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### The Dynamics of Female Entrepreneurs in Fulfilling Their Financial Needs

**By Harjum Muharam**

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The factors of Labor Demand Changes: Evidence from the Slovak Republic. Journal of Applied Economic Sciences, Volume XII, Winter 8(54): 2153-2164. Abstract: The dynamic changes in Slovak industry significantly influenced the labor market as well as the demand for individual skill levels. Despite the favorable output growth, the unemployment remained one of the most important problems of the Slovak economy. The aim of this paper is to evaluate the impact of factors on skill structure of labor demand in the case of Slovak republic and to compare their evidence for different industry types (manufacturing and services). The traditional approach is applied using the concept of translog cost function. The results indicate that the factors the most influencing the labor demand in Slovakia are the wages and prices of intermediate inputs as well as growing influence of offshoring activities. Interestingly, the effect of capital is not as pronounced as expected. Keywords: employment; skill structure; offshoring; labor demand; translog cost function. JEL Classification: J31; F14; F16 Introduction During last two decades many advanced as well as advancing economies experienced increasing trend of automatization in manufacturing. At the same time, internationalization of individual stages of a production process significantly contributed to the intensive emergence of global supply chains in which the production stages are divided and distributed across countries. As a result, the significant changes in the internal structure of the workforce appeared in many countries participating in global value chains. For example, in Germany and France the share of high skilled labor in value added creation increased and opposite the share of low-skilled labor decreased during last two decades. Thus, the loss of jobs occurred mainly in the case of low-skilled work positions. In Slovakia, the share of capital and labor in value added creation has unusual unbalanced ratio (capital has unusual high share and labor low share). High share of capital is typical for the electronics industry. This development is related to the massive inflow of foreign capital. In Germany and France, the share of capital in the value added creation declined in favor of work. The high share of high skilled labor in the value added creation is due to the high contribution of the service sector in production of vehicles. Conversely in Slovakia and other CEE countries the share of inputs from services is low. The share of high skilled labor in value added creation in the industry of vehicles production in Slovakia was one of the lowest in the EU. Therefore, Slovakia competed mainly with large stock of (foreign) capital and average high proportion of medium skilled labor (Slušná, Balog et al. 2015). In the paper we analyze changes in the labor structure associated with economic and industrial evolution and growing participation of the Slovak economy in global value chains during the period of 1995-2009. Our main objective is to evaluate the impact of selected factors on skill structure of labor demand in the case of Slovak republic and to compare their evidence for different industry types (manufacturing and services). The traditional approach is applied using the concept of translog cost function. The paper is divided into five sections. Following the introduction, the relevant empirical literature is
In Section 2 we provide a description of characteristics regarding analyzed industries and skill upgrading in Slovakia. In Section 3 we provide a brief overview of model that we employ to examine the impact of factors on labor demand. In Section 4 we discuss main results. Finally, concluding remarks are made in Section 5.

Conclusion The dynamic changes in industries sectors of Slovakia during the period of 1995-2009 significantly influenced the labor market as well as the demand for individual skill levels. Despite the favorable output growth during observed period the unemployment remained one of the most important problems of Slovak economy. Especially in manufacturing the domination of gross output creation was based on intermediate inputs. The share of imported intermediate of manufacturing was almost 43% that underline its increasing participation on global value chains. Contrariwise the share of foreign intermediate in services decreased. Moreover, the new investments in manufacturing require more capital than labor for value added creation. The manufacturing sectors in Slovakia demand more skilled labor however the skill upgrading is more pronounced in services sectors. From this point of view recommendation for new jobs creation clearly pointed to services sectors that produced more value added, employed more labor for output creation and create demand for domestic intermediate inputs than manufacturing. The analyses of factors influencing changes of labor demand pointed out the variables that seem to have more influence, namely wages and prices of intermediate inputs. Interestingly, the effect of capital is not as pronounced as expected. Regarding differences of separate results for manufacturing industries, it can be monitored significantly strongest effect of offshoring that influence negatively the labor demand mainly for low and medium skilled labor. When considering the services, we observe that the labor demand for all skilled types is mostly determined by labor wage. Compared with manufacturing, the coefficients for material prices are much smaller. It can be explained by the higher involvement of labor in services sectors than in manufacturing. The differences can be also noticed in the case of coefficients for offshoring. They are much smaller than for manufacturing. However as mentioned by Hertveldt, Michel (2013) the raise of offshoring activities and use of imported intermediate may contribute to worsening the labor market position by putting pressure on wages or weakening the bargaining power especially of low and medium-skilled workers. Acknowledgement This paper was written in connection with scientific project VEGA no. 1/0961/16. Financial support from this Ministry of Education’s scheme is also gratefully acknowledged.

The changes in index composition number of share trades of its stock, liquidity and traded value. As these basic components, the example criteria to calculate the component stocks are market capitalization, the price effect; index constituents; announcement date; event study; abnormal return. JEL Classification: G10; G11; G14

Introduction
Stock index is used to identify the overall price effect; index constituents; announcement date; event study; abnormal return. The changes in constituents of SET100 index in Thailand from 2012-2017. By applying the event study and market model methodology, the results show that there is significantly positive abnormal return on the announcement date of the inclusion, and one day after the announcement date for the exclusion, which is consistent with previous studies in US and other stock market indices. The results of this study support the price-pressure hypothesis for inclusion stocks as the positive cumulative abnormal return is not sustained and fully reverses 5 days after the announcement while the persistence of negative abnormal return from exclusion stock events supports the downward-sloping demand curve hypothesis. These also identify the inconsistency to the efficiency market hypothesis of the equity market in Thailand in term of changing in index composition. Keywords: price effect; index constituents; announcement date; event study; abnormal return. JEL Classification: G10; G11; G14

3. The Cost Shares of Wages and Intermediate Inputs in Total Costs

SLS SMS MANU SHS SII SLS SERVICES SMS SHS SII SLS SMS TOTAL SHS SII 1995 1,4 10,9 1,6 86,1 1,2 16,7 6,0 76,1 1,3 13,9 3,9 80,9 2009 0,5 11,1 2,0 86,4 0,8 17,8 9,3 72,2 0,6 15,0 6,2 78,2

Source: WIOD, own calculations

Price Effect of Changing in the Stock Exchange of Thailand 100 Index's Constituents

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Abstract: This research studies the price effect after the announcement of Index's Constituents.
losses can be eliminated if speculators sell the forecasted exclusion stocks before the selling them after the index composition change announcement. In contrast, significant prices from the index revision change announcement event and by rebalancing their institutional investors can obtain benefits from this study by predicting the trend of stock also use historical information to predict the announcement date. Individual investors and investors can predict the list of stocks to be added or removed from the index and can Thailand's announcement. By analyzing the bulk of data, speculators and institutional investors of stocks to be included in the SET100. They tend to rebalance their portfolio before the announcement date. Exclusion stocks provide significant negative average abnormal return at -0.75% (significant at 95% confidence level) on one day after the announcement. The investors don't adjust their portfolio immediately on the announcement date of the excluded stocks. By looking at the long statistics window for post announcement period of 10 days, this study supports the price pressure hypothesis (PPH) in the case of stock inclusion while the downward sloping demand curve hypothesis (DSDC), information content hypothesis (ICH) and liquidity hypothesis (LH) apply in the case of stock exclusion. The cumulative abnormal return for stock inclusion in the SET100 index from 2012 to 2017 is significantly positive and different from zero from the announcement day to three days after the announcement but reverse to be negative from day five to day ten after the announcement. These findings are consistent with the Hong Kong (Hang Seng) stock market and some empirical studies in the U.S. market (S&P500 index) that support the price pressure hypothesis for inclusion. The good news of stock inclusion temporarily increases the demand and liquidity of stocks. In contrast, the stock exclusion from the SET100 supports the downward sloping demand curve hypothesis. The negative cumulative abnormal return after the exclusion announcement is persistent at a negative level until the end of the post-announcement window. This finding is consistent with non-S&P 500 indexes such as the Nikkei index in Japan and the DAX index in Germany. Because the exclusion of stocks is perceived as bad news for investors and it is less interesting to index funds or institutional investors as the decrease in demand can lead to stock price decrease permanently. The results of abnormal return from index composition change announcements in the Thai Stock index (SET100 index) are consistent with much previous international evidence as well as previous Thai evidence (SET50 index). Based on the specific ground rules of the selection criteria for inclusion in the SET100 Index disclosed by the Stock Exchange of Thailand, institutional investors and analysts, who have information advantages over individual investors, can use the firm’s public information to analyze stock performance in advance of the Stock Exchange of Thailand’s announcement. By analyzing the bulk of data, speculators and institutional investors can predict the list of stocks to be added or removed from the index and can also use historical information to predict the announcement date. Individual investors and institutional investors can obtain benefits from this study by predicting the trend of stock prices from the index revision change announcement event and by rebalancing their portfolio. Excess return can be achieved by buying the forecasted inclusion stocks and selling them after the index composition change announcement. In contrast, significant losses can be eliminated if speculators sell the forecasted exclusion stocks before the
We look into how the crisis affected new or established business ownership rate, improvement-driven opportunity entrepreneurial activity, informal investors rate, nascent entrepreneurship rate, and necessity-driven entrepreneurial activity. We also examine how early-stage entrepreneurial activity for male and female entrepreneurs are affected by the macro-economy. Our results show that informal investors rate (i.e. percentage of 18-64 population who have personally provided funds for a new business, started by someone else, in the past three years) went up significantly after the crisis. On the other hand, we do not find any significant change in new or established business ownership rate, improvement-driven opportunity entrepreneurial activity, nascent entrepreneurship rate, and necessity-driven entrepreneurial activity. Likewise, we do not find any significant change in early-stage entrepreneurial activity for male or female entrepreneurs after the crisis. Our results reject the “Prosperity Pull” hypothesis and only partially support the “Recession Push” hypothesis. Keywords: entrepreneurship; small business; prosperity pull; recession push.

JEL Classification: L26

Introduction

In this study, we examine the impact of the 2008-2009 Global Crisis on entrepreneurial activity. We look into how this crisis has affected new or established business ownership rate, improvement-driven opportunity entrepreneurial activity, informal investors rate, nascent entrepreneurship rate, and necessity-driven entrepreneurial activity. We also examine how early-stage entrepreneurial activity for male and female entrepreneurs are affected by the macro-economy. Previous research supports two hypotheses on the relation between recessions and entrepreneurship. These two hypotheses are counteracting. The “Recession Push” hypothesis leads to a counter-cyclical effect and the “Prosperity Pull” hypothesis leads to a pro-cyclical effect. The first hypothesis, the “Recession Push” hypothesis, states that increased employment opportunities in “salaried” employment during economic expansions can lead to a decrease in entrepreneurial activity because people prefer to work in wage employment and thus refrain from starting risky businesses. Several studies support this hypothesis. Congregado et al. (2012) discuss the “Recession Push” and the “Prosperity Pull” hypotheses as well as numerous studies supporting these concepts. Evans and Leighton (1989) and Constant and Zimmermann (2004) contend that during recessions, unemployed laid-off workers or the unemployed are pushed into self-employment because of weak labor market opportunities. Moore and Mueller (2002) explain that some workers may be ‘pushed’ into self-employment as a response to inadequate opportunities in the paid sector. Fairlie (2013) also supports the “Recession Push” hypothesis in the context of the 2008-2009 “Great Recession”. The second hypothesis, the “Prosperity Pull” hypothesis, on the other hand, assumes that greater access to wage employment during economic expansions can lead to an increase in entrepreneurship. This is because, during these times, the risks are lower for the entrepreneur. If the business fails, the entrepreneur can easily find a paid job. Also, Kim and Cho (2009) and Parker (2009) argue that, during these times, new business opportunities will increase because market demand will be higher and venture capital will be more easily available. Cagetti and De Nardi (2006), Holtz-Eakin, et al. (1994), and Blanchflower and Oswald (1998) and argue that constraints on borrowing would retard entrepreneurial activity, which is more prevalent in downturns. In this current study, we make two contributions to the literature. First, our study is more comprehensive in terms of the data sample. Instead of examining a country or a region, we examine 29 countries. Therefore, we are hoping to present more generalized results when compared to the previous studies. Second, our study is also more comprehensive in terms of the entrepreneurial activity variables that are examined. In this study, we examine nine variables on entrepreneurial activity. We look into how the crisis affected new or established business ownership rate, improvement-driven opportunity entrepreneurial activity, informal investors rate, nascent entrepreneurship rate, and necessity-driven entrepreneurial activity. We also examine how early-stage entrepreneurial activity for male and female entrepreneurs are affected by the macro-economy. Therefore, we argue that our study is more detailed than the previous studies. The paper proceeds as follows: Section 1 goes over the previous literature; Section 2 explains the hypotheses; Section 3 explains the data; Section 4 shows the empirical results; Section 5 concludes. Conclusion In this study, we examine the impact of the 2008-2009 Global Crisis on entrepreneurial activity. We test for two hypotheses: The first hypothesis, the “Recession Push” hypothesis, states that recessions push people into entrepreneurship (due to lack of salaried jobs). Several studies support this hypothesis. The second hypothesis, the “Prosperity Pull” hypothesis, on the other hand, states that the risks are lower for entrepreneurs in good times (i.e. the availability of more opportunities, the availability of funding, the possibility of higher profits, and the possibility of the entrepreneur returning back to a salaried position if the business fails), therefore there should be more entrepreneurial activity during these
times. Several other studies like Shane (2011) and Parker (2009) supports this second hypothesis. Interestingly, the two hypothesis explain the relation between recessions and entrepreneurial activity in opposite ways. While the "Recession Push" hypothesis is countercyclical (i.e. there is a negative relation between the macroeconomic conditions and entrepreneurial activity), the "Prosperity Pull" hypothesis is pro-cyclical (i.e. there is a positive relation between the macroeconomic conditions and entrepreneurial activity). In this study, we join this discussion by exploring the impact of the 2008 Great Recession on entrepreneurial activity around the world. For this purpose, we use the Global Entrepreneurship Monitor (i.e. GEM) dataset. We look into how the crisis affected new or established business ownership rate, improvement-driven opportunity entrepreneurial activity, informal investors rate, nascent entrepreneurship rate, and necessity-driven entrepreneurial activity. We also examine how early-stage entrepreneurial activity for male and female entrepreneurs are affected by the macro-economy. Our results show that informal investors rate (i.e. percentage of 18-64 population who have personally provided funds for a new business, started by someone else, in the past three years) went up significantly after the crisis. On the other hand, we do not find any significant change in new or established business ownership rate, improvement-driven opportunity entrepreneurial activity, nascent entrepreneurship rate, and necessity-driven entrepreneurial activity. Likewise, we do not find any significant change in early-stage entrepreneurial activity for male or female entrepreneurs after the crisis. Our results reject the "Prosperity Pull" hypothesis and only partially supports the "Recession Push" hypothesis.

