATION CODES**

F34, H63, C23

## **SPATIAL STRUCTURE OF THE CITY: IMPACT OF REAL - ESTATE INVESTMENT. CASE OF RIGA CITY, LATVIA**

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### **ABSTRACT**

The paper contributes to the literature that aims at identifying and measuring the criteria of formation of a polycentric city. Formation of a polycentric city is closely related to the changes and development of the spatial – functional structure of a city where city planning is one side of the process, while the other is closely related to choice of residential location of individuals (households) and choice of commercial location of businesses and industries.

The paper aims at identifying the impact of real estate investment on transformation of spatial structure within Riga City, analyzing both the impact of real estate investment on the overall functional structure of the city and on changes of spatial – functional structure within particular districts of Riga City.

Like in many cities of post – social economies, huge amount of new mostly residential, office and commercial development projects have been realised over past years in Riga City in land areas previously undeveloped or partly developed. This has led to a transformation of functional structure and to a change in number of inhabitants and employees in many districts of Riga City as a result changing economic and social context and even “face” of some of the city districts.

The paper is based on real estate investment survey, with data on amount of real estate investment, and census data on changes in number of inhabitants and number of employed in 58 historic city districts of Riga City for past 10 years. Correlation of the above allows to “see” the linkage between the amount of real estate investment and the transformation of the city’s spatial structure. Some case studies based on GIS cartography are presented to highlight those districts where the change has been the most significant.

The analysis shows that there is a clear linkage between (amount of) real estate investment and transformation of spatial structure of the city. Application of linear regression confirms that the key factor to invest in real estate in a particular city district is the number of work places (persons employed) within the district while other factors like transportation and infrastructure options are far less important.

The paper conforms that the transition from planned to market economy brings significant changes in the spatial structure of the city, transforming both the spatial structure of whole city districts and the functioning of the city as a whole by changing the location of particular functions like commercial and industrial ones.

### **KEYWORDS**

Real estate investment, city spatial structure, transformation, city functions, Riga City

### **JEL CLASSIFICATION CODES**

R230, R520, O180

## LOCATION FACTORS AND ECONOMIC COMPETITIVENESS IN CENTRAL AND EASTERN EUROPE

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### ABSTRACT

The location theories used by the corporate investment decisions have nowadays radically transformed. The penetration of the high-tech industries and the appreciation of the human resources have created new aspects by making of location decisions, and the expansion of the R&D activities fundamentally overwrote the models. The role of the traditional measurable so-called quantitative factors (infrastructure, tax rates, ...) have reduced and the non measurable qualitative factors (human resources, development of supply chain, ...) have increased by the decision makers. Because of the market innovation competition the corporations are focusing not only on cost savings but they increasingly try to raise their market competitiveness on the base of local resources (human and material as well). An essential part of the mentioned resource is on the one hand the human capital on the other hand the development of local supplier network which can greatly define the regional competitiveness. On the area of the human resources is relevant not only the wage of the unqualified blue-collar workers rather comes into view the quality of the qualified white-collar workers. On the latter sector signifies the standard of the education booth on medium and high level and the activity of the research centers and the universities. We think it is important to highlight that the regions can have advantage by the decision-makings of the locations which are able to hold the salaries of the qualified workers on a low level and beside that the white-collar sector can show off prominent innovation activity.

The level of the development of the local supplier network is also a key issue by the investment decisions the developing of the region is an interest of not only the private sector, to mark the development path and follow up the process it is needed the cooperation the private and public sectors. In the regions where the traded corporations of the automotive industry can be found the developing of local supplier network (non-traded sector) have a priority because the firms in the basis sector are interested in seeking the local partners. As the experiences show the non-traded sector can not meet the requirements of the customers in the East-Central-Europe region but are able to integrate to lower levels of the supply chain as a second or third round supplier.

In my presentation I would like to collect the location factors and examine the effect of the development of local supply chain and local government supports on the decision-making. I suppose that the bottom-up strategy used by the local developments can attract the FDI and generates a positive multiplier effect.

