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9th International Conference on Applied Economics

Contemporary Issues in Economy

edited by
Adam P. Balcerzak, Ilona Pietryka

22-23 June 2017

Toruń, Poland
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Keynote Speakers
A Study on Patent Citation Network: The Case of Photovoltaic

JEL Classification: O31; O33; O34

Keyword: Patent citation network; Node centrality; Social network analysis; Photovoltaic

Abstract

Research background: Most of the literature uses patent citation to explore patent value, firm value, innovation performance, or the strategic behavior of firms (Jaffe et al. 2002; Marco, 2007); as well as to explain knowledge transfer and knowledge spillovers (Stolpe, 2002; Chen et al. 2016). However, innovation depends on the accumulation of the overall technology, and innovation growth with a good technical system. Change one of the individual technical field will affect the entire technical system (Fontana, Nuvolari, and Verspagen, 2009).

Purpose of the article: Begin with the first patent of photovoltaic ever granted by the US Patent and Trademark Office (USPTO) on January 13, 1976, this paper investigates the determinants of patent citation network.

Methodology/methods: The five network centrality proposed by Freeman (1979) is used to weigh the importance of patent in the citation network. We then calculate the five network centrality for each patent, and adopt Tobit model for empirical analysis. Data: The data set used in this study consists of the 4288 patents of photovoltaic granted by the US Patent and Trademark Office (USPTO) from 1976/01/13 to 2014/03/11.

Findings: There are five interesting findings. First, the most important determinant is the time lag between granted year and first cited year. If a patent that is immediately cited by other patents, it will have more direct and indirect forward citations. And the citation lag can also affect the position of a patent in the citation network. Second, if assignee keeps paying the renewal fee, it will raise the frequency of direct and indirect forward citations especially when it is due to the last term. Third, the use of non-patent knowledge positively affects direct and indirect backward citations. Fourth, the number of claims has a positive effect toward direct forward citations. However, the degree of influence decreases as the number of claims increases. Fifth, the broader the scope a patent has, the higher the frequency of backward citations and forward citations it can receive. But the degree of influence toward indirect forward citation decreases as the scope increases.
Impact of Greening on the Upgrading of Manufacturing Subsidiaries’ Technological Capabilities – A Hungarian Perspective

JEL Classification: F23; L21; O32

Keywords: greening; sustainability; subsidiary upgrading; technological capabilities; organisational decomposition of innovation

Abstract

Research background: Escaping from a low-wage specialisation trap and enhancing the upgrading of local technological capabilities represent ongoing, major challenges for countries that operate behind the technology frontier and depend on foreign direct investment (FDI) inflows. However, foreign investors’ massive technology transfers and the accompanying knowledge inflows have mainly enhanced production capabilities in Central and Eastern Europe (CEE).

Purpose of the article: The purpose of this paper is to explore whether greening in global companies can produce any improvement with respect to the upgrading of CEE subsidiaries’ technological capabilities.

Methodology/methods: We draw on a proprietary database of secondary source information about greening related technology upgrading, technology development and functional upgrading at 25 Hungarian manufacturing subsidiaries.

Findings: We identify two greening related mechanisms that propel the upgrading of subsidiaries’ technological capabilities. First, greening enhances the organisational decomposition of innovation, which facilitates manufacturing subsidiary scientists’ and technicians’ participation in the global R&D team of their owners. Second, greening related changes in corporate routines prompt the delegation of new, sophisticated business functions and activities to subsidiaries. Some of the new tasks require subsidiaries’ indigenous technology efforts.
Innovations, Multi-product Firms and Export Performance: Firm-level Evidence From V-4 Countries

JEL Classification: F14; O32; P33

Keywords: export activity; firm heterogeneity; innovations, multi-product firms; Visegrad countries

Abstract

Research background: In this paper we study the relationship between different forms of innovations, product diversification and export performance of firms from four Visegrad (V-4) countries. Our analytical framework refers to the Melitz (2003) model. We treat innovations as a key element that can increase the level of firm productivity.

Purpose of the article: The main objective is to analyze the relationship between innovation of firms from Visegrad countries and their export performance. In contrast to previous studies that use R&D spending as a measure of innovation we rather focus on innovation outcomes. Our detailed hypotheses postulate the existence of positive relationships between firm export performance and four main types of innovation activities. We seek to determine which type of innovation activity is of the greatest importance for exporting and whether it depends on firm size, the level of internationalization, the use of human capital and its sector of activity. In addition we control for the product differentiation of exporting companies, i.e. whether they sell one or many products.

Methodology/methods: The measures of innovative activity of companies include both spending on R&D as well as its effects, such as product and process innovations. In addition, we control for the extent of product diversification measured by the share of main product in total sales and other firm characteristics. The empirical implementation of the theoretical framework is based on the probit models, applied to the fifth edition of BEEPS firm level data set covering the period 2011-2014.

Findings: Our results indicate that the probability of exporting is positively related to both product and process innovations and the multi-product firm status. In addition, we find that the probability of exporting is related to labor productivity, firm size, the share of university graduates in productive employment, foreign capital participation and the use of foreign licenses.
Research Papers
The Role of Program Financing in the System of Higher Education

JEL Classification: H75; I21; I22; I28

Keywords: Higher education; education management; budget; program financing

Abstract

Research background: The development of education in any country or society is one of the most urgent issues. When we talk about the development of education, above all we must take into consideration governmental funding system. High education and research funding is priority in most developed countries. Georgia, as the region's geopolitical and geostrategic center a few years ago began formation of the liberal democratic value-based society. Over the last period in Georgia reforms in education system is ongoing, that led to changes in governments funding policy system. However, the higher education system is still far from Western standards of teaching and learning processes.

Purpose of the article: The most significant problem in the educational system is inefficient financial management. The article above discusses the mechanisms for financing higher education in Georgia, financial management of the educational system, basically problems in program funding and their solutions.

Methodology/methods: methods of studying observation, analysis and synthesis, progression from abstract towards concrete, notional experiment and experience.

Findings: With the help of the article we have attempted to analyze one of the sides of the problem: how the state supports priority higher educational institutions and what the connection between consumed resources and learning outcomes is. The research clearly showed that financing education has become a priority direction for Georgia. The reform of the financing system has eliminated corruption in the educational system, increased competitiveness among the higher educational institutions, provided preparation of human resources in the fundamental fields of science and education, socially indigent population were given opportunity to get education.

However, the same research also showed that the preparation of specialists with competences relevant to the modern requirements cannot be accomplished by financing only certain (though priority) programs.
Abstract

Research background: The evaluation of employees and their activity requires precise and responsible preparation, it is a process, having a large impact to successful implementation of strategic goals of institution. The evaluation of official work of civil servants in Lithuania does not have deep traditions. Thus, the main analyzed problem is the following: if the criteria of statutory institution employees and their activity evaluation (possibilities and results) are significant to the evaluation results of statutory institution employees and their activity.

Purpose of the article: to make the analysis of theoretical aspects of employees and their activity evaluation and to provide an evaluation improvement model of statutory institution employees and their activity.

Methodology/methods: while analyzing the theoretical peculiarities of employees and their activity evaluation, the analysis, systematization and generalization of scientific literature, scientific articles as well as legislation of the Republic of Lithuania acts have been performed. A quantitative research method was used for the performance of the empiric research; and the qualitative content analysis, descriptive statistical data analysis as well as comparative analysis were used for the analysis of the gathered data. The used in this part researches methodology and results combine the identification of interconnection of statutory institution employees and their activity evaluation possibilities (leadership, people and processes) as well as measuring of their importance.

Findings: Seeking for useful and effective employees and their activity evaluation process in a statutory institution, a theoretical model of employees and their activity evaluation in a statutory institution improvement was developed on the basis of general evaluation model, which has been successfully adapted in a statutory institution. Having identified the problematic fields of employees and their activity evaluation and determined the reasons of their occurrence and possible improvement opportunities, on the basis of the obtained results, a
model of statutory institution employees and their activity evaluation improvement with the indicated in a research problematic fields, improvement possibilities and expected positive results is provided.
National Intellectual Capital Influence on Economic Growth

JEL Classification: O34, O47, O52, I25

Keywords: national intellectual capital, human capital, structural capital, social capital, relational capital, economic growth

Abstract

Research background: importance of intangible resources for country’s economic growth is widely recognized. However, empirical evidence of this influence is hard to show due to measurement limitations of intangible resources. Majority of empirical studies concentrates on specific type of intangible resource analysis to economic growth. National intellectual capital concept provides background for an integrated assessment of the country's intangible resources. This new approach enables to estimate intangible resources influence to economic growth in more complex way.

Purpose of the article: to examine various scientific approaches of the national intellectual capital and its impact on the economic growth; to offer the national intellectual capital influence on economic growth measurement model; to evaluate the specific European Union countries’ intellectual capital’s effect on their economic growth.

Methodology/methods: scientific literature analysis; econometric analysis; refined factor value computation method using the standardized regression coefficients; the SAW method; Cronbach's alpha coefficient; cluster analysis; correlation and regression analyses.

Findings: a review of the economic growth theories showed that structural components of intellectual capital (human capital, structural capital, social capital, relational capital) in economic growth theories are analyzed as the key determinants of economic growth. Empirical analysis of 25 European Union countries’ intellectual capital’s effect on their economic growth rate revealed that national intellectual capital and the countries’ level of economic development have statistically significant impact to economic growth rate. The analysis of intellectual capital components’ influence on economic growth rate of 25 European Union countries showed that only human capital and the level of economic development have statistically significant influence. A more comprehensive human capital’s influence on economic growth analysis revealed that 63.1 percent of the long-term economic growth rate in 25 European Union countries can be explained by differences in their economic development level and differences in educational achievements factor values. Moreover, analysis of national intellectual capital effect on economic growth in separate clusters allowed to identify influence differences in those countries’ groups.
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Anti-crisis Aid as Part of the Stabilisation of the Financial System

JEL Classification: H84; G17; G01

Keywords: State aid; financial system; financial stability; financial crises

Abstract

Research background: The scale of the financial crisis and its consequences, both for the financial system and for the real economy, have proved to be so significant that the occurring instability required taking radical and extensive aid measures, the responsibility for which was taken primarily by the state institutions. They decided to implement various forms and scopes of anti-crisis aid, the consequences of which, both positive ones and the costs of their implementation, are and will be felt in the future. The array, forms and scope of the anti-crisis aid have not been clearly defined, but it is related with supporting enterprises that are in bad financial condition, and are at risk of liquidation in connection with the occurrence of “a disturbance in the economy of a Member State”.

Purpose of the article: In this paper the authors focus primary on presenting and evaluation of efficiency of the instruments triggered by national institutions within frames of state aid.

Methodology/methods: Analysis of existing researches, European Union data analysis, comparing the data relevance, estimation of value levels, the presentation of investigated dependencies,

Findings: In this article one indentified the new approach to present the clue and importance of the stability of the financial system in the context of the assessment of the scale and forms of the anti-crisis aid. The review of instruments of state aid for banking sector was performed. The scale of state aid was evaluated.
Consequences of Brexit: Reindustrialization or Servitization in the EU

JEL Classification: L50, L60, L80, F13

Keywords: EU Industrial Policy, EU Internal Market, servitization, services, International trade

Abstract

Research background: After industrialization and globalization, the world economy, including the European one, faces servitization process. Manufacturers, seeking competitive advantage, have started offering their goods in tandem with services, because the latter represent more value added and help them achieve a better and more profitable position in the value chain. The European Union follows that trend and many European companies decided to apply service approach as part of their regular manufacturing activities. The question provoked by the UK is if, to what extent, and how Brexit will change the structure of the EU economy and trade, as well as how it will impact EU competitiveness.

Purpose of the article: The aim of the article is to evaluate the scale and direction of changes in the EU economy and intra- and extra-EU trade as a consequence of Brexit.

Methodology/methods: In order to identify potential consequences of Brexit for the EU economy and trade we selected economic (manufacturing and service) activities of the EU internal market and analysed changes in value added, value of intra- and extra-EU export, as well as competitiveness indices of the EU with and without the UK in absolute and relative values in the period of 2010-2015.

Findings: UK is the absolute/unquestionable leader of servitization in the EU. In previous years (2010-2015) it dramatically increased its shares in value added and intra-EU trade in some industry and business oriented services. Therefore, Brexit, without an agreement on the freedom to provide services, will cause substantial turbulences in manufacturing sectors due to the lack of strong and well developed services in a short time. On the other hand, it may open this currently very competitive market to other companies, including those from Central and Eastern European countries.
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Developments and Challenges of Measuring M&A Performance on a Corporate and Macroeconomic Levels

JEL Classification: G34; N1; D2; O1

Keywords: M&A; developments; methodology; strategy; economic model.

Abstract

Research background: Within the focus of value creation to merging and acquiring firms and national countries, this paper presents the results of a research which has the aim to identify and critically discuss existing methodologies in the merger and acquisition field. Specifically, the paper distinguishes between specific methodologies employed to measure M&As performance on a firm level, and methodologies measuring consequences and effects of M&As on the economy and society level. The final section of the paper concludes with a theoretical methodological frame-work integrating methodologies employed to measure M&As performance on a firm level and methodologies measuring consequences and method-odologies measuring effects of M&As on the economy in one theoretical model. The aim of the analysis described in the paper is to ascertain and evaluate theoretically existing methodologies used in empirical studies that would allow proper and critical understanding of the results of various find-ings in the holistic and global M&As area.

Purpose of the article: The purpose of the paper is to investigate and critically discuss methodologies employed within the M&A performance framework. Following objectives are being raised: 1. Identify and critically discuss existing methodologies measuring M&As performance on a corporate lev-el; 2. Identify and critically discuss methodologies measuring consequences and effects of M&As on the economy; 3. Integrate methodologies measuring M&As performance on a corporate level and methodologies meas-uring consequences and effects of M&As on the economy into theoretical methodological framework enabling scholars and practitioneers to evaluate M&A performance from a holistic perspective.

Methodology/methods: Based on previous studies the authors conduct a structured literature review aimed to critically discuss and evaluate developments and challenges of measuring M&A performance on a corporate and macroeconomic levels. The research is carried out as a structured assessment of past literature. The findings from scientific articles and studies by various scholars are being categorized, grouped and summarized to discern a meta-analytic view of the work carried out to date.

Findings: The paper evidences developments and challenges of measuring M&A performance on a corporate and macroeconomic levels. The research elaborates on several key developments in M&A methodology and performance studies carried out in empirical works during the last two decades. The findings help to independently and objectively assess performance of M&A from a holistic perspective.
Market Development and Competitiveness of the Polish Forestry-wood Sector

JEL Classification: Q21; Q23; Z21

Keywords: market; development; competitiveness; price; forestry

Abstract

Research background: The paper presents the results of research on growth and development of the forestry-wood sector in sustainable economy. The conditions of growth and development of forestry-wood sector were taken into consideration in this paper. Michael E. Porter's reasoning was used for the solving of the scientific problem in this work: "... competitiveness of a particular company will be largely dependent on the four primary factors: available factors of production; demand factors; developing an appropriate industry system (supporting and relating industries) of associated trades; conditions of creating, organizing and managing enterprises. The efficient use of productive resources – competitiveness (competitive ability) of the economy depends not only on production factors that the economy has, but also on its efficient use, while the chance to hold the ability to compete depends on the efficient use of production resources".

Purpose of the article: The aim of the paper is to present the influence of raw materials prices on the effects of wood industry sectors.

Methodology/methods: Sours data were obtained from yearbook of the CSO “Forestry” from the years 2005-2015 and branch yearbooks from the years 2005-2015”. The indices of the dynamics were used for exhibition of the developmental trends and the rate of the growth of the forestry wooded sector.

Findings: The price of the raw material obtained in sustainable economy conditions has the greatest influence on the effects of general wood industry sections, which are using the raw material by own production process, such as: manufacture of furniture; manufacture of products of wood, cork, straw and wicker; manufacture of paper and paper products.
Determinants of Successful Development Strategies in Best Performing Sub-Saharan African States

JEL Classification: O1; O3; O4

Keywords: economic development; sub-Saharan Africa; technology development; new structural economics

Abstract

Research background: Economic development in sub-Saharan Africa is of paramount importance, yet it escapes most of the attempts to understand it better in the economic discourse and it remains a sensitive issue in politics, contradicting stakeholders on national and international levels. The region still lags behind others in terms of technological advancement and economic development. It grew significantly in the precedent decade, but the extent of growth has not sufficiently translated to its development. Determining strategies for sub-Saharan Africa is a scientific challenge, which requires more attention. In the globalized, interconnected reality, solving problems of the South is in the best interest of the North.

Purpose of the article: The aim of this research is to analyze factors of economic development in best performing sub-Saharan African countries on the grounds of new structural economics in order to determine successful strategies and provide policy implications.

Methodology/methods: Namibia, Botswana, South Africa and Gabon were selected as best performing economies in the region. Based on the literature review and the analysis of descriptive statistics, profiles of sample countries were set. This in turn allowed to determine potential explanatory variables for OLS model of economic development in 1990-2010. In the model, factors relating to labor productivity, technology, and structural change were included. The data was sourced from WDI database, Gretl software was used for computations.

Findings: This paper contributes to the literature by attempting to explain the process and factors of economic development in the sub-Saharan region on the sample of best performing states. New structural economics concept was applied to understand the problem of underdevelopment, going beyond pure description of the status quo, proposed in majority of research on the region. Based on the results, policy implications were proposed with respect to technology promotion, natural resources management, and quality of institutions. The research was limited by data availability and reliability.
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The Role and Significance of Human Capital in the Knowledge Diffusion Process in the Agricultural Sector

JEL Classification: O15; O34

Keywords: human capital; knowledge; public agricultural advisory; agricultural advisors

Abstract

Research background: Development of economy depends less and less on material factors; it is increasingly dependent on human capital and knowledge. It is important for the knowledge to be diffused in all possible directions, and not only to technologically advanced sectors, which are characterised by high competitive potential. Transfer of knowledge should take place in traditional sectors, including agriculture. The condition for its efficient flow is a smoothly operating system of knowledge transfer. In Poland, this system is complex and its important links are public agricultural advisory centres and people employed in them are an important link in the system of agricultural knowledge transfer.

Purpose of the article: The objective of the study is focused on presenting the role and the significance of human capital in the process of knowledge dissemination in the agricultural environment. In particular, the author highlights features and skills that an agricultural advisor should possess and discusses the methods of knowledge transfer to farmers, which are used in the advisor’s work.

Methodology/methods: The source of information used most in the study was primary data collected via a questionnaire. The study encompassed 269 employees of agricultural advisory centres in three provinces: Lubelskie, Podlaskie and Warmińsko-Mazurskie.

Findings: According to the performed study, agricultural advisors should primarily possess a pool of theoretical knowledge – such opinion was expressed by as many as 85.87% respondents. Equally important are practical skills and ease in establishing contacts (85.50% and 82.12% of indications, respectively). Due to these characteristics, the advisors are not only able to gain people’s trust, but they also solidify their prestige and develop their authority. Good substantive preparation and technical knowledge can guarantee success only to a certain degree. Very important are methods used by the agricultural advisors. It should influence farmers to manage their farms rationally and make optimal decisions, offering most benefits. Practical and experimental methods are used most often in the work of an agricultural advisor.
Assessing the Concept of Innovative Business Model with Regard to IT Enterprise

JEL Classification: O21; O31; O32; O33

Keywords: business models, entrepreneurship, ICT, intellectual potential, technological innovation

Abstract

Research background: The complexity and dynamic changes of external conditions necessary for enterprises to function and increased competition in the local and global markets impose constant search for the most effective business model for the development of organizations. Its accurate identification and measurement influence the utilization of internal capacity of organizations, market opportunities and application of adequate instruments of competition.

Purpose of the article: The scientific purpose of the study is an attempt to conduct a creative synthesis of innovative business models on the basis of literature review and desk research. The cognitive purpose is the identification and qualitative analysis of factors that determine the development of business model using an example of a young and innovative IT enterprise. Particular attention was paid to the potential of intellectual resources and value proposition offered by the enterprise on the international market.

Methodology/methods: The paper is of analytical and conceptual character. The application of the empirical method of a case study has made it possible to characterize the essence of creating an innovative business model and illustrate the progress of the studied phenomenon in business practice. The exploratory research has been conducted using the example of MindEater Ltd. The considerations may provide a starting point for an in-depth empirical research.

Findings: The research results reveal the existence of interdependencies between intellectual potential of staff members and success in business practice. Explanation of the critical success factors illustrates how the existing theory is experienced by practitioners. By creating and implementing innovative business model, the enterprise must take into account the context of micro-business as well as social, economic and political environment in which it operates and the goals and mission of its activity. The conducted research is an authorial attempt to explain the process of creating an innovative business model and confirms that domestic market often turns out to be too small for the needs of growing companies in the IT sector. Enterprises are looking for broader perspectives, new business partners and engaging and promising projects, which involve the need to present their offer in foreign markets.
Research background: Digital marketing has changed the nature of company-to-customer communication. With rising information overload and reduced decision-making time, touchpoints have gained additional importance by yielding customer loyalty. Yet the existing digital marketing tools have failed to keep pace with these trends. Companies are lacking a simple framework that focuses on a digital marketing strategy built around touchpoints and customer loyalty. This is especially relevant for B2B companies, which due to their specifics are more dependent on customers and less flexible in adapting to new digital trends.

Purpose of the article: A B2B business strategy tailored to digital trends demands a re-evaluation of prior understanding of a product portfolio, a company’s internal and external environment. The purpose of the article is to present a framework that helps to undertake the necessary changes and enables the connections with industry.

Methodology/methods: The suggested model has been drawn from the literature review and been extended based on the findings of an empirical multiple case study.

Findings: Aspiring to follow trends in digital marketing and to help B2B companies to adapt their strategy to ongoing changes in company-to-customer communication, a new framework has been developed. The framework aims to increase customer loyalty and focuses on channels/touchpoints, assets, skills, audience and customer journey. The model could be beneficial for Chief Marketing Officers (CMO) and other C-levels by offering a simple and reliable tool for improving a company's position in the digital marketplace. Moreover, it enables continuously adjustment of an already existing business strategy.
What Drives Local Public Investments? Evidence from Poland

JEL Classification: D78; H72; R53

Keywords: investment activity; municipal government; fiscal federalism

Abstract

Research background: Local public investments satisfy basic local communities’ needs and are crucial from the perspective of regional convergence. Against this background, investments by Polish local government pose as an interesting research subject. Firstly, since 2005 Poland has experienced a marked increase in public investments. Secondly, whereas the share of local public investment in total public investment in Poland is slightly below an average for subnational governments in OECD countries, the ratio of subnational investment spending to GDP in Poland is among the highest ones. It follows that local public investments exert considerably significant influence on the Polish economy. Previous studies on the determinants of local investment spending in Poland focused on fiscal capacity and made use of aggregate time-series data (Sekuła, 2013; Sekuła and Basińska, 2014; Sekuła and Basińska, 2016).

Purpose of the article: The paper aims to identify fiscal, demographic and infrastructural determinants of municipal investment spending in Poland.

Methodology/methods: I use panel data for 2412 Polish municipalities over the period 2007–2014. The baseline specification employs a two-way fixed-effects (FE) model that controls both for municipality and year fixed effects. To test for robustness, the sample is restricted to municipalities with up to 20,000; 10,000 and 5,000 inhabitants.

Findings: Investment spending increases both in own revenues and grants. On the contrary, I document the negative impact of indebtedness level and the coverage of water supply and sewage systems. The coefficients on population size and the share of old inhabitants cease to be negative and statistically significant for municipalities with less than 10,000 inhabitants. The results indicate that, apart from fiscal capacity, the investment policy of Polish municipalities is affected by economies of scale, local communities’ preferences and infrastructural endowment. The study also shows that incurring debt should be of particular concern for supervisory and control bodies.
Abstract

Research background: Circular economy in the most recent scientific literature and conducted research, is recognized as one of the most advanced models of sustainable economic growth, ensuring competitiveness and opening new businesses with the potential to offer long-lasting economic, environmental and social benefits. Investment in technological innovations may be a way to implement the principle of circular economy at micro (company) level. However, there is a gap in the literature in a systemic research of circular economy technology definition and classification of technologies in the context of creating eco-design products and achieving zero-waste production. Thus this theoretical paper provides a contribution to fill this gap.

Purpose of the article: The aim of this theoretical paper is to define the concept of circular economy technology and to classify these technologies.

Methodology/methods: The methods of systemic, comparative and logical scientific literature analysis, constructive research approach were used in the research. This study provides an extensive review of the scientific literature, with the purpose of grasping the concept of circular economy technology at micro (company) level: origins, definitions, classification, modelling of possibilities to gain, adapt or create circular economy technologies for circular economy implementation.

Findings: Results evidence that technologies can be classified into basic technologies and technologies to implement circular economy, and the latter could be separated into technologies for eco-design products and for future manufacturing technologies as been detailed in the paper. This research could be useful for preparing government regulation in order to enable the implementation of circular economy, forecasting the need government investment and the institutional efforts to advise and convince companies towards actions implementing circular economy.
Whose Feedback Matters? Empirical Evidence from Online Auctions

JEL Classification: D12; D81; C57; M31; C25

Keywords: online sales, reputation, feedback mechanism, tobit regression

Abstract

Research background: For several years now we have been observing growing importance of electronic markets and especially online sales (auctions) platforms. Due to the lack of personal contact between a seller and a buyer, consumers’ decisions in online auctions entail a higher risk than this taken in traditional retail. The reputation assessment in online auctions is enabled via seller ratings, which accumulates the feedback from the previous transactions. Thus the reputation is the key criterion for evaluating trustworthiness in e-commerce and reduces perceived-risk of the following purchase.

Purpose of the article: In the paper we explore the effects of the positive/negative feedback on the prospective consumers’ purchasing behaviour – auction outcomes measured by volume of sales or number of new visits. We contribute to the literature by discriminating between the feedback from buyers and sellers.

Methodology/methods: Following Lucking et al. (2007) a number of papers has analysed the data from web spider program to identify the determinants of the buy-it-now auction performance. The dataset was collected using a web spider on the Allegro platform. Empirical analysis is performed by using tobit censored regression. In addition to a split of feedback into the one from buyers and sellers, we also distinct the effects of positive and negative ratings.

Findings: The results reveal that feedback from auction issuer’s selling activity increase both sales and new visits of auction. The effects of feedback from buying activity are significant only for visits. The hypothesis about positive and negative feedback asymmetry can be confirmed by our results, which is in line with the prospect theory propounding the larger absolute effects of losses compared to gains (Kahneman, Tversky, 1979).

The inclusion of two-dimensional feedback asymmetry allowed us to omit the bias of the aggregation of reputation present in other studies in this field.
The Diversity of Socioeconomic Development of Rural Areas in The Western Borderland and The Problem of Post-State Farm Localities

JEL Classification: O210; Q15

Keywords: peripheral areas; rural areas; the western borderland

Abstract

Research background: One of the major dilemmas of regional policy is the answer to the question whether the growth should be concentrated at the core or if there is growth and development potential in each territory (Barca, McCann, Rodríguez-Pose 2012, p. 149). The arguments which refer to the place-based policy stress the fact that making use of the unused potential of intermediate and poorly developed territories may actually influence the local and national level of development (Farole et al., 2011). Rural areas, especially peripheral areas, are undoubtedly the territories of unused potential.

Purpose of the article: The aim of the research is to measure the socioeconomic development, including the spatial diversification leading to the development of rural peripheral areas.

Methodology/methods: Development is a multidimensional phenomenon. Therefore, its level will be determined by means of the synthetic feature. The construction of the synthetic feature will be made according to the methodology suggested by Wysocki & Lira (2005). The synthetic feature will be used as the starting point for identification of peripheral areas and their delimitation. Cluster analysis will be used for this purpose.

Findings: The results of the analysis showed significant differences level of socioeconomic development of rural areas in the western borderland. The current state of rural areas in the western borderland is the effect of several leading conditions. The local systems of rural areas in the western borderland were considerably changed by transformation of the political system. The liquidation of state-owned farms, which used to be the main employer and provider of the technical and social infrastructure in rural areas, caused a nearly tenfold drop in the employment in agriculture with simultaneous lack of non-agricultural employment opportunities, which resulted in very high unemployment. On the other hand, opening the borders gave a chance to those areas and enabled economic acceleration. Although it took place, it did not affect most of the rural areas. Besides, economic migration started, mainly to Germany, which also weakened the frail structure of rural communities of the borderland.
Country of Origin as a Determinant of Young Europeans` Buying Attitudes – Marketing Implications

JEL Classification: M31; M37; M11

Keywords: Country of Origin Effect; buying decisions; young Europeans; brand

Abstract

Research background: Country of origin and brand image are among the main factors influencing consumer buying decisions. The phenomenon known as the Country of Origin Effect (COE) refers to the influence of a country’s image on consumer product evaluations and the perception of brands originating from specific countries. The COE describes consumer attitudes towards certain product categories and is connected with the perception of quality of such products manufactured in particular markets. The changing market conditions and proliferation of hybrid products cause certain problems for consumers who find it increasingly difficult to identify the country of origin of specific products and face a dilemma whether a product manufactured in China is of equal quality as a product of the same brand but manufactured in France.

Purpose of the article: The main purpose of the paper is to identify the young Europeans’ attitudes towards the country of origin of purchased products. An attempt has been made to answer two research questions: firstly, whether are young Europeans guided by stereotypes associated with the country of origin of specific product categories in their conscious buying decisions? Secondly, do young European consumers attach higher value to a product’s brand than its country of origin?

Methodology/methods: The analysis has been based on literature studies and empirical data collected among 1362 respondents from eight European countries (Czech Republic, Finland, France, Germany, Poland, Portugal, Spain and Great Britain). In the exploratory empirical study, the author of the paper used two research methods: PAPI (Paper and Pen Personal Interview) and CAWI (Computer Assisted Web Interview).

Findings: The study results reveal that in some countries, namely Poland and the Czech Republic, young consumers are guided in their deliberate buying choices by certain mental schematics perpetuated, for example, in the mass media (the best wine comes from France, best watches are made in Switzerland, and superior quality cars originate in Germany). Respondents representing other nationalities showed more support for domestic products. By far the most ethnocentric in their choices turned out to be the French who in almost all product categories showed preferences for products originating in their country. Furthermore, the empirical study showed that with respect to different product categories young European consumers attach more importance to a product’s brand than its country of origin.
Use of Competitive Intelligence in the Organization – Selected Results of Research

JEL Classification: D83; C89; L29

Keywords: Competitive Intelligence; process Competitive Intelligence

Abstract

Research background: The methods of collecting data from different sources are still developing, what causes increase in their ability to fulfill data repositories. In many areas of the organization’s activities are observed - though often not openly allowed to - that only a fraction of the available information is taken into account during evaluation of activities of the company and its competition, and later in decision making. The same is true regarding attempts to explore the interesting and potentially important relationships that occur between previously unconnected partial information. It seems that the Competitive Intelligence (CI) proves to be an important tool for the development of research and development activities and to strengthen the competitiveness of the organization. Organizations that use CI are able to detect opportunities and risks at an early stage of their formation, to obtain the information needed for decision-making and choosing the an appropriate strategy. Competitive Intelligence is a process involving the collection, analysis and transmission of information about the environment to help in strategic decision-making. Due to this fact, CI strengthens the foundation for strategic decision-making process.

Purpose of the article: The main purpose of the article is to present both, the characteristics of the Competitive Intelligence technology and research results, concerning its use in the organization's activities. In the paper, the chosen definitions of Competitive Intelligence and the process of Competitive Intelligence are presented. In the next part, we present the results of research on the use of Competitive Intelligence systems in organizations.

Methodology/methods: As part of a research project direct survays with the use of survey questionnaire were conducted. The survey was carried out among companies from manufacturing, service and trade branch. The study was prepared 100 survey questionnaires, of which 61 were received correctly questionnaire (representing 61% of feedback surveys).

As part of a research project conducted direct research with the use of survey questionnaire. The survey was carried out among companies in the manufacturing, service and trade. For this purpose, 100 survey questionnaires were sent, and received back 61 properly filled questionnaires (representing 61% of surveys feedback).

Findings: The results of the research presented in this article allowed to formulate many interesting conclusions, which concerned: purpose of use CI in organizations, sources of data used in CI systems in organizations, the state of preparation of organizations to implement CI, identification of departments to which CI has been implemented, the benefits, problems and failures that result from the use of CI in organizations.
Concept of Dynamic Analytical Capabilities in Building the Competitive Advantage of the Organization

JEL Classification: D21; D89; J24

Keywords: dynamic analytical capabilities; analytics; competitive advantage; analytical organization; analytical maturity

Abstract

Research background: The contributory factor to undertake the subject was a research gap regarding the role of dynamic analytical capabilities in building the competitive advantage of the organization. The analyzed issue is gaining in importance in an era of increasing requirements for the reinforcement of competitive position of organizations, creation of unique resource bundles, ability to access extremely rapidly growing amounts of data, development of business intelligence, and even analyses competition. A number of scientific papers and case studies have shown that Dynamic analytical capabilities (DAC) of the organization can provide benefits to organisations and creating competitive advantage.

Purpose of the article: The purpose of this paper is to identify dynamic analytical capabilities of the organization as an emerging research area on building a competitive advantage. Also the objective of this paper is to presents theoretical model which describes the relationship between the three elements: dynamic analytical capabilities of the organization, analytical maturity and competitive advantage.

Methodology/methods: In order to achieve defined purpose the critical literature analysis on dynamic analytical capabilities of the organization, analytical maturity and competitive advantage will be performed. Critical literature analysis on dynamic analytical capabilities of the organization will include three relevant areas of the literature: business analytics, resourced-based view including dynamic capabilities and analytical maturity of organization. Due to this fact this paper state a theoretical study.

Findings: The article presents the concepts of dynamic analytic capabilities, taking into account factors that affect on it. As a result of literature research I constructed a theoretical model showing the relationship between the dynamic analytical capabilities, analytical maturity and competitive advantage. The results of studies led me to make the statement that the analytical maturity of the organization is a mediator of relationship between dynamic analytical capabilities and competitive advantage of organization.
The Determinants and Development of Crowdfunding in the Countries of Central and Eastern Europe – Where and Why do People Choose and Use It?

JEL Classification: G24; L26; M13; O16; O53

Keywords: crowdfunding, social funding, innovation, financing, CEE

Abstract

Research background: Crowdfunding (CF) is a method of raising money for projects and enterprises by means of an online platform. Since around 2003 it is getting popular, expanding during world’s financial crisis and becoming a natural method of pre-financing for start-ups before reaching out to investors. The estimations gave the scale of raising worldwide 35 bn USD via CF platforms in 2015. In 2016 CF was on track to surpass venture capital investments. Nevertheless, this method doesn’t progress equally worldwide and it is essential to find out what makes the difference of its development between the countries.

Purpose of the article: The aim of the article is to examine the potential relation between: (1) the level of financing development, defined by the variety, availability and condensation of funding sources, (2) the welfare and macroeconomic features of the countries, (3) structure of population, (4) the development of newly founded enterprises, and (5) availability of social financing, with the special emphasis on CF. The research is dedicated to the chosen countries of Central and Eastern Europe (CEE) in the period of 2005-2015, giving a perspective of changes in different terms of economy.

Methodology/methods: This article, theoretical and empirical in character, is based on international desk and field research findings. The authors used methods of data collection, organizing and processing information. They investigated macroeconomic data in chosen CEE countries and reports prepared by the European Commission, EVCA, Massolution, EY and Cambridge University. Moreover they implemented methods of analogy and deduction, while studying papers, as well as the selection, analysis and synthesis methods.

Findings: The relation between the level of countries’ development and variety of external sources of financing was found significant. The important factor was also a population structure determining the innovation and start-ups’ growth in the analysed countries.
Factors Determining the Effect of Financial Risk in the Entrepreneurial Environment of Small and Medium-sized Enterprises in the Czech Republic

JEL Classification: L26

Keywords: financial risk; doing business; entrepreneur; management

Abstract

Research background: Entrepreneurs enter into business with the aim of gaining the maximum possible profit. They are increasingly willing to tolerate the effect of a greater intensity of financial risk. Factors which influence the intensity of financial risk in a business are related not only to the securing of financial resources, but also to crucial decisions on the parts of entrepreneurs or the ability to manage financial risk during a crisis in small and medium-sized enterprises (SMEs).

Purpose of the article: The aim of the article is to define and quantify the significance of factors which influence, by their character and effect, the intensity of financial risk in the SME entrepreneurial environment.

Methodology/methods: The selection set represented 1,141 SMEs. It was carried out in the Czech Republic in 2015. We used the “inquiring in the form of an online questionnaire” method of ascertaining data. To fulfil the main aim, we used the methods of regression and correlation analyses with the aim of determining the relationship between the intensity of financial risk and the determinants thereof. In the first step, we carried out descriptive statistics (pivot table, scatter plot, skewness, kurtosis, normal distribution plot, and histogram). In the second step, we verified assumptions by carrying out regression modelling and by testing the normal distribution of data in determinants, the assumption of linearity, multicollinearity and homoscedasticity of variables (t-test, z-test, VIF test, Bartlett’s test, F-ratio), and interpreted the results (estimate coefficient of parameters, coefficient correlation, coefficient determination). All the realised tests were carried out on a 0.05 level of significance using IBM SPSS Statistics, Version 23 software.

Findings: On the basis of the results of the questionnaire investigation and using regression and correlative data analysis, we quantified the statistical significance of determinants which influence the intensity of financial risk in the SME segment. The result of key factors serves as a basis for proposing measures in the context of preventing a business from the intensity of financial risk.
Abstract

Research background: Bankruptcy literature is populated with scores of (econometric) models ranging from Altman’s Z-score, Ohlson’s O-score, Zmijewski’s probit model to k-nearest neighbors, classification trees, support vector machines, mathematical programming, evolutionary algorithms or neural networks, all designed to predict financial distress with highest precision.

Purpose of the article: We believe corporate default is too an important research topic to be identified with the prediction accuracy only. Despite the wealth of modelling effort, a unified theory of default is yet to be proposed. Due to the disagreement, both on the definition and hence the timing of default as well as on the measurement of prediction accuracy, the comparison (of predictive power) of various models can be seriously misleading. The purpose of the article is to argue for the shift in research focus from maximizing accuracy to the analysis of the information capacity of predictors. By doing this, we may yet come closer to understand default itself.

Methodology/methods: We have critically appraised the bankruptcy research literature for its methodological variety and empirical findings. Default definitions, sampling procedures, in and out-of-sample testing and accuracy measurement have all been scrutinized. We believe the bankruptcy models currently used are, using the language of Feyerabend, incommensurable.

Findings: Instead of what we call the population of models paradigm (the comparison of predictive power of different models) prevailing today, we propose the model of population paradigm, consisting in the estimation a single unified default forecasting platform for both listed and non-listed firms, and analyze the marginal contribution of the different information sources. In addition to classical corporate financial data, information on both firm's strategic position and its macroeconomic environment should be studied.
Influence of the Cultural Background at Small and Medium Sized-Enterprises Innovations in Regional Dimension

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JEL Classification: O31; O47; R11

Keywords: innovations in small and medium enterprises; SME’s growth; innovation; cultural background; SME’s regional dimension

Abstract

Research background: Small and medium-sized enterprises play a crucial role in developing the economy. They also employ more than half of the workforce, meanwhile in European Union countries they make up 99 percent of all enterprises (Dietl, 2009) as well as they are at the forefront of technological innovations and export diversification (McGrath & MacMillan, 2009, European Commission 2013, Jasińska-Biliczak, 2015). Being the fly-wheel for economies (Shafer et al., 2005) are also called “hidden champions” of 20th century (Simon, 1992). Over the past few years, a number of Europe-wide analyses (Cedefop, 2012, 2013) have emphasised the importance of investing in SME’s. Also their cultural environment is very important – it exists as the background to many decisions – social, managerial and developmental – because it influences their owners’ and/or managers’ point of view (Hofstede et al., 2010). It emphasises that innovation performance and development of knowledge, skills and competences as well as cultural background of the companies reinforce each other.

Purpose of the article: Present research is the attempt to pointing the key role of small and medium-sized enterprises in regional economy at the example of Opolskie Voivodship. The results presented in the paper will contribute to stimulate, develop and adopt the policies at regional level. Those policies which aim / take into account the regional dimension of SME’s growth and their cultural base. The research novelty is the new questionnaire for innovations in regional SME’s and their cultural background, new approach to innovations as the sum of many different factors – in regional dimension.

Methodology/methods: There were applied the methods of desk research as well as fields research with using in-depth interviews to achieve so stated research purpose. For better understanding of research results there was applied the mapping as the interdisciplinary visualization technology.

Findings: There was studied the phenomenon of innovations in SME’s with their cultural background in regional dimension. Research allows to state that in analysed region, which has strong settling in multicultural environment, it is possible to point cultural background as the factor having influence at innovations in SME’s as well as to point the need to take that finding into account by regional authorities during regional policy planning, especially connected to enterprises’ development. There should be undertaken actions directed to the SME’s by themselves for using the cultural factor as the strong side of the enterprise on the
one way, and, on the second to exchange experiences based at the cultural backgrounds between the SME’s in region. So connected and planned actions may bring the effect in the form of best practise spreading in region as well as contribute the innovative growth in SME’s sector in region.
Transformations of the Art Market in the World
– Quantitative Approach

JEL Classification: C1; D4; F6; Z11

Keywords: art market; art economics; art; market analysis, cultural economics

Abstract

Research background: The dynamics of the art market is usually presented using price perspective, price indexes for the market and financial returns. In this paper the value and volume approach is proposed, that haven’t been considered in aggregative way for a longer period of time in the literature.

Purpose of the article: The presentation of changes taking place in the global art market in the period 2002-2015 is the aim of the paper. The results of dynamic analysis of the art market have been presented, including the two approaches: value and volume of transactions. The impact of the global crisis on the art market have been considered.

Methodology/methods: In order to present the changes on the global art market statistical indexes of dynamics (single base and chain indexes) have been used. Moreover the trend analysis have also been conducted for the value and volume of transactions on the art market. The sources of data on the global art market have come from Artprice, ArtTactic, TEFAF (The European Fine Art Foundation).

Findings: In the analyzed period 2002-2015 the changes of sales on the global art market had in general increasing tendency. The value and volume of sales have reached their tops in 2007 and 2014. The art market has been touched considerably by economic recession in 2009, but in the next year it has already staged a recovery. The trend analysis have allowed to describe the changes on the market by means of mathematical functions. The analysis have allowed to identify the countries with the largest share in the global art market. A particular attention has been paid to the existence of triad on the art market, including the countries of Europe, USA and China. It is noteworthy that Europe and USA have dynamically lost their market share in favor of China.
Gender as Determinant Factor of Routes for Registered Unemployment Exit

JEL Classification: C41; J64

Keywords: competing risk; cumulative incidence function; the Lunn-McNeil model; unemployment; gender

Abstract

Research background: Numerous studies show that men’s and women’s situation on the labour market differs. Women’s disadvantageous position on the labour market has been confirmed by statistical data. Finding a job is just one of many causes why an individual is crossed out from the labour office register. The registered unemployed can retire, apply for invalidity pension, receive early retirement benefits or start full time studies. One of the most common causes of de-registering is the unemployed person’s unjustified refusal to accept a job offer. The above causes are regarded as competing risks of various kinds.

Purpose of the article: The purpose of this article is to assess the effect of the unemployed individual’s gender on the probability and intensity of de-registering from the labour office lists due to finding a job, de-registering or other causes.

Methodology/methods: The study made use of the survival analysis methods. The assessment of the probability of de-registration due to a specific cause was made by means of the cumulative incidence function. The intensity of de-registration was tested with the Lunn-McNeil model. Differences in the effect of gender on the de-registration possibility were tested with the use of Gray’s test. The study was based on individual data of people registered by the Labour Office in Szczecin.

Findings: Among women, job-finding was the most common cause of de-registration, followed by the removal from the register. In the case of men the order was reversed, the most probable de-registration cause was the removal, followed by job-finding. The remaining causes were of marginal significance, both for men and women. Women took up a job more intensively than men and were less intensively removed from the register. The differences between males and females in the intensities of de-registering due to the remaining causes were not statistically relevant.
The Impact of Developmental Expenditure on the Growth of Competitiveness at the Local Level

JEL Classification: H72; H76

Keywords: development policy; local government budgets; developmental expenditure; competitiveness, tax revenue

Abstract

Research background: Development policy in Poland is based on various strategic documents, and it utilizes both the national resources and the European funds. Managing development at the local level is an important element of this policy. Many facets of this management are of incessant interest to the theory and practice of public finance. One of undisputed findings is the relationship between development and increase in competitiveness. However there are no studies showing the relationship between the shape of local government expenditure policy and increase of competitiveness at the local level.

Purpose of the article: The paper is focused on demonstrating the importance of specific groups of public expenditure implemented by local government units for development processes at the local level. Determining the role local public expenditure can play in development strategies implementation is crucial to achieving the goals set forth in these strategies. Therefore the authors tried to answer the question whether the implementation of certain local budget expenditure positively impact the level of local government tax revenue, which determine the ability to provide public services, while creating a boost to the growth of competitiveness.

Methodology/methods: On the basis of international consensus on the impact of individual factors on the competitiveness measured at the national and regional level (Global Competitiveness Report, Regional Competitiveness Index), the authors proposed the concept of public developmental expenditure and they adjusted it to current standards of budget reporting. In turn, the indicator of tax revenue per capita was chosen to measure the achievement of the objectives of development policy at the local level. This indicator is commonly regarded as a general measure of the relative prosperity of local government units.

The study covered all major cities in Poland (poviat-cities). The first stage of the study was to verify the volume of the developmental expenditure over the reference period (2005-2015) in each local government unit covered by the study and to categorize local government units, depending on the significance of the developmental expenditure in their budgets. Next the authors calculated average tax revenue per capita in the local government units covered by the study. Regression analysis constitutes the last stage of the study.
Findings: The observations that had been made, allowed to draw some conclusions regarding both the usefulness of proposed classification of developmental expenditure for the processes of planning, monitoring and evaluation of development strategies and the importance of developmental expenditure for the growth of competitiveness. The proper allocation of budgetary resources in developmental projects should lead in the long run to the growth of local economy and thus also to increase in local budget revenue.
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Research and Development and Gross Domestic Product Per Inhabitant in the Visegrad Group

JEL Classification: O11; O47; O57

Keywords: economic growth; Visegrad Group; comparative study; regression analyze;

Abstract

Research background: This contribution analyses the relationship between Research and Development funding’s and economic growth within the Visegrad Group during the period 2005-2014. The studied geographical area is regions NUTS 2 of the Visegrad Group. The indicators considered in this contribution are GDP per inhabitant, percentage of GERD performed by business sector and GERD as percentage of GDP. The econometric analysis show that R&D Intensity is an important driver of economic growth (R = 0.64) that is measured by GDP per inhabitant in PPS. This contribution is the result of a two-phase research fellowship funded by the Internal Grant Agency of the Brno University of Technology. The first phase project research produced a regression analyze with dependent variable GDP per inhabitant and independent variable GERD as percentage of GDP. In the second phase of the research were formulated econometric models.

Purpose of the article: This contribution answers the following question: Can the Visegrad Group Members reach the Europa 2020 Strategy target in R&D, i.e. 3% of GDP to be invested into the R&D sector.

Methodology/methods: This research uses Eurostat database for the analysis of the relationship between R&D funding by the business sector and the corresponding economic growth. The research is based on dependent variable GDP per capita and independent variables: GERD and R&D Intensity during the period 2005-2014. The fit goodness of the model is evaluated the determination coefficient, using T-test on the regression coefficients. The autocorrelation in the residuals is checked by applying the Durbin-Watson (D-W) test. The statistical analyze is performed by using Stepwise Multiple Regression in software STATISTICA 12.

Findings: Main result of research provides relationship between economic growth measured by GDP per inhabitant and R&D expenditures as percentage of GDP. The studied statistical data set is 38 NUTS 2 regions in Visegrad Group. If the Visegrad Group regions will the 3% target then GDP PPS per inhabitant in equal to 29,276. The result of the research can be used for the Visegrad Group governments.
Organisation Culture in SKODA AUTO, a.s.

JEL Classification: M14; M54

Keywords: culture; organisation culture; culture dimensions; Value Survey Module 2013; SKODA AUTO.

Abstract

Research background: Presented paper dedicates to a problematic of culture in process organization and its differences among several foreign subsidiaries of a multinational corporation. The concept of organizational culture is not uniformly defined. We can meet with several authors´ characterisations in a literature, for example in Lukášová (2010), Gordon (1991), Schein (2009), Průcha (2010), Brooks (2002), Pouchová (2013) or Nový (1996), Schneider (2003) and Trompenaars (2011). It could be summarized that an organization culture does not have an objective form of its existence. Organization culture occurs in a form of basic conviction, values and norm of behaviour sharing within organization.

Purpose of the article: The essential is to identify the specifics of the ŠKODA organizations culture in external assembly plants Aurangabad, Tianjin and Nizhny Novgorod in comparison with parent plant from Mladá Boleslav.

Methodology/methods: In the theoretical part the paper occupies with the literature search of terms culture, organizational culture and multinational organizational culture. It is explained terms from these areas used by Czech and world literature. Based on orientation of the paper, the main emphasis is placed on differences in cultural dimensions. There are introduced two well-known approaches Hofstede´s culture dimensions and Trompenaars´s culture dimension. The basic element of the practical part is the survey in above mentioned plants. For the purpose of the survey the Value Survey Module 2013 from Geert Hofstede is used and based on this survey we gain results for power distance dimension, individualism dimension, masculinity dimension, uncertainty avoidance dimension, long-term orientation dimension and indulgency dimension. According these results we can characterize the types of organizational cultures in individual plants.

Findings: In the following text, there are mentioned the most important conclusions and simultaneously, the facts are considered as the recommendations for potential manager working in these plants. From the realized research it can be summarized that the manager would not follow prejudice to a group living in a specific national culture, but be aware that these groups can be affected by many aspects, which can change their cultural properties totally. It is necessary to note that the survey sample was formed only by employees in the logistics department, which can carry a distinctive cultural attributes. For other purposes of the survey, it is possible e.g. to compare results with other departments in this international corporation.
Improving the Competitiveness of Enterprises Through Effective Customer Relationship Management

JEL Classification: M30

Keywords: CRM; marketing; competitiveness; customer; management

Abstract

Research background: In today's market, it is impossible functioning of the company without reference directly to the customer and build a relationship with him relevant. Nowadays customers are very demanding and have bigger knowledge about products and the market then yesterday. Same marketing is not enough for building effective relations with customers. Enterprises now have many opportunities in technology and methodology through which establish relationship with the customer. There are numerous solutions in the field of CRM (Customer Relationship Management) software. Very important are also outside software CRM tools such as creation proper organizational culture that is focused on the customer. Whether the customer relationship will increase the company's competitiveness in the market depends on the effectiveness of customer relationship management in the company.

Purpose of the article: The author has made on improving the competitiveness of enterprises through effective customer relationship management. In this article are distinguished factors to improve the competitiveness of the company affected by the effective management of relationships with customers and determines the character of this impact. Additionally, this article shall be defined determinants of the effectiveness of customer relationship management. These issues are supported by appropriate practical examples.

Methodology/methods: The author of this article made some literature studies in the subject of dependence between competitiveness of nowadays enterprises and effective customer relationship management. After these studies she was able to check this theoretical knowledge in practice in observation of some enterprises. She has made some interviews with companies managers and CEO and match this knowledge with observation scores.

Findings: Nowadays companies have a huge need of knowledge about customers to improve their competitiveness. Only effective activities of perfect acting CRM system can help in this situation.
The Use of Integrated Marketing Communications as a Tool in Sustainable Business

Abstract

Research background: A successful precondition for business sustainability is reflected not only in activities, cooperation and desire of the institutions to protect the environment and natural resources, but they also must meet economic needs and cultivate economic opportunities, at the same time meeting social needs and cultivating equitable relationships among different social groups. One of the tools of sustainable business is integrated marketing communications. Companies, especially food manufacturing and retail companies, in their activities, by means of integrated marketing communications, must focus on consumer education, ecologic characteristics of products, the impact on the environment and public health, thus contributing to sustainable development of the Latvian economy in general.

Purpose of the article: The purpose of the research is to assess development trends of food retail store chains in Latvia and to promote their sustainable development through integrated marketing communications as a sustainable business tool.

Methodology/methods: The following scientific research methods have been applied in the research: analytical, comparing, graphical, statistical, surveillance and surveying methods. The research was conducted in the Latvian food retail sector. Food retail store chains in Latvia were chosen as the object of the research and a survey of leading specialists of all food retail store chains in Latvia was organized.

