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ABSTRACT BOOK

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THE STRUCTURAL ANALYSIS OF CONSTRUCTION SECTOR OF TURKEY AND ITS EFFECT ON THE SELECTED MACROECONOMIC INDICATORS

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Abstract

In this study the Turkish construction sector was structurally considered and the effect of sector on some selected macroeconomic indicators was analyzed. In this scope, besides the statistical indicators, the linkages of sector with the other sectors were handled and SWOT analysis of sector was scrutinized. As a result of evaluations, the construction sector affects the national income significantly. There is a high level correlation between the growth of construction sector and the growth of national income. In this scope, while the construction sector grows in higher rates, in the periods, when the economic growth actualizes; in the crisis periods, it downsizes in the higher rates. When the figures of employment are taken into consideration, the employment of main construction sector increases with every passing day. Depending on development of foreign constructing services, the positive effect of construction sector on the Balance of Payments becomes more important with every passing year. When the backward and forward linkages of sector are considered, it was identified that the forward linkages are weaker than the backward linkages. The results of SWOT analysis point out that the competitive power of sector will increase much more, in case that the weak parts are strengthened and that necessary actions are taken toward threats.

Keywords: Turkish construction sector, economic growth, SWOT analysis, linkages.

THE EFFECT OF WORK-FAMILY LIFE CONFLICT OF ACADEMICIANS ON JOB STRESS

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Abstract

In this study, impacts on job stress levels of the level of employees' work-family conflict are examined. Research population was composed of the research assistants of Selcuk University Social Sciences. A survey with three sections was created to measure variables and reach out the basic goals of the research. In order to measure job stress of employees job stress scale, which was developed by House and Rizzo in 1972, has been used. In order to measure work-family conflict work-family conflict scale, which was developed by Netemeyer, Boles and McMurrian in 1996, has been used. The findings obtained through the survey were analyzed by SPSS 15.0. Correlation analysis has been done to detect the relationship between work-family conflict and job stress. According to the results of the correlation analysis, It has been identified intermediate level and a positive relationship ($r: 0,613$; $p: 0, 01$) between work-family conflict with job stress. In addition, it has been shown to have a positive and significant relationship ($r: 0,344$; $p: 0, 01$) between the family-work conflict which is one of the dimensions of the work-family and job stress. According to the regression analysis, a 1-unit change in the work-family conflict increased by 42.4% job stress of participants.

Keywords: Work-Family Conflict, Family-Work Conflict, Job Stress.

AN EMPIRICAL OBSERVATION ON THE EXISTENCE OF MIDDLE INCOME TRAP IN TURKEY: CAUSALITY ANALYSIS

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Abstract

Middle income trap is a newly-emerging concept in the literature of economics. On the other hand, in developing countries and international development climates, where the economy falls into stagnation once the income level reaches to a certain level, it has transformed into an influential concept related to economic growth and development. In its simplest definition, it is the situation whereby income per capita cannot rise beyond a certain level. While it is not clear that what certain income level should be considered as middle income level, 20% of the income per capita in United States of America was accepted as the middle income level in developing countries when this approach was first emerged.

The purpose of this study is to reveal the causality relation between middle income trap and the factors considered to be accounting for this trap in Turkey. It is considered that revealing this relation in empirical ways would generate a scientific contribution with regards to this new concept. To this end, it is aimed to detect the aspects of relationship between middle income trap and “high technology export” and “public spending on education”, which are thought to be the determinants required for escaping this trap, which has been considered to be present in Turkey for many years despite the fact that Turkey is an upper middle income country. For the period between 1983-2013 is targeted and Granger causality method is selected for this purpose. While the rate for middle income trap in this study is based on 20% of income per capita of USA due to uncertainties, the range between 10% - 30%, which corresponds to 10% more and 10% less of this 20%, is defined as the middle income trap range for Turkey with its statistical significance maintained. The study seeks to unveil the direction between and intensity of causality relations by means of interpreting the empirical results achieved on the basis of this definition.

Introduction chapter of this study discusses theoretical information on the concept of middle income trap and Granger causality test. Methodology chapter of the study reveals the exact causality relations between middle income trap and high technology export and public spending on education, which are considered to be important for Turkey to escape middle income trap, by employing time-series analysis for the period between 1983-2013. Final chapter of the study, on the other hand, interprets the results attained and offers recommendations.

Keywords: Middle Income Trap, Granger-Causality, High Technology Export, Public Spending on Education.

THE FACTORS OF AFFECTING CORPORATE GOVERNANCE IMPLEMENTATIONS IN TURKEY

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Abstract

In this paper examined the factors of affecting corporate governance implementations and this factors' affect of entering companies to corporate governance index in Turkey by using cross sectional analysis. In this paper, company size, company age, volatility, total assets, leverage ratio, book value/ market value (BV/MV) ratio, trading volume are used as independent variables and corporate governance index is used as a dependent variable. As a result it is observed that size variable is positive and statistically significant whereas BV/MV is negative and statistically significant. We conclude that the company size grows, rises the possibility of entering to corporate governance index but BV/MV ratio increases, reduces the possibility of entering to Corporate Governance Index. This result is important in many fields of finance such as investment decisions, academicians, implementing institutions, market makers and shareholder.

KeyWords: Corporate Governance Index, Borsa Istanbul, Cross Sectional Analysis.

THE RELATIONSHIP BETWEEN THE STORE ATMOSPHERE AND HEDONIC CONSUMPTION A PRACTICE IN SERA KUTAHYA SHOPPING CENTER

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Abstract

The concept of hedonic consumption, importance of which is becoming significant day by day, has moved away from the concept of consumption known as fulfillment of needs and it has been referred as the image and identity of individuals in recent years. The shopping malls, cars, dresses and even pubs and cafes that are preferred by the consumer, have started to reflect the characteristics of the individual. The aim of this study is to reveal both the effects of how the store atmosphere affects the hedonic consumption behaviors and the effects of basic demographic factors, such as income statue, on individual's consumption behaviors.

Keywords: Consumer, Consumption, Consumer Behavior, Hedonic Consumption, Store Atmosphere.

THE RELATIONSHIP BETWEEN OIL PRICE SHOCKS AND STOCK MARKET VOLATILITY: A REGIME SWITCHING APPROACH

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Abstract

Prior research has highlighted the adequacy of Markov regime-switching model to address dynamic behavior in long-term stock market movements. Employing a purposed extended regime-switching GARCH (1, 1) model, this paper further investigates the regime dependent nonlinear relationship between changes in oil price and stock market volatility in Saudi Arabia, Norway and Singapore for the period of 2001-2014. Market selection is prioritized to national dependency on oil export or import, which also rationalizes the fitness of implied bivariate volatility model. Among two regimes identified by the mean model, high stock market return-low volatility regime reflects the stable economic growth periods. The other regime characterized by low stock market return-high volatility coincides with episodes of recession and downturn. Moreover, results of volatility model provide the evidence that shocks in stock markets are less persistent during the high volatility regime. While accelerated oil price rises the stock market volatility during recessions, it reduces the stock market risk during normal growth periods in Singapore. In contrast, oil price showed no significant notable impact on stock market volatility of target oil-exporting countries in either of the volatility regime. In light to these results, international investors and policy makers could benefit the risk management in relation to oil price fluctuation.

Keywords: Markov regime-switching, Volatility, oil-exporting, oil-importing, oil prices.

TESTING THE VALIDITY OF CATERING THEORY IN DIVIDEND PAYOUT POLICY: AN EMPIRICAL EVIDENCE FROM BORSA ISTANBUL

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Abstract

The paper aims to test catering theory in dividend distribution decisions for companies listed on Borsa Istanbul for the period 2000-2011. As a result of Panel logit and probit models, we conclude that catering theory is not valid in Borsa Istanbul. The paper is important for market makers in terms of identifying the factors which affect the probability of paying dividend in companies and testing the validity of catering theory in dividend distribution decisions.

KeyWords: Dividend Payout Policy, Catering Theory, Panel Logit and Probit Model.

CAPITAL FLOWS IN THE EUROPEAN UNION – SELECTED THEORETICAL AND EMPIRICAL ASPECTS

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Abstract

The aim of this study is to evaluate the evolution of the flow of selected forms of capital on the basis of the international investment position and balance of payment of countries belonging to the European Union.

It is assumed, consistent with the concept called "Lucas paradox", that occurs between EU countries capital flows from poor countries (countries outside the euro area) to the rich countries (euro area).

It reviewed the literature of the most important theoretical concepts underlying causes for further consideration. To the achievement of the aim of the article, it used an analysis of the literature of the subject and analysis of statistical data in relation to the international investment position of countries.

With increasing financial integration of countries belonging to the European Union followed by a general increase in the value of financial flows measured by net position international investment position. As a result of discussion and analysis of selected data for the EU countries confirmed the phenomenon of "Lucas paradox" in relation to the countries of the euro currency union and outside it. The countries of the euro zone allocate more capital in countries outside it. These findings stand in contrast to the neoclassical approach.