### KEYWORDS

FDI, location factors, competitiveness, multiplier effect

## **THE ROLE OF SPECIFIC CHARACTERISTICS OF EACH GENERATION OF GREEK POLITICAL REFUGEES IN SHAPING PARTICULAR IDENTITIES**

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### **ABSTRACT**

The purpose of this paper is to study the social, cultural and economic profile of the political refugees of the Greek Civil War. Furthermore, the spatial distribution of the political refugees in the host countries of the former Soviet Union, the Eastern Europe and the Balkans is examined. More specifically, we study the basic demographic, economic and occupational characteristics of the political refugees as well as the specific determinants which affect these characteristics in the host countries. Additionally, this study helps in interpreting the development of the collective memory of a nation as well as the subsequent development and shaping of particular identities. Factors such as sex, time spent in the host country, the level of education, the individual's ability to relate and express past experiences and above all, the generation to which the interviewee belongs, all influence the recall of memories decisively. On returning to Greece, many of them discover that they have forfeited their nationality and need to go 'in search of their identity'.

### **KEYWORDS**

Political Refugees, Balkans, Memories, Identity

## THE ROLE OF INTERNET IN ECONOMIC DEVELOPMENT OF VIKOS – AOOS NATIONAL PARK, GREECE

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### ABSTRACT

Nowadays, the Internet, apart from a channel to collect information of all kind, it has also become a means of promotion and consequently, an effective business tool. The Internet and the ICT's are effective strategy development tools, based on the interactive presentation of local information and the provided services for retrieving information about relative sources. The use of web-based tools, such as the website, can improve the communication level and the region recognition. The website provides a great spectrum of information for any sector. The National Parks in Greece need to get advertised due to their huge ecological importance. The existence and the conservation of these protected areas enhance economic development by attracting tourists. Vikos – Aaos National Park with the spectacular Vikos Gorge is one of the most-visited Greek National Parks. Through the Internet, which is one of the most appropriate means in data dissemination, the promotion of the protected areas not only can inform people about our natural heritage, but also attract visitors. This paper studies and analyzes websites concerning Vikos – Aaos National Park, assesses the Internet model adoption using e-services from these websites and to classify them in the four maturity stages of ICT adoption. The websites were analyzed as to their qualitative and quantitative characteristics. Then, the websites are classified in maturity stages starting from a simple presence of the entity in the Internet to the total ICT integration through multiple e-services provision according to content characteristics accomplished by the websites. Furthermore, the websites are ranked in order of superiority using the method of PROMETHEE II. Finally, some necessary recommendations for optimizations of the websites are made.

### KEYWORDS

Internet, Websites, Vikos - Aaos National Park, Economic development, Website assessment, PROMETHEE II method.

### JEL CLASSIFICATION CODES

C65, O32, Q56

## **ANALYSIS OF INSURANCE MARKET DEVELOPMENT IN EASTERN EUROPEAN COUNTRIES BASED ON S-CURVE**

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### **ABSTRACT**

Insurance plays a very important role in economy. Empirical evidence and theory proved that countries with well developed financial systems experience more sustainable and faster long-term economic growth. S-Curve is a versatile model for analyzing the relations between income and insurance penetration. The main assumption of the model is changing income elasticity. The S-Curve was firstly introduced by R. Enz in 2000. Further research contributed to theories enabling to determine the stage of insurance market development. Using the S-Curve world average penetration level as a reference W. Zheng, Y. Liu and Y. Deng proposed Benchmark Ratio of Insurance Penetration (BRIP) and decomposition of insurance growth to economic and institutional growth which can be used to harness the advantages of S-Curve model.

In the first part of empirical research author is comparing the Eastern Europe economies' level of penetration with the world and regional references. The world S-Curve parameters were assessed by W. Zheng, Y. Liu and Y. Deng while the regional S-Curve parameters were estimated by author on the base of penetration and income levels of analyzed countries. The analysis shows the differences between Eastern Europe and the world and among the analyzed countries. This enables author to determine the theoretical type of further insurance markets growth and the stage of insurance development in life and non-life insurance markets, which in most of the cases is a sustained growth stage.

In the second part of empirical research, BRIP was used by the author to measure the pace and fluctuations of the analyzed insurance markets' convergence. In the time series model of penetration level author showed the seasonal variation caused by business and insurance cycle.

Research conducted by author proves that countries in Eastern Europe have different pace of insurance convergence. Besides, the analysis shows that the countries can bring into play institutional growth in both life and non-life insurance market. Thus in the time of the global financial crisis, the countries can increase the penetration level without any economic growth.