Findings: The research confirmed the hypothesis about the positive impact of integrated marketing communications on sustainable development of food retail store chains in Latvia, thereby contributing to the formation of public attitude towards the importance of conserving the environment, raising awareness and level of expertise of consumers, improving corporate social responsibility regarding consumer health, ecological products and green economy in general and its contribution to the development of the national economy in general. Results of the study are both theoretical and practical value.
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The Impact of Public Procurement System on the  
Development of Competition in the Economy in the  
Light of Empirical Research

JEL Classification: D40; E02; K00

Keywords: market competition; economy; public procurement

Abstract

Research background: The purpose of the public procurement system in the market economy should be to ensure that public sector entities conduct purchases, which are optimal from economic point of view, as well as to prevent favoring or discrimination of entities participating in public tenders. The Public Procurement Act mentions fair competition as one of the fundamental principles. Both contractors and contracting entities are subject to this principle. In practice, however, it is very often violated in connection with a number of phenomena resulting from imperfections of the aforementioned system.

Purpose of the article: The purpose of this article is to identify the most important solutions to support the development of competition in the economy through the public procurement system, as well as to examine obstacles and risks carried by the system itself. Another purpose is to present further action proposals based on research - actions affecting the development of competition and at the same time improving the efficiency of tenders.

Methodology/methods: The article is based on the analysis of literature and on a questionnaire. The survey was conducted electronically (CAWI). The questionnaire was send to 300 entities required to apply the provisions of the Public Procurement Law throughout the country. Another method involved a direct route (PAPI) and 155 entities participating in public tenders as contractors. Purposeful sampling was implemented to ensure reliable and expert replies. The study was carried out in the first half of 2016.

Findings: The results indicate the most important solutions supporting the development of competition. They include the following: facilitating access to information about orders, improving the efficiency of state authorities in detecting collusive tendering, reducing the possibility of using the potential of third parties, increasing the availability of data on the results of tenders. The solutions presented in this article are evolutionary rather than revolutionary and point primarily to the ability to streamline existing procedures and regulations and not to replace them with new ones. They should also help to improve the functioning of public procurement system in Poland, which is of great importance for the development of competition in domestic economy.
The Concept of Territorial Capital in the Rural Areas Development. Example of Malopolska Region

JEL Classification: R11

Keywords: territorial capital; institutions; local action groups; local development; rural areas

Abstract

Research background: Territorial approach in development policies is being applied in most of the EU countries (also in Poland). For local governments and local societies it creates need to identify their internal potential, specific resources, to be able to concentrate on common purposes and build nets of cooperation able to change and adjust to variable conditions and challenges. Those resources and institutional abilities create so called territorial capital, which might have different determinants in urban and in rural areas (especially those peripheral ones).

Purpose of the article: The main purpose of the article has been to define the most significant determinants and elements of the territorial capital in rural areas and to identify main barriers for managing this capital on the example of Malopolska region

Methodology/methods: review of the sources on territorial capital, surveys among the local action groups in Malopolska region, depth interview with choosen heads of local action groups offices.

Findings: The elements of territorial capital in rural areas varies from those in urban areas. There are four groups of its elements that build territorial capital in rural areas: environmental (e.g.: natural environment, healthy lifestyle, landscape, access to unprocessed food), cultural (e.g.: traditions, folklore, handcraft), social (social ties, mutual trust), organizational (institutions and organizations supporting local development, nets of cooperation on the local level acting as vehicles for socio-economical development). As the first two groups seem to be evident and usually play an important role in local development strategies, the last two groups reveal many problems and often create barriers in the process of managing local resources.
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Vital Urban Communities for Urban Economic Development: the Case of the Cities from the Country of Small Economy

JEL Classification: R11; P32; P35

Keywords: economic vitality; vital communities

Abstract

Research background: Modern society is predominantly urban. Fifty-three percent of the world’s, seventy-five percent of the European Union’s and sixty-seven percent of Lithuania's population live in cities. Urban development success depends not only local but also regional and national economy. To achieve a successful and sustainable city development, a city must be attractive to live, work and invest. Only vital urban communities are inspired to act creatively and solve complex problems that seem unmanageable at first sight and to achieve these aims.

Although literature analysis indicates the growing interest of scholars representing different fields of science (mainly sociology and urban planning) to address the issue of (urban) community vitality, the concept of “urban community vitality” itself lacks deeper academic studies and clear overall definition. The concept combines social, economic, governance and spatial aspects. Similarly and related, there is uncertainty about how to measure urban vital community.

Purpose of the article: The objective of the paper is to develop and empirically test the methodology for the measurement the urban community vitality and to determine the relationship between the urban economic development and community vitality, which is important to the formulation and implementation the strategic measures directed to the welfare in the city.

Methodology/methods: Research methods: literature studies, document analysis, statistical data analysis, expert interview, case analysis.

Findings: The main problem faced by researchers is the lack of the methodology for the measurement the urban community vitality. Based on the fact, that vital community has strong, active and inclusive relationships between resident, private sector, public sector and civil society organizations, the statistical indicators are not enough. The indicators are useful for the measurement of the situation in progress, but not sufficient for the analysis of quality of relationships. Based on the scientific problem, the article presents and empirically tests the unique methodology for the measurement of urban community vitality, which include interconnected dimensions: economic, social, governance and space. These dimensions are especially important for the analysis of urban cases. The presented methodology is important for the formation of strategies in order to improve the viability of urban communi-
Empirical research is based on the survey and statistical data on the communities from Kaunas city (Lithuania).

The research showed that a very small number of communities identify their core function as economic-commercial. This shows that the community is still not entrepreneur and economically viable. This justifies the relevance of the topic under discussion and the community necessity to improve the viability of them. Usually community cooperates with local authorities and other communities, but not with local businesses and larger entities. This proves, that in the counties of small economies, there’s lack of communities and business cooperation cultural and experience. Most of the communities, participated in the survey, told that they have business ideas and sufficient qualified members for doing business. Most of the communities agree that the community can be an appropriate business partner. This proves, that in the countries of small economy, there’s favorable conditions to promote community (economic) vitality. The opinions from business part differs. Approximately the same part think that could be a partner for community, the other part is not sure about the partnership. This justifies the necessity for strategies for encouraging business and community cooperation at the government level. The research also justified that communities and the companies are ready to cooperate together, but the cooperation based on shared value is not grown up yet.

The article concludes with the recommendations for promotion the viability of communities and cooperation with business.
Credit Volatility and Economic Growth

JEL Classification: O47; E51

Keywords: credit; financial cycle; economic growth

Abstract

Research background: There exists an extensive literature on the related theme of growth stimulating impact of the level of financial development. Lack of financing may make new technologies unaffordable and constrain technological progress in developing countries (World Bank 2008). In fact, lower R&D intensity in developing countries than in high-income countries is due to higher capital costs for innovative firms in the former group (Lederman and Maloney 2006). Investment in technology adoption is risky and bears fruits in the long term which makes it similar to investment in technology creation. The argument that this kind of investment needs a steady flow of financing applies here as well.

Purpose of the article: The main objective of the project is to assess whether or not the volatility of credit supply has negative repercussions for productivity growth at the aggregate level in a worldwide sample of countries. The main hypothesis put forward in this paper states that volatility of credit supply exerts a negative influence on productivity growth because it undermines investment in technology improvements. The long run rate of productivity growth is dependent not only on the availability of external financing funds but also on the stability of credit supply.

Methodology/methods: The data used in the study will come from the World Development Indicators database. The series of credit-to-GDP ratio will decomposed into trend and a cyclical component using the Hidrick-Prescott filter. The cyclical component will be used to capture credit volatility. It will be the main independent variable in the regression model of the determinants of Total Factor Productivity (from the PWT database).

Findings: The main finding of the paper is that the impact of credit volatility on growth is country specific: it can be either negative or positive.
Public Aid in the EU – Fiscal Discipline or ‘Shadow’ Side of the Budgets?

JEL Classification: G28; H25; H50; H61

Keywords: state aid; tax expenditures; public spending; fiscal policy

Abstract

Research background: Impact on the companies market situation is one of the main goals of current fiscal policy conducted by the European Union Member States. However, Member States do not have full freedom in the implementation of this policy – public aid directed to enterprises is permitted only if meets the criteria of the single market determined on the basis of TFEU. At the same time Community rules treat favourably tax measures granting state aid, opening the door to greater public aid than in the case of support provided by traditional public spending. It has serious consequences of a fiscal nature. Public expenditures realised as a result of business tax credits are not monitored, because they are not a part of the budgetary procedure. As a result, maintenance of the full fiscal discipline is impossible. So it allows one to ask the following question: does the lack or insufficient budgetary coordination at national and EU level shift some of the areas of fiscal policy into the non-monitored, ‘shadow’ side of budgets? And therefore, does it actually affect the EU single market?

Purpose of the article: This article aims to analyse and evaluate the coordination of the budgetary processes at the national and EU level in terms of fiscal policy objectives pursued by the traditional public expenditure and tax expenditures.

Methodology/methods: Author carried out a comparative analysis of public expenditure directed to businesses in a light of two criteria: the admissibility from the EU regulations point of view, and the instrument used for the intervention, ie. traditional public spending and tax expenditures. Then it was conducted statistical description and verification of statistical differences between these variables. Article was prepared on source data published by the European Commission and Eurostat.

Findings: The study shows that fiscal discipline on expenditure for enterprises in the EU Member States is not maintained.
Development of Human Capital in Bialystok Functional Area

JEL Classification: J24; O15

Keywords: Human capital; human development; economic development

Abstract

Research background: Today, the value of skilled, complex and creative work is growing fast. In the global knowledge economy, people's knowledge, skills learning, talents and abilities - their human capital - have become a main factor of economic growth. In many regions, the potential of human capital is restricted, eg. in podlaskie voivodship. Particular problems exist in the field of vocational education as a result of long-term under-funding of vocational schools, reversal of proportion in choice between vocational and regular high schools, etc. Especially in the field of vocational education exists low quality of training. Education systems can do much to help people realise their potential and external funding (eg. EU) can support innovative projects for the development of human resources.

Purpose of the article: The main goal of this article is to show an example of innovative project in the field of vocational education. In frame of EU instrument called Integrated Territorial Investments in Bialystok Functional Area (BFA) is implementing project “Competence Center of BFA”. The project is to support the development of knowledge, professional skills, talents and abilities.

Methodology/methods: In the article was described a case study of “Competence Center of BFA”, which aims to adapt the competence to the needs of the regional economy. Case study will be preceded by an analysis of the situation of vocational education in the area of BFA and analysis of theoretical issues.

Findings: The analysis led to the following conclusions: vocational education requires a broad integrated support; cooperation with different stakeholders (especially with employers, organizations of business environment, etc.) is essential to achieve high-quality education; a vocational education should be more attractive for pupils.
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Financial Sustainability for Private Higher Education Institutions

JEL Classification: I22; M21

Keywords: private higher education; quality assurance; financial sustainability; financial and non-financial indicators system

Abstract

Research background: The development of higher education is amongst topical issues. The modern society recognizes that the most valuable capital is a human being with his/her intellectual potential and this has become the main resource for social and economic development. The important component of the higher education systems of many countries is formed by private higher education institutions, although in each case they have national peculiarities. Today private higher education institutions undergo difficulties inherent in the entire system of education. The problem of financial sustainability and efficiency of higher education institutions is becoming urgent. In this context, the most important issue deals with developing approaches for quantifying financial sustainability and identifying the indicators of its evaluation. Unfortunately, private higher education sector continues to be relatively invisible within public debates of higher education, and within the higher education research literature. The paper analyzes the financial sustainability of the private sector in higher education in Latvia and justifies the necessity of an integrated indicators system for financial sustainability evaluation.

Purpose of the article: Based on the analysis of the standards and requirements for quality assurance in higher education determine indicators, which ensure both the financial sustainability and the quality of education.

Methodology/methods: Include a whole array of methods, including methods of economic and statistic analyses, methods of the analysis and synthesis of economic information, methods of grouping, comparisons, classification, summarizing, description and prediction.

Findings: one of the major issues is the existing split between the assessment of financial activities of a higher education institution and its education activities, which is asserted by accreditation standards; according to these standards, financial and education activities are autonomous entities, hardly interconnected.
The Reaction of the Stock Market on Credit Rating Agencies’ Decisions

JEL Classification: G24; F21; G14

Keywords: financial institutions; nonfinancial institutions; event study; credit ratings; stock prices

Abstract

Research background: Firms with low credit risk realize higher returns than firms with high credit risk. This credit risk effect in the cross-section of stock returns is a puzzle because investors appear to pay a premium for bearing credit risk. The higher credit risk can reduce a propensity to invest. The previous researches take into account as a measure of the credit and default risk credit ratings.

Purpose of the article: The basic goal of the paper is to analyse and verify the impact of the changes of financial and nonfinancial institutions’ credit ratings on the rates of return of shares. There have been formulated the following hypotheses: first, there have been observed differences in the strength and direction on the reaction of the stock prices between financial and nonfinancial institutions. Secondly, the downgrades of a credit ratings has got the stronger impact on the rates of return of shares than the upgrade.

Methodology/methods: The analysis has been constructed for European companies for the period of 1995 – 2016 using an event study method. The sample has been divided into subsamples according to: the direction of credit ratings changes, countries’ political and economical divisions, the financial and nonfinancial institutions. Data have been collected from Thomson Reuters database. As dependent variables are taken daily rates of return. The independent factors are long term issuer credit ratings proposed by Fitch, S&P and Moody.

Findings: The prepared analysis suggest that the nonfinancial stock prices react stronger on the credit ratings changes. The weaker reaction of the financial institutions’ credit ratings can be an effect of the more restrictive regulations and supervision. The moment of reaction is differentiated by taking account the level of the economy development and the countries’ political divisions.
The Problem of Income Equalization and Inclusive Business in Rural regions: Theory and Practice

JEL Classification: Q01; P46; O18

Keywords: Lithuania; Poland; sustainable development; rural economic development

Abstract

Research background: The economic and social differences of European Union countries that joined in EU after 2004, including Lithuania and its internal regions, not only decreased but still increased in recent years. It is determined that the decrease of living standards of regions while maintaining their identity is one of the most important sustainable development priorities of the economies of the European countries, including Lithuania, in particular in the rural regions. The inclusive business by applying various his models helps to create employment opportunities for low-income residents for their involvement into increase of the value of the economic subjects supply chain in the various roles such as suppliers, sellers or users. Inclusive business can occur in a number of sectors, such as rural tourism, agriculture and so on.

Purpose of the article: The aim of the paper is to establish the development opportunities of inclusive business in the sector of rural tourism, which could help to reduce inequality of population income in Lithuania and in other European emerging economies countries.

Methodology/methods: The paper provides for the use of such methods as: Inclusive business case studies in the European emerging economies countries; the experimental sample design, its analysis.

Findings: Strategic recommendations on application of inclusive business models possibilities addressing the problem of income equalization in the rural areas in Lithuania are given.
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Fighting Financial Exclusion through Economic Education as a Global Trend in the Improvement of Economic Security

JEL Classification: A13; A20; D14; D18; E58; G21; I31; O17

Keywords: financial exclusion; economic education; economic literacy; financial markets; banking sector

Abstract

Research background: Given the changes occurring now in the financial market and the growing financialization, the issue of financial exclusion is becoming more and more significant. Considering the most recent global crisis, a special role in preventing such exclusion is attributed to economic education. People’s growing literacy is regarded as a significant factor improving economic security, both from the perspective of an individual and also when looking at the entire social and economic system.

Purpose of the article: The primary purpose of this paper is to try to answer the question about the place economic education has in the process of fighting financial exclusion and why improving economic security (at the individual and macro level) is sought in the growing economic literacy.

Methodology/methods: Due to the nature of the article, the primary research method is an in-depth analysis of literature of the subject. An important supplement will be a review of web sites of various institutions involved in combating financial exclusion. This will facilitate an analysis of reports and documents devoted to economic education.

Findings: The author of this paper intends to describe the importance of broadly understood economic education at the background of other solutions used when fighting financial exclusion and indicate which institutions are involved in this type of education. As a result, the paper will present premises for undertaking such actions, depending on the initiating entity. The author will also give arguments showing that economic education in individual countries at medium and high levels of development may be perceived as a global trend. Additionally, the reader will be presented major examples of relations between the increase of people’s economic literacy and the improvement of economic security. In this respect, the analysis will embrace the perspective of an individual and the overall social and economic system.
Employee Empowerment – Terminological and Practical Aspects

JEL Classification: M12

Keywords: employee empowerment; human resource management; employee participation

Abstract

Research background: The 1980s saw popularisation of the management paradigm requiring that employee intellectual potential should be noticed and used. The subjective approach to employees is fully reflected in the empowerment process. The definition scope of the analysed notion has not been unambiguously delineated to date. In narrow terms, empowerment means delegating power in the decision-making process and is considered a management method. In broad terms, in turn, the idea is at times called even a management concept.

Purpose of the article: The aim of this paper is to provide answers to the following research questions:
1) Can empowerment be called a separate management concept?
2) What is the awareness of the essence of empowerment among contemporary employees?
3) What are the barriers to implementing empowerment assumptions in enterprises?

Methodology/methods: The research process was based on literature studies and empirical research that was conducted in Poland under two separate research projects. One, carried out in the period 2006-2015, was oriented towards assessing the level of interest in employee participation and identifying the approach to implementing such participation in enterprises. The research covered over 300 respondents. It used structured interview complemented with free interview and analysis of the provided documents of the respondents’ enterprises. The results of the research encouraged a closer look at the category of empowerment. Pilot empirical research on the category of empowerment was conducted in 2016 with questionnaire surveys. The research sample was 63 employees.

Findings: It was found that empowerment should be perceived as certain expansion of employee participation rather than a separate management concept. It consisted in sharing not only information but also power with employees. The results of the empirical research permitted the ascertainment that interest in lower participation forms prevailed among the respondents. Barriers related to applying empowerment were sought in this context. The pilot research allowed a conclusion that the barriers should be sought primarily in the failure to prepare (also mentally) employees and employers for using empowerment. Although the presented results of the research are not representative, they encourage further in-depth research within the discussed area.
Model of Conversion and Reconversion of Capital 
Management of Organizational Space Towards 
Innovation

JEL Classification: M10

Keywords: Organization; Management; Capital

Abstract

Research background: Existence of logical relationships between models and mechanisms expanding the boundaries of the organizational space determines organizational development. At the same time, it is assumed that the modern enterprise is not only organization and its environment. Modern enterprise it is organizational space in which company is embedded. This is indicated by studies on business models. Specific cases of the organization, whose development is determined by embedding in the organizational space are sports clubs.

Purpose of the article: The main objective of the research is description, explanation and projection of a predictive management model of conversion processes and reconversion processes of capital. In order to achieve the objective it is needed to define the importance of the organizational space and to classify it. The next step is to classify types of capitals in organizations with particular emphasis on sports clubs and discover how the capital processes flow in the organizational space of sport clubs. Through answer the question what does the organizational space embedding mean we can explain how can the processes of conversion and reconversion of capital in sports clubs generate innovative development.

Methodology/methods: Research process were conducted in qualitative methodology. In the paper following scientific research methods were employed: literature review, case studies analysis a basis of sport clubs, inductive method.

Findings: The processes of conversion and reconversion of capital can generate innovations in processes and products. Development of the enterprise is preconditioned by the potential of capital flows in the organization. Enterprise development potential is determined by embedding into organizational space. Paper indicates that critical components describing and explaining conversion and reconversion of capital in sports clubs include relationship structure, arrangements structure which come from stakeholders structure.
Intra-Industry trade in Differentiated and Homogenous Commodities: Brander and Krugman Models Unified

JEL Classification: F23

Keywords: Cournot oligopoly; intra-industry trade; monopolistic competition; reciprocal dumping

Abstract

Research background: The new trade theory (NTT) has supplied us with two types of models, commonly categorized into “large numbers” and “small numbers” explanations of IIT. The terms “large” and “small” refer to the number of firms under the respective market structures. The “large numbers” explanation refers to the fairly well developed/established theory of international trade under monopolistic competition. This paper is closely related to the early papers by Brander (1981) and Brander and Krugman (1983) who used a simple partial equilibrium Cournot duopoly.

Purpose of the article: We develop a two sector one factor general equilibrium model in which the first sector produces a homogenous good produced under [increasing returns to scale] and Cournot oligopolistic competition and the second sector produces a differentiated good under monopolistic competition. In this paper we study how competition between domestic and foreign firms affects intra-industry trade.

Methodology/methods: The paper presents a model based on several assumptions. Consumers have two level utility function of the Cobb-Douglas-Spence-Dixit-Stiglitz form, where the upper-tier utility function takes the Cobb-Douglas form and the lower-tier utility function takes the Spence-Dixit-Stiglitz form. Firms operate in two sectors. One sector produces homogenous good under Cournot competition and the second one produces a differentiated product in a monopolistic competition. Free entry is assumed in both industries. Further, labor is assumed the only factor of production with perfect mobility and full employment.

Findings: In contrast to previous papers, our work uses a full general equilibrium Cournot oligopoly framework with many firms. Moreover, we endogenize the number of firms and study both short and long run trading equilibria. Therefore, this paper can be regarded as the extension of the early papers by Brander (1981) and Brander and Krugman (1983).
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Definition of Spin-off Company as an Objective of Investigation

JEL Classification: M13; O30

Keywords: spin-off firm; start-up firm; university; research and development; typology

Abstract

Research background: The paper evaluates selected theoretical concepts of fundamental, creation and functionality of academic spin-off companies in the Slovak Republic and abroad.

Purpose of the article: Spin-offs are understood everywhere in the world as a complicated phenomenon in business in the field of research, and it is a business based on intellectual property in commercial use, which was developed on the academic, or university field. The history of this type of business, however, does not extend into the distant past and it was resulted from the changed roles of universities, where commercialization was added to the role of their research activities. History also highlights the diversity of approaches to the creation and operation of spin-off companies. The diversity lies in the different approaches to the identification of spin-off companies, to their categorization and the legislative framework, the creation and operation of spin-off companies working within the meaning of conditional regional business conditions.

Methodology/methods: Identification of the critical aspects in the definition of spin-off companies is the basis for classification of spin-off firms by critical points, e.g. shareholding universities or university involvement, the involvement of agents respectively university staff in the management of the company, feedback from the spin-off company to the university etc.

Findings: The classification can be complemented by other aspects in terms of industry in which a spin-off falls in relation to the subject of activity, according to the company's size in relation to the number of employees and so on. It is obvious that the management of intellectual property of universities, colleges and other academic institutions is actually the management of its resources. Royalties, transfer of rights to objects of intellectual property, the sale of intellectual property rights or in-kind contribution to a company are associated with the new roles of universities. Regional environment in which academic institutions operate determines access rights for individual entities, intellectual property, and to form and definition of spin-off and start-up companies.
The Use of IT Tools for Knowledge Management in Companies

JEL Classification: D83; L63; O31; Q19

Keywords: knowledge management; information technology; IT, computer; internet users

Abstract

Research background: Knowledge management is currently one of the most important factors determining the company's market position. It depends not only on the skilful use of resources, but also on obtaining a synergistic effect. To manage knowledge, managers must possess not only the appropriate resources of knowledge, but also must have determined management structure with the assistance of the IT tools.

Purpose of the article: The purpose of the article was to present how the modern enterprise knowledge management process is supported by information technology. For this purpose, was summarized selected indicators characterizing the use of ICT in various types of enterprises in the country. It assumed that it is important not only the equipment the companies with information technology tools, but also the degree of use of these tools.

Methodology/methods: In this paper was used data published by the Central Statistical Office (GUS), Eurostat, the World Data Bank and Gartner Group. The analyzed indicators of ICT usage are presented in Polish enterprises divided according to the type of activity and size (small, medium, large). National indicators were related to the values occurring in the EU.

Findings: Usage of ICT in Poland reaches ratios much lower than the average for the European Union. Large differences in the use of information technology occurs in individual groups of companies. Larger companies have reached a much higher degree of saturation of IT tools than smaller objects. For example, the number of Polish enterprises with computers was 94.7%, in the case of large companies it is 99.8%. Even greater discrepancy relates to access to the Internet. You may also notice differences in each province. Introduction of modern technologies related to computer science and computers (eg. cloud computing, big data, social media, e-commerce etc) enables effective knowledge management in companies. The indicators show that the management team appreciates the importance of knowledge and consistently invests for its development.
Salespeople Turnover in the Light of Selected Economic Theories

Abstract

Research background: Salespeople turnover has been at a focus of attention of management theoreticians and practitioners for a long time as this phenomenon affects virtually all organizations. Loss of top salespeople especially results in weakening the competitive position and deteriorating the financial standing of the company. At the same time, there is plenty of evidence suggesting that salespeople turnover basically remains outside of the mainstream economics despite of the fact that its economic consequences are severe, both for affected organizations and for the economy as a whole. An in-depth analysis of selected theories, however, allows for formulating a number of material conclusions enhancing the understanding of the phenomenon.

Purpose of this article: The purpose of this article is to discuss selected economic theories and then analyze salespeople turnover from their perspective. The determinants and consequences of salespeople turnover will be studied in detail in the light of: (1) theory of marginalism, (2) dual labor market theory, (3) labor market segmentation theory, (4) competition theory, and (5) transaction costs theory.

Methodology: This article is based on a comparative analysis founded on extensive literature survey, supplemented with case studies taken from the author’s wide experience in business consultancy commissioned by both Polish and foreign organizations.

Findings: Based on the analysis of salespeople turnover from the perspective of selected economic theories, the following research assumptions may be formulated: (1) it is possible to determine empirically the optimal but non-zero level of salespeople turnover; (2) the existing considerable differences in scale and structure of salespeople turnover in various professional groups of salespeople are aptly explained by dual labor market theory and labor market segmentation theory; (3) transaction costs theory allows for estimating more precisely the costs of available alternatives in the situation of forced salespeople turnover.
Abstract

Research background: Despite many efforts taken up within cohesion policy, regional disparities are still present and regional convergence is implausible. Regions that are able to use their resources in the most efficient way could be perceived as valuable benchmarks. The efficiency, however, can be related not only to pure economic categories but to social goals as well. These two dimensions: economic and social overlap and often have some common stems, among which sectoral structure of employment seems to be an important one.

Purpose of the article: The aim of the study was to compare social efficiency of employment in three sectors in Polish voivodeships. Not only were we evaluating relative performance of each region but we were also paying attention to efficiency of engagement of human resources in agricultural, industrial and service sectors.

Methodology/methods: We adopted DEA method to assess social efficiency of Polish regions. We evaluated social cohesion concerning its two output dimensions: positive, that could be described by social activity and negative, that could be reflected in a form of social exclusion stemming from material sources. We took into account a level of employment in agricultural, industrial and service sectors as inputs in the model and thus focused our attention on three-sectoral structure of regional economies. Our model assumed non-radial developmental paths and was input oriented (NR-CCR). Data were describing the 16 Polish voivodeships in 2015 year and were extracted from Polish Statistical Office databases.

Findings: The conducted research indicate that Polish regions which were the most efficient in terms of social integration were simultaneously those with the best economic results in terms of GDP per capita. The highest social efficiency was characteristic for employment in service sector, while the lowest – for agriculture. The same pattern was revealed when considering separately social activity and endanger of poverty.
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Safety Climate and Its impact to the productivity of Polish Building Enterprises

JEL Classification: J11; J24; L74: I18

Keywords: safety climate; occupational health; civil engineering; productivity

Abstract

Research background: Problems Safety Climate manifesting on occupational health and safety decreasing are commonly occurred in the construction industry. Important factor in the occupational safety in construction industry is scaffold use. All scaffolds used in construction, renovation, and demolition shall be erected, dismantled and maintained in accordance with safety procedure. However Key of dealing with scaffolds safety and risk assessment in construction industry is important, thus, way on doing assessment and liability of assessment seems to be crucial for professionals. However, it is found that those professionals prone to heavily rely on their own experiences and knowledge on decision making on risk assessment, which lack of a systematic approach and lack of ways to check the reliability of the decisions.

Purpose of the article: Purpose of the paper was to indicate crucial parameters that could be modeling with RAM use for improving both building enterprise productivity and/or developing potential and Safety Climate. The developed RAM could be benefit for predicting high-risk construction activities and thus preventing accidents occurred based on a set of historical accident data.

Methodology/methods: A Risk Assessment Model (RAM) has been developed for assessing risk levels as various construction process stages with various work trades impacting different spheres of enterprise activity. The RAM is the result of research project realized at the above 60 construction sites, both in Poland and Portugal where 450 observations have been completed including also harmful physical and chemical factors, stress level, also worker habits, as well as a hundreds ex-post reconstruction of construction accidents scenarios. genetic modeling tool has been use for develop the RAM.

Findings: Common types of trades, accidents, and accident causes have been explored, in addition to suitable risk assessment methods and criteria. We have found the initial worker stress level is more direct predictor for developing of the unsafe chain leading to the accident than the work load, and concentration of harmful factors at the workplace or even training frequency and management involvement.
Economic Indicators of Polish Energy Security

JEL Classification: Q40; Q41; Q48

Keywords: energy security; Poland; energy policy; energy resources

Abstract

Research background: Stable and reliable access to a variety of energy carriers is undoubtedly a basis for the development of any economy. Therefore, the primary condition for the security of the state and its citizens is to ensure the essential minimum of energy on its territory. We can observe, however, an increasing dependence of Polish energy sector on external sources.

Purpose of the article: The aim of this paper is to examine and evaluate the economic aspects of Polish energy security considering the fact of growing dependency on foreign supplies of energy carriers.

Methodology/methods: In this paper we analyze Polish energy security using several indicators: fuel/price efficiency ratio, energy intensity of the economy and Herfindahl-Hirschman rate of market concentration. For calculations we use statistical data provided by Energy Market Agency publications, including “Energy Situation in Poland” covering the years of 2000-2015. Calculations are made in MS Excel spreadsheet and the results are presented in tables and graphs.

Findings: On the one hand, Polish energy security depends on its internal conditions and resources - in this context, the available resources of coal and lignite play an extremely positive role because they provide access to a reliable source of energy. On the other hand, Poland is becoming dependent on external commitments that restrict the free use of domestic resources thus lowering the energy security of the country, speaking in particular of oil and natural gas resources. The analysis carried out in this paper will allow to evaluate the effectiveness of using various energy carriers with respect to their price, market structure and geopolitical conditions.
Repeat sales index for residential real estate in Krakow

JEL Classification: C18; C43; R31

Keywords: repeat sales index; Poland; housing market; house price; real estate

Abstract

Research background: There are several methods to construct a price index for infrequently traded real estate assets (mainly residential, but also office and land). The main concern to construct a valid and unbiased price index is to address the problem of heterogeneity of real estate, or put differently to control for both observable and unobservable quality attributes. Most frequently used is probably hedonic regression methodology (classic, but recently also spatial and quantile regression). An alternative approach to control for unobservable differences in assets’ quality is provided by repeat sales methodology, where price changes are tracked based on differences in prices of given asset sold twice (or multiple times) within the study period. The later approach is applied in famous S&P CoreLogic Case-Shiller house price indices.

Purpose of the article: The goal of the paper is to assess the applicability of repeat sales methodology for a major housing market in Poland. Previous studies used hedonic methodology or mix adjustment techniques and applied for major metropolitan areas. Most known example is a set of quarterly house price indices constructed by NBP – especially for primary and secondary market. The repeat sales methodology has not been adopted with significant success to date – mainly because of concern regarding relative infrequency of transactions on housing market in most metropolitan areas (thus potentially small sample of repeated sales).

Methodology/methods: The study uses data on repeat sales of residential transactions in Krakow from 2003 to 2015. We apply different specifications of repeat sales index construction and compare respective values to hedonic price index for Krakow estimated by NBP. Findings: Findings suggest that repeat house sales indices can be used to track price dynamics for major metropolitan areas in Poland. The study suggests problems that need to be addressed in order to get unbiased results – mainly data collection mechanism and estimation procedure.
Foreign Direct Investment and Export Growth: Empirical Evidence from Macedonian Economy

JEL Classification: F14; F21; F23

Keywords: FDI; automotive industry; export; competitiveness

Abstract

Research background: Foreign direct investment is perceived as a valuable tool for economic growth. The growth could be realized less and more as a set of benefits depending on the FDIs features. In the period from 2009 to 2014 it is noticed a remarkable increase in the share of FDIs inflow in automotive sector in Macedonian economy, from 2.8% to 11.2%. Thus, the issue of FDIs inflow in automotive sector is a strong reason and an incentive to be examined from different aspects of influence on the economic growth.

Purpose of the article: The aim of the paper is to analyze the influence of increased FDIs inflow in automotive industry as a reason behind the remarkable export growth. The research interest of the study is to recognize the importance of the FDIs inflow structure as a determinant of the export structure.

Methodology/methods: Within the paper it is developed a model that identifies the FDIs as a factor of growth of the export performances. A regression analysis is used to examine the correlation between the FDIs inflow and export. Since the correlation doesn’t explain the causality, within the paper the Granger causality test is applied to examine causality between the FDIs inflow and increased export.

Findings: The results suggest that FDIs create a good base for qualitative shift in the export structure of Macedonian economy. The paper associates growth of sectoral export with the growth of FDIs in that sector. Due to the increased FDI inflow in automotive industry this sector significantly has increased its share in total Macedonian export. The paper indicates that FDIs can be considered as a way of engagement in the global supplying chains which additionally influences positively to the competitiveness and export potentials of the host suppliers.
The Corporate Relationship Management Mid-Range Theory

JEL Classification: L250; D230

Keywords: competitive advantage; corporate relationship management; relationship assets; relationship maturity model; resource based view (RBV)

Abstract

Research background: Relationship marketing has been capturing the interest of scholars and practitioners since this term was first brought to light by L. L. Berry and T. Levitt in 1983. Numerous publications and billion-dollar software industry validate its vitality, but plethora of “relationship oriented” practices and isolated models spread it to thin. Therefore there is a need to synthesize the existing body of knowledge into more comprehensive theory.

Purpose of the article: This article presents discussion on maturity of relationship management merging it with the other important contemporary concepts, e.g. strategic management, resource based view (RBV), human resources management (HRM), knowledge management (KM), customer relationship management (CRM), corporate social responsibility (CSR). It’s main aim is to deliver relationship management mid-range theory, which can be confronted with the business practice and offer help for managers focused on decisions and results.

Methodology/methods: The main research method applied in this paper is an extensive literature review focused on identification and comparison of existing fragmented relationship interrelated concepts. The focal point of this work is the synthesis of different isolated models to one theory. This discussion is supplemented by a series of case studies illustrating the selected key issues which build up the body of theoretical research.

Findings: The main contribution of this paper is the proposal of relationship management mid-range theory, which links the maturity of corporate relationship management with the issue of competitive advantage. This theory is operationalized into a three-part actionable check-list, which consists of following dimensions: relationship strategy, ICT and change management process.
Evaluation of the Credit Risk Importance During the Crisis: The Case Study of SMEs According to a Time of Operating on the Market

JEL Classification: L26

Keywords: enterprise; credit risk; business environment; banks

Abstract

Research background: One of the possibilities for entrepreneur who is trying to start-up a successful business or grow a business, is to ensure the business from an economic perspective. Entrepreneurs can use a various alternative forms of financing. Despite the wide range of programs, grants and subsidies, the most commonly used form of financing is still a loan which is provided by the bank institutions. The relationship between entrepreneurs and banking institutions is mainly connected in the area of lending and guarantees for funding. Therefore the perception and the evaluation of the credit risk by entrepreneurs contributes to a better understanding of needs of both sides.

Purpose of the article: A comparison of the evaluation of factors which affect the perception and management of the credit risk by entrepreneurs. Not only socio-demographic factors (gender, level of education or age of entrepreneurs) but also the nature of corporate activities in the business environment for small and medium-sized enterprises in the Czech Republic.

Methodology/methods: During data collection, method of random firm’s selection using specialized database of companies “Albertina” was used. Afterwards, the method of interview with responsible managers of the company and method of online questionnaire survey were used. Data from 1141 enterprises in 2015 from all 14 regions of the Czech Republic were collected. In the first step of our research, the descriptive statistics (pivot tables, pie charts) were conducted. Afterwards, the two-sample t-test to compare a mean values of the perceptions of credit risk factors and verify the conditions for its completion (Histogram, Q-Q plot, Goodness of Fit Test, Pearson coefficient of contingency, t-test).
Findings: With an increase of the time of operating in the business environment, the amount of women as a responsible people for business management is decreasing. Entrepreneurs are united in the opinion that the importance of credit risk during the crisis increases. There are statistically significant differences between entrepreneurs by a gender and age in enterprises with a time of operating on the market between 5-10 years that the importance of credit risk during the crisis increases.
Administrative Costs of Taxation as an Element of the Fiscal Process Costs

JEL Classification: H20; H21; H26; H30

Keywords: administrative costs of taxation; fiscal policy; effectiveness of the tax system; tax administration

Abstract

Research background: The state, through implementation of the tax policy, should turn its attention not only to the amount of tax incomes, but also to the macroeconomic balance. The relations between the sum of social benefits, which are the result of its activity, and the sum of costs of the fiscal process itself are especially important. For obvious reasons the costs of the fiscal process should not be higher than tax incomes. Otherwise, when the costs exceed the benefits, the whole fiscal process on the macro scale loses its economic and social sense. Analysis of tax incomes, without taking such costs into account, does not allow an unequivocal evaluation of the effectiveness of the tax system.

Purpose of the article: The purpose of the article is identification of the elements of the fiscal process costs, as well as a detailed analysis of one of them, i.e. the administrative costs of taxation, listed among the so-called operational costs of taxation. The study also attempts to evaluate the effectiveness of the Polish taxation system. Here, effectiveness was defined as the resultant of the fiscal effectiveness of taxes and the operational costs of taxation related to their collection.

Methodology/methods: The selected OECD member states are covered by the analysis. The study adopts the descriptive method with elements of statistical data analysis. The article has been elaborated based on literature studies, OECD reports, as well as statistical data published by Eurostat.

Findings: Polish tax administration is numbered among the most expensive ones in the European Union. According to OECD, in 2013 the costs of tax collection in Poland amounted to 1.6% of respective incomes. Between 2009 and 2013 they decreased by 12 pp.Among the 56 OECD states evaluated, a higher index of costs of tax collection was found only in Japan (1.74% of incomes) and Saudi Arabia (1.62%). The poor effectiveness of the Polish fiscal administration is also confirmed by the systematical increase of tax arrears which, as of the end of 2015, amounted to ca. PLN 59 billion and were over 78% higher compared to 2013 and ca. 209% higher compared to 2009. The number of tax payers, who owe more than PLN 1 million to the state treasury is also increasing. This significantly affects the effectiveness of the Polish tax system and the condition of the public finances. Unfortunately, all this indicates that the compliance costs, i.e. the so-called hidden costs of taxation on the part of tax payers, are also high in Poland. This means that not only the administration needs a reform, but above all things the tax system requires simplification.
The Capital Gaps Between Women and Men Entrepreneurs

JEL Classification: L26; J16

Keywords: female entrepreneurship; gender gap; human capital; financing capital, social capital

Abstract

Research background: Today countries have realized the importance of small and medium enterprises (SMEs) in their contribution to the economic and social development. Entrepreneurship constitutes today the most critical source of economic growth in countries. In most countries, women own about 30% of the total number of small businesses. Since small businesses are the pillar of the economy, entrepreneurship is the growth engine of the economy and women constitute about 50% of the population, it is important to research businesses and entrepreneurship among women so as to strengthen the economy. Women who decide to engage in entrepreneurship encounter many challenges, both in the stage of the establishment of the venture and in its management in the continuation. Some of these challenges are shared by both male and female entrepreneurs, and some are relevant only to women.

Purpose of the article: Since entrepreneurship among women is extremely vital to the economy of the country, it is necessary to encourage entrepreneurship among women. To do this, first it is necessary to understand the gaps between men and women entrepreneurs. To reduce these gaps, it is necessary to continue to research where these gaps come from and how it is possible to reduce them.

Methodology/methods: The article is based on literature research focusing on differences between men and women entrepreneurship. Nearly one hundred articles, reports and books have been reviewed. Results of the study are synthesized in tables.

Findings: Three main types of entrepreneurial gaps have been found between women and men in the business performance connected with the three types of capital: social capital, financing capital, and human capital. The gender gap in entrepreneurship is explained in women’s structural disadvantages regarding the achievement of the resources relevant to the success of the business.
Trade Interdependence Between Russia vs. the European Union and China Within the Context of the Competitiveness of the Russian Economy

JEL Classification: F14; F40; P45

Keywords: trade interdependence; competitiveness; competitive advantages; Russia; European Union; China

Abstract

Research background: Today, the actual position of a country in the international division of labour is determined by the competitiveness of its economy with respect to trade in goods, especially by its potential comparative advantages in exports enjoyed. On the other hand, the existing structure of a country’s foreign trade can be an important factor perpetuating the competitive advantages already possessed. This is particularly true in relation to economies characterized by the so-called Dutch disease, among which Russian economy should be included. Over the recent years, international economic literature has seen a growing interest in the topic of Russia’s economic relations with the European Union [i.a.: Hars, Claes, 2013; Lavrov, 2013; Dragnev, Wolczuk, 2012] and with China [i.a.: Simola, 2016; Unnikrishnan, Purushothaman, 2015; Sidorenko, 2014; Rautava, 2011]. This paper is meant to be the author’s contribution to this discussion.

Purposes of the article: (1) to discuss the existing trade interdependencies between Russia and the two entities crucial not only for Russia itself but also for the world economy as a whole, namely the European Union (EU28) and China; (2) to attempt to answer the question as to what extent the current structure of Russian trade with the EU28 and with China corresponds with the competitiveness of its economy in the contemporary world.

Methodology/methods: The article consists of three main parts. In the first part, an in-depth analysis of trade interdependencies between Russia, on the one hand, and the EU28 and China, on the other, in the years 2007-2015 has been conducted, with particular emphasis on groups of goods according to the OECD classification based on the degree of their technological advancement (goods of high, medium-high, medium-low and low technology). The second part, in turn, looks at the development of Russia’s comparative advantages in foreign trade in 2007-2015, with regard to the same groups of goods. For this purpose, the method of analyzing revealed comparative advantages B. Balassa has been applied. And in the third and final part of the study, the results of the analysis from the first part are confronted with those of the second part, with view to finding the answer to the key question: in what relationship the trade interdependencies between Russia and the EU28, and Russia and China stand to the actual level of international competitiveness of Russian economy.

Findings: The analysis has revealed that although both the EU28 countries and China have traditionally been among Russia’s most important trade partners, in the recent years the growing importance of China in Russian trade turnover can be observed. This is not only the
effect of the dynamic growth of Chinese economy but also of the cooling political relations between Moscow and Brussels, which have also affected their trade relations, as well as of the recent drop in petroleum prices in international markets – the strategically important commodity in EU-Russian trade. Sadly, it seems that the existing structure of Russian trade with the EU28 and China is likely to preserve its traditional competitive advantages, which for many years have been in the medium-low-technology goods and crude oil. This, in turn, will only further exacerbate the negative consequences of the so-called Dutch disease affecting Russian economy.
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The Relation Between Management Fees and the Mutual Funds` Performance in Poland in 2015

JEL Classification: D53; G11; G23; C58

Keywords: mutual funds; fees; rates of return; risk; regression

Abstract

Research background: The investor`s expectation of better performance in case of more expensive mutual funds seems natural and fully justified. However the arise of passive funds and their surprisingly good results, especially when compared to their low fees, triggered the discussion. Recent years brought more and more studies, conducted mostly for the American market, discrediting high-charging, aggressive funds. First analyses in Poland also indicate, that the level of fees is not always linked with the fund performance.

Purpose of the article: The purpose of the study is to investigate the relation between the fees imposed by the mutual funds and the funds` performance. The idea is to verify, whether higher management fees are associated with top performance and whether it is rational to pay more for capital management.

Methodology/methods: In the first step of the study, linearity and direction of the dependency has been explored using scatterplots and correlation analysis. In the second part the regression has been analyzed to verify the strength of the relation. One-factor models have been built with rate of return and standard deviation as an independent variables for 1-, 3- and 5-year time horizons. Moreover two-factor models, with both rate of return and risk included has been created, to compare the significance of rate of return and risk factor.

Findings: The results indicated, that more expensive Polish mutual funds in 2015 tended to perform worse in all tested time horizons – both in terms of lower rates of return and higher risk. Especially unexpected are the results of rate of return regression analysis – it turns out, that within a sample 1% higher fee implied over 0.6% lower rate of return before fees (in yearly period). Nonetheless risk turned out to be more important, explaining the charges variability much better than the rate of return. Another interesting finding of the study is that merely two simple factors (return and risk) explain even as much as 60% of the management fee variability.
Institutional And Legal Approach To Eldercare Versus Sustainable Work Concept In Selected EU Countries

JEL Classification: D60; H53; J14; J22

Keywords: sustainable work; social policy; long-term care insurance; eldercare

Abstract

Research background: European societies face the problem of ageing population and shrinking labour force. One of the ways to tackle this problem is the development of sustainable approach towards work. Sustainable work means creating living and working conditions in such a way that "they support people in engaging and remaining in work throughout an extended working life" (Eurofound 2016). Remaining longer in employment requires gaining adequate skills, adjusting working conditions for elder workers' needs as well as helping them balance work and life. Family obligations are not only related to childcare but also to eldercare given to parents, stepparents or a spouse. The balance between work and care might by supported both at enterprise and institutional level.

Purpose of the article: The aim of the article is to examine the legal and institutional approach to care for the elderly in selected EU countries (Germany, UK, Finland and Poland) in order to answer the question to what extend these institutions and law support sustainable work concept.

Methodology/methods: qualitative analysis method including descriptive and comparative analysis and elements of economic analysis of law.

Findings: The extend to which national instutions and law support suistainable work concept differ between couteries according the welfare model they represent. Finland represents nordic welfare model where publicly organised and financed eldercare is very generous so sustainable work model is easy to put in practice. German welfare state has also its social policy well developed and care systems are supported by the universal long-term care insurance. The UK is an example of more liberal regime in which sustainable work concept is more market driven. Polish efforts to follow German model with reference to social insurance are still under public debates. Population ageing forces Poland to develop the public-private financing of care services including the engagement of public, private and non-governmental sectors.
Financing Rules of the Activity of Cultural Institutions in the Context of Economic Efficiency

JEL Classification: H7

Keywords: economic efficiency; public expenditures; cultural institutions; subsidies

Abstract

Research background: The aim of this article is the efficiency evaluation of statutory subsidies granted to cultural institutions. From the economic point of view, the financial analysis of cultural institutions shows economic inefficiency of all institutions. Most of them are institutions that are sustained by subsidies of the organizer, generating low own revenue in relation to incurred costs.

Purpose of the article: The aim of this article is the efficiency evaluation of statutory subsidies granted to cultural institutions. The authors state the thesis that there is no relationship between the amount of the statutory subsidies of cultural institutions in Poland and their financial results. The authors assume that similar amounts of transfers should provide a comparable range of performed tasks, and thus the access to the supplied goods and services.

Methodology/methods: While fulfilling the set objective of the study and while verifying the hypothesis, the authors used the graphical method, descriptive statistics, as well as methods of statistical inference. In order to measure the efficiency of management, the authors used an indicator determining the ratio of the financial result to certain quantity that influences the result (profitability indicator). In turn, the Spearman rank correlation coefficient allowed to determine whether there is a relationship between the level of statutory subsidy in overall revenue and the financial result expressed in overall costs.

Findings: Despite similar principles of granting statutory subsidies, cultural institutions show different levels of economic efficiency. There were many outliers extremely large or small or both, in each year of the study. It means that there are cultural institutions which are able to manage their finances more efficiently than the others. This proves the thesis, that there is no relationship between the amount of the statutory subsidies of cultural institutions in Poland and their financial results.
Are Wealth and Health of States Correlated? – The Case of European Countries

JEL Classifications: I1; I15

Keywords: development; self-assessed-health-status; health determinants; SHARE; Europe; Pearson correlations

Abstract

Background: An extensive literature discusses the correlation between countries’ development level and health, reporting significant correlations between the two.
Purpose: This paper contributes to the development-health literature by studying the correlation between development measures (see below) and 3 health measures - one subjective, and the other two - objective: (i) self-assessed-health-status (SAHS); (ii) drugs intake; and (iii) individual's number of chronic diseases. Correlations are examined for 17 European countries, using the SHARE data set.
Methodology: The methodology, presented in Oswald and Wu (2010, in Science), is used to test whether country aggregate health levels are correlated with country measurements of development. Specifically, we examine whether country fixed-effects in regressions of health measures, controlling for individual socio-demographic variables, are significantly correlated with country development variables: (1) logarithm of per-capita GDP; (2) the Inequality-Adjusted Human Development Index – IHDI; (3) life expectancy; (4) per-capita health expenditures; (5) percentage of GDP spent on education; and (6) the Social Progress Index (SPI). Empirical analysis includes: (a) estimation of separate regression equations for the three health variables, using a set of personal characteristics, and including dummy variables for countries; (b) estimation of correlations between coefficients of country dummies and each of the 6 objective country macroeconomic development variables.
Findings: (i) in sharp contrast with the significant correlations between subjective-health (SAHS) and all 6 country-level development measures, we do not find any significant correlation between development and the more objective health measures (drug use, and chronic diseases); (ii) we therefore need to be careful, avoiding universal conclusions, that development factors affect health. They might affect only specific dimensions of health; (iii) the channels that lead to the correlation between development and aspects of health require
more investigation, but we can speculate that psychological elements are at work, affecting only subjective/perceived health, and not objective health measures.
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Improving Safety Culture in the Company Based on Attitudes and Behavior of Its Employees

JEL Classification: I1; D2; A3; L2

Keywords: safety management; organizational culture; safety culture; human factor; working environment

Abstract

Research background: The paper presents basic issues related to safety culture. There are explanations of the terms “culture” and “organizational culture”, of which part is the safety culture. Moreover, there can be found an information about the factors determining the desirable and undesirable, as well as the good and bad safety culture, and the most important knowledge concerning its shaping. There is also presented a model of shaping a safety culture. The empirical part presents the studies on the impact of attitudes and behavior of employees on the development of safety culture based on the model of shaping safety culture. Model elements were tested such as: environment and working conditions, and behaviors and attitudes of employees.

Purpose of the article: The aim of the study was to analyze attitudes and behaviors of employees and their impact on shaping the safety culture in a given company. The learning goal of the project was an introduction to the opinion of surveyed employees about work safety culture in the company. The utilitarian aim of the study was to draw attention to the need of taking action to influence attitudes and behavior of employees on shaping the areas of work safety culture in order to improve safety culture and thereby improve safety in the company.

Methodology/methods: Research tools were: interview, documentation analysis and anonymous survey of company employees.

Findings: The study shows that the majority of employees act in accordance with rules and try not to take risky actions, they also feel responsible for the safety of themselves and their co-workers, the environment and working conditions are in line with legal requirements, and accidents rarely occur. In the surveyed company the safety culture is high, which is proven by features such as: a sense of personal responsibility of each employee for safety matters, lack of acceptance for people taking risky behavior, compliance with health and safety regulations and appreciation of their validity – those are most frequently mentioned features of performance of high culture safety in workplace.
Abstract

Research background: The issue of human resources management is and will be key, strategic for each company (Wiernek M., Wiernek B., 2005). Organizations are implementing new processes, products. The technology level is increasing, as well as the level of requirements for personal departments (Lengnick-Hall, M., Moritz S., 2003). Especially in large organizations it is important to improve constant monitoring of HR function implementation (Farndale E., H. Scullion, Sparrow P. 2010). While the diagnosis process is carried out of personal functions and actions quality, there is a lack of assumptions and methodology to evaluate the level of integration of the HR function in organizations. Many authors are pointing on the need to build a coherent policy and strategy, integrated with personal tasks and activities. But there is a lack of tools and complex theories on this area (Youndt M. 1996 Noe R. 2006 Bamberger P, M. Biron, Meshoulam I., 2014 , Purc J., 2014 J. Storey 2014 and others). It should also be noted that, there is a need to coordinate internal processes within the activities related to the implementation of the HR function. By linking and integrating HR projects, HR tasks and HR strategy, we can improve the quality and consistency of ongoing processes related to the management of human resources in organizations.

Purpose of the article: The main, theoretical objective of the research is to analyze the present literature in the area of HR function integration issues. The practical objective of the publication is to present a proposal in the form of design-system model and procedures to evaluate the level of HR functions integration in medium and large organizations.

Methodology/methods: In the study document analysis method was used as well as literature review based on the area of associated with the integration of the HR function problems. In the project part, the system modeling method was used to develop a conceptual assumptions of the HR Function Integration Index (HR FII).