References

Province, Indonesia), in which we found the same phenomenon although the performance-based allowance concept has been legalized in the form of laws and legislations. To overcome this problem, we attempted to design a more dynamic, flexible concept while complying with the applicable laws and legislations. The methods used in this research were quantitative methods. These methods were used to analyze the empirical data to be mapped into a formula, which will be used to determine future needs. As a result of the research, we offered three recommended models in the provision of allowance, so any government in Indonesia may adopt the appropriate models while staying under the corridor of the applicable laws and legislations. We also equipped every model with technical consequences that must be faced, thus in the end, the performance of every individual can improve the organization’s achievement without causing prolonged conflicts. Keyword: performance; allowance; generic model; remuneration JEL Classification: N95, P25 Introduction. Background Performance allowance remains as a hot issue among civil servants in Indonesia. This is due to the increasing complexity of allowance components, which requires civil servants to show a better performance. To avoid any misperception of the assessment of the allowance, the regulation of the Minister of Empowerment and the State Apparatus (Keputusan Menteri Pendayagunaan Aparatur Negara dan Reformasi Birokrasi) number 63 of 2011 concerning Guideline of theArrangement of Civil Servant Allowance System has been issued. This regulation governs the provisions of the amount of performance allowance to be given to civil servants based on the following factors: level of achievement of institution bureaucratic reform implementation; job value and class; job price index; balancing factor; provincial performance allowance index. Its derivative laws and regulations explain the fifth point. In essence, the provision of allowance to civil servants in the form of compensation must be based on the performance of the individuals in question. Compensation is anything received by employees as a reward for their work. Compensation also constitutes one of the most effective ways for employees to increase their work performance, motivation and satisfaction. A good compensation system will be able to satisfy employees and allow the organization to obtain, employ and retain employees. Figure 1 illustrates that the incomes of civil servants in Indonesia are still under the average of other Asian nations.

Proportional allowance system while complying with the applicable laws and regulations, which is located in the Province of West Java, Indonesia. These models must be able to accomodate the need for generic models of regional performance allowance by conducting a case study on the Government of XYZ City, To prevent this from spreading more widely, we tried to provide some solutions in the form of alternative receive. In light of the aforementioned, the Government intends to change the portion of base pay of civil servants. small compared to the allowance they receive. In fact, base pay determines the amount of pension money they will that the civil servant salary system applicable today is not appropriate as the base pay of civil servants is way too Assistant of Human Resources Welfare of the Ministry of Administrative and Bureaucratic Reform Salam Sijabat Indonesia. The Ministry of Administrative and Bureaucratic Reform has seen this sign. As explained by the Deputy environment through the unachieved targets. Slowly but surely, this conflict will spread across nearly all regions of Government in 2011. This conflict will impact largely on the organization, starting from the non-condusive working performance-based allowance system applied still new in Indonesia despite the circulation issued by the leads to conflicts between employees due to the different amount of compensation. This is normal as the There are some employees who think that the compensation system applied is pretty complicated, which Salary (In Rupiahs) Average (In Rupiahs) United Arab Emirates Qatar Singapore Hong Kong Israel Japan South Korea Taiwan Saudi Arabia Cyprus Lebanon China Malaysia Palestinian Territory Iraq Jordan Turkey India Iran Thailand Indonesia Kazakhstan Bangladesh Philippines Armenia Georgia Pakistan Sri Lanka Azerbaijan 23.887.001,17 22.566.633,29 19.512.511,11 14.018.713,56 12.161.313,76 11.030.005,18 11.010.301,04 8.258.363,71 8.217.786,20 7.817.858,24 6.076.669,95 5.036.819,33 4.969.354,19 4.395.882,02 4.279.139,92 3.856.180,67 3.726.744,08 3.671.183,83 3.654.441,10 3.290.345,47 44.539.642,47 43.176.717,98 41.978.584,94 36.476.539,52 34.921.660,39 33.404.944,52 31.235.966,30 Figure 1. Comparison of salaries across Asian nations (IDR)


According to the review results, the following conclusion is drawn: This calculation excludes the Mayor and Vice Mayor since according to the FGD results, they have their own mechanism. The updated results of job class analysis in April 2017 that were used for the Government of Xyz City were considered to be fairly high, as there was no Class 1, and it skipped to Class 2. This condition caused the mean value of the lowest job class to...
The Regional/Provincial Minimum Wage (UMRP) of Xyz City was quite high at around Rp. 2,463,461. As there was a lack of data of ITDKP value of Xyz City, the calculation of TPP amount used the Provincial Performance Allowance Index (West Java), which was 67.80. The high Jobe Average Value (point 1) caused the Job Price Index to be lowered as the Job Price Index was the quotient of UMRP and Job Average Value. Thus, the value of Job Price Index was Rp. 9,854. There were three alternatives, each of which has different consequence of burden on the Regional Budget (APBD), offered, namely: Alternative 1, which includes the Teaching and Medical Functional Positions, so the TPP burden on the Budget becomes higher at 39.73% if it is applied for the year 2017. The large number of Medical and Teaching JFT increases the Job Class average to Class 8; Alternative 2, which includes the amount in Alternative 1 added with a fixed amount for Medical and Teaching JFT at Rp. 300,000 per month, so the TPP burden on the Budget is 15.11% if it is applied for the year of 2017. Alternative 3 which only serves as a comparison, where the TPP value of 2016 (Rp. 90,284,900,004) is divided by the proportion obtained from the calculation excluding the Medical and Teaching JFT. The best TPP to be applied in a short term is Alternative 3, where the available funds can be divided according to the circular calculation irrespective of each class proportion with a total of distribution of 100%. The ideal TPP to be applied in a long term apparently is Alternative 2, with an assumption that Teaching and Medical JFT have received other allowances in a higher amount. The TPP amount calculation should also include the analysis of Regional Budget received by Xyz City. For Job Class, it is better that Job Class 1 is not excluded to lower the dividing factor and increase the Price Index of Position.
traps. A matrix of non-market indicators was developed on the basis of the conducted analysis. Keywords: inequality; income, wages; institutional trap; non-market indicators; social and labor relations; labor compensation institution; trade unions; technological development JEL Classification: A1; B15; B25; B41

Introduction Difficulties in the formation of a developed and sustainable institution of social and labor relations, including employment and labor laws, require the consideration of the dialectics of institutional traps, as well as the relationships between employees and employers, which entail the transformation of the existing institutional corpus of hired labor inequality. Attempts to form an effective labor compensation institution as part of social and labor relations have shown its inefficiency. The problems of deformation of the labor compensation institution are conditioned by the low earnings of hired labor, as well as the gap between the rate of statutory minimum wage (SMW), the subsistence minimum and real wages. The identified institutional traps of low earnings predetermined the phenomenon of forming the institution of poverty (due to a significant gap between the incomes of managers and employees) and the lack of incentives for the development of efficient and high-yielding jobs. Despite the fact that in Russia the formation of a new institutional foundation has been completed, the economy is still poorly diversified, limited in the possibility of providing sufficient jobs and opening new skilled labor niches. Such prerequisites can drastically affect the problem of the emergence of institutional traps and the institutional deformations in the social and labor sphere. Searching for an exit from the situation and taking into account the scientific underdeveloped state of this issue, the authors set the main purpose of this research – to study the theoretical and methodological foundations of the hired labor income and wages inequality based on the identification of institutional traps and to analyze the system of indicators that affect social and labor relations, to eliminate palliative decisions and work out sustainable norms excluding key factors of the institutional traps. The research tasks are to determine the role of institutional traps in the formation of labor income and wages inequality; to analyze and systematize scientific approaches to the development of non-market indicators affecting the formation of institutional traps; to identify the causes of social stratification and deterioration of the workers’ life quality; to develop a matrix of non-market indicators that allows for an analysis of institutional traps of income and wages inequality. Conclusion Obviously, poorly implemented institutional measures to reduce the poverty rate in the workforce can cause justified objections from both their supporters and opponents. Therefore, the inequality of money incomes does not only entail social stratification and deterioration in the quality of life but also a growth of social tension, and intensifies separatist sentiments in the society. At the same time, practice and institutional economics have proved that the main tool to form an effective system of social and labor relations is a selection of instruments and structures that would affect the development of social security and the reduction of inequality based on an effective mechanism for redistributing and eliminating institutional traps. Acknowledgments This paper was financially supported by the Ministry of Education and Science of the Russian Federation (The Agreement № 02 .A03.21.0008).

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Available at: https://www.pwc.ru/en/publications/ assets/e-crisis-survey_eng.pdf Guanxi and the Leader-Member Exchange in the Chinese Supervisor and Subordinate Relationship Maryani TJIU Department of Management, Universitas Bunda Mulia, Indonesia mary.tjiu@yahoo.com Edi PURWANTO3 Department of Management, Universitas Bunda Mulia, Indonesia epurwanto@bundamulia.ac.id Suggested Citation: Tjiu, M., Purwanto, E. 2017. Guanxi and the Leader-Member Exchange in the Chinese Supervisor and Subordinate Relationship. Journal of Applied Economic Sciences, Volume XII, Winter, 8(54): 2218 - 2232. Abstract: The purpose of the study was to investigate the effect of Confucianism and the Organisational Ethical Climate on the Leader- Member Exchange using Guanxi as the mediation variable. This study was motivated by an interest in the phenomenon of the working relationship between Chinese supervisors/managers and Chinese employees in various companies in Indonesia. This study was conducted from September to December 2016 in Jakarta and the respondents were Chinese employees with at least one-year work experience who had Chinese supervisors/managers. This study used Partial Least Square -Structural Equation Model (PLS -SEM) techniques. The results of this study showed that Confucianism and the Organisational Ethical Climate positively and significantly influenced Guanxi, and Guanxi positively and significantly influenced the Leader-Member Exchange. Confucianism and the Organisational Ethical Climate also had a positive and significant indirect effect on the Leader-Member Exchange. Keywords Chinese ethnic; confucianism; organisational ethical climate; Guanxi; Leader-Member Exchange (LMX). JEL Classification: M12 Introduction People with similar perceptual styles are drawn to each other, understand each other better, work more efficiently together, and are more satisfied with working together than those who have different views or perceptions of the world. Thus, it is no wonder that a world with culturally diverse teams may be problematic. Even though people are often drawn to people who are similar to them, like in individuals with similar values, or similarities in age, race, gender and nationality (Salk and Brennan 2000, Tiina 2015), the communication styles may still be different or complementary. For example, more talkative people may prefer more a quiet partner (Tiina 2015). The Chinese's good business skills often become a source of conflict in some countries, especially in Southeast Asia (Thee 2006). This occurs because of a lack of understanding about the different cultural contexts of each nation. In an organisation, a problem that occurs frequently is changes in the context of a team and the orientation of team members in a new place (Salk and Brannen 2000). However, the Chinese people have many different ways to face this cultural context problem. Chinese people are taught to control themselves, where they must understand that they themselves as individuals are not important, but their role as individuals in a group are more important. This is especially true within the family (O’Keefe and O’Keefe 1997). With a background of trade experiences, to avoid natural disasters and political instability, Chinese people have migrated to various countries as immigrants, also referred to as huajiao. Many of the huajiao chose Southeast Asia as their new quarters, and succeeded in dominating the domestic businesses, although originally being underappreciated. Table 1 shows the success of Chinese ethnics in
dominating businesses in Southeast Asian countries. 3 Corresponding author From Table 1, it can be seen that more than 50 percent of the country's capital is owned by the Chinese people. Among the many countries in the world that are inhabited by the Chinese people, Indonesia has a Chinese population that was already rooted in the country prior to the increase of Chinese immigration. Indonesian Chinese people who have ancestors from China are also called the Chinese-Indonesian ethnicity. Chinese-Indonesian ancestors immigrated in waves hundreds of years ago through trading activities. After Indonesia gained independence, Chinese people who had already gained Indonesian citizenship were listed as one of the tribes in Indonesia's national scope, in accordance with Law No. 12 of 2006 Chapter 2 about the Citizenship of the Republic of Indonesia. It cannot be denied that in the Jakarta city history, Chinese people have settled for hundreds of years in the city. There is a place is now called Chinatown and currently accommodates the thousands of Chinese people who came to Jakarta in the part two centuries. Table 1. Indications of Huaqiao's economic power Country Indonesia Population (million) 201 Huaqiao's Precentage 3,5 Huaqiao's Percentage in private capital, corporate, & domestic 70 Malaysia 20 29 60 Philippine 73 2 55 Singapore 3,5 77 70 Thailand 60 10 75 Source: Backman 2000, 193 A phenomenon of this study is that one of the Chinese people's habits that are often used in business is developing a business network that contains people who have certain relations (e.g. family member, close friends) because of their mutual trust in one another. Through the business network, these Chinese people are helping each other in getting profit. This is an important element in building a business network that is not commonly used in western culture. This phenomenon is called people guanxi. Guanxi is a unique phenomenon in the business activities of a Chinese society. Although guanxi is also used by many people outside the Chinese ethnicity, it is generally kept separate from the business world. The West's business model largely suppresses and eliminates business practices that are based on specific relationships, such as guanxi. However, Chinese society in various places is still using guanxi for their business activities with profitable results (Setyawan 2005). The phenomenon of "guanxi" can be defined as the personal ties that connect a person with another closely. Personal relationships and trust relationships were the basis for the overseas Chinese business network. Guanxi is a connection concept of using personal relationships to collaborate with other individuals directly. This relationship is built by the existence of kinship, tribe, and the use of the same languages among fellow Chinese people. This is seen as an important characteristic of Chinese society (Purwanto 2014). Use of the family name as a unifying form is a basic form of guanxi that was common among Chinese traders. Chinese people who have the same family name usual form a business network and the interaction of guanxi can occur. Generally, the Chinese people have a strong sense of brotherhood. The family name could strengthen the unity and open up opportunities for cooperation among individuals or groups. Thus, it is not surprising that the majority of Chinese people only entrust their business to their own people or their own family. Regardless of this, guanxi can be accepted by Non-Chinese people. Guanxi was proven within the Chinese society and could help make China superior in the global economy. It was proven by many Chinese people that guanxi was a key to the success of their business. In addition, guanxi was successfully in building a strong and wide business network globally. The research of Lin (2011) showed the perspective of respondents in Taiwan and Mainland China who had at least one-year of work experience. Lin (2011) examined the influence of Confucianism and the organisational ethical climate and found that the Chinese people of Taiwan, who preserves more Confucian culture than the Chinese of Mainland China, tended to put much emphasis on guanxi, especially with respect to mianzi. Lin (2011) suggested the amplification of the research scope in other Asian countries. Thus, this study was conducted in Indonesia. Guanxi is one of the most important elements in the Chinese business network. The advantages and disadvantages of applying guanxi in the business world is being debated frequently. But, in fact, the Chinese society who has implemented guanxi in various countries, especially in Southeast Asia, shows a high level of success and prosperity. However, there are some people who regard guanxi as an act of exclusivism too. For example, the advantage of guanxi only spread to those who are in the same business network. There are many indigenous people who think that guanxi spreads the advantage only to those who are from the Chinese ethnicity too. This is why the understanding of guanxi in Chinese business networks need to be considered and studied to obtain further insight into how it actually works. In companies, Chinese people often use guanxi to determine the next leader. There are very few Chinese people who cannot be open minded and accept the assimilation. Although it is more personal than the other ethnic groups, guanxi is important for the Chinese in the business world. On the contrary, relationships in the Western culture are built on business objectives first, then improving the relationship network. Chinese people believe that a relationship network is...
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9781847209351, Available at: https://books.google.ro/books?id=vPy8sojc4JIC&printsec=frontcover&q=
Rethinking+leadership.+A+new+look+at+old+questions+2010 &hl=ro&sa=X&ved=0ahUKEwj9zfSNiYXAhU8bVAKHevcpMQ6AEIjAA #v=onepage&q=
effectively and democratically." Representatives of Neoinstitucionalism want to leave the need to act together, but we do not have the institutional frameworks for doing this politics and mindsets. We have become more dependent on each other, which increased globalization is the fact that economic globalization has outpaced the globalization of

Introduction According to Stiglitz (2006): "The problem of

institute; slovak economy; institutions; transaction costs; new institutional economy JEL