Keywords: balance of payment, flow of capital, International Investment Position IIP, Foreign Direct Investment FDI, portfolio capital, financial integration, the structure of the IIP, the financial crisis.

POST-CRISIS EVOLUTION AND CHALLENGES OF THE BANKING SECTOR IN LATVIA

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Abstract

The economic crisis revealed a number of problems in the banking risk management. Preventing another financial crisis will require regulators and banks to learn from experience by identifying the sources of incentives that contributed to the crisis. In this article the reasons and the main manifestations of the Latvian financial system are disclosed, and the development of Latvian banking system in the post-crisis period in comparison with pre-crisis tendencies was analysed. The author of this article compares the bank profitability indicators, the concentration of banking activities, the level of bank capital adequacy, liquidity and the credit activity. The author evaluates the impact of Basel III Agreements on further development of the banking sector in Latvia. Basel III calls for the strengthening of banks, the increase of liquid assets, and the reduction of overall risk level of the banking activities. Because of that many authors believe that a full adoption of Basel III will contribute to a greater financial stability of banks and reduce bank profits, as well as their profitability. However, in Latvia in the post-crisis years an increase of bank profits has been observed. The author evaluates the reasons of bank profit and profitability increase at the moment, as well as appraises the sustainability of this tendency. In order to establish a causal link between the profitability of banking activities and the level of bank capital adequacy, liquidity and crediting rates of growth, author designs a VAR model. Author also assesses the sensitivity of key bank profitability indicators, using the analysis of impulse responses.

KeyWords: Financial crisis; bank profitability factors; Basel III.

MODERN STRATEGIES FOR PORTFOLIO OPTIMIZATION

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Abstract

The procedure of long-term optimal portfolio creation consists of four steps, where first three steps are common for periodically corrected and continuously corrected portfolios and the last steps are different. The three common steps are data receiving from financial aggregators, data pre-processing, initial Markowitz portfolio creation. Different steps are related to the portfolio real time correction procedures.

We consider first three steps of long-term optimal portfolio creation using Matlab Financial Toolbox functions. The initial Markowitz portfolio is created at this stage and after that two different above mentioned approaches to correct this portfolio are used. The first approach performs periodical corrections in pre-defined moments of time and needs no continuous portfolio monitoring. The second approach needs the continuous portfolio monitoring and is able to perform corrections in any moment. We compare results of both approaches with average market results defined by indexes.

Keywords: portfolio optimization, long term investment, USA stocks.

ERGODIC THEOREM SEQUENCES FOR FINANCIAL TIME SERIES

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Abstract

We start the consideration of ergodic theorem implementation for financial markets from Hermann Weyl equidistribution theorem and show that theorem holds statistically for wide range of empiric economic time series. After that we consider the Birkhoff – Hinchin ergodic theorem and show that for considered time economic time series time averages approximately coincide with the ensemble averages.

We show that for many economic statistical data the similar relations between time series parameters holds and we provide the set of empiric observations of this phenomena for different areas of economy.

After that we consider financial time series and show that appropriate relations holds for USA stock market.

KeyWords: ergodic theorem, financial time series, USA stocks.

INNOVATIVE POTENTIAL AS A FACTOR OF COMPETITIVENESS OF THE REGION

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Abstract

Since Russia joined the World Trade Organization, the objective to provide the national competitiveness has become especially prominent. Today the economy of Russia is mixed and unequally developed in different regions, which implies that some specific features should be taken into account when tackling this problem.

There are lots of approaches which are used when giving a definition to the notion of competitiveness. On the whole, one can speak about competitiveness of a certain object (product, service) or economic system (company, region, national economy) as of its capability to compete with other similar objects or systems in the market.

In order to identify ways for better competitiveness of a region, it is important to assess, first of all, its innovation potential as a basis for competitiveness factors' development.

The shift towards provision of competitiveness on the basis of innovation development factors will result in increased competitiveness of Russian goods and attraction of better and cheaper resources. In order to achieve this, it is necessary to develop competitive advantages of regions which base on innovations. It becomes especially important for the regions which have no other competitive advantages, such as natural resources or availability of transport infrastructure.

In order to increase innovation potential of a region there should be control mechanisms, which will boost evolution of effective regional innovation systems. Further on, we would like to look deeper into this problem, so our next article will be dedicated to methodological approach towards the way such mechanisms can be designed.

MOBILE APPLICATIONS ADOPTION AMONGST GENERATION Y USERS IN PENANG, MALAYSIA

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Abstract

The rise of the internet and Mobile Commerce (M-Commerce) has certainly changed the way businesses and organizations market their products and services or reach out to customers in today's globalized world. However, many companies are still uncertain about the extent of M-Commerce adoption amongst Internet users and thus, deemed it too risky to develop mobile applications to enhance their businesses. Therefore, the focus of this study is to ascertain the extent of mobile applications adoptions by the Generation Y users within Penang, Malaysia in order to provide an insight to businesses as to the potential of M-Commerce for the younger, upcoming generation of Internet users.

The purpose of choosing the Gen Y as the sample population is because the Gen Ys are born into the Internet age and are usually the early adopters of new digitalized technologies. Therein lies the strength of this research as it will contribute to the literature within a Malaysian context, while simultaneously providing an understanding for the M-Commerce industry to build up the required confidence to invest in M-Commerce applications (Mobile Apps).

The findings indicated that Gen Ys are more likely to download mobile applications that are linked to entertainment vis-à-vis educational applications or other online purchases mobile applications. Nevertheless, gender does play a part in the adoption of mobile applications for online purchases as found in the study. Apart from the above, the electronic word-of-mouth (E-WOM) was found to be significant in contributing to the adoption of specific mobile applications, thereby indicating that businesses need to consider the impact of E-WOM in attracting more traffic unto their sites via mobile applications.

KeyWords: Mobile Commerce; Mobile Applications; Generation Y; Technology Adoption Model (TAM).

ANALYSIS OF SALES LEVEL DEPENDENCE ON SOCIO-CULTURAL FACTORS ON DIFFERENT MARKETS

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Abstract

Topicality of this research is dictated by wave of internalization of companies, which entering new markets sometimes experience unexpected decrease or initially low level of sales and eventually some of them quit the markets. The problem is that despite all the weighted opportunities and threats of political and economical environments, significance of socio-cultural aspects of business is often underestimated.

Purpose. The focus of interests of the current survey is determinants of a company's sales in the context of socio-cultural environment. This paper is dedicated to determine the degree of influence of socio-cultural factors on sales level of the company on different markets. As an object of the current study an international tobacco manufacturer, British American Tobacco (BAT), is chosen.

Design/methodology/approach. In order to accomplish the research question, a few methodologies were adopted. First of all, analysis of theoretical literature allowed to indentify main socio-cultural factors, affecting the business as well as to construct a model, demonstrating the way different elements of socio-cultural environment influence the sales level of the company. There was hold an interview with the representatives of BAT in order to get their personal view and experience about this issue. The PEST analysis of 3 markets, where BAT operates (the United Kingdom, Unites States of America and Uzbekistan), conducted was the main way to identify peculiarities of the markets. Also, in order to identify extend of correlation between smoking prevalence and specific socio-cultural factors, correlation analysis was adopted. Finally, the questionnaire hold and covering 170 respondents from 3 main markets of the research lead to acknowledgment of differences in attitude towards smoking, brand perception and price consciousness across the stated three markets.

Findings. Finally, it was discovered that the level of tobacco products sales does depend on socio-cultural factors, but the absence of direct influence do not let make quantitative forecast of sales level, based only on those factors. Model of sales dependence on socio-cultural, demonstrated in the work, is multichannel and each factor is supposed to go thought the first level (consumer behavior, brand perception and consumption culture) and then though the second level (local demand) in order to influence the sales of the company. In conclusion, it is applicable to argue that consideration of cultural and social aspects of external environment by the company can be viewed as a competitive advantage for any business. However, it is also important to bear in mind that it is not recommended to analyze social-cultural environment ceteris paribus, as it actively interacts with other environments. Thus, other fields of external environment should be also taken into account for more detailed picture of situation.

Research limitations. Within the scope of the current research only 3 markets were analyzed and the sales of the company were measured in monetary form (not in quantity of units sold).

Practical implications. The results of the research and recommendations developed may help the British American Tobacco (as well as other tobacco companies) to acknowledge the main elements of socio-cultural factors to pay attention to on the international markets.

KeyWords: socio-cultural factors, sales level, tobacco industry, consumer behavior, PEST-analysis, brand perception, local demand.