Findings: Article includes a methodology for calculating the HR Function Integration Index (HR FII), useful especially for medium and large organizations. The publication also contains assumptions of research procedure, and draft of result interpretation.
Factors of Competitiveness in Polish Companies in the Silesian Region in 2014-2016

JEL Classification: M21; L10; L20

Keywords: company competitiveness; competitive potential; competitive advantage; strategy of competition

Abstract

Research background: A lot of companies in the market create a variety of situations in which they compete with one another. At the same time companies crave for the same pool of demand, and in fact the money held by the buyers. Attempts to define the notion of competitiveness of the company appears frequently in scientific publications and in the research conducted by various institutions in different countries. The concept of competitiveness is used to determine the ratio of enterprise characteristics to those of its competitors, resulting from many internal features and the ability to deal with an external environment.

Purpose of the article: The purpose of this article is to present results of the Company Competitiveness Barometer, conducted in 2014, 2015 and 2016 on a group of more than 600 Polish companies. Barometer is a theoretical basis for the competitiveness integrated model designed by the article’s authors. The specific objectives of this article are: to provide an overview of the research methodology, to present the results of empirical studies of more than 600 Polish companies, to create an outline of the future direction of the research on competitiveness of enterprises by means of the Company Competitiveness Barometer.

Methodology/methods: The questionnaire used in the Company Competitiveness Barometer contains 48 questions, 45 of them are related to the characteristics of the company that are affecting its competitiveness, and 3 questions are metric questions. The questionnaire can be found on the www.sensorium24.com.

Findings: The research carried out from the point of view of the company’s employees offer an opportunity to reflect and think about the competitiveness of their own organization and factors that are shaping it. The IT tool used makes it possible to compare own results with other companies participating in the survey.
Transformational Leadership Style in the Relationship Between Innovation and Efficiency of Healthcare Units

JEL Classification: O15; O31

Keywords: transformational leadership; innovation; healthcare units

Abstract

Research background: In today’s turbulent times, organizations face the challenge of fulfilling many complex requirements while at the same time they have to adjust to ongoing changes. The necessary changes that would allow for resolving these problems should, first of all, involve a new approach to human resource management and, in particular, the role of leadership in health care units. Numerous studies conducted for many years confirms the growing importance of leadership in modern organizations, especially in the health sector.

Purpose of the article: The main goal of the project is to identify the relationships between innovative leadership and the organisational effectiveness of health care units in the context of innovation levels.

Methodology/methods: Studies have been conducted on 100 randomly selected healthcare entities with Polish. The analysis of interdependencies will use, among others, the Pearson product-moment correlation coefficient, Spearman's rank correlation coefficient, the Kendall rank correlation coefficient, the coefficient of colligation, and a chi-squared test, choosing the measure adequate for correlated variables and their distribution. In order to verify the hypotheses formulated in the study, a number of statistical methods will be applied, e.g. descriptive statistics and correlation analysis.

Findings: The result of the development will be an indication of the level of innovation, leadership style and effectiveness of health care units. A key result of the study will identify the role while the transformational style of leadership in the study of the relationship between the level of innovation and efficiency of health care units. It will also be requests for empirical that can contribute to improving the management of these institutions.
Multifactorial Pastor-Stambaugh Model Explaining The Impact Of Liquidity On The Rate Of Return On The Example Of The Stock Exchange In Warsaw

JEL Classification: G12; G13; G14

Keywords: liquidity; the Pastor-Stambaugh model; illiquidity premium

Abstract

Research background: The aim of the study is to determine whether the rate of return on shares increases with the increase in share liquidity and the incremental rate of return on this account decreases with increasing liquidity. The applied research methodology is similar to that described by Pastor and Stambaugh at work "Liquidity risk and expected stock returns" [Pastor, Stambaugh, 2003, pp. 642-685]. The model presented in the article is a development Fama and Franche model [Fama, French, 1993, pp. 3-56] by a factor of liquidity. In a very synthetic way they have been collected in this model all the factors affecting the rate of return derived from market variables.

Purpose of the article: Modeled on the research described by Pastor and Stambaugh at work "Liquidity risk and expected stock returns" [Pastor, Stambaugh, 2003, pp. 642-685] to the analysis carried out on the basis of data from the Warsaw Stock Exchange use as a measure of liquidity measures presented by Amihuda [Amihud, 2002, pp. 31-56].

Methodology/methods: In this paper I present various factors, which will affect on the liquidity. this will be presented the results of research concerning relations between spread and stock return on the Warsaw Stock Exchange (WSE). The evidence culled from WSE stock returns over the period 2004-2012 indicates that Amihuda measure and other variables have significant effect on stock return using the multifactorial Pastor-Stambaugh.

Findings: In the case of the Polish market can be stated that the analysis based on the Pastor-Stambaugh model not all the variables included in this model are statistically significant. However directional parameters associated with liquidity risk were statistically significant in all analyzed periods, which allows us to confirm the hypothesis that liquidity has a significant influence on the rate of return on shares listed on the Stock Exchange in Warsaw.

JEL Classifications: J21; J22; J24; Z12; Z13

Keywords: low-employability populations; occupation; motives; job satisfaction; ultra-Orthodox (Haredi)

Abstract

Background: Low employability among specific populations has unfavorable consequences on: the non-employed individual, on society, and on the state economy. These include: poverty, a heavy toll on welfare budgets, and diminished growth. Some of the negative outcomes can be reduced by appropriate policies that will lead to increased employment.

Purpose: We suggest a rather novel policy that could lead to increased employment and to the successful integration into the labor market: the design of tailor-made training programs that respond to the work motives of the group of workers under discussion, coupled with a working environment that caters to their special needs, and complemented with counseling and monitoring.

Methodology: The suggested strategy is illustrated and investigated empirically using a case study that focuses on Israeli ultra-religious women, who exhibit much lower employment rates than other Israeli women. The motives behind the occupational choices of these women are explored based on data collected by a field study. Respondents were presented with 13 possible work motives, and were asked to grade each (in terms of importance), on a scale of 1-5. Descriptive statistics and Principal Component Analysis were then employed to sort out the motives behind their occupational choices.

Findings: (i) the 13 motives were sorted into the three types of motives suggested by the literature ("calling", "intrinsic" and "extrinsic"); (ii) unexpectedly, the factor that ranked 1st (in terms of importance) – was the intrinsic factor, the 2nd factor was "calling", and the 3rd – the extrinsic factor; (iii) regression analysis that relates job satisfaction with a set of socio-demographic explanatory variables, including the score given to the composite intrinsic factor reveals that more pronounced intrinsic motives lead to more job satisfaction. The proposed strategy can be generalized to other low-employability populations, such as: religious Moslem women; disabled workers; the elderly; and disadvantaged women in Asia and Africa.
Influence of Business Support Organizations on Innovation Activity in Manufacturing Companies in Masovian Voivodeship – Logistic Regression

JEL Classification: O31, O32, L60

Keywords: business support organization; innovation activity; cooperation; industry

Abstract

Research background: The first business support organizations (BSO) appeared in Poland in the 90s of the last century. They were transferred from Western Europe and from the United States. They are providing there a system solutions which play an important role in stimulating innovation activity. However, these regions are developed, Poland is a catching-up country. The important question is: Will business support organizations significantly increase the innovative potential in polish enterprises?

Purpose of the article: The purpose of the article is to identify odds for the emergence of innovation activity and cooperation in enterprises that have used the services of business support institutions. The main types of BSOs in Poland are: technological parks and incubators, academic business incubators, centers for technology transfer, business angels networks, local/regional load founds, credit guarantee funds, training and consulting centers.

Methodology/methods: To carry out the study is used multi-factor logit regression. In this context, it allows to determine the odds ratio for the occurrence of innovation activity in companies that used the services of BSO compared to enterprises that they did not do this. The attributes of innovation activity has been singled out in accordance with international standards of the Oslo methodology. The study was conducted in 2015 for the years 2012-2014 on sample of 951 manufacturing companies in Masovian Voivodeship.

Findings: In Masovian Voivodeship technological parks and training and consulting centers influence in the most advanced degree on innovation activity of enterprises. The role of technology incubators and loan and guarantee funds is also significant. With regard to innovation cooperation it is much better arranged cooperation in sectoral systems, ie. with suppliers, customers and competitors other than scientific institutions.
Context of Labor Emigration from the Slovak Republic

JEL Classification: J11; J21; A11; A14; B16

Keywords: labor emigration; reasons for emigration; the minimum wage

Abstract

Research background: Labour migration can have both positive and negative impacts as a country of origin and the country of immigration. The Slovak Republic is a country that faces the outflow of qualified workers abroad and the index of aging is one of the most dynamic in Europe. The aim of this study was to investigate certain link and the reasons for emigration to work from the Slovak Republic.

Purpose of the article: The authors examine the reasons for the decision of people to emigrate for work, duration of stay abroad, the possibility of returning to Slovakia, the relationship between GDP growth and improvement of the economic situation in Slovakia and the number of labor emigrants to abroad, the relationship between the minimum wage and the number of labor emigrants to abroad.

Methodology/methods: We used questionnaire methods of investigation, where we investigated opinions of emigrants to selected areas of questions for the purposes of the study. We have evaluated the answers using descriptive statistics, we also used the dependency ratio (correlation coefficient).

Findings: The results presented in the study are particularly interesting because no country can not determine the exact data on the numbers of immigrants, while Slovakia is not an exception. This issue and its examination are becoming a serious society-wide phenomenon because of labor shortages in the labor market and aging population. Migration is historically a social phenomenon that affects significantly politics, economics, social aspects, but also the security of states and migration changes composition of the population of individual countries. The negative phenomenon of labor emigration is deformation in the population structure of the native population. Noticeable deficit of qualified workers appears in some regions, sectors, professions, deficit is mostly in the automotive, engineering, electrical, chemical and pharmaceutical industry, construction, IT sector, trade and services, health, as well science and research.
Innovations and Circular Economy in Relation to the Generation Y

JEL Classification: Q56; E21; O31

Keywords: innovations; green innovations; environment; circular economy; generation Y

Abstract

Research background: The article deals with the theme of innovations and circular economy in relation to the generation Y. The article brings the results of the survey, which deals with the perception of innovations and innovative products by generation Y. These innovations and generation Y also representing an important part of the transition to the circular economy.

Purpose of the article: Benefit of the article is an outline of innovative solutions, that have for businesses and society a largely positive potential, especially when it comes to solutions like improving production processes or decreasing negative environmental impact. Excessive use of resources and increase in world consumption threatens global economic and ecological stability. One of these innovative solutions is the circular economy. The circular economy outlines a regenerative system, that offers new models for growth by optimizing the use of available assets. Such a transformation of the economic system requires a global multi-stakeholder cooperation. For example, the consumer's role, will be vital in the transition to a circular economy. In this respect, a group of consumers from Generation Y, will play a significant role in the gradual transition from linear to circular economy.

Methodology/methods: In examining of the mentioned issue are used several scientific methods. First of all, it's study of the expert scientific literature. The main source of study and information materials used in the article are the scientific literature of domestic and foreign authors, journal articles and directives of the European Commission. To achieve the goals set in advance were used the following methods: comparison, analysis, synthesis, questionnaire.

Findings: Consumers with even greater access to data and social media, will have more information about the impact of products and greater expectations around environmental protection. For example, consumer group, Millennials (generation Y) in their purchasing decisions focuses on the impacts of products on the environment. Despite the fact, that Millennials growing up in one of the most difficult economic climate over the last one hundred years, many studies have shown that they are most willing to pay more for sustainable offers.
Attitude Toward Smoking: the Effect of Negative Smoking-related Pictures

JEL Classification: M31; M37

Keywords: Implicit attitude; Explicit attitude; Smoking; Negative pictures; Consumer Behavior

Abstract

Research background: Endeavoring to develop healthy societies is a primary goal in many countries. As smoking is a major public health problem, lowering the extent of smoking is one of the conditions for developing healthy society. Based on the research revealing that the pairing of the product with negative stimuli enhances the possibility of negative reaction to the product as negative stimuli transfer its meaning to the product, tobacco packaging was labeled with negative smoking-related pictures illustrating the danger of smoking. Nevertheless, the extent of smoking is still large in many countries. Hence, the effect of negative smoking-related pictures have been the subject of intense debate within the scientific community.

Purpose of the article: The aim of this research is to determine the effect of negative smoking-related pictures on the both implicit and explicit attitude toward smoking.

Methodology/methods: On purpose to determine the effect of negative smoking-related pictures on the both implicit and explicit attitude toward smoking, Implicit Association Test and questionnaire survey were provided. The questionnaire was elaborated based on the analysis and synthesis of scientific literature.

Findings: The theoretical analysis substantiated the influence of attitude toward the product on consumer purchase decisions. Nevertheless, people do not always want to reveal their opinion, hence traditional marketing research methods for measuring explicit attitude are not sufficient as often are not objective. Therefore, neuromarketing research methods complement traditional marketing research methods by providing more objectivity. Consequently, the Implicit Association Test and traditional questionnaire research are applied for the empirical research, revealing the effect of negative smoking-related pictures on the both implicit and explicit attitude toward smoking. The model of the effect of negative smoking-related pictures on the attitude toward smoking and consumer purchase behavior is constructed.
Efficiency of Insurance Companies in the Czech Republic and Poland

JEL Classification: G22, C52

Keywords: Efficiency; Efficiency Score; Insurance Companies; Data Envelopment Analysis; Mann-Whitney U Test.

Abstract

Research background: The insurance market is an important part of financial system. The international concept of insurance operations brings a certainty and helps to balance the economic results.

Purpose of the article: The aim of paper is to analyse the efficiency of commercial life insurance companies in the Czech Republic and Poland using the data envelopment analysis models (DEA) in order to compare the efficiency of insurance companies in the Czech Republic and Poland.

Methodology: The methods used in the paper are descriptive statistics, DEA models and the non-parametric Mann-Whitney U-test for independent sets. DEA models are nonparametric quantitative models for assessing the efficiency. They use linear programming to transform multiple inputs into multiple outputs. The efficiency of the subjects analyzed is assessed based on the efficiency score. Statistical evaluation was being carried out using the statistical software Statistica.

Findings: The subject of our analysis was 17 commercial insurance companies in the Czech Republic and 26 commercial insurance companies in Poland. Ten insurance companies were efficient on the common Czech-Polish insurance market. We verified whether there is a statistically significant difference between the probability distributions of the efficiency scores of life insurance in Poland and in the Czech Republic. Based on the Mann-Whitney U test, we cannot accept the hypothesis that the difference between the probability distributions of the efficiency scores of insurance companies on the national insurance markets in the Czech Republic and Poland is statistically significant. In next step we examined whether the insurance companies with the largest share of premium on the insurance market achieve a greater efficiency score than other insurance companies. The difference between the probability distributions of the efficiency score of 30% of insurance companies with the largest premiums earned and other insurance companies on the both national insurance markets is not statistically significant.
Productivity of Work and Land: a Comparison Between Three Dissimilar Countries

JEL Classification: B41; E24; O17

Keywords: agriculture; agri-economic indicators; work performance; land efficiency; method

Abstract

Research background: Analysis of economic and agricultural indicators are important tools to evaluate the performance of agriculture and describe scientific and technical progress (Agol et al. 2014). They also enable comparisons between the performances of different countries. In the comprehensive review by McConnell and Bockstael (2005), the measures of development show that competitiveness, both in the international and domestic arena, should be evaluated by two main indexes: the work productivity index and the land productivity index.

Purpose of the article: The objective of this paper is to analyse social and economic factors that influence the efficiency of agriculture in three dissimilar countries: Poland, United States of America and China. The analysed countries have characteristic features that influence development of specific branches of agriculture including the level of social and economic growth, structural features of agriculture, agricultural policy, and market situations, thus shaping the level and structure of production. To our knowledge, this is the first study that discusses work and land productivity in these three countries. Understanding the performance of land use and work productivity indicators that shape global agriculture is critical to aid decision-making regarding the management and competitiveness of agricultural lands worldwide.

Methodology/methods: For calculation of final indexes of work and land productivity for the analysed countries, basic control and economic characteristics are necessary. These were calculated using the Eurostat database (2014) and the Yearbook of International Statistics CSO (2012; 2013) and include the area of agricultural land, number of farms and the average size of farms, the number of people active in agriculture, and gross national production in total and in agriculture.

Findings: We found that Poland has not yet reached optimal land or work force productivity. The indicators suggest Poland is agriculturally closer to developing countries than developed. In particular, we indicate a low agricultural efficiency compared with Western coun-
tries. We conclude that to realise the full potential of Polish agriculture, considerable changes, such as farm consolidation and alternative employment options for farm workers, are necessary. According to the analysed data, Poland in comparison to China and the USA is at the last position in the ranking achieving 4% of the GNP in agriculture. Moreover, the structure of small farms in Poland with the average surface area of 10.38 is considerably lower than in the USA (190 ha) which causes that Poland is a less-competitive country. However, one should remember that not all experiences of leading countries may be directly translated into Polish conditions, where agriculture was shaping in completely different conditions and its present level has its historical preconditions. An excessive number of people working in the Polish agriculture constitutes one of the most important factors which limit the speed of economic transformations in this sector. In Poland, active population in agriculture is approximately 3 million people. It constitutes an indicator of 7.7% in total. It is one of the highest indicators in the European Union. In the USA, active population in agriculture is represented by 0.8% of the total economically active, while in China the ratio reaches a level of over 36%.
International Activity of the Innovative Enterprises - Experience and Recommendations

JEL Classification: O14; O11

Keywords: technology; support, cooperation; innovation; management

Abstract

Research background: In the international literature we can find great examples of research in the field of innovation and technological cooperation boosting between companies. Confrontation of theory and empirical research shows that meaning of cooperation and geographical closeness for innovative activity as well as quality and effectiveness of public support are still ambiguous. Public support of technological cooperation is connected with different components of innovative network, that shows the need of horizontal cooperation, what is legitimate in developed countries. Great example of that kind of international network is Enterprise Europe Network.

Innovative cooperation and technology transfer infiltration always was and still is a subject of research, but still there are issues to investigate. Because of that reason, there was a research hypothesis created: international technology transfer performed among companies and other economic entities accelerates innovative processes and gives profits for both players.

Purpose of the article: Purpose of that article is to show many aspects among cooperation an technology transfer and trial to evaluate of its synergical impact on international innovative activity of companies.

Methodology/methods: Theoretical and empiric research in the scope of many aspects of innovative cooperation and technology transfer was illustrated. Empirical analyze focused on data from Enterprise Europe Network in 2008-2015 and interviews with offices supporting companies in starting and performing of international technological cooperation. Presentation of spatial connections of technological cooperation was made with follow the Gastner Newman’s amorphous choropleth (eumorphous) in ArcMap 10.4.1 programme with use of quantile method.

Findings: Article concerns role of cooperation among network in the international technology transfer. Special analyze was made among public networks supporting such cooperation. Specific knowledge and technology is many often out of reach for companies (especially SME) because of costs or limited access. Cooperation gives the opportunity to create new relations which can integrate ideas, knowledge and can lead to create new ground-breaking innovations. There is also significant element like public support for companies in the whole technology transfer process.
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The Role of Immaterial Sources in the Process of Building a Competitive Advantage of Development Enterprises – Analysis of the Model

JEL Classification: L74; M20; R31

Keywords: enterprise development, residential market, competition, competitive advantage, enterprise resources

Abstract

Research background: Resources of an enterprise are understood widely and include both tangible means as well as immaterial assets. Currently, there is an increasing emphasis on the importance of intangible resources in building the competitive advantage of an enterprise. Competitive advantage is identified with the status desired by an enterprise, which operates in a competitive environment. It can be defined as “the asymmetry or difference among companies (...) that allows one company to compete better than its rivals” [Ma, 2000, p. 53]. The aim of an analysis is usually therefore to identify the sources of competitive advantage [Porter, 1985, p. 2]. This knowledge is particularly important for enterprises operating in the property development sector, which is characterized by a considerable volatility resulting from changes in the economic situation in the whole construction sector.

Purpose of the article: The purpose of the article is to answer the question of what factors are important in the process of building a competitive advantage of development enterprises, in particular, what is the role of intangible resources.

Methodology/methods: The analysis of secondary sources was verified by the results of empirical research. The analysis includes the use of a graphic model, prepared by the author, of forming one’s reputation in the process of building a competitive advantage of development enterprises. The model was developed based on a survey conducted among customers of some development enterprises, who bought an apartment in the primary market of Podlasie voivodeship in 2005-2011. The research sample was 361 questionnaires. For drawing up the model, a method with a panel of experts was also implemented. A group of 10 experts participated in it.

Findings: The conclusions of the analysis made it possible to formulate a summary of intangible assets that contribute most to building a competitive advantage of development enterprises. These factors were included in several areas, inter alia: enterprise market, relations, finances, product, human resources.
An Empirical Analysis on the Sharing Economy: The Case of Airbnb in Warsaw

JEL Classification: R12; D23; C81

Keywords: sharing economy, two-sided markets, digital economy, tourism

Abstract

Research background: Consumption habits and the provision of services have undergone significant changes in the recent years. Platforms made way for new business models, which are often referred to as sharing economy or collaborative economy. As transaction costs are significantly reduced by online platforms, almost anyone can provide services outside the traditional services sector. Among the most valuable firms of the sharing economy is Airbnb, a platform for short-term accommodation rentals.

Purpose of the article: There is a research gap regarding empirical analyses on sharing economy firms in Poland. The aim of the article is to analyse the characteristics of the Airbnb network in Warsaw, especially its size, price distribution, and the geographical location of listings. The paper also investigates the share of Airbnb listings that generate value by utilizing otherwise underused assets (e.g. renting a free room instead of entire homes). Furthermore, the analysis also focuses on the differences across the various districts of Warsaw.

Methodology/methods: The paper builds on the existing empirical and theoretical literature on the sharing economy. The analysis is based on a unique dataset, which contains all Airbnb listings of Warsaw, along with 25 different attributes (such as user ratings, fees or number of beds). The dataset has been constructed by the author using web-scraping technology. Descriptive statistics are implemented for the empirical analysis.

Findings: The current number of Airbnb listings is approximately 3500 in Warsaw, which is considerably high among EU capitals. More than half of the offered accommodations are multi-listings (more than one listing is attributed to a host), and only 12% accounts for single rooms. Furthermore, the listings are strongly concentrated in the city-centre, instead of the residential outer districts. The empirical evidence suggests that Airbnb is a direct competitor for traditional hotels, and not just a facilitator for sharing underused assets.
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Analysis of the Sectoral Capital Structure Differentiation - the Example of the Joint-Stock Companies Listed on the Warsaw Stock Exchange

JEL Classification: G10; G32

Keywords: capital structure; activity sector; joint-stock companies

Abstract

Research background: The capital structure theories suggest that one of the important determinants affecting company capital structure is the sector in which the company operates. Each sector of economic activity characterised by different structure of assets. Moreover the differences inside the fixed and the current assets make the capital structures various. Besides, entrepreneurs often make their financing decisions based on the choice of other companies from their sector and not seldom they rely on the value of average level of indebtedness of its industry.

Purpose of the article: The paper attempts to determine the answer to the question: Does the economic activity sector have influence over the company capital structure? To achieve its purpose, the capital structure analysis has been conducted based on the joint-stock companies listed on the Warsaw Stock Exchange.

Methodology/methods: The empirical studies were carried out on a set of the 385 joint-stock companies listed on the Warsaw Stock Exchange. The analysis was done on two following levels: at the macrosector level such as: Industry, Trade and Services and as well as at the level of the sectors, i.e. Construction, Retail Trade and Information Technology. There were used the following statistical tests: the test U of Mann-Whitney and the test H of Kruskal-Wallis in the research. The analysis was conducted at the aggregate level, what meant that the average values of the capital structure index of the joint stock companies within period 2005-2010 has been examined.

Findings: The univariate analysis of capital structure of examined companies has pointed that there were differences in the average value of capital structure index between companies of Industry and Trade and Services. Similar ascertainment was noted only for two following sectors: Information Technology and Construction.
Technological Efficiency Urban Transport in Selected Polish Cities

JEL Classification: O18; R58; C10

Keywords: technical efficiency; urban transport; data envelopment analysis; city management.

Abstract

Research background: An efficient and effectively functioning transport in the city is of great importance both for the people residing in its territory, as well as companies doing business there. It is an integral part of the modern economy and society in the dimension of production and consumption. However, apart from the positive impact of transport it carries also many social costs including congestion, accidents, low quality of life and negative impacts on the environment.

Purpose of the article: The aim of this study is to assess the condition transport of the selected group of Polish cities in term of technological efficiency, and to propose directions to improve the efficiency.

Methodology/methods: The test procedure used non-parametric method such as Data Envelopment Analysis (DEA). Data for analysis were draw from the Local Data Bank of the Central Statistical Office defining expenses in the transport section as well as data on the condition and use of transport infrastructure. The calculation has been made using Frontier Analyst Application software, which is dedicated to DEA method. The performance results determined using a model of BBC.

Findings: The main result is the author’s assessment technological efficiency of Polish cities in view of their urban transport. Fully technological efficiency have 5 cities such as: Białystok, Sosnowiec, Bielsko-Biała, Olsztyn, Rzeszów. On average, cities have a productivity level of 51.1%. The lowest score (below 30%) achieved: Zabrze, Bytom, Kielce, Gdynia, Częstochowa, Gdańsk, Radom, Gliwice. The analysis showed that the urban transport characterized by a rather low technological effectiveness in terms of DEA method.
The Marketisation of Higher Education - Symptoms, Controversies, Trends

JEL Classification: I23; M39; I29

Keywords: marketisation of higher education; higher education marketing; changes in higher education marketing

Abstract

Research background: Marketisation of higher education accompanying the development of a market economy having expressed, among others, the "imitation" of management models specific to the enterprise sector, an adaptation of the market terminology, changing roles of students and the importance of their satisfaction with the study causes still a lot of controversy in the academic community, dividing it into supporters and opponents of the current process with a strong predominance of the first group.

Purpose of the article: The aim of this article is to present the arguments and opinions of supporters and opponents of the process of marketization of higher education with a particular emphasis on changes in students roles at novadays universities. In the article the results of desk research as well as the author's own research will be used..

Methodology/methods: Research carried out by the author were of a qualitative nature and were conducted with an application of In depth Interview method because of the need for full and cogent opinions of the respondents. The research was carried out among 16 representatives of Polish universities, i.e. among Deputy Chancellors (for marketing and development of the university) or departments managers responsible for marketing of the university. For the study there were selected two (public and private) colleges of 8 Polish cities that are capitals of provinces or districts. As measuring instruments, the study used an interview scenario with an average degree of standardization and a voice recorder. Interviews were carried out at the premises of the universities, in the period from 2015 - 2016. They lasted between 1-2,5 hours, depending on the degree of involvement of the university in marketing activities.

Findings: Supporters of marketisation argue that this process will turn universities into more flexible, more efficient and more responsive to the needs of society, the economy, students and parents institutions. Opponents pay attention to the cultural, intellectual and pedagogic consequences of this process. Both groups conclude that there is no turning back from this process and it cannot be avoided.
Comparative Analysis of the Influence of FDI Inflows on Economic Development Between Serbia and Poland

JEL Classification: A11

Keywords: FDI; economic growth; development; investments;

Abstract

Research background: The aim of this paper is to measure the impact of the FDI on the economic growth in Poland and on the economic growth in Serbia and further to make comparative analysis of the impact between these two countries.

Purpose of the article: Empirical studies showed that FDIs can make crowding-out effect, i.e. FDIs can out crowd domestic investments which further have more impact on the economic growth. Because this effect depends on the specific level of the development of the country, the aim is to compare the influence of the FDI on economic growths on both of them as long as Poland is classified as a developed country and Serbia is a country which belongs to the group - countries in transition.

Methodology/methods: Panel data includes variable values from 1999-2007, until global economic crisis period and 2008-2015, period after crisis in order to see flows and make comparison between these two periods. GDP is the main indicator which represents economic growth. According to that, using regression analysis, the aim is to measure influence of FDIs as the independent variable on real GDP growth, as dependent variables. Besides, a group of control variables are included in the method. As long as GDP is enhanced by lower inflation, inflation will be used as independent variable. Our model also includes determinants of monetary and government sectors such as official exchange rate, inflation and government consumption.

Findings: Using two multiple linear regression models we found the influence of FDI inflows on economic growth in Poland. Using the same models for observations in Serbia we haven’t found significant effects of FDI Inflows on economic growth.
Abstract

Research background: Currently, tobacco plantations are located in more than 30 countries, mainly in South America and Asia. But this plant grows also in UE - on the European continent, in terms of sown area, the biggest tobacco plantations are located in Italy, Bulgaria and Poland. At the turn of 2009/2010 the European Parliament has initiated work on a directive on the equalisation of laws, regulations and administrative provisions of the member states concerning manufacture, promotion and sale of tobacco and related products. The new directive was protested by Poland in 2013, because a potential ban of menthol and slim cigarettes sale would affect 35% of cigarette market in Poland, and thus the entry of new rules would change an economic situation in a meaningful way, especially on some rural areas.

Purpose of the article: As the directive came into force in the Member States on 20 May 2016, this article’s aim is to determine main spheres of social and economic life, which can be affected by the tobacco directive; and to asses new solutions adopted by EC from different stakeholders perspective.

Methodology/methods: To determine the impact of new law on Polish economy, as well as on behavior of producers and consumers, the analysis of legal acts, statistical data and analysis of Poles’ lifestyle was conducted.

Findings: It can be expected that the new directive, because of restrictions on sale of cigarettes, hence, sale of tobacco, will worsen economic situation of some rural areas in Poland from farmers’ point of view. Statistic data show that in 2005 in Poland there was area of 15 thus. ha of tobacco; in 2015 – 13 thus. ha. Changes are undeniable This means that some farmlands will be forced to change the profile of specialization. Directive will also influence on consumers’ awareness, and will support a healthy lifestyle trends.
Wage Inequality in its Relation with Macroeconomic Stability: A Synergetic Approach

JEL Classification: B4; D63; E24; J2; J31

Keywords: wage inequality; wage dispersion; equilibrium; unemployment; instability; social cohesion

Abstract

Research background: The authors’ researches in the field of economic dynamics, macro- and microeconomic equilibrium, labor market stability and working motivation; the synergetic paradigm; the literature dealing with macro- and micro- analysis of the wage differentials, statistical data about wage distribution and other labor market statistics.

Purpose of the article: To present a dispersion (probabilistic) approach in using neoclassic demand and supply curves analysis and, thus, to propose a new definition of the equilibrium problem, which is closer to evolutionary paradigm; with help of the curves of demand and supply, to prove the connection between degree of wage inequality and the general level of unemployment; to demonstrate two types of extreme macroeconomic instability in their relation with the character of wage inequality, and to compare these two types with examples from the synergetic conception.

Methodology/methods: Induction and deduction reasoning, analysis and synthesis, the method of analogy, statistical data analysis, content analysis of relevant literature, mathematical methods, interdisciplinary approach, the synthesis of orthodox (neoclassic) and heterodox (evolutionary) economics.

Findings: Both situations – the very low wage inequality and the very high wage inequality – are related with law macroeconomic stability. The very low wage inequality can be related not only with general poverty, homogenous low skilled workforce and weakly segmented labor markets, but, primarily, with absence of evolutionary change. The very high wage inequality can be related with extremely closed and inflexible labor markets, the relatively low level of social mobility and very weak social cohesion. In other words, this type of (macroeconomic) instability can be connected with the absence of macroeconomic and social synergy. In the article, these two situations of extreme instability will be compared with two types of disorder in the synergetic conception. The action of macroeconomic synergetic effect should be accompanied by economic growth, decreasing unemployment and by wage leveling. In the article, the action of this effect is demonstrated with help of the curves of demand and supply. In summary, our approach confirms the fact, that under conditions of dynamic economy the actual level of employment is lower than potential one. Moreover, this approach can be used for diminishing the theoretical gap between such opposing interpretation of unemployment as neoclassic and Keynesian.
Organisation Transformation in Agile Approach, 
a Comparative Analysis of IT and Other Sectors

JEL Classification: M31; M15; M10

Keywords: Marketing; Agile approach; Processes; IT; Strategic management

Abstract

Research background: Last decades may undoubtedly be deemed as the period of exceptional transformation which has global dimension. One of its elements is the reorganisation of traditional ways of business management. Therefore, agile approach is more and more often one of the key aspects of building comparative advantage of a company. In this paper agile approach is understood as the capability of responding promptly to market’s needs.

Purpose of the article: The paper aims at presenting selected research findings concerning the description of agile approach usage in organisations. The main authors’ objective is to present the way the transformation of organization is done or may be done with reference to agile approach.

Methodology/methods: The paper comprises three parts. The first includes the results of analysis of literature concerning agile approach, where the authors make an attempt to answer the question: what are scientific studies in that regard? The literature analysis in that regard was conducted during academic internship at Shippensburg University, USA in 2016 and was based on the resources of its library. The second presents the findings of research done between 2005 and 2016 where case studies analyses of almost 50 companies in Poland and not only were conducted. In the last part of the paper, on the basis of the findings in the second part, the authors present a referencing process, which could in some cases increase the agility of organizational activities.

Findings: The empirical studies show the differences in using selected agile activities for organizations from IT and other sectors. On this basis the last part of paper includes the referencing process, which in some cases could increase the agility of organizational activities. The authors are aware of the fact that the before mentioned referencing process is subject to quantitative verification which in turn will identify determinant of its usage; however, this is to be conducted in the next phase of research. In this phase the research of comparative-explorative nature as well as qualitative is presented.
The Role of Intellectual Capital in Building a Competitive Advantage for Companies From the TSL

JEL Classification: D 41; D 83; L 10; M 12; O 15; O 34

Keywords: intellectual capital; competitiveness; TSL industry; globalization; personnel management

Abstract

Research background: The modern economy is characterized by use changes that occur faster and more unexpectedly, thereby hindering the functioning of enterprises in the global market. This is a new challenge for managers, because permanent turbulence in the environment of their businesses due to what these changes have led to the need to meet new challenges and adapt to changing conditions of competition. This means that modern management is facing new challenges that accompany the processes of globalization and the knowledge-based economy - increasingly important resources are intangible, that determine the potential of strategic companies.

Purpose of the article: Therefore, the purpose of this article is to define the role of intellectual capital in companies with TSL branch in building a competitive advantage in a changing economy. In addition, the author made an attempt to assess the facts of intellectual capital management in Polish enterprises and identify conditions that accompany this process.

Methodology/methods: Founded research objectives will be achieved on the basis of an analysis of theoretical materials and conducted by the author, in 2016 (120 companies with Polish TSL North), empirical research. Their main objectives were: to determine the degree of the concept of human capital management in the surveyed entities, identify the main determinants of and barriers to the development of this concept, to determine the effect of application of this concept in practice while building a competitive advantage. The study was designed as a standardized questionnaire general, describing the tested entity, as well as individual interviews conducted with business owners (105 persons) and managers at various levels in their employees (250 people).

Findings: Made analysis showed the role of intellectual capital in building a competitive advantage in the surveyed enterprises - mainly in areas related to raising and maintaining the quality of services and the optimization of the employed staff. Importantly, it turned out that the owner companies understand the need to implement and manage the capital and know what disturbs them. As the main barriers pointed out: the mentality of people a long time to wait for the possible benefits and the fact that often this capital is not at all to them. However, according to the author of the article, you need to take any risk and bear all expenditure in the future to achieve market success.
Organizational Resilience of Family Business: Case Study

JEL Classification: M20; H12

Keywords: organizational resilience; family business; case study

Abstract

Research background: Organizational resilience, understood as an ability to survive in harsh market conditions, captures increased research consideration in recent years. The same applies to family businesses that attracted significant attention lately. Although the interest in the topic grows, there are still remaining questions to be answered.

Purpose of the article: In the paper we focus on identifying factors affecting organizational abilities to adapt to dynamic, hostile and complex environment especially when disruptive events occur in the environment. Literature studies in the topic allowed development of research proposition - organizational resilience should help to survive negative occurrences in the environment and family business should focus their attention on building resilience capacity while it may allow and facilitate longevity and well-being of an organization.

Methodology/methods: We illustrate this proposition with the use of two family company cases from the Silesian Voivodeship. The first is a case of a large production company that existed between 2010 and 2013, and after receiving increased growth in 2005-2012 period it went bankrupt in 2014 after two large contracts. The second is a case of a developer company from the same region that started its operation in the same period and managed to develop both its market and products in years. We compare the data flowing from interviews with the owners (that are also managers of these companies) using Eisenhardt (1989) methodology and that leads to creation of propositions for future research.

Findings: Research results indicate there are several factors influencing ability to cope with critical situations. Firstly, we identified that professionalization of management of family business leads to better chances to survive in the environment. Secondly, we conclude that awareness to weak signals diminishes the probability of risky behaviors and helps to survive in dynamic, hostile environment.
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Alexander Dubcek University of Trencin, Slovakia

Barriers to the development of SMEs in the Slovak Republic

JEL Classification: O12; O30; O32

Keywords: Small and medium-sized enterprises, Innovations, funding sources

Abstract

Research background: SMEs make up in the national economy, but also throughout the EU an important segment of the economic system, and their importance continues to grow. SMEs in Slovakia according to the latest data of the European Commission represent 99.9 per cent of all enterprises constitute 70.7 per cent of jobs and 61.2 per cent of value added in the economy. However, they are often confronted with market imperfections. SMEs frequently have difficulties in obtaining capital or credit, particularly in the early start-up phase. Their restricted resources may also reduce access to new technologies or innovation. Publications on SMEs also analyse their impact on the development of various areas in the economy, and ways and forms of financing the development of SMEs. Authors Masiukiewicz and Nowak (2012) and Klonowski (2009) addresses the impact of the financing on the competitiveness of SMEs. According Madrid-Guijarro, Garcia-Perez-de-Lema, Van Auken, (2016) to reduce financing constraints on their innovation. Lee, Sameen, Cowling, (2015) claim the worsening in general credit conditions has been more pronounced for non-innovative firms with the exception of absolute credit rationing which still remains more severe for innovative firms.

Purpose of the article: The main objective of the conducted research was to analyze the conditions for the development of small and medium enterprises (the SMEs sector) in Slovak Republic, whereas the specific objectives were:
- to determine the opportunities for gaining external sources of financing for the development of SMEs,
- to examine the resources for innovation development in the SMEs sector.

Methodology/methods: The research was conducted in Republic of Slovakia in 2016. Participants were 193 Slovak companies that classified as SMEs by the size class of employment. The research tool used for the study was the own questionnaire consisting of 38 questions and the demographics. The structure of the questionnaire allowed the authors to identify the group of questions concerning the most important conditions for the development of the examined sector referring to the business environment. The results were processed by chi-square method.

Findings: On the basis of the conducted research of the sector of SMEs, it can be concluded that a large group of companies have difficult access to external sources of financing and this refers both to the access to the European Union funds, grants, bank loans and other instruments of the financial market. However, it occurs that:
− in Slovakia, the smaller the enterprise, i.e. the fewer employees it hires, the easier the access to external sources of financing,
− Innovative projects are realized from company profits or a loan,
− problems in Slovakia in accessing external funds due to the complexity of the process of approval of applications and documents and strict criteria for the assessment of financial capacity.
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Value-based Banking in CEE Countries – Ecological Point of View

JEL Classification: G21; Q01; Q56

Keywords: value-based banking; social banking; environmental care; sustainable indices

Abstract

Research background: Banks play an important role in financing pro-ecological investments made by enterprises. They support pro-ecological activities of the entities applying for financing or offer saving/investment products relating to the environmental impact. In terms of their external pro-ecological activities, there can be distinguished two groups of banks. The first group offers a wide selection of products and pro-ecological services as well as uses the tools of environmental risk management. The second group concentrates on offering selective products and services as well as is active in the area of pro-ecological marketing.

Purpose of the article: The main objective of the study is to identify and assess some chosen aspects of ecological activities of the banks listed on Stock Exchanges in CEE countries and included in sustainable indices such as: RESPECT, CEERIUS and VONIX. The scope of this analysis encompasses selected dimensions illustrating banks’ activities in terms of environmental protection.

Methodology/methods: The analysis of the investigated dilemma was based mainly on the desk research of digital and documentary sources.

Findings: The results indicate relatively huge differences across environmental care in value-based banks compared to conventional banks, and small differences between value-based banks themselves.
The Introduction of the Distributed Leger Technology in Banking System as an Alternative for Single European Payment Area Solutions

JEL Classification: F36; G15; G21

Keywords: SEPA; blockchain; distributed ledgers; virtual currencies; financial integration

Abstract

Research background: Single European Payment Area is one of the key integration initiative concerning EU financial market announced in 2002. Despite the passage of time solutions developed as a part of the program are still not satisfactory. It leads to seeking the alternative ones. The distributed ledger technology (sometimes referred to as blockchain) – launched to the financial market with the advent of Bitcoin – offers previously unavailable opportunities and is presently adopted by various financial institution. Thus, it poses a challenge to retail payment systems currently used by European banks.

Purpose of the article: The aim of the article is to describe the potential impact of the distributed ledger technology transfer from virtual currency schemes to the banking sector as well as to determine the technology-related solutions competitiveness compared with those being part of the SEPA project. The mentioned technology is analyzed as an alternative way to integrate financial system on a global scale.

Methodology/methods: In the article the literature review will be followed by the critical analysis. It will be mainly qualitative one, although it will be supplemented by some quantitative methods. The paper will be based on desk research techniques.

Findings: The distributed ledger technology brings a radical change in the processing of a variety of operations. In payment transactions, it offers a global reach, execution within minutes, cost effectiveness as well as the high degree of security. The technology-related solutions currently being developed by banks will soon enable cross-border transfers in major currencies (not only in euro) without the use of intermediaries. Therefore, the technology should be perceived as a starting point for the fundamental changes in the functioning of financial system that might eventually eliminate the need for local – continental – integration projects. It is, however, very distant vision and at present the blockchain solutions should be treated rather as complementary ones to those forming part of the SEPA project.
Assessment of Changes in Trade Turnover of the European Union Countries After the Adoption of the Euro

JEL Classification: F1; F4

Keywords: economic and monetary union; international competitiveness

Abstract

Research background: Analysis of the effects of monetary union is part of the research, which is very popular in recent years. Economists and politicians have asserted that the common currency would provide increased trade and integration among the member countries. Given the importance of the EMU as well as the costs of its introduction, it is crucial to verify the meaning of the view that the EMU contributes to the stimulation of trade. The question whether the introduction of the euro has increased trade and to what extent, is essential for the countries that have not yet joined the euro zone. It is also significant to search, how the presence in the euro area affects the international competitiveness, especially in the case of the global economic crises.

Purpose of the article: The validity of the problem prompted author to take up the topic and try to achieve the following research objectives: 1) to determine the impact of the adoption of the common currency on trade based on the review of theory, 2) presentation, how this effect was demonstrated by various authors in their empirical research, 3) to attempt own empirical research for determining trade turnover of the major developed economies of the world and what position occupied among them the European Union countries belonging to the euro zone, 4) analysis and evaluation, how the position in trade and international competitiveness of individual euro area Member States before and after joining the EMU has changed.

Methodology/methods: For the analysis the international trade competitiveness indicators will be used, calculated by applying the statistical data taken from the Eurostat database.

Findings: Results of the research allow to verify the research hypothesis that the adoption of the euro had a significant impact on trade and the competitiveness of the euro area countries.
Multiple Linear Regression Analyses of the Performance and Profitability of the Czech Banking Sector

JEL Classification: G21; M31; C38; O16

Keywords: bank, financial sector; linear regression analyses; performance, profitability

Abstract

Research background: The global financial crises started in USA and extended to the Europe market in 2009 – 2010 and caused the significant problems of the banking sector. Czech banks were not significantly affected and recorded a profit in many cases and there was no need for government intervention.

Purpose of the article: The purpose of this article is to analyze the effect of the economic situation of the Czech Republic on the performance and profitability of the banking market through selected determinants. Constructing a linear regression model predicts the values of the dependent variable from the variability of the values of the independent variables.

Methodology/methods: The final report is focuses in particular on measuring the performance nad profitability and for the solution is used method “Multiple linear regression”. The basis for multiple linear regression is to estimate the effect of each independent variable $X_i$ to the dependent variable $Y$. The force of the impact, determine the regression coefficients, also determining which independent variables have the greatest and the smallest effect on the dispersion of the dependent variables. In other words, how much of the variance of the dependent variable is explained by selected independent variables. In addition, literature studies and analysis of secondary data published as of 1. 2. 2017 is done.

Findings: This paper clarifies the structure of the Czech banking sector and that it is focused on the performance and profitability in the defined time period and it compares with the selected banking sector and indicators in other countries. On account of data availability for all the years examined, only selected banks were included.
Coal Mining in Central-East Europe in Perspective of Economic and Industrial Conditions

JEL Classification: P23; P28; G31; L72

Keywords: post-transition economies; economic and industry risk; coal mining

Abstract

Research background: Due to increasing economic and sectorial risk coal mining in Europe is treated as a declining industry. In post-transition economies such approach is a threat for energy safety and local and regional economic development. Nowadays, coal mining survival in Central-East Europe is additionally threatened by accumulative global risk factors, especially by price differentiation and shale gas revolution in United States of America. Revealed circumstances require deepen research and diagnosis in the area of risk and corporate management in mining enterprises in Central-East Europe.

Purpose of the article: The main aim of the article is to assess economic and industrial risk in coal mining in Central-East Europe. The research is divided into three parts. In the first of it the situation of coal mining in Central-East Europe is characterized. It is the basis for selection the countries for detailed analysis. In the second part the economic and industrial risk factors are assessed and described. Finally, in the third part their influence on financial results in examined mining enterprises is evaluated. In the summary the international comparison is made and general assumptions at risk and corporate management are formulated.

Methodology/methods: In the article a risk check list is used to identify the economic and industrial risk factors. To determine their influence on financial results at first stage of research Pearson’s coefficients are used. Than the regression functions are elaborated. The data is collected on the basis of public statistics and financial statements of examined mining enterprises.

Findings: On the basis of research results it could be stated that there are only a few countries in Europe in which mining enterprises still operate as separate economic units and all of them have experienced serious financial troubles during last years. Risk intensification contributed mostly to revenues reduction and negative financial results.
Importance of Digital Literacy for E-commerce in SR

JEL Classification: J24; M53; O33

Keywords: digital literacy; e-commerce; open educational resources

Abstract

Research background: In addition to hardware and software, digital literacy is essential for the application of e-commerce. In the paper, we focus on digital literacy, which increases the chances of receiving education of sound quality. Digital literacy requires interdisciplinary skills.

Purpose of the article: The aim of this paper is to assess current conditions in the areas of digital literacy.

Methodology/methods: The paper is based on the conceptual analysis and conclusions drawn from the literature on the general review of controlling-related papers. The outputs are listed based upon secondary research. Secondary data sources were processed from IVO, DIGIPEDIA 2020 and content analysis of scientific papers which focus on digital literacy.

Findings: Even though the state educational programme in the area of IT emphasizes the complexity of information education, according to young people the reality is somewhat different. Educational resources are no longer static and rare, but adaptable and widely available, allowing educational institutions, teachers as well as students to actively participate in the global exchange of knowledge through open educational resources.
Bankruptcy Prediction Model Development: Could the Information About the Past Development Increased the Model Accuracy?

JEL Classification: G33; C52

Keywords: bankruptcy prediction; static indicators; model accuracy; financial ratios

Abstract

Research background: In most cases, the bankruptcy models are based on financial indicators that describe a current situation in profitability, indebtedness and so on. But they do not inform us anything about relevant past development in this area. The main question of the research presented is, how much of the information about the past development could be useful in predicting bankruptcy. The aim of our research is to analyse the partial potential of financial indicators, that describe the past development, for increasing the model’s prediction capabilities.

Purpose of the article: The objective of the research is to explore, whether the prediction accuracy of the bankruptcy models can be enhanced by the incorporation of indicators that monitor the development of the company in time.

Methodology/methods: In course of the research presented we analyzed two types of indicators – basic and change form indicators. Basic form indicators show situation in company at a specific point of time, the change form indicators represent a modified base index of the basic form ratio, i.e. its change not status. For the purpose of comparison, we derived six different models by using both types of indicators. For creating the models we used the method of stepwise discriminant analysis, both forward selection and backward elimination. The accuracies of the resulted models were analyzed by using the methods of Receiver Operating Curves (ROC) and the Area Under Curve (AUC).

Findings: We found that the model based solely on change form indicators is not superior to the model based solely on basic form indicators. However, the model using both types of indicators exhibits a higher AUC in comparison with the models, that are using only one type of indicators.
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The Quality of Public Finance in the Light of Fiscal Governance Concept – some Theoretical and Empirical Implications

JEL Classification: H30; H60; H62; H63; H87

Keywords: public finance; quality; deficit and public debt; fiscal governance; transparency

Abstract

Research background: The research area over the quality of public finances (QPF) appears to intellectually attractive, and this is one of the key aspects of the economy. In the light of the challenges of the twenty-first century, public finances should be characterized by adequate quality, ensuring effective implementation of the economic functions of the state. The problem of the QPF is increasingly more frequent in the face of a deteriorating fiscal situation of most countries in Europe and around the world. Hence, it is worth considering what factors determine the possibility of increasing the efficiency of the financial sphere of the state. The QPF can be considered, e.g. through the prism of philosophical approach of quality, as some degree of perfection or, e.g. through the prism of the principles of good governance, including inter alia criteria such as transparency, efficiency and effectiveness. An alternative way of recognizing the QPF can also be the assessment of the implementation of fiscal governance mechanism, which includes three main components, such as numerical fiscal rules, non-numerical fiscal rules and independent fiscal institutions is used.

Purpose of the article: This article aims to show the possibility of assessing the quality of public finances in the light of fiscal governance concept. In the empirical sphere authoress attempts to assess the QPF in Poland compared to other European Union Member States.

Methodology/methods: To carry out the study a descriptive method with elements of the analysis of statistical data was used. The paper looked at literature concerns with the meaning of quality. Analysis was conducted on the basis of literature dedicated to the dimensions of the concept of fiscal governance too. In addition the authoress used the index of fiscal transparency according to methodology of Alt and Lassen. Research was conducted on the basis of the European Commission, Eurostat and International Monetary Fund data set (for years 2006-2015).

Findings: Improving the quality of public finances remains a key challenge for policy makers in the EU. Maintaining fiscal discipline remains a pillar of the fiscal framework, however, the growing impact of globalization and the aging of the population also cause the need to improve the qualitative aspects of fiscal policy, with a view to promoting economic growth. This includes better targeting of public resources, increasing the efficiency of public spending, modernization of financial institutions and budget administration, supporting the creation of the fiscal frameworks and the establishment of efficient, growth-enhancing systems. The quality of public finances consists of a well-designed fiscal rules (numeric and
non-numeric) and institutions, as well as structural reforms. In this area, not to be underestimated is also the transparency of fiscal policy.
Prospects and challenges of Regional Policy of Belarus

JEL Classification: P25

Keywords: region; administrative command economy; regional; policy; cluster; cross-border cooperation; EU; Eastern Partnership

Abstract

Research background: Belarus is a country with small open economy and command-administrative system of government, characterized by high dependence on market fluctuations in the global economy. Therefore, the carrying differentiable regional policy, depending on the region's role in the economy and its location (border or central), the use of the potential of cross-border economic cooperation with neighboring countries should be considered as a factor in the sustainable development of its national economy.

Purpose of the article: This paper will be useful to researchers and authorities of Belarus, which develop measures to implement the regional policy in the country and abroad through the regional programs of EU and the Eastern Partnership. In article describes mechanisms of realization regional policy.

Methodology/methods: Methods of statistical and comparative analysis

Findings: Belarus insufficiently realized the potential of the border regions with the EU, does not provide an independent policy from the government to individual regions and bureaucracy, poorly thought out mechanisms for the implementation of products and services overseas regions, there is no possibility for individual regions integrated into international production chains.
Perspectives of the Introduction of Fiscal Union in the Euro Area

JEL Classification: E61; E62; E63; F36; F42; F45

Keywords: EMU; fiscal integration; euro area budget

Abstract

Research background: Fiscal integration constitutes an important adjustment mechanism to cope with asymmetric shocks within a monetary union which does not fulfil many criteria of an optimal currency area. As is currently the case in the euro area, national governments implement discretionary fiscal policy to try to cope with the adverse economic shocks themselves and to try to stabilise income which leads to high budget deficits and public indebtedness in many euro area countries. While conducting fiscal policy at supranational level and fiscal transfers within EMU would allow for sufficient cross-country risk sharing and contribute to macroeconomic stability of the whole euro area.

Purpose of the article: The aim of the paper is to explain the significance of fiscal union for the effective functioning of a common currency area, and especially its macroeconomic stability, to present various forms of fiscal integration and to assess the possibility of their introduction within the euro area taking into account the current economic situation, principles of conducting macroeconomic policy and political circumstances in EMU and its member countries.