Enforcement as disruptions of Slovak economy. Keywords: economic freedom; fraser economic performance of the Slovak Republic. We identified the corruption and law that there is a direct correlation between the quality of the institutional environment and

through qualitative index of Economic Freedom of the Fraser Institute, and linkage transaction costs. In our paper, we focused on the level of transaction costs, expressed the environment that has a better setup of institutions that subsequently generate lower

Economic Theory, the country's economy achieves higher efficiency when functioning in

changes of the setting of its institutional framework. According to New Institutional environment. Over the last two decades, The Slovak Republic was influenced by constant economic growth, it is equally important to focus on the quality of institutional

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Slovak Republic nadezda.jankelova@euba.sk Suggested Citation: Čukanová, M., Steinhauser, D., Sidor, J., Jankelová, N. 2017. The dentification of disruptions in the Slovak Republic 4, Slovak Republic jan.sidor@euba.sk Nadežda JANKELOVÁ Department of Marketing, 27(1): 16-28. DOI: https://doi.org/10.1108/08858621211188939 The Identification of Disruptions in the Slovak Economy Expressed by Index of Economic Freedom Miroslava ČUKANOVÁ Department of Services and Tourism, Faculty of Commerce University of Economics in Bratislava4, Slovak Republic miroslava.cukanova@euba.sk Dušan STEINHAUSER Department of International Trade, Faculty of Commerce, University of Economics in Bratislava, Slovak Republic dusan.steinhauser@euba.sk Ján SIDOR Department of Services and Tourism, Faculty of Commerce University of Economics in Bratislava, Slovak Republic jan.sidor@euba.sk Nadežda JANKELOVÁ Department of Management, Faculty of Business Management University of Economics in Bratislava, Slovak Republic nadezda.jankelova@euba.sk Suggested Citation: Čukanová, M., Steinhauser, D., Sidor, J., Jankelová, N. 2017. The dentification of disruptions in the Slovak economy expressed by index of economic freedom. Journal of Applied Economic Sciences, Volume XII, Winter 8(54): 2233-2242. Abstract: Apart from focusing on economic growth, it is equally important to focus on the quality of institutional environment. Over the last two decades, The Slovak Republic was influenced by constant changes of the setting of its institutional framework. According to New Institutional Economic Theory, the country's economy achieves higher efficiency when functioning in the environment that has a better setup of institutions that subsequently generate lower transaction costs. In our paper, we focused on the level of transaction costs, expressed through qualitative index of Economic Freedom of the Fraser Institute, and linkage between this Index and Economic performance for time period 2000-2015. We concluded that there is a direct correlation between the quality of the institutional environment and economic performance of the Slovak Republic. We identified the corruption and law enforcement as disruptions of Slovak economy. Keywords: economic freedom; fraser institute; slovak economy; institutions; transaction costs; new institutional economy JEL Classification: O11; C1; D23 Introduction According to Stiglitz (2006): "The problem of globalization is the fact that economic globalization has outpaced the globalization of politics and mindsets. We have become more dependent on each other, which increased the need to act together, but we do not have the institutional frameworks for doing this effectively and democratically." Representative of Neoinstitutionalism want to leave
behind fetishes of efficiency and excessive economic growth that are currently considered as the main goal of the economy. They believe that the development should be evaluated based on numerous criteria, reflecting the quality of life. Galbraith proposes to retreat from the high pace of economic growth, reduce excessive consumption and thus improve the quality of life (Lisý et al. 1996). The Last twenty years of changes in the society has resulted in increasing gap between rich cities and poor villages, which are supplemented by problems like imitative welfare, gentrification, the absence of middle class, 4

Innovative investments (Minakova and Anikanov 2013). This implies certain specifics of the market of investment facilities, the market of Russian Federation. The market, which consists of relatively independent segments, including the real investment market which are entrepreneurial ones and are carried out by business entities in the investment branch during the reproduction of production and non-production means of accumulation.

Investment activity is connected with the practical (financial, organizational, productive, technological) set of practical actions for implementing investments (Jelnova 2013). In general terms, increasing reproduction of material values which ensures the growth of national wealth and, accordingly, income. One of the main means of ensuring this growth is investment activity. The effectiveness of public investment policies pursing strategic goals of sustainable development of construction organizations in conditions of insufficient own funds. The study develops conceptual provisions and methods to increase the potential of public investment policy mechanisms. The

**Methods of the branch of the** 

The branch of the Dagestan State Technical University in Derbent6, Russian Federation derbent_dstu@rambler.ru Suggested Citation: Esetova, A., Ismailova, S., Pavluchenko, E., Meylanov, I. 2017. Mechanism for implementation of public investment policy in industrial construction. Journal of Applied Economic Sciences, Volume XII, Winter (54): 2243 - 2256. Abstract: The relevance of the study stems from the need to improve the effectiveness of public investment policies pursuing strategic goals of sustainable development of construction organizations in conditions of insufficient own funds. The study develops conceptual provisions and methods to increase the potential of public investment policy mechanisms. The research is based on the theory of project management, methods of logical analysis, expert and rating assessments, grouping and comparison; the authors applied the methods of classification, structural description, as well as system and optimization methods extending the application of the subject-functional approach aiming at the development of a set of measures used to select the key areas for resource investment. The authors developed a structural model for the implementation of public investment policy in industrial construction. The article proposes methodology and criteria for selecting indicators used to assess the investment attractiveness of industrial construction facilities. The materials of the article are of scientific and practical value and can be used to develop the methodological basis for the implementation of investment policy at all levels of construction industry management. Keywords: investment; investment policy; industrial construction; state regulation; Russia; factor analysis JEL Classification: B41; D04; L74; L78 Introduction The development of society as a whole and of individual economic entities is achieved through increasing reproduction of material values which ensures the growth of national wealth and, accordingly, income. One of the main means of ensuring this growth is investment which includes investing temporarily free cash and other assets in businesses, as well as a set of practical actions for implementing investments (Jelnova 2013). In general terms, investment activity is connected with the practical (financial, organizational, productive, economic, etc.) activities of the state, legal entities and individuals aiming at the accumulation of financial resources in the form of investments and their effective use during the reproduction of production and non-production means (Ministry of Economic Development of the Russian Federation 2005). In a market economy, investing activities are entrepreneurial ones and are carried out by business entities in the investment market which consists of relatively independent segments, including the real investment market, 5 70 I. Shamyl Avenue, Makhachkala, 367015, The Republic of Daghestan, Russian Federation. 6 35 Handadasha Tagieva St., Derbent, 368600, The Republic of Daghestan, Russian Federation. The market of investment facilities, the market of innovative investments (Minakova and Anikanov 2013). This implies certain specifics of
management methods, forms, methods of analysis and evaluation of investment efficiency. Investments in reproduction of fixed assets (funds) are made as capital investments and primarily relate to industrial construction projects. This, to a large extent, requires external regulation from state construction authorities so that investment policies are implemented with the minimum losses of time and resources. One of the most relevant areas of Russia’s modern investment policy is the creation of competitive industries and facilitation of modern technologies development. At present moment Russia is experiencing some objective difficulties for large-scale net capital accumulation, that is why investment policy should be mainly directed at the structural reorganization of the investment procedure and the creation of conditions for maximum efficiency of the reproductive, technological, sectoral and institutional structures, as well as age composition of fixed capital, which justifies the need for state regulation of investing activities in industrial construction. It should be noted that state regulation of investment is carried out in the following forms (Russian Federation Federal State Statistics 2017): § direct participation of the state in investing activities; § indirect participation of the state in investing activities which manifests itself through the creation of favorable conditions for the investment development. Direct participation of the state in investing activities implies the development, approval and financing of investment projects implemented by the Russian Federation, including the ones done jointly with other countries, as well as international projects financed from the federal budget and the budget of the federal subjects of the Russian Federation. According to the study results on the investment attractiveness of European countries conducted by EY (Ernst and Young Global Limited) using the database of EY European Investment Monitor (EIM), in 2016 Russia ranked 7th in the list of top 20 European countries regarding the international investors activity and the number of jobs created. At the same time, compared to the record growth in direct investment in Russia in 2015 (61%), their amount in 2016 was relatively small and accounted for only 2%. As for the jobs created, their number in direct investment projects also increased during the year by 6%, reaching 15,064 (EY. Building a better working world). Countries of Western Europe are traditionally the main investors in the Russian economy. In 2016, ninety-eight European investment projects were implemented in Russia. Along with Germany, France remains an active investor, being the second largest. The number of French investment projects in Russia was stable and estimated 20 in 2015 and 2016. At the same time, the investing activities of Italian companies dropped almost twofold – from 12 to seven projects. Among the top three leading European investors in Russia, Italy gave way to Austria. In 2016, Austrian companies invested in nine Russian projects. Main data on foreign direct investment in the economies of different countries could be obtained from the periodical statistical reports of the “Balance of Payments Statistics” series of the International Monetary Fund (IMF), the annual reports of the “World Investment Report” series of the United Nations Conference on Trade and Development (UNCTAD), and annual economic reports of national statistical institutes. International companies actively invested in projects related to the production of machinery and equipment (27 projects), chemical products (23 projects) and electrical equipment (15 projects); however, there are hardly any projects in forestry and textile production. Forty-nine investment projects are implemented in Central Russia. Most of the investment projects in Moscow and the Moscow region are connected with the food industry (10 projects) and car assembly (6 projects). The highest number of investment projects in Moscow and the Moscow region are carried out by Germany (7 projects) and the United States (9 projects). The main branch of the Russian economy with the largest number of foreign direct investment projects is still the oil and gas industry. At the same time, over the past year the number of new projects in this field remained stable – 171. According to the methodology of the International Monetary Fund which annually estimates the volume of foreign direct investment, investments can be defined as foreign direct ones if they imply the acquisition by a foreign investor of at least 10% of the share in the authorized capital of a company located on the territory of the state that receives the investment and allow the investor (or his representative) to exert a strategic influence on the investees, including partial or complete control over them. However, in some countries the share of 10% in the authorized capital of an investee is considered insufficient to establish effective control over the management or to guarantee a long-term interest of the investor. Consulting firm A.T. Kearney publishes an annual rating of 25 states attractive to investors. The Kearney Foreign Direct Investment Confidence Index is based on the findings of a survey of top 300 global corporations and represents the results of a long-term analysis of the impact global political and economic changes have on the inflow of foreign direct investment (ATKearney). Unfortunately, Russia, which in 2013 took the 11th position in the ranking, since 2014 is no longer in the TOP 25. At the same time, Russia is ranked 40th regarding business conditions in Doing Business-2017
Introduction

In the second period it was Czechia, and it was a TFP. Keywords: capital; CEE; economic for the economy as a whole. In the first period it was Slovakia and it was a capital factor. The main one for the individual sectors of the economy as well. Verification was carried out in the sphere of high technologies. Available at: http://cis-legislation.com/document.fwx?rgn=70884

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The Growth Accounting for Industry and Services of Slovakia, Slovenia and Czechia Manuela RAISOVÁ Faculty of Economics, Technical University of Košice, Slovakia manuela.raisova@tuke.sk Suggested Citation: Raisova, M. 2017. The growth accounting for industry and services of Slovakia, Slovenia and Czechia. Journal of Applied Economic Sciences, Volume XII, Winter 8(54): 2257-2274. Abstract: The world economies are still recovering from the effects of the last great crisis. All international markets are recovering very slowly and the countries return their performance to their pre-crisis level. Research on country productivity and economic growth has been one of the most popular topic in economics for decades. Globalization has changed the overall view of whether and how economic growth could be achieved. The aim of this article was to examine the economic growth of three CEE countries (Czechia, Slovakia, Slovenia). We used the method of growth accounting: a dual approach that allowed us to track the contribution of individual inputs to production creation and economic growth. We wanted to prove that if one factor had at least a 5% greater share of overall growth than other factors for the whole economy, then this factor would be the main one for the individual sectors of the economy as well. Verification was carried out in two periods, for each country: the pre-crisis (1994-2007) and the crisis and the post-crisis period (2008-2016). We note that in each period there was only one country whose main factor of economic growth was identical in both sectors (industry and services) and for the economy as a whole. In the first period it was Slovakia and it was a capital factor. In the second period it was Czechia, and it was a TFP. Keywords: capital; CEE; economic growth; growth accounting; Solow residuals; TFP JEL Classification: F43; H30 Introduction

After the second wave of the economic crisis, the economies began to gradually recover
from the consequences of a rapid but very intense crisis. Those countries that were accustomed to the economic growth they achieved in the pre-crisis period tried to reach the level of performance before 2008 as soon as possible. However, the crisis has highlighted a number of facts that need to be taken into account when designing an economic policy. Thanks to the implementation of modern technologies, the speed of process execution has increased. The economy must respond promptly also in areas where it is very difficult. This speed puts pressure on governments to devote more attention to the essence of their economic growth they want to achieve. It leads to the fact that the economy needs to know its position in global value chains, it must recognize the interconnections between sectors and industries at international, but above all, national level. Only under this condition will the government be able to set up an effective structure of the economy. Our goal was to investigate whether or not the main factors involved in the outflow are changing when comparing the overall economy and individual sectors. We used the methods of growth accounting: dual approach. We wanted to prove that if one factor had at least a 5% greater share of overall growth than other factors for the whole economy, then this factor would be the main one for the individual sectors of the economy as well. We followed developments in the three CEE countries (Czech Republic, Slovakia, Slovenia) in the period 1994-2016, which we divided into the pre-crisis period (1994-2007) and the crisis and post-crisis period (2008-2016). In the first part we have compiled a brief overview of the literature from the field of our problems. In the second part we briefly describe the used methodology and the data we used. In the third part we observed the influence of individual factors on the total production of the countries. In the fourth part we observed the share of individual factors in the production of the industry and services sectors. In the 5th part we summarized the achieved results.