### **KEYWORDS**

Eastern Europe insurance markets, insurance market development, S-Curve

### **JEL CLASSIFICATION CODES**

G22, O40

## **e-GOVERNMENT TOOLS AND THE ROLE OF NEW TECHNOLOGIES: IS THAT A SOLUTION AGAINST ILLEGAL IMMIGRATION AMONG THE COUNTRIES OF EASTERN EUROPE?**

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### **ABSTRACT**

Europe's history has been shaped by migration. For centuries, merchants, craftsmen and intellectuals crossed the continent to practice their trades or start new lives. Millions emigrated from Europe, first to the colonies and later to the Americas and the Antipodes. Europe also has a long history of forced migration: from the expulsion of the Jews from Spain to the population shifts in southeast Europe caused by the many wars between the Russian, Austro-Hungarian and Ottoman empires. Large-scale immigration into western Europe is more recent. From 1960 to 1973, the number of foreign workers in western Europe doubled from 3 to 6% of the workforce. It was highest in places like the UK and France, with relatively open access for citizens of their former colonies; in Germany, too, the number of foreigners (nearly half Turks) rose 4m in the 25 years after 1960, although they seldom became citizens. But primary immigration into Europe – driven by labor needs – all but ended with the oil crisis of 1973. The end of the Cold War lifted the lid on a number of small wars and ethnic conflicts around the world. In this type of warfare, the combatants – regular troops complimented by paramilitaries – often target civilian populations. Many people applying for asylum are ostensibly fleeing such “ethnic cleansing”, most notably in Bosnia in the early 1990s and Kosovo in the late 1990s. Also, with the end of communist rule many eastern Europeans believe that their aspirations for a better life can only be served in the west. With freer movement and cheaper travel, it is not surprising that many have tried to emigrate westward. The problem is that tens of thousands have tried to use the asylum process to do so, leading to a backlash, in some countries, against all types of migrants. But in some EU states, asylum has become a totemic issue. It overlaps with other emotional matters such as ethnicity and identity, revealing an illiberal streak in liberal democracies. But we should keep things in perspective. It may have been easier for migrants to enter the UK 100 years ago, but once there they were far more likely to face violence and had nothing like the legal and social protection of today's welfare states. None the less, resentment of “the other” can be exploited by demagogues, especially when there is no obvious gap in the job market for refugees to fill. Overall, refugees are only a small burden on taxpayers – but this may not be how it seems in areas of high refugee density, where migrants share services such as schools, hospitals and housing with the poorest locals. But should European states even try to stop economic migration? Europe's population is set to decline over the next 50 years. Italy will lose 28% of its population by 2050. In order to maintain its working age population, Italy would need to start importing more than 350,000 immigrants per year or, alternatively, keep its citizens working until they are 75. Immigration in the US is embraced more enthusiastically by the free market right than the trade union left, but it has brought real benefits. Immigrants contribute to innovation – witness the number of foreigners in Silicon Valley. These are criteria which, he acknowledges, would have prevented him, a refugee from Cuba, from immigrating in the early 1960s. Congress recently approved an extra 200,000 visas for skilled workers. European governments are taking similar steps. Germany wants 20,000 information technology workers from outside Europe, particularly software engineers from India. Britain, too, wants to recruit east European computer experts but is only too keen to turn away their less skilled compatriots. Governmental policymakers and decision makers from CEE countries discussed the issues of future social development and the possibilities that technology and cloud computing solutions have to offer to transform the public sector in citizen services, education and competitiveness of economy for building prosperous country of the future. CEE countries also exchanged countries' experience and knowledge through Countries' Good Practice Case e-Solution presentations and built new visions through the vision building workshops on Policies, Institutions and Legal Regulation & ICT Solutions for Region's Competitiveness Building. The conference highlighted that building and upgrading e-Governance and Collective Intelligence Systems offer great benefits for citizens and businesses, thus promoting prosperity. Participants agreed that we need to focus on citizens' and business' needs, plan for the future, improve constantly throughout monitoring & measurement for success, establish transformation government and work on interoperability.