Methodology/methods: Comparative analysis of literature, EU documents and principles concerning the functioning of EMU as well as statistical analysis of data on the EU budget and public finances in the euro area member countries (Eurostat and Ameco databases).

Findings: The greatest potential for macroeconomic stability - both in terms of asymmetric shocks, as well as these affecting the entire euro area - ensures the establishment of a large federal eurozone budget. However, in a situation of a lack of political will to move forward into a political union, the approach to ensure fiscal stabilisation should include: creating even a small common euro area-wide budget, introducing the independent European Fiscal Board coordinating fiscal policies and a European unemployment (re-)insurance scheme as well as making national fiscal policies more stabilizing and avoiding to impose self-defeating fiscal adjustments on crisis countries.
Crisis in the East of Ukraine: End or Beginning of Regional Labour Market Development?

JEL Classification: D74; J20; J60; O15

Keywords: labour market; small and medium business; migration; internally displaced person; crisis

Abstract

Research background: Armed conflict and political crisis in Ukraine resulted in significant economy decline, caused migration inside the country and unemployment, changed Ukrainian labour markets. The questions arise, if these changes bring only negative effects and if there is a chance for economy revival.

Purpose of the article: The purpose of the article is to examine changes in economy structure, present state of labour market in Donetsk and Luhansk regions, changes in demography situation; reveal the main tendencies and give recommendations concerning further development of labour market of the regions.

Methodology/methods: The statistical information from the State Statistics Service of Ukraine, reports of International and other organizations have been analysed. Such methods as statistical and economic analysis, abstract-logical analysis, classification and systematization have been used.

Findings: The population of the Eastern regions of Ukraine decreased under the influence of natural decrease and internal migrations. The internally displaced persons lost their jobs, and now they are suffering hard to survive. Many of them have to change their professions and acquire brand new skills and knowledge to become competitive. The majority of internally displaced persons are young people aged less than 30 years old. Their survival and survival of the regions are possible only on condition of existing desire of people to self-develop and self-organize. Thus small and medium enterprises and entrepreneurs start to appear in Donetsk and Luhansk regions. They substitute the existing huge industrial plants and become the main direction for labour market development in the East of Ukraine. Creation of small businesses is fully supported not only by government bodies, but also by International organizations. Assistance of international organizations should give the impetus for the search of new areas for growth and forms of interaction with the existing government and business.
The Dynamics of Regional Inequalities in Central and Eastern Europe

JEL Classification: C51; O11; O47; R11

Keywords: regional inequalities; economic growth; Williamson hypothesis; econometric modeling, Central and Eastern Europe

Abstract

Research background: The processes of economic convergation observed in many developing countries are characterized by reduction of economic differences on international level, which are accompanied by growing internal economic inequalities. This may stem from the fact that in catching-up countries, a more dynamic growth is observed in the economically strongest regions, which is initially reflected in spatial polarization and increasing regional inequalities. However, just as the countries reach higher levels of development, the diffusion of growth-inducing impulses to the remaining areas should lead to the spatial equalizing of the development levels and reducing regional inequalities [Martin, Ottaviano 2001; Brakman et al. 2005; Barrios, Strobl 2009].

Purpose of the article: The aim of the paper is to determine the relations between the level of economic growth in Central and Eastern European (CEE) countries and observed regional inequalities. The theoretical frame adopted to describe and explain those relations was the so-called Williamson hypothesis [1965] in which the relation between the scale of regional inequalities and economic growth is illustrated by a curve shaped like an inverted U.

Methodology/methods: The research procedure was intended to verify Williamson hypothesis by estimating parabolic econometric models. Indicators of economic growth along with measures of regional inequalities (Gini index and coefficient of variation) were used in the regression modeling. The research period spans over the years 2000-2015.

Findings: In the light of the conducted study of CEE countries, it was possible to observe both convergence symptoms as well as intra-state divergence tendencies. In most cases, the analysis of regional inequalities allowed for detection of the downward curvilinear trend. It can be thus stated that the analysed CEE countries follow the similar path to the one observed earlier among other developing countries (described by Williamson in the shape of inverted U curve).
Bankruptcy in Slovakia: International Comparison of the Creditor’s Position

JEL Classification: G33; K22

Keywords: bankruptcy; bankruptcy law; insolvency; insolvency law; liquidation; creditor

Abstract

Research background: Bankruptcy shouldn’t be considered only as a negative phenomena although its impact is for companies in most cases more than devastating. This change of point of view is invoked by the needs of contemporary socio-economic evolution. If society wants to reach sustainable development, the bankruptcy should be perceived as an immanent part of normal cyclical economic development. Moreover, if the view of bankruptcy will be changed in a positive way, it can be a stimulus for innovations, investment and global welfare. But it is not possible without increase the effectiveness of national and international bankruptcy law.

Purpose of the article: The goal of this study is to analyse the position of a creditor in the case of a debtor’s bankruptcy on the basis of comparative law in the Slovak Republic de lege ferenda. It is because we assume that continuous attention should be given to the issue of the creditor’s position in regards to a debtor’s bankruptcy to achieve sustainable economic development.

Methodology/methods: The potential consideration de lege ferenda should be based not only on performed legal analysis, but also on performed economic analysis. So, select countries have been evaluated according to specific economic and legal indicators. We used the interdisciplinary approach based on selection analysis and legal comparative analysis applied on international comparison of the status of creditor and the effectiveness of bankruptcy law from his point of view.

Findings: Applied approach has led us to the detection of the most important insolvency laws, specifically the insolvency laws of the United States and Austria. These legislations were further applied in the context of consideration de lege ferenda over the position of a creditor in the case of a debtor’s bankruptcy in the Slovak Republic.
The Evolution of Publishing Industry – the Outburst of Vanity Publishing in Poland and its Economic and Social Outcomes

JEL Classification: D40; L11; L13; L14; L82

Keywords: publishing industry; market emergence; vanity publishing

Abstract

Research background: Publishing industry has a long history and its impact on human history is unprecedented. It has a reputation of stable and conservative industry which stems from the fact that the process of publishing a book is not changing significantly. Recently however, since the birth of the Internet and digital economy, publishing industry has become liable to significant fluctuations. Moreover, other phenomena take place, changing the outlook for the whole industry and consumers.

Purpose of the article: The main purpose of the paper is to present the emergence of the new phenomenon in the studied industry – vanity publishing. Vanity publisher is a company which would publish any book in exchange for a payment from the author and the process usually employs little or no selection in the process. It can be studied from various viewpoints which will all be explored: the viewpoint of a vanity press (a company offering vanity publishing), the viewpoint of an author of vanity publication, the viewpoint of readers, the viewpoint of traditional publishers and the viewpoint of other authors, mainly from the same literary genre. The paper will also attempt to study economic and social outcomes of the vanity publishing in above mentioned groups of industry participants.

Methodology/methods: The main method of analysis will be a case study; the author will also attempt to carry out non-representative survey as well as direct interviews to assess problems (if any) emerging from the vanity publishing for various groups of industry’s stakeholders.

Findings: The main finding is that vanity publishing, becoming an increasingly popular phenomenon, leads to the emergence of a new market within the publishing industry. This in turn, changes the competitive constraints upon traditional publishes and might lead to some unexpected outcomes on the side of readers. Vanity publishing changes significantly the balance of power within the publishing industry which leads to noteworthy changes for all stakeholders.
Barriers for Effectiveness of Fiscal Policy: The Case of Poland

JEL Classification: H20; H26; H50; H60

Keywords: fiscal policy; public revenues; public expenditures; sustainability of public finance.

Abstract

Research background: It is commonly known that the public authorities responsible for the implementation of fiscal policy aim to achieve social and economic objectives. Nevertheless, as in the case of the private sector, there are factors that can limit the achievement of these goals. Retrospective analysis of the policy conducted by fiscal authorities in Poland, in the period prior to and post-crisis, proves the existence of numerous reasons that determine the particular effectiveness of the policy. This in turn leads to many interesting evaluative judgments.

In the first chapter the essence and main objectives of fiscal policy will be defined. In the second chapter an attempt will be made to answer the question, what effective fiscal policy means, what factors determine it and what measures can evaluate this effectiveness. The third chapter concerns the recognition of factors that negatively affect the achievement of the objectives on the basis of statistical data analysis.

The summary will include assessment of the rationality and verification of the validity of fiscal decisions taken by the authorities.

Purpose of the article: The main goal of the article is to recognize and assess the factors affecting the achievement of the objectives of fiscal policy in Poland. This aim is accompanied by the following hypothesis; adopted system solutions by the authorities make it impossible to conduct effective fiscal policy in Poland.

Methodology/methods:

The research methods applied in the work will involve exploring, analyzing and reasoning within the collected materials. For this purpose, the method of research: qualitative and quantitative will be used. Firstly, the cognitive research will be carried out based on literature studies and having a theoretical nature. Quantitative methods will be based on the statistical analysis of data in the following categories: - GDP, inflation, unemployment rate and employment indicator; - tax revenues, tax gap; - public expenditures; - budget deficit and public debt.

The adopted test period covers the years 2000 - 2016. However, due to limited access to the data, in some cases the analysis period has been shortened.
Findings: The anticipated results will be visible in the form of highlighting the factors which were characterized by both the negative and positive impact on the achievement of the objectives of fiscal policy in Poland. It consequently should contribute to consider possible system changes in the future.
Abstract

Research background: The article presents the problem of youth unemployment from the perspective of employers in the Podlaskie province. The unemployment rate of young people in Poland at the age range 15-29, reached 14.2% in 2015. For comparison, at that time the average for the EU was higher by almost two percentage points. In all provinces in Poland, the unemployment rate in 2015, obtained double-digit, and the Podlaskie province had the worst indicator among other regions with the unemployment rate of 13.8% among the young. It turns out that higher education in Poland lost its importance in the process of hiring the staff. Employers are increasingly less likely to look at education background of candidates, as they are more concentrated on their experience and specific skills.

Purpose of the article: The purpose of this article is to present the results of research regarding the diagnosis of the situation of young people on the labour market in the Podlaskie region from the perspective of employers. In particular, there were identified competency gaps and other reasons for not recruiting young people.

Methodology/methods: Two types of researches were carried out with employers from the Podlaskie province: quantitative, using CATI / CAWI and qualitative, using the technique of IDI. Quantitative research was carried out on a sample of 346 respondents. A qualitative study was carried out among 16 companies registered in the Podlaskie province.

Findings: Among the reasons for not employing young people, which were the most often mentioned by the entrepreneurs from Podlaskie region in quantitative research were financial reasons. During the interviews, employers indicated the reasons of not employing of young people such as "lack of appropriate qualifications," "specific skills" or simply "practical preparation for work." Employers asked about the competence gaps of young people pointed out that they have no experience, initiative and entrepreneurship, as well as learning skills.
Associations Among Employment and Industries of Slovak Economy

JEL Classification: J21; Q01; R12

Keywords: employment; value chains; industry

Abstract

Research background: Urban areas are as important as rural ones for regional development. This paper observes especially the position of cities, urban areas in the context of global value chains – GVC. Global value chains reflect specialization and labor division of companies, mostly multinational enterprises – MNEs. MNEs can be considered for flagships of some industries. Such flagship influence suppliers and purchasers. MNEs are a part of networks or do have got an access to such networks that combine dispersion of the value chain the boundaries of the firm and across national borders and.

Purpose of the article: The impetus of this humble work was to look at position of Slovak cities (Bratislava, Žilina) in order to look for sectors that can help to develop the city and its adjacent regions, particularly cross-border regions. The paper discussed how the attribute of the cross-border regions gives the cities more advantageous position in GVC.

Methodology/methods: Applying method of location quotient allowed to shed a light on GVC, which cities participate in. Some cities were in a position to take advantage of participation in GVC.

Findings: Examined cities are located in the western part of Slovak Republic. Discussion about the attribute of the cross-border regions can stimulate new ideas for finding causalities in city sprawl or in specialization patterns in industrial structure of the city. Discussion further fosters the comparison of two cities strengths and weakness of each of them that were summarized in terms of employment and industrial exploitation of GVC. It is the first finding and value added of the paper. Second one, method of location quotient is simple, but provides clear evidence on the regional development or decline in particular industries and time of observation.
Abstract

Research background: Growth model in CEE countries has been based on a massive inflow of direct foreign investments, especially in manufacturing, from the onset of the transformation. This resulted in a substantial share of manufacturing goods in total exports and a high ranking position of some CEE countries among the most industrialized economies in the world.

Purpose of the article: The main objective of this paper is to compare the determinants of the international competitiveness, measured by the net exports of the manufacturing sectors in the Czech and Polish economies, by using the database of 13 manufacturing sub-sectors in 1995-2011. The authors research the question of how much foreign and domestic demand, the level of labour costs, the level of sector innovation intensity, the level of sector openness to foreign markets as well as sectoral labour productivity influence the changes in their trade balance.

Methodology/methods: Our approach is based on employing an error correction model and SURE model to disaggregated sectoral manufacturing data. For individual sub-sectors it allows the speed of adjustment to long-run equilibrium to be estimated and the ability of the analysed economies to correct deviations from equilibrium to be assessed.

Findings: The results of the analysis conducted show substantial differences in the roles particular variables play in explaining the net exports in individual sectors. For the majority of Polish and Czech manufacturing sub-sectors, generation of positive trade balance is determined by relative demand growth. An increasing labour productivity influences heavily a positive trade balance of Polish goods in majority of sub-sectors, however, a key factor in Czech sub-sectors is decreasing unit labour costs. The results of the analysis indicate mostly a greater impact of the researched factors on net exports in long rather than short term and the better capacity of the Czech economy to correct deviations from the equilibrium.
International Trade Perspectives Within the USA
Foreign Trade Policy Agenda Challenges

JEL Classification: F19; F59; F63

Keywords: competitiveness enhancement; export promotion strategy; international economics; jobs creation; the U.S. foreign trade agenda

Abstract

Research background: International trade means the exchange of goods or services along international borders. This type of trade allows for a greater competition and more competitive pricing in the market. Probably the most important single insight in all of international economics is that there are gains from trade - that is, when countries sell goods and services to each other, this exchange is almost always to their mutual benefit. Importing and exporting of goods is big business in today's global economy thus international trade is supposed to be beneficial for a particular economy even for the USA.

Purpose of the article: The question is arising if Americans shouldn’t buy American goods whenever possible, to help create jobs in the United States. Paper deals with issues such as the U.S. international trade characteristics in terms of territorial and commodity structure, the U.S. export trade promotion strategy, the impact of trade on the US economy and international trade development as well as President’s Obama strategy regarding the U.S. international trade strategy.

Methodology/methods: This study is analyzing the US trade policy agenda and discussing the impact of foreign trade on the U.S. economy and its current status in international economic relations. Basic data will be drawn from generally accepted institutions, evaluating the U.S. economy performance. To accomplish this goal, methods such as analysis, comparison, synthesis and logical deduction are to be used; facts from scientific and professional publications, periodical and non-periodical press.

Findings: International trade of the United States is one of the world's most significant economic markets. The country is among the top three global importers and exporters. USA has trade relations with many other countries. Through efficiency, competition, and relationships the international trade can increase economic growth and allow for all countries to benefit from it.
Application of the Principle of Fairness in the Distribution of Rewards: Evidence From Serbia and Bosnia & Herzegovina

JEL Classification: M12; M50; M51; M54

Keywords: fairness, rewards, employees, organizational justice, behaviour

Abstract

Research background: In the search for additional data, which would enable the conclusion on the implementation of the principle of fairness in the distribution of rewards as one of the key ethical concepts in relations between employers and employees, a survey was conducted, which entailed the corresponding proportional number of respondents from Serbia and Bosnia and Herzegovina, to enable comparison of results. On the basis of secondary data, this research started from the assumption that the principle of Procedural justice in the distribution of income in Serbia and B&H has been insufficiently applied in practice in organizations in these two countries. It has been assumed that the ownership structure of the company (organization) affects the degree of implementation of the principles of fairness.

Purpose of the article: The aim of this paper is to identify elements of the system of rewards which determine the perception of fairness among employees and to what extent they are implemented in organizations in Serbia and Bosnia and Herzegovina. In this paper the authors are looking for the identification of elements that form the basis of fairness in the distribution of rewards and their importance for the perception of fairness.

Methodology/methods: Methodologically, the paper is based on the analysis of the existing literature, secondary sources and statistically processed results of the survey conducted in 328 organizations in Serbia and Bosnia and Herzegovina. The results of this analysis indicate that the elements of fairness in distribution of rewards were neglected in the organizations analyzed in this research.
Findings: According to the presented data of the research conducted on the sample of 325 respondents in Serbia and Bosnia and Herzegovina hypotheses are confirmed that the principles of procedural justice are not sufficiently applied in organizations in Serbia and Bosnia and Herzegovina. Their application depends on the form of ownership. Low perception of procedural practice in distribution of rewards may have negative impact on business results, which can be the subject of some future research.
Stimulating Economic Recovery through EA Growth Poles: Call for More Directed Unconventional Monetary Policy Measures?

JEL Classification: O45; E50; E58

Keywords: economic growth pole, unconventional monetary policy, network analysis

Abstract

Research background: In light of recent development in the ECB monetary policy the Japan-like stagnation scenario might seem to be a near-future economic modus operandi. The official distribution key used to transmit newly issued money from the ECB to individual EA countries is taken into question as the underlying heterogeneity of the EA member states strongly opposes uniform approach adopted at the international level. Per definition, the growth pole economies help to drive the growth process in other economies, thus the money spent to boost domestic credit provisioning are likely to spill over to other adjoined economies and help them to recover even in the presence of depressed domestic demand and/or overleveraged domestic banking sector.

Purpose of the article: This paper investigates this issue by computing growth pole scores for EA19 countries and comparing it to the official distribution key.

Methodology/methods: We modify the procedure developed in World Bank (2011) for growth pole computation in order to account for strength of linkages connecting member states through net of cross-border trade and financial flows.

Findings: Our results suggest that the official distribution key might not be completely optimal once looking at the growth pole distribution derived from the internal characteristics of a domestic banking sector and level of real and financial interconnectedness. Countries small in economic size (Baltic states, Slovakia and Slovenia) would benefit from a more differentiated distribution as they strongly outperform their benchmark set by the official distribution key. On the other hand, big EA economies do not achieve levels used in official distribution key taking into account their growth pole potential for other EA economies.
Abstract

Research background: The British people in referendum on 23 June 2016 vote for leaving EU by their country. No nation state has ever left the EU. The theory and practice of European integration is rich, but the disintegration of the scientific studies do not actually exist thus far. So the question of economic consequence of leaving European Union by Britain is very actual and important.

Purpose of the article: The aim of this article is to attempt to estimate the economic impact of leaving the European Union by Britain. The analysis is carried out not only from the point of view of the United Kingdom and the European Union as a whole, but also from Polish point of view.

Methodology/methods: The main method is desk research. The effects of the budgets (British, Polish, and EU), trade, GDP, employment, migration are analyzed.

Findings: Leaving the EU by the United Kingdom will be unfavorable for the Polish and the rest of the EU. For UK it depends on way of Brexit. A soft Brexit means a relatively slow negotiation designed to retain as close as possible a relationship with the rest of the EU. Access to the EU’s single market, with as few tariffs as possible, reduce losses. Hard Brexit would mean getting out of the EU quickly, no institutional or political relationship with the union, full control of UK borders and a negotiated free trade deal with the EU seems to be the most loss-making for everyone.
Testing European Business Cycles Asymmetry

JEL Classification: C20; E32; O47; O57; P20

Keywords: business cycle; asymmetry; Mills test; Mira test; Sichel test

Abstract

Research background: One of business cycles stylized facts is that contractions are shorter than expansions, but less persistent, more volatile and therefore asymmetric. Investigating existence and type of business cycles asymmetry is important for analysis of economic policy and statistical modeling. Economic implication of business cycles asymmetry is that economic policy should be different in period of contractions than expansion. Statistical implication is that linear models of business cycles cannot capture this stylized fact.

Purpose of the article: The article has two objectives: extend the literature on the business cycles asymmetry by testing data from 36 European countries including countries never analysed before and test robustness of the results to extraction methods and asymmetry tests used.

Methodology/methods: Quarterly GDP series from Eurostat database covering period 2000q1-2016q3 were used with two exceptions. In case of Bosnia and Herzegovina and Montenegro quarterly industrial productions indexes were used. Series were prepared by removing seasonal component using X12-ARIMA procedure. To assess robustness of asymmetry tests results to alternative methods of detrending business cycles were extracted using two filters: Corabie-Ouliaris ideal band filter and double Hodrick-Prescott filter. For testing the deepness and steepness asymmetry of the business cycles three tests were used: Mills, Mira and Sichel tests.

Findings: Weaker evidence of asymmetric deepness relative to trend was found in Cyprus, Montenegro and Turkey cycles where all three tests statistics for both filters have negative sign. However, only for one of the tests in each country the result was statistically significant. For two other countries, Germany and Sweden, four of six tests indicated asymmetric deepness, but also, only one of these tests results was statistically significant. Most of the cycles show contractionary steepness relative to trend, with exception of Ireland business cycles and to certain extent cycles of Poland, Malta, Montenegro and Spain.
Entrepreneurial Motives as a Differentiating Factor in Innovativeness

JEL Classification: L26

Keywords: entrepreneurial motives, innovativeness, proactiveness, mission, money

Abstract

Research background: SME character determines that entrepreneur’s personality plays a significant role in their management. For this reason it is necessary to consider the personality as a whole including his/her motives for entrepreneurship.

Purpose of the article: The aim of this article is to examine the relationship between entrepreneurial motives and innovativeness in the small and medium-sized enterprises (SMEs) sector in the Czech Republic.

Methodology/methods: We have analyzed the data collected in 2015 from 1141 SMEs from 14 regions of the Czech Republic. For the purpose of this article we focused on the motives for doing business, which were analyzed on the part of the whole sample including two selected groups of respondents. The first group (330 respondents) consisted of entrepreneurs who featured money as the most important motive for starting up a business and the second group (251 respondents) consisted of entrepreneurs who featured mission as the main reason for starting up a business.

Findings: We have revealed statistically significant differences in innovativeness between the entrepreneurs motivated by money and the entrepreneurs motivated by mission. Regardless of the entrepreneurial motives vast majority of entrepreneurs consider the innovativeness to be important for their company.
Effect of Macroeconomic Business Environment on the Development of Corporate Social Responsibility

JEL Classification: E6; H3

Keywords: corporate social responsibility; macroeconomic business environment; business strategy; sustainable growth; macroeconomic instability

Abstract

Research background: Corporate social responsibility (CSR) can make a significant contribution towards sustainability and competitiveness. CSR as management tool is useful for development and implementation of successful company’s strategy. However, various external economic factors, which businesses have little, if any, control over, play a critical role in development of CSR. Volatile macroeconomic business environment reduces the businesses’ growth and decisions to invest in socially responsible activities. Nevertheless, the implementation of CSR could prove to be a competitive advantage beneficial to overcoming the period of unfavourable economic conditions.

Purpose of the article: There is a need for a wider understanding how the changes in macroeconomic business environment influence the development of CSR. An empirical evidence in the literature regarding how macroeconomic factors impact on business decisions to invest in socially responsible activities is generally scarce, and practically absent when it comes to the tendencies of CSR development in Baltic countries and Slovakia. We look into how different macroeconomic conditions affected the implementation of CSR in precisely these four countries.

Methodology/methods: Through statistical analysis of selected macroeconomic indicators, we establish trends in the development of business environment in Baltic countries and in Slovakia. We then proceed to compare and relate these trends with the trends of socially responsible activities development, which we have calculated with reference to ISO Survey.

Findings: The macroeconomic indicators showed both negative and positive tendencies in all Baltic countries and Slovakia during the period of 2006-2015. The economic recession has negatively affected Latvian, Lithuanian, Estonian and Slovak business environment. Nevertheless, an implementation of quality management, environmental management and social responsibility standards into activities of companies of all Baltic countries and Slovakia expanded even in the period of macroeconomic instability. An assessment of busi-
Businesses approach to social responsibility by individual examples revealed that socially responsible companies actively integrate CSR activities.
Competitiveness of Selected Countries From Central and Eastern Europe In the Era of Globalisation

JEL Classification: F02; O11; O40; B23

Keywords: competitiveness; CEE economies; Perkal method

Abstract

Research background: The changes that took place in the late twentieth century led to the transformation of the political system in the countries of Central and Eastern Europe (CEE). As a result, there has been an increase in the competitiveness of some of the economies among the CEE states. Due to the different priorities and goals, these countries are also characterised by different levels in socio-economic development. Regional competitiveness is influenced by many factors, the identification and determination of which is very difficult.

Purpose of the article: The aim of the article was to identify the determinants affecting the competitiveness among the selected CEE countries.

Methodology/methods: Based on Eurostat data, a set of determinants affecting competitiveness was established. A number of determinants have been eliminated in relation to the coefficient of variation. At the same time, a classification of the level of competitiveness of these countries has been made by using the Perkal method. The analysis used 14 selected indicators, 10 of which were considered stimulating and 4 deteriorating competitiveness of national economies. The result led to obtaining a synthetic level indicator of potential of CEE countries.

Findings: Following the conducted analysis, the highest economic competitiveness exists in Estonia and the Czech Republic, while the lowest was found in Romania and Bulgaria. The results of the evaluation obtained with the Perkal method concerning the competitiveness of CEE countries that belong to the EU are largely consistent with those presented in global competitiveness rankings. However, the applied method is much simpler and less time-consuming, allowing at the same time an optimal choice of analytical determinants. The selected linear Pearson correlation coefficient confirmed that there is a strong positive relationship between the designated values of the synthetic indicator of competitiveness and the GDP per capita. This confirms the validity of used test methods.
Social Convergence in Nordic NUTS-3 Regions

JEL Classification: C10; C43; I31; R12

Keywords: social convergence; Nordic regions; standard of living; taxonomy spatial measure of development

Abstract

Research background: Geographical proximity, common historical roots and collaboration within the Nordic Council make the Nordic countries, often wrongly treated as monoliths. However, in reality, Nordic regions differ in terms of broadly defined social and economic development. The Nordic Council and cooperating Nordic Council of Ministers are responsible for the agreements within the Nordic countries and the pursuit of the sustainable development of associated regions. It seems that the issues concerning the standard of living comprise one of the priorities of the Helsinki Treaty signed by Nordic countries.

Purpose of the article: The main goal of this paper is to analyze the existence of the social convergence in the European Union over the 2000-2015 period. The social convergence refers to a reduction in the dispersion of the standard of living across regions. A taxonomy spatial measure of development was used as the standard of living approximation. Result of this analysis may be helpful in evaluating the efficiency of the activities under third and fourth Nordic Strategy for Sustainable Development.

Methodology/methods: The spatial taxonomy measure of development proposed by Pietrzak was used as standard of living approximation. Inclusion of spatial relationships in the construction of taxonomic measure of development is justified as regions are not isolated in space and can be affected by other units. It seems that the lower the administrative areas investigated, the greater the impact will be. The existence of beta-, sigma- and gamma-convergence was tested for global spatial aggregate measure and as well for sub-groups of determinants forming the standard of living.

Findings: Taking into account the spatial relationships seemed reasonable, since more than 50% of variables were spatially autocorrelated. The analysis showed that the regions with the highest standard of living are those situated on the west coast of Norway. Regions with the lowest standard of living were regions located in central Finland. However the most important part of this research was to investigate the existence of beta-, sigma- and gamma-social convergence. The results show that there is no convergence for global standard of living measure. However the convergence occurs in groups of determinants of education and health care. There is a significant gap among analysed regions in terms of labour market and natural environment.
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Value Added Tax and its Influence on Buying Behaviour

JEL Classification: D12; H31; E62

Keywords: Value Added Tax; Price elasticity of demand; Buying behaviour; Food retail; Case study.

Abstract

Research background: Value added tax (VAT) as an instrument of fiscal policy and also a very important income for the state budget is one of the universal, indirect taxes, which has a significant influence on the price level in the country. The European Union's system of value added tax on goods and services are primarily governed by "the 6th VAT Directive" set by the European Commission.

Purpose of the article: The paper deals with the question of how changes in the rates of value added tax influence buying behaviour of customers. Buying behaviour could be expressed as decisions of customers about expending their own resources such as money, effort and time, on items related to their consumption in order to meet their needs.

Methodology/methods: The area of the research is a Czech retail market with food. Due to the nature of VAT, the influence of this tax on buying behaviour was quantified by price elasticity of demand respectively indirect tax elasticity of demand. The article is conceived as a case study, according to the principles R.K. Yin. The evaluation of buying behaviour is based on real data, which deals with volumes of sales and sales prices realized in a specific Czech retail chain, which associate more than 200 shops.

Findings: The goal of the study is not only to propose the way how to identify buyers' response to the changes in the VAT rate, but also to bring the knowledge about customers' response to the realized changes, and finally to propose how to use this knowledge in a development of pricing strategy in case of further changes in the VAT rate.
The Most Valuable Global Brands and Condition of Economies: a Spatial Approach

JEL Classification: F63; M31

Keywords: GDP; brand value; spatial economics

Abstract

Research background: Brands are considered to be the most valuable asset of a company. Some of them achieve spectacular global results. The significance of global brands is proved by the fact that their value is often greater than the sum of all company’s net assets.

Purpose of the article: The aim of this article is to highlight that brand value does not only create company’s value but also leverages economies. We claim that even though global brands are sold worldwide they more strongly contribute to the development of economies in the countries where these brands’ owners are located.

Methodology/methods: Based on 500 Brandirectory, the most Valuable Global Brands ranking powered by Brand Finance, we have discovered a spatial-economic autocorrelation to illustrate the potential interdependency between GDP and brand value which constitutes a foundation for further construction of a spatial regression model. Because the ranking data was only available for the year 2014, the analyses were performed for 33 selected countries.

Findings: Our findings confirm the hypothesis that assumptive spatial dependencies matter for the investigated relationship between brand value and GDP. The evidence is based on the spatial error and the spatial lag model, although the former has a slightly better performance than the latter alternative.
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State and Prospects of Agricultural Products Export under Conditions of Modernization of Strategic Partnership Between the EU and Ukraine

JEL Classification: F10; F13; Q17

Keywords: export; food crisis; agricultural lobbies; agricultural assets; competitive advantages

Abstract

Research background: In terms of reducing export opportunities of modern Ukraine, caused by loss of control in eastern region of the country and reduced deliveries to its traditional markets, including the CIS, there is an urgent need for regional and sectoral diversification of its exports. EU market, which currently shows an increased interest in deepening the strategic partnership in trade in agricultural products, is considered as one of the most promising markets. Given the dynamism of trade in agricultural products during the last three consecutive years, which may be accelerated after full ratification of the Association Agreement between Ukraine and the EU, we can make a hypothesis about the potential impact of the Ukraine’s products supply on the situation on regional markets of certain groups of food products in the EU, the process of capital consolidation in the agricultural sector of Ukraine and acceleration of decision on the land market in Ukraine. The problem of intra-sharpening competition and ensuring competitive advantages of Ukrainian suppliers of food products is also of particular importance.

Purpose of the article: discovering prospects of expansion of agricultural products exports to EU markets under unprecedented losses of CIS markets for Ukraine and the strategic reorientation of trade partnership vector in the European direction, identifying problems of reorientation for both Ukrainian and European sides.

Methodology/methods: For studying the trends of the global trade in agricultural products, monitoring of sectoral and regional structure of foreign trade in agricultural products of Ukraine statistical and comparative analysis was used; for the calculation of the localization and concentration of foreign trade in agricultural products index analysis was used. In order to summarize the experience of regulatory policy of the EU and Ukraine in the field of agriculture and justification the strategic directions of Ukrainian exports method of synthesis system was used.

Findings: Based on statistical analysis key trends in international trade and Ukraine's exports of agricultural products were identified. It was demonstrated that the increase in international trade is accompanied by a decrease in the share of trade in agricultural products in world merchandise exports, due to the increasing influence of food self-sufficiency policies of countries and economic groups which are the leading importers and consumers of agricultural products. It is proved that the conditions of access of Ukrainian exporters to Euro-
European markets of agricultural products are influenced by systematic measures in regulatory policy of the EU. It was determined that expansion of Ukrainian agricultural products to EU markets does not impact on the strategic situation of the regional markets and the EU is not able to ensure the transformation of the competitive structure of the markets. Increasing share of organic products may be promising segment of exports of agricultural products from Ukraine into the EU. Assessment of the competitive advantages of agricultural products based on methods of Balassa, Walras and Lafay, along with indicators of concentration and geographical location of trade flows, allowed to identify the competitive position of Ukrainian trade in agricultural products in the EU. It was revealed the risks that impede deepening trade partnership between Ukraine and the EU because of the actions of the agricultural lobby in the EU’s strategic interests in other countries (China, USA and the Middle East) for access to agricultural assets in Ukraine.
Local Development Toward Permanently Sustainable Low Emission Economy

JEL Classification: Q01; Q54

Keywords: Lubuskie province; CO$_2$ reduction; sustainable development

Abstract

Research background: This article presents issues of rational management of energy throughout the Lubuskie province. The starting point was the idea of permanently sustainable development. The authors focused on the problem of reducing emission of polluting gases in the context of sustainable development. The results obtained were collated with other provinces and a comparative analysis was made.

Purpose of the article: The aim of the article is to evaluate the changes of emission of pollutants as well as the factor affecting emission and also to indicate the directions of its reduction. Such an approach is connected with both a long and short-term horizon, which follows from the necessity of securing clean air and “healthy atmosphere” at present as well as for future generations, taking into consideration, however, the economical, social and environmental context. In that sense, we are looking for an alternative which would secure permanent sustainability of development throughout the province.

Methodology/methods: The paper analyzes different solutions to decrease the use of coal to achieve the aims of CO$_2$ emission reduction throughout the Lubuskie province by means of an econometric model. The authors used a fixed effects model and selected statistical tests serving to evaluate and chose the right model. For evaluating the levels of penetration of different technologies considering their economical, technical and environmental characteristics, a probabilistic approach and historical data were used.

Findings: Even though air pollution with gases has been dropping in the Lubuskie province since 2011, still the actions taken at the regional level are of great significance. The policy pursued by the region should include promotion of renewable sources of energy, spatial planning, or changes in the lifestyle. In the context of sustainable development, variables such as forestation, wages, number of plants, poverty threshold and population density have proven to be important.
Regional Socio-economic Determinants of the Development of the Bio-economy in Agriculture

JEL Classification: O13; Q01

Keywords: bioeconomy; local development; economic and social determinants; Lubusz voivodeship; sustainable agriculture

Abstract

Research background: The development of research on the rational management the resources of plant, animal and microorganisms, together with the use of innovative technologies conducive to the efficiency of their management creates a new area of activity called bioeconomy. Bioeconomy is the basis of development of economic regional economies. Bioeconomy regional level is essential for the socio-economic impact, especially in sparsely populated peripheral areas. Bioeconomy is an opportunity to overcome the negative impact of production on the environment. For the positive effects of the bio-economy in the agri-food sector can be regarded as an increase in employment and incomes and security of supply.

Purpose of the article: In order to support the development of bio-economic development at the regional level in the agri-food sector should be specified social and economic potential of agriculture. The purpose of the article was to define and determine the potential of the bioeconomy Lubusz voivodeship. In addition, it attempts to define the role of the bioeconomy in the agri-food sector, including the environmental aspects. Were discussed the essence of the bio-economy and have been trying to assess the determinants of socio-economic conditions.

Methodology/methods: The study covered the period 2005-2015. The influence of macroeconomic factors on the development of sustainable agriculture. To assess the importance of macroeconomic factors used method of panel analysis. Data for the analysis was from the statistical data from the Local Data Bank (BDL), the Central Statistical Office and the Chief Inspectorate of Trade Quality of Agricultural and Food (GIJHARS).

Findings: In order to increase the potential of the region must recognize the importance of local knowledge as a stimulant competitiveness of regional development, while taking into account the diversity and complexity of local systems. In order to improve opportunities for the bio-economy and green growth must better understand the role of natural capital and related changes. It should improve public participation in decision-making processes, especially in the landscape scale. Important is the integration of cross-sectoral dimensions of ecological, social-cultural and socio-economic development in the process of regional management. In this context, the need for further study of the socio-economic conditions to
determine the regional-smokers provide a permanently balanced development of the use of bio-economy in agriculture.
Consumer Attitudes in the Light of the Concept of Sustainable Consumption in Lubuskie Voivodeship Against the Background of Trends in Consumption in Poland

JEL Classification: QO1; D11; D12

Keywords: consumers’ behaviours; sustainable consumption; trends in consumption; Lubuskie Voivodeship

Abstract

Research background: The article has address the issue of sustainable consumption which is becoming increasingly important on account of the adverse social and environmental consequences caused by the development and growth of societies. Sustainable consumption encourages to make rational choices and take responsibility for one's choices. Consumers take a number of decisions every day that affect not only themselves, but also cause externalities. There are many studies that indicate that consumers when buying goods and services are driven by environmental and ethical considerations.

Purpose of the article: Changes occurring in the environment affect consumer behavior leading to multiplicity of attitudes and changes in consumption trends. The article has shown consumer behavior in line with the concept of sustainable development against the background of trends in consumption in Poland.

Methodology/methods: The basis for the discussion in the article will be: literature studies, available empirical studies and our own results of the survey among respondents in Lubuskie Voivodeship. Surveys using questionnaires were directed at 541 respondents. The number of correctly completed questionnaires was 500, and the figures contained in them were subjected to further analysis.

Findings: Respondents in their purchasing choices are not guided by the influence of the production on the natural environment. However, in their behaviors we can notice some environmental measures, which stem from different reasons, depending on the socio-economic conditions.
The Conditions of Demand and Supply in the Market of Organic Agriculture in Poland Compared to Selected European Countries

JEL Classification: Q56

Keywords: organic farming; demand factors; supply factors

Abstract

Research background: Organic farming is a practical response to the ecological consequences of non-organic management of natural resources. Interest in the organic food market is growing both among producers and consumers. What has influenced this is, on the one hand, the demand for organic products, and on the other, the support for organic farming from the national budget and the budget of the European Union.

Purpose of the article: In the article we have shown an attempt to identify the key factors influencing the development of the organic food market in Poland compared to individual European Union countries. Particular attention has been paid to the mechanisms of support for organic farming that enables farmers to keep a farming system based on ecological production methods not disturbing natural environmental balance and allowing to undertake activities that are particularly beneficial for environmental protection ensuring the continuance and development of present and future generations. Seeking justification for the promotion of organic agricultural producers a reference has been made to the market failure, with particular emphasis on the problems of socio-economic development.

Methodology/methods: The conditions for the development of the organic food market are shown in the context of the analysis of the literature on the problems of organic farming, the available empirical research, as well as data from the Central Statistical Office, Eurostat and IJHARS.

Findings: Polish organic food market is growing rapidly. However its significance in Poland is not great in the total agricultural production. The level and structure of consumption of organic food market is determined by the income of consumers, as well as their increasing environmental awareness. An important element influencing the development of organic farming is a system of support for organic farming.
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Understanding Taxpayers’ Behaviour for Economic Growth and Fiscal Sustainability

JEL Classification: H26; K40

Keywords: taxpayers; segmentation; behavior; tax avoidance, tax evasion

Abstract

Research background: Current tax payers’ segmentation is relatively limited and static. The existing segmentation problem, which is related to the tax payers’ behaviour, requires modern segmentation-analysis methods and models, which would evaluate the change of economic and psychographic tax payers’ indicators. It would allow the tax administrator to react to the shifting risks and recent circumstances, which predetermine the tax payment or evasion.

Purpose of the article: This research intends to develop a theoretical model for analyzing tax payers’ in order to classify them according the risk of possible tax evasion. Motivation to pay taxes and behavioural aspects are also included in the analysis.

Methodology/methods: Research is based on an analytical approach, there was invoked a systematic, logical and comparative analysis of scientific literature, overview of tax payers’ segmentation best practice in foreign countries.

Findings: The knowledge about the specific behaviour of the tax payers’ segment groups (tax compliance/enforced tax obligations) enables to determine the main impacting factors. Accordingly, the most effective purposive administration tools may be applied to these groups. Better comprehension of the tax payers’ and their executives (decision-makers) behaviour would allow to enhance administrative institutions’ abilities in analytics and to determine the yet unknown connections and phenomena between separate tax payers in the context of effectual law basis. Clearer tax payers’ identification by segment groups and behaviour risk factors, which are specific to separate groups, will enable faster determination of outliers as well as newly forming potential risks. Dynamic changes between separate groups or in them will form preconditions for timely implementation of tax payers’ monitoring and control tools for reaching a positive change in the behaviour of taxpayers.
Estimating an Impact of Base Erosion and Profit Shifting (BEPS) Countermeasures – a Case of Business Group

JEL Classification: H26

Keywords: BEPS, BEPS countermeasures, business groups, tax compliance.

Abstract

Research background: Base erosion and profit shifting (BEPS) is a reduction of corporate income tax base and related corporate income tax payments via manipulation of the location of external and internal debt; artificial reduction of the effective tax rate on intangibles, adjustment of transfer pricing and taking advantage of other tax loopholes. 15 BEPS Actions prepared by OECD is a set of countermeasures to fight tax planning and tax evasion in a coordinated way and to be implement by countries on voluntarily basis. Previous research revealed that on the macro-level the extent of BEPS is large and statistically significant while studies addressing micro-level impact are rare. The scale of BEPS and BEPS countermeasures, its economic impact remains difficult to measure due to data limitations, complexity and interdependency of global business operations, variety and complexity of BEPS measures, uncertainty of BEPS countermeasures to be introduced, their scope and timing.

Purpose of the article: is to identify methods and metrics available to evaluate BEPS countermeasures’ impact on a micro-level and using these methods to assess BEPS countermeasures’ impact on a business group.

Methodology/methods: the paper employs comparative analysis of scientific and professional literature to identify approaches and methods available to evaluate BEPS countermeasures’ impact in a micro-level; and a case analysis method to assess the actual impact of BEPS countermeasures on a particular business group.

Findings: An approach used to estimate BEPS countermeasures impact on a micro-level differs from the one applied in macro-level analysis. Tax compliance costs may be significant and to provide insights for management decisions the assessment of compliance costs have to differentiate between internal and external compliance costs and between recurring and non-recurring costs. To conduct the case analysis OECD Action plan has been adapted for a micro-level analysis to include: identifying relevant and available data; conducting the analysis of the transactions subject to BEPS countermeasures; measuring the magnitude of BEPS countermeasures impact; and developing an action plan to manage BEPS countermeasures’ risks. Analysis of the activities of a particular business group revealed that 5 from 15 anti-BEPS Actions (countermeasures) proposed by OECD are relevant and directly applicable for this business group. Assessment of BEPS countermeasures’ impact on LT Business Group revealed that BEPS countermeasures would not have an immediate significant
direct fiscal effect but risks related to BEPS countermeasures exist and action plans to manage negative effects of BEPS countermeasures have to be implemented.
Bail-in as an Instrument Protecting the Banking Sector from System Risk vs. Capital Adequacy of Banks in the EU

JEL Classification: G21; G33

Keywords: bail–in; financial crisis; capital adequacy

Abstract

Research background: The article refers to the introduced bank regulations aiming at maintaining capital adequacy of banks and a stable situation in the banking sector, allowing to keep the financial system stable at a time of a possible financial or systemic crisis.

Purpose of the article: This article aims at presenting methods of protecting banks. It mostly focuses on the capital structure and the use of capital assets to repay liabilities in a situation that poses a risk to the continued functioning of a banking sector or a financial system.

Methodology/methods: Our research was conducted by ways of analysing literature on using bail-in in the banking sector during an ordered bank restructuring or a winding up process. Data analysis was conducted with the use of statistical methods, including correlation analysis, followed by a comparative analysis of obtained results. The level of interdependence was determined on the basis of Pearson’s correlation analysis, and the results were verified with the use of J. Guildford’s classification of interdependence.

Findings: The article presents bail-in — an instrument aiming at performing ordered restructuring or winding up of a bank in the context of capital adequacy of banks in the European Union. The text shows how quickly and strongly capital adequacy rate of banks was changing in specific EU member states between 2006 and 2016, including the variation value evaluated with regard to the division into developed and developing countries. What is more, the article also points at current directions of changes in capital structure of banks in EU member states.
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Will Brexit Cause the Whole Britain to Leave the EU?

JEL Classification: F14; F15; F53; K33

Keywords: Brexit; EU; European integration; international trade; transatlantic relations

Abstract

Research background: Brexit changes the perception and attractiveness of European integration. UK rejects the paradigm of the role and rank of the security community and the perception of European integration as “a road of no return”. The legal regime of Brexit will be analysed. Conclusions from the processes of disintegration of European countries will be presented (taking into account differences in attitudes of English and Scottish voters to Brexit). Brexit is examined through two prisms of relations: UK-EU and UK-US (i.e. Atlantic Alliance). Economic and legal study allows to assess the economic effects of Brexit and future regime of EU-UK relations.

Purpose of the article: To find out whether the effect of Brexit will be leaving the EU by whole Britain and to determine geopolitical and geoeconomic consequences of Brexit. The reasons of such purpose are: the evolving structure of the UK, persistent trends of separatism in the UK, geographical differences in attitudes of UK citizens to Brexit and effects of Brexit for trade relations of the UK’s countries.

Methodology/methods: The research is an interdisciplinary economic and law study. The authors use: economic methods – quantitative and qualitative analysis of trade between Scotland and England and between UK and EU; legal methods applicable to the research of international institutions using institutional and functional approaches. Conclusions are formulated on the basis of the synthesis of the results and approximations. This interdisciplinary nature of the research is an element of novelty of the research.

Findings: Brexit will impact the transatlantic order in the long-term. Weakening of Britain’s ties with EU Members will have a significant impact on the strength of European identity. Brexit will weaken the European pillar of Atlantic Alliance. Brexit will be a factor of permanent disintegration of UK.
Hill-Climbing Algorithm for Robust Emergency System Design with Return Preventing Constraints

JEL Classification: C61; C63

Keywords: Emergency service system design; robustness; integer linear programming; iterative algorithm; convex combination

Abstract

Research background: This paper deals with smart design of robust emergency service system. The robustness means here resistance of the system to various detrimental events, which can randomly occur in the associated transportation network. Consequences of the detrimental events are formalized by establishing a set of detrimental scenarios. A robust emergency service system is usually designed so that the deployment of given number of service centers minimizes the maximal value of objective functions corresponding with the specified scenarios. The original approach to the system design using means of mathematical programming faces computational difficulties caused by the link-up constraints.

Purpose of the article: The main purpose of our research is to overcome the computational burden of the branch-and-bound method caused by the min-max constraints in the model. We suggest an iterative hill climbing algorithm, which outperforms the original approach both in computational time and demand on computer memory.

Methodology/methods: The methodology consists in approximation of the maximum of original objective functions by a suitable convex combination of the objective functions. The previously developed hill climbing algorithm is extended by return preventing constraints and their influence on computational effectiveness is studied within this paper. Especially, we focus on finding the most suitable form of the return preventing constraints and strategy of their implementation.

Findings: We present here a comparison of the suggested algorithm to the original approach and the Lagrangean relaxation of the original approach. We found that the suggested algorithm outperforms the original exact approach as concerns the computational time with maximal two percent deviation from the optimal solution. In addition, the algorithm outperforms the Lagrangean approach both in computational time and the deviation.
Abstract

Research background: The huge interest of researchers in the interrelationship among motivation, organizational culture, and engagement can be explained by psychological and economic reasons. The psychological reasons are the following: individualization of work, the growth of interest in positive psychology and the role of human resource, which is perceived as the key resource to enhance business competitive advantage. The economic reasons regard to: "engagement deficit "which is a result of a low percentage of employee engagement in the organizations. Business organizations all over the world pay a heavy price as a result of unengaged and uncommitted employees. Today leaders are exerting tremendous pressure on its workforce, more than ever before, for achieving optimal results. Therefore, it is becoming increasingly important for organization to attract, engage, develop and build loyalty among their employees, based on its organization culture, to gain a competitive edge in today's global market place.

Purpose of the article: The main purpose of the article is to explore the interrelationship among three variables: motivation, organizational culture and engagement. This is important in the light of leaders' challenges in the 21st century to establish a solid organizational culture in order to engage their employees.

Methodology/methods: The article's methodology is based on a multi-disciplinary literature review in the fields of organizational psychology and management theory. Nearly one hundred articles, reports and books have been reviewed. Results of the study are synthesized in tables.

Findings: Building an engagement organizational culture means that organizations' leaders have to understand the interrelationship between organization culture and engagement and its contribution to achieve their business goals. Managing organizational culture requires the leaders focus on the human being aspects like motivation and values of their people. The engagement organizational culture lies, profoundly, at the center of the ethical value-based culture of the organization.
SMEs Innovativeness and Institutional Support System: The Local Experiences in Qualitative Perspective

JEL Classification: L25; O12; O33

Keywords: innovation; quality of innovation; SMEs; institutional support system

Abstract

Research background: Innovations are considered to be one of the most progressive determinants of socio-economic growth, also in the territorial, regional and local perspective (por. Petrariu, Bumbac, and Ciobanu 2013; Priede and Pereira 2013; Bottazzim and Peri, 2003; Niedzielski and Jadziński, 2002; Sternberg & Arndt, 2001). The high level of innovation has a positive impact on productivity at the firm level (business performance, see, e.g. Bhaskaran, 2006) and consequently also on the economic results at regional or national level (economic performance, see, e.g. DiPietro i Anoruo, 2006).

Purpose of the article: The aim of this paper is to contribute to a greater understanding of the research on institutional support system for SMEs innovativeness in the Podkarpackie region. In analyzing this case, we raise the following two questions: (1) what are the types, structure, and quality of innovation strategies of SMEs in Podkarpackie?; (2) what are the factors affecting innovation and potential barriers to further use of institutional support system aimed at the implementation of innovation in enterprises.

Methodology/methods: The study was qualitative interviews (in-depth interviews - IDI) with key individuals in SME’s, R&D units, business environment institutions, regional and local authorities. Based on the opinion of entrepreneurs and others, evaluated programs and projects dedicated to innovation and identified barriers encountered by entrepreneurs limiting the implementation of innovation. Made in this way to assess the effectiveness of institutional support system.

Findings: The results of our research show that institutional support system mitigate negative consequences of peripheral localization of the enterprises, where specific innovation strategy has no influence on SME’s assessment of innovation effectiveness. The innovation is too costful and SMEs are too weak in peripheral region, therefore there is great need for reasonable and flexible institutional support system. However, peripheral situation influences this institutional system itself, strengthening the mechanisms of self-censorship.
Marketing Information System and Risk Reduction in Managing a Company on Foreign Markets

JEL Classification: D81; F23; L20; M31

Keywords: international business; international marketing; risk; marketing information system

Abstract

Research background: A need for the formation of marketing information systems is accompanied by the general public approval of actions that comply with the very idea of marketing. When defined as a specific type of management information, marketing information refers to any kind of data that can be used in the process of marketing management in order to attenuate the uncertainty of decisions undertaken in the context of strategic marketing and operational marketing. The dynamic character of market processes and phenomena causes that decision-making always entails a certain dose of risk. Risk reduction is possible, for instance, by means of deploying relevant marketing information. One may, therefore, say that a role of information in a decision-making process could be perceived in terms of both uncertainty reduction and rendering undertaken decisions a privilege of correctness understood a priori. In this sense, information-related needs are by-products of decision-making processes, and a type of decision determines the basic characteristics of marketing information [i.e. its accuracy, scope of application, acquisition frequency, etc.].

Purpose of the article: Any expansion beyond the scope of domestic market and searching for competitive advantages in the diversified international business environments are necessitated by taking decisions which involve greater risk than routine decisions based on experiences derived from the corporation’s domestic market. Likewise, decision-making process require a more profound informational support when they refer to international markets. By placing an emphasis on the sub-system of marketing research undertaken in a multicultural business environment, this paper aims to categorize and provide an in-depth insight into theoretical bases of marketing information systems with regard to companies functioning on foreign markets. The text elaborates upon the role of information in marketing management as well as upon selected approaches to the formation of marketing information systems. Moreover, the significance of international marketing research and its role in the process of
corporate internationalization are explained. Likewise, basic forms of organization with regard to international marketing research are also characterized and explained from a perspective of involved spatial variables.

**Methodology/methods:** The considerations are based upon a critical analysis of publications in the field of marketing and management.