FRAMEWORK FOR IMPROVING QUALITY AND COMPARABILITY OF NON-FINANCIAL REPORTING SYSTEM

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Abstract

This research was aimed at evaluating the methodological framework to be applied in strategic as well as in responsibility accounting, as a prerequisite for ensuring the relevant information, necessary for preparing and evaluating sustainable development strategies, using Directive 2014/95/EU framework. In order to assess the current situation in the Republic of Croatia, a survey on the sample of 64 big Croatian companies in different industries in the year 2013 was conducted. The sample of selected companies was chosen on the basis of membership in the Croatian Business Council for Sustainable Development (HR BCSD) and of the companies that follow the principles of sustainable development in their business and declare themselves as environmentally and socially responsible. Research results will be confirmed through comparison with previous findings conducted in the year 2007, but also compared with the relevant information collected from 71 companies of eight EU countries. The goal is to assess whether the achieved level of strategic and sustainable accounting tools in the Croatian companies are sufficient to provide relevant information for non-financial reporting for external and internal users in the process of long and short term decision making.

KeyWords: Directive 2014/95/EU; Directive 2013/34/EU ; Strategic accounting; Responsibility accounting; Non-financial information; CRS - Corporate Social Responsibility; Sustainability reporting; Croatian Business Council for Sustainable Development.

CONTEXT AWARE MARKETING A CREATIVE DESTRUCTIVE TOOL FOR CONSUMER PSYCHOLOGY

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Abstract

Context aware Marketing is location, time and consumer profile-specific marketing. Context aware marketing will be the game changer in consumer psychology where in each consumer will demand to be treated as an individual with specific needs, wants and satisfaction level. CAM will be able to monitor individual consumer psychology in terms of taste and preference and guide him in the store with that in mind which will ultimately lead to change in consumer psychology in terms of convenience in shopping. Consumers will demand business houses to anticipate their individual need and serve the need the way it has to be met.

The consumer psychology is fast changing due to advent of new technologies along with social media contributing in great way in redefining consumer psychology. The old promotion P of marketing which is largely done as a mass marketing concept where companies put advertisement on TV channels and newspapers or bill boards is losing its importance and a new disruptive context aware marketing is arriving on scene with the help of social media, big data, cloud computing, high technology smart phones and high speed data connectivity. The new generation consumers with technology on palm and context aware marketing in action has the potential of completely disrupt consumer psychology like never seen before. Companies through CAM will be finally able to understand how consumers respond to promotions and pricing strategies which will give them major insight in to consumer psychology. The advances made in context aware marketing in future will succeed in profiling individual consumer psychology and also the homogeneous consumer group psychology and thus open new door for marketing to cater to individual or group with similar psychology traits.

KeyWords: creative destruction, consumer psychology, context aware marketing, big data.

CLUSTER AS AN INNOVATION ORIENTED FORMS OF SPATIAL CONCENTRATION RUSSIAN COMPANIES

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Abstract

The article discusses the concepts of “Marshallian” and “Jacobian” proximity effects. It establishes the basic differences between clusters and other forms of spatial concentration of businesses. Agglomeration effects associated with cluster form of organization of the regional economy are identified. The tools for assessing the factors of geographic concentration, reflecting the influence of agglomeration effects, are presented and examined. The degree of concentration and urbanization for cluster groups of subjects of the Russian Federation is assessed.

INFORMATION AND ANALYTICAL SUPPORT OF BUSINESS DECISIONS MAKING: METHODS AND PRACTICAL ASPECTS

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Abstract

Business decisions making without serious analytical training is nonsense. Expert opinion is important for the decision maker or top manager. Nevertheless, it must be based on the serious consideration of alternatives, which take into account the macroeconomic component, trends and current results achieved. These issues are dealt with controlling as a scientific discipline and direction of the applied research in conjunction with information technology and management.

In addition to the general provisions of the cooperation within the framework of this triad is planned to cover only some specific questions aimed for supporting decision-making:

1. Organization and maintenance of early warning systems. An early warning system is a special analytical information system, which assist the company's management receives information about potential dangers threatening from the external environment of the enterprise, in order to respond “threats” timely and purposefully. Information channels provide a structuring of information links between the environment, enterprise and early warning system, as well as between the system and its users – managers at all levels. All decisions arising from the information on the possible trajectories of development are assessed for the associated possibilities and risks.

2. Analysis and monitoring of the environment within the short to medium term, including the use of ratings. Ratings have the ability of assessing short and mid term trends of economic subjects. The information required for the rating classification, as well as indicators formed on the basis of available reporting forms. These documents should characterized the current state of the subject and emerging trends, scale, components balance, strengths and weaknesses of the technologies which are used, possibility of growth, as well as the enterprise's dependence on economic relations with other market participants and the macroeconomic environment.

3. Features of formation of text documents in the reporting system, including the use of lexicological synthesis. One of the stages of decision making is collection and evaluation of the received information. This information should be provided in accordance with the requirements. Therefore, there is a problem with the method of fixing the information in the document that is the process of documenting. Every administrative document actually may be regarded as a model of a situation requiring a decision at the level of director or other employees of the organization. According to the analysis, a significant number of documents accompanying the production process can be categorized as slightly formalized. Slightly formalized documents – full-text, table-type, or mixed documents, the content of which significantly depends on an arbitrary structure, changing with the particular situation. These are the documents with a high degree of variability. In this regard, structuring of slightly formalized documents may require specification of interrelation and mutual dependence of the composition of the text until the atomic values – fragments of phrases, words, and even parts of the individual words. Lexicological synthesis method involves the document formation in advance of standardized wording of the text by the synthesis of phrases and sentences. This method can significantly reduce the cost of creating documents by using of structured information.

Naturally, this is not a complete set of components that are necessary for creation of a system of information and analytical support for business decision making, but it includes a lot of original components, which are able to increase the effectiveness of training and management decisions.

KeyWords: support of business decisions making, early warning system, controlling, ratings, lexicological synthesis.

INTEGRATED MANAGEMENT SYSTEM: A HANDY TOOL FOR LONG-TERM GOALS

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Abstract

Standardized management system is a tool for organizations to long-term and sustainable manner to meet customer and other stakeholder needs and expectations.

Long-term success can be achieved by effectively managing an organization, understand the organization's environment and proper implementation of improvements and innovations.

Management systems and standards are applying as strategic measures for long-term improving of organizational processes and risk management of organization for sustainable organizational development.

Updated integrated management system helps to understand the changes. For these organizations are encouraged to integrate the ISO 31000: 2009 Risk Management standard requirements into their overall management system. Such system's improvement would enable the organization to demonstrate it's ability for continuously improvement and providing only high-quality and safe products to the market.

KeyWords: Standardized management system, ISO 9001:2015 standard, risks and development, ISO 31000: 2009, Risk Management standard.

CREATIVITY IN TRAINING OF STUDENTS - MARKETING SPECIALISTS: REQUIREMENTS AND NEW OPPORTUNITIES

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Abstract

This article analyzes conditions forming necessity for creative approaches in the preparation of marketing students and requirements for the creative solutions available to young professionals.

The work provides a description and analysis of using some gaming methods in teaching marketing management to students of RISEBA. The author shows in-depth analysis of experience of using case-studies in all training courses of marketing. The author shows that use of modern methods – matrix, discriminate, cluster, screening-analysis allows to teach students not to simple standard methods of taking managerial marketing solutions only, but also, what is more important in turbulently changing conditions of macro environment – to develop creative marketing solutions. The author has analyzed the experience of gaming-like teaching of using screening analysis for developing an effective and creative solution to achieve a strong competent position in conditions of market globalization. The work also contains analysis of technique itself and its implementation in RISEBA by the author during last 20 years.

Results of study: the results show that use of gaming methods of teaching using algorithm of transition from standard to creative method of development of marketing managerial solutions will solve the problem of transition from a student to a professional in a high school in real life.

KeyWords: gaming methods of teaching in high school, matrix, cluster, discriminate, screening-analysis, algorithm of teaching to creative marketing solutions in a high school.

THE ESTIMATED VALUES: THE PROVISIONS AND THE WRITE-DOWNS OF ASSETS AS TOOLS TO MANIPULATE FINANCIAL RESULTS OF ENTERPRISES

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Abstract

The aim of the estimated values such as: provisions and write-downs of assets is to limit of economic risk. The provisions have indemnify economic unit before adverse economic events which can be foreseeable, whilst the write-downs of assets have protect entity before boosting the value of its assets more than their real value. However, in business practice, these estimated values, often are used by managers of companies to manipulate the financial result, both as a tool to increase and reduce this result.

The article presents the problem of manipulating the financial results of companies by managers with provisions and write-downs of assets.

KeyWords: estimated values, provisions, write-downs of assets, financial result.