### **KEYWORDS**

Illegal immigrants, e-government, asylum, ICT, workers, citizen services

## **A COMPARISON ANALYSIS BETWEEN ERP AND EAI**

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### **ABSTRACT**

Nowadays the traditional management approach has given its place to modern mentality. The traditional structured functionality has evolved into system understanding which concerns the whole of enterprise. System approach is used to solve the problems of the organization. The strategic weapons which are necessary to manage the organization as a whole, are "information systems". The critical points about rational management of organizations and obtainment competitive advantage are information and using of information. An enterprise solution on the basis of the software is needed to ensure the integrity of the organization and the integration between the elements. Enterprise Resource Planning (ERP) whose development is based on 1960s, is a holistic software that is fairly valid in terms of organizations. Disadvantages of ERP has led organizations to search for different software. Enterprise Application Integration (EAI) emerges as solution partner in this sense. In the study, explaining the establishment wholism in the organizations and ensuring integration in the focal point, ERP and EAI are analyzed in a comparative manner.

### **KEYWORDS**

ERP, EAI, Integration, Process, Interdisciplinary Approach

### **JEL CLASSIFICATION CODES**

M15, L86

## INVESTIGATING THE DETERMINANTS OF INTERNET BANKING ADOPTION IN GREECE

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### ABSTRACT

Since its first introduction in the '90s, internet banking is increasingly being adopted by bank customers all over the world. This relatively new banking transactions channel offers its users “round the clock” access to bank services, reduced time, direct access from anywhere in the world, lower costs and elimination of the anxiety caused by cash carrying. However, internet banking has not yet been widely embraced by Greek bank customers. In fact Greeks have also been rather slow in adopting internet as well. This reality prompted the pursuance of the present research, whose aim is to identify the most salient factors that influence Greek bank customers’ regarding internet banking adoption.

Field research was conducted by utilizing an interviewer-administered questionnaire. The questionnaire was based on an adaptation of the widely used Technology Acceptance Model (TAM), incorporating also external variables found in relevant literature. More specifically, it comprised the following factors:

TAM: perceived usefulness, perceived ease of use, perceived credibility, behavioural intentions

External variables: web usage intensity, domain specific innovativeness, E-shopping experience, satisfaction with traditional banking channels (bank branches) , satisfaction with ATMs.

The questionnaire was initially successfully pilot-tested by the directors of 3 bank branches and 11 bank customers. The field research target sample consisted of internet experienced bank customers in the Greek region of Thessaly, while the final sample comprised 266 correctly answered questionnaires. Principal component analysis was initially conducted to identify latent factors within the questionnaire items measuring customer perceptions and inter-item analysis was used to verify the scale’s factors for internal consistency and reliability. The Cronbach’s alpha, which was calculated for each scale, ranged between 0.88 and 0.93. Finally, linear regression analysis was performed to investigate the effect of the external variables and TAM-based scales on internet banking adoption.

Data analysis confirmed the significant influence that customer perceptions about usefulness, credibility and easiness of use of internet banking have on intentions towards using this banking channel. Moreover domain specific innovativeness and satisfaction with ATMs were also proved strong predictors of customer use intentions.

### KEYWORDS

Internet Banking Adoption, TAM, Greece

### JEL CLASSIFICATION CODES

M15, L86, C12

## MANAGEMENT POLICIES IN THE TELECOMMUNICATION INDUSTRY IN GREECE

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### ABSTRACT

The purpose of this paper is to investigate the perceptions of managers concerning the impact of institutional liberalisation of telecommunication industry on market functioning and business growth. The empirical analysis is based on a survey of 44 telecommunication companies operating for the period 2001 to 2009 in the Greek economy. These are the most important firms of the specific industry. The findings indicate that liberalisation causes a substantial increase of competition between public and private companies. Price policy and marketing policy are the main competition factors. However, several barriers such as difficult access to infrastructure telecommunication networks for private entrants and not sufficient compliance of the state-owned dominant company with the rules of healthy competition hamper competition seriously. Overall, the managers of the sample firms reveal the evolution of the private sector and the new ‘business atmosphere’ in the Greek telecommunication industry as a result of liberalisation and privatization policies which are becoming very acute in Greece to face the current crisis.