**Findings:** Globalization processes and the increase in the internationalization of enterprises pave the way for the development of marketing information systems which are utilized by contemporary business ventures seeking to internationalize their operations. Hence, one may postulate that the development of conceptualizations referring to international and global marketing is a motivating factor leading to the increase in the significance of well-constructed systems of marketing information with a special emphasis placed on the subsystem of marketing research. At this point, one has to bear in mind the international marketing research cannot be treated simply as an extension of domestic studies. When investigating international business environment, one is in a position to take a plethora of specific methodological problems into account at all stages of research procedures. The fundamental problem of international marketing research, which may be conceived as a context for further research, is equivalence of studies on diverse foreign markets and diverse cultures. Overcoming cultural differences renders possible a comparison of study results taking place in many different countries and, in the long run, taking relevant decisions.
The Analysis of Consequences of the Financial Crisis on the Market of Daily Press in the Slovak Republic

JEL Classification: G010 ; Z10

Keywords: Slovakia, media, crisis

Abstract

Research background: Since 1989, daily press in Slovakia has been characteristic of its dynamic development demonstrated by, inter alia, various changes in the system, property relations, typology, content, circulation, popularity, prices, volumes of advertisement and the number of daily newspapers. In recent years, daily press has been influenced by legislation, economic factors (business environment, impact of the financial crisis, purchasing power of the population, etc.), but also the revolution of social habits stemming from the development of information and communication technology.

Purpose of the article: The key focus of the research is the analysis of tendencies in the development of the national daily press market from 2000 to 2014, with emphasis being placed on the analysis volume of advertisement as independent variables and their overall one-time average circulation as a dependent variable and the resulting relations between selected variables.

Methodology/methods: When doing research we used several research methods: rating analysis, method of study of documents, comparative method and several statistical methods (statistical average, simple colleration analysis, time order analysis, prognosis of selected values). In the submitted research study we worked with verified data on the circulation of periodical press and the volume of advertisement.

Findings: A comparative analysis of variables has further proven a certain relation between one-time sold circulation of daily newspapers and the volume of advertisement of daily periodicals. Nowadays, despite a significant popularity of digital media, national daily press has an irreplaceable role in the system of periodical press, as it addresses hundreds of thousands percipients and thus represents a prominent impact on public opinion.
The Cultural Source of Definition of Socio-economic Development

JEL Classification: 010; 040; B10

Keywords: socio-economic development; economic growth; cultural context.

Abstract

Research background: The way of understanding of process of development in economy has been changing from the beginning of economics discipline: from economic growth, through economic development to sustainable development and socio-economic development. It is worth realizing that there are a lot of definitions, especially concerning the latter, so it is difficult to establish one way of understanding of the process of development in economy. The author of the paper believes that it is important to indicate features of cultural context that shape this understanding. It will make it possible to explain why and how the understanding of development in economy has changed.

Purpose of the article: The purpose of the paper will be conceptualization of term of socio-economic development. The specific aim will be reconstruction of socio-cultural context in which the character of perceiving of considered phenomenon has changed:
1. identification of period and causes of recognising the fact that development is more than economic growth,
2. identification of reasons and circumstances of evolution of development definition: from economic growth to socio-economic development;

Methodology/methods: A basis for conclusions formulation will be a complex research of literature (Polish and English publications). Research will have interdisciplinary character as it relates social (sociological) and economic dimensions of analysis inequalities and development.

Findings: Preliminary research allowed to realise that there exist many approaches to defining the term of development. However, there is no agreement on this issue. The phenomena could be defined as a process of transformation of a particular system to better forms and optimal states (according to approved criteria) through a set of quantitative and qualitative changes. Realisation by the society and scientific environment that development means something more than increase of production and that increasing it requires taking care of resources led to work out the definition of socio-economic development.
Impact of Studying Abroad on Economic Activity of Graduates

JEL Classification: I26; J24

Keywords: investment in human capital; studying abroad; economic activity; PSM method

Abstract

Research background: Approximately 300,000 of European students study abroad under the Erasmus mobility program in the course of their higher education. It seems that employers may treat students' participation in international exchange programs as a signaling tool since according to them international students’ skills – both cognitive and non-cognitive – are well above the average. On the other hand, students participating in exchange programs underline a positive impact of studying abroad on their personal development, i.e. on their general skills. Thus, from a theoretical point of view we may expect a positive correlation between studying abroad and economic activity after graduation, which follows from both signaling theory and human capital theory. On the average, 54% of European students report that participation in Erasmus exchange program helped them to obtain the first job, but interestingly, those from the CEE countries, including Polish students, report it much more often.

Purpose of the article: The aim of this paper is to determine whether studying abroad has an impact on the employment rate of higher education graduates in Poland over the first few years after graduation.

Methodology/methods: We used the propensity score matching (PSM) method and the individual data from a nationwide survey of Polish students and higher education graduates conducted in 2014. In order to reduce the selection bias we included in the model of determinants of studying abroad a number of variables reflecting graduates' abilities and skills.

Findings: The results of the analysis show that Polish students who completed at least a part of their studies abroad enjoy a higher employment rate after graduation. However, the difference is entirely due to their higher skills and abilities.
Police Human Resource Policy in the Lodz Region as a Determinant of Knowledge and Organization’s Effective Operation

JEL Classification: D73; D78

Keywords: public management; human resource management; police, recruitment; selection

Abstract

Research background: Human capital is the driving force of an organization that has a significant impact on its development and effective operation. The success of the organization depends to a great extent on its social potential. Successful recruitment ensures that the best employees ensure high quality work, which respectively translates into organizational development and competitiveness (Oleksyn 2010, pp.34-36). Recruiting the right people based on staffing needs is essential for any organization, because team formation, adapting them to the specificity of the given task and the collaboration quality are determined by what co-workers will be employed. (Penc 2010, p. 102). The development of the organization is based on knowledge acquisition, skills and raising qualifications by its members.

Purpose of the article: The aim of the paper is to analyze the conditionings related to the management of the police organizational units, which influence the appropriate recruitment of police officers for particular positions. The publication also attempts to investigate the importance of appropriate recruitment for the effectiveness of actions taken by police officers. The article presents issues exemplifying the analysis of human resource management in the field of human resource policy playing an important role in Police.

Methodology/methods: The empirical part of the article was based on an analysis of the subject literature and police internal materials, but also on the basis of participant observation and expert interview. The paper presents an analysis of the recruitment process of police officers for vacant posts in Police units of the Lodz Region, introduced by the Human Resource Policy Concept.

Findings: Although the Police was established to protect citizens’ security and public order, its development and effective functioning are needed to further serve society. In order to do this, it is indispensable to recruit and employ proper and competent workers. Therefore, the recruitment and selection process is so significant. Appointing a policeman with the right knowledge, competence and skills to a specific position, has positive implications, as well for the officer themselves as for the police and its positive image in the eyes of the public.
How to Limit the Scale of Bankruptcies of Micro-, Small and Medium-Sized Enterprises – Selected Aspects

JEL Classification: L11; L26; G32; G33

Keywords: small firm; SME; entrepreneurship; firm financing; bankruptcy; franchising

Abstract

Research background: The scale of company bankruptcies observed in Poland – manifested as double growth within a decade – has led the authors to study this phenomenon, its size, pace of growth and the structure of liquidated enterprises, with particular emphasis on micro-, small and medium-sized enterprises. Compared to big companies, small and medium-sized enterprises are indeed burdened with a market economic weakness resulting from their qualitative characteristics, yet the rate of SME liquidation in Poland is significant and requires specific research to be undertaken and appropriate solutions to be proposed.

Purpose of the article: The purpose of this article is to seek opportunities for reducing the number of closed SMEs, that is to say for strengthening their position in the Polish competitive market. Theoretical aspects and empirical findings concerning the Polish economy can be used as an exemplification of the broader issue of an increased number of such companies going bankrupt in today’s market economy.

Methodology/methods: Against the backdrop of theoretical aspects of the operation of businesses, this study presents statistics on closures of micro-, small and medium-sized enterprises in Poland and their choices in designing and diversifying sources of financing. The calculations and tabular depiction of the number, structure and pace of liquidation of micro-, small, medium-sized and large enterprises in 2003–2013 have been confronted with elements of strategies pursued by the owners of those companies in respect of certain opportunities to be seized in financial management and economic activity.

Findings: The results presented in this research paper indicate that as the number and pace of bankruptcies of micro-, small and medium-sized enterprises are rising, their owners are simultaneously becoming more aware of appropriate financial management and relevant financial instruments and methods of pursuing economic activity such as, for example, franchising or factoring.
Two-component Structure of Households Incomes Distributions in Poland

JEL Classification: C51; C52; D31

Keywords: incomes distribution; incoms models; Pareto model; power law

Abstract

Research background: The studies of structures of incomes distributions have been performer for about 15 years. They indicate that there is no one model which describes the distributions in their whole range. This effect is explained by the existence of different mechanisms yielding to low-medium and high incomes. While more than 97% of the distributions can be described by models with two or three parameter, high incomes (about 3% or less) does not fit in such models. The studies show that high incomes agree with a power low. The works were performed for incomes in USA, UK, Germany and Japan. Whereas there are no results for new countries of European Union, i.e. Poland. In this paper we conducted such a studies for incomes distributions in Poland.

Purpose of the article: The aim of this paper is analysis of the structure of distributions of households incomes in Poland. By using various model we verify the hyphothesis about two-part structure of those distributions. Special attention has been made to describe the high range of incomes.

Methodology/methods: The studies are based on the households budgets microdata in years 2004 – 2012. We used two-component models to describe the incomes distributions. The major part of the distributions has been described by the the two or three parametric models, like log-normal, Dagum, and Singha-Madalla. The highest incomes were described by a Pareto model.

Findings: One has showed that two or three parametric models explain about 90% – 97% of ranges of incomes distributions. The poorest agreement with data was for log-normal model, while the best agreement has been obtained for Dagum model. Regarding the highest incomes the Pareto model described the data well only for selected years. For the remaining years the results are not so obvious. The tails of the incomes distributions seems to have more complex structure.
Company’s Intellectual Capital Impact on Its Market Value

JEL Classification: A10; G32; O34; J24

Keywords: intellectual capital; human capital; structural capital; juridical capital; relational capital; market value

Abstract

Research background: The financial markets are constantly changing and the market value of respective companies is highly fluctuating. Such situation stimulates to search for explanations of what might influence the changes of market value growth. Intellectual capital is gaining a more important role in the market for its ability to create a competitive advantage, enabling the company to operate and create value.

Purpose of the article: To examine various scientific approaches of the company’s intellectual capital and its impact on the market value of a respective company; to prepare a model of company’s intellectual capital and its impact on the market value. What is more, the aim of this article is to check and test the model effectiveness using an example of the Baltic States listed companies.

Methodology/methods: The analysis of scientific literature; exploratory factor analysis; Cronbach alfa coefficient; Anti-image matrixes; Measure of Sampling Adequacy; Kaizer, Mejer, and Olkin test; pair-wise and multiple correlation and regression analysis; expert evaluation; average comparison method; Kendall coefficient of concordance.

Findings: It was detected that it is appropriate to use human capital, structural capital, juridical capital, and relational capital structural parts as components of company’s intellectual capital while investigating its impact on market value of a respective company. In addition to this, the model of company’s intellectual capital and its impact on the market value was created, optimised, and its validity checked using exploratory factor analysis. The model was used to test the Baltic States listed companies and how their intellectual capital affects the market value. It was identified that intellectual capital in the listed companies of the Baltic States has a positive impact on their market value. Nevertheless, it was discovered that intellectual capital structural parts do not equally affect the market value of listed companies. To be more precise, human capital and relational capital have the greatest influence for the market value of listed companies. In companies, where structural
capital consists of most of the intellectual capital of the aggregated index had lower levels of intellectual capital.
The Ephemeral Concept of Parasitic Commercial Practices in the EU

JEL Classification: D18; K22; M38; O34

Keywords: Unfair Commercial Practices Directive; Unfair Competition; Intellectual Property; Innovation, Consumers

Abstract

Research background: It has been one decade since the transposition deadline regarding the Unfair Commercial Practices Directive. The EU’s growth strategy, Europe 2020, and all EU member states are committed to smart, sustainable, and inclusive growth, to the single internal market and to R&D leading to innovations. These positive priorities, however, often conflict with one another. The EU crossed the Rubicon and decided to harmonize the protection against parasitic commercial practices hurting intellectual property and consumers. Is this appropriate, effective and efficient?

Purpose of the article: The primary purpose of this article is to assess the appropriateness, effectiveness and efficiency of the EU harmonization of the ephemeral concept of parasitic commercial practices. The secondary purpose is to assess approach(es) of the EU and EU member states to this overlap of the competition and intellectual property regimes. The third purpose is to assess the feasibility of the integrative harmonization in this arena.

Methodology/methods: The multi-disciplinary nature of this article, and its three purposes, leads to the employment of Meta-Analysis, of the critical comparison of laws and the impact of their application, to the holistic perception of historical and national contexts, and to case studies. The primary sources (field search) and secondary sources (literature) are explored and the yield knowledge and data are confronted with the explored cases. The dominating qualitative research and data are complemented by the quantitative research and data.

Findings: The Unfair Commercial Practices Directive harmonizes the protection of various issues, including the ephemeral concept of parasitic commercial practices. The set trio of purposes leads to a conclusion that this overlap of competition and intellectual property protection is highly sensitive and nationally particular. EU integration in this sphere is needed, but the undertaken harmonization is not fully effective and efficient, and perhaps even not appropriate.
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The Impact of Gender Composition of Boards on Firms Financial Performance in Poland

JEL Classification: M14; M12

Keywords: gender diversity; corporate governance; board composition; firm performance; financial performance

Abstract

Research background: The so far conducted studies have not been able to answer the question of whether there is a relationship between gender composition of the board and the firms financial performance. Because of the tendency to legally regulate the gender balance of boards of directors as it was, among others, planned in the draft of the EU Directive on improving the gender balance among non-executive directors of companies listed on stock exchanges, which admittedly has been rejected, however, indicates the existence of certain trends among decision-makers, the issue of determining the relationship between gender composition of the boards and firms performance becomes an extremely important issue.

Purpose of the article: The paper aims to answer the question on the number of women in the highest organizational bodies in Polish enterprises and whether there is a relationship between the compositions of boards due to gender of their members and financial results achieved by the companies.

Methodology/methods: For the analysis companies listed on the Warsaw Stock Exchange were analysed. Basic financial indicators disclosed in the annual financial reports were chosen. Using statistical analysis the financial indicators were juxtaposed with the number of women on boards.

Findings: The paper provides insight into the composition of boards in Polish companies listed on the Warsaw Stock Exchange due to gender. It shows that boards of these companies are highly masculine. Nevertheless the paper tries to show if there are any dependencies between the amount of women on boards and the financial performance of the companies.
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Decomposition of Inter-regional Inequality in Average Personal Incomes by Income Sources: the Russia Case Study

JEL Classification: D31; I31; R13

Keywords: personal income; sources; inter-regional inequality; decomposition

Abstract

Research background: This paper is dedicated to inter-regional disparities in personal incomes and their composing by sources. We suggest that income sources contribute differently to overall inequality. Some of them, e.g. property incomes, amplify inequality, while others, e.g. social transfers, should mitigate it.

Purpose of the article: The aim of this article is to determine the character, direction and strength of influence of different sources, i.e. wages and salaries, property incomes, social transfers, entrepreneurship incomes and revenues from informal activities on inter-regional differences in average overall personal incomes and their dynamics based on Russian regional statistics in 2001-2014.

Methodology/methods: We used the method of relative deflating of regional incomes based on the fixed consumer basket cost, the population-weighted Gini coefficient, coefficient of variation and the Theil index to measure inequality and different techniques of their decomposition to evaluate the contribution of various sources to regions’ convergence in real incomes per capita.

Findings: For Russian regions in 2001-2014 we revealed different paths of inter-regional inequality for various sources of incomes. Decomposition of inter-regional income inequality demonstrated the largest and growing contribution made to it by wages and salaries. Informal incomes showed declining influence on inequality and provided more than half of total inter-regional convergence. The contribution of entrepreneurship incomes to inter-regional disparities occurred the third and slightly increasing, but their share in total incomes has declined. Social transfers per capita demonstrated the largest smoothing effect, but their contribution to convergence is mostly depleted. The property incomes proved to have the greatest enhancing impact on inequality especially in the period of economic growth albeit not large by value because of small share in total income. Ultimately we revealed the substituting role of informal incomes in respect of formal incomes and existence of self-perpetuating mechanisms of reducing inequality in Russian economy.
The Role of SMEs in International Trade: Selected Aspects

JEL Classification: F02; F43; F63; L11; L26

Keywords: export; import; SME; international trade; open economy macroeconomics; internationalisation

Abstract

Research background: International trade is an important stimulant for economic development that simultaneously ensures free access to raw materials, goods, services and technologies. It essentially involves trade in goods, yet what is also significant is the invisible trading sphere of tourism, transport and financing sources. Small and medium-sized enterprises, representing entrepreneurial attitudes within today’s economies, directly affect macroeconomic indices. Export and import statistics are widely used by decision makers in the international, EU and national markets. Such data support the decisions made by all entrepreneurs on development orientations and trading strategies. Studying the size and structure of foreign trade is also the starting point to establish relevant policies of the EU institutions that build the single market, which integrates European economies. Foreign trade is a significant factor in macro-economic policies pursued by contemporary national economies since its development directly fosters economic growth.

Purpose of the article: An attempt has been made to answer the question whether the EU market ensures greater stability for SME operations. The article presents the role of SMEs in international trade conducted by selected European Union countries and Poland. The results of the author’s own research relate to the share of SMEs in the sectoral and geographical structure.

Methodology/methods: The research findings are based on source data from annual reports and publications that have been produced and made available by financial market institutions and on our own research concerning Polish entrepreneurs. The volume and structure of SME imports and exports in the various markets are outlined by means of analyses, charts and comparisons.

Findings: International trade development allows for achieving economic growth and concerns not only trade in goods but also in services and intellectual property and foreign direct investment. Five largest suppliers of imports to the EU-28 are the same countries that are the largest recipients of exports from the EU-28, although their ranking is different. The author’s own research shows that entrepreneurs are not afraid to change or expand their business activities and are primarily driven by profitability of transactions, prospects for establishing long-term cooperation and high demand for products originating in their country in foreign markets. SME internationalisation and globalisation is becoming increasingly widespread. It is accompanied by expectations of entrepreneurs in this sector towards the state – expectations that were, among others, expressed by the surveyed entrepreneurs. The ongoing standardisation and unification should be supported by the state along with forms of finan-
cial security and contract insurance. What SME entrepreneurs expect most is support as regards co-financing investments that are a necessary and costly element of the international activity development process.
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Property Tax Autonomy and Tax Mimicking in Major Metropolitan Areas in Poland

JEL Classification: H2; H71; R5

Keywords: tax autonomy; property taxation; tax rates; tax mimicking; Poland

Abstract

Research background: Real estate and urban economics literature is abundant in studies discussing various types of property taxes and their characteristics. Growing area of research focused on tax equity, tax competition, and tax mimicking. Recently, due to substantial developments in spatial and regional economics more attention was drawn to spatial effects. Empirical results are focused on spatial interaction and diffusion effects, hierarchies of place and spatial spillovers. Property tax system in Poland differs from those utilized in the majority of developed countries. As a consequence, property tax policy at local government level (including tax competition and tax mimicking effects) in Poland can differ substantially from those found in previous research in US and other European countries. There are few studies addressing the problem of tax competition and tax mimicking in Poland from empirical perspective.

Purpose of the article: In the article we explore spatial dependences in property taxation. We identify clustering or dispersion of high and low values of the tax rates within major metropolitan areas in Poland. The effects can indicate presence of tax mimicking among municipalities in given metropolitan areas.

Methodology/methods: We analyze the panel data from 304 municipalities in 10 metropolitan areas in Poland from year 2007 to 2016. The data covers four property tax rates: (1) on residential buildings (2) on buildings used for business purpose (3) on land used for business purpose (4) on land for other uses. To explore spatial distribution of rates we used global and local spatial autocorrelation indicators (Moran’s I statistic and LISA).

Findings: The results suggest the presence of spatial correlation within metropolitan areas. We also found significant differences between metropolitan areas. The results of the study fill the gap in empirical research concerning property tax mimicking in Poland.
Duration Model of Enterprises – Analysis of Territorial Groups

JEL Classification: C10; C14; C41

Keywords: model of enterprises duration; Kaplan-Meier estimator; hazard function; cohort tables of enterprises survival

Abstract

Research background: The popular term of business demography or demography of the firm denotes a relatively young area of science which focuses on the structures of cohorts of firms and the changes that undergo within these structures. As both the terms suggest, the studies use research methods traditionally applied in demographic studies. Survival analysis is increasingly used in business demography.

Purpose of the article: The purpose of the present study was to build the enterprises survival models for territorial groups in Zachodniopomorskie (Poland). In the first stage the Kaplan-Meier estimator was calculated and the test to verify the similarity of the survival function for poviats was conducted. Poviats were classified into groups. Next, the tables of enterprises survival were built and the business liquidation intensity was analysed in individual groups of poviats. In the third stage the percentage of enterprises liquidated in the first and the second year of operation was determined in groups.

Methodology/methods: For the purpose of the survival analysis the parametric, semi-parametric and non-parametric models are used. The construction of the parametric models requires the adoption of a theoretical distribution of the examined variable, which is difficult in the case of studies on the duration of enterprises. Therefore, in this study the continuous-time non-parametric models were used: Kaplan-Meier estimator, Gehan test and duration table (actuarial method). Those methods were employed to model the survival time and find differences in the survival of firms in the poviats of the Zachodniopomorskie Voivodeship. In keeping with the above scheme five territorial groups with similar enterprises survival time models were distinguished.

Findings: The study results presented in this article reveal the differentiation of enterprises survival models in the territorial groups of the Zachodniopomorskie Voivodeship. Five groups of poviats were distinguished. These groups, as a result of the study, have been characterized.
Land Tenancy Versus Theory of Agency in the Light of the Research Results

JEL Classification: K11; P32; Q15

Keywords: agricultural land market; land lease; agency theory

Abstract

Research background: The proper functioning of agricultural sector depends on many factors, where leading role plays land. Diversified legal land using forms, agricultural policy and market criteria determine choice of farming way. The form of land use, that since political transformation plays significant role in agrarian structure creation, is land tenancy. Taking the issue, tools offered by one of the new institutional economics theory – agency theory, were used.

Purpose of the article: Main purpose of the thesis was to assess land lease in polish agriculture in agency theory context.

Methodology/methods: The analyses were based also the statistical data of the Central Statistical Office, Agricultural Property Agency (APA) and own surveys based on the prepared by the author questionnaire involving, 68 farmers, who have land tenancy.

Findings: The principal agency theory enabled multifaceted analyze of farmland lease market in Poland, giving the base to define optimal transaction conditions between sides of tenancy contract. The seeking to minimize hidden information and risk of the cooperation from agent side if reflected in preference of longtime contracts (especially with APA: 48,5% for 30 years and 33,8% for open-ended contracts). Optimal contract, restricting also the moral hazard, is related with the proper level of its formalization. It was noticed by farmers leasing private land, where the main reason of non-respect the contract condition, was the flexibility in choice of contract forms. Prepared analyze makes enabled to point the conflictual elements and differences of interests between contract sides. The main conclusion are: the fact of 2 directions in land tenancy market development: private and APA’s land, the need of legal regulation of the land lease institution, especially conditions of the agreement, where key meaning plays contract duration.
Development of Innovative Financial Products in Europe: Case of Exchange-Traded Notes in Germany

JEL Classification: G11; G12; G23; O16

Keywords: exchange-traded notes; exchange-traded products; financial innovations; stock exchange; Germany

Abstract

Research background: Exchange-traded products (ETPs) are one of the most rapidly growing categories of financial products. Their rapid development has been boosted by innovative features. Three main categories of ETPs are exchange-traded funds (ETFs), exchange-traded commodities (ETCs) and exchange-traded notes (ETNs). ETNs remain relatively least known, even though their number of some stock exchanges is high. In Europe, Germany is one of the largest and most active ETNs markets. ETNs are debt instruments, in contrast with the most popular ETFs, which are equity securities. Therefore, they offer investors different advantages but also expose them to new types of risks.

Purpose of the article: The key aim of the article is to present the key features of ETNs and to provide in-depth insight into the issues linked with the development of ETPs market in Germany, with the special emphasis on the role of ETNs.

Methodology/methods: In the first part of the article descriptive statistics are used to present the key trends on the global ETPs market. In the second, main part of the article, German ETPs market is analyzed using descriptive statistics and substitution framework (employed for the analysis of innovations in order to evaluate the changing market shares of ETFs, ETNs and ETCs). Period of the analysis is June, 2010-December, 2016 and monthly data are used.

Findings: Empirical findings indicate that share of ETNs in the total ETPs market in Germany remains low, despite the quickly growing number of such products. Even though market position of ETNs is much weaker than the leading products, i.e. ETFs, some substitution between ETCs and ETNs has been observed, especially after 2015. Assets of ETNs listed in Germany have reached 0.5 billion EUR at the end of the considered time period (growth of almost 700% since 2010) which shows substantial absolute growth.
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Productivity Effect of the Ownership Concentration in Employee–owned Companies

JEL Classification: G32; L33

Keywords: privatisation process; direct privatization; using state–owned enterprise against payment; employee-owned companies

Abstract

Research background: Empirical research on the influence of the degree of ownership concentration in the employee–owned companies on their sales revenues thematically fits into the issue of efficiency of the direct privatisation method, in particular giving a state–owned enterprise for use against payment.

Purpose of the article: The main goal of this article is to verify the research hypothesis stating that in employee–owned companies an increase in the degree of ownership concentration leads to an increase in sales revenues.

Methodology/methods: In conducted empirical studies the general form of the augmented production function was used. Parameters of a Cobb–Douglas production function were estimated by Ordinary Least Squares method for two variants, differing in the way of measuring the degree of ownership concentration in investigated employee–owned companies.

Findings: The research hypothesis formulated in this paper was verified negatively as the increase in the degree of ownership concentration in employee–owned companies caused the decrease in their sales revenues.
Abstract

Research background: Extensive knowledge about the essence, course and consequences of potential economic fluctuations and proper preparation of enterprises constitute a resultant of the state of condition and economic development on both national and global scale. A company with wide knowledge can react appropriately and prepare for the effects of economic fluctuations or potential economic crisis. Awareness and ability to possibly eliminate the potentially adverse consequences of economic fluctuations can constitute an extremely important factor of the financial condition and competitive position of the company as well as the entire construction sector. Especially in the construction sector creating a catalog of factors affecting economic fluctuations is important from the point of view of not only the economy but also the company. The analysis carried out in this article of situation fluctuations in the construction industry in recent years allow to specify the factors that largely determine the conditions for construction enterprises development and shaping their competitiveness.

The specifics and operation conditions of enterprises including the construction sector companies cause sensitivity to economic fluctuations manifested in the cyclical disorders of economic activity level (business cycles). Background research work is to determine the effect of internal and external environment on a range of determinants of the economic situation fluctuations potentially occurring in the sphere of the construction sector.

Purpose of the article: The aim of this article is to present the main factors affecting economic condition fluctuations in the construction sector and their impact on company operation.

Methodology/methods: The following research methods and tools are used in this work:
- analysis and critique of literature,
- examination of documents,
- analysis and synthesis,
- descriptive statistics.
Findings: The result of the study and documents analysis will include identification of factors affecting to the highest degree the economic fluctuations in the construction sector. These factors will be specified from among the macro-economic environment but mainly from the internal environment of the company. Developed proposals will be useful in building the short- and long-term operation strategy for both the construction companies and the entire sphere of the construction sector.
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Institutional Arrangement for Macroprudential Policy – on Differences Across the EU Countries  

JEL Classification: E58; E61; G18; G28; H12  

Keywords: central banking; financial stability; macroprudential policy; systemic risk  

Abstract  

Research background: There is a growing consensus, among both economists – academics and policymakers, that there was at least one missing element of the financial safety net during the Global Financial Crisis. This element, which will probably improve the financial stability (or protect against financial instability) is the macroprudential orientation in regulatory and supervisory frameworks. The main scope of the paper is institutional dimension of macroprudential policy.  

Purpose of the article: The principle purpose of the paper is to identify and assess, on comparative, cross-EU-country basis, existing practices and developments in structuring new dimension of financial stability policy, i.e. macroprudential one. In this way, the paper aims to contribute to the ongoing debate on institutional arrangements for macroprudential policy.  

Methodology/methods: The paper builds on existing theoretical considerations and own survey of country practices in applying macroprudential framework. As a part of the survey conducted among the EU countries, a measures for assessing diverse elements of institutional arrangement are constructed (a total of 30 criteria are identified to assess and compare the degree of objective and subjective accountability, transparency, coordination, as well as the composition of macroprudential authority). Comparative, cross-country analysis and comparison of different sub-indices and overall index values are basis for verifying hypotheses and disentangling empirically the institutional differences between macroprudential policy regimes in the European Union countries.  

Findings: The paper sheds light on recent trends in macroprudential policy governance and qualitative aspects (democratic accountability and transparency), with special attention to the position of a central bank across the European Union countries. The conducted research is a basis for constructing the ratings of macroprudential authority accountability and transparency across the EU countries, which gives an indication of the overall quality of the institutional arrangements.
Density Forecasts of Polish Industrial Production: a Probabilistic Perspective on Business Cycle Fluctuations

JEL Classification: E37; C53

Keywords: density forecasts, Bayesian inference, business cycle, Dynamic Conditional Score models, Generalized $t$ distribution

Abstract

Research background: Current approaches used in empirical macroeconomic analyses use the probabilistic setup and focus on evaluation of uncertainties and risks, also with respect to future business cycle fluctuations. Therefore, forecast-based business conditions indicators should be constructed using not just point forecasts, but rather density forecasts. The latter represent whole predictive distribution and provide relevant description of forecast uncertainty. Moreover, models that provide adequate point forecasts might fail to provide satisfactory density forecasts.

Purpose of the article: We discuss a problem of model-based probabilistic inference on business cycle conditions in Poland. In particular we consider a model choice problem for density forecasts of Polish monthly industrial production index and its selected sub-indices. Based on the results we develop indicators of future economic conditions constructed using probabilistic information on future values of the index.

Methodology/methods: In order to develop a relevant model class we make use of univariate Dynamic Conditional Score models with Bayesian inference methods. We assume that the conditional distribution is of generalized asymmetric $t$ form in order to allow for asymmetries or heavy tails. This is important as such assumptions affect probabilistic evaluation of e.g. extreme events. Details of the dynamic specification of conditional mean or location are essential for inference on business cycle fluctuations. Moreover, dynamic or seasonal effects can be introduced into conditional variance. We compare performance of alternative models based on ex-post evaluation of density forecasting accuracy using such criteria as Log-Predictive Score (LPS) and Continuous Ranked Probability Score (CRPS).

Findings: The assessment of density forecasting performance for Polish industrial production index turns out to be difficult since it depends on the choice of verification window. Allowing for heavy-tailed conditional distribution seems to be empirically relevant. A probabilistic indicator of business conditions is also sensitive to details of its construction.
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Shaping Career of Talented Employee in Achieving Competitiveness by the Contemporary Enterprise

JEL Classification: M12; M51; M53

Keywords: talent; talent management; career management; new career models; competitiveness

Abstract

Research background: Achieving a sustainable competitive advantage by contemporary enterprises depends largely on their ability to attract and retain talented employees. Their absence at a suitable position constitutes a major danger for the development of the enterprise - limits the scope of market opportunities or to delays in implementing strategic initiatives. Talent becomes a source of competitive advantage that is difficult for competitors to replicate. Changes in models of career and ongoing “War for talent” are causing attracting and retaining talented employees is a major challenge for organizations. In this context, shaping their career in the organization becomes a significant issue for the success of the contemporary enterprise.

Purpose of the article: To show the importance of contemporary's models of career for talented employees, taking into account the specific conditions of management of their career in the organization. It will be made in the context of the competitiveness of an enterprise.

Methodology/methods: The studies will be conducted on the basis of Polish and foreign literature, as well as reports of organizations carrying out surveys in the area of talent management. The theoretical content will be analyzed and the results of research will be commented. The conclusions will be drawn on this basis.

Findings: Analysis of the literature shows that the traditional organizational career is not an issue of the past – career enables to achieve the organization's strategic goals, especially during the ongoing "War for talent". Employment relations of short duration and the high mobility of talented employees effect enterprises should seek to build long-term relationships by managing career of these employees within the organization. This enables to use their potential, also to meet their specific needs and, consequently, to achieve financial targets, gain sustained competitive advantage and at the same time meet the needs of particular groups of stakeholders.
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Efficiency Analysis of ERDF and CF Co-financed Programes Focusing on the Transport in Member States of the European Union

JEL Classification: C67; O11; O52; R11; R12

Keywords: DEA; efficiency; European Regional Development Fund, ex post evaluation; Cohesion Fund

Abstract

Research background: European Union provides financial support to the Member States through various financial tools currently from European Structural and Investment Funds that represent the main instrument of EU Cohesion Policy to sustain territorial development, to increase competitiveness and to eliminate regional disparities. The overall impact of EU Funds depends on the structure of funding and absorption capacity of the country.

Purpose of the article: Efficiency of funding across EU Member States is a fundamental issue for the EU development as a whole. The author considers determining the efficiency of EU Funds as an issue of high importance and therefore this study provides a contribution to the debate on the role of the EU Cohesion Policy in EU Member States. The paper focuses on the territorial effects of selected EU Funds in programming period 2007–2013 in theme of infrastructure through transport efficiency analysis.

Methodology/methods: Efficiency analysis is based on data at country level originating from ex-post evaluation of Cohesion Policy programmes 2007–2013 representing the input and output variables to analyze whether the goal of fostering growth in the target countries have been achieved with the funds provided and whether or not more resources generated stronger growth effects in transport accessibility. Study deals with comparative cross-country analysis, descriptive data analysis and multi-criteria approach to Data Envelopment Analysis (DEA) in the form of output oriented BCC VRS model.

Findings: The study aims at testing several factors in form of two inputs and three outputs, trying to elucidate the differences obtained by the EU Member States in efficient using of the European Regional Development Fund and the Cohesion Fund in transport sector. Paper determines if the countries have been more efficient in increasing their levels of competitive advantages linked with transport. Preliminary results reveals that mostly countries with lower amount of funding achieve higher efficiency, especially from the group of EU15.
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Import Dependence of Ukraine’s Economy in Terms of Trade Partnership Development with the EU

JEL Classification: F13; F41; O24

Keywords: import; import dependence; trade partnership; Association agreement

Abstract

Research background: Facilitating the access of goods to the markets is the main starting point for the creation of the Deep and Comprehensive Free Trade Agreement, which provides tariff liberalization by Ukraine in 3-7 years. Under such conditions, the growth of imports can carry a threat in the formation of extra high dependence of domestic production and consumption on imported goods, especially taking into account the low competitiveness of Ukrainian goods.

Purpose of the article: The purpose of the article is to assess the changes in the level of import dependence in terms of autonomous trade preferences with the EU in the framework of Deep and Comprehensive Free Trade Agreement signing.

Methodology/methods: To study the category of import and import dependence, dialectic approaches to their impact on the national economy the methods of analysis and synthesis are applied; to assess the level of import dependence, commodity structure of import, import content of exports on the basis of "input-output" tables the statistical methods are introduced; to assess the structural similarities of economies in the context of integration into international production networks the methods of A. Salai and K. Hatyev are used.

Findings: The indicators of import dependence of Ukraine’s economy on the basis of “input-output” tables are analyzed, the reasons and the consequences of the excess of import volumes over the internal production are determined. The institutional conditions of import under the regime of autonomous preferences as a new stage of trade partnership development between Ukraine and the EU towards a Deep and Comprehensive Free Trade Area are defined. The complex of theoretical and methodological guidelines for improving the analysis of the structure of imports, the tools of its regulation in the context of liberalization of trade relations between Ukraine and the EU, the fragmentation of production processes with the participation of Ukrainian enterprises within the vertically integrated structure from the EU are grounded.
Effects of Rumours on IPO Success: The Rumour Spreading Approach

JEL Classification: \textit{G11; G12; G14; G23}

Keywords: initial public offering; IPO; rumours; qualitative models; rumour spreading approach

Abstract

Research background: In the epidemiology qualitative models have been developed and applied to study the propagation of infectious diseases since the 1920s. A version of these models is based on the rumour propagation. The main idea behind these models is that spreading an infectious disease or disseminating information is analogous phenomena. Recently, this idea is being used in several areas to analyse how a rumour affects the financial industry. The success of going public depends on many aspects including the predictability and visibility of the initial public offering candidate, enormous growth potential and no signals of a failure. However, the wide public of investors might be reached by rumours affecting significantly the success of initial public offerings.

Purpose of the article: This paper examines the effects of rumours on decision making process of uninformed investors while considering investments in initial public offerings.

Methodology/methods: The SIR (Susceptible-Infected-Remove) model is applied to study the impact of rumours on decision making of uninformed investors in initial public offerings. We assume that the information asymmetry is one of the most important reasons for spreading rumourous. A numerical experiment is conducted in order to validate the model.

Findings: Our analysis of spreading rumours suggests that concerns linked to the exit of both the management team and existing shareholders matter and trigger a strong reaction on the side of uninformed investors. This might result in initial public offering failure in the worst case scenario.
European Cities and Enterprises in the Face of Smart and Sustainable Development

JEL Classification: R11; O18; O44; L14; L26

Keywords: sustainable development; smart cities; innovation, small and medium enterprises (SMEs); cooperation; network structures

Abstract

Research background: Development of innovative and sustainable economy is an aim for the whole society in the European Union. Three pillars of sustainable development: economic growth, environmental management and social inclusion are fundamental and occur across all economic sectors. Especially they influence cities and enterprises e.g. fast urbanization process, infrastructure, energy development as well as transportation. Cities in Europe are precursors of the transformation towards a low carbon and resource efficient economy. They are planning and acting for a more sustainable future characterized by investments in innovative, integrated technologies and services such as buildings, mobility, lighting and broadband communications.

Purpose of the article: The aim of the article is to present challenges of the European cities and enterprises according to sustainable development. The paper concerns the issue of trends in regional policy undertaken by the European Union relating to sustainable development. The first part outlines the global vision of present and future goals and priorities for achieving sustainable development in the world. The next part focuses on the cities and challenges they face connected with sustainable and smart development.

Methodology/methods: The research methods adopted in the article include a review of domestic and international literature and reports as well as observation and data analysis.

Findings: Numerous European cities have established programmes integrating the energy, transport and ICT sectors in order to deliver more efficient services to their inhabitants. More and more cities are going to become smart cities in the nearest future. Regarding to enterprises and sustainable development, SMEs contribute to ca. 64% of the industrial pollution in Europe. This sector finds it more difficult to deal with environmental legislation. The improvement environmental performance should be supported by easier access to certification of environmentally friendly products and sector-specific events focused on eco-industry opportunities and training for green skills.
The Impact of Diversification of Income on Economization of NGOs

JEL Classification: G23; L31

Keywords: economization; NGOs; financial sources; revenue diversification

Abstract

Research background: Economization of non-profit organizations by undertaking activities based on the commercial sale of services and products is a phenomenon that arouses much controversy among many researchers. Non-governmental organizations are driven by a social mission. In carrying out its own concept of activity, NGOs strongly base on fees. They also raise funds in the form of public subsidies or payments from private or institutional donors. The growing social needs and changes in government policy expressed in the reduction of expenditure on social assistance put pressure on NGOs to develop entrepreneurial strategies for obtaining financing. Thereby meet the condition of qualifying them for the social enterprise sector.

Purpose of the article: This article examines the probability of economization of NGOs in Poland.

Methodology/methods: It reports the findings of a study of a population of 3432 such organizations in Poland. In the first stage, they were explained the key concepts and current research related to revenue diversification in non-governmental organizations. Secondly, it has been systematised sources of financing the activities of NGOs which were divided into three groups: external financing, private external financing, and internal financing private. Thirdly, in the analysis of the variables the Author used logistic regression. Developed logistic regression model was used to determine the probability of economization of non-governmental organizations, depending on the selected three categories of funding sources.

Findings: Analysis of the results indicated that with the exception of external private sources they are variables that significantly affect the probability of a decision to economization. In addition, category financing sources most affecting the implementation by non-governmental organizations commercial sales of products and services are the sources of internal private. Fourth, on the basis of the results the author drew conclusions and made suggestions for further research in the scope of economization of NGOs.
Spatial Diversity of Socio-economic Development Level in Poland

JEL Classification: B16; O11; O18

Keywords: region; regional development; regional differentiation; socio-economic development of regions; Hellwig’s method; Ward’s method

Abstract

Research background: The socio-economic development is a complex and multidimensional phenomenon. It includes the wide spectrum of social, economic and spatial phenomena. Many aspects of the concept of regional development is a direct result of the multiplicity of factors shaping it. At present the importance of endogenous factors that indicate the specific nature and distinctiveness of the territory is emphasized. Mobilising the endogenous potential guarantees permanent dynamics of the regional development. Currently, one of the main problems of contemporary economy is the increasing level of diversification of individual regions’ development.

Purpose of the article: The aim of the article is to assess differentiation of socio-economic development level in Polish provinces with selected methods of assessment, separation of units ranked according to the level of development and identifying the groups of provinces with a similar level of development. Indicators adopted for the research, which characterize the level of socio-economic development, have been structured according to the following areas: the status and protection of the environment, demography and the labor market, economic potential, health protection, education and culture and technical infrastructure.

Methodology/methods: For the evaluation of the level of socio-economic development of the regions in Poland Z. Hellwig’s standard method development was applied, which allowed organizing the provinces in terms of the level of development of Polish regions. Ward’s agglomerative method of grouping, which allowed distinguishing similar regions in terms of the analyzed phenomenon is a complementary method.

Findings: Realizing the purpose of the research special attention was paid to distinct spatial diversities. The analysis conducted allowed for identifying changes in development of socio-economic processes of Polish regions. The groups of provinces with the highest, high, low and the lowest level of development were identified.
LOGIT and PROBIT Application for the Prediction of Bankruptcy in Slovak Companies

JEL Classification: G33; C15; C5;

Keywords: bankruptcy; logit; probit; Slovak companies; financial health;

Abstract

Research background: Bankruptcy prediction has been the major subject of many studies since the first study in this area carried out by Fitzpatrick (1931). Numerous economists and analysts from all over the world have been trying to find an appropriate company's bankruptcy forecasting model using different methods with the aim to achieve the best results. Despite a large number of various models, it is still challenging to predict bankruptcy risk as corporations have become more global and more complex.

Purpose of the article: The aim of the presented study is to construct, via an empirical study of relevant literature and application of suitable chosen mathematical statistical methods, the models for bankruptcy prediction of Slovak companies and provide the comparison of overall prediction ability of the two developed models.

Methodology/methods: The research was conducted on the data set of Slovak corporations and covered the period of two years, 2014 and 2015, and two mathematical statistical methods were applied. Namely logit and probit, which both are symmetric binary choice models, also known as conditional probability models. On the other side these methods show some significant differences in process of model formation, as well as in achieved results.

Findings: Given the fact that mostly discriminant analysis and logistic regression are used for the construction of bankruptcy prediction models we have focused our attention to the development bankruptcy prediction model in Slovak Republic via logistic regression and probit. The results of the study suggest that the model based on a logit functions outperforms the classification accuracy of probit model, as well as the most significant predictors of bankruptcy prediction were detected.
Analysis of Government Financial Support Policy to Stimulate Innovation and Internationalization in Animation Industry

JEL Classification: O34; O38; M16.

Keywords: animation industry; creative industry internationalization; innovation and internationalization; development of creative industries.

Abstract

Research background: To achieve Europe 2020 strategy Creative Industries need to reach its full potential. But for development and growing to become systematic, rather than random process, effective support tools need to be used. This task is greatly burdened by the fact that Creative Industries are fractionate concept, therefore there cannot be universal mechanism to equally stimulate all Creative Industry segments. Tax incentives are one of the most effective and innovative ways to support growth and development of audiovisual segment. Yet the different ways countries exercise this support tool show that there is still a great deal of confusion and misconception.

Purpose of the article: The purpose of this article is to analyze how effective support mechanism (originally design to support film production) is adapted to stimulate international production in local animation industry.

Methodology/methods: This paper will compare framework of support mechanisms in Lithuania, UK, France, Ireland and Latvia to stimulate international production in local animation industries. Subjects like cultural test point system, expenditure information in compare to film projects and emphasis on promoting local animation artists in high production hierarchy will be analyze and compared.

Findings: Results show that countries with highly developed and researched Creative Industries use financial support mechanism with more of surgical precision – this state support tool is used to help to grow local animation industry, stimulate innovation and to increase international network. While countries that recently adopted this tool constructed it to duplicate support for national cultural projects and framework for project assessment constructed to highlight national cultural presentation, rather than national industry involvement in the project.
Factors Influencing the Formation of Autopoietic Economic Structures in Latvia

JEL Classification: D21; L22

Keywords: autopoetic system; formation of a firm; Latvian economic system

Abstract

Research background: The concept of autopoiesis was developed by Humberto Maturana and Francisco Varela some 45 years ago. During that time, not only biology, but also cybernetics (Hall, Nousala, 2010) and social sciences adopted theory of autopoietic systems as one of its paradigms. Now autopoiesis is being researched in law (Duncan, 2010; Philippopulos-Mihalopoulos, 2014; Priban, 2016) management science (Gregory, 2006; Jackson, 2007; Alaa, 2009; Fernando et. al. 2014). Economics also tries to catch this new way of thinking. Pamkowska (2008), Zeleny (2010), Boldyrev (2013), Valentinov (2015) suggest to look into the economic systems through autopoietic prism. Although researches on economic entities using autopoietic systems’ theory are performed in Western Europe and USA, this scientific approach still is not developed in Baltic countries. This paper addresses to this vacuum of scientific researches on autopoiesis of economic structures in small open markets.

Purpose of the article: The paper aims to identify and evaluate factors that turn on self-organization mechanisms of autopoietic economic structures in Latvia. It is the first application of autopoietic systems theory to the formation of large economic entities in Central and Eastern Europe. In order to better reflect the reality of small open Post-soviet market, the external factors, influencing the formation of autopoietic corporate groups have been specified for a Latvian market. The focus of a research is on a large integrated and diversified business structures and its’ self-creation mechanisms. In order to better understand the importance of such external determinants, they are being evaluated and ranked between each other.

Methodology/methods: Theoretical substantiation of a research and literature review was performed using synthesis content, comparative, interpretative analysis. Analytic Hierarchy Process with Fuzzy numbers and two different scales of evaluation (classical and balanced) were employed performing expert survey.
Findings: The factors influencing the process of formation of business groups were evaluated by experts. Research results allow making conclusions regarding the causes of the business integration, and impact of diversified integrated business structures on countries business system in Central Europe.
The Impact of Education of the Population on Employment and Unemployment in the European Union

JEL Classification: I24; I25; J21; J64

Keywords: education; employment; unemployment; level; influence; diversity; countries; European Union

Abstract

Research background: The level of education of the population plays an important role as conditioning a good job and decent pay and, consequently, is one of the key factors affecting the labor market, economic development and the level and quality of life.

Purpose of the article: The main objective of the research is to determine the relationship between the level of education of the population in the individual Member States of the European Union and the situation in the labor market, in particular the level of employment and unemployment. Dependencies between the analyzed indicators and the existing differences and distances between countries are presented for three groups of 28 Member States (EU-28), the old 15-particles (EU-15) and the new 13 European countries that became members of the EU since 2004 (EU-13).

Methodology/methods: To evaluate the issues taken into account indicators characterizing the level of education and employment and unemployment of the population. The source of empirical information was derived from the European Statistical Office. We analyzed 28 European Union countries. The period of research was 2006-2015. Calculated coefficients of variation, dynamics and correlation. In order to describe the statistical data used descriptive method, comparative and tabular.

Findings: In the old EU member states (EU-15) compared to the new EU-13 lives significantly more people with no education or have them at the lowest level, at the same time is significantly greater proportion of people with higher education. At the level of primary education, secondary and higher gap between old and new EU countries slightly decreased, deepens while in terms of the percentage of young people who do not work and do not study, and participation rate in education of adults, to the disadvantage of the new Member States. Differences in the level of education are reflected in the scale of employment and unemployment of the population.
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Jana Kliestikova  
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**The Brand Strategy and Its Perception by Consumers in Slovak Conditions**

**JEL Classification:** M30; M31

**Keywords:** brand; brand strategy; branding; brand value; consumer

**Abstract**

**Research background:** Currently, the brand fulfills a large number of functions and has a big importance not only for brand owners, but also for all participants in the market. The successful brand provides an added value to the product and represents a competitive advantage for the company. Therefore, the issue of brand strategy is still current and dynamically evolving topic for experts in the field of marketing theory and practice.

**Purpose of the article:** The article deals with the brand strategy of a particular company and its perception by consumers in Slovak conditions. This sports brand has relatively young history, comes from the United States of America where it is deemed very successful. Conversely, it is not yet very well known in Slovakia.

**Methodology/methods:** By using methods of description, comparison, analysis and synthesis were defined the essence and importance of the brand, its functions, brand value, branding and brand strategy. The article also includes the analysis of the brand strategy in a particular company, its strenghts, weaknesses, opportunities and threats. It defines the target segment of that brand and consumers' preferences during the buying decision-making. The important part of the article represents the marketing survey focused on perception and awareness of the particular brand by Slovak consumers.

**Findings:** The marketing survey indicates lack of brand awareness among Slovak consumers but positive perception of its strategy among its target group. Based on the results of the survey were proposed measures to improve the brand strategy of the particular brand and its effective promotion.
Opportunities And Risks Associated With An Investment In The Shares Of Companies Perceived To Be Innovative – Evidence From Polish Capital Market

JEL Classification: G31; M21; O16; O30

Keywords: innovative company; R&D expenditures; investment strategies; investment efficiency; the risk-return analysis

Abstract

Research background: Since the so-called the Internet bubble, which took place at the turn of XX and XXI century, on the global capital markets, including Poland, one may note a growing interest in companies focusing on innovation and innovativeness. The main driver of this interest is the belief, that in a longer term innovations and expenditures on research and development will translate into an increase in competitive advantages, financial results, and subsequently also the market value of companies. On the other hand the attention should also be paid to the fact that innovative activity has also another, darker, side, which is identified with the far-reaching uncertainty about its final effects and the possibility of incurring losses, especially in financial dimension. At the same time, apart from the abovementioned issues, it should be noted that implementation of investment strategy regarding shares of innovative companies is quite troublesome because of the lack of unified methodology for assessing innovation entities and large diversity of information in this area.

Purpose of the article: Efficiency analysis of investment strategy regarding shares of companies perceived to be innovative with simultaneous focusing on the different cases of situation development in time with respect to the subjects under consideration.

Methodology/methods: The research was carried out for companies listed on a main market of the Warsaw Stock Exchange taking into consideration various time ranges of investment. The efficiency analysis of investments in shares of companies perceived to be innovative was conducted in the risk-return outlay.

Findings: Obtained results show, that in shorter periods of time, investors buy expectations connected with innovative companies and therefore the efficiency of investment in their shares is relatively high, but in the longer term expectations are revised by companies financial results, which in turn often negatively affects the efficiency of investment in their shares.
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Local Determinants of Foreign Direct Investment in Poland

JEL Classification: F23; F23; R12

Keywords: foreign direct investments (FDI); location determinants; regional and spatial distribution of FDI; LAU 1; Poland

Abstract

Research background: The internationalisation of economies, which foreign direct investment are a significant contributor, affects the growth of regional and local economies. Their location choice is a subject of frequent debates among scholars, politicians and regional/local authorities.

Purpose of the article: Given the scarcity of empirical evidence on the locational determinants of foreign direct investment at the local level of analysis (LAU 1) in Poland, and a long time that has passed since similar analysis were run at the regional scale, we conduct the study in which the locational determinants of FDI in Poland between 2011 and 2015 are investigated.

Methodology/methods: We use a unique dataset comprising of the data available in the public statistics and information gathered from computations run in a GIS software, indicating the mean poviats’ distances to selected points of interests (like the border, highway/express road, airport, railway line, special economic zone, etc.). The utilisation of GIS-based data is a significant improvement over the existing research, which tended to use dummy variables in this regard. To identify the key locational determinants, we run a series of negative binomial regressions, due to the count character of the dependent variable.