THE IMPACT OF LONG-LIVED NON-FINANCIAL ASSETS DEPRECIATION/AMORTIZATION METHOD ON FINANCIAL STATEMENTS

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Abstract

Usually non-financial long-lived assets are ones ensuring company's basic business operations and generating profit. It is expected that these assets will be used more than one accounting period. Usually companies spend significant investments to acquire these assets. In most of cases long-lived non-financial assets constitute also considerable part of companies' total assets in its statements of financial position or balance sheets. In average this proportion in balance sheets of Latvian companies listed in Baltic stock exchange is 48%. In most of these companies this percentage is higher and even up to 97%. Since the moment this type of asset has been acquired and used for company's business operations its cost has to be allocated in a rational and systematic manner over its expected useful life - depreciated for tangible assets and amortized for intangible assets. Therefore, it is very important that this kind of assets in the financial statements are treated and presented correctly, in accordance with definite accounting standards and regulations as well based on specific of company's business.

Due to nowadays global economic situation the management of non-financial long-lived assets also plays significant role in both - shareholders' (actual or even potential) and company's management - various decision-making processes concerning investing, financing, controlling and other activities. In order to ensure that financial statements reflects the real situation of the particular company, company's management is responsible to ensure that accounting process of depreciation/amortization of long-lived non-financial assets is:

- *Correct, transparent and in line with company's business specifics;*
- *In accordance with respective accounting and reporting regulations.*

This article reveals theoretical and practical view exploring how the information relating depreciation/ amortization of long-lived non-financial assets influences results in financial statements of Latvian companies listed in Baltic stock exchange. The Author also developed a questionnaire and analyzed data obtained.

The key purpose of the article was:

- *To explore aspects to consider analyzing information about long-lived non-financial assets reflected in financial statements;*
- *To develop recommendations what kind of issues the company should consider selecting the most appropriate amortization/ depreciation method of non-financial long-lived assets.*

Author's conclusions based on the study of Western publications and analysis of practices in Latvian companies listed in Baltic stock exchange are useful for any company developing new or assessing existing process of measuring and valuing company's non-financial long-lived assets, as well as may be taken into consideration by shareholders (potential, actual) and financial analysts.

KeyWords: non-financial long-lived assets, depreciation method, amortization method, accounting policy, financial statements, capital intensity ratios.

THE ECONOMIC CHALLENGES OF POLISH INTEGRATION WITH THE EURO AREA

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Abstract

In May 2004, Poland became a member of the Economic and Monetary Union on the rights of the State with a derogation. This means that Poland is obliged to meet the convergence criteria in terms of fiscal and monetary policies and the introduction of the euro.

The aim of the article is to assess the extent to which are realized by Poland fiscal and monetary requirements of the European Union. Additionally to show, based on the experience of euro area countries, the necessity to make significant changes in the Polish economy to the proper functioning in the monetary union.

RISK IN PROVIDING ACCOUNTING SERVICES IN THE CONTEXT OF NEW REGULATIONS REGARDING LIABILITY INSURANCE (OC) IN POLAND

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Abstract

In the present economy, it is essential to access to the correct information coming from the market. The source of such information are financial statements of entities, prepared in accordance with accepted accounting principles and ethical behavior requirements. It should also be noted that in the economic practice, the accounting business is often seen as an area which makes it possible to make savings by careful downsizing employment while redesigning accounting processes in order to maintain their proper course. This also applies to the optimization procedures for the circulation of documents, the implementation of data processing systems to accelerate this circulation, and simultaneous increase in quality.

The rapid evolution of solutions conducive to the fulfillment of these expectations requires professionals involved in accounting to engage in continuous learning in order to maintain the high quality of knowledge and experience. Notwithstanding this, correct implementation of separate processes also requires constant cooperation between the customer and the accounting office. Otherwise, both parties are at risk. A way to reduce this risk is mandatory liability insurance (OC) concluded by the accounting service providers in order to protect themselves from the consequences of error and possible claims arising thereof.

The paper presents the key issues related to the practical implementation of services in the field of accounting in the modern economy and presents the risks associated with them in the eyes of customers and accounting offices. Against this background, the merits of securing the parties to the concluded contracts in the form of compulsory third party liability purchased by providers is indicated.

KeyWords: accounting, services, outsourcing, risk, accounting office, customer, insurance.

BANK RISK TAKING AND BOARDS

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Abstract

The aim of this paper is to investigate the impacts of board characteristics on risk taking of Turkish banking system for the 2009-2014 period. The Turkish banking system stands as one of the most attractive emerging markets in terms of foreign bank entrance. Many foreign banks entered this system with the increasing importance of Turkish economy. With the compliance of the Turkish companies to the OECD Corporate Governance Principles, the companies changed the structure of the boards. The preliminary results show that the share of dependent members in the board, empowering women in the board and average education level decreases bank risk taking, whereas foreign ownership and CEO duality is found as factors that increase the possibility of bank failure.

KeyWords: Corporate Governance, Banking, Board Characteristics.

**THE ANALYSIS OF THE CAPACITY OF THE SELECTED MEASURES
OF DECISION-MAKING MODELS IN COMPANIES**

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Abstract

The paper aims at the analysis of the information capacity of selected instruments of the assessment of decision-making models in the analyzed companies. In the paper there are presented the idea and concepts of decision-making models. There have been discussed the selected instruments of the assessment of decision-making models in enterprises. In the final part of the paper there has been held the quantification of decision-making models in the investigated cement industry companies. To meet the objective of the paper there have been used literature studies and descriptive analysis. To specify the strength and direction of interactions between the parameters of the selected measures there has been calculated Pearson correlation coefficient. The problem of information capacity of the instruments of the assessment of decision-making models is important and up-to-date due to its impact on the effectiveness of management of the analyzed enterprises and the possibility to generate value added.

KeyWords: decision-making models.

FUNCTIONS AND FEATURES OF CONTROLLING IN MULTINATIONAL CORPORATIONS

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Abstract

Era of Multinational Corporations (MNCs) was started earlier 2000's, exactly in this moment was started scientific discussions about role of controlling in this type (and size) of companies. But finance crisis of 2007-2009 prevent from giving attention to this. Stabilising and economical grow raise attention to effective management of subsidiaries. German model of controlling, which is under consideration in this article as namely "management of management of the company" was finally described similarly to the human immune system. This significantly reduces scope of controlling concept. The aim of the article is to extend controlling concept via analogy of human nerve system. This allow not only discover additional functions and features, as example reverse knowledge transfer, but as well define metrics to measure controlling effectiveness. Based on theoretical studies, was presented hypothesis of main features of well performed controlling and indirect parameters for effectiveness measurement. As main novelty need to be mentioned highlighting of controlling concept incompleteness, and presentation of model which able to cover this gap. This provides possibility to practical usage in MNCs and reconsideration of controlling concept in management science.

KeyWords: controlling concept, effectiveness of controlling, Multinational Corporations (MNCs).

JEL Classification: F23, L25, M14, M16

HUMAN MOTIVATION AND CORPORATE GOVERNANCE

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Abstract

In one stream of research, this paper assesses the effect of human motivation on Corporate Governance Indicators. By doing this, we will use the six dimensions of corporate governance at country level of World Wide Bank and four dimensions of human motivation provided by OECD. The human motivation dimensions had been chosen considering the expectations theory of Vroom. The paper is organized into three main parts presenting if the chosen governance indicators have different predictors and different possible consequence that depend on human motivation. The idea that corporate governance should be gain by human motivation will be illustrated from an empirical point of view with data from twenty developed countries from Europe.

KeyWords: governance; economic growth; human resource motivation.

JEL Classification: G34, O15

THE HEDGEHOG CONCEPT AS A PREDICTOR OF CAREER SUCCESS FOR GRADUATES IN THE CORPORATE ENVIRONMENT IN VIETNAM

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Abstract

The Hedgehog Concept was developed by Collins (2001) which examined performance levels across 1,435 good companies to find 11 companies that became great (Finnie and Abraham, 2002). One of the key findings from Collins's research is that great companies are a "hedgehog" (Collins, 2001), doing what they enjoy the most, are best at and find the most motivation from. The Hedgehog concept, however, has never been researched on predicting success of the individual, in Vietnam or any other parts of the world. This research aims to find out the viability and validity of Collins's Hedgehog concept in predicting career success for graduates working in the corporate environment in Vietnam.

The focus of this research was on individuals, and based on correlation design to determine whether relationships existed between the factors within the Hedgehog theory and the resultant career success. Testing and analysis results ascertained that Collins's Hedgehog concept could significantly predict career success of graduates in Fast-Moving-Consumer-Goods corporates of Ho Chi Minh City, Vietnam.

It is envisioned that in the near future more academic researches on career success would be forthcoming to provide stronger literature and evidence on the Hedgehog Concept and related career success predictors and drivers for individuals and organizations across industries, entities, geographical areas, educational backgrounds and generations.

THE USE AND PRODUCTION OF RENEWABLE ENERGY AS A REGIONAL DEVELOPMENT TOOL

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Abstract

Renewable energy issue has been discussed many times, but mostly it has been studied looking at the issue as an EU requirement or a matter of fashion. However, the use of renewable energy in regions has demonstrated its economic value as shown by the statistics, as well as its development may be one of the key issues of regional and interregional development.