Conclusion Based on the comparison of both periods, we can say that the crisis has significantly affected development in selected countries. On the other hand, the crisis has changed the share of individual inputs, contributing to the creation of economic growth in each country. A common feature of all three countries is the relatively small share of labour on the growth of economic growth. The impact of labour is in fact negligible in all countries in the pre-crisis period - both in terms of hours worked and in terms of wages. However, capital prices declined throughout the period. Prices have changed much faster than the volume of capital has changed. The development of the real capital did not reflect the development of market prices. Our assumption of the same major factor for the whole economy as well as the sectors has been only partially fulfilled. There was complete agreement - the whole economy + both sectors - only in two cases: for Slovakia in the pre-crisis period and for Czechia in the crisis and post crisis period. In all other cases, the whole economy + 1 sector is the only match. There has never been a case that the main factor has been labour. However, we can not fully explain the reasons that led to such results. We believe that in order to better understand the overall situation of these economies and their economic growth, it is necessary to further analyse the concrete contribution of individual sectors to economic growth. We believe that the sectoral analysis can find the necessary answers and at the same time it is possible to estimate the effective adjustment of the internal structure of economies. This can lead to a more effective use of fiscal and monetary policy instruments as well as a better functioning of global value chains. Therefore, this will be the subject of our further research.


indirect effects, Empirical Economics, 49: 605 - 615. DOI:
or permissible risk, is the uncertainty that an organization is ready to accept generally or based on the "risk tolerance" concept. Risk tolerance, an integral part of which is the creation of a corporate risk management system (Fernandes, Republic of Kazakhstan to continuously improve their management accounting system, an case. The current ambiguous situation requires the food retailing companies in the Republic of Kazakhstan. The study was carried out using the analysis of statistical data on retail development in the Republic of Kazakhstan, internal regulatory documentation and business processes of the four largest food chains in Kazakhstan. The SWOT analysis was applied to assess the external and internal environment for the retail industry operation. Methodological tools for quantitative evaluation of the risk tolerance indicator were provided within the study, based on financial information from the four largest retail chains in Kazakhstan. The results of the analysis revealed that Kazakhstan retailers were operating in the context of increasing risks caused by a decrease in real household incomes and a drop in consumer demand. Despite the obvious benefits, the "risk tolerance" concept is a relatively new area in risk management and has not yet become widely used in the companies of the non-financial sector in the Republic of Kazakhstan. Application of the methodological approaches described in this article allowed the author to establish the threshold for losses and calculate the risk distribution scale in accordance with the established tolerance range for the food retailing companies in the Republic of Kazakhstan. Keywords: risk management; risk appetite; risk tolerance; management accounting; strategic planning; uncertainty; risk factors; food retailing JEL Classification: E31; M11

Introduction

Global economic development of the past few years has had a negative impact on Kazakhstan due to integratedness of the economy. Currently, the economy of Kazakhstan is in a state of shock from falling oil prices, drop in export earnings and depreciation of the national currency. Worsening of the situation in 2015-2016 was due to aggravation of geopolitical crises and slowdown in the growth of the economies of the Kazakhstan's trading partners – in particular, Russia, the EU countries and China (REPORT of the National Bank of the Republic of Kazakhstan for 2016). 7 Kazakhstan, 050035, Almaty, Zhandosov street 55 Thanks to crisis response measures to stimulate the economy, undertaken by the Government of the Republic of Kazakhstan, the impact of shocks has been weakened, and it can be said that the economy recovers gradually. However, this trend is unstable and largely depends on the stability of external economic conditions. Food retailing is one of the rapidly changing and highly competitive industries in the Republic of Kazakhstan. However, due to the negative impact of external factors, the retail market demonstrated a slowdown in growth rates in 2015-2016, and now Kazakhstan retailers operate in the context of increasing risks caused by a drop in consumer demand. In response to current developments, many retail chains define new strategic development plans, review corporate governance codes and requirements to corporate reporting. They are determined to better and more thoroughly consider the risks, which have a direct effect on the long-term viability of the enterprise, and to provide a general improvement in the level and quality of risk management. Competent strategic decisions in the context of increased influence of uncertainty factors and various types of risks should be made based on the data of the management accounting system. Unlike the objectives of financial accounting, which must meet the information needs of external stakeholders, management accounting creates information for the adoption of internal managerial decisions. Financial statements compiled by Kazakhstani enterprises in accordance with national and international standards (IFRS, US GAAP) reveal a fair picture of their financial position, but information about risks is quite limited, at the best case. The current ambiguous situation requires the food retailing companies in the Republic of Kazakhstan to continuously improve their management accounting system, an integral part of which is the creation of a corporate risk management system (Fernandes, Grody, Hughes, Phillips, Toms 2013) based on the "risk tolerance" concept. Risk tolerance, or permissible risk, is the uncertainty that an organization is ready to accept generally or
more narrowly within a particular business unit, a specific risk category or a specific initiative. The need to define risk tolerance is one of the key elements of strategic planning today. The companies that think through and formalize their risk tolerance and risk appetites have a chance to be more successful in the long term. Despite the need for a clear awareness of their risk tolerance, many Kazakhstani food retailing enterprises still fail to pay due attention to this problem. For example, according to the KPMG 2014 study, only one third of the companies surveyed defined the risk appetite in making strategic and operational decisions (KPMG in Kazakhstan and Central Asia). At the moment, development and implementation of approaches to evaluating the "risk tolerance" parameters for a food retailing enterprise is a relatively new and progressive task. However, the solution of this problem is complicated by the lack of unified approaches and underdevelopment of the methodological basis for evaluation of risk tolerance for companies in the non-financial sector. The goal of this study is to identify ways to improve management accounting based on the introduction of risk management using the "risk tolerance" indicator in food retailing companies in the Republic of Kazakhstan. To achieve this goal, the following is required: § consider the methodological basis that would allow to determine the risk tolerance indicator for food retailing enterprise; § study risk factors and uncertainties in the operation of retail chains in the Republic of Kazakhstan at the present stage; § develop recommendations on formalization of the methods for quantifying the risk tolerance indicator and integrating the "risk tolerance" concept into the system of management accounting at food retailing companies. Conclusion Results of this study allow to make the following conclusions: § no clear definition of "risk appetite" has so far evolved, but it is clear that uncertainty faced by individuals and legal entities in the course of their operation will always accompany the risk. § methodology for evaluation of the risk tolerance involves the use of qualitative and quantitative methods. However, it must be noted that companies face practical difficulties in calculation, due to the lack of experience in using qualitative methods in this field; § at the moment, Kazakhstan retailers operate in the context of high risks and uncertainty associated with a complex macroeconomic situation. The main factors of risk and uncertainty for the food retailing companies in the Republic of Kazakhstan include: a decline in the solvent consumer demand; intensification of competition in the retail market from international food chains; change in prices for purchased products and escalation in tariffs; growth of inflation and the dollar exchange rate; § despite a number of benefits provided by the "risk tolerance" concept introduction, the practice of calculating indicators of risk tolerance has not yet become widely used in the food retailing companies in the Republic of Kazakhstan; § the calculation of the risk appetite parameter should become a basic element of the due risk management practices in companies in the non-financial sector. It should be integrated into the development strategy and the process of planning and managing the resources at the food retailing companies. References [1] Burch. C. Risk Appetite: Ne otkusyvayte bolshe, chem mozhete proglotit. 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competitive pressure a question emerges: Will globalisation lead to acceptance of engaged with this issue, states, “Regarding rapidly increasing globalisation and raising any research which would have dealt with this issue. One out of many authors, who are supranational companies which operate in the Slovak Republic as there hasn’t been held in most cases positive. It was also very important to measure this relationship in investigate the relationships between HRM practices and company performance, which is thumb of globalisation as a competitive advantage. A question whether the process of globalisation, which has a significant impact on HRM sphere, increases the performance of globalized world, since it serves as the competitive advantage and moreover, it increases organizational performance. The scientific papers in the field of human resource management whose authors are for example: Perkins (2003), Roehling (2005), Choo (2010), Aminu and Malik (2011), Moideenkutty (2011) et al. explore the effects of globalization on human resource management or authors Huselid (1995), Lui (2004), Carlson (2006), Fening and Amaria (2011), Katou and Budhwar (2010), Khatibi (2012), Palagolla (2016) who explore the relationship between human resource management practices and performance. As the current business environment is very much under the influence of globalization, economic, technical and other factors, it is thus extremely important to pay attention to these issues and examine their impact on enterprises operating in Slovakia. Over the past decades, research into the causal links between human resource management and business performance has dominated both academic and medical debate (Purcell and Kinnie 2007, Crawshaw et al. 2014). The starting point of much of the work in the area of human resource management and firm performance was an article by Huselid (1995), which appeared in the highly acclaimed Academy of Management Journal, arguing that high performance work practices are linked with increased sales and market value per employee for the firm. Equally the work by Pfeffer (1994, 1998) was influential in identifying so-called „best practices” in human resources management argued to contribute towards achieving sustained competitive advantage. Conclusion Present modern era influenced by the globalisation process connected with the foundation of multi – national corporates and their penetration to Slovak market forces specialists in this field to specify possible globalisation impacts on HRM sphere. As we have stated, work with human capital is the key task, because it operates under the thumb of globalisation as a competitive advantage. A question whether the process of globalisation, which has a significant impact on HRM sphere, increases the performance of companies, comes forth. It is obvious that many scientific studies of foreign authors investigate the relationships between HRM practices and company performance, which is in most cases positive. It was also very important to measure this relationship in supranational companies which operate in the Slovak Republic as there hasn´t been held any research which would have dealt with this issue. One out of many authors, who are engaged with this issue, states, ”Regarding rapidly increasing globalisation and raising competitive pressure a question emerges: Will globalisation lead to acceptance of...
Introduction

Competitive development of markets is a complex and multifaceted phenomenon, suggesting the study from different approaches and theoretical concepts. Fatkhutdinov (2007) represents competitiveness as a subject’s ability to be a market leader, manage its competitive advantages, the advantages of a managed object to achieve planned goals in competition with competitors in a particular market at a given time. At the same time, competition in the industry markets is a complex of economic relations of rivalry arising between firms-producers in these markets, potential competitors, suppliers of resources to these markets, consumers of products as a result of a clash of their interests (Vishnever 2010, Heyne et al. 2014, 102). In this case, according to Kashkirova (2009) in many concepts the notion of “competitiveness” is practically not associated with the region, although rating scores for individual indicators are quite widespread. We consider the study of competitiveness to be impossible without a 913 Victory Avenue, Orenburg, 460000, Russian Federation clear territorial link, since there is a fairly pronounced spatial differentiation in the conditions and factors of the development of this phenomenon (Danilchenko 2013). Interesting enough are the results of the study of competitiveness obtained by foreign scientists. So, Earle, Mokomane, Heymann (2011) demonstrated in their work the competitiveness to be affected by the amount of paid leave available to the population and the unemployment rate in a certain territory. Asanuma (2014, 202) associates competitiveness with the state of financial resources and shows that, for instance, a high level of national debt significantly reduces the competitiveness of enterprises that are located in this territory. Kiel, Ubbels, Purwanto, Heyndrickx, Betancor (2014) and a number of other scientists have explored the relationship between infrastructure investment and competitiveness. Cao, Wang, Mu (2013) and Markova (2013) presented the relationship of competitiveness and innovation, concluding that the enterprise management system should focus on the production and sale of the final product of high quality. Tünde (2016) suggested studying the competitiveness from the position of corporate transformation. Grabara, Modrak, Dima (2014) define competitiveness as the ability to provide products and services in the same or more efficient way than competitors in the sustainable implementation of business processes. J. Carrillo-Hermosilla, P. del Rio Gonzalez and T. Könnölä provided an overview of the relationship between sustainability and competitiveness, concluding that environmental problems require innovative approaches to improve the quality of the environment without limiting economic activity. Herewith, competitiveness is determined by the possibility of sustainable development of economic entities (Diaz-Chavez 2013). Bestman (2015) offers to increase the competitiveness of the use of electronic platforms, suggesting to take into account factors such as the availability of equipment for information and communication technologies (ICT), the cost of installation and maintenance, cultural factors, capacity factors, network connection and others. Adamik (2016) believes that strategic partnership, as one of the most mature forms of inter-organizational cooperation, is also an effective method of increasing competitiveness. Particularly, scientists highlight the regional features of the development of socially important markets. Mokin (2007) notes that in the modern market economy, the
The purpose of this paper is to empirically estimate country beta in a group of five selected CEE countries with an emphasis on the conditional covariance matrices of the exogenous and dependent variables for each time period. This approach can help us to model the CAPM methodology. Therefore, we use in the paper the dynamic conditional beta as an analytical tool to analyze vulnerability of their specific investments. In our paper we analyze a set of 10 central European countries – Bulgaria, the Czech Republic, Hungary, Poland, Romania, and Bulgaria. We show that in the case of the selected CEE countries the global risk factors are more significant than the local ones within these EU member state countries. Global effects are more significant for the particular model we derived in the paper, and so this study also helps to determine the country risk with respect to the global index and global financial market variables. This paper reliably estimates country betas for the selected CEE countries. The time-varying beta is estimated using unanticipated time-series autoregressive model, as well as statistical approaches for processing the secondary data. The paper finds that there is the existence of dynamic beta model within these countries that considers local as well as global economic effect. Global effects are more significant for the particular model we derived in the paper, and so this study also helps to determine the country risk with respect to the global index and global financial market variables. This paper reliably estimates country betas for the selected CEE countries. The time-varying beta is estimated using unanticipated time-series autoregressive model in selected Central and Eastern European countries. Journal of Applied Economic Sciences, Volume XII, Winter, 8(54): 2299–2308.

Keywords: dynamic beta; multi-factor asset pricing; time-varying autoregressive errors embedded in the multiple linear regression models which is rarely applied in the literature. Keywords: dynamic beta; multi-factor asset pricing; time-varying beta; country equity risk; systemic risk; asset pricing model JEL Classification: C51; G12; G32

Introduction It is undoubtedly true that the business world is becoming more and more global. Almost every country accommodates international and multinational companies, however there are still country lines separating sovereign nations. Language, tradition, culture, the political and social contexts, law, business ethics and doing business in general differ among various countries. Some of these factors are extremely important for doing business of international investors. And they of course need to take a look at how to analyze vulnerability of their specific investments. In our paper we analyze a set of local and global risk factors affecting the country equity risk using a specific dynamic CAPM methodology. Therefore, we use in the paper the dynamic conditional beta as an approach to estimating time varying parameters. This can help us to model the conditional covariance matrices of the exogenous and dependent variables for each time period. The methodology is applied to the country multifactor asset pricing, so we can estimate country systemic risk based on dynamic beta estimation. In our research we focus only on unanticipated components as a result of ARIMA time series model residuals. We selected five CEE countries – Bulgaria, the Czech Republic, Hungary, Poland, Romania, and Bulgaria. We show that in the case of the selected CEE countries the global risk factors are more significant than the local ones within these EU member state countries.
five selected CEE countries with an appropriately fitted model that accurately estimates the time-varying characteristics of beta. In methodological part we apply the multiple linear regression model and time-series autoregressive model, as well as statistical approaches for processing the secondary data. The paper finds that there is the existence of dynamic beta model within these countries that considers local as well as global economic effect. Global effects are more significant for the particular model we derived in the paper, and so this study also helps to determine the country risk with respect to the global index and global financial market variables. This paper reliably estimates country betas for the selected CEE countries. The time-varying beta is estimated using unanticipated time-series autoregressive errors embedded in the multiple linear regression models which is rarely applied in the literature. This study will help to determine the country risk with respect to the global index, global variables, and local variables.

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Suggested Citation: Maune, A. 2017. From bust to boom: The emerging economy 2004 to 2017 and beyond. Journal of Applied Economic Sciences, Volume XII, Winter, 8(54): 2309–2325. Abstract: This article examines the Zimbabwean economy from 2004 to 2017 and beyond through an interpretivism paradigm. The article seeks to provide an in-depth analysis of the country’s economic performance during the period under review. An inductive and deductive approach informed the article. A literature review was conducted with secondary data collected from peer reviewed journal articles, central bank reports, World Bank development indicators and government documents. Relevant literature was collected using academic databases as well as search engines. The findings showed a rapid economic decline from 2004 to 2008 due to both macroeconomic challenges and political factors. The economic decline of 2004 to 2008 led to the period of moderate growth between 2009 and 2013. Many factors both internal and external have accounted for the moderate growth period. Some of these factors included fiscal, monetary as well as political. The period 2014 to 2017 and beyond is being underpinned by an economic blueprint named the Zimbabwe Agenda for Sustainable-Economic Transformation drawn in line with the African Union Agenda 2063 as well as the new economic dispensation under...
the new government. The findings from this article will assist policy formulation, policy implementation and further future research. This article, however, is of importance to government, the private sector and the academia. Keywords: economic growth; bust; boom; economic development; emerging economy. JEL Classification: E02; O11; O23; O32; O47

Introduction

The Zimbabwean economy has been hard hit by a number of challenges since her independence in 1980. These challenges were from within and without with many of them attributed to poor economic policies. Some of the major challenges that faced the country since 2004 were foreign exchange shortages, indiscipline, corruption, policy inconsistency and failure by government, government over expenditure, political instability, chaotic land reform as well as economic sanctions that were imposed on the government of Zimbabwe by the United States of America, Britain and their allies. At independence in 1980 Zimbabwe had a total population of 7.2 million, a GDP (current US$) of US$6.7 billion as well as a GDP per capita (current US$) of US$916.29 (World Bank 2015). The economic decline continued until it reached its lowest in 2008 in which a GDP of US$4.4 billion was recorded as well as a GDP per capita of US$345.41. The year 2009 saw an increase in GDP from a low of US$ 4.4 billion in 2008 to US$8.1 billion in 2009 as well as an increase in GDP per capita of US$ 280.00 from US$ 262.00 in 2008 (Table 1). The increase was necessitated by the introduction of the multi-currency regime after the Zimbabwean currency was eroded by hyperinflation that had reached an annual rate of 26, 470.8% in November 2007, though different from 24, 411% reported by the World Bank’s World Development Indicators (Gono 2008).