Findings: The results prove that a significant part of the spatial distribution of FDI in Poland can be attributed to factors originating from New Economic Geography, whereas the other stems from local areas’ heterogeneity. Among geographical factors, the key determinants were: proximity to SEZ, regional capital city, express road/motorway, port, airport, border. The role of the latter was, however, heterogeneous and further decomposed. As far as structural features were investigated, we find a statistically significant role of entrepreneurship, human capital, the situation on a labour market, acreage, economy structure, and the number of FDI from the previous year. The lower scale of the analysis brings new facts on the location choice.
Directions of Development of Institutional Systems and the Efficiency of Absorption Capacity of EU Subsidies in Agro-food Sector in the European Union

JEL Classification: D01; D61; Q14; Q18

Keywords: instytucjonalizm state, EU funds, the competitiveness of the agri-food sector

Abstract

Research background: The transformation of the Polish economy forces businesses to adapt to the requirements of the domestic market, EU and global. The biggest impact on the agri-food sector had economic factors, which showed its low efficiency. He highlighted the "institutional gap" exposing the weakness of agriculture in Poland in relation to the developed countries, mainly members of the European Union. Meanwhile, one of the important factors affecting economic development, including a positive transformation in the agricultural sector, the institutional sphere. It consists of a suitable network of institutions, which are considered essential for the proper functioning of the economic system.

Purpose of the article: The aim of the study was to present the existing rowiważań institutional Eurpejsiej Union in the agricultural sector, with particular emphasis on those that support while absorbing EU funds addressed directly to agricultural producers.

Methodology/methods: The work was developed based on an analysis of available literature and reliable source materials. We also reviewed the existing rowiwaźan instytucjonalnych in Poland and pozostałych EU countries operating on Faraway agricultural sector. The paper analyzes porównwacz during the analyzed events, ie. Direction changes obsewowanych in the area of institutional systems after 2004, with particular focus on insti-tution-coor dynujacych while absorbing finsowego stream flowing to the agri-food sector from EU funds. The work zamieszoczo chrakteryystykę overall existing EU subsidies.

Findings: Since 2004, after the integration of our country obserujemy improvement of management efficiency in agriculture. Particular value in building efficiency and effective-ness of management is searching for appropriate institutional arrangements. An important impetus in accelerating the course of the modernization of the agricultural sector in Poland was to prepare our country for membership in the European Union. This required the construction of an appropriate institutional system, necessary for the absorption of EU funds, in the aftermath of Polish accession to the EU. The institutions in the agricultural sector should, inter alia perform the functions of defense and representation of the interests of farmers. The experience of countries with developed market economies (Germany, Denmark and France), where agriculture is based on family farms, demonstrate that their development is possible not only through material aid, but also by the existence of extensive and well-
functioning organization operating in agriculture. Since Polish accession to the EU system instyjonalny evolved so that, the agricultural sector is characterized by a level of efficiency of use of wyspokim target of EU funds, mainly this is due to an efficient intermediary unit, ie. The Agency for restructuring and modernization. Still important for the Polish agricultural sector is the process of improving the system of institutions. This should be done by drawing patterns of the developed countries, especially members of the European Union.
Regional Variation in the Quality of Life in Poland

JEL Classification: I31, R13

Keywords: quality of life, measure of prosperity, regional differentiaiation

Abstract

Research background: The quality of life is often perceived as an extent of fulfilling the needs of various kinds by people, including material and spiritual needs, security and life aspirations. Economic, spacial, environmental and cultural aspects are most often taken into consideration. Therefore, the quality of life is determined by various conditioning a person lives in and whose source is the pyramid of needs and the system of values. Simultaneously, the quality of life can be approached from collective point of view (objective aspect of the quality of life) and on the grounds of individual assessment of a person (subjective aspect of the quality of life). Multidimensionality of the quality of life categories translates into difficulties in defining and measuring it and poses an interesting field of research.

Purpose of the article: The purpose of the article is to diagnose and assess the diversities in the level of the quality of life in Polish provinces in objective approach by creating a synthetic instrument enabling the assessment of inequalities in the quality of life in regional communities.

Methodology/methods: In order to measure the quality of life, the method of linear ordering of objects basing on Z.Hellwig taxonomic measure was used as the main one. The method allows organising the provinces in terms of the level of quality of life in regional communities. Complementarily, cluster analysis (agglomerative clustering method by Ward) was used. The method enables isolating similar objects - provinces in terms of the phenomenon analysed.

Findings: While implementing the research purpose, special attention was paid to the complexity of the issue of quality of life and its measurements on economics grounds. Moreover, considerable diversities in the level of quality of life of Polish provinces were emphasised. The analysis performed allowed distinguishing the regions with the highest, high, low and very low level of the quality of life.
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The Impact of Economic Factors on the Change in the Structure of Polish Households Expenditure – Use of Markov Chains

JEL Classification: D14

Keywords: consumption; structure of expenditure; households expenditure; Markov’s chains

Abstract

Research background: Polish economy for several years which is a subject to continuous transformation, has a close relationship with three overlapping during the process: the transformation of the economy, Polish integration with the European Union and globalization. All these processes are mutually penetrate and carry consequences for the development of the most important economic indicators.

Purpose of the article: The changing of social and economic conditions which households face always influence their important choises on both the expenditure and raise money, behavior in the surrounding reality, shaping their needs and expectations with respect to the purchased products and services. By the fact that consumption behavior are subject to constant changes and fluctuations, they must be under continuous observation and confrontation with determinants that determine these changes. The most important factor in these changes is the income available to households, as well as the rate of price increases, or the savings rate.

Methodology/methods: The assumption that the structure of household expenditure is subject to change according to the mechanism described by Markov chain is difficult to interpret in this point of view. However, the lack of a clear interpretation of the process does not interfere with the usage of Markov chains to study the structure of changes.

Findings: The impact of these characteristics of the economic and financial changes in the structure of household expenditure is reduced to the study of heterogeneous chains, in which the elements of the matrix of transition probabilities are defined by the functions of these characteristics and treated as variables.
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The Competitiveness of SMEs in EU 28

JEL Classification: L25 Firm Performance: Size; Diversification; Scope

Keywords: SMEs structure in the EU; competitiveness of the SMEs; financing of the SMEs; innovations; Small Business Act

Abstract

Research background: SME’s and in particular micro enterprises with up to 10 employees, is the primary form of business organization in many industries in all 28 countries EU. They create more than 50% of the jobs. In the EU 28 however, there is huge variation of this form of business: in particular, in terms of structure/large, medium, small and micro/,innovational strength, the scale of using EU28 single market opportunities and the internationalization of their activities/presence on the foreign markets/. Therefore, due to the key role of this sector for the growth and development of the individual countries and the EU28 EU, SME’s are at the center of interests of the European Commission, the ECB, the World Bank and the OECD.

Purpose of the article: The purpose of the article is to attempt to determine what are the basic factors causing a huge quality differences in the economic activity of the SME’s sector in individual countries. Is it possible to express the quantitatively those diversities? What kind of organizational setting arrangements would facilitate SME’s development of quantitative, and structural changes/ from micro to large enterprise with legal personality/. What factors accelerate the bankruptcy, limit investment activity, unable the use on a wide scale the benefits of the single market and the markets outside the EU?

Methodology/methods: Author applies comparative analysis and qualitative methods.

Findings: The quantitative and qualitative development of SME’s requires: the use by SMEs and national administration "good practices"; easy access to the entire range of financing forms; the broader use of short and long term debt securities; tax preferences, especially for start-ups but also for banks for example. The EU single market is completely “non-single” in terms of administrative and fiscal activities. The use by SME’s, especially micro, small and medium-sized, the single market as a leverage for their qualitative and quantitative development is impossible/to high compliance cost/. One of the “good practice” could be adoption in Poland American concept of the SBA.
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Rivalry and Excludability as Characteristics of Tools
Aimed at Making Cycling in Cities More Attractive

JEL Classification: Q01; R41; R48

Keywords: rivalry; excludability; cycling; transport demands; urban transport systems

Abstract

Research background: Urban transport systems are complex and sophisticated, while different passenger transport modes are more or less attractive, depending on their characteristics and demands of transport users. According to many municipalities, cycling is considered one of the most required ways of commuting, because it generates multiple benefits and low levels of external costs of transport. Thus, many cities try to increase the share of cycling in the modal split by the way of various interventions. Effects of these efforts are different, depending on levels of rivalry and excludability of goods provided, what is influencing the attractiveness of cycling.

Purpose of the article: The main aim of the paper is (i) to describe key elements of and some solutions for cycling systems in urban areas with focus on two characteristics of goods: rivalry and exclusion, and (ii) to examine, how different levels of rivalry and exclusion influence the attractiveness of cycling and contribute to required effects of cycling policy.

Methodology/methods: The paper focuses on analysing levels of rivalry and excludability of goods making up urban cycling systems, and thus it is based on the theory of private and public goods, as well as on some elements of the New Institutional Economics. The author uses secondary data and research results presented in scientific papers available in the Web of Science Database and Google Scholar, and other data and information available in online documents.

Findings: A change in levels of rivalry and excludability can lead to an increased attractiveness of cycling. Separated cycling infrastructure, leading to an (partially) exclusion of other transport users, as well as solutions for eliminating self-exclusion from cycling or exclusion of people with disabilities play a crucial role. Further research on levels of rivalry and excludability in terms of the complexity of transport systems can contribute to a better understanding of transport behaviour, creating adequate solutions and predicting future effects.
Methodological Problems with Evaluating Change Efficiency

JEL Classification: L0; R3

Keywords: change; efficiency evaluation; analytical and synthetic measures of change evaluation

Abstract

Research background: Change issues are observable both in regular operations of organizations as well as are widely described and analyzed in management and other social sciences. Changes result from a turbulent environment and internal situation of an organization. Rarely do changes happen spontaneously, usually they stem from decisions consciously shaped and taken by the management. Both the reasons as well as consequences of changes appear on multiple grounds and areas, often strongly interrelated. This leads to far-reaching consequences, mainly difficulties in practical operations as well as studies, analyses and related scientific generalizations and the conclusion-drawing process in both domains. In this respect, the evaluation of change efficiency in particular poses problems.

Purpose of the article: The purpose of this paper is to present and make a critical analysis of the existing achievements in the area of evaluating change efficiency, and indicate the opportunities and difficulties in formulating new, in particular synthetic, indicators of change efficiency.

Methodology/methods: hypothetical-deductive method

Findings: However, it is not difficult to measure change efficiency in narrow and precisely defined areas (preferably isolated from others) and with clearly set objectives (preferably measurable). Measures may be based for instance on timing, financial means and related measurable indicators. There are multiple measures in every functional area of operations of a company. Nevertheless, comprehensive and thorough evaluation of change efficiency is hindered by interrelations between those areas and changes that make narrow, analytical measure inadequate. This gives rise to a problem with formulating synthetic measures that would allow more adequate evaluation not only of the course but also the effects of changes. Importance of the evaluation of change efficiency increases along with the extent and duration of given changes, which is particularly significant in the event of restructuring.
Optimal Capital and Labour in the Polish Public Sector

JEL Classification: E61; H11

Keywords: public sector; optimal size; ownership sectors; sectoral efficiency; Armey Curve

Abstract

Research background: Previous assessments of the size and scope of the public sector concentrated mostly on the fiscal variables as indicators of government size. This means the use of only the “flow” variables, not representing the accumulated level (stock) of public sector production factors. Therefore, they can indicate government efficiency, but are poor indicators of public sector size. We provide a new approach, by using stock variables, including the whole public sector (not only the government) and reaching deeper than fiscal variables. We measure the size of the public sector as employment and gross value of fixed assets (stock). To our knowledge this might be the first attempt of this kind. We use Poland as a case study.

Purpose of the article: We contribute to the literature on public sector optimal size. The aim of the article is to show that there is optimal public sector size, defined in terms of capital and labour.

Methodology/methods: We use panel data for Polish NUTS2 regions for the period 2002-2014. We model gross domestic product and labour productivity. We test and use random, within, Hausman-Taylor, and first differences estimators, as well as, stochastic frontier models.

Findings: We find that: (a) agricultural sector seriously lowers private sector productivity, (b) after exclusion of the agriculture, the optimal size of the public sector in Poland is 36% in the case of gross value of fixed assets and 21% in the case of employment, which means that the real public sector size in Poland is too large in both terms, (c) in the short-run gross value of fixed assets in the public sector should be even lower, but employment higher to maximize GDP and productivity, (d) there is significant inefficiency in the production process that can be explained by sub-optimal public sector share.
Abstract

Research background: A number of changes directed at greater openness to the influx of foreigners undertaken in recent years in the Russia induces an analysis in this area, as liberalisation of russian migration policy is a part of the wider problem: international competition in attracting (especially highly skilled) workers. In this context, it is worth examining how the scale of immigration to Russia was influenced by the crisis that affect the russian economy in 2014.

Purpose of the article: This aim of the paper is to reveal the impact of the current crisis in Russia on the scale of immigration from CIS countries. This requires an answer to the question of whether immigration from the CIS countries to Russia can be explained on the basis of differences in level of prosperity between those countries, or other factors? Thus, the main hypothesis is as follows: differentiation in level of prosperity (measured by GDP per capita) is a factor explaining the immigration from CIS countries to Russia.

Methodology/methods: Verification of the hypothesis requires statistical analysis as well as correlation and regression analysis.

Findings: As it will be shown, despite the fall in GDP in Russia (and simultaneous growth of GDP in most CIS countries) immigration to Russia is not falling. It is therefore a relationship different from the assumptions of neoclassical economics, according to which a reduction in differentiation in the level of prosperity between the sending and the hosting country leads to decrease of the scale of international migration. As it will be revealed - on the basis of regression analysis - not in all CIS countries the scale of migration to Russia can be explained by differentiation of levels of GDP per capita; in few CIS countries, other factors like political conflicts and naturalization processes are of main significance in shaping the scale of migration to Russia.
Determinants of Payout Policy and Investment Attractiveness of Companies Listed on the Warsaw Stock Exchange

JEL Classification: G02; G10; G35

Keywords: determinants of payout policy; dividend payment; share repurchases; investment attractiveness

Abstract

Research background: Making decisions concerning the payout policy depends on many diversified neoclassical and behavioral determinants of payment. Although these factors are well-described in the literature, there is still a research gap concerning the lack of a comprehensive model of impact of determinants of payout policy on investment attractiveness of shares.

Purpose of the article: The aim of this article is to discuss and compare the chosen factors determining the realization of payout policy conducted by companies in the form of dividends and share repurchases, as well as the evaluation of investment attractiveness of their shares. An achievement of this objective was possible to accomplish through empirical verification of research hypothesis stipulating that the companies carrying out different forms of cash transfer to the shareholders differ significantly in terms of various micro- and macroeconomic characteristics as well as behavioral features, which conditions an occurrence of diverse opportunities of effective involvement of the stock market investors’ capital.

Methodology/methods: The empirical studies were conducted on the companies from the electromechanical industry sector. Those companies were listed on the Warsaw Stock Exchange in the years 2007-2015. The data for analysis was derived from database Notoria Service SA and Stock Market Yearbooks. The studies were based on the methodology of dividend premium, descriptive statistics, taxonomic measure of investment attractiveness and one-way analysis of variance with post-hoc test.

Findings: The research hypothesis was positively verified. The analyzed companies, which were conducting the payout policy in various forms of cash transfer, differed significantly in terms of many characteristics, such as: financial standing, market valuation, size of the company, ownership structure, dividend premium and share buy-back premium, economic situation etc. Moreover, companies which paid dividend and conducted share repurchases were characterized by different investment attractiveness.
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FDI as a Source of Spillover Effects of Technical Progress

JEL Classification: O30; O33; O47

Keywords: technical progress; externalities; spillover effects; foreign direct investment, TFP

Abstract

Research background: This paper explores the relationship between foreign direct investment (FDI) and the productivity of host country. FDI are potentially an important source of productivity growth as they may help host country domestic industries catch up with the international technology frontier. However, empirical literature is inconclusive as to the nature and extent of FDI spillovers.

Purpose of the article: Our main goal is to examine of transmission of technical progress spillover effects through foreign direct investments’ channel in broad group of countries during the period of 1990-2015. We have created index of technical progress spillover effects and have studied relationships between technical progress spillover effects and total factor productivity.

Methodology/methods: Panel data regression models. We employ GMM and dynamic panel spatial autoregression methods.

Findings: The index of technical progress spillover effects was prepared. The significant, statistical positive impact of technical progress spillover effects on total factor productivity of given country was confirmed.
Abstract

Research background: Within the European Union (EU) works Rapid Alert System for Food and Feed (RASFF), which is used by its members to transfer the information about risks to human health deriving mainly from food. The RASFF annual report 2015 indicated that Asia was the world region, from which there were by far the most number of notifications from 2000 to 2015. There were mainly the following Asian countries: China, India, Iran, Thailand, Turkey and Vietnam.

Purpose of the article: The purpose of the article was to examine which food product categories imported from particular Asian countries in the period from 2000 to 2015 were the most frequently notified in the RASFF and how they were related with: notification type, year, notification basis, notified by, action taken, distribution status and risk decision (adopted as variables).

Methodology/methods: The data from the RASFF database concerned values of variables was collected in Excel and then transferred to Statistica 12. The dependences between variables were examined by using the cluster analysis and scatterplots.

Findings: The product categories, which were mostly notified were: nuts (originated from China, India, Iran and Turkey), then fruits and vegetables (from India, Thailand and Turkey), herbs and species (from India and Thailand), food contact materials (from China) and fish (from Vietnam). These products were notified within border rejections or information. The changes in notifications numbers in particular years were quite diverse. The notification basis were border control or official control on the market. The products were mostly notified by: Italy, United Kingdom, Germany and France and were withdrawn from the market, re-dispatched or destructed. Therefore they were not distributed, however, the risk was mostly defined as undecided. All these aspects should be taken into consideration by changing the law and planning the food controls. The further research should also concern the hazard categories.
Cultural, Political and Economic Roots of the Efficient Labor Market Institutional Framework

JEL Classification: D02; D78; J23; P51

Keywords: employment level; labor market institutions; labor market policy; transition countries; political economics

Abstract

Research background: The literature indicates that labor market institutions are determined by cultural, political and economic factors, but does not give explicit conclusions which of these vast group of factors dominates.

Purpose of the article: The goal of this study is to empirically assess whether cultural and political factors dominate over economic factors in shaping the labor market institutional framework.

Methodology/methods: This framework can be measured by a vast group of various indicators. We use 10 such indicators that describe the group of 47 highly developed and transition countries in the years 2005-2009 in order to construct one Employment Efficiency Index which allows to explain almost 47% of the employment rate heterogeneity in the years 2010-2015. In the second step the Employment Efficiency Index is regressed on 7 uncorrelated and standardized components that describe the cultural, political and economic characteristics of the analyzed countries in the years 1995-2004 and the Chow test is conducted in order to determine whether they influence the Index with the same strength in highly developed and transition states.

Findings: The obtained results show that cultural and political factors have a stronger influence on labor market institutions. Moreover, the estimates reveal that countries which experienced weak labor market performance in the period 1995-2004 did not make their institutional framework more pro-employment in the following years and, in consequence, also recorded low values of the employment rate in the period 2010-2015. Such result suggests that economic factors occurred to be on average an insufficient trigger for labor market reforms in the group of analyzed countries. Finally, the Chow test revealed that this conclusion is applicable to both highly developed and transition countries.
Color Temperature in Advertising and its Impact on Consumer Purchase Intentions

**JEL Classification:** M31; M37

**Keywords:** Advertising; Color; Color Temperature; Consumer Behavior; Purchase Intentions

**Abstract**

**Research background:** The conditions of globalization lead to a situation where consumers are overloaded with commercial information. Moreover, abundance of various promotional techniques makes consumers indifferent to many companies’ efforts. On the other hand, organizations are allocating tremendous parts of their budgets to create advertisements which sometimes remain unnoticed or do not stimulate consumer purchase intentions. Therefore, a wide body of scientific research on advertising effectiveness has emerged in recent years. Many aspects of advertising have been analyzed, e.g. the effectiveness of advertising spokesperson, appeal, layout, etc. However, the research on advertising color temperature and its impact on advertising effectiveness is still scarce.

**Purpose of the article:** Considering the intensifying competition in the retail sector, creating attractive and stimulating advertisements becomes an important task for many organizations. The aim of this research is to determine the impact of the color temperature used in advertisements on consumer purchase intentions.

**Methodology/methods:** On purpose to determine an impact of advertising color temperature on consumer purchase intentions, questionnaire survey was provided. The questionnaire was elaborated based on the analysis and synthesis of scientific literature.

**Findings:** The theoretical analysis substantiated different influence of colors and color temperature on consumer perception. Therefore, the assumption was made: all other parameters being constant, the color temperature of an advertisement might have different impact on consumer perception. The results of empiric research revealed the differences of the impact of color temperature on consumer purchase decisions in terms of brand awareness, attitude to the brand and the advertisement, recall and recognition, reported brand-related behavior. The model of the impact of advertising color temperature on consumer purchase behavior was constructed.
Mainstreams of Research on Institutional Change in the Multidimensional Viewpoint

JEL Classification: B52; D02; O17; O43

Keywords: institutions; institutional change; theory of institutional change

Abstract

Research background: The role of institutions in the social and economic development is widely recognized in recent literature on economics of institutions. Economic history provides many examples of bad and good institutional structures, environments, and ways of organizing the social life and relationships between individuals, which is the main reason for institutions to arise. Simultaneously diversity of institutional solutions can be perceived as cultural wealth from which societies can choose in order to find proper instruments to solve various problems in different situations.

Purpose of the article: The present paper is an attempt to review main areas of research into institutional changes and synthesize them into mainstreams, which are also described in the multi-faceted viewpoint to prove the complexity and broad scope that need to be tackled by institutional economists to investigate institutional changes.

Methodology/methods: The article analyses literature on institutional change and several dozen dimensions of the research areas that have a significant impact on the discussion on the mechanisms and environments of evolution of institutions. The review of the mainstreams is divided into five identified basic groups.

Findings: In the last section the multidimensional perspective of the research area of institutional changes is proposed as it helps to grasp many aspects that play the fundamental role in understanding the process of institutional change, which is an indispensable step towards a development of the general theory of institutional change.
Attempt to Optimise the Number of Students in Secondary Schools Based on Their Educational Outcomes

JEL Classification: A20; A21; A29

Keywords: the number of students in schools; educational added value (EAV); secondary school; socio-cultural capital

Abstract

Research background: The number of students in schools can have a significant relationship with educational results achieved by students. Some research points to the negative impact of large numbers of students in schools on their learning outcomes. At the same time, for several years there has been a progressive demographic decline, which encourages the rationalisation of the network of schools.

Purpose of the article: The aim of this study was to determine the optimal size of schools on the basis of exam results expressed in an educational added value (EAV).

Methodology/methods: The study involved all secondary schools (1943 schools) in Poland and was conducted in 2013-2015. The size of each school was determined based on the average number of graduates and their final exam results expressed in EAV.

The data for the analysis were obtained from the Laboratory of the Educational Research Institute in Warsaw. The secondary schools under consideration were divided into five classes, based on the average annual number of graduates. The next step was to determine the percentage of schools having positive and negative educational added value indices and the average educational added value for schools in each of the classes. The statistically significant differences were verified between the classes using a one-way ANOVA.

Findings: The study shows that the highest teaching efficiency, expressed in an educational added value, is obtained by secondary schools having more than 600 students. The lowest effectiveness of teaching has been found in schools having fewer than 150 students. There is a tendency indicating that the effectiveness of teaching increases with the number of students.
Transaction Costs Against the Requirements of Effective Finance Management of Local Government Units

JEL Classification: D23; H7; H77

Keywords: transaction costs economics, public transaction costs, contract, local government

Abstract

Research background: Transaction costs economics fits in the paradigm of the new institutional economy, in which the costs are treated as a versatile measure of assessment of effectiveness of institutions in general. Transaction costs are generated in every field of human activity, because we live ‘in the world of contracts’. Characteristics of transaction costs include: common unawareness of their existence, difficulties in quantification and omission in economic calculation. This pertains especially to the public sector and the related public transaction costs. Meanwhile, in the modern public finance system the analyzed costs rise at an extremely dynamic rate, thus having a significant effect on the budget results, as well as on the effectiveness and efficiency of functioning of the public sector.

Purpose of the article: The purpose of the article is to identify and indicate the specificity of public transaction costs in the local government sub-sector, as an integral component of the public finance sector (general government). The author’s intent is also to more extensively expose the threads of local governance and public sector within the theory of transaction costs economy, as well as to prove that inclusion of those costs in the local finance system related economic calculations is the condition necessary for effective management of self-government finance.

Methodology/methods: The research on transaction costs in the context of the self-government sub-sector was carried out based on literature studies, analysis of local finance legal system, translating into accumulation of transaction costs in certain fields of local governance, as well as analysis of statistical data concerning the issues of self-government finance.

Findings: The so-far theoretic achievements of transaction costs economy is focused mainly on market transactions (market transaction costs) and managerial relations (managerial transaction costs), usually marginalizing the thread of public transaction costs occurring in the field of the institutional environment related to the process of making public choices/political decisions and providing of public goods. The highest transaction costs of the self-government sub-sector are associated with two levels of its activity. Firstly, contracts concluded at the public entity - public entity level, and secondly, contracts concluded at the public entity - private entities level. In the first case, it is about transaction costs related to the structure of public institutions, generated as an effect of fiscal relations taking place among individual levels of public authority (transaction costs of intergovernmental rela-
tions). The second case is associated with the progressing marketization of relations within the public sector, and the transaction costs associated with the process pertain among others to: the method of provision of local public goods (including consolidation of the entities rendering those services), tender procedures, the public-private partnership, privatization processes of municipal companies, municipal outsourcing, etc.
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Doing Well by Doing Good- CSR in a Global Context

JEL Classification: Q01

Keywords: CSR; sustainability; CSR reporting; CSR measuring; global CSR

Abstract

Research background: Nowadays, there is a general understanding that stakeholders are crucial for the successful enterprise. There is also a need to think about Corporate Social Responsibility (CSR) in a global context. Never before corporations enjoyed so much power and authority. Stakes in the sustainability game are extremely high and therefore the CSR is not an option any more, it is necessity if companies want to maintain their position, power and market share. Corporations need to evolve, re-think their strategies and change their processes accordingly. They make great efforts to understand their stakeholders and create the highest possible value for them. However, as of now there is no agreed way of measuring overall sustainability of actions of each company. There is a great need for holistic studies of CSR, analysing in details the value created, from stakeholders point of view.

Purpose of the article: This paper is an attempt to propose a way of looking at corporate social responsibility in line with current methodologies and frameworks focusing on value creation. Currently there is no one definition of global CSR to be used, nor there is one comprehensive methodology to describe it. Instead there is abundance of theories and frameworks. This paper proposes one definition and presents a method of analysis of the global corporate commitment to CSR approach. The main concern of this paper is to offer an insight into different ways companies can create value for various stakeholders groups.

Methodology/methods: To narrow the scope of the conducted analysis, the authors identified 13 companies, potential sustainability winners, from products industry. Analyzed were both, CSR execution capacity and CSR value creation assessed on basis of compliance with identified CSR basic actions catalogue. This paper proposes a definition and presents a method of analysis of the global corporate commitment to CSR approach.

Findings: Conducted analysis indicated that products companies are aware of needs and expectations of various stakeholders and are good at meeting them. Although assessed companies managed to link sustainability with their strategies, they did not achieve transforming sustainability into core of their business.
Innovativeness as the Determinant of the Economic Development in India. Indian Economy in Comparison with the World Innovation Leaders

JEL Classification: O3

Keywords: innovativeness; economic development; India; world innovation leaders

Abstract

Research background: The advancing globalization processes, the take-up on the strength of competition, or the ever-changing needs of the people are forcing economies and the functioning of these entities, constantly being innovative. Innovation is a kind of "an idea for a better tomorrow", which can help you to persevere in this turbulent environment, and not "innovate, that is, to die" (Freeman, 1973). It is obvious, that aspect of innovations already tested since time immemorial, but innovation economy of India, which until a few years ago, grew at the fastest pace in the world, seems to be a worthy area to study.

Purpose of the article: The purpose of the present discourse is an attempt to present the role of innovations in one of the fastest developing economies – Indian economy, as well as elaboration on the aspects of its innovativeness compared with the group of most innovative, competitive and well developed economies in the world.

Methodology/methods: literature analysis, data analysis, statistical analysis of the data source

Findings: Indian economy is one of the most innovative in BRICKS group. India is aware of the role of innovation in economic development, which confirms, among other things the fact that many institutions and government action is aimed at supporting innovative activity in the country (for example DRDO, ISRO, IIP, FICCI, or NIFC-DAC).

In the state of changing customers’ expectations, modern technologies successfully develop not only in the Europe, United States or Japan. To the circle of innovative tycoons candidate also India where in the recent years, economic development is significantly dynamic. Modern technologies in India are considered better. Innovations constitute important area of Indian economy and decisive solutions and interesting methods can be interesting for the European entrepreneurs.

After the crisis, the situation of Europe will be more complicated. It is widely known that dynamically developing world will decide on the developing economies. It means that they will need more raw materials for the fulfilment of the growing appetite and huge innovation pressure for the search of adequate solutions for rich and still averagely poor markets. Therefore, not only tablets for 35 USD appear but also new energetic technologies. The Indian innovativeness is giving this to world.

India as a country struggling economic crisis and the actions taken in connection with the chance which brings with it innovation, can serve as a worthy model to follow. Courageous, but - it seems - be a matching statement might be: "... you do not have sufficient funds to
purchase the newest Ipod, try to create their own, much cheaper ... you will certainly find interest among potential customers ...”
Sustainable Urban Mobility Planning – Gdynia City Case Study

JEL Classification: O18

Keywords: mobility planning; urban sustainable development; city of Gdynia

Abstract

Research background: Mobility is one of the most difficult topic to face in metropolitan large areas. It involves both environmental and economic aspects, and needs both high technologies and virtuous people behaviours. Dynamical urban development and inhabitants lifestyle changes result in a continuous increase of their transport needs. As transport behaviours change, the number of vehicles on streets grows resulting in congestion, an increased number of accidents, exhaust and noise emissions and, consequently, a lowered quality of life. Thus, a sustainable approach to urban mobility and transport planning is becoming increasingly common in all EU countries.

Purpose of the article: The aim of the paper is to present the urban sustainable development challenges, taking as a case study the Sustainable Urban Mobility Plan (SUMP) elaboration process in the city of Gdynia within the CIVITAS DYN@MO being a European project implemented under the CIVITAS II PLUS initiative (funded from the 7th Framework Programme of the European Commission).

Methodology/methods: The study is based on the literature sources analysis and survey research performed with a questionnaire for stakeholders to assess particular areas and activities.

Findings: It is quite a challenge to ensure a sustainable urban mobility pattern which requires a high level of stakeholders’ participation and establishing a detailed complex planning process. Key stakeholders of Gdynia, included in the planning process earlier, invited to the assessment gave the highest priority to the tariff and ticket integration in the Metropolitan Area, parking issues, the inclusion of pedestrian traffic in project planning and public spaces.
Comparison of Liquidity Based and Financial Performance Based Indicators in Financial Analysis

JEL Classification: M40; M41; M42; M48

Keywords: Earnings Management; Financial Statement Fraud; Revenue Manipulations; M-Score; Z-Score

Abstract

Research background: Since the turn of the 21st century financial statement manipulations became the center of attention for accountants, auditors and financial analysts. Since being classified by the regulators as fraudulent, earnings management has required a separate detection methodology. The majority of detection research is performed through the comparison of a large number of statements for the same company in order to find irregularities in earnings behavior. Shortening of the detection time and the amount of data becomes important.

Purpose of the article: The goal was to compare the characteristics of M-Score and ΔP-ΔR and to find their advantages and limitations. Applying both indicators to the different samples, the research attempted to determine the statistical connection between them and to set up the limits of their applicability. Since M-Score indicator is liquidity-based, this research attempted to determine to which extent M-Score and Z-Score are statistically related.

Methodology/methods: The research paper compares the behavior of both indicators using various samples of financial data: the sample of companies, charged with fraud, the sample with exceptional liquidity, the large random sample and the sample from the emerging market economy. Based on the original observations, two other subsamples (one based on poor Z-Score and one based on exceptional Z-Score) were extracted from the main sample. For all samples ΔP-ΔR, M-Score and Z-Score were statistically compared among and between themselves.

Findings: The research found the limitations of ΔP-ΔR and M-Score in the stable markets and was able to connect them in the emerging market by using linear regression model (also including Z-Score). The research confirmed that M-Score can mistake exceptional performance for manipulations, resulted in Type I errors. ΔP- ΔR appeared somewhat coarse and prone to Type II errors. The combined use of both in the emerging markets will provide the best approach.
Young Minority Entrepreneurs: Personal Traits and Environmental Constraints

JEL Classification: L26; J15

Keywords: young entrepreneurs; minority; personal and traits characteristics; sociocultural aspects; environmental constraints

Abstract

Research background: In recent years, the phenomenon of new entrepreneurs is increasing in general and among young people in particular. This phenomenon “young entrepreneurs” gaining momentum broadly among young people and minorities. The young minority entrepreneur faces barriers more than ordinary entrepreneur does; these barriers can be social, economic, resource access and availability, or even racism, preference of the majority over the minority. Understanding the factors affecting the entrepreneurship among young minorities may contribute to comprehending this phenomenon better. These factors can be a personality traits, and can be environmental as access to capital.

Purpose of the article: The purpose of this article is to give an overview about the updated definition of young minority entrepreneur, what are his characteristics, traits, and to examine the impact of cultural environmental constraints on minority young entrepreneurs.

Methodology/methods: The article based on last literature review in the entrepreneurship field, which included academic papers, reports, and books.

Findings: The article shows unique characteristics in minority entrepreneurs and minority young entrepreneurs in particular. Several studies review personal characteristics, cultural and social affecting entrepreneurship. Other studies have shown that young minority entrepreneurs are influenced by their environment, for example, the chances to be a salary employee. Other studies disagree why these young people appealed to entrepreneurship; some argue that appealing entrepreneurship is a place of personal ambition, and compatibility with the attributes that need to be in entrepreneur. On the other hand, some studies have shown that appeal to the world of entrepreneurship among minorities is not just a personal desire or a dream but a necessity.
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M&A In The International Product Cycle

JEL Classification: F12; F13; F21; F23; F60; O12; O24; O25; O31; O33

Keywords: M&A; International Product Cycle; Strategy; Emerging Markets; MNCs

Abstract

Research background: This is a theoretical paper based on the International Product Cycle and its relationship with different FDI and Acquisition strategies of MNCs depending on the stage of development of their home countries.

Purpose of the article: This paper argues that MNCs’ M&A and FDI in the context of globalization is partially dependent on where its home country’s industry is in terms of the international product cycle. Thus innovative firms in advanced countries will use FDI or acquisition of similar firms in other advanced countries that produce similar or related advanced products or services in order to gain global market share and reduce global competition and in emerging markets to maintain share in products where they are no longer globally competitive and thus reduce potential challenges from below. Alternatively successful emerging market MNCs or EMMNCs will acquire firms in advanced countries that will help them move up the value added chain or will give them brand recognition while also looking for opportunities for acquisitions or FDI opportunities in countries that are relatively less developed to capture or maintain market competitiveness in industries, products or services where they are losing competitiveness due to rising wages.

Methodology/methods: The paper’s approach relies on prior work done by the author and others regarding the International Product Cycle and Experience Curves.

Findings: That home country development is an important driver and differentiator in terms of a MNCs FDI and international M&A strategy, particularly as between Triad MNCs and EMMNCs.
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The Impact Of Emigration On The Competitiveness Of The Country: The Case Of Lithuania

JEL Classification: F22

Keywords: emigration; competitiveness; Lithuania; factors; labour market

Abstract

Research background: Over the last few decades, the advance of technologies and communications has been substantially promoted by increasing mobility of population (Weiss, 2003). Globalisation has vastly changed the processes of migration and determined the variety of territorial moves. Acceleration of migration has, in turn, determined disproportions in labour markets, which have had negative effects on regional economies: some of them are facing the problems of excessive immigration, while others have to deal with the challenges caused by excessive emigration. Lithuanian economy has been hurt by excessive rates of emigration. Following the prognoses of Eurostat (2008), Lithuanian population will have decreased by 2.5 million by 2060. Nevertheless, the last six years have seen extremely high rates of emigration, which has turned into one of the most topical problems of the decade, threatening with brain drain and aging of the remaining part of society. In 2014, Eurostat prognoses were recalculated, and although they are based on comparatively optimistic presumptions, such as suppression of the emigration wave, increase in the overall birth rate and higher life expectancy, future predictions for Lithuania are even worse: it is prognosticated that by 2060, Lithuanian population will have decreased by 1.8 million. Loss of such big quantities of the labour force is dramatically reducing competitiveness of the country.

Purpose of the article: to evaluate the impact of emigration on the competitiveness of Lithuania.

Methodology/methods: systematic and comparative literature analysis, statistical data analysis, multiple regression analysis.

Findings: After the statistical calculations it was identified which factors have been most influenced by emigration process in Lithuania.
Green Business Development Opportunities:
The Case Of Lithuania

JEL Classification: M00

Keywords: green business; organic farming; Lithuania; factors; factors

Abstract

Research background: From scientific point of view Lithuanian green business started to be analysed recently and it is constantly growing. Green business activities are focused to a minimal negative effect for global environment, community or economy. That is the main reason why green business can be superior than traditional business. The production is produced according to strict country requirements that ensures high quality work, thus it helps to improve reputation and the image of the company and also attracts more consumers. The scientific investigation problem is to find – what are the green business development opportunities?

Purpose of the article: to analyse organic farming development opportunities in Lithuania after green business development specificity is investigated. There are three tasks in order to reach the purpose: 1) to analyse theoretical development of green business; 2) to create a methodology of green business development opportunities; 3) to make an empirical investigation about organic farming opportunities in Lithuania.

Methodology/methods: comparative and systematic analysis of the scientific literature, graphic and comparative data analyses and expert evaluation.

Findings: The conclusions of final research revealed tendencies in organic farming development by rising number of farmers and farms territory. However, there are some barriers which disturb fluent organic farming development in Lithuania. According to experts, mostly there are economic and social factors. In this scientific investigation there are recommendations which will help to share competences between farmers, follow economic change, labour market opportunities or to find out other business information related with effective development.
Evaluation of the Factors that Have the Most Significant Influence on Lithuanian Export

JEL Classification: J11; O15

Keywords: export; factors; evaluation; Lithuania

Abstract

Research background: Export is an important part of economics not only in a country’s, but also in international level. Over the last two decades, development of export has been one of the fastest and most acceptable strategies of economic progress. Export is also one of the ways to improve a country’s balance of payments, reduce trade deficits, and raise the general life standards. Scientific literature does not contain any unambiguous models developed for evaluation of the impact of the influential factors on the volumes of exports in the countries with similar economic conditions. Hence, the scientific problem for this research is formulated as follows: which factors have the most significant impact on export and how does this impact manifest?

Purpose of the article: is to conduct evaluation of the influential factors affecting Lithuanian export leaning on the theoretical aspects of export determinants.

Methodology/methods: The methods of the research include comparative and systematic analysis of the scientific literature, correlation and regression analysis.

Findings: Mathematical estimations have revealed that GDP per capita and general state’s revenue from taxes and social contributions can explain the trends of Lithuanian export by 99.1 percent over the period 2007–2015. Crediting of private sector also showed a very strong correlation with Lithuanian export; the negative medium-strong correlation was estimated between the export and general tax level, while the positive medium-strong correlation was captured between the export and minimum wages.
Development of Smart Business for Pierigas Region (Latvia)

JEL Classification: P25

Keywords: smart business environment

Research background: Globalization and demographic change, in recent decades occurred in urban and rural areas, the role and prospects of development change. Because people from rural areas have moved to the cities, because there has wider work, education and entertainment options, as well as urban areas offer a much higher quality of life standards. Cities have become very important for a country's economic success in the creation, in the city are those that attract and which focuses growth significant resources that globalization has become very mobile - human resources (people, students, tourists, etc.), companies, investors, research, development of innovation, large-scale events, etc.

The research aim is the development of smart business for Pierigas region (Latvia). To reach the aim, we proposed the following tasks: 1) evaluate the indicators of the Pierigas region economic profile; 2) compare them with the data gathered during the project 5.2.3. „Latvian rural and regional development processes and opportunities of the knowledge economy in the context of smart economy”.

Research methods: Analysis of documentation and statistical data, the Analytic Hierarchy Process (AHP) method.

Findings: Support for smart business environment development aimed to attract both domestic and foreign investors, and to promote new business start-ups and existing business expansion in the municipality, creating new jobs in the population, reduce the drain on the other areas. It is important to determine the areas aid guidelines taking into account the specificity of each territory and opportunities, thus defining the direction of development and the possible specialization. It is necessary to increase economic activity in areas near the big cities, attracting and using the surrounding areas of resources in support of business, transport and ICT infrastructure to fully exploit and develop the potential of educational institutions and encouraging the mobility of citizens. It would encourage new business and job creation, stimulating the life and work of the great city nearby.

Acknowledgment: Research supported from National Research programm EKOSOC-LV.
**Generation Y on the Labor Market – Expectations for the Shaping of Work-life Balance**

**JEL Classification:** J 53; J 62

**Keywords:** generation Y, labour market, work-life balance, relationships in the workplace

**Abstract**

**Research background:** Entering of the generation Y on job market causes many interesting insights for both researchers, who analyze the specifics of this generation, as well as practitioners of modern organizations' management. Despite some differences in the characteristics of generation Y authors involved in this issue agree that generation Y is focused on education and development with simultaneous desire to maintain a balance between work and personal life. More often than older generations, they are willing to use the various programs, offered by company, supporting reconciliation of professional and personal life.

**Purpose of the article:** The aim of the article is to present issues concerning the functioning of the representatives of generation Y in the labor market with particular emphasis on the issue of balancing professional work and personal life.

**Methodology/methods:** The conducted research aimed to analyze the opinion of representatives of generation Y about the expectations associated with their professional work with special emphasis on creating a balance between work and personal life. In order to obtain answers to the research's questions method of diagnostic survey and questionnaire technique were used. To complement the obtained data, the additional qualitative research unstructured interviews were conducted.

**Findings:** Respondents confirmed the hypothesis that for their generation balance between work and personal life is very important. The collected respondents' opinions showed the image of flexible employment, as a good way to reconcile work and other obligations, which gives the ability to have multiple sources of income and that is a good solution especially for young people and people entering the labor market. The results of the conducted interviews pointed to a number of factors, that in opinion of young workers are important values in life and are related to the maintaining work-life balance.
The Efficiency of Labour Market Policy in the EU – the Methods of Measurement, Determinants, Good Practices

JEL Classification: J01; J08; J11; J24; J88

Keywords: labour market policy, active labour market programmes, efficiency, the new institutional economics, the European Union.

Abstract

Research background: In the era of demographic changes and the need for rationalization of public expenditure, the European Union social policy promotes the activation approach. In addition, there can be noticed the growing importance of increasing the efficiency of public entities. The efficiency as the typical economic category has been widely described in the literature. In the new institutional economics theory, efficiency means the elimination of external costs at the lowest possible transaction costs. It should be noted that institutions in institutional economics are widely perceived - as a set of formal (legal acts) and informal rules (customs, etc.).

Purpose of the article: The authors carried out the classification of methods for measuring of efficiency of labour market policies applied in the European Union. Moreover, in the paper there were analysed the determinants of efficient labour market policy in the EU countries. There were also presented German labour market policy measures. German case study can be treated as a good practice as that country represents the best labour market indicators in the EU. The question is to what extend those results are connected with the efficiency of German labour market policy and how they are associated with the potential of labour demand of German economy?

Methodology/methods: The paper was based on the desk research analysis - the critical analysis of literature as well as the analysis of secondary research findings. Moreover the cross-country labour market situation in the EU was based on the analysis of the Eurostat data.
Findings: There is a need to work out the complex evaluation of labour market policies in the EU to provide the comparative analysis of the EU countries (or groups of countries). It would allow determining the level of development of the country in terms of the efficiency of labour market policies.
Abstract

Research background: Agricultural sector of polish national economy is an example of entrepreneurship - especially individual one dealing with underdevelopment of technological, intellectual institutional infrastructure what is a serious threat to the usage of potential of the financial resources available due to polish membership in the European Union. The possibility of gaining financial support and entering the European market caused dynamic increase in the number of entities engaged in agricultural activities with ecological characteristics - in Poland and whole EU- and mainly this sector of production is treated with priority in currently realized Common Agricultural Policy in European Union countries. At the same time it should be remarked that managing agricultural companies is aimed at achieving their specific goals of a financial nature - as in other sectors of the national economy.

Purpose of the article: The main aim of this thesis is to show the impact of financial support coming from European Union budget on the pace of development of the organic sector in Poland compared to other European Union countries. To fulfill the aim of the thesis the available financial mechanisms (the level of support, the main criteria for accesses) were characterized as well as legal aspects regulating them on the national level and in selected EU countries. General issues included provide also the characteristics of the problem of European market of ecological products. The study contains an assessment of the current use of the financial resources of the EU (after accession to the EU, ie. 2004) addressed to organic farming.

Methodology/methods: The thesis has been prepared based on the analysis of subject literature, applicable laws, as well as the documents / reports prepared by the major stakeholders in the country and EU responsible for gaining and gathering information on country level as well as chosen EU countries. In the thesis a comparative analysis has been carried out as well as cause and effect analysis with regard to the volatility during the analyzed events.

Findings: The observed absorption of EU financial resources in the agricultural sector in all European countries – especially in recent years in Poland- shows how big are the needs for financial support of agricultural production for sustaining for example the stability of market prices of food products. In the era of increasing consumer awareness on the rational nutrition we observe revival of market of organic products. However the increase in market absorptive capacity is the only factor determining the development of ecological agricul-
ture? Or are there any other financial support mechanisms? High subsidy rates (an average of approx. 950 zł/ha and growing every year, with an average area of ecological farms above 20 ha) caused a significant increase in the number of ecological farms (within 10 years of joining the EU over 1400%). It is reasonable to assume that as long as there will be economic incentives, business farmers will be interested in the transition to an ecological way of farming, an example of which are other EU countries.
Application of the PROperty FITting Method (PROFIT) to Classification of EU Countries Based on Innovation Performance

JEL Classification: C38; O30

Keywords: multidimensional scaling (MDS); property fitting method (PROFIT); innovation performance; EU member countries; synthetic measures of innovativeness

Abstract

Research background: Processes of integration and globalization lead to a intensive development of synthetic measures assessing innovation performance of a country, i.e. Summary Innovation Index, Global Innovation Index, Innovation Output Indicator, Knowledge Economy Index etc. These indices are commonly used as a background to further scientific investigation on innovation main driving forces and as a starting point in cross-country comparative analysis. As a consequence, the final results and the position of a country in an international rating of innovativeness is highly depended on methodology developed in creation of an index. Even if, developed methodologies for various indices are similar to some extent, obviously, country ratings always will be different. The question arise – how to combine the results achieved by different indices and at the same time get a clear picture of EU member countries innovation performance?

Purpose of the article: The aim of the paper is to do the research on differences in innovation performance across the EU member countries. More specifically, 9 different, well-known international indices well selected in order to investigate their overall impact on forming the distance in innovation performance of EU countries.

Methodology/methods: For the purpose of the article the PROFIT (PROperty FITting) method, being an extension of the multidimensional scaling (MDS), was applied. The ultimate goal of MDS techniques is to produce a geometric map that illustrates the underlying structure of complex phenomena, for instance the innovation performance of EU countries. It is a widely used method, which collects attribute ratings for each object (country) and then finds the best correspondence of each attribute to the derived perceptual.

Findings: The final result is a two-dimensional map illustrating structure of innovation performance in all the EU countries. The main conclusion drawn from the analysis is the explanation of distance between single indices in a spatial map, and their role in distinguishing specific groups of EU countries from the perspective of innovation performance.
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University of Lodz, Poland  

Labour Market Institutions and Employment in the OECD Countries

JEL Classification: J01; J08; J38

Keywords: minimum wage; union density; tax wedge; employment; unemployment

Abstract

Research background: Despite the large number of studies concerning the impact of labour market institutions and macroeconomic policy on the labour market situation it is difficult to find studies using the same methods and the same set of data showing the analyzed phenomena. The panel methods (mainly FE and RE estimators) are very often used in empirical analyzes of this issue and thus it is assumed that the sensitivity of the labour market to institutions is the same in individual economies.

Purpose of the article: The aim of the study is a statistical analysis of the impact of labour market institutions on employment in the OECD countries. Particularly, we are interested if the aforementioned institutions affect different groups (by sex, age and education level).

Methodology/methods: To analyze the relationship between the institutions and the labour market outcomes the equations explaining the employment rates were estimated. Additionally, other key macroeconomic variables were taken into account. The parameters of mentioned equations were estimated using panel GLS assuming heteroscedastic and autocorrelated error term. The whole sample of the OECD countries were divided into more homogenous subgroups using level of institutions and geographical criteria. Due to data availability our sample covers period 1991-2014.

Findings: The main conclusions of the analysis are as follow. The impact of minimum wages on the overall employment rate is statistically significant. The impact of minimum wages on the youth employment rate was not confirmed. The hypothesis that the minimum wage harms those with the lowest levels of education was not rejected. The tax wedge affects all analyzed employment rates, but the impact of tax progressivity is not obvious. We cannot reject the hypothesis about the impact of employment protection legislation on the employment rates – the impact is the strongest in the group of the youngest and low educated.
Elze Rudiene, Mangirdas Morkunas
Mykolas Romeris University, Lithuania

The Assessment of the Impact of the Format of Retail Internationalization on Consumer Attitude

JEL Classification: M20

Keywords: format; retail internationalization; customer; retailer

Abstract

Research background: Format is an important element of retail internationalization process. To date customer attitude about retail companies format entering the market and their possible impact upon consumers and standardization degree has not frequently been the object of investigation within the internationalisation of retail trade. Only by opening the subject of trade consumers and customers can find solution of components of this element.

Purpose of the article: The article explores consumer attitudes to retail format, revealed this element components and provide their evaluation methodology. The practical significance of the present survey is that it is a survey of consumer attitude to the company entering format the market in another country, which would enable a potential retail entrant to know the expectations of consumers and thus take appropriate decisions.

Methodology/methods: The methodological basis for the present paper is an analysis of reference material on the internationalisation of retail trade examining cases of successes and failures of retail companies, exploring and understanding consumer expectations and the ways to meet such expectations, as well as peculiarities of entering different markets. The authors interviewed Lithuanian consumers (more than 600) about the IKEA shopping center before its opening in Vilnius and one year after opening.

Findings: Studies have confirmed that consumers have their attitudes of the IKEA shopping center, as the format element.
Innovation as an Immanent Attribute of an Agile Enterprise

JEL Classification: O30; M21; P42

Keywords: innovation; agile; SME

Abstract

Research background: Each organization faces the challenge of operating in an environment that is unpredictable and turbulent. Emergence of business era caused that change had become a key feature that determines the economic environment of an enterprise. Market environment forces companies to seek strategic orientation that would allow them to use market opportunities and come to grips with growing customer demands. These goals can only be achieved by an organization that bears the hallmarks of agility.

Purpose of the article: The purpose of this article is to analyze relationships between obtaining an ability to be innovative and agility attributes of an organization.

Methodology/methods: The problem was analyzed on the basis of empirical research of an international character. The article points out that adopting by a company agility attributes translates into a better competitive position and a higher level of innovation. Innovation in an enterprise constitute an impulse to take new challenges, which perfectly fits into the paradigm of the organization’s agility. In turn, through innovation, companies become agile.

Findings: The presented research confirms that there is a connection between having agility attributes by a company and obtaining by it a high level of innovation. Many authors also specify important role of IT system in introducing product innovations and innovation processes.
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University of Bialystok, Poland

Technology Transfer as a Determinant of the Competitiveness of Small Polish Industrial Enterprises

JEL Classification: O30; O32; 033

Keywords: Innovation; competitiveness; industrial enterprises; product innovation; process innovation

Abstract

Research background: Global competition, fast and dynamic technological change and increasingly shorter product life cycles have changed the current environment the functioning of enterprises. In order to compete firms must introduce new technologies, products, services or organizational systems and they are forced to seek competitive advantages in a variety of innovative activities. Technology transfer based on the ready and proven solutions becomes a major opportunity to enhance their competitiveness and innovativeness position. The use of technology transfer allows companies to meet the requirements of the market and international competition.

Purpose of the article: This paper discusses innovation and technology transfer actually occurring in industrial enterprises in Poland. The purpose of the article is to identify how technology transfer influences the innovativeness and competitiveness of polish enterprises.

Methodology/methods: The study is based on a survey on industrial firms (n=100) located in Poland. Date was collected during 100 individual PAPI interviews with high and medium level managers of randomly selected companies.