### KEYWORDS

Telecommunication industry, liberalisation, privatisation, manager perceptions, Greece

## **SOCIAL MEDIA ANALYSIS BASED ON ADVANTAGES AND THREATS**

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### **ABSTRACT**

Information which is necessary for continuity of life is one of the main sources. To keep the firms' strategic power in their hands and continuity of daily life intense flow of information is needed. Internet is a technology that provides access to information uninterruptedly and data communication has changed along with development of the internet. Different platforms came into our life with rise of an interaction, in particular, known as Web 2.0. Users turned into people who produce and consume information on these social networking platforms that occurred transmission of information instantly. During this two-way flow, there are malicious users present a threat on the platforms in which contain many advantages for users who betray important issues such as personal information, brand images. Malicious users are caused information pollution on the internet that is an information pool along with applying various ways in order to achieve goals of pecuniary loss and intangible damages. Attacks occur from different parts of the world. When we take individuals and firms' losses as a result of these malicious attacks into account, the necessity of global intervention can be mentioned. In this study, the advantages of using social media and its threats were analyzed on the basis of social networks and policy recommendations in favor of all users are presented.

### **KEYWORDS**

Social Media, Social Networks, Threats, Information

### **JEL CLASSIFICATION CODES**

M15, L86

## **ANALYSING KNOWLEDGE MANAGEMENT SYSTEM DATABASE**

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### **ABSTRACT**

Knowledge management is an emerging discipline. One of KM's key aspects is also concerned with fostering interaction and collaboration, commonly referred to as “Socialization” (Nonaka, 1994). According to Levy (2009) KM and Web 2.0 are considerably close to each other. Therefore, it seems interesting to apply Web 2.0 principles to KM. Could these potentially lead to a new era of KM, a “Knowledge Management 2.0”. People are now the generator of knowledge, they social participation grows, they can communicate in a many-to-many model, the culture is changed so they are now more proactive, thanks to the possibility of self-organizing. Social intranet is a tool as well to improve the transfer of implicit knowledge. The goal of this research to find a solution, how is possible to gain data about a knowledge management system and how can we use SPSS to analyze it. The used database is the social intranet of the Professional Coaching Association. The association aims to create an independent and professional coaching community with high credibility, adding value to the society in accordance with the mentality of coaching. It has 15 member, and they organizing a monthly coach forum. The initial communication was email based, but the daily amount of emails were over 30-40 emails, made hard to get the right information. The association is growing; they try to get 120 members to the end of 2013. These are the main reasons why they decided so to choose a social intranet from the open source market. After installing and testing these systems they chose Elgg. “Elgg is an award-winning open source social networking engine that provides a robust framework on which to build all kinds of social environments, from a campus wide social network for your university, school or college or an internal collaborative platform for your organization through to a brand-building communications tool for your company and its clients” (Elgg.org, 2012). Elgg based on a MySQL database and has 22 tables. The most important table is the `elgg_system_log`, which contains `id`, `object_id`, `object_class`, `object_type`, `object_subtype`, `event`, `performed_by_guid`, `owner_guid`, `access_id`, `enabled`, `time_created` named columns. Each time users annotate, ban, create, delete, login, logout, update a content a new row is created in the `elgg_system_log` table. My main goal was to export this table from the database and import to the SPSS as a dataset to make a deeper analyze.

### **KEYWORDS**

Knowledge Management 2.0, SPSS, ELGG

### **JEL CLASSIFICATION CODES**

D83

## E-LEARNING ACTIVITY ANALYSIS

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### ABSTRACT

Nowadays, web-based educational systems are being installed more and more by universities, schools, businesses, and even individual instructors in order to add web technology to their courses and to supplement traditional face-to-face courses. These systems accumulate a vast amount of data which is very valuable for analyzing the content of the courses and their usage from the learners.

A new method is proposed in order to analyze these data both on the level of the courses and the learners. Six variables are used. They are combined properly to quantify quality characteristics of the courses and offer useful insights based on their material and usage by the learners.

All the variables were put to test in a case scenario that took place in a Greek university web based e-Learning data. The evaluation of the results has shown that the proposed system managed to track both educational content and course usage successfully. The results confirmed the validity of the approach and showed a relationship among the components of the proposed 2-level schema.

### KEYWORDS

E-Learning, Course content and usage assessment, 2-level analysis schema