According to Gono (2008), inflation remained Zimbabwe’s major economic challenge with devastating effects across the whole economy. This was then declared the country’s number one enemy by the monetary authorities. The economic situation in Zimbabwe, however, worsened by a number of other factors both internal and external in nature. Some of the factors that affected the country included; the withdrawal of financial support 11 1 Peller Street, P.O. Box 392, Pretoria, South Africa by the International Monetary Fund, the World Bank and many other international institutions; limited access to the global health fund; freezing of donor-support as well as cutoffs in credit lines. The Zimbabwean economy’s performance has been inconsistent since independence in 1980. Therefore, this article seeks to examine Zimbabwe’s macroeconomic fundamentals between 2004 and 2017 as well as looking into the country’s future. This period is of interest as it recorded major inconsistencies in the history of the country due to a number of reasons both internal and external. This article is further organized in the following manner: literature review (section 1); research methodology (section 3); discussion of findings (section 3) and finally conclusion (final section).

1. Literature Review

1.1. Theoretical evidence

According to Rodney (1989), development from a human society perspective is a many-sided process that can be looked at two distinctive levels. At the level of the individual, development implies increased skill and capacity, greater freedom, creativity, self-discipline, responsibility and material well-being. At the level of social groups development implies an increasing capacity to regulate both internal and external relationships. The term development is used in an exclusive economic sense – the justification being that the type of economy is itself an index of other social features (Rodney 1989). What then is economic development? Economic development, therefore, constitute the increase in joint capacity by members of the society to deal with the environment. Rodney who was an advocate for economic development argues that this capacity to deal with the environment dependents on society’s understanding of the laws of nature (science), as well as the extent to which they put that understanding into practice by devising tools (technology), and on the manner in which work is organized. However, in the contemporary world economic development and growth is measured by GDP. Bodie et al. (2008) define GDP as the measure of the economy’s total production of goods and services. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. GDP is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. de Soto (2000) cited by Bodie et al. (2008) argues that in the contemporary view of economic development an important requirement for economic advancement is a developed code of business laws, institutions, and regulations that allows citizens to legally own, capitalize, and trade capital assets. As a result, development of equity markets serves as catalysts for enrichment of the population, that is, countries with larger relative capitalization of equities will tend to be richer (de Soto 2000). To Rodney (1989), there has been constant economic development within human society since the origins of man, because man has multiplied enormously his capacity to win a living from nature. The enormoussness of human achievements is best understood by reflecting on the early history of human society and noting the progress from crude stone tools to the use of metals. Also the

1.2. Definitions

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1.3. Definitions

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Introduction
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qualitative characteristics of useful financial information as a basis for the reengineering
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Federaition is currently building a system of federal accounting standards adapted from IFRS, which is set forth in the national accounting legislation (402-FZ 2011). However, there is a significant impeding factor in building the system of general-purpose national accounting and reporting standards, namely the lack of any theoretical foundation, any conceptual framework facilitating the accumulation of useful information for concerned users. The Concept of Accounting in the Russian Market Economy (MBA 1997), which was approved by the Methodology Board for Accounting of the Ministry of Finances of the Russian Federation and by the Presidential Council of the Institute of Professional Accountants in 1997, has now lost its relevance due to the changes in economic and political reality. The official Russian translation of the Conceptual Framework for Financial Reporting (2010) is a reference document to be applied in the situations prescribed by IFRS and is not part of the public laws and regulations. The lack of statutory basis that would define the structure, hierarchy and content of individual qualitative characteristics of financial information raises serious nation-wide obstacles for the preparation and provision of financial statements that could be useful to prospective users. In these circumstances, investors and creditors cannot be sure of the accuracy of financial information, and this circumstance renders the usage of the information inefficient for managerial decision-making. Conclusion The lack of statutory basis that would define the structure, hierarchy and content of individual qualitative characteristics of financial information raises serious nation-wide obstacles for the preparation and provision of financial statements that could be useful to prospective users. Based on the IFRS guidelines and today’s academic advances, the authors have developed the recommendations on improving the Russian standards with respect to the qualitative characteristics of useful financial information; their structure has been defined and their content clarified in view of some national specifics. The authors hope that their contribution to the project of the national Conceptual Framework for Financial Reporting will help bring together the Russian and the international financial reporting standards, as well as unify qualitative characteristics of useful financial information in order to help directly measure the quality of financial statements and advance the profession of an accountant. References


managed all area of its activities (Omankhanlen 2012). For example, under the banking players. Also, with the major function of the financial system, the government firmly monetary policy to function perfectly and enable macroeconomic stability for all economic investors, it also allows easy payment system services that aid transactions. Furthermore, financial instrument of the financial sector, the government had to firmly control the sector was the most highly regulated (Ogbu 2010). The reasons for this include first, example, administrative control of interest rates and exchange rates by the government deregulation, is a direct control of financial rates by the government in an economy, for regulatory controls, structures, and operational rules which may be regarded as suppressive to organized growth, competition, and efficient apportioning of resources in the financial system of a country. Financial repression, which is the opposite of financial deregulation, is a direct control of financial rates by the government in an economy, for example, administrative control of interest rates and exchange rates by the government (Ayadi, Adegbite 2008). Before the deregulation of the Nigerian economy, the financial sector was the most highly regulated (Ogbu 2010). The reasons for this include first, funds are needed to finance developmental projects, and since fund is also the major financial instrument of the financial sector, the government had to firmly control the sector. The financial system not only collect funds from savers and channel them to investors, it also allows easy payment system services that aid transactions. Furthermore, the financial sector also creates a platform that allows the Central Bank of Nigeria's monetary policy to function perfectly and enable macroeconomic stability for all economic players. Also, with the major function of the financial system, the government firmly managed all area of its activities (Omankhanlen 2012). For example, under the banking
subsector, the Central Bank of Nigeria controlled the interest rates on loans the banks charged, and the amount banks could lend to different sectors. The Central Bank of Nigeria also controlled the deposit interest rate and the rate at which credit could grow. There were strong guidelines controlling entry into the banking sector during the repression era of early 1970s to 1985. The effect of this was that the financial system was suppressed, and it could not create adequate savings at the prevailing interest rate, and also it could not find enough investment for meaningful development. This made the country to adopt financial deregulation policy for her financial sector. With the creation of the Structural Adjustment Programme in 1986, the financial markets were deregulated in 1987. Adekanye (2002) posited that “deregulation was adopted in 1987 against a crash in the international oil market, and the reactant deteriorating economic condition in the country due to stringent policies in the financial sector which made savings and investment unrealizable”. The deregulation reform stirred up competition in the banking sector with increase financial services such as the usage of debit and credit cards, utilization of payment technologies for example the Automated Teller Machines and electronic transfer of deposits, internet banking services and mobile banking technology (Ikpefen 2012). Other reforms that were introduced include flexible exchange rate which facilitated the introduction of new local and foreign banks, the deregulation of both lending interest rates and deposit interest rates, and so on, thus leading to financial deepening in the economy. However, there were wide variations and unnecessarily high interest rates and this led to a change of policy in 2004 with the government introducing some regulatory measures to manage the interest rate. This is termed prudential or partial deregulation (Olokoyo 2012). Thus, deposit rates were set at 2 to 5% per annum while lending rate was fixed at a ceiling of 20% per annum (Omole and Falokun 1999). Although prudential deregulation was introduced to reduce financial risk and spring up stability, it imposed increased regulatory costs and hampered competition. Hence, prudential deregulation had opposite effects on bank performance (Olokoyo 2012). First, it hampered the effect of financial deepening on the economy, and second, the vital purpose of monetary policy stability in Nigeria has not been achieved after deregulation. There have been consistent high inflation figures. Both the Federal Government fiscal deficit and the interbank rates were very high and this affected other rates. Also, massive sets of regulations introduced by the regulatory bodies led to the introduction of several new financial products. However, these new financial products led to the liquidation of some financial institutions and banks due to the fact that they were rigidly controlled by the government through its regulatory bodies (Olokoyo 2012). By contrast, financial deregulation reform in South Korea, Malaysia, and Indonesia was applied step-by-step and together with measures that brought about macroeconomic stability. Hence, financial deregulation made the financial systems in the three countries more efficient, thus pushing the need to reintroduce controls (Ojo 2010). It is generally accepted in theoretical literature that deregulating the financial system plays a vital role in economic development. The literature on financial deregulation posited that the relaxation of government controls on the financial system would lead to more savings since interest rate would be determined by market forces. The increased savings would lead to higher and bigger investment. More investments would result in economic development and growth. Therefore, there would be higher deposit rates (plus increased investment and economic growth) after deregulation; but it has been a different result with Nigeria.

Against this background therefore, the basic thrust of this study is to empirically investigate the impact of financial deregulation on the performance of the Nigerian economy from 1970 to 2016 using the McKinnon-Shaw model. Conclusion This study examined how financial deregulation can be utilized as a factor to drive economic development in Nigeria. Literatures relating to both financial deregulation and economic development were examined. Economic development was made a function of lending rate (used to capture financial deregulation) and investment growth (captured by gross fixed capital formation). Data pertaining to the three variables was analyzed using the Auto-regressive Distributive Lag (ARDL) econometric technique, and the data span a period of 46 years from 1979 to 2016. From the results obtained, both financial deregulation and investment growth have a long-term but negative significant impact on economic development. Recommendations In view of the above findings that financial deregulation (LER) and investment growth (GFCF) have a negative and long-run impact on economic development (GDP_PC), the following recommendations are made: § The deregulation process needs to be introduced gradually into the financial system. The sequence of the introduction of the policy was poor in Nigeria. For example, before allowing free entry into the financial system, there ought to have been the introduction of indirect monetary instruments first, then next would be the overhauling of the financial system’s regulatory framework, then next would be a gradual relaxation of entry rules into the financial
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Journal of Savings and Development, 14: 153-157. The Dynamics of Female Entrepreneurs in Fulfilling Their Financial Needs: Demand Side Entrepreneurial Finance Perspective of Small and Medium-sized Enterprises Maria Rio RITA Faculty of Economics and Business Diponegoro University, Semarang, Indonesia Faculty of Economics and Business Satya Wacana Christian University, Salatiga, Indonesia maria.riorita@staff.uksw.edu Sugeng WAHYUDI Faculty of Economics and Business Diponegoro University, Semarang, Indonesia sug_w@yahoo.com Harjum MUHARAM Faculty of Economics and Business Diponegoro University, Semarang, Indonesia hardjum@gmail.com Suggested Citation: Rita, M.R., Wahyudi. S., Muham, H. 2017. The Dynamics of Female Entrepreneurs in Fulfilling their Financial Needs: Demand Side Entrepreneurial Finance Perspective of Small and Medium-sized Enterprises. Journal of Applied Economic Sciences, Volume XII, Winter, 8(54): 2351–2367. Abstract: This research contributes to the entrepreneurial finance theory from the demand side – where previously it was more emphasized on the supply side – by the way it depicts how an entrepreneur recognizes opportunities, develops ideas, looks for financing, and assembles other resources in order to begin and develop a business. The purpose of this research is to explore how an individual, in beginning a business, assembles resources, including financial capital, as well as constructs funding strength in developing a batik enterprise. This study is conducted by identifying the business environment, alternative funding, as well as how the funding is advantageous in developing a business. A descriptive qualitative research is conducted with case studies to depict the dynamics of female entrepreneurs in starting a business, receiving, using, and developing funds, as well as the environment that covers it. Eight participants were chosen from three different locations that could reflect the coastal batik region condition/variation (Lasem and Pekalongan) and non-coastal batik region condition/variation (Solo and Gemawang), using a purposive sampling method with a type of sampling quota. The data was then analyzed by using a narrative type of descriptive qualitative technique. The research results show that an individual who has thinking power will possess a strong desire to be independent and more developed, so that the individual can take advantage of business opportunities and funding that were previously not known. In addition, funds are beneficial in being able to facilitate entrepreneurs to recognize and utilize opportunities as well as develop their businesses, as a production factor, improve their business scale, so that they can have a successful business cycle. This research produces a proposition in the form of a funding model for small and medium enterprises. In the future, empirical testing is needed, in order that a model generalization can be attained. There are two funding perspectives, from the funding provider (supply) and funding recipient (demand). Up until now, there is no known in-depth research that discusses this aspect. Keywords: entrepreneurial finance; entrepreneurial mind; start-up business; female entrepreneurs; SMEs JEL Classification: B54; G40; M13 Introduction Until the beginning of the 1990s, the topic of entrepreneurial finance (EF) was rarely discussed. Entrepreneurship was even considered as being separate from corporate finance. Several years later, interest surfaced on researching financial market behavior and financial intermediaries in allocating finances to start-up companies or developing companies, but there are still many issues that have not been explored (Mitter and Kraus 2011). Previous research examined entrepreneurial finance from the supply side, which discussed financiers as the focus of study like formal and informal equity (venture, capitalists, angel investors, corporate venturing, crowdfunding), formal and informal debt like bank debt, borrowing from friends, family members, and separate from other finances (mezzanine) (Fraser, Bhaumik, and Wright 2015, Harrison and Mason 2007). Testing from the supply side is found in how financial sources and financing composition are able to make entrepreneurs assemble resources and innovate to develop their businesses. Meanwhile, testing from the demand side, which is in looking at how the entrepreneur dynamic handles financial needs, searches for and uses the funds has not been explored much, especially for female entrepreneurs. Several previous
research studies have not exposed the different facts between males and females in beginning a business. Female and male entrepreneurs are the same or different with regard to a number of individual, business, and environmental characteristics (Yordanova and Davidkov 2009). The question that arises then is whether there are any differences regarding this as examined from a gender perspective. If considered from various literature resources, females are different from males, so that there is a possibility that there are differences between males and females in starting an enterprise. Gender affects business success (Strielkowski 2012). Bakan (1966) revealed that there are personality differences in males and females in their orientation towards achieving results (agentic) as well as differences in characteristics that are oriented towards service and social activities (communal). Males are characterized as being aggressive, like challenges, as well as firm and independent. Meanwhile, females have a nurturing trait, like to help others, and have a higher level of empathy. Likewise, when female entrepreneurs manage their businesses, they will put more of their souls into the enterprises. Gender stereotype can influence the cognitive aspect and behavior of an individual (Heilman 2001). There is a gender stereotype in the entrepreneurship intensity. Jobs that are labeled as being more appropriate to be done by men (masculine stereotypes) like becoming entrepreneurs can weaken women's roles in the business world (Gupta, Turban, and Bhawe 2008). Previous findings found that good organizational management is that which applies a management type that is dominated by masculine traits (Brenner, Tomkiewicz, and Schein 1989, Martell et al. 1998, Powell and Butterfield 1989, Schein 1973). The business world can be analogous as an organization that is full of challenges, has various risks, and demands quick responses when faced with numerous opportunities. This kind of an environmental situation is identified as being more appropriate for men (Marlow and Patton 2005). Nevertheless, the empirical condition that was discovered in the Lasem and Gemawang batik villages actually reveals that many women have become entrepreneurs. There are gender and cultural background differences that can provide color and dynamics in conducting a business (Lerner and Malach-Pines 2011). These aspects influence how an entrepreneur analyzes a company's needs until eventually making a business decision (Tinkler et al. 2015). This condition is interesting to be researched further to see how women begin and develop their businesses. Besides that, in making a business come to fruition, it is integrated with various business decisions, such as funding and investment decisions. Different environments can influence various company decisions and activities, so that a company's work performance will be different as well. Female entrepreneurs tend to be more prudent in their funding activities and uses (Garwe and Fatoki 2012, Karanja, Mwangi, and Nyakarimi 2014). Various previous research shows that the family factor, especially parents, has a dominant role in determining the speed of business successors. The majority of female entrepreneurs in Turkey do not understand business risks, financial planning, and investment decisions (Çaliyurt 2011). They place more trust in business advice from their families instead of consultants/business experts, because they have previous business experience. In the financing aspect, there are financing variations in terms of gender (Garwe and Fatoki 2012, Tinkler et al. 2015). There are psychological differences between men and women that affect access to funds through debt. This can be explained with the discouraged borrower theory (Kon and Storey 2003). Women are not too active and not as brave to take on debt compared with men. Actually, it can be said that female entrepreneurs are the type who are credible borrowers. However, they are reluctant to make credit requests because they are worried that they will be rejected by creditors. This fear of rejection can be caused by a perception towards themselves that they have insufficient business skills as well as a low level of education. Furthermore Jappelli (1990) described several reasons why an individual does not go through with one's desire to have debt, including the number of family members, race, kind of job, amount of credit ceiling, size of installments, insufficient assets and income, age, and no previous debt history. However, it is not clear whether or not female batik entrepreneurs in Central Java also have the same condition as mentioned in the literature. Based on the above explanation, there are still variations or not enough information regarding how female entrepreneurs start their businesses, how they compile resources and financial capital, and how financing plays a role in developing their businesses. It is interesting to explore how they begin their businesses, starting from the initial intention to become an entrepreneur until how an individual considers and takes advantage of financial capital to start a business. Is financial capital still a primary factor in beginning a business or are other factors involved in triggering an entrepreneur to start a business? In a conventional viewpoint, what always becomes a constraint for someone not to be interested in having an enterprise is financial problems. However, is this really the true condition? Or does a person's motivation to start a business come from within, such as a desire to advance and improve one's fate? Then how strong is that funding to develop a
The purpose of this research is to describe how an individual can start a company, assemble resources including financial capital, as well as construct financial power to develop a batik business through identifying the business environment, alternative funding, how to take advantage of the funds, as well as the effects for developing an enterprise. Conclusion