Findings: The research has determined the level of the use of technology transfer in gaining the innovativeness and competitive position of the surveyed firms. Among the surveyed enterprises prevailed the range of implementation material innovation - product and process. Rarely firms implement non material innovations. The study pointed to insufficient use of the technology transfer, especially in terms of cooperation for innovation with R&D institutions, activity in the field of patent and license use. According to the obtained results there is a dominant use of simple mechanisms of technology transfer what causes low competitiveness of surveyed enterprises.

This funding suggest that measurement of external sources of innovation - technology transfer in gaining the competitiveness should be developed. The finding support the need for participation of polish industrial enterprises in more advanced form of technology procurement.
Challenges to the Labor Market Institutions in the Area of Supporting NEETs

JEL Classification: R23

Keywords: labor market, labor market institutions, public employment services, NEETs

Abstract

Research background: Various and complicated reasons of belonging to the NEET category, resulting largely from young people’s personal and family circumstances, cause that the activation programmes undertaken by public employment services, both in the professional and educational sphere, prove inadequate. Despite the fact that labor market instruments dedicated to young people represent a wide range of possibilities for supporting them in combating professional and educational inactivity, the background of their problems requires new actions that should be undertaken by labor market institutions and their partners.

Purpose of the article: Taking the above into consideration, the aim of this study is to identify the challenges faced by the public employment services and other labor market institutions in the area of activating youth experiencing the most difficult situation in the labor market.

Methodology/methods: The article is based on the results of quantitative and qualitative research, conducted in the framework of the project implemented by the Provincial Labor Office in Bialystok Podlasie open to young people, financed by Operational Programme Knowledge Education Development (PO WER).

Findings: The results of the study have led to the identification of necessary actions which should be undertaken by labor market institutions to support young people representing NEET generation. These actions can be classified into different categories. They include preventing of inclusion into NEET group and developing the most effective solutions in the area of getting in touch with this group of young people and supporting them as well as creating the culture of cooperation for their benefit. Study has also revealed the need to carry out in-depth research of NEET population.
Beata Sadowska, Adam Lulek
Szczecin University, Poland

The Problem of Risk in the Economy of Sustainable Development on the Example of the State Forests

JEL Classification: Q01; Q23; O13; O44; D81

Keywords: risk; sustainable development; economy; forest economy

Abstract

Research background: Economics of sustainable development aims to ensure standards of environmental, economic and social quality of life and freedom of all people living on Earth. Goals in all three dimensions should be implemented taking into account the strong interdependence. Targets of sustainable development are implemented, among other things by the State Forests National Forest Holding, i.e. carrying on forest management according to the principles of universal forest protection, durability, their maintenance, continuity and sustainable use of all the functions of forests and expansion of forest resources. Forest management should be carried out while minimizing the economic risk that accompanies each economic activity.

Purpose of the article: The aim of the study is to identify the risk associated with business of State Forests. There was made an attempt to verify the hypothesis that the identification of risks at various levels of functioning State Forests business is the first step to managing risk. The study will also present the risk management process in the State Forests and the characteristics of its individual stages.

Methodology/methods: Founded objective was achieved using a critical analysis of national and international studies, descriptive method and analysis of phenomena and synthesis of results and interviews with foresters. The layout and content of the study was subordinated to the realization of goals.

Findings: Targets of sustainable development are realized among others by State Forests, i.e. through sustainable forest management and risk accompanies all processes carried out in the economic entity, including the activity of the State Forests. State Forests in their daily activity are exposed to the presence of diverse types of risks (e.g. environmental, legal, political, related to the management of the organization and human capital risk), State Forests must skillfully manage risk, that is, take care of it, to fill the functions of forests: ecological, social and economic, mitigate obstacles which prevent implementation of the objectives and tasks of the State Forests. Creating a risk register, State Forests can estimate the risk level, assess the impact of risk on a given area of activity, assess the probability of the risk and determine the methods of counteracting the risk or manage the risks.
Responsibilities and Competencies in Personnel Management at Czech Schools

JEL Classification: M12; M50

Keywords: personnel management; school management; Czech Republic

Abstract

Research background: The fundamental conclusions about the relationship between personnel management and organizational performance can be also applied to personnel management in primary and secondary schools that play an important role in the society. There is no doubt that headmasters, deputy headmasters and other school managers, who want to achieve excellent performance of their schools, must pay special attention to management of all employees (including teaching and non-teaching staff) because their abilities, motivation and performance determine desired results of schools.

Purpose of the article: The purpose of the article is to define particular categories of managers in Czech primary and secondary schools and specify their responsibilities and competencies in personnel management in order to propose an optimal organization of personnel management at Czech schools.

Methodology/methods: Achieving the purpose of the article is based on the analysis of available scientific literature and the comparison of results of the authors' questionnaire surveys focused on the organization of personnel management at Czech schools. The surveys were conducted from March to May 2013 and from January to February 2017. The respondents were managers of Czech primary and secondary schools. The relevant data were obtained from 67 (2013) and 120 (2017) respondents. The data analysis was based on the calculation of relative frequencies and the evaluation of the dependence of responses using contingency tables, chi-square tests of independence and sign schemes.

Findings: The findings show that responsibilities for managing teaching and non-teaching staff at Czech schools belong not only to headmasters, but also to other managers at schools, including deputy headmasters, head teachers, heads of school clubs, heads of school canteens, educational consultants, school psychologists, treasurers, or school caretakers. Anyone who influences and directs others in the organization should be involved in personnel management and participate in various personnel management activities related to employee selection, appraisal, compensation or training. The significant competencies of headmasters and other managers in personnel and school management include managerial competencies (the ability to manage others), personal competencies (the ability to manage yourself), or professional competencies (the ability to manage the school).
The Role of Comprehensive Income in Predicting Banks’ Future Earnings

JEL Classification: G21; M41; M48

Keywords: comprehensive income; net income; financial reporting; predictive power; banks

Abstract

Research background: In the economic literature there are many arguments presented by critical supporters and opponents of measuring and reporting comprehensive income. There is a justified need to examine the relevance and usefulness of comprehensive income, especially the predictive power of comprehensive income for forecasting future earnings. It may be assumed that the comprehensive income has a better predictive power for future bank performance than net income, because this measure includes many elements, which were previously presented in the statement of changes in equity.

Purpose of the article: The major subject of the theoretical-empirical study presented in this paper is the evaluation of the usefulness of comprehensive income for predicting banks’ future earnings. Realization of the fundamental objective of this paper was centered around the main research hypothesis, stating that in economic practice of banks listed on the Warsaw Stock Exchange it can be assumed that there is a positive predictive power of financial result in forecasting financial standing of these entities.

Methodology/methods: The research comprised bank joint-stock companies listed on the Warsaw Stock Exchange (qualified on 15.09.2016). Empirical data for the study was obtained from the quarterly financial statements (the period from 2009 to 2015) from EMIS. The problem was realized in two analytical dimensions: absolute dimension financial results, and a relative dimension (return ratios). The research method was the regression analysis conducted by means of Spearman’s rank correlation coefficient and by two regression models in two versions.

Findings: The research showed that the analyzed bank companies were characterized by a diversity usefulness of comprehensive income for predicting banks’ future earnings. Nevertheless, it must be stressed that the calculated Spearman’s rank correlation coefficients confirm in most instances a positive character of dependence between the comprehensive income and future return ratios. The results of the estimation of econometric models shows the positive association of comprehensive income with future profitability of banks.
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Nicolaus Copernicus University in Toruń, Poland

The Risk of Poverty and Social Exclusion in Poland in the Period 2005-2015 in the Comparison to the European Union Countries

JEL Classification: I32; D63

Keywords: the risk of poverty, social exclusion

Abstract

Research background: The study of poverty is extremely important because of the negative effects that it can bring to the economy. Improvement of the situation of people at risk of poverty or social exclusion is one of the most important social policy's objectives in Poland and in the European Union. It is consistent with such official polish documents as: Strategy for the Development of Human Capital 2020 National Development Strategy 2020. Purpose of the article: The aim of the article is to assess the risk of poverty and social exclusion in Poland in the period 2005-2015 and to compare the degree of risk of poverty in Poland and other European Union countries. Methodology/methods: Implementation of the objective will be possible through the use of indicators such as people at risk-of-poverty after social transfers and social exclusion which consists of three subindicators: at risk poverty, severely materially deprived people and people living in households with low labor intensity. Moreover the analysis of dynamics of these indicators' change is used to conduct the research. The study was conducted based on data from Eurostat (survey of income and living conditions EU-SILC). The data covers the period 2005-2015. Findings: The study shows that the risk of poverty in Poland decreased in the analyzed period. In comparison to the EU countries, Poland made the highest progress in reducing the risk of poverty. Dynamics of changes in reducing the risk of poverty in Poland was the highest among EU countries. The scale of the risk of poverty in Poland was in 2005 one of the highest (higher risk only in Latvia). The situation in Poland in 2015 indicated that in 2015 the degree of risk of poverty was lower in Poland than in many EU countries: Portugal, Hungary, Lithuania, Latvia, Cyprus, Italy, Spain, Greece, Ireland, Estonia. In addition, the world economic crisis of 2008-2010, remained without effect on the risk of poverty in Poland. In most EU countries during the crisis the risk of poverty has increased, however in Poland it declined. This allowed undoubtedly improve the situation in Poland in higher extent than in other EU countries.
The Importance of Quality in Customer Service on the Example of the Banking Sector

JEL Classification: A11; A14; B16

Keywords: quality, customer service, bank

Abstract

Research background: Competitive counts the provider that rendered by the customer service better than the other and through the quality strategy overcomes the competitors and reaches a commercial success. In view of the particular attention should be paid to the quality of the service which significantly affect the customer loyalty. The aim of this study was to investigate the importance of quality in customer service individual commercial banks - Cooperative Bank in Kalisz Pomorski (Pomeranian province), Bank of Environmental Protection in Bydgoszcz (Kujawsko - Pomorskie), and a third bank, who reserved to publish their data in research.

Purpose of the article: The aim of this study was to investigate the importance of quality in customer service individual commercial banks.

Methodology/methods: The method used in the work to analyze the results of the survey method was SERVQL by which was calculated difference between expectations and insight from the consumers on the areas being audited quality customer service.

Findings: Each subject area of service quality in the assessment of customers' needs some improvements, because in each of them there is a discrepancy between expectations and insights. Banks as service companies must be aware that the quality of service, appropriate communication with the client, contributes not only to improve their image, but primarily becomes a factor distinguishing them from competitors.
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Analysis of Social Trust and Subjective Welfare in Poland

JEL Classification: D1; D6; I3

Keywords: welfare economy; subjective economic welfare; social trust; ordered probit model

Abstract

Research background: The article is primarily based on the research in the field of welfare economics, utility theory, social capital and econometrics. In the paper are discussed articles such authors as Bjørnskov, Easterlin, Ravallion and Uslaner.

Purpose of the article: The purpose is to explore the generalized social trust and subjective welfare of Poles and to their relationship. According to the author’s knowledge, such extensive research like this for Poland has not been yet conducted.

Methodology/methods: Data sample used in the research comes from the project "Wycena, Aspekty Sprawiedliwości i Preferencje Względem Odnawialnych Źródeł Energii i ich lokalizacji w Polsce i w Niemczech" which was carried out with the support of the National Science Center. Econometric model was prepared based on the least squares method and the ordered probit model.

Findings: The main outcome of this paper is confirmed importance of the relationship between social trust and the subjective welfare of Poles. Furthermore, it has been proven that both social trust and subjective wealth can be linked both to income and non-income related factors such as inequality and education.
Realisation of the Revenue Equalisation Function in Local Government by a General Grants - the Polish Case

JEL Classification: H71; H22; H11

Keywords: general grants; revenue equalization; own revenues; revenue equalisation function; Poland

Abstract

Research background: General grants in the system of local government finance should pursue five different functions. One of them is revenue equalization. To achieve it after applying the mechanism of subsidising revenues should be reduced. In addition, to be completed, the size of the support should be inversely proportional to achieved own revenues.

Purpose of the article: The aim of the article is to analyze the fulfilling of the revenue equalization function by general subsidies. Therefore, besides the theoretical analysis, which will present the general grants structure and the ability of fulfilling revenue equalisation function, in the article there will be presented the results of studies showing changes in the revenue gap after the application of the grant mechanism and the correlation between own revenue and the amount of funds from selected parts of the general grant.


Findings: Properly executed function of revenue equalization should result in a reduction in the revenue per capita gap between local governments units after the application of the grant mechanism and the correlation between own revenue and the amount of funds from selected parts of the general grants should be negative. This aim due to improper construction of the general subsidy in the system of financing Polish local government fails to achieve. The article presents not only the dysfunctions of subsidisation system identified, but also their consequences for the system beneficiaries.
Methodological Approach to the Study of International Economic Integration Influence on Development of EAEU Members

JEL Classification: C18; F02; F15; F36; F63

Keywords: international economic integration; Eurasian Economic Union (EAEU); economic development; globalization

Abstract

Research background: In modern conditions the international integration processes act as pledge of a sustainable development of the states, activization of investment cooperation, implementation of joint perspective projects. The emergence of new international economic integration organizations predetermines the need to rethink the patterns of development models of international economic integration processes, especially in the context of their impact on the economies of the participating countries. The analysis methods for assessing the effects of the international economic integration (Bergeijk, Brakman (2010), Blomstrom, Kokko (1997), Kepaptsoglou, Karlaftis, Tsamboulas (2010), Michalopoulos, Tarr (1997), Plummer, Cheong, Hamanaka (2010), Zwinkels, Beugelsdijk (2010), Vinokurov (2010) shows that none of them alone doesn’t allow a comprehensive assessment of the regional integration effects. Therefore, in the presence of statistical and other relevant information necessary to use the methods of quantitative analysis in the complex, taking into account their strengths and weaknesses, opportunities and constraints.

Purpose of the article: The purpose of the study is to develop the theoretical foundations and development of methodology for assessing the impact of international economic integration in the socio-economic development of the participating countries (for example, the Eurasian Economic Union (EAEU)).

Methodology/methods: The authors created methodological approach to the study of influence of international economic integration on development of EAEU members based on reaching of target indexes of international movement of goods, services and factors of production.

Findings: Depending on the value of the integral indicator, the authors list four levels of the economic potential of the countries participating in the EAEU. The presented methodological approach allows to early diagnose problem areas and to choose from a variety of management solutions for its improvement.
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Mykolas Romeris University, Lithuania

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Lithuanian Sports University, Lithuania

Psychological Factors Influence on Energy Efficiency in Households

JEL Classification: D1; C92; Q43; Q56

Keywords: psychological factors; efficient use of electricity; households

Abstract

Research background: Most of the studies and their authors focus on the social and economic impacts of energy-saving behavior. But they do not focus on psychological factors affecting the efficiency of energy consumption in households. Lithuania has a lack of a unified and justified opinion on psychological factors that affect the energy efficiency of households.

Purpose of the article: to identify the psychological factors that influence energy efficiency in households and to identify the appropriate measures changing the individual’s energy consumption behavior.

Methodology/methods: was based on analysis of scientific literature and expert evaluation, when the exerts selected the most influencing psychological factors. Expert valuation also allowed to set the right conditions in which individuals are more easily assimilated by means of energy saving. The correlation and regression analysis allowed to identify a variety of factors, including the psychological impact strength.

Findings: Performed analysis of variety of factors that influence household energy consumption allowed to formulate conclusions that in most cases, economic and technological factors significantly influence household energy consumption, increased energy-efficient equipment production and supply is causing an energy consumption growth in households because they are more inclined to buy and use more efficient electrical equipment, which leads to the growth of energy consumption in households. An investigation showed that the energy consumption of households is strongly influenced by some cultural and psychological factors: the greater public openness to innovation, the households tend to use energy more efficiently. Also, a significant impact on energy consumption has some psychological indicators - frequently the more pronounced neuroticism or extraversion rate. Since the research was performed only in Lithuania, in the future it will seek to carry out an investigation in several countries and to compare a various factor on the proposed measures and the efficiency of household energy consumption.
Abstract

Research background: This paper discusses the risk of innovative activities in the real estate market, with particular focus on the risk involved in innovative forms of investments. Furthermore, the paper presents the main problems concerning the risk involved in implementation of innovation in the system of financial services in the real estate market. A short overview of the types of innovations and their innovative forms of investing in the real estate market, such as reverse mortgage, flipping, building for rent, system condo and crowdfunding was presented.

Purpose of the article: The aim of the paper is to present risk factors in innovative activities in the real estate market and evaluation of their activity in this market. The study proposed the hypothesis that a specific level of development in the real estate market corresponds to a certain level of investment risk reflected by the rate of return.

Methodology/methods: The questionnaire survey in the local real estate market participants (investors, employees in enterprises that provide services for the real estate market, external appraisers, real estate brokers and counsellors) was conducted for the purposes of evaluation of risk factors in the investment innovative activities. The respondents expressed their opinion about the level of risk of innovative activity.

Findings: The discussion of the benefits of implementation of innovations was supported by characterization of risks, classification of their causes and methods to limit the risks by investors in the real estate market. Analysis of the results of questionnaire survey supported the following thesis:
- as an effect of a strong inflow of capital and disturbed balance between demand and supply, return rates represent the reaction to the previous market behaviours,
- decline in the rates of return points to the increase in the investment risk in the real estate market.

It was found that the particularly high contribution to the risk level is from market risk, which is little transparent in Poland and is characterized by high variability of the conditions of operation.
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Private Equity Fund Structures in Czech Republic within the Framework of the New Institutional Economics

JEL Classification: B25; G24; K23

Keywords: new institutional economics; private equity; venture capital; tax and legal environment; private equity fund structures

Abstract

Research background: Institutional aspects of a well-functioning private equity and venture capital market are emphasized in the recent academic literature. In particular, a favourable tax and legal environment is essential, because formal institutions enable the industry to attract a larger volume of investors and thus to contribute more efficiently to the growth of GDP. In Czech Republic, however, legal barriers represent an essential obstacle affecting a rather poor scope of resources available to domestic private equity and venture capital funds.

Purpose of the article: This paper examines the current tax and legal environment for private equity and venture capital investments in Czech Republic. Proposals for prospective improvements of institutional framework are made in the empirical part of the study.

Methodology/methods: Private equity institutions and their tax and legal environment in Czech Republic are examined based on recent academic literature. The elements of institutional framework are investigated while using qualitative analysis of documents and interviews with experts from the industry.

Findings: A stronger capital position of domestic companies can be deemed to be a prerequisite for a stronger competitive position in world markets. This is particularly true for young, technology-oriented businesses which cannot be expected to launch an initial public offering in the foreseeable future. National legislation ought to respect the requirements of such companies and introduce appropriate legal private equity and venture capital fund structures for the purpose of investment. Otherwise, the current status will remain in place where institutionalized funds, as well as management companies, mainly operate pursuant to foreign laws, and where “smart” private equity can only be purchased outside the Czech Republic.
Abstract

Research background: Institutional aspects of a well-functioning private equity and venture capital market are emphasized in the recent academic literature. In particular, a favourable tax and legal environment is essential, since formal institutions enable the industry to attract a larger volume of investors and thus to contribute more efficiently to the growth of GDP. In the Czech Republic, however, legal barriers represent an essential obstacle affecting a rather poor scope of resources available to domestic private equity and venture capital funds.

Purpose of the article: This paper examines the current tax and legal environment for private equity and venture capital investments in the Czech Republic. Proposals for prospective improvements of legal and tax framework are made in the empirical part of the study.

Methodology/methods: As the phenomenon under study is complex and explanatory in nature, qualitative data with content analysis proved to be the best way how to assess institutional framework for PE/VC in the Czech Republic. Data collection methods cover a comparative analysis of scientific literature documents and reports, as well as primary data from interviews with experts in the industry. The results of both secondary and primary data analysis were categorized and core lacks in the institutional framework were identified and discussed. Finally, proposals for prospective improvements of the institutional framework are made.

Findings: The conducted analysis implies that the issue of the legal and organisational structure suitable for PE/VC funds may be deemed resolved in the Czech Republic. A Czech equivalent to a Limited Partnership (SICAR), i.e. a limited partnership with investment certificates, has already with provided with sufficient support in the legislation in terms of the legal form. The legal form is a necessary, yet not sufficient condition. A tax handicap was identified implying that it is necessary to amend the tax law so that the legal regulation extends the tax exemption. Another amendment to the applicable legislation should then be directed towards eliminating or mitigating the barriers imposed on pension funds when investing in PE/VC funds.
Innovative Entrepreneurship Evaluation in Opinion of Service Company Managers in Podlaskie Province

JEL Classification: D11; D33; D70

Keywords: service enterprises; innovations in services; service manager; Podlasie Province

Abstract

Research background: The analysis of contemporary economies pursuing service based economies shows the issue concerning the innovation in services. It seems to be important from the standpoint of modifying the actions of enterprises and economies on competitive, local, national and international arenas. The economic practice and public activity prove there is a need for intelligent growth. It consists in the development of economy that is based on knowledge and innovation – the development which produces high added value. Thus, it is necessary to foster creative entrepreneurship that inclines towards the introduction of changes at the level of an enterprise which results in contributing to the creation of good economic condition in general.

The article regards the issue of Podlaskie enterprises that tend to introduce innovation within the services of higher level, understood as services, that create added value from the point of view of service company managers.

Purpose of the article: The aim of the article is to examine the opinions of managers from Podlaskie province on innovation in services and whether the range of the provided services is accepted by service receivers.

Methodology/methods: The realization process of the assumed goal shall use the monograph and survey methods as well as analysis and synthesis. Survey research is directed at managers of Polish companies in Podlaskie province. It regards factors that decide about the inclination towards the introduction of changes by means services and their quality in the period of 1-3 years (stimulating and inhibitive).

Findings: The research shows that the analyzed sub sector of services is an interesting area in the context of innovation in the micro scale and thus has potential for further study.
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Tax Neutrality at Leasing of Rural Farm or Its Components for Agricultural Purposes

JEL Classification: K11; K12; K34

Keywords: rural farm; agricultural activity; income tax at leasing of rural ground on agricultural and non-agricultural purposes

Abstract

Research background: Estate are one of forms of investing free cash by individuals. They excite interest in room as well as ground estates. The scope of the content includes estate present in the form of of rural grounds. Each physical person could become an owner of rural ground until the 1st of May 2016. Free purchase of rural land is limited based on restrictive provisions established in the Act from April 11th 2003 on forming of rural structure (Journal of Laws of 2012. Pos. 803 as amended.). Even though, changes in rules on free trade in agricultural property did not cause it (although this tends to), rural grounds remain in hands of cultivators (farm workers) only. Individuals, who have acquired the land before May 1st 2016., but they are not related to agriculture make it available to others through a lease agreement or leasing. Obtained rent is a benefit asset that tax law treats in a special way. The benefits achieved by means of a lease by a physical person, who is not connected with agriculture are considered in the light of the income tax from physical person on preferential terms.

Purpose of the article: This article aims to analyze the taxation of income earned by individuals in respect of rendering accessible of agricultural property to third parties.

Methodology/methods: The study used an analysis of legal regulations on agricultural activities and income tax from individuals. To determine the differences in the taxation of rent from the lease of agricultural property for the agricultural and non-agricultural purposes, comparative analysis and deduction were utilized.

Findings: The remuneration received from the lease of the farm or its components for agricultural purposes is not a source of income for the purposes of income tax from individuals. Revenues derived from the provision to third parties or other real estate holdings in non-agricultural purposes shall be subject to income tax on individuals. Here is the source of the rent received income tax personal income and it is a subject to notification to the competent tax office.
Export Competitiveness: the case of the Baltic Sea States

Keywords: Economic Development; Export Competitiveness; Empirical Studies of Trade; Trade Policy

Abstract

Research background: The economy of a country is highly dependent on the exports; the countries which are trading goods in the global market have much higher standard of living, in comparison to less open countries. Export competitiveness can be measured in different ways: by analyzing one or several factors of the country’s export, creating composite indices, analyzing factors and conditions which stimulate the international trade. A good indicator of a country’s export competitiveness is its share in world exports of goods and services and how that share moves over time. Exports can help to strengthen the wellbeing of the entire region, because smaller countries can use their competitive advantages and work in cooperation thus become much stronger economic unit together instead of struggling alone.

Purpose of the article: This article presents the main problems related to the increase of export competitiveness and its measurement; to analyze the determinants of export competitiveness of the Baltic Sea States countries over the period 2010-2015 and provide strategic aspects for improvement competitiveness of countries export.

Methodology/methods: systemic, comparative and logical analysis of scientific literature; empirical research employing systemic analysis of external secondary data.

Findings: After the forecasts and the analysis of the each country individually and combined we can conclude that the overall position of the Baltic Sea States exports is significant for the economic wellbeing of the each country. It is important to focus on these possibilities and focus on increasing of the cooperation within the region and coordinating national policies to maximize synergistic benefits. It is important for Lithuanian economy to use its competitive advantages such low labour cost, and relatively extensive access to the supplies needed for the production of said goods, mainly due to the specific comparative advantages of the other countries.
Earnings Management in the Private Equity Divestment Process on Warsaw Stock Exchange

JEL Classification: G24; G32; G34

Keywords: Initial public offering; IPO; Private equity; Earnings management

Abstract

Research background: Prior studies suggest that companies which go public manage earnings in order to inflate the issue price. However, for private equity funds the use of such activity can be costly in terms of the reputation capital as they are repetitive stock market players. The results of previous research on the effect of private equity fund on the quality of pre-IPO reported earnings are mixed and inconclusive.

Purpose of the article: The main aim of the study is to empirically investigate the use of pre-IPO earnings management by private equity funds in the process of divestment conducted on a stock exchange.

Methodology/methods: I provide comparisons between PE-backed companies and firms with a similar initial market value and growth potential, using the method of single-linkage clustering to build the study sample. In order to assess the pre-IPO earnings management I apply the discretionary accruals model of Larcker and Richardson [2004].

Findings: Using sample of companies conducting initial public offering (IPO) on WSE between 2005 and 2015 I do not find evidence that the presence of PE fund among the shareholders of the company in the period preceding first listing of shares on a stock market constrains the use of earnings management prior to the IPO. The difference between the discretionary accruals in PE-backed and matched companies, when controlling for the market value and book-to-market ratio, is statistically insignificant.
Earnings Management and the Floatation Structure: Empirical Evidence from Polish IPOs

JEL Classification: G14; G32; G23

Keywords: Initial public offering; IPO; Primary shares; Secondary shares; Earnings management

Abstract

Research background: It is well known that firms use discretionary accounting choices to manage earnings disclosures around the time of certain types of corporate events. The initial public offering particularly provides an opportunity to earnings management because of the significant information asymmetry between investors and issuers at the time of the offering.

Purpose of the article: The main aim of the study is to empirically investigate the links between the earnings management and the portions of primary and secondary shares sold in IPO.

Methodology/methods: In order to investigate whether the earnings management influences the issue of new shares and the sale of secondary shares I use Tobit and logit regressions, where discretionary accruals are the proxy for earnings management.

Findings: Using a sample of 221 firms from Warsaw Stock Exchange between 2005 and 2015 I do not find evidence that the increase of pre-IPO discretionary accruals positively affects the sale of primary shares in the IPO, but the analysis revealed that the deliberate conservative reporting limits the probability of the new shares issuance. In turn, the sale of secondary shares by the original shareholders in IPO is more likely in companies using a conservative earnings management. Furthermore, negative discretionary accruals increase the portion of secondary shares sold in the IPO.
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The Impact of Sales Service Quality in MAREA Trading Simulation under Changing Environment Circumstances

JEL Classification: F1; F31

Keywords: multi-agent system; simulation; model; trading; MAREA

Abstract

Research background: Managerial scientists use a lot of modelling techniques for business processes. In this paper we are focused on agent-based modelling and simulations, which emerged in the last two decades as a new approach. Autonomous and interacting intelligent agents are able to model and simulate complex systems in a business sphere. With the use of agent-based modelling and simulations we are able to understand how macro level outcomes are affected by micro level processes and vice versa.

Purpose of the article: The purpose of the paper is to introduce recent development in the area of agent-based modelling and simulations focused on the business domain. Managers often have to make difficult decisions under the uncertainty and high risks. Agent-based modelling can provide powerful tools for lowering those risks through a possibility of running experiments what is normally impossible in economics. In the second part we want to support usefulness of agent-based simulations with our own simulations.

Methodology/methods: The method used in this article is an agent-based simulation in a multi-agent system. We use framework called MAREA. It is a simulation environment with integrated ERP system based on REA ontology. Our simulation model is based on retailing company that is selling electronics. For simplicity, in our setup we trade with selling computer cables.

Findings: In our simulations we experimented with a quality of sales service provided by company’s sales representatives. We investigated the impact of quality of sales service on company KPIs under the changing environment circumstances represented by disturbance agent. The quality of sales service is a part of quality of service and thus it affects the perception of brand and loyalty of customers towards the company. In our simulation setup we work with two types of customers, long-term customers and new ones. The result is that quality of sales service has mostly positive effects on company KPIs.
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Efficient Implementation of the Europe 2020 Strategy Goals: Is Social Equality Achievable Reality or Myth Perhaps?

JEL Classification: C67; E24; E61; O52; P51

Keywords: DEA Method; Economic Crisis; EU28; Europe 2020 Strategy; Social Inequality

Abstract

Research background: Economic crisis hit all the European Union Member States hard, the impact of crisis varied considerably. The low growth performance in the EU has increased concerns regarding an increasing wage dispersion, income inequality at large, and social exclusion in line with poverty. Inequality should be seen as a cornerstone of both sustainable and inclusive growth under the Europe 2020 Strategy. Social inequality in the EU is a very real problem which hampers sustainable economic growth.

Purpose of the article: The purpose of this study is to introduce evaluation of social development convergence and divergence trend between EU28 Member States in the context of the Europe 2020 Strategy. The study gives an outline of the issues of labour market and income disparities and poverty. Policy-makers must be clear about what social objectives they are aiming to achieve, therefore special attention is paid to headline national goals of the Europe 2020 Strategy.

Methodology/methods: The main tasks of this study is to assess social dimension and inequalities problems in the EU28 by applying Data Envelopment Analysis method, resp. time-series dynamic efficiency analysis in the form of output-oriented Malmquist Productivity Index. This study contain changes of key social equality indicators related to the Europe 2020 Strategy and compares objectives and general outlines of period 2010-2016, as well as its impact on national economics and living conditions.

Findings: Results contain elements of typology premises of the EU28 and point to a large diversity in inequality patterns, as author observe both increases and decreases in inequality at the EU level. Recent changes in social inequality have been associated with the business cycle, particularly with the accessibility of the labour market and, of course, with income inequality. Additionally the development challenges are discussed for improvement of the socioeconomic well-being of the EU28 and to avoid social disparities.
JEL Classification: F14; F15; L80; O52

Keywords: services; trade; European Union, export

Abstract

Research background: Services play an important role in all European economies, as they constitute the largest sector in terms of employment and value added. The widespread and persistent idea has created the ground for thinking that services, as opposed to goods, are nontradable. However in recent decades, technological obstacles to trade in services have been removed. Services are now commonly traded across borders, helped by technological progress and the increased mobility of persons. The advancement in information and communications technologies has further propelled the expansion of trade in services. Consequently, trade in services, in general, has now expanded both in breadth, to encompass more professions and industries, and in geographical reach, made possible through business process outsourcing and offshoring practices. This process is also visible in the European Union trade patterns. The EU is the world’s second largest exporter and importer of services.

Purpose of the article: The objective of the paper is to analyze the European Union trends in trade in services and how it changed over last decades. The article is concluded by discussing the questions about the patterns in trade of services regarding different service categories in the EU and its member states, as well as if these trends are resulting in export specialization in services in any EU member states.

Methodology/methods: There are statistical data presented and analysed. To find out the export the adjusted Revealed Comparative Advantage index assumptions are used. Analysis prepared in the paper is based on the balance of payment statistics provided by the WTO.

Findings: The service sector comprises of a variety of highly heterogeneous economic activities and the diversity of services is also reflected in the international trade of particular countries. Usually, exports of services are mainly dominated by transportation, travel and other business services what is reflected in the statistical findings. Trade in services of the EU (internal and external) is increasing steadily during last two decades. And the statistical analysis indicate that such a pattern has strengthened. The expansion of the trade in services is also noticed in the European Union trade, however in different scope for different EU member states.
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Knowledge Models as a Source of Employee and Organization’s Efficiency  

JEL Classification: A10  

Keywords: management; organization; effectiveness; knowledge management models  

Abstract  

Research background: Competitiveness nowadays lies in constant development, coming up with new ideas, launching new products or providing services, technologies and organizational solutions. This process requires involvement creative people and turning their ideas or knowledge into innovative solutions. Thus, the change from the postindustrial era to the knowledge-based one can be observed.  

Purpose of the article: The objective of the paper is to present the significance of knowledge management models’ use in modern organizations.  

Methodology/methods: The article is based on qualitative method and secondary analysis of the subject literature.  

Findings: Virtually until the end of 20th century, traditional economy embraced mainly two production factors: work and capital. However, the basic character of the world’s economy has vastly altered, especially over a dozen of years. Its predominant features include global competition, fast information flow, and a wider range of communication. The scope of changes to enterprises influenced by competitive environment forces them to continuous seeking new ways of achieving the success. So-called intangible development factors start to be extremely meaningful – especially knowledge, consciously gained, created and disseminated through diversified methods aimed at shaping employees’ appropriate behaviours and developing information technology, which succours this process. There are a lot of knowledge management models for organisation’s decision-makers to be able to manage the resources properly and skilfully. The above mentioned methods will never replace human minds, but they will make employers and employees aware of how knowledge arises and what actions they can take to grow organization’s potential.
Being an Outlier - a Company Non-prosperity Sign?

JEL Classification: C38; G33

Keywords: Bankruptcy prediction models; Financial ratios; Failure prediction; Financial distress; Correlation analysis

Abstract

Research background: State of financial distress or imminent bankruptcy is for every company a very difficult situation that the management of the company wants to avoid. If a company manager was aware of the impending difficulties in advance, he would have to make some necessary arrangements. For these reasons a prediction of company bankruptcy, or financial distress of a company is in recent years in a focus of economists and scientists all over the world.

Purpose of the article: For the purpose of financial distress prediction are usually used various financial indicators of the company, mostly financial ratios. In order to create a strongly predictive model and a statistically significant prediction of bankruptcy is advisable to use a deep statistical analysis of the financial ratios data. In this paper we analyze the real data about Slovak companies´ financial ratios. In the phase of data preparation for further analysis we have checked the existence of outliers in the data and have found that there are some companies that are multivariate outliers because are significantly different from other companies financial ratios. So we deeply focused on these outlier companies and analyzed whether to be an outlier is a sign that the company is in the state of financial distress.

Methodology/methods: We analyzed whether in the set of outlier companies there are much more non-prosperous companies and their financial indicators are significantly different from that of the prosperous companies. For these analysis we used testing of the statistical hypotheses, such as test for equality of means and chi square test.

Findings: The ratio of non-prosperous companies between the outliers are significantly higher than 50 % and the sign of non-prosperity and being an outlier are dependent. The means of almost all financial ratios of prosperous and non-prosperous companies between outliers are significantly different.
Comparative Advantages in Poland's Export to the European Union – Food Products vs Selected Groups of Non-food Products

JEL Classification: F14; L66; Q17

Keywords: foreign trade; comparative advantages; competitiveness; food; European Union

Abstract

Research background: As a result of globalization and economic integration, the competitiveness of economic operators is more frequently analyzed in the context of their linkages with the international market. One way to assess the competitiveness of Polish food sector is the analysis of comparative advantage (relative) in the export of products of this sector.

Purpose of the article: The aim of this study is to assess the comparative advantages of Polish agri-food exports to the European Union market in relation to the selected non-food products.

Methodology: In this study the Balassa Index of Revealed Comparative Advantage (RCA) in export was used. This study was preceded by a brief analysis of the results of foreign trade. The period of analysis covers the years 2003-2015. The analysis was conducted on trade data from the WITS-Comtrade database expressed in USD. The analysis was conducted at the HS section level.

Findings: In the years 2003-2015 the export of food products increased almost six-fold – to 25.6 billion dollars, and its imports increased more than four-and-a-half times — to 17.1 billion USD. The most important Polish partners in the food trade were the European Union (in 2015 their share in exports amounted to 81.6%, and in imports – 67.4%). Food sector was one of the few sectors of the national economy with a positive balance of trade. Polish surplus in food trade, compared to a deficit in trade in non-food products, positively affect the Polish trade balance. In 2015 surplus in food trade (8.5 billion USD) was covered, significantly lower this year, the trade deficit in non-food products (-3.7 billion USD). As a result, for the first time, the balance of Polish foreign trade in total was positive and amounted to nearly 4.8 billion USD. Polish exports to the EU was characterized by different levels of comparative advantages, measured by B. Balassa Index. According to the indications of the RCA index, in 2015, in the case of 10 of the 21 HS commodity sections, Poland had a comparative advantages in exports to the EU (2 food and 8 non-food). Products of these sections accounted for 11% and 70% of Polish exports to the EU. The development of Polish foreign trade in food products in the period of Polish membership in the European Union, as well as the relatively high comparative advantages in the export of these products to the EU, indicate the competitiveness and importance of Polish food sector to the national economy.
Employee of Higher Education Institution Direct Participation in Organizational Changes Process – Survey Report

JEL Classification: I23; M12; M54

Keywords: employee direct participation; organizational changes; higher education institutions; SEM - Structural Equation Modeling

Abstract

Research background: The changeability of the environment in an organization causes the necessity to adjust through organizational changes. To be effective, the changes must be implemented in a suitable way. Proper attitudes of employees, their participation and engagement eliminate problems and increase the chances of success. Employee direct participation (individual and team) in the decision-making process concerning the organization and its employees enhances this. The need to implement organizational changes in higher education institutions results from numerous external factors (legal, social, economic), to which the institutions have to adapt. Attitudes, commitment and direct participation of research and education staff, education staff and researchers in this process play a significant role.

Purpose of the article: The analysis of the organisational change process in a basic unit of one of higher education institutions in the Pomeranian Province focusing on the academic teachers’ direct participation in the process.

Methodology/methods: A complex research approach (idiographic and nomothetic) and a case study will be applied. Data will be obtained with qualitative (observation and the documentation analysis) and quantitative methods (a questionnaire survey). They will be integrated using statistical tools (including SEM - Structural Equation Modeling). The research sample (the basic unit and its employees) was selected intentionally due to the usefulness of the data sources.

Findings: The analysis of the organisational change process will include its essence and determinants, academic teachers’ direct participation in subsequent steps of the process, the scope of change-related matters in which employees participate, the intensity of participation (passive, active), the change creators style of management and the attitude of the academic teachers to the change. The SEM analysis allows to define relationships between the following determinants: employees – their attitudes to the change and motivation to participate in it; the range and intensity of the participation and the style of management.
Autocorrelation of Spatial Allocation of Funds at the Municipality Level of Slaskie Voivodship

JEL Classification: C19; H76; R12

Keywords: investment funds; municipality; spatial autocorrelation; GIS, Moran's I statistics

Abstract

Research background: Local development is a harmonized and systematic activity of the local community, local authorities and other entities operating in a municipality, aimed at creating and improving the usability of existing municipalities. The primary factor in the local development is investments undertaken by the municipality. The financial reflection of these activities is the amount of investment expenditure. The amount of a municipality's income, its development strategy and the expectations of the local communities influence both the level of investment expenditure and structure, which is diversified both in terms of time and space. The amount of investment expenditure incurred by the municipalities can provide a benchmark for the evaluation of the municipality's activities, which impact local development.

Purpose of the article: The aim of the study was to determine the spatial distribution of total funds allocated for investment, and investments in transport and communications in the municipalities of Slaskie Voivodship. Spatial relationship was also determined with the Moran's I statistic. The scope of work included creating a spatial database of the examined region at the level of basic local government units, i.e. 167 municipalities. The data were obtained from the studies of official statistics for the years 2008, 2011 and 2014. Spatial analysis allowed isolating the municipalities that are similar in terms of investment and those that differ significantly from neighboring municipalities.

Methodology/methods: Based on information contained in attribute data sheets, along with the postal codes of municipalities, a spatial database was created in the program ArcView. The analyzed maps were prepared in the GIS program ArcView. For better illustration and reading of detailed data from the prepared maps, the attribute variables were divided into groups using the Jenks method. With it, classes could be determined by comparing the sum of the squares of the differences. The developed classes can also be called a natural border of the division. Based on the prepared spatial database, an analysis was performed with the program R-cran, using Moran's I statistics. Moran's I statistic determines the differences and similarities between the two objects, and allows analyzing the researched area. Matrices of spatial weights are an essential element of spatial analysis. For the purpose of the study, an adjacency matrix was adopted, created based on the criterion of the common border.

Findings: With relation to the analysis of the total funds allocated for investment, the least among the investment periods studied was the year 2008. Noticeable in this period is the
largest number of municipalities included in class I (142 municipalities), with the investment range 0 - 6,510,016.26 zloty. The developed spatial distribution shows that municipalities concentrated in the central part of the voivodship make up an island of high investment funds. These communes are located in the Upper Silesia Agglomeration, with a high population density. High values are also noticeable in large urban centers such as Czestochowa in the north of the voivodship, and Bielsko-Biała in the south. The analysis clearly demonstrates that there is a large disparity in the allocation of investment funds between rural and urban municipalities. There are, of course, exceptions occurring primarily in rural municipalities adjacent to large urban centers. An example may be the municipalities centered around the cities of Czestochowa and Zory, as demonstrated in the studies relating to investments in transport and communication for the year 2008.
Depreciation Mode of Effective Financial Management

JEL Classification: M21; M40; M41; G32; F30;

Keywords: accounting; financial management; business economics; amortization; international finance

Abstract

Research background: Amortization is the distribution of consumption of the asset at a time whereas tax depreciation applies to the distribution of depreciation within the prescribed legal period of time and installment tax-deductible. In different countries there are different rule concerning tax depreciation what caused that some of them are more beneficial than others. In recent years it can be observed the formation of companies related to corporate financial management and tax optimization. Also associated with putting all assets the company to take advantage of optimal depreciation rates.

Purpose of the article: The aim of the study was to compare the theoretical basis of the issue of depreciation with the empirical studies results on selected companies characterized by high turnover and financial activities of international exports and imports.

Methodology/methods: Analysis were subjected to 5 companies with high turnover and financial activities of international exports and imports. It focused on thrashing of fixed assets between related companies registered in different countries, what unites these companies. Did not has been such work, which would describe such solutions. The study consisted of carrying out surveys and in-depth interviews and also analyzing financial statements and accounting rules the selected companies. Investigated the effectiveness of the presented solutions.

Findings: Effect of works is a statement about the cost-effectiveness of such methods of financial management. Company A showed an increase the net profit year on year in the last few years. Other companies are also continuing to expand. It is pointed out that this method is beneficial in this type of solutions and could provide a way of managing of corporate finance.
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**Short-Run Elasticity of Substitution – Vector Error Correction Model**

**JEL Classification:** C13; E23; E24

**Keywords:** short-run and long-run elasticity of substitution; aggregate and sectoral estimates; vector error correction model; labour demand of the profit maximizing firm

**Abstract**

**Research background:** The value of the elasticity of the substitution has been a subject of the research around the world in last decades. It affects the qualitative and quantitative answers to a host of economic questions. There are economic theories suggesting that the value of short-run elasticity substitution is lower than the value of long-run elasticity substitution and the local elasticity substitution is lower than aggregate.

**Purpose of the article:** Using U.S. NIPA sectoral and aggregate time series we estimate sectoral and aggregate short-run elasticity of substitution. In comparison with estimates in economic literature we confirm theoretical assumptions described in the research background.

**Methodology/methods:** The use of vector error correction models in the capital and/or labour demand econometric forms – derived from the maximizing-profit-firm first-order conditions – is useless for estimating a long-run elasticity of substitution coefficient. The co-integration relationship is given by the theoretical assumption of the labour share constancy in the long-run or by other underlying processes. However, we can use this co-integration relationship to correct error term in the short-run estimation form. To estimate the short-run elasticity of substitution, we use Stock and Watson’s estimation form and Johansen’s procedure. Stability, stationarity and serial correlation of residuals are tested by the relevant econometric tests.

**Findings:** The value of aggregate short-run elasticity substitution is higher than sectoral and it is closed to one. The value of short-run elasticity of substitution in different sectors varies from 0.15 to 0.45 and it is lower than the long-run value of elasticity substitution. These results are supported by relevant theoretical and empirical papers.
Abstract

Research background: The basic question we ask is, whether it is possible to talk in today’s globalizing world about the uniform of the competitiveness of the economies. Posing such questions is particularly important in the case of such political and economic structures such as the European Union. The strategic developmental objectives of the EU include the aspiration to harmonious development of all of its members but it is very difficult task. The competitiveness of the economies is now one of the most frequently discussed topics. It is very difficult to precisely define the notion of competitiveness unambiguously, particularly in terms of international competitiveness of economies. The competitiveness of economies can be discussed both in the context of: a) international competitive capacity, b) international current competitiveness or c) international competitive standing of national economy. In this work, due to the context of the conducted research (international comparisons of the EU countries’ economies) the competitiveness of international economies will be considered in terms of international competitive capacity with regard to investment attractiveness of a country. In addition to the problems associated with defining this concept they are also important dilemmas associated with the measurement of the competitiveness. In the performed comparative analyses of European economies the research results presented within reports of „Global Competitiveness Index” will be used.

Purpose of the article: The aim of the work is multidimensional comparative analysis of the competitiveness of the European Union countries’ economies.

Methodology/methods: In the work to study the spatial differentiation of the EU countries’ economies in the context of their competitiveness, the taxonomic measure of development based on median vector Weber has been used.

Findings: As a result the classification and the typological groups of the EU countries obtained by means of the taxonomic measure of development calculated on the basis of the characteristics of their competitiveness arises.
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Innovation Process from the Financial Viewpoint. Model Approach

JEL Classification: O31; O32; Q55

Keywords: innovation process; innovation; financial management

Abstract

Research background: The importance of innovation process is of a special importance for company’s financial efficiency. Despite the wide range of research in this area, a universal model of the innovation process is still a subject of interest for many research studies.

Purpose of the article: The aim of this paper is to develop theoretical comprehensive conceptual model representing innovation process from the financial viewpoint based on in-depth literature studies.

Methodology/methods: The research relies on the systematic literature studies using SALSA (Search, Appraisal, Synthesis, Analysis) method. It focused on the papers published between January 2000 and October 2016 with a total number of 548 publications. Eventually, the theoretical scope of this paper is to develop an innovation process model adequate for financial management.

Findings: The literature studies allowed to draw a model based on six stages main process expanded by six components based supplementary process. Therefore the whole model ranges from idea generation to the production/implementation of innovation. Presented research is of theoretical innovation model approach and opens new possibilities for future empirical research in companies as well as in depth theoretical studies in this field. The paper bridges research gap in the field of innovation process management from financial viewpoint and can be valuable in tracking financial performance of an innovative company.
Corporate Reputation and Corporate Image -
Empirical Analysis on the Example of Polish Banking Sector

JEL Classification: G21; L14; L25; M31

Keywords: corporate reputation; corporate image; intangible resources; banking sector

Abstract

Research background: Corporate reputation and image are two valuable intangible resources of the company, aimed at building its long-term competitive advantage and market value. Although reputation and image are interrelated categories, they should not be identified with each another. The differences are not only in the definition and character, but also in the mechanism of formation and tools to create these resources by the company. Image is a picture, perceptions and associations about the company in the minds of consumers, which may be created using the tools of PR and advertising in a relatively short period of time. Reputation is a review of the company and its activities, formulated by various stakeholder groups on the basis of not only the advertising, but also on the basis of the assessment of real activities of companies in the long term.

Purpose of the article: The cognitive objective of the article is to point out the fundamental differences between reputation and image on the basis of the analysis of approaches and theoretical concepts. The practical objective is to make an attempt to identify the differences and relationships between reputation and image on the basis of empirical analysis, therefore the research was conducted in the Polish banking sector.

Methodology/methods: In order to evaluate the image and reputation, the survey method was used aimed at the customers of banks operating on the Polish market.

Findings: The results allowed formulating the thesis that the banks that are characterized by a consistent, unambiguous and positive image have higher rates of reputation. Due to some limitations of research conducted, mainly concerning the size and methods of sampling as well as the method applied for measuring the corporate reputation and image, the relationships identified should be treated as a starting point for broader research and for conducting further discussions in this area.
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The Improvement of the Company’s Environmental Performance Through the Application of Green Lean/Lean and Green Approach

JEL Classification: Q5; Q59

Keywords: Lean Management; Green Lean; Lean and Green; environment

Abstract

Research background: Green Lean/Lean and Green approach is based on the lean method. As the literature and case studies show the Japanese quality improvement tools can be used in environmental management as well as in quality management. Companies that focus on sustainability may use those tools and methods to improve its processes and eliminate green waste at the same time. The research concentrates on the examples of the companies that started to implement the Green Lean/Lean and Green.

Purpose of the article: The purpose of the article is to present how the application of Green Lean/Lean and Green approach improves the environmental performance of the company.

Methodology/methods: critical review of the literature, observation, interviews in selected researched companies.

Findings: By identifying and eliminating the green waste i.a. in energy, materials, garbage, water, emissions, biodiversity, transportation researched companies are minimizing its negative impact on environment. As the research shows the employees have to be motivated and involved in the process so does the management to make it work. Green Lean/Lean and Green approach enables the companies to perform in profitable and sustainable way at the same time.
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Forward-looking Component in Consumers’ Expectations and the Central Bank’s Forecast Transparency: Some Evidence for European Countries

JEL Classification: D84; E52; E58

Keywords: inflation expectations; inflation forecasts; rationality of expectations; monetary policy transparency

Abstract

Research background: Modern monetary policy should be expectations-oriented. There are some institutional arrangements to support it. However, the best way to influence expectations operationally is to publish inflation forecasts. As there are different ways of revealing central bank’s intentions altogether with central bank’s view on the economic performances, a simple research question arises. Does the forward-looking component of consumers expectations depend on the way how this information is revealed?

Purpose of the article: Main purpose of the article is to answer this question. Hypothesis assumes that it does: more transparent forecasting system results in more forward-looking consumers expectations.

Methodology/methods: Methodology consist of 4 steps. Firstly we quantify inflation expectations of consumers on the basis of survey responses (EC Business and Consumer Surveys). We use Carlson-Parkin probabilistic quantification procedure. When it is needed we apply version adjusted for deflation (with scaling factor). Secondly, we check the rationality of consumer expectations using by conducting tests for their unbiasedness and orthogonality. Then we test the degree of forward-lookingness of expectations with regression model. Eventually, we use the index of forecasting system transparency which is our own elaboration to assess the transparency of forecasting system. The research covers Czechia, Hungary and Poland, time span is 2005-2016.

Findings: As we expected, the expectations are not rational for all of the countries that we cover in our research. The forward-looking component is the least important for Hungary and the forecasting system is the least transparent there. However, the results are mixed for Czechia (less forward-looking expectations but the most transparent forecasting system) and Poland (more forward-looking expectations, less forecasting system transparency). To obtain more conclusive results we decide to treat more countries with the same methodology.
The Impact of Global Risk on the Performance of Socially Responsible and Conventional Stock Indices

JEL Classification System: G02; G11

Key words: socially responsible investments (SRI); socially responsible indices; investment performance; financial global risk; VIX

Abstract

Research background: In the last decades social responsible investment has evolved into an important and influential investment class. What supports then the development of SRI? Neoclassical approach suggests that the attractiveness of investment should result from the risk-return relationship that is satisfying for the investor. However the performance analysis of SRI vs. conventional investment, conducted in numerous research papers, delivers often contradictory conclusions. If financial factors could not explain the phenomenon of SRI, nonfinancial factors may have played a decisive role in the formation of modern SRI market.

Purpose of the article: The purpose of this paper is to analyze financial investment performance of socially responsible vs. respective conventional indices in the periods of high, low and unidentified global risk. Therefore, a following research hypothesis was verified: SR indices perform financially better in high-risk periods than in low-risk periods. This hypothesis is justified by the assumption that, when selecting SRI, investors go by a longer investment horizon than they do, when selecting other investments, not subject to such verification.

Methodology/methods: Among SR indices, we chose three to compare them with their conventional counterparts: DJSI US vs. DJITR (USA), DJSI Korea vs. KOSPI (South Korea) and Respect Index vs. WIG20TR (Poland). The VIX index was used as the global measure of risk aversion. To measure the relative performance of SR and conventional indices in different risk periods, we applied risk-adjusted performance measures, including RSD, Sharpe and Treynor ratios, traditional and asymmetrical CAPM.