The author drew attention to the economic aspects of renewable energy technologies aimed at heating rates, employment and state support of application opportunities. The aim of this work is showing the main ways of using renewable energy resources in the contribution of regional economic development, demonstrating the difficult issues and making proposals for renewable energy resources as a development tool. During the research, the author analyzed the heating rates in Latvian municipalities, as a result of it she came to the conclusion about the efficiency of renewable energy. The analysis conducted on the use of renewable energy and the promotion of it in the EU Member States allowed to draw conclusions about the possibilities which can be used in further improvement of regional and interregional development in Latvia.

Renewable energy can be extracted and used to promote regional economic development, at the same time reducing resources and energy dependence.

THE EFFECT OF LIFESTYLE ON ALTERNATIVE TOURISM TYPES

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Abstract

The demand for alternative tourism types increases day by day due to changing tourist profile. Thus tourism marketers focus on what effects the demand for alternative tourism. When they focus this topic they also consider process of tourists purchasing decision making. Some characteristics such as cultural, social, personal, and psychological are strongly effect tourists purchasing decision making. Lifestyle is one of personal characteristics and many scales were built to determine it. These scales are Activities, Interests and Opinions (AIO), Rokeach Value Survey (RVS), List of Value (LOV), and Value and Lifestyles (VALS). Afterwards VALS scale researchers developed VALS2 scale. In this research VALS2 scale was used to determine samples lifestyle. Because of time and budget limitation convenience sampling was used in this study. Survey is conducted in Aksaray province, Turkey in the spring of 2015. The research hypothesis is life style affects alternative tourism types.

KeyWords: Life Style, Alternative Tourism, VALS2.

IMPROVEMENT OF PERSONNEL SYSTEM MANAGEMENT ON EXAMPLE OF TELECOMMUNICATIONS COMPANY JSC “BALTICOM”

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Abstract

For successful and competitive cooperation of the enterprise in current market, it is necessary to provide yourself with qualified personnel, to give necessary skills to the workers, in order to have them apply these skills, and to motivate workers. Currently dependence of enterprise flourishing is increasing due to effective personnel management. Aim of this work is to view functions of personnel forming process. Tasks to be solved in work could be these:

- *to view process of personnel politics management in enterprise;*
- *to characterise personnel planning system;*
- *to characterise personnel involvement organising;*
- *to characterise personnel system education;*
- *to view carrier management system in the enterprise;*
- *to explore theoretically analysed personnel management function performance in practice.*

The process of HR is reviewed in the enterprise, paying attention on personnel's planning, search, selection, adaptation, motivation and assessment. The results are proposed, which were acquired, gathering and analyzing the existing one, as well as proposals on improvement of existing system were expressed.

Linear-functional structure of JSC „Balticom” realizes the principle of democratic centralism, when preparation and discussion of decisions is performed collegially, but decision-taking and responsibility is only in competence of the first director solely. Structure of JSC “Balticom” synthesizes features of linear structure (connections of clear subordination, centralization of management in one hand) and functional structure (labour division, preparation of qualified decisions). After 16 years of successful work in telecommunications market, JSC „Balticom” company has acquired big experience in sphere of local networks and plant constructions and in sphere of service. As in the enterprise staff there are high quality specialists, enterprise offers to clients new services to keep pace.

What tools allow the directorship to realize the similar motivation mechanism on the level of every department and worker?

Diagnostics of JSC “Balticom” shows that the personnel and managers know well, what the organization wants from them: further aims, priorities, assessment criterias, and acceptable limits. Directors know well, what definitely to ask from their subordinates and how to present these requirements.

This happens with a help of commands, orders, in oral or written forms, on the meetings, through bonuses or penalties. But still, more precise methods of aims’. All personnel management functions in viewed analytical part are closely related. For successful enterprise operation personnel attraction has to be harmonized with personnel politics.

Balticom enterprise coordinated its strategic aims with its personnel planning and training. Main personnel planning task is to expand and improve activity of personnel planning.

Linear links of subordination are more specific for lower levels of the given structure, but the functional ones – or higher levels.

A COMPERATIVE ANALYSIS OF THE FINANCIAL PERFORMANCE BETWEEN PUBLICLY TRADED COMMERCIAL BANKS IN BORSA İSTANBUL AND NON-PUBLIC TURKISH COMMERCIAL BANKS

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Abstract

This paper aims at comparing the financial performance of publicly traded and the non-public Turkish commercial banks by using TOPSIS methodology. Financial ratios of the Turkish commercial banks were used and overall financial performances were evaluated by using these financial ratios. The results were discussed separately for each year. First, financial markets and the importance of the commercial banks in this market was investigated. For this purpose, the total share of Turkish commercial banks in Turkish banking sector was analyzed. Previous studies on the financial performance of banks have been examined and commonly used financial performance indicators were selected. The financial ratios of the commercial banks operating for more than 5 years in Turkey were used as the inputs of TOPSIS method. Based on the TOPSIS scores, Turkish commercial banks were evaluated for each analysis period. Also, it is investigated whether to be publicly traded or not have any impact on financial performance of the commercial banks by conducting some nonparametric methods. In conclusion, it is found that publicly traded commercial banks are more efficient than the non-public commercial banks for the years of 2013, 2011 and 2010. But, this efficiency difference between these two groups is not statistically significant for the years of 2012 and 2009.

KeyWords: commercial bank, financial performance, publicly traded, Borsa Istanbul.

ASSESSMENT OF CREDIT RISK OF INVESTMENT PROJECTS

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Abstract

Models of assessment of the probability of default and rating models play an important role in the economy, establishing creditworthiness for various counterparties and transactions. The increased interest of banks to use internal rating models is associated with the implementation of Basel II, including the use of internal rating models (IRB Approach) for credit risk assessment, which requires the development of specialized models. The serious problem for Russian banks is the development of models of corporate clients for project finance.

Limitations of the data and default statistics are the limiters for the development of rating models for investment projects. In addition, the economic essence of the different groups of investment projects may vary, as a result for each of these groups different explanatory variables can influence on the creditworthiness of projects.

In the report the approach to develop models for estimating the probability of default of project finance transactions will be represented based on historical data of completed and current projects. Its unique feature is the use of the method, previously used for project finance transactions, and in Russian Federation was not used at all.

The described approach and developed models can be applied to make decision on the feasibility of participation of credit organization in the implementation of the investment project and for assessing annual probability of default of the current investment projects, taking into account the peculiarities of the structure of the sample by sectors and by defaults.

EVALUATION OF RELATIONSHIP BETWEEN BANKS LENDING ACTIVITIES AND THE ECONOMIES IN BALTIC COUNTRIES

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Abstract

Banks are financial institutions that are part of each country financial system. Banks are essential part of everyday economic activities, they are involved in various operations in economies. During few years bank services are used by almost every person, their scales of operations are highly increasing and expanding. One of the banks' core businesses is lending activity, which includes the lending activity to households, non-financial corporations and other financial institutions. When banks started actively credit the economy, the liquidity restrictions of population and business have decreased. Before the financial crisis until 2007 year in all the Baltic countries amounts of loans have a tendency to increase and its impact to economy become even more important. The analysis of scientific literature showed that there are different opinions concerning the relationship between banks' lending activities (credits) and the economies. Some researchers argue that lending activities have a positive impact on country economic growth, others state that its impact is opposite – economies have a positive impact on lending activities, while the others claim that there is no relationship between mentioned variables. The performed research showed that there are strong and medium strengths positive linear relationships between lending activities and GDP in all the Baltic countries. Granger causality test showed that with one period lag, GDP affects household loans variations in Latvia and with two periods of lags, GDP has an impact on the volume of loans to non-financial corporations. While in Lithuania and Estonia the relationship, assessing one and two number of lags, between lending activities and economies was not found.

KeyWords: bank activities, bank lending, credit activities, households, lending activities dependence, lending activities, loans, non-financial corporations.

SUBORDINATED DEBT IN THE CAPITAL OF BANKS IN LATVIA

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Abstract

The research investigates the determinants for changes in activities of commercial banks under the international program by Latvian government providing non-EU foreigners with residence permits in exchange for investments in the economy. Of the three opportunities open for non-EU residents to qualify for residence permits in Latvia, namely purchase of real estate, investment in the capital of enterprises and in the subordinate capital of credit entities in Latvia, only the last was not changed in 2014 in the controversial amendments to the correspondent legal basis.

The aim of this research is to single out and investigate factors of the process of non-EU investment in the subordinate capital of banks in Latvia for residence permits and evaluate mid-term prospects of this process.

Results of financial and statistical analysis as well as questioning of stakeholders are to be systematised and interpreted in the light of international capital flows under preparation for Bazel 3 in Latvia and uncertainty triggered by geopolitical risks of 2014-2015.

It is concluded that readiness of foreign participants to invest in Latvian economy, namely in the subordinated capital of banks in Latvia should sustain and is to be supported by creative actions of banks and the governments both nationally and on international levels. There is room for improvement in teaching International Business at institutions of higher education.

KeyWords: : subordinated debt, commercial bank, residence permits for non-EU investment in Latvia, Bazel 3.

JEL-Classification: M16 - International Business Administration

EVALUATION OF ATM CASH DEMAND PROCESS FACTORS APPLIED FOR FORECASTING WITH CI MODELS

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Abstract

The purpose of cash management is to optimize distribution of cash. Effective cash management brings savings to retail banks that are related to: dormant cash reduction; reduced replenishment costs; decrease of cash preparation costs; reduction of cash insurance costs.

Optimization of cash distribution for retail banking in ATM and branch networks requires estimation of cash demand/supply in the future. This estimation determines overall cash management efficiency: accurate cash demand estimation reduces bank overall costs. In order to estimate cash demand in the future, cash flow forecasting must be performed that is usually based on historical cash point (ATM or branch) cash flow data.

Many factors that are uncertain and may change in time influence cash supply/demand process for cash point. These may change throughout cash points and are related to location, climate, holiday, celebration day and special event (such as salary days and sale of nearby supermarket) factors. Some factors affect cash demand periodically. Periodical factors form various seasonality in cash flow process: daily (related to intraday factors throughout the day), weekly (mostly related to weekend effects), monthly (related to payday) and yearly (related to climate seasons, tourist and student arrivals, periodical celebration days such as New Year) seasons. Uncertain (aperiodic) factors are mostly related to celebration days that do not occur periodically (such as Easter), structural break factors that form long term or permanent cash flow shift (new shopping mall near cash point, shift of working hours) and some may be temporal (reconstruction of nearby building that restricts cash point reachability).

Those factors form cash flow process that contains linear or nonlinear trend, mixtures of various seasonal components (intraday, weekly, monthly yearly), level shifts and heteroscedastic uncertainty. So historical data-based forecasting models need to be able to approximate historical cash demand process as accurately as possible properly evaluating these factors and perform forecasting of cash flow in the future based on estimated empirical relationship.

The aim of this research is to study how cash flow process factors affect cash flow forecasting accuracy in ATM network, using computational intelligence methods as cash flow forecasting models when performing daily aggregated cash flow forecasting. For factor evaluation 8 typical (affected by different factors) ATM cash withdrawal process flows selected from real ATM network are used with historical period of 33 months.

KeyWords: computational intelligence, regression, time series forecasting, cash management, data-based forecasting, daily cash flow.

TRANSFER PRICING PROBLEMS

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Abstract

The 21st century is the century of economic globalization. With the development of the economic globalization, the marketing activities of many international enterprises change from the traditional form of import and export trade to the new form of cooperation, joint ventures and franchising and so on. The parent company allocates all kinds of resources all over the world in order to use the resources effectively and improve the overall benefits. Multinational corporations have great advantages in the aspect of the trade and investment, and their business activities are all over the world, therefore, they become a key driver of economic globalization. As international market competition intensifies, transferring price of multinational corporations has an increasingly important role.

This Article focuses on the problem of transfer pricing from an international taxation perspective. It is a general maxim that taxpayers want to minimize their tax liability to the greatest extent possible. However, taxpayers who overzealously pursue this aim risk crossing the line separating permissible tax avoidance from impermissible tax evasion. While transfer pricing, in and of itself, is not an unlawful activity, the abuses associated with transfer pricing in recent years have tainted that term, making it synonymous with nefarious activity: tax dodging, corporate greed and social irresponsibility of MNEs, and often rendering legal distinction between tax avoidance and tax evasion superfluous. Therefore, paper on the transferring price problem of multinational corporations becomes an important task.

IMBALANCED LIQUIDITY RISK MANAGEMENT: EVIDENCE FROM LATVIAN AND LITHUANIAN COMMERCIAL BANKS

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Abstract

The purpose of cash management is to optimize distribution of cash. Effective cash management brings savings to retail banks. The nature of the liquidity risk lies in specific peculiarities of banking institutions activities. Thanks to a big amount of short-term resources banks can afford to offer long-term loans drawing their profit from higher interest rates on loans. It causes a situation with a discrepancy in the terms and the sums of assets and liabilities. As a result, the bank is exposed to the risk of being short of current liquidity in case a large number of depositors would like to withdraw their money. The bank is able to collect its resource base either by attracting additional deposits at higher interest rates or by means of a compelled unprofitable realization (selling) of its other assets. Apart from that, another source of potential liquidity problems is bank sensitivity to the fluctuations in interest rates: in case they grow, some of the depositors could withdraw their money in search of higher income in other deposits (investments); obtaining liquid assets by means of loan borrowing could prove to be more expensive while some kinds of loans could turn out to be unavailable.

Taking into account the above-mentioned, the authors make a research of the problems of imbalanced liquidity in commercial banks considering the influence of both external and internal factors; reveal the reasons which have caused them, as well as expose the drawbacks in the imbalanced liquidity risk management.

There are many banks around the world that are faced with the problem of imbalanced liquidity, which is related with mismatch of obtained funds and assets operations. Commercial banks are increasing the quantity of long-term loan that are not secured by long-term resources. The short-term resource transformation into the long-term assets threatens bank liquidity, and as a result, can lead to the bank insolvency. But the content of an unnecessarily high sum of liquidity assets can have a negative impact on the banks profitability, because the money in the customers' current accounts does not earn anything. Therefore the management of liquidity is very important. The management of the commercial bank should choose liquidity assessment methods that would be able to identify, evaluate and manage every factor that influences liquidity.

The financial crisis in Latvia and Lithuania had several factors that contributed it: with the joining of the European Union (EU) the commercial banks had too much faith in the sharp increase of the income levels of the population, the cheap loans from foreign banks and the optimistic forecasts on the economic development resulted in an increase of credit transactions. The excessive increase assets (loans) in the commercial banks until mid 2008 promoted an investment boom in the real estate market and the creation of a price bubble and its eventual rupture. Because of the low-quality loan portfolio considerably decreased the liquidity of commercial banks in Latvia and Lithuania. This example proves the necessity of liquidity management and evaluation of the problems in commercial banks.

The research objects of this paper are Latvian AS "Lats banka" and Lithuanian AB "Lats bankas", which is a subsidiary of Latvia's bank and independently operates in Lithuania's bank sector.

The aim of this research is: Based on the assessment and the management of liquidity theory to make the Latvian and Lithuanian commercial banks' liquidity analysis and evaluations, to detect existing problems of liquidity management in Latvian and Lithuanian "Lats" banks and to develop proposals for improvement and development of liquidity management process.

To achieve the aim of this research the following objectives are solved:

- *to study theoretical aspects of commercial banks liquidity and to determine the factors that influence it;*
- *to clarify the reasons for commercial banks liquidity problems;*
- *to make a comparative liquidity analysis between Latvian and Lithuanian commercial banks;*
- *to ascertain the risk levels of an imbalanced liquidity;*
- *to study Basel III regarding the management of commercial banks' liquidity;*
- *to work out some suggestions for "Lats" banks in Latvia and Lithuania that could increase efficiency of liquidity management.*

During the research the following analyzes are used: analytical, graphical, statistical and empirical research method. The theoretical and methodological basis for this research comes from specialised scientific literature, textbooks, the legislative provisions of the Republic of Latvia and the Republic of Lithuania, regulations of supervisory authorities and the published annual reports of the banks.

KeyWords: liquidity ratios, asset and liability management, gap analysis, liquidity risk, and imbalanced liquidity.

ANALYSIS OF RISK OF CHOOSER OPTION

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Abstract

The phenomenon of the integration of financial markets creates a lot of new opportunities for investment, and also contributes to the increase in the volatility of market conditions. As a result, the demand for new methods and tools increases and when they are applied in a professional manner they could contribute to a more effective management of market risk. Options, due to the asymmetry of the rights and obligations of the transaction parties, are a special instrument of risk management.

Chooser options are the time-dependent options in the class of exotic options. The chooser option allows the holder of the option a choice between a call option and a put option of the same strike price and time to maturity, at some predetermined time in the future.

The article presents the properties of the chooser option: construction of instrument, the pay-off function, the pricing model, the influence of selected factors on the pricing and value measures of risk (coefficients delta, gamma, vega, theta, rho).

The aim of the paper is to present the analysis the influence of the underlying instrument's price, the choice time and volatility on the risk performance of the chooser options. The empirical illustration included in the article are concerned with the pricing simulations of the currency chooser options on EUR/PLN.

KeyWords: derivatives, call option, put option, financial instruments.

WHAT SORT OF ATTITUDES DOES THE PUBLIC EXPECT FROM THE MANAGERS TO HAVE TOWARDS THEM?

“A Turkish Analysis Using “The Scale to Identify the Attitudes the Public Expects from Managers”

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Abstract

Success of people employed at organizations as managers depend not only the training they had received in their areas but also and to a higher extent to how well their attitudes match with the expectations of the society. The purpose of this study is to determine what type of managers with what sort of attitudes does the public wish, the expectations of the public from managers and the order of importance of these expectations.

As part of the study, the ‘Scale to Identify the Attitudes the Public Expects from Managers’ which is a 20-item Likert-type scale of 1-5 points, was developed to identify the manager profile with what sort of attitudes towards them and thus a questionnaire with two parts, also including 3 questions for individuals’ demographic characteristics, was developed. The questionnaire was completed with 400 people residing in Kütahya city center and questionnaires of 367 were included in the analysis. The scale, having been analyzed for reliability and validity, was finalized to have 11 items. In the final stage, the attitudes (humanism, empathy and functionality) the public expects from managers were dimensioned and whether the dimensions differed by demographical characteristics was studied using statistical tests.

KeyWords: Attitude, attitude scale, public, manager, factor analysis.

CLUSTERING AND CLUSTERING WAY ACTIVITIES OF DEVELOPMENT AGENCIES IN TURKEY

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Abstract

In the globalization process, as another case remarks as business to business intense competition is that cooperation culture and collaboration are increasingly beginning to be a norm. "The clusters" (networking structures that formed together by the firms providing added value and have strong ties between each others (private sector), support institutions (public etc.) and academia) come into prominence in the formations that facilitate the development of cooperation culture. In this context, there is an increase in the clustering policies, programmes and enterprises in the plenty of developed and developing countries because of the advantages like improving productivity, promoting to be more innovative, ensuring competitiveness and creating new job opportunities.

With the thought that the success in the development is an output of local dynamics and internal potential and regional development could be realisable by using its own dynamics, the Regional Development Agencies that is envisaged to help foundation of development policies at the mesolevel and to provide implementing, monitoring and evaluating is an important extension of this effort.

In the study, clustering way activities of 26 Development Agencies that have completed institutions by year 2010 in Turkey was evaluated in the context of determining the sectors that have cluster potential and creating national and international cooperation networks, setting a course for clustering, supporting and initiating clustering initiatives, supporting by financial and technical means.

KeyWords: Clustering, Cooperation, Regional Development, Development Agencies.

SWOT ANALYSIS OF TURKISH ENERGY MARKET IN THE CONTEXT OF ELECTRICITY MARKET

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Abstract

Electricity energy is an indispensable part of life with continuously improving technology. Growth of the sector is unavoidable due to the increasing need of electricity. Properly functioning market structure is also important to attract investments in the sector. Therefore, plenty of steps are taken and essential changes are being done.

Eventhough progress has been made in regards to the process that starting with the Electricity Market Law and aims to have an electricity market that is clear, reliable, competitive, and integrated with electricity markets of other countries, it has not yet reached this desired goal. Therefore, Turkish Energy Market was decided to establish the name of more liberal and more reliable electricity market. Only electricity trading is going to be done in this market at the first step.

Purpose of the study is determining of potential changes in the market after Turkish Energy Market foundation. For this purpose, primarily current situation of electricity market is mentioned to understand changes that will happen in the market. Finally, weaknesses, strengthes, threats and opportunities for electricity market are tried to specify by swot analysis.

KeyWords: Turkish Energy Market, Electricity Market, Liberalisation, Swot Analysis of Turkish Energy Market.

THE CONCEPT OF THE DYNAMIC BUSINESS MODEL: PAYMENT CARD PROCESSOR

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Abstract

In the paper, there is presented the concept of the business model for the institution of the payment card processor, i.e. the company which provides services in the area of electronic payment in retail outlets. The concept of the business model (and getting to know its dynamics) of this type of enterprise seems to be cognitively interesting on account of the fact that it combines a few structures of the business model. In the opinion of the authors, the paper aspires to inspire other researchers of this subject and can be used as a material for considerations concerning the implementation of this type of structure in other organizations.

CORPORATE GOVERNANCE / MODERN TECHNOLOGY

SENSORS, INTELLIGENT SYSTEMS AND BIOMETRIC TECHNOLOGY INCREASING EFFICIENCY APPLICATION IN BUILT ENVIRONMENT

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Abstract

Sensors, intelligent systems and biometric technology brings intelligence to built environments and makes those environments sensitive to us. Ambient intelligence research builds upon advances in sensors and sensor networks, intelligent systems and biometric technology. These fields increasing efficiency application in built environment. Sensors, intelligent systems, biometric technology increasing efficiency application in built environment technologies promise to revolutionize daily human life by making people's surroundings flexible and adaptive.

In this paper, we provide a survey of the biometric technologies, sensors and intelligent systems and increasing efficiency application in built environment.

KeyWords: Sensors; Intelligent systems; Biometric technology; Decision making; Built environment.

**SHARE PRICE REACTIONS TO DERBY MATCHES PERFORMANCES
OF SOCCER CLUBS LISTED ON THE BORSA ISTANBUL****Hakan Çelikkol****Dumlupınar University, Kütahya, Turkey****Ferit Karahan****Dumlupınar University, Kütahya, Turkey****Abstract**

Sports activities with huge popularity have become an economic sector on a large scale. After the going public of sports clubs, especially football clubs, the results of these companies competition contribution to the economies of the club moved to a size that attracts the attention of researchers. This study examines whether performances of Turkish football teams on derby matches have impact on stock returns. For this purpose, whether the matches results of sports organizations among Beşiktaş, Fenerbahçe, Galatasaray that are traded in Istanbul Stock Exchange after they go public are causing the abnormal return will be investigated.

To test the abnormal returns we will use event study method that one day before and one day after stock prices of the derby games dates. And we want to show that with this study, whether stocks that playing against teams are affected by match score in addition to third teams stock returns are affected. So we can see that are the investors' rationale and are their reactions to sporting results emotional.

KeyWords: Football Economy, stock returns, rationality, abnormal returns.

**EVALUATION OF MICROCREDIT PRACTICE IN TERMS OF ITS SOCIAL
EFFECTS AND POVERTY - PROVINCIAL EXAMPLE: KÜTAHYA****Basri Çınar****Mardin Artuklu University, Mardin, Turkey****Ergin Uzgören****Dumlupınar University, Kütahya, Turkey****Figen Erdoğan****Anadolu University Porsuk Vocational School, Eskişehir, Turkey****Abstract**

Microfinance system is founded on microcredit practice developed as distinct from traditional banking system, covering an effective utilisation of resources, especially for the female labour force. High unemployment rate in Turkey and the low participation of women in the labour force allow for a suitable atmosphere for microcredit practices. Therefore, microcredit practices in Turkey have a positive effect on the elimination of lack of education, inefficiency and social exclusion of women, on the improvement of employment opportunities, and also on the prevention of poverty. Microfinance organizations assume an important social role in ensuring the female participation in the labour force.

In this study, primarily the operation of Turkey Grameen Microfinance Program (TGMP) has been addressed in general and also in terms of provincial practices in Kütahya, and then the microcredit practices have been evaluated. Finally in the study, a profile of the credit users benefiting from Kütahya TGMP has been developed based on a survey made on these users, and the related microeconomic effects have been analysed.

KeyWords: Poverty, Women Employment, Microfinance, Microcredit.

CREDIT CARD UTILISATION TENDENCY AMONG THE UNIVERSITY STUDENTS A STUDY ON STUDENTS OF DÜMLÜPINAR UNIVERSITY FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES

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Abstract

Standardized management system is a tool for organizations to long-term and sustainable manner to meet customer and Credit cards are used instead of money for the purchase of any goods or services, and they also represent a certain credit potential. Accordingly, credit card utilisation is increasing in the world as well as in Turkey. It is important to determine the current status with regard to credit card utilisation, especially among the young.

This study aims to determine the attitude and behaviour towards credit card utilisation among the university students. To this end, a survey was held among the students of Dumlupınar University (DPU), the Faculty of Economics and Administrative Sciences. Based on an evaluation of the findings of the survey, attitudes of the students affecting the credit card utilisation and the effects of demographic features on the attitudes were analysed through statistical methods.

KeyWords: Credit Card, Consumption Expenditures, Attitude.

DETERMINING THE FACTORS AFFECTING SULPHUR DIOXIDE (SO₂) QUANTITY FROM AIR POLLUTION PARAMETERS: A CASE STUDY IN KÜTAHYA CENTER

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Abstract

This study aimed to determine the factors that influence the quantity of sulfur dioxide with monthly data for the period 2003-2014. Stepwise multiple linear regressions were performed the data obtained from Kutahya Meteorology Directorship. In analyse, sulphur dioxide quantity was chosen as dependent variable, average temperature, average humidity, average pressure, total precipitation, total sunshine duration, the total number of foggy days, the total number of stormy days, the total number of snow-covered days, the total number of frosty days, the total number of strong windy day, the average wind speed, the average vapor pressure, the total number of days with snow and natural gas usage were chosen as independent variables. The result of performed stepwise multiple linear regression analysis; on the quantity of sulfur dioxide; natural gas usage, the total number of strong windy day, the total number of foggy days, the total number of stormy days, the average humidity, the total number of snow-covered days, the total number of frosty days and the average wind speed variables were found to be significantly effective.

KeyWords: Air pollution parameters, sulphur dioxide quantity, Air pollution of Kutahya, factors, stepwise multiple linear regressions.

THE EVALUATION OF THE STUDENTS IN DUMLUPINAR UNIVERSITY IN VOCATIONAL SCHOOL OF SOCIAL SCIENCES ABOUT LEVELS OF FINANCIAL LITERACY

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Abstract

The concept of financial literacy has been defined as 'Ensuring participation in economic life and to improve the community's financial well-being by individuals with knowledge and understanding of financial concepts to be able to make effective decisions in a variety of financial position this knowledge and understanding of practical skills, motivation and confidence'. The concept of financial literacy has been becoming more significant correspondingly the changes occurred in the financial markets and financial products and diversification every day. The greatest expectation of the dissemination of financial literacy is to increase awareness of financial issues and to change behaviors of financial decision-making of individuals in the rational manner. Provided that this change in financial behavior can be achieved in an economy, the income - expenditure - saving balance, financial market developments will inherently provide a positive and major step towards economic growth.

In this study, Dumlupınar University has examined the relationship between financial knowledge, financial behaviors, and the attitudes of students in Vocational School of Social Sciences. Also, this study has been conducted to present the inferences on the improvement of the current financial education. In order to make inferences about the subject, it is necessary to determine the financial literacy profile.

In the study, general information firstly has been stated about the concept of financial literacy and the results and scientific studies on this subject have been demonstrated in a literature review. Then, in order to determine the financial literacy profiles of students studying in 11 different programs, a survey has been conducted. According to the data obtained from the survey, the cause and effect relationships between regression and frequency analysis and different variables have been demonstrated. The awareness levels of students surveyed about the financial literacy have been tried to be demonstrated. In order to develop the awareness of financial literacy and to increase the quality of education about this subject, suggestions have been stated in the study.

KeyWords: Financial literacy, financial information, financial behavior, financial position.

BUSINESS INCUBATOR AS A TOOL FOR BUSINESS SUPPORT AND DEVELOPMENT

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Abstract

Business Incubator is a key element in the innovation infrastructure of the country, the main purpose of which is to become a link between science and business.

Most sources of business incubator is characterized as a specific entity, an organization created to support budding entrepreneurs.

NEW DIRECTIONS OF MARKETING MANAGEMENT IN LATVIA

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Abstract

Marketing management is the basic element of entrepreneurship in Latvia. The objective of the research to elucidate the factors of business environment influencing the development of new marketing management directions in Latvia. The tasks advanced in order to reach the objective: to carry out analysis of the factors of business micro environment and business macro environment influencing the development of new directions of marketing management.

MODERN TECHNIQUES DESIGNED TOWARDS BUSINESSES THROUGH MARKETING COMMUNICATION ON THE INTERNET

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Abstract

The object of this research is the Pierre Cardin company, which started its activities from 1992. Basic and main activity of the Company is trading, mostly in clothes.

The company is in a situation when it starts to lose profit and demand. To avoid the current situation, it is necessary to carry out development activities in the Internet marketing environment based on the Pierre Cardin brand communication policy.

The given work is to develop the company's promotion program through marketing communication in the Internet environment.

Research objectives: To make a theoretical research on internet marketing, Analyse Pierre Cardin branded marketing activities in online environment, Explore the rival market structure, The study of Pierre Cardin branded Internet-marketing state for the previous period, recommend marketing communications development program for Internet environment. To solve the tasks placed, The comparative analysis was used, as source of information and analysis of the consumer survey. Based on the findings of the research, the development program for online environment was created, which will improve the company's operations, increase the demand and profit.

KeyWords: marketing communications, internet, analysis, competition, rivalry, information resources, research, online.

METHODOLOGY OF SELECTING AN OPTIMAL MARKETING STRATEGY ALLOWING TO TAKE AN OWN NICHE AT AN INTERNATIONAL MARKET UNDER CONDITIONS OF BUSINESS GLOBALIZATION

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Abstract

Globalization of international markets and the problem of finding an optimum marketing strategy for business structures. A screening analysis as a method of searching for an optimum strategy for conquering international markets. Use of matrix methods and the method of environmental intersection to determine an optimum niche for the business structure concerned. A comparative analysis of the practical experience of a range of Latvian companies is provided.

KeyWords: marketing management; creative behavior learning algorithm; consumers demand for creativity; cluster; discriminant; matrix; screening analysis.

DEVELOPMENT OF THE INTEGRATED MANAGEMENT SYSTEM FOR FACILITATING CARGO HANDLING SERVICES

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Abstract

The paper discusses the managerial aspects of new information technologies introduction, identifies areas in which it is possible to reduce transaction costs, in order to improve management performance. The aim of this work is to develop procedures for providing better performance of different phase in the system "Single windows", which is also the object of study. Having analyzed the process of control mechanisms of information flows to help resolve frame conflicts have been identified and developed. On the basis on these results the authors can conclude that the developed procedures to ensure enhanced efficiency in phased commissioning of the system "Single window" allows one to reduce transaction costs, to increase efficiency of operating activity and to improve the quality of information and logistic information field, and that diminishes the conflict within the framework. This is an important point to be considered for its application in the field of logistics and customs.

KeyWords: logistic information, framework conflict, transaction costs, efficiency.

ARTICLE ON THE UNITY OF THE PERFORMANCE MANAGEMENT PRACTICES AND THE THEORY OF THE EFFECTIVE EXECUTIVE

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Abstract

The present work is dedicated to identifying the causes of inefficient management. During the research it was stated that traditional means of business valuation cause a low level of coverage of business - less than 2%. What does it mean? Adopting the solution occurs under conditions of 99% uncertainty. This causes a constant interference in a stable process. As a result, strategic goals are being changed very often. Thus, less than 10% of successful companies implement their strategy in practice. The informational technologies do not help either, which supply 2% of useful information. The main reason for the facts being not convincing lies in the usage of inadequate methodological support. Mistakes of the executive are caused by the mistakes of management. It should be noted that the concept of the executive and the management have a significant semantic difference. The executive addresses the performance and is associated with enforcement activities. Management is focused on training and is characterised by service of process. The performance is the norm for the process assessment. Such norm is being prescribed on the basis of publicised theories. A measure for the assessment of activity is efficiency. It is measured directly in practice. Currently, the norms and measures shall be established on the basis of standard procedures of operational management and financial management. Moreover, such procedures have been developed for closed systems of organisations. Systems of this type are set on fixation of errors of the non-destructive nature. Any new external intervention is associated with a certain risk. Eliminating such errors require substantial financial investment and additional organisational efforts. The non-eliminated mistakes are being replicated to the new version. Eventually, the accumulated mistakes become a destructive force that may cause the collapse of the organisation. From the standpoint of owners management illiteracy causes squandering the property. Thus, we are dealing with ineffective management theory and ineffective practice of the executive. As the alternative the new is proposed. Its basis is a technique of unmissed benefits. It is a thorough study of the forces that are able to withstand the disorganisation at the methodological level. Consequently, the prerequisites for the transition to a fundamentally new attitude to the theory of governance are formed. Such attitude requires a return to the general theory of management. The expected return is carried out in the framework of the methodology on general comprehensive accuracy. Achieving the kilter in the organisation is based on the approach of so-called Methodological Based Management. Its purpose is aimed at maintaining strict compliance with the rules in order to achieve the goal being set. With the help of rules, the objective measurement tools are developed, allowing to obtain evidence on deviations from the set direction. It should be noted that the measurement is carried out in real activity. The accuracy of the identified evidence is being proved on the basis of the approved methods. In such methods a description of events that violate the stable functioning of the organisation is introduced. At the meantime, the behaviour of all parties involved in the organisation is determined within the specified efficiency. The acquired knowledge of the situations being caused by the release from the effective route allows you to create a specific knowledge base. It stores information on the results of exposure to the elements on preventing faults that exist in the management system. Thus, in the organisation the conditions on the working-off of the practice of effective management are formed. The present practice is the core one for the adoption by the executors of the new theory of the effective executive. On its basis, in the form of methodical support, the behavior of certain executors is described with the appearance of unforeseen circumstances for them. This provides a larger scope of activities, the executive functions of which are assigned to specific people. As a result, the degree of responsibility increases and the level of amateur performance of the executive decreases.

KeyWords: coverage of business, errors, concept, methodology, approach, responsibility.