Previous research showed that funds or what is often mentioned as capital seems to be a production factor (Kargar and Blumenthal 1994, Denis 2004, Cook 2001, Markova and Petkovska-MirČEvska 2010, Sarasvathy 2001). From this research, it reveals that funds have an extraordinary power in fostering and increasing a business to become bigger, more advanced, and expansive. Funds have a power in facilitating an entrepreneur to recognize and take advantage of opportunities as well as develop one's business. Besides that, an individual who has a strong desire to be independent and more developed can capture funding opportunities that were previously unseen. Whether a funding role is great or not in a business greatly depends on various aspects like the business environment, background, as well as entrepreneur's characteristics, the business traits, and funding sources. A very competitive business environment, much competition, business culture, and the proper setting make an entrepreneur not just look for funds, facilitate available funds, and then it will be responded by the entrepreneur by taking advantage of making the funds develop the business. An entrepreneur's background and characteristics, such as parents, society, desire to be successful and advance, bravery, unending desire to succeed, independent-free to create, and having a life vision all play a great role in triggering funds to become an important production factor in a business. In this case, female entrepreneurs have entrepreneurial traits such as tenacity, an internal locus of control, a life vision, and a need for achievement (Brockhaus and Howtz 1982, McClelland 1961, Rotter 1966, Shane, Locke, and Collins 2003, Boone, de Brabander, and Hellemans 2000, Keats and Bracker 1988, Van Gelderen, Kautonen, and Fink 2015), so that it facilitates them to be able to obtain funds and develop their businesses to acquire fund, in order to increase their business capacity. The characteristics of a batik business are it needs to foster a feeling of enjoyment and pleasure, cause the entrepreneur to have a high degree of involvement in the business, and feel that they own the business, so that they will not easily give up if they experience business difficulties, including financial obstacles. Actually, in this kind of a condition, fund providers will have a positive response by providing funds for the entrepreneur if needed. This research produced a proposition in the form of a financing model for small and medium enterprises. In the future, empirical testing needs to be conducted, in order that a model generalization can be obtained. There are two funding perspectives, which are supply and demand. As of now, there is no known in-depth study of this issue. There is an indication that there is a relationship between funds, an entrepreneurship, and performance. Despite this, it is still not clear what kinds of funds can improve an entrepreneurship, what type of an entrepreneurship can improve performance, and what kind of performance can attract company funds. This is a future research topic that should be conducted by searching for dimensions and indicators from funds, an entrepreneurship, and performance. It is further necessary to examine what form of a relationship exists between these three aspects, including whether an entrepreneurship functions as a mediator between funds and performance. From the demand side, the behavioral and entrepreneurial finance theory needs to be expanded and more in-depth by building concepts, measurements, and models. In the behavioral finance theory, the positive and negative cognition biases have been discussed. Are these cognition biases strongly connected with entrepreneurship orientation? This needs to be confirmed in further research. In a resource-based and entrepreneurship theory context, the idiosyncratic and heuristic ability can differentiate between entrepreneurs and non-entrepreneurs. In this kind of a premise, it is possible that these cognition biases can result in entrepreneurs having entrepreneurship competence. This phenomenon can also be discussed by using a resource and opportunity-based entrepreneurship working framework, especially related with financing, including related with the problem of asymmetric information and agency

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of invested money influenced the success of Europe 2020 implementation process. Within the research were employed different methods: scaling technique, semaphore method, cluster analysis and spatial analysis used by R software. Research results pointed out that greatest implementation progress is visible in fields of environment and education, while in case of R&D target has worst one and that the national and regional disparities exist in providing an enabling enterprise and innovative environment in Europe. Keywords: Europe 2020; strategy; integration; indicators, targets; econometric analysis; semaphore method; clusters JEL Classification: A13; F63 Introduction In this globalization age, it is important to stay competitive. We can say, that economy is competitive, if is able to provide high and rising living standards, allowing all members of a society to contribute to and benefit from these levels of prosperity. Moreover, it is important that it meet the needs of the present generation and not compromising the ability of future generations to meet their needs. EU is union of 28 economically different countries where national and regional disparities are present. (World Economic Forum 2014) The set of various tools and mechanisms can be employed to enable the weaker members to achieve the stated objectives of the development of the EU as a whole. This is the main idea of Europe 2020, the strategy of European development. In connection with previous, the strategy Europe 2020 highlighted three mutually reinforcing priorities: smart growth, sustainable growth and inclusive growth. (European Commission 2010c). Ensuring this ambitious goal, it is necessary to cover continual growth in all areas within EU member states. It was the reason to define headline targets and 13 Nemcovej 32, Slovakia expectations, which are necessary to reach or to approach maximally by 2020. Indicators of employment, R&D, environment, education, poverty and social exclusion allows monitoring the stated expectations performance of the particular EU member states or EU as a whole. The planned budget for this strategy was 638.2 mld. Euros during the years 2014 – 2020. There is possible to find many information and data about success of integrating strategy itself, but unfortunately they are concerned mostly on publishing information about particular indicator level at the particular country, there is no aggregated information about integration success the strategy as a whole. Therefore, the motivation of our research is to check the progress of implementation the Europe 2020 strategy, not only from point of view achieved values of indicators, but also try to find answer wether investments were used effectively. Based on the mentioned above, the aim of this paper is to present results of conducted comparison of the implementation of Europe 2020 targets and objectives to evaluate the Europe 2020 strategy progress among EU Member states and to assess how the amount of invested money influenced the success of Europe 2020 implementation process. Conclusion Because the lifetime of the Europe 2020 strategy is coming to the end, it is really important to map the target fulfilment progress in every member country. The main objective of our research was to evaluate Europe2020 strategy progress itself, and help to identify the implementation leaders and motivate and inspire the poor integrators to follow them and implement similar strategies and tools in governance of the country. There are available some publications concerned on similar complex comparisons (Athanasoglou and Dijkstra 2014), (Dijkstra and Athanasoglou 2015), (Pasimeni 2013), but all of them worked with older data (available till 2013). Other and latest publications working with up-to-date data presented only indicators level comparisons. For that reason, our research had ambition to work-out missing complex comparison view to Europe 2020 headline targets implementation by particular EU Member States. As was above mentioned, Europe 2020, the strategy for smart, sustainable and inclusive growth very precisely describes the headline targets and indicators. As was stated above, EU is union of 28 economically different countries and is far from a homogeneous entity in terms of competitiveness. The national and regional disparities exist in providing an enabling enterprise and innovative environment in Europe - between strong performers at northern and north-western Europe as also our comparison prove and poor performers at southern Europe and Central and Eastern Europe. By 2020, there still remain a few years, so countries that do not meet their targets should focus on the areas where they have the worst results and try to improve it. It is necessary to take inspiration from the northern European countries that are successful and take similar steps to achieve the targets. Countries that at least meet the individual objectives should take an example of countries which are more succesfull in objectives implementation. This seems to be the only way for the EU to remain competitive to other countries of the world. References [1] Athanasoglou, S., and Dijkstra, L. 2014. The Europe 2020 Regional Index., JRC Science and Policy Reports Available at: http://publications.jrc.ec.europa.eu/repository/bitstream/JRC90238/reqno_jrc90238_the europe 2020 regional index_final_online.pdf (accessed February 10, 2017). DOI: http://dx.doi.org/10.2788/87940 [2] Dijks, L., Athanasoglou, S. 2015. 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in all dimensions as the accuracy and complexity of the fuzzy model were optimized by Genetic algorithm. Radius parameters were optimized evolutionary algorithms. This study presented a fuzzy model for performance assessment evaluation of small and medium knowledge-based companies using fuzzy logic and stated as 0-100. 1. Literature review Abbasi and Eftekhari (2014), presented a model for the form of a fuzzy inference system and the general performance of the company is used modeling the preference of decision makers in relation to performance indicators in companies are identified and then, the fuzzy inference system of Sogno and Mamdani are by survey of experts, performance assessment indicators regarding cooperative various fuzzy rules and considering the experts' opinion can provide such mapping. Thus, make the presentation of model presenting general performance of cooperatives by various performance indicators are considered for cooperative companies. Various goals language (Azar and Faraji 2001). Based on the visual goals of cooperative companies, is reasoning with a fuzzy set. Fuzzy logic is a fully flexible system at the service of natural logic states that the entire reality is black and white, fully true or fully wrong. Fuzzy logic means grey logic. Fuzzy logic states that the entire reality is grey reality while two-value logic states that the entire reality is black and white, fully true or fully wrong. Fuzzy logic is reasoning with a fuzzy set. Fuzzy logic is a fully flexible system at the service of natural language (Azar and Faraji 2001). Based on the visual goals of cooperative companies, various performance indicators are considered for cooperative companies. Various goals make the presentation of model presenting general performance of cooperatives by collecting performance indicators as unified. Fuzzy inference systems by development of various fuzzy rules and considering the experts' opinion can provide such mapping. Thus, by survey of experts, performance assessment indicators regarding cooperative companies are identified and then, the fuzzy inference system of Sogno and Mamdani are used modeling the preference of decision makers in relation to performance indicators in the form of a fuzzy inference system and the general performance of the company is stated as 0-100. 1. Literature review Abbasi and Eftekhari (2014), presented a model for evaluation of small and medium knowledge-based companies using fuzzy logic and evolutionary algorithms. This study presented a fuzzy model for performance assessment of knowledge-based companies by Genetic algorithm. Radius parameters were optimized in all dimensions as the accuracy and complexity of the fuzzy model were optimized by...
decreasing clustering. Shirdel et al (2014), evaluated the performance of agriculture cooperative companies from the view of members of cooperatives of Ardebil town in Iran. The results of study showed that despite the need of farmers to different services of agriculture cooperatives, these units have no suitable performance to meet the demands of farmers. Also, the modified seed and fertilizer before cultivation including integration of land, development of river and development of irrigation systems were the highest performance of cooperatives in cultivation stage. Rajabbeigi et al. (2012), evaluated the performance of Karaj municipality based on balanced assessment approach. This method monitored tangible and intangible assets with great importance in the contemporary world that the organization can eliminate the weaknesses. In the study by Glykas (2013), the strategic map was designed by scenario making. In this study, static disadvantages of balanced scorecard are explained and to eliminate these problems, Fuzzy Cognitive Map (FCM) was used for scenario making of basic success factors and its effect on organization performance in the strategy map. In the study of Ahmed et al. (2013), a fuzzy inference system was presented to evaluate the performance of employees by which the sample employees were selected. In this study, fuzzy inference system was used based on the number of performance assessment indicators, ambiguity, non-completeness and subjective judgment. In the study of Bai et al. (2014), company performance was evaluated using C-means clustering method and fuzzy Topsis. Therefore, fuzzy C-means method was used to classify the performance indicators including strategic and operating indicators in each balanced scorecard aspects. Then, Fuzzy Topsis method was used for priority of performance indicators, based on the ambiguity and subjective judgment of indicators. In the study of Esen et al. (2016), a fuzzy inference system was used for performance assessment of employees of purchase department of organization. The main indicators of performance assessment included leadership and participation in decision making, technical skills and communication of employees. In the study of Sofiabadi et al. (2015), the control strategies were prioritized in an electric equipment manufacturing company. To do this, by review of literature and opinion of experts, the most important performance assessment indicators were identified. The results of study showed that services were qualified and human capital development was one of the most important control strategies. Based on the results of this study, culture perspectives, growth and learning were the most important perspectives of organization. Conclusion Unstructured condition of decision making is a managers’ challenge for the performance assessment of companies. In this study, a fuzzy decision system has been developed for ranking the performance of cooperative companies. In the proposed model an EFQM method was used to optimize the fuzzy rules base in the performance assessment process. The results showed that the proposed model was an accurate method to analyze the performance of cooperative companies. Moreover, the model showed an important role to select the high impact factors for improving the company performance. As a result, cooperative companies with the improvement of performance indicators can enhance their proficiency. The developed fuzzy model can be replaced with existing qualitative methods for the purpose of minimizing analyzers’ biases and improper weights on the various deciding factors in the performance assessments of the companies. Future works The developed model can be combined with other methodologies of study as development of quality function to identify and prioritize the organization improvement strategies based on performance indicators. Also, using other performance assessment methods in a hybrid model as balanced scorecard and neural networks can be considered to evaluate the performance of cooperative companies in the future works. References [1] Abbasi, Sh., Eftekhar, M. 2014. Propose a model to evaluate small and medium knowledge-based companies using fuzzy logic and evolutionary algorithms. National conference of computer engineering and IT management. [2] Ahmed, I., Sultana, I., Kumar, S., Azeem, A. 2013. Employee Performance Evaluation: A Fuzzy Approach, International Journal of Productivity and Performance Management, 62(7): 718-734. Available at: www.emeraldinsight.com/1741-0401.htm [3] Azar, A., Faraji, H. 2001. Fuzzy management knowledge. Tehran publications. 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oriented to the achievement of the citizens' interests and to the emergence of a positive effect for the entire economy. Conclusion The logic of modeling game theory correlates with common sense and fits into the positions of fundamental theories, however, as the authors believe, it will not serve as a sufficient basis for Russian legislators to correct the vector of pension scheme reform. The achievement of a consensus of the social interests of society and economic expediency in the framework of the graphic adaptation of the Harsanyi-Selten model is due to the realization of citizens' choice of pension scheme on the basis of independent criteria of theory rationality of two equilibriums. The relevance of the presented research is determined by the prevailing conditions in a number of states where pension schemes are taking place: demographic (age structure of society), economic (growth rates of national economies, corruption, shadow sector), financial (instability of national currencies, tax and investment climate), social (society stratification, separation from one's social class, formation of oligarchic layers, criminalization of society and the shadow economy) are quite definitely connected with the need to overcome the contradictions in the society, which is the public sector pension scheme aimed at preserving the principles of social fairness in society. The analysis of public sector pension schemes in different states allowed the authors to summarize the most essential principles of their functioning: § the pension scheme is formed by the state annuity life insurance along with non-state financial institutions, which allows providing a level of income sufficient for residing after retirement; § states have sustainable strategies for financing the pension scheme, which reflects the share forecast of pension scheme in GDP. Most of the Nordic states intend to adjust this amount upwards, a difference from Russia, which implies a reduction in the financing of social programs at the expense of the state, including the pension scheme; § comparison of the replacement rates of lost income with all certainty allows us to conclude that the developed states provide their citizens with a decent level of pensions - the replacement rate in Greece is 32.3% (the lowest), in the Netherlands - over 68% (the highest). In Russia, this rate is 22%, while the amount of deductions from earnings is 26%; § it is of quite certain practical interest to analyze the rates of demographic support by states, which quite clearly indicates a critical situation in Russia: Spain has the highest rate (261) and Sweden (253), and the average for developed states is 213.5, while in Russia there are only 103 working people per 100 pensioners. It is obvious that this indicator forms an emergency, in the future - an unbearable - the burden on the employable population; § analysis of the respondents' opinions in sociological surveys of Russians revealed an extremely negative attitude of the population towards the ongoing pension reform, which along with raising the retirement age, the Russian government does not relax its position with respect to the interest-bearing part of labor pensions of citizens, the formation and use of which has been blocked until 2018 inclusive; § the authors presented the technologies for calculating pensions in the state and non-state sectors, illustrating the different from the accessibility point of view for monitoring by future pensioners. The state, as follows from the presented, does not seek to disclose information about its plans as to what pensions it will be ready to provide in exchange for today deductions. The authors emphasize that they do not give a moral assessment of the existing public sector pension schemes in Russia, but it is obviously socially unfair and creates conditions that, in fact, compel citizens to ignore the requirements of legislation, which in the future will exacerbate social tension in society. The ongoing reform does not give unequivocal answers to questions related to taking into account the length of service in the armed forces, leave for childcare, and the rates of accelerated retirement. The analysis obviously hides illusions about the preservation of the existing state of affairs in the Russian pension scheme, such as: "young" age of retirement, low replacement rate of lost earnings with a high rate of pension deductions from wages, a growing proportion of the elderly population with a reduction in the number of the employable. Taking into account the extremely unfavorable market conditions for Russia: The cost of hydrocarbons, the volatility of the national currency, the sanctions regime for access to world financial resources, one should proceed from the most pessimistic scenario of the development of the situation in the Russian public sector pension scheme. Functional restructuring of the pension scheme should be based on common sense and respect for the constitutional rights of citizens. However, the next stage of the extremely unpopular reform is realized in conditions of unfavorable demographic tendencies and the critical age structure of the population, characteristic for Russia, which has the lowest ratio of the working population and pensioners among European states. Along with this, the socially irresponsible attitude of some Russians to the responsibility of financing their own pensions aggravate the poverty source of older citizens, prolongs social inequality and threatens the social stability of society. Experts note that the search for consensus on this issue is moving into a plane that is very painful for Russian citizens - it touches on the traditionally urgent
problem of achieving justice in society. The authors believe that the experience of developed states may well become a universal platform for Russia to build a modern and effective public sector pension scheme while encouraging the voluntary participation of citizens themselves in financing their future pensions. The latter condition represents a real research interest at once from several scientific points of view, including - from the position of psychological motivation of the population when making financial and other decisions. At the same time, this research and the results are to some extent limited in its relevance both territorially (directly by the Russian Federation) and in time (there is some hope for positive changes in the political, social and economic climate of the Russian Federation). At the present time, the Russian practice of regular reform of the pension scheme changes the "rules of the game" in the annuity life insurance market, which makes it impossible for citizens to understand what their pension will be and what efforts should be taken to increase it. The democratization of the population to participate in the formation of pensions on a solidary basis is due to common sense and fundamental theories of economic science, so reproducing the current scenario, regardless of the obvious, means entering into an even deeper impasse in the public sector pension scheme and all social policies. References

what leads the outgoing generation to hand over company to their successors from family that all challenges are known to actors of this process. The aim of this paper is to find out assumptions. To successful change of ownership or management is necessary important change and succession is an overall process that can only be successfully completed this problem implies to the generation of founders and then their successors. Generational the next generation in future. In the Czech Republic, given the briefly renewed history, older, generation to another, usually younger, generation of business owners, followed by company anyway. In order for the family business to remain in family hands, ownership the aging of key business figures. In this case, the family loses the opportunity to own the business without that person. Selling of the company might be applied as a solution for and person is becoming to be tired. Nowadays, family businesses are increasingly limited the ability to fully manage a growing company, increasing the total labor fatigue time irrefutably bears change of age and medical condition for all individual, thus is evolves and changes, and the physical abilities and skills of the individuals change. As previous political regime about 30 years ago, in the Czech Republic, most family businesses were established. Nowadays, they are still managed and owned by generation of first founders and they can be replaced by their offspring. The aim of this paper is to find out what leads the outgoing generation to hand the company over to their offspring. Part of the paper presents the analysis of the results of already performed quantitative surveys among family businesses in the Czech Republic. For the research, qualitative exploration by the method of in-depth interviews with seven current owners was used. It was found that results are influenced by the fact what led respondent to start his/her own business. The effort to maintain a long family tradition, necessity due to the physical condition of the founder; the desire to engage in another business field, the attempt to establish a new tradition in the family and their own fatigue and awareness of the necessity of their departure are the main reasons leading to the transfer of the Czech family firms to the successors. Keywords: family business; family firm; succession; incumbent motivation; case study JEL Classification: G30; M10 Introduction The topic of family businesses and their importance for Czech economy is not sufficiently academic addressed in the Czech Republic. On the other hand, according to some authors, Machek (2017), this is a young but popular and rapidly evolving field of science in the field of management. Family businesses, once they have got the opportunity to do business freely, had started to play an important role in Czech economy. In the 1990s, new form of business - family businesses began to operate on the Czech market. Whether it goes about re-established family business that had a tradition before nationalization in past. Or at the same time, the opportunity to do business has been taken by families who have no previous business history behind them. Entrepreneurs starting after the revolution in early 90s have been doing their business for more than 20 years. The business environment evolves and changes, and the physical abilities and skills of the individuals change. As time irrefutably bears change of age and medical condition for all individual, thus is limited the ability to fully manage a growing company, increasing the total labor fatigue and person is becoming to be tired. Nowadays, family businesses are increasingly struggling with the question of leaving the founder from the firm and continuing their business without that person. Selling of the company might be applied as a solution for the aging of key business figures. In this case, the family loses the opportunity to own the company anyway. In order for the family business to remain in family hands, ownership and management must be transferred. Generally, there is a transition from one, usually older, generation to another; usually younger, generation of business owners, followed by the next generation in future. In the Czech Republic, given the briefly renewed history, this problem implies to the generation of founders and then their successors. Generational change and succession is an overall process that can only be successfully completed University of Economics in Prague, W. Churchill 4, 130 67 Prague 3 under certain assumptions. To successful change of ownership or management is necessary important that all challenges are known to actors of this process. The aim of this paper is to find out what leads the outgoing generation to hand over company to their successors from family members. Lack of high quality statistical data leads to the development of qualitative
research design. This paper has following structure: Firstly, there is placed an overview of the relevant literature on family businesses and succession, which creates the framework for defining basic scientific questions. Within the literature, various definitions of family business are introduced. The following is the analysis of the results of the investigations already carried out by public surveys. Then, the method of data collection is described in the Methodology section a followed by described exploration itself. Subsequently, the issues are complemented by the findings of the research. Finally, the conclusion is presented. Conclusion The purpose of this paper is to answer the question of what motivates the owners of Czech family companies to hand over their business to their children. In this paper was analyzed the quantitative surveys carried out focused on finding out the status of family businesses and the area of succession in more detail. These surveys made by the Association of Small and Medium-Sized Enterprises and Tradesmen of the Czech Republic show especially the growing interest in solving succession in Czech family-owned companies. This is supported by the fact that the survey conducted this year was, in comparison with previous years, more devoted to the succession. In the next stage, a qualitative study was carried out by the method of in-depth interviews, which gave rise to different results based on the facts leading to the entry into business. However, it is necessary to mention that all the persons surveyed wish their firm to continue after their departure. The sale or disappearance of a company in the above companies is not considered. It can be stated that the main reasons leading to the transfer of the Czech family firms to the successors are the effort to maintain a long family tradition, necessity due to the physical condition of the surrender, the desire to engage in another field, the attempt to establish a new tradition in the family, their own fatigue and awareness of the necessity of their departure. Certain restrictions stem from the nature of qualitative research. The transfer of the findings of the given survey to the general level of all family business owners is controversial. As the surveyed collection was chosen at random basis, irrespective of the size or field of activity, and does not reflect the distribution of the Czech economy. However, the main findings support the importance of the subject succession for Czech family firms. This research paper can be called as one of the first articles dealing with the reasons for the transfer of Czech family businesses in the Czech Republic. At present, the state of knowledge of the Czech family environment is not sufficient enough and the academic sphere should focus on the issue of succession. Exploring the motivation to enter a family business can be more deeply researched. Comparison with the results of foreign authors should be also applied. It is particularly opportune to investigate further whether the way in which a family business originates or is acquired affects the reasons that motivate the leaving generation to pass company on to their offspring. Acknowledgment The article has been supported by project IGA “2017 Social and Sustainable Entrepreneurship in International Context”, No. F2/50/2017” of Faculty of International Relations, University of Economics, Prague. References [1] Cabrera-Suárez, K., De Saá-Pérez, P., García-Almeida, D. 2001. The succession process from a resource and knowledge-based view of the family firm. Family Business Review, 14(1): 37–47. 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It means existence of science-based techniques of estimation of efficiency of presence of business activity of universities dictate the need to adhere to effective business strategy. Classification: M10; O32

Introduction

The terms of competitive fight in a segment of the end. Keywords: mathematical model; efficiency estimation; loyalty; innovations. JEL institution with customers of R&D. Besides, the model is necessary at the solution of and there are only samples of economic indicators on interaction of higher education source materials are numerous, separated between various services for external partners perspective developments, etc. In practice one can use the results of the work in case the equipment and materials for R&D, staff of the invited experts, investment into possible to plan number of students, involvement of the faculty and experts, purchase of the same time on the basis of researches of market interest of customers of R&D it is also technique allow the direction to predict their activities for a number of key parameters. At computer program and carry out calculations on concrete basic data. The estimates and level of loyalty of commercial partners. They get an algorithm brought to the level of the method of mathematical modeling with application of an algorithm of estimation of the key parameters of the activity for future planning. In the work the authors use the corresponding models allowing to predict market behavior and to form in dynamics estimation of efficiency of presence of the university as an economic agent, and also of

Abstract: The article deals with a problem of search of science-based techniques of university.

2017. Model of assessment of the degree of interest in business interaction with the Federation sergeev2@yandex.ru Suggested Citation: Borisoglebskaya, L.N., Sergeev, S.M. Sergey M. SERGEEV Peter the Great Saint Petersburg Polytechnic University, Russian Federation sergeev2@yandex.ru Suggested Citation: Borisoglebskaya, L.N., Sergeev, S.M. 2017. Model of assessment of the degree of interest in business interaction with the university. Journal of Applied Economic Sciences, Volume XII, Winter, 8(54): 2423–2448. Abstract: The article deals with a problem of search of science-based techniques of estimation of efficiency of presence of the university as an economic agent, and also of the corresponding models allowing to predict market behavior and to form in dynamics key parameters of the activity for future planning. In the work the authors use the method of mathematical modeling with application of an algorithm of estimation of the level of loyalty of commercial partners. They get an algorithm brought to the level of the computer program and carry out calculations on concrete basic data. The estimates and parameters of higher education institution of enterprise type received when using this technique allow the direction to predict their activities for a number of key parameters. At the same time on the basis of researches of market interest of customers of R&D it is also possible to plan number of students, involvement of the faculty and experts, purchase of the equipment and materials for R&D, staff of the invited experts, investment into perspective developments, etc. In practice one can use the results of the work in case source materials are numerous, separated between various services for external partners and there are only samples of economic indicators on interaction of higher education institution with customers of R&D. Besides, the model is necessary at the solution of problems of estimation of competitor’s potential when developing scientific and innovative projects when the end results of work are set and entry conditions are not defined up to the end. Keywords: mathematical model; efficiency estimation; loyalty; innovations. JEL Classification: M10; O32

Introduction

The terms of competitive fight in a segment of business activity of universities dictate the need to adhere to effective business strategy. It means existence of science-based techniques of estimation of efficiency of presence of
higher education institution as an economic agent (Bok 2003), and also of corresponding models allowing to predict market behavior and to form in dynamics key parameters of the activity for future planning. In conditions of approach to the level of technological singularity with a limit of uncertainty, it is difficult to overestimate the importance of productive interaction of science, state educational institutions and business. Relevance of search of adequate approaches to the solution of this problem is caused by the fact that the key factor giving competitive advantage is the reputation of higher education institution (Macleod and Urquiola 2009). The trend to division of higher education institutions according to such categories as national research universities or federal ones, is aimed at optimization of a high school pool and formation of multistage hierarchy of the Russian higher school that reflects deep processes in scales of macrolevel of economy of knowledge when science is included in the area of production interests of the enterprises. In turn, capitalization of knowledge, effectiveness of scientific and innovative process define a dominant position of demanded (Ebersbach et al. 2005) in the market of R&D services of research universities as drivers in segments of the knowledge-intensive economy. Successful development depends on effective interaction with contractors (Buttle and Maklan 2015) therefore the higher education institution is obliged to develop market methods of interaction on all categories of subjects and to use them for preserving and expanding the partner base by formation and support of high level of implementation of obligations under contracts. In many respects the solution of this task is reached thanks to development of formats of interaction B2B (business-to-business), B2G (business-to-government), and also B2C, and in the presence of the developed Internet portals WebCollaboration and other interactive methods of business cooperation are set up (Ebersbach et al. 2005). The solution of the questions connected with estimation of a higher education institution role includes the weighed economic (Sergeev 2015) calculation. At creation of long-term plans of work of higher education institution as a research agent one of the defining indicators to be guided by is change of demand for partner services. Such an approach in many respects is defined by reputation indicators of higher education institution that is reflected in financial success and volumes of R&D. While gaining the competitive market on rendering of services on performance of research work by higher education institutions, strategy for introduction of programs of increase in level of loyalty of clients is formed. They include the methods of maintaining of level of market interest, and also of preserving and developing of interaction with the available partners. They are well developed in the CRM systems (Customer Relationship Management) (Buttle and Maklan 2015). Conclusion As a result of the carried-out calculations via offered technique both summary volumes of customers of R&D and separate activities of higher education institution can be calculated. In the latter case stratification of the general indices and creation of matrixes of levels of partnership on each of the directions will be required (we will note that they can be considered as submatrixes of the general matrix of higher education institution having respectively much bigger dimensionality). It is necessary to create the database of the contractual relations of interaction with partners which should consider the period of duration of the contractual relations (the conclusion of new contracts with partners, completion of the contractual relations, etc.). For determination of planning horizon and prediction it is expedient to use mathematical methods based on computer simulation and prediction. In this case in view of complexity of the tasks being solved connected with stochastic character it is impossible to use regression models. The offered approach to estimation of the degree of the interest in business interaction with the university motivates higher education institutions to the choice of competitive strategies. References [1] Acemoglu, D., and Robinson, J. 2013. Why Nations Fail. Crown Publishers, NY., 544 pp. [2] Acemoglu, D., Robinson, J. 2001. The Colonial Origins of Comparative Development: An Empirical Investigation. The American Economic Review, 5(91): 1369-1401. Available at: http://dx.doi.org/10.1257/aer.91.5.1369 [3] Blaug, M., and Vane, H.R. 2003. Who’s Who in Economics. Edward Elgar Publishing, 1000 pp. [4] Bok, D.C. 2003. Universities in the Marketplace: The Commercialization of Higher Education. Princeton University Press, 256 pp. Available at: http://dx.doi.org/10.1515/9781400825493 [5] Buttle, F., and Maklan, S. 2015. 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in modern Russia's higher education. The conclusions formulated in the article can be
applied as principles of higher education applied research and monitoring. Keywords:

Economic priorities of Russian State University Education in the light of the Bologna Process Nikolay PRUEL Department of Social Management and Planning Faculty of Sociology, Saint-Petersburg State University, Russia pruiel@inbox.ru Elena TARANDO Department of Economic Sociology Faculty of Sociology, Saint-Petersburg State University, Russia elena.tarando@yandex.ru Vasili OVSIAJNIKOV Department of Apply Sociology Faculty of Sociology, Saint-Petersburg State University, Russia vasovs@mail.ru Yury MISHALCHENKO Department of European Studies Faculty of International Relations, Saint-Petersburg State University, Russia myv2008@mail.ru Tatiana MALININA Department of Social Analyses and Mathematical Methods in Sociology Faculty of Sociology, Saint-Petersburg State University, Russia tatiana_malinina@mail.ru Alexander BORISOV Department of Social Management and Planning Faculty of Sociology, Saint-Petersburg State University, Russia borisov-af@mail.ru Suggested Citation: Pruel, N., Tarando, E., Ovsiani nikov, V., Mishalchenko, Y., Malinina, T., Borisov, A. 2017. Economic priorities of Russian State University education in the light of the Bologna Process. Journal of Applied Economic Sciences, Volume XII, Winter, 8(54): 2429–2441. Abstract: The purpose of this article is to identify the economic priorities for higher education development and to justify the administrative impacts at the university level for their gradual resolution. In methodological terms the rationale by D.D. North means for authors the effect of the "historical conditioning" of development. The method used: qualitative analysis of statistical data and documentary sources. The economic priorities of Russian higher education modernisation are highlighted and the financial situation in education is characterized. In accordance with the main directions of this reconstruction, the institutional problems of its modernisation were revealed and disclosed.
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(Vinogradova 2015). Reconstruction of Russian education The Bologna Process is an
initiative supported by the financial power of the European Community. The long-term aim
of the program of action is the creation of a common European space for higher education
to improve the mobility of citizens in the labour market and enhance the competitiveness
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Bologna Process was due to the fact that, thanks to the increased integration processes,
the free movement of labour (workforce), goods and capital, Europe increasingly began
to realise itself as a whole. The lack of comparability of qualifications in the field of higher
education has become an obstacle to the free movement of highly qualified personnel. In
conditions where higher education becomes not only a highly profitable business area, but also determines the success of the development of countries, Europe can only count on successful competition in this area as a single whole. The idea for creation of a single educational space was documented by the Bologna Declaration of 1999 (Bologna Declaration 1999), previous documents and subsequent documents, according to which by 2010 a unified system of higher education should be created in Europe. The Bologna agreement in 1999 was signed by 33 out of 45 countries in Europe. With the signing the Bologna Declaration in September 2003, and Russian higher education became a full participant in the Bologna Process. The change in the "configuration" of education in Europe and in Russia is largely due to the economic context of the development of society, for the essence of the Bologna process is the simultaneous reform of education and the labour market. Moreover, provision of educational services in modern conditions is a highly profitable business. The world market of educational services is multi-billion, in many respects due to the training of foreign students. The world leader in this sphere of business is the USA. Europe, which for many centuries was a worldwide educational centre, lagged far behind the United States at the end of the 20th century. The Bologna process for a united Europe has become a way to catch up with the United States by increasing the attractiveness of a unified European system of higher education for its own and foreign students and as a means to attract investment in sphere of education. Unlike Europe, the Bologna process for Russia is not only a way of integrating education into the international educational space, but also a condition for joining the World Trade Organization (WTO) (Kolesov 2006). The WTO requires member countries to remove barriers to the movement of various factors of production, as well as the use of the most favored nation treatment in the field of educational services. The domestic policy of the country, which is part of the WTO, should promote the opening of markets and the provision of equal economic and trade opportunities to all interested parties, including foreign suppliers (individuals, firms and organisations) of educational services (Malysheva 2014). The WTO offers four ways to purchase a foreign educational service by a Russian consumer: § distance learning; § establishment of branch offices; § training of foreign students; § mobility of teachers (Senashenko and Baxter 2006). Russia's accession to the Bologna Process in 2003 facilitated Russia's admission to the WTO in 2012. However, the social and economic problems of Russian education continue to manifest at its various levels and scales: preservation of technological gap with economically developed countries and reduction of competitiveness of the domestic education; a decrease in its quality; low and untimely wages, aging of teachers and faculty; insufficient state financing of the education system and control over the process of its modernisation; a reduction in the level of scientific and methodological work in universities, a low level of use of modern teaching methods and technologies, including the development of educational and methodological literature and the writing of quality textbooks; a low level of employment of graduates of state universities, proceeding from the directions of their preparation; etc. The aim of our research is to characterise the economic priorities and tasks of university management in the context of the reconstruction of higher education in the Russian Federation. A number of tasks were envisaged in pursuit of this objective. These include: description of the financial and economic situation in the sphere of higher education of the Russian Federation; characterisation of the main directions of modernisation of the Russian Federation's higher education and identification of corresponding institutional problems; substantiation of managerial tasks for solving problems at the university level. The leading methods to investigate the problem are the methods of qualitative analysis of statistical data and documentary sources that characterise various aspects of higher education in Russia. As a result of the research: § economic priorities for the modernisation of Russian higher education are highlighted; § the financial situation in the sphere of education is characterised; § recommendations to university management structures aimed at solving the problems of higher education development are grounded. The novelty of the research is that, in accordance with the main directions of modernisation of higher education, the institutional problems of its development have been identified and disclosed. Theoretically, the research expands the notion of contradictions, relationships, relationships and mechanisms that arise and are reproduced in the sphere of higher education in modern Russia. In practical terms, the conclusions formulated in the article can be applied as principles of applied research of higher education, monitoring of this sphere. Conclusion The research carried out by us has certain limitations. This is due to the fact that some figures reflecting the economic losses from brain drain are rather arbitrary, because they are based on an approximate estimate of the costs of education and training of scientists, the lost profit from their exclusion from the economic life of the country, the indirect losses from the decline in the level of research Frames and so on. It is also necessary to note the lack of complete and up-to-

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n.sisina@mail.ru Suggested Citation: Shitter, M.V., Appakova, G.N., Selezeva, I.V., Vasiljeva, M.V., Sisina, N.N. 2017. Procedure for Efficiency Assessment of Financial - Budgetary Control System. Journal of Applied Economic Sciences, Volume XII, Winter, 8(54): 2442–2454. Abstract: The author's methodology is proposed in the article for determining the integrated assessment of the efficiency of the system of financial control over public funds, which can be used to assess the resultative potential of the entire financial control system. The results of the study can be used by public authorities to improve the management of financial resources and in the formulation of economic policy provisions. Keywords: financial control; budget; efficiency; finance; economic analysis JEL Classification: G28; G38; G39 Introduction The strategy of reforming the budgeting process in any state presupposes the formation of a financial management system in the public sector that predetermines creating and functioning of an efficient and responsible public finance management system and the use of the conceptual framework for financial management in the commercial sector of the economy. Today, many countries are actively pursuing reforms in public finances aimed at increasing the effectiveness and transparency of the financial system, strengthening the responsibility of government authorities for the consequences of making managerial decisions based on the concept of managerialism. Budgetary funds management is of particular importance because of its significance; it is here that the largest financial flows of the state are concentrated. Proceeding from the analysis of the provisions of the budgetary messages of a number of countries, one can make an unambiguous conclusion that at the first stages of introducing financial management into the practice of the public sector, the elements of financial management, such as budget planning, budgetary expenditures management (with emphasis on efficiency and effectiveness), and budgetary control, are of top priority. In turn, the content of control should consist rather in confirming its target expenditure and achieving the effect that was expected in making decisions on their allocation, than in stating the fact of allocation and spending of funds. In this regard, the issues of interrelation and interaction of budget management and budgetary control, budget efficiency and effectiveness of the system under investigation become relevant. In turn, the urgency of the problem of reliable determination of budget efficiency is also determined by the absence of a unified methodology for its assessment in the modern theory of finance. Conclusion The transition from the paradigm of ‘cost management’ to the paradigm of ‘result management’, the expanded use of the managerial approach in the sphere of public finance management, the new targets in this area have made it necessary to change the generally accepted approach to determining the content of budgetary efficiency as a budgetary effect, efficiency of budgetary expenditures. Today, budget efficiency should be understood as the systemic efficiency of financial management in the budgetary sphere (efficiency of the budgetary process management system), or, in other words, budget management. Budget management efficiency as a coherent set of interrelated and interdependent elements, forms and methods that function purposefully as the integral whole to optimize budget revenues and expenditures for ensuring the effective solution of the tasks of social and economic development, directly depends on the efficiency of financial control. The nature of the change in budget management efficiency depends on the efficiency of financial control. This interdependence derives from the very nature of control as a function of managing public finances, as well as the setting of subjects of control to improve performance in monitoring the effectiveness and efficiency of the formation and use of budgetary funds. The analytical tools used to reflect (measure) the relationship between budget management and the financial control system can include both formalized and non-formalized methods. Consideration of the interrelationships of budget management and financial control of the economic and mathematical model of linear programming that determines the static equilibrium of budget management as a system makes it possible to calculate the optimal effectiveness of the FBC system at a certain level of the budget system. The advantages of the method for detecting the isolated influence of factors are that it is the simplest of special techniques of factor analysis and does not require establishing a sequence of factor changes which causes many difficulties, for example, when using the chain substitution method, and is capable of greatly distorting the result of factor analysis. The BOR concept solves the problems of achieving both allocative and economic efficiency of the budget expenditures that arise from the non-market nature of the provision of public services. Effective setting of the use of budgetary funds – improving the quality of life of the population, which involves assessment of both the minimum (social) and maximum (macroeconomic) efficiency while estimating the efficiency of budgetary expenditures; wide use of methods of deterministic integrated assessment. The construction of an integrated index for a generalizing comprehensive
softness of the punishment, not an introduction to the subjects of the shadow economy - economic processes that have proliferated because of the state inability to ensure the effective and equitable operation of economic entities, have a certain degree of illegality, through which hides by its participants, and therefore are not reflected in official statistics. Accordingly, the paper shows the formation of the identification of economic processes, which are affected by the shadow economy and movement of the financial assets in the shadow. Keywords: shadow economy, economic turnover, financial assets, participants in economic exchange, withdrawal of funds. JEL Classification: O 170

Meanwhile, use of intermodal communications has several problems. Main of them is that an ability to use new alternative routes and modification of already existed routes. Growing significance. For Kazakhstan, intermodal transportation has such advantages as and oceans. Intermodal communication has a widespread application because of its. This is extremely topical for Kazakhstan due to the fact that it doesn't have an exit to seas one of the most contemporary and effective methods in projection of logistics schemes. Elaboration and projection of logistics schemes is a long and difficult process that cannot be effective without intermodal communication. Intermodal communication is applying of several modes of transport in carriage transportation and is one of the most contemporary and effective methods in projection of logistics schemes. This is extremely topical for Kazakhstan due to the fact that it doesn’t have an exit to seas and oceans. Intermodal communication has a widespread application because of its growing significance. For Kazakhstan, intermodal transportation has such advantages as an ability to use new alternative routes and modification of already existed routes. Meanwhile, use of intermodal communications has several problems. Main of them is that

Suggested Citation: Shkunova, A.A., Yashkova, E.V., Sineva, N.L., Egorova, Kuznetsova, S.N. 2017. General Trends in the Development of the Organizational Culture of Russian Companies. Journal of Applied Economic Sciences, Volume XII, Winter, 8(54): 2472–2480. Abstract In this article, features of organizational culture of Russian organizations, functions, forms of its manifestation are determined on the basis of methods of system analysis, statistical methods, interview methods, scientific articles and publications. The criteria for diagnosing the organizational culture of Russian organizations in the Nizhny Novgorod region have been developed and proposed. The authors note that there are significant changes occurring in the structure and nature of institutions in Russia. Decentralization processes, the emergence of self-directed directives at different coordination levels have minimized the importance and need for day-to-day management of the firm and have increased the importance of organizational culture. People in the company share common values and norms of behavior. During the research, the following parameters were evaluated: project activity in the organization; value orientations, ordinances existing in the organization, personal qualities of employees, contributing and hindering the building of relations with colleagues. The authors of the article noted that regardless of the sphere of activity of organizations, in the presence of common goals and involvement of employees, positive and negative qualities of employees are activated, the adoption of which by company management can have a much greater effect in internal motivation than in external motivation. The system of compensations in reinforcing behavioral reactions is associated with the nature of observances and rituals in the organization. Such interconnection between the three elements of the system will allow revealing the internal potential of workers, stimulating a creative approach to work and increasing the effectiveness of group work. Keywords: organizational culture, project activity, personal qualities of employees JEL Classification: J 210 Introduction Dynamic changes in the system of social and political relations, the emergence of diverse organizations in Russia are prerequisites for studying the understanding and development of organizational culture in the context of international management. Innovative management practices, as well as researches in the field of organizational theory lead to a new image of a man and a change in the view of management as a cultural process, the essence of which is manifested in the humanistic and participative ways of interaction of its employees. Statement of the problem Firstly, there have been changes in the structure and nature of institutions in Russia. Decentralization processes, the emergence of self-directed directives at different coordination levels have minimized the importance and need for day-to-day management of the firm and have increased the importance of organizational culture. People in the company share common values and norms of behavior. Secondly, there was an experimental confirmation of the relationship between the culture of the firm and its production characteristics. Of course, culture is not the only part of the success of the company. However, it is considered one of the main components on the way to achieving the goals until the last period of the life cycle of the organization and the leading factor of competitiveness. The authors of the article believe that in order for the organization to successfully achieve its goals, it is necessary to realize those opportunities that are already available in the organizational culture of the company. Culture should represent the real forms of its manifestation. Ethnocentrism, as one of the forms of manifestation, has a national component as a subject of its study, but this form does not exhaust all the features of the manifestation of culture as such, because it is necessary to study organizational processes as well which are based on the study of norms and values carriers of which are people with positive and negative personal qualities in a single culture of the organization. The complexity of analyzing the problem of interaction