Findings: The research shows that conventional and socially responsible indices do not differ statistically in terms of risk and return irrespective of global risk. Our research confirms that the rising, socially responsible, investment market cannot be analyzed only through the prism of simplified rational choices. Additionally, it should be analyzed in terms of moral philosophy and behavioral economics, including the psycho-social features of investors.
Sales Range and Innovation Activity in Industry System of Poland

**JEL Classification:** L52; O25; P51; O31, O32, O33

**Keywords:** innovation, industry, system, country, sale range

**Abstract**

**Research background:** In the literature, there is a discussion on the importance of the spatial distance to the user in the context of innovation activity. Although, most of this kind of studies concentrate on exporting enterprises and compare them to domestic ones. Exporting activity is very important for catching-up countries, because of technology transfer in its background.

**Purpose of the article:** The aim of this paper is to determine whether the innovative activity in Poland’s industrial system is a consequence of close interactions (local and regional), or perhaps conditioned by the imperative of functioning on the national and international market? Main hypothesis was to claim that on the current development level of Poland, the relationship between the range of sales and innovation activities are different from those in the more developed countries.

**Methodology/methods:** Empirical studies was created in 2006-2012 as a result of the systematic collection of questionnaires filled by industry enterprises in Poland from all regions (5209 correct fullfilled questionnaires). Methodical analysis was based on the theory of probability - probit modeling, because dependent variables were binary (0 or 1).

**Findings:** Local and regional environment is not conducive to stimulating innovation activity, but national spatial is a sufficient space, but high intensity observed only when the company has been working on the international market. It means, that the industry maturity level in Poland is good enough for creating a domestic innovation environment. This kind of an activity should be stimulating by the government innovation policy.
Arkadiusz Świadek, Piotr Dzikowski, Marek Tomaszewski, Jadwiga Gorączkowska
University of Zielona Góra, Poland

Sectoral Patterns of Innovation Cooperation in Polish Industry

JEL Classification: O38; L19; E61

Keywords: innovation; industry; technology; sectoral patterns

Abstract

Research background: Contemporary research on industry concentrates on relations between enterprises and their environment. Research on industrial structures conducted throughout the world, including Poland, are not extensive and limited due to the confidentiality of statistics. K. Pavitt was the first researcher who evaluate the relationship between industry structure and innovation activity (Pavitt, 1984). According to Pavitt, innovation dynamics and trajectory depend on the structure of domestic industry and is unique. In Poland T. Rachwal (2010) determined that over the studied years, changes in the indicator defining diversification in industrial divisions were minimal, but at the same time there was an observable fall in the importance of traditional divisions such as the production of clothing, textiles, and the leather. In contrast, divisions as the production of metal, rubber, and plastic goods increased their share in terms of employees, as did furniture and vehicle manufacturing.

Purpose of the article: The purpose of the paper is to identify sectoral patterns of innovation cooperation as revealed by data on about 5209 Polish enterprises. The authors attempt to find the answer for the following three questions: (1) Is the domestic aggregation sufficient for stimulating innovation cooperation in Polish industry? (2) Are there any sectoral heterogeneity in innovation cooperation? (3) Are enterprises representing high technology industries the most involved in innovation cooperation? The main goal of the study was an attempt to seek out the directions and influence of various industries on the innovation cooperation of enterprises in Poland.

Methodology/methods: Empirical data that served as the basis for conducting calculations were collected with the help of a questionnaire survey sent to industrial companies throughout Poland. A total of 5,209 properly completed forms were collected. The average rate of return was 11.6%. The collection was held over the years 2008-2013. The methodological part of the study was developed using the logistic regression method based on probability theory of the study.

Findings: The study has shown that the higher technology the more often enterprises cooperate in the area of innovation. Furthermore, the relationship is the strongest in the case of innovation cooperation with institutions representing the world of science and technology. The research has not only shown the specifics of the domestic industrial system as well its level of technological advancement, but it has also taken into account the significance and input into the analyzed system.
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The Use of Multivariate Techniques for Youth Unemployment Analysis in Poland

JEL Classification: C38; J42

Keywords: labour market; unemployment; young people; cluster analysis

Abstract

Research background: The labour market situation is considered to be the most widely discussed part of economic development. However, it should be noted that the unemployment situation of young people (aged 15–24 years) in Poland in general terms seems to be problematic. Overall, the unemployment rate among young people in Poland is significantly higher than the overall unemployment rate in the EU. Moreover, the situation varies greatly across the regions.

Purpose of the article: Using multivariate techniques as a theoretical framework, the main goal of the paper is to identify groups of Polish regions that share similar patterns regarding unemployment among young people. To reach this goal, first a set of labour market indicators were selected. Next, the authors compared the labour market situation of young people between the Polish regions in 2005 and in 2014. Finally, the conclusions regarding the conducted analysis are explored.

Methodology/methods: The initial calculation is based on the concept of the taxonomic measure developed by Hellwig. The final method used to create clusters of objects (across 16 Voivodeships of Poland) is cluster analysis. A segmentation of the Voivodeships is observed for the years 2005 and 2014, based on selected indicators to determine the labour market situation. The data was gathered from the databases of the Central Statistical Office of Poland and Eurostat.

Findings: Through the exploration of the advantages of multivariate methods, the nature of youth unemployment is revealed in more precise detail. Indeed, dendrogram analysis divided the Voivodeships into five groups, which are characterized by similar features associated with the labour market. It was found that the groups which emerged in 2005 have a different composition of regions than in 2014; this difference seems to be connected to the economic crisis. The article concludes with the implications for decision-makers and future research.
Study on the BREXIT’s Background and Causes

JEL Classification: F02; F50; O52

Keywords: European Union; Brexit; European integration model, European integration crisis

Abstract

Research background: The results of the in-out referendum on the United Kingdom’s membership in the European Union has shown that the European project, understood as a process of political integration within the EU is not stable. The economic crisis as well as the migration crisis has started new discussion on the European project and its weaknesses. The British decision to leave the European Union significantly influences the conditions of the EU functioning and future. There is no doubt that the present situation is the most serious crisis in the history of the European integration.

Purpose of the article: The aim of the paper is to analyze the reasons of the United Kingdom’s exit from the European Union and to broaden our understanding of the factors influencing that decision. The weaknesses of the present model of integration and its influence on the current state of the EU will be discussed. The objective of the article is also to envision future scenarios for European integration.

Methodology/methods: Desk research containing the economic and political study, literature review and statistical data analysis will be the research method. The specific position of the United Kingdom in the EU will be analyzed. The history of the UK membership in the EU and the fundamental tension in the Member States’ debates concerning the model of integration will be discussed. The current situation represents a trade-off between two rival, federal and confederal, models of integration.

Findings: From the very beginning the UK membership in the EU has been marked by many tensions. One of the most important problem was the discussion on the future model of the integration. The paper demonstrates that the present European integration hybrid model is the main reason for the EU crisis and the United Kingdom’s decision to leave the European Union. The “domino” effect is possible.
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Global Infrastructure Projects as the Factor of National Economies’s Development (the case of the Turkish Stream Gas Pipeline)

JEL Classification: B16; C18; F02; F21; F63; H54

Keywords: global infrastructure projects; economic development; international investment; globalization

Abstract

Research background: The current stage of the economy’s development differs from the past ones in that the role of global infrastructure projects acquires ever more importance and that forming and designing of such programs becomes now a much more sophisticated process, all of this has led to a situation where we have to revise our system of economic methods of the evaluation benefits of a global infrastructure project for all involved countries. The existing methods and ways of evaluation influence global infrastructure projects on socio-economic development of the participating countries are to be complemented by new approaches reflecting the market changes and the advent of new financial instruments and stratagems.

Purpose of the article: The aim of the paper is to evaluate influence the global infrastructure project on socio-economic development of the participating countries in the globalized world economy with respect to its main economic and social consequences and synergy effects (the case of the Turkish Stream gas pipeline).

Methodology/methods: The authors created methodological approach to the study of infrastructure projects influence on socio-economic development of the members based on the identification, evaluation and prediction of the influence of factors external and internal environment on the changing economic potential of the infrastructure projects participants.

Findings: Adequate investment in the development of infrastructure is an important driver of long-term economic growth. Traditionally, infrastructure has been funded mostly through public investment. However, in view of scarcity of budgetary resources and lack of capacity within the government to implement these ambitious programmes, the strategy of the government relies significantly on promoting investment through a combination of public investment and private participation (include foreign investors). The presented methodological approach allows to define and early diagnose the global infrastructure projects which facilitate a multiplication effect within the national economy.
Influence of the Volume of Equity on Corporate Efficiency

JEL Classification: G33; L60

Keywords: equity capital; profitability ratios; manufacturing sector; t-Student test

Abstract

Research background: From the perspective of managers and shareholders, obtaining profit is the main goal and driver of company activity. The profitable company can find investors easily, because they count for a big return on investment. However, enterprises that are not effective enough could end up being taken over by others, go bankrupt or shut down business.

Purpose of the article: is to identify the impact of a high share of equity in the total assets on the profitability of manufacturing companies.

Methodology/methods: The focus in this paper is on manufacturing sector. Research time-scale is set to sixteen years (2000-2015). The choice of this period is determined by data availability. In the examined interval of time over 15 thousand firms from the sector in question were flirted drawn from the EMIS. The gathered data enabled computation of the following financial indicators for the itemized companies: gross margin, operating margin, return on sales, return on assets, return on equity. Then selection of companies was carried out to choose these with a high share of equity in its total assets. The proportion was regarded to be high if it reaches fifty one percent. Companies with quantities below this threshold have been excluded from the sample. The next step defines intervals (classes) for the equity ratio. Depending on the value of equity, the remaining firms were assigned to their corresponding class. In order to analyze influence of the quantity of equity on the level of profitability t-Student test for independent samples has been applied.

Findings: The comparative analysis of the indicator of the size of equity with the indicators of profitability makes it possible to confirm that there is a significant impact on the value of profitability ratios of manufacturing companies. However, in most cases the impact statistically is irrelevant.
Creating Value of the Organization Process Through the Human Capital

JEL Classification: J24; M5; L8

Keywords: human capital; human capital management; value, processes

Abstract

Research background: Creating competitive advantage is based on the company's ability to create value for the customer. The key factor that allows to create product or service compatible with the needs of customers is the employee. Held by people human capital is of particular value to the organization because of the complexity and diversity, which determines the scope of its use. Based on a model developed by J. Ingham and achievements in the field of human capital theory in the article we attempt to develop a scheme allowing for the improvement of human potential.

Purpose of the article: The aim of the article is to present the approach of value creation through the use of human capital. It is based on a combination of elements of the value chain and the recognition process. The presented approach is the ability to create a strategy for human capital management, which allows to determine by measuring the appropriate action which creates the level and value of organization processes.

Methodology/methods: In an article based on literature studies autor attempt connections process model of the organization with elements of the human capital management process. On the created scheme was carried out a pilot survey, which serves as a beginning for further research process and improvement of the presented approach, in order to make better use of human capital in the organization.

Findings: Application developed scheme, based on a combination of value stream with processes for human capital allows to determine the differentiation of human potential and its involvement in various organizational processes. In the longer term use of the presented approach will allow for the actual building and the development of values based on the use of processes organziacyjnych human factor.
Abstract

Research background: In the past few years we have noticed changes in the features of migrating work force from the Slovak Republic abroad taking place under the influence of “sanitation” of the world economy after not only the economic crisis but also under the influence of Brexit or migration crisis in Europe. Pro-immigration politics of Austria and Germany has caused that the most common target country of Slovaks leaving for work is no longer the Czech Republic, as it was by the end of 2013, but Austria. Low unemployment rate, higher salaries, more vacancies in comparison to the Slovak Republic together with the system of state benefits and geographical location have caused increased interest of Slovaks in work in the given country. The open asylum politics of Austria and Germany is attractive to immigrants from the third-world countries.

Purpose of the article: Based on the analyses of development of work force emigration from the Slovak Republic and immigration to Austria, the given study identifies migration trends in both countries. Calculations of migration benefits from the arrival of work force from the Central and East European countries and calculations of losses and benefits from the migration from the third-world countries aim at explaining the development of economical, social and demographic parameters in the country.

Methodology/methods: The study defines and evaluates several economic and social criteria. Statistical and mathematic calculations of losses and benefits from imigrations for a country and society are also introduced. These are based on the statistical data available from Eurostat, WTO, Statistic Austria, Federal Ministry of the Interior of the Austria, Federal Ministry of Labour, Social Affairs and Consumer Protection Austria, Statistical Office of the Slovak Republic, Ministry of Labour, Social Affairs and Family of the Slovak Republic, World Bank, International Monetary Fund and data acquired from empirical surveys published in scientific publications. To calculate the data acquired, statistical and mathematical methods and calculations were implemented.

Findings: The result of the experiment is to create a model approach to the evaluation of economic benefits and losses from work force migration from the Central and East European countries and, at the same time, immigration from the third-world countries. Based on the results it may be stated that work force migration from Central and East Europe is beneficial for Austria. The study also shows expenses on immigrants while asylum procedures are taking place followed by expenses on their integration into the labour market and society. From a long-term perspective of view the study also evaluated with the backflow of the country’s spent expenses on immigrants.
Acknowledgements: This paper was created within the project VEGA: “Balance of economic gains and losses from labor migration”. Project registration number: VEGA 1/0679/17.
Do the Central Banks’ Forecasts Affect the Interest Rate Decisions? The case of England, Norway, Sweden and Czech Republic

JEL Classification: E52; E58; E61

Keywords: inflation targeting regime; forecasts; decision making process

Abstract

Research background: Central banks of England (BoE), Sweden (SR), Norway (NB) and Czech Republic (CNB) declare the use of the Svensson’s concept of inflation forecast targeting (IFT). It means that their interest rate decision making processes depend on the central banks forecasts. The concept evolved from strict IFT with the decision making algorithm called the ‘rule of thumb’ to flexible IFT which later includes the optimal monetary policy plan.

Purpose of the article: The aim of the article is to analyse (1) the influence of the central banks’ forecasts on the interest rate decisions made by Executive Boards and (2) the implied by the forecasts’ probability that the Executive Board change the interest rate. The main research question is as follows: How do the forecasts affect the probability that the Executive Boards change the interest rate? This will be achieved in the framework of the hypotheses: If the central banks implement the strict IFT with the algorithm ‘the rule of the thumb’, the Executive Boards interests rate decisions depend on inflation forecasts; if flexible IFT with the algorithm ‘ the rule of the thumb’, depend on inflation and GDP forecasts; if IFT with the optimal monetary policy algorithm, depend on inflation, GDP and interest rate forecasts. The forecasts affect the probability of the interest rate changes.

Methodology/methods: The values of the forecasts in the monetary policy transmission mechanism horizon and the Executive Boards interest rate decisions will be decoded into the qualitative data. To analyse the influence will be used (1) nonparametrics correlation coefficients and (2) four logit regression models. In the paper ‘the rule of the thumb’ is analysed for Bank of England in years 1993-2015, and the monetary policy plan for Sweden in years 1998-2015, Norway in years 2005-2015 and Czech Republic in years 2001-2015.

Findings: Dependably on ‘the rule of the thumb’ or optimal monetary policy IFT algorithm, the inflation and GDP forecasts, or inflation, GDP and interest rate forecasts affect the probability of the interest rate changes in the chosen central banks.
Policies and Tools to Fight Transversal and Transnational Organised Crime

JEL Classification: K14; K42; O15; Z13; Z19

Keywords: Organized Crime Economics; Illegal Behavior and the Enforcement of Law; Human Capital; Social Networks Analysis; Resilience Analysis of Complex Network Systems

Abstract

Research background: Criminal organizations possess the ability to weave interpersonal relationships and create profitable «alliances in the shadows» (R. Sciarrone, 2011) that allows them to spread beyond the boundaries of the geographical (transnational) and social (transversality) environment where they ordinarily operate. Traditional policies based on repressive tools seem to lose their effectiveness to destroy organized crime.

Purpose of the article: There is the need to elaborate new policies that prevent such organizations to wave their complex network through the economic theory of human capital that could implement new and more effective strategies and policies to contrast organized crime.

Methodology/methods: Following this aim the paper employs an interdisciplinary approach and utilises the techniques and concepts of Social Network Analysis to identify the essential properties differentiating criminal networks from other social networks and develop a reliable indicator of their organizational resilience. Furthermore, the paper extend the potentiality of the Ozgul and Erdem index as a valid measurement tool of criminal networks resilience trying to define new and more effective policies to fight organized crime. The paper proposes and improvement of the index overcoming the lack of not considering the resilience of criminal networks that is often dependent on the formation and personal qualities, as well as the skills of the members. In fact, the paper proposes an index of organizational resilience much more sensitive and better able to measure the effects of attacks based on the human capital strategy.

Findings: The empirical analysis in the second part of the paper highlights the remarkable ability of networking and the resilience to law enforcement activities of criminal organizations, suggesting the adoption of new and diversified repressive policies based on the analysis of human capital which these organizations can use for their own purposes.
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Lithuanian Agri-Food Industry Responses to Russian Import-Ban on Agricultural Products

JEL Classification: F14; Q17; Q18

Keywords: agri-food products export; processing industry; Russian import-ban; profitability

Abstract

Research background: For a long time before the Russian import-ban, Russia was the second most important destination for Lithuania’s agri-food exports (after the EU common market), especially for processed dairy and meat products, and edible vegetables. Russia imposed a ban on most agri-food products from the EU in August 2014. Moreover, a year earlier, Russia closed its market for Lithuanian dairy products due to safety concerns. It is estimated that among the EU countries, the economic impact of the Russian import-ban of agricultural products may be most acute in Lithuania.

Purpose of the article is to examine the Russian import-ban consequences for Lithuanian agri-food products export and the agri-food industry responses to the Russian import restrictions.

Methodology/methods: The examination has been based on time series analysis of agri-food export flow by HS4 and the agri-food production by PRODCOM list data.

Findings: Due to Russian embargo the Lithuania’s of agricultural production export worth sharply declined in 2014-2015. In volume terms, Lithuania’s export of cheese, cream, yogurt and other fermented milk products was significantly lower in 2015 than in 2013, although, butter export has increased, whereas a higher share of raw milk was processed into butter. Dairy processing industry production profile has been changing since 2014. Processors have increased output of products like butter and skimmed milk powder which can be sold or stored within the EU intervention programs or exported to new markets. In 2015-2016, the export of banned agri-food products has been reoriented towards new markets. The profitability of milk processing enterprises decreased in 2014. However, in 2015, main dairy processors increased the profitability again due to the greatly reduced farm-gate milk prices. Despite the drop of farm-gate milk prices, majority of farmers are continuing milk production because some of them are dependent on the revenue to pay bank credits taken in previous years to modernize their farms, while others require government support. Some of the farms completely switched to local food markets.
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Socio-economic and Environmental Effects of Bioenergy Based on Wood in the Development of Remote Areas

JEL Classification: O44;P28; Q01;Q42.

Keywords: bioenergy, woodchip, cleaning cuttings, forest thinning, remote areas development.

Abstract

Research background: Traditional energy sources based on oil, coal, and natural gas have proven to be highly effective, but at the same time they have many negative environmental effects. Also by technical and economical points traditional energy sources are not available in many remote areas. In this paper, the authors have been discussed the alternative approach in energy supply, which also has positive social-economical and environmental effects.

Purpose of the article: This paper provides a new solution for energy supply in remote areas by implementing bioenergy based on woodchips, which has multi-sector effects.

Methodology/methods: Bioenergy generation based on woodchips has multi-sector effect because authors offer to combine forest cleaning cutting and forest thinning with bioenergy based on woodchips in one project which will have social, economic and ecological effects. The situation with forest fires makes the authors idea more attractive because after forest fires the problem of cleaning cutting in forest became very important and urgent by ecological and economical points: after cleaning cutting there are a lot of low quality wood which by author’s idea can be recycled into chips for bioenergy. This enriched methodology has been applied to bioenergy and regional development decisions in remote areas which mainly have a problem with energy provision; however, it is suitable for applications to infrastructure development projects in any remote forested region of the world.

Findings: Mobile bioenergy generation based on woodchips in remote areas settle the complex of environmental, social, economical problems and can become the driver of development of the region.
Is Poland in a Middle Income Trap? A Theoretical and Empirical Analysis

JEL Classification: O10; O40

Keywords: middle income theory; economic growth; innovations; industry structure

Abstract

Research background: There are a large number of different middle-income trap (MIT) definitions in the literature. In recent years, a growing body of economic literature has focused on the phenomenon of the so-called MIT. The term usually refers to countries that have experienced rapid growth and thus quickly reached middle-income status, but then failed to overcome that income range to further catch up to the developed countries. The middle income trap was first mentioned in 2007 in the World Bank report. Some years later, Kharas and Kohli (2011) made another quite early contribution to the MIT researches. Also Im, Rosenblatt (2013) and Kanchoochat, (2014) made some surveys concerning MIT problem.

Purpose of the article: The aim of article is to present the position of Polish economy in the context of “middle income trap theory”.

Methodology/methods: Statistic analysis, concerning industry structure analysis, export structure, human capital quality, R&D expenditures, labour conditions and global competitiveness index position.

Findings: The analysis of statistical indicators shows that in Poland there are, problem with the quality of labour, education and competencies, often because of the outflow of talented human capital. Moreover, as is known from the data prepared for the Strategy Europe 2020, Poland has the highest in Europe percentage of fixed term contracts and high poverty at work. Also the low share of the R&D expenditure in the GDP goes together with low sub-indexes of the Global Competitiveness Index and the Index of Economic Freedom. This all indicates an even greater disproportion between Poland and the economies taking into consideration the selected categories. I claim that all this facts makes difficult achieving high level of development, measured by high income per capita.
Earnings Forecasts Errors in Prospectuses: Evidence from Initial Public Offerings on the Warsaw Stock Exchange

JEL Classification: G10; G32; G39

Keywords: earnings forecasts; initial public offerings; Warsaw Stock Exchange

Abstract

Research background: Several studies investigated the issue of accuracy of earnings forecasts disclosed in IPO prospectus because of its importance in the investor’s decisions. Disclosing earnings forecasts can reduce information asymmetry and encourage potential investors to buy offered shares. The accuracy of earnings forecasts, and especially its determinants, was explored by some researchers, but for Polish companies such studies have not been conducted.

Purpose of the article: The first objective of this study is to examine the bias and accuracy of earnings forecasts disclosed in IPO prospectuses by Polish companies attempting to be listed on the main market of the Warsaw Stock Exchange. The second aim of this paper is to identify the relationship between the absolute forecast error employed as a measure of earnings accuracy and a number of company specific characteristics such as company’s size, leverage, forecast horizon, managerial ownership, number of shares offered to investors (in relation to total shares before IPO).

Methodology/methods: The empirical analysis were conducted on a sample of 102 domestic companies that performed IPOs on the main market of the Warsaw Stock Exchange during 2006-2015 and disclosed earnings forecasts in IPO prospectus. The forecast error (FER) and absolute forecast error (AFER) were adopted as a measure of accuracy of earnings forecasts. The non-parametric test was employed to achieve the adopted aims.

Findings: The results show that on average the forecasted earnings exceed actual earnings (i.e. the earnings forecasts are optimistic) and forecasts are inaccurate. Moreover, the optimistic forecasts are more inaccurate than pessimistic ones. The findings of multiple regression model show that three independent variables may affect the level of absolute forecast error: the company’s size, managerial ownership and forecast horizon.
Does Experience Imply Success of a PPP Project?

**JEL Classification:** C49; H54; L98

**Keywords:** public private-partnership (PPP); project success; experience; survival analysis

**Abstract**

**Research background:** Researchers traditionally assumes that learning is a product of experience. In general it means that learning can only take place through the attempt to solve a problem and therefore only takes place during activity (Arrow, 1962). On the ground of organizational theory it has two implications. First we can accept that repeated activity requires less effort. Second we can argue that firms undertake activities, with which they have been the most successful in the past and that they expect to be the most successful in the future.

**Purpose of the article:** The aim of the research is: (i) to investigate if we can indicate the relation between the experience in PPP projects and the performance of this kind of undertakings and (ii) to provide a interpretation of the relationship between experience and performance in the context of infrequent, heterogeneous, and causally-ambiguous corporate development activities.

**Methodology/methods:** This research investigates the factors influencing the survival of PPP projects in Poland over the period 2009-2015. Both Cox proportional hazard and competing risk models with time-varying covariates are utilized to distinguish between PPPs that succeeded to the operation phase and those that were cancelled on the procurement stage.

**Findings:** The research confirms the existence a positive relations between experience in PPP and the outcome of a PPP development.
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The Role of Venture Capital Funds in the Innovation Activity Funding on the Example of the Selected European Countries

JEL Classification: O16

Keywords: innovation; venture capital; financial markets

Abstract

Research background: Today, innovation is an important factor for socio-economic development. In the era of globalization, increased customer expectations and increasing competition, companies wishing to stay in the market and oriented development are forced to make continuous innovation activity. Ongoing research, both at company level and at national or international level show a significant impact of innovation activities undertaken on the condition of individual operators, as well as entire economies. Implemented by the enterprise innovation. They bring them many benefits, so it is important that in every country there are adequate mechanisms to encourage enterprises to increase spending on research and development. One of these expenditures improve innovative activities are venture capital funds.

Purpose of the article: The purpose of the present discourse is an attempt to present the role of venture capital financing, and thus the development of innovative activities of entities in selected European countries that belong to the group of leaders in the use of that type of funding.

Methodology/methods: literature analysis, data analysis, statistical analysis of the data source

Findings: Venture capital funds are very important in the development of innovative activity of economic entities. Those are the institutions, which are designed to fill the financial gap created in the course of the project or task. Although the financial instruments belong to a relatively young because they flourished in the 80s, it was and is one of the sources of competitiveness and success, for example, US economy in the second half of the twentieth century. The governments of many European countries trying to create this kind of a market. This is also the reason why the European Commission actively supports the development of the venture capital market in the European Union. Venture capital funds are a financial intermediary specializing in investments in companies with high growth potential and an equally high risk. The funds contribute to closing the equity gap in the financing of innovative companies. Countries which belongs to the group of the most technologically advanced successfully used for years venture capital. Those group includes the Scandinavian countries, United Kingdom, Germany, France. The venture capital market is developed in these countries, and funds belongs to this market are used to finance innovative activities at a very high level.
Abstract

Research background: Information infrastructure is a very important pillar of knowledge-based economy. The widespread use of information and communication technologies facilitates effective communication, dissemination and processing of information and knowledge, it also creates new opportunities for effective use of knowledge and information in building competitive advantage. Information infrastructure is also a significant determinant in the development of territorial units, and therefore it affects the regional dimension of building knowledge-based economy in Poland. Disproportions in the information infrastructure between individual provinces can add to the growing intra-regional differences regarding their economic development, and decelerate the building of KBE at the national level.

Purpose of the article: The purpose of the study has been to evaluate the regional differentiation of the information infrastructure in Poland, and changes which occurred in this respect between 2010 and 2015. An attempt was made to answer the following question: Are differences between regions in Poland regarding the level of information infrastructure increasing or decreasing, and do the relevant changes constitute a process of regional divergence or convergence?

Methodology/methods: Taxonomic methods, including linear ordering method based on a synthetic variable and a method of grouping objects previously ordered linearly, were employed.

Findings: The disproportions between the Polish regions in terms of information infrastructure were diminishing slightly. However, they still remain significant. This is confirmed, for example, by the variability coefficient, which fell from 17.6% in 2010 to 14.4% in 2015. Among all Polish provinces, parallel convergence and divergence processes were observed, including the marginalization processes. The lowest position in the ranking list of Polish regions was occupied by świętokrzyskie province, which in 2015, alongside the zachodniopomorskie province, was classified into the group of regions with a very low level of information infrastructure. The group of provinces with a very high level of this parameter in 2015 comprised the provinces: mazowieckie, dolnośląskie and pomorskie.
Abstract

Research background: There is a growing awareness of the impact that climate change is having on the world economy and standards of living. Green bonds (GBs) are relatively new and innovative instruments on the financial market where the capitals are also invested in projects that generate environmental or climate benefits. Newness of this financial instrument could be the main reason for small amount of scientific publications on green bonds, so it is still undeveloped research area. One of the problems is also classifying securities as GBs. Therefore, it is exceedingly important to distinguish labelled green bonds and unlabelled climate-aligned bonds.

Purpose of the article: In the article the authors will present the evolution of green bonds market and attempt to assess observed and potential effects of green bonds' issuances, taking into account governments issues.

Methodology/methods: Research will be based on the analysis of primary data on bond issues and analysis of two types of reports prepared by institutions that have issued GBs and prepared by external institutions.

Findings: Green bonds are the next stage of market growth. In the article the authors will present benefits of green bonds and the positive impact of issue on the issuer and investors' image as social responsible entities. Therefore, strong investor demand can lead to oversubscription. So green bonds could be one of the easiest way to attract investors and potentially increase issuance size, that can contribute to lower costs of financing the green public tasks.
Consumers' Attitude to Eco-labelling: Evidence From a Study on Polish Consumers

JEL Classification: M31; D12; Q56; M37

Keywords: eco-label; green consumer; sustainability; green product; marketing

Abstract

Research background: Processes of globalization, industrialization of economies caused the realization about the negative impact of socio-economic development on environment. This situation influenced the changes in the activities of various groups of stakeholders, particularly consumers who increasingly take into account ecological criteria when purchasing goods. A factor which plays an increasingly important role in the selection of the product is eco-labelling. This affects the growing popularity of the use of eco-labels that allow consumers to distinguish the green product from the alternatives, to manifest their attitude towards the environmental aspects and are an expression of concern for health and safety.

Purpose of the article: The aim of the study is to characterize the attitudes of consumers towards eco-labels placed on the packaging and an indication of the implications for marketing communications strategy.

Methodology: The study used the method of a direct survey. The study was conducted during the period from 1 December 2015 to 31 January 2016 in the south-eastern and southern Poland. The study included 390 adult respondents who are characterized by the following socio-demographic characteristics: gender, age, education, place of residence, the number of people in the family and financial situation.

Findings: The research shows that consumers positively connote green products and associate them with more care about the health of themselves and their family than with the protection of environment. Respondents confirmed that the eco-labels were positive information tools for pro-environmental aspects. However, a large group of respondents had only a general idea of eco-labels. A large number of characters marked by the manufacturers on the packaging causes confusion for consumers, which makes that they are not able to distinguish between true and reliable guarantees from greenwashing. A large group of respondents believe that manufacturers use eco-labelling for the purposes of sales and image. Few customers believe that the products with the eco-label are of higher quality. Respondents with higher education, a good financial situation and young women have a better knowledge of the eco-label than the other groups. Persons who have shown knowledge of eco-label often read the information on the packages, buy green products and are willing to pay a higher price for the eco-labels certified products.

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Poland vs Spain in the First Decade After EU Accession. Parallel Convergence Patterns?

JEL Classification: O15; P25; R11; C21

Keywords: Poland vs Spain; parallel regional convergence; convergence of clubs; distribution dynamics; spatial model

Abstract

Research background: Poland and Spain share many common features resulting both from similarities of historical experience and also cultural, political, socio-demographic factors. Both countries have similar area, population and GDP structure. They also share historical experience related to political and economic transformation after a long period of non-democratic, centralized governments. Therefore the experience of Spanish membership in the EU is often considered as a model for Poland.

Purpose of the article: The purpose of this research is to perform a comparative empirical analysis of income convergence processes in Poland and Spain on a regional level (NUTS3). We aim to verify if and how these processes are related to one another (show similar paths). Special attention is paid to the periods around the accession of these countries to the EU. Convergence patterns in both countries directly before and after accession are compared with several tools.

Methodology/methods: Spatial econometric model for absolute beta convergence, sigma convergence indicators and the analysis of distribution dynamics – transition matrices and kernel density estimation.

Findings: The impact on EU accession on income convergence in Spain was positive both on a national and regional level. Regional convergence processes sped-up and interregional disparities decreased. The poorest subregions had relatively high probability to increase their income and catch-up with initially more developed regions. In the first decade after accession to EU Poland has also achieved a significant improvement of income indicators on a national level. However, empirical analyses of GDP per capita distribution and its dynamics on a regional level in Poland show that the above mentioned progress does not spread out proportionally on all regions. Neither beta nor sigma convergence is observed. Instead, relatively fastest growth of initially richest regions (mostly large cities) introduces convergence of clubs leading to polarization. EU accession sped-up divergence processes in Poland.
Capitalize First Letters Overeducation In The Labour Market

JEL Classification: A11; A14;

Keywords: labour market; overeducation; human capital

Abstract

Research Background: During the transition period in Poland, its labour market changed dynamically. Many new phenomena which the Polish economy had never seen before manifested themselves. The society showed greater interest in higher education and the market for education services expanded, increasing the number of colleges and universities, especially private ones. This helped the spread of higher education, which for years determined the level of human capital represented by the supply of labour. Today’s labour market in Poland is showing signs of imbalance. One of the reasons involves overeducation. The phenomenon has been known since the 1970s. It was then described for the first time in pertinent literature, with the US where overeducation occurred on a large scale and where it had a number of adverse effects across the entire economy having been used as an example. It seems important to understand and analyse the reasons for the emergence and perpetuation of this phenomenon on the Polish labour market and to indicate its implication.

Purpose of the article: The paper aims to present and discuss overeducation in terms of selected economic theories, identify its causes in Poland and further to determine the economic and social implications of the persistence of the phenomenon in the long run.

Methodology/methods: The paper consists of a theoretical part developed based on selected Polish and English-language literature. The empirical material used in the paper comes form latent data originating in domestic and EU statistical databases, and is furthur partly sourced out from the author’s own research, and data collected by other researchers.

Findings: Based on the author’s analysis, it can be concluded that overeducation is a complex phenomenon. It is possible to indentify several reasons for its occurrence and long-drawn persisence on the Polish labour market. Some of the reasons have to do with the dynamic growth of the labour market and the educational services sector, society’s desire to gain higher education, structural mismatches in the labour market and a common education policy at the EU level. Overedutaion has far-reaching consequences, both for the entire economy and the single participant of the labour market alike. The fact of its occurrence determines the processes taking place in the labour market, especially those related to employment.
Signaling Hypotheses of Share Repurchase – Life Cycle Approach. The Case of Polish Listed Companies

JEL Classification: G14; G31; G35

Keywords: share repurchase; signaling hypotheses; business life cycle

Abstract

Research background: Payout policy has attracted a great deal of research, however it is still not satisfactorily explained why corporations repurchase their shares. The most popular explanation for share repurchases is their signaling power. An alternative explanation for share repurchases is related to free cash flow. We assume that both theories are not competitive due to the fact that the motives for share repurchases may differ depending on the firm’s life cycle stage.

Purpose of the article: We hypothesize that companies in growth stage are more prone to repurchase their shares due to the undervaluation hypotheses.

Methodology/methods: Our analysis focuses on 116 repurchase on WSE and 47 repurchase on NewConnect in Poland during the period 2004–2016 to test the hypothesis. We assume that companies listed on WSE are in their mature stage while listed on NewConnect are in the growth stage. We use market value to book value ratio (M/BV) and the relation of M/BV ratio for the repurchasing company to M/BV ratio for the whole market at the date of implementing share repurchase program as a proxies for firm valuation.

Findings: Our study does not confirms that repurchase companies in growth stage are more undervalued than repurchase companies in mature stage (at statistically significant level), however there are more repurchase companies in growth stage with lower M/BV value than repurchase companies in mature stage. Adding corporate life cycle theory into the study, our result can contribute to the literature by more distinctly understanding the motivation of share repurchases. The results might be helpful for companies to determine their financial policies and for investors to determine their investment decisions.
Social Irresponsibility in a Socially Responsible Business

JEL Classification: M14; O15

Keywords: corporate social responsibility; corporate social irresponsibility; companies; management

Abstract

Research background: Since decades the companies have tried to build the advantage in the competitive fight by proving that their activity is socially responsible. Along with the propagation of CSR idea and its various measurements methods and techniques, number of critical comments increases. In most cases they refer to excessive formal requirements resulting from standardization, introduction of standards, measurements and reporting of activities connected with social responsibility. At the same time every now and then scandals related to the disclosure of the companies' socially irresponsible practices break.

Purpose of the article: It raises the question: why this is so? Is really the pursuit of the maximization of profits stronger than ethical, safe for the environment and social mode of operation? And in which situations the tendency to escape from social responsibility occurs most frequently and what are its consequences? In this article, the author wants to indicate the chosen socially irresponsible actions of socially responsible companies, their causes and consequences.

Methodology/methods: The article is a theoretical reflection and case study on the responsibility and irresponsibility.

Findings: In this article, the author wants to indicate the chosen socially irresponsible actions of socially responsible companies, their causes and consequences.
The Energy Union and EU Energy Security

JEL Classification: A11; E61; F50; H89

Keywords: energy dependency; Energy Union; EU climate and energy policy; energy security

Abstract

Research background: The idea of EU Energy Union was presented in 2014 as a response to the deepening energy crisis with the main gas supply partner, Russia. In 2015 European Commission presented the state of the Energy Union, which shows progress made since the Energy Union Framework Strategy was adopted. It was planned that in 2016 Energy Union would be fully implemented. The Energy Union is based on the three objectives of EU climate and energy policy: security of supply, sustainability and competitiveness. To reach these objectives the Energy Union focuses on five mutually supportive dimensions: 1) energy security; 2) the internal energy market; 3) energy efficiency; 4) decarbonisation of the economy and 5) research, innovation and competitiveness.

Purpose of the article: The objective of this article is to analyse the current state of the implementation of the Energy Union. It also describes the future potential for the development of that concept in the context of increasing the EU energy security.

Methodology/methods: This article is an attempt to find answers to the following questions: - how is the term energy security understood in literature on the subject and EU legislation?, - What are the assumptions of the Energy Union?, - How it is implemented in the Member States?, - Will the implementation of EU Energy Union increase the EU energy security? The research tools used in the article include literature studies, descriptive analysis and comparative analysis (quantitative analysis).

Findings: None from the Member States was against the European Union project, but each of them understands this term differently. Full implementation of the concept is in contradiction with the energy policies of some Member States, mainly the big players. There are no concrete solutions to the implementation of instruments to enhance energy security.
Gender Roles in Marketing Communications in Real Estate Markets

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JEL Classification: M21; M31

Keywords: marketing communications; real estate market; gender roles

Abstract

Research background: The real estate market has attracted a lot of public interest due to its significant economic role. Changes are, however, going to abound in the nearest future as a result difficulties in accessing housing loans and amendments to the building construction laws, amongst others. This will call for even greater involvements of tenderers in the marketing communication process. Gender-related differences in the purchasing decision making process is growing in significance and should be reflected in marketing communications.

Purpose of the article: The aim of the article is identify contemporary activities undertaken in marketing communications in the real estate market. The specific objective is to analyse the use of one of the most significant tools of marketing communications namely, the internet in the real estate market. The specific objective also includes seeking answers to the question if the sex of recipients of marketing messages concerning the real estate market is taken into consideration by their broadcasters.

Methodology/methods: The study involved the use of literature analysis and criticism, analysis of web contents provided by tenderers of real estate as well as telephone interviews with representatives of both property developers and real estate agencies.

Findings: Online marketing communications are the most important in real estate markets. Websites of real estate agencies and property developers vary a lot. Real estate tenderers, very often, make use of social media in marketing communications undertaken by them. One of the most common trend is to the use of images and not texts in marketing communications, thus creating new possibilities for communication. Very few property developers and real estate agencies exploit the knowledge of gender-related differences in the reception of marketing messages. Only few communication activities take cognisance of sex. The need for marketing communications in real estate to be directed at young customers has necessitated the engagement of new media sources in such activities. The desire to better adapt offers to consumer needs calls for the use of new technologies such as mobile applications, augmented reality or virtual reality.
JEL Classification: H55

Keywords: pension funds; Chile

Abstract

Research background: Chile has position of a leading and the most radical follower of the idea of fully-funded pensions. A rather alarming performance of the system, as they are understood by the ILO, seems to be structurally rooted. Two tranches of reforms under President Bachelet in 2008 and in 2015 extended the social safety net as well as re-introduced publicly-administered programmes, both on behalf of retirees.

Purpose of the article: The article attempts to find a sharp interpretation of this bringing the state back in. The re-reform is viewed from three sides of an ideological spectrum: from the left, from the classical-liberal and from the conservative views. Unsurprisingly, interpretations diverge.

Methodology/methods: In aim to find the answer the paper applies a political-economic criterion which is the model of risk sharing. The proposition is that risk constitutes a crucial value in insurance business. Thus, change in risk sharing between the contributors to the funds, fund-managing firms and the state is fundamental for evaluation of the reforms.

Findings: The analysis of re-reforms shows that the institutional arrangement which is fundamental to risk sharing, that is a defined-contribution principle, remains intact. This trait suggests that contemporary reforms do not challenge the commitment of founders of the funded-pensions system, which was conservative in nature. Possibly, the recent state intervention, in spite of its leftist provenience, is rather to be seen as a demonstration of state capitalism.

This focus allows to conclude with finding that recent Chile's reforms mean a rather moderate progress.
The Influence of the Economic Situation on Employment and its Structure in the Central and Eastern European Countries

JEL Classification: E 24; E 32; J 16; J 21; J 70

Keywords: economic growth; employment; discrimination in the labor market; Central and Eastern European countries; European Union

Abstract

Research background: The Central and Eastern European countries suffered from a decrease in professional activity and increases in unemployment, income inequality, and underemployment. In most of the countries in the region, it was decided to increase labour market flexibility, adopting a Western European model of labour market functioning. The effects of deregulation (flexibility increase) for the labour market depend to a great extent on the economic situation.

Purpose of the article: The paper attempts to answer the question of the degree to which changes in the employment level and structure can be explained by changes in the economic situation. The article verified two hypotheses: “the employment level reacts to changes in the economic situation; however, this reaction in the Central and Eastern European countries is more severe than the average reaction in the European Union” (H1) and “changes in the economic situation decide to a greater extent the employment level in the groups experiencing discrimination (women, youngest and oldest people) more than for employees in general” (H2).

Methodology/methods: The research encompassed 11 Central and Eastern European countries (Bulgaria, the Czech Republic, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia and Slovakia) on the basis of statistical data published by Eurostat for the period of 2004 to 2015. Data analysis was performed using the correlation coefficient and coefficient of determination.

Findings: In the majority of the examined countries, a statistically significant correlation occurs between changes in GDP and total employment level; furthermore, the influence of changes in GDP on the employment level is greater than the European Union’s average. The data do not indicate discrimination against certain groups (women, young people, people in pre-retirement age), changes in the employment levels of the aforementioned groups are less dependent on the economic situation than the changes in total employment.
Perceived Entrepreneur’s Social Capital and the Intention to Start One’s Own Venture Among People with and without Family Business Experience

JEL Classification: L26

Keywords: entrepreneur’s social capital; nascent entrepreneurs; entrepreneurial intentions; family business

Abstract

Research background: Social capital has received an increased attention in entrepreneurial research as it is believed to have a potential of supporting entrepreneur’s efforts. Social capital pertains to norms and networks that are embedded in a relationship and can facilitate collective and individual actions. Different conceptualizations of social capital describe it as a multidimensional construct. The model of social capital that has been widely used in entrepreneurial research differentiates three dimensions: structural, relational and cognitive social capital. Each of them is defined as having a different function in the process of starting and establishing a venture. However, previous research regarding the role of social capital have brought mixed and sometimes surprising results.

Purpose of the article: The purpose of the paper is to further explore the role of social capital in the process of venture creation. Having a family member who owns a company and obtaining experience in such a company may be important for the perception of social capital and its relationship with entrepreneurial intentions. The goal of the paper is to analyze this relationship.

Methodology/methods: The study involved a group of 375 business students, some of whom already gained experience working in a business owned by a family member. A research survey was used that included scales covering entrepreneurial cognitions. A statistical analysis of obtained data was conducted using the Statistical Package for the Social Sciences (SPSS).

Findings: It was found that the relationship between perceived entrepreneur’s social capital and an intention to start one’s own venture was different in the group of people who gained experience in a family member owned business and those who did not. In the first group a positive and significant relationship was found only between the cognitive dimension of perceived social capital and intentions to start one’s own business. In contrast in the group of people who did not have such experience a positive relationship was found between all three dimensions of perceived social capital (i.e. cognitive, relational and structural) and intentions to start one’s own business.
Legal Destructive Entrepreneurship - the Essence of the Phenomenon in the Modern Economy

JEL Classification: A10, D6, E2, G0,H70, H40,

Keywords: destructive entrepreneurship, legal destructive entrepreneurship

Abstract

Research background: The background research study revealed analyses the available literature for the behavioural characteristics identified as destructive entrepreneurship.

Purpose of the article: The aim of this article is to attempt a definition of the phenomenon of legal destructive entrepreneurship. The author also analysed the characteristics of legal entrepreneurial behaviour that have a negative impact on the economy of the state.

Methodology/methods: The research methodology is the method of observation and analysis of cases. This publication is theoretical in nature, ordering the available knowledge on destructive entrepreneurship.

Findings: Based on the different definitions the author proposes to adopt a definition on the basis of which a division into legal and illegal entrepreneurship as well as productive, unproductive and destructive entrepreneurship was made. The last chapter presents examples of legal destructive entrepreneurship in the modern economy.
An Influence of Quality Management System for Improvement of Logistics Supply

JEL Classification: D2; D21

Keywords: ISO 9001; logistics supply; quality; systems

Research background: ISO 9001 with its requirements gives a company a guidance on the definition of the quality management system architecture, based on the process approach and the indications for its continuous improvement. Despite the general accentuation the benefits of implementation of ISO 9001 in the literature, there is still lacks of researches concerning the actual impact of quality management systems for improving specific logistics processes (especially in Polish organizations).

Purpose of the article: The aim of this publication was to examine the impact of the implementation of the requirements of ISO 9001 for process improvement supply logistics.

Methodology/methods: Empirical studies were carried out in September and October 2014 on a group of 17 companies with implemented and certified quality management system according to ISO 9001. The research tool was a questionnaire survey sent to management representatives (25 respondents) and workers (140 respondents). Surveys were enriched with direct interviews with employees of the companies. The impact of the quality management system for the improvement of procurement processes - presentation and analysis of the test results.

Findings: Based on the survey it can be stated that the quality management system according to ISO 9001 in a fairly large impact on improving procurement processes. This is particularly evident in areas including relationships with suppliers, quality control, workflow and communication, both internal and external. The positive aspects achieved through the implementation of quality management system due to the fact that the ISO 9001 standard in its commitments puts great emphasis on the organization of the procurement process. Good in that supplies the organization must meet specified purchase requirements including approval processes semi-finished products, qualifications and functioning of the quality management system provider.
Influence of Purchasing Organizations On Financial Situation Of SMEs

JEL Classification: G32

Keywords: purchasing organization; finance; commercial enterprises

Abstract

Research background: SMEs often operate in markets where they compete with large companies. Fight for the customer, payment backlogs, problem with debt collection and new branches make management seek solutions that will influence positively on the situation of financial companies. Maintaining liquidity, generating income are the primary steps to build a competitive position and progressive development of enterprises. One of the most popular methods that allows companies to do profitable business and increase their chances for safety is operation within purchasing groups. Currently in the market there are many different types of purchasing groups. The choice of the right one is a chance to improve their financial situation.

Purpose of the article: This article presents functioning of enterprises within purchasing groups and their impact on financial situation of enterprises. In the article the classification of purchasing groups is done and there are shown the benefits that commercial enterprises operating in them gain. The article presents some obstacles to join specific purchasing groups and difficulties faced by companies operating in them.

Methodology/methods: The studies will be carried out on the basis of 60 SMEs. These companies operate in five Polish purchasing groups. The groups were divided into sectoral and multi-sectoral ones. The study period covered the years 2013-2015. In order to analyze the impact of purchasing groups on the financial situation of enterprises there were used selected groups of financial ratios and a preliminary analysis of financial balance sheets and profit and loss account was conducted.

Findings: The analysis showed that the choice of appropriate purchasing group has a large impact on financial situation of companies. Different opportunities can be offered by a sectoral purchasing group than the multi-sectoral one. Research has shown that better results relate to dynamics of revenues, costs, liquidity, profitability that gives the operation within the sectoral purchasing groups.
Enhancing Polish Firms’ Innovation Activities in Comparison to the Other Moderate Innovators Countries

JEL Classification: O30; O52; R11

Keywords: innovation activities; firm; the European Union; Moderate Innovators countries

Abstract

Research background: Faced with circumstances of rapid changes, the crucial is stimulation of actions aimed at enhancing competitiveness. In this regard, the European Union strategy Europe 2020 should be mentioned. Concerning the role of firms’ innovation activities in economic growth of regions and countries, it is important to explore how enhancing Polish firms’ innovation activities differ between the EU countries with a similar to Poland level of innovation. Thus, the particular emphasis was put on the Moderate Innovators countries.

Purpose of the article: The aim of this paper is to investigate enhancing Polish firms’ innovation activities against those from the other Moderate Innovators countries.

Methodology/methods: The study was based on data from the European Innovation Scoreboard 2016 related to firm activities dimensions: firm investments, linkage & entrepreneurship and intellectual assets. The time period was 2008–2015 and was limited by data availability. To study multivariate analysis and the zero unitarization methods were applied. These methods allowed to multivariate analysis of enhancing firms’ innovation activities in Poland and those from the other EU countries with similar to Poland level of innovation.

Findings: This paper contributes to the existing literature by providing new insight on understanding the issues related to firms’ innovation activities. The results reveal, among others, that although Polish firms’ innovation activities have improved against those from the other Moderate Innovators counties, it requires further enhancing. The findings have practical and policy implications. It is assumed that the obtained results may be useful for firms, regions and country in enhancing competitiveness.
What Drivers Affect Entrepreneurial Activity in the Transition Economies? The Case of the Visegrad Countries

JEL Classification: L26; P25; R11

Keywords: entrepreneurship; transition economies; the Visegrad countries

Abstract

Research background: While a large literature exists linking entrepreneurship with its drivers in developed economies, entrepreneurship issues in the transition economies are still not entirely recognised. The Visegrad countries represent a unique scope for examining drivers affecting entrepreneurial activity in the transition economies, since they faced similarities at the beginning of the transformation. The findings may be supportive in identifying threats and opportunities of the economic development of Central and Eastern Europe regions.

Purpose of the article: This paper contributes to the literature on entrepreneurship by focusing on drivers of entrepreneurial activity in the transition economies. The aim of the paper is to analyse how entrepreneurial activity in respective Visegrad countries is influenced by various drivers.

Methodology/methods: Entrepreneurship activity and its drivers in the Visegrad countries were considered for the 2004-2014 period. Hypotheses were tested with the usage of an Ordinary Least Squared regression. F-test was employed to test estimated regressions. Goodness-of-fit of the regressions was controlled with the coefficient of determination. To check for the collinearity, Pearson’s correlation coefficient was used.

Findings: In this paper the approach for improving the understanding of issues related to entrepreneurship in the transition economies is made. This paper contributes to the understanding of how entrepreneurial activity in the Visegrad countries is influenced by various drivers. The main finding is that although entrepreneurial activity in the Visegrad countries seems to be influenced by similar drivers that have been identified for developed economies, the way in which respective drivers matters for entrepreneurship is, in certain cases, distinct. The findings may attract attention of policymakers and may be useful in the processes of policy pursuing.
Abstract

Research background: Social responsibility (SR) is a management conception that seems to be quite similar to quality management or environmental management. As every conception, it has a set of tools which may be applied in organizations that would like to have that concept used in their activities. Nowadays, a SR tools’ catalogue has been continuously developing and still modifying.

Purpose of the article: The aim of the following article is to analyze how SR normalized tools are applied in practice. At first, the SR essence and a set of tools (standards, programs) are presented and characterized. A particular attention has been drawn to standards, and the state of their application has been analyzed empirically.

Methodology/methods: Two research questions has been asked:
− How does SR standards’ application look in the world according to current data?
− How does SR standards’ application look in particular countries and in Poland according to current data?

The answers to the above questions were given on the basis of official data coming from organizations formally responsible for the analyzed standards, therefore they have been considered reliable and complete. Due to the fact that data come from various sources, analyses are illustrative. ISO 14001, SA 8000, AA 1000AS and G4 have been included in the analyses, while ISO 26000 haven’t, because of its character (the norm is not intended for certification) and lack of relevant data.

Findings: The most frequently applied SR standard is ISO 14001, subsequent standards are much less applied. On the one hand, it is a good sign that a norm regarding environmental protection is applied relatively often. On the other, however, it is intriguing that tools from other ranges of topics (working conditions, sustainable development reporting and relations with stakeholders) are of insignificant use. As far as normalized SR tools’ application in particular countries is concerned, it is visible a strong tendency to apply the analyzed tools among countries that are not developed and stable economies. It proves their greater motivation to improve competitiveness using also the issue of SR. Unfortunately, there is no such tendency in Poland and analyzed standards are practically not applied, excepting ISO 14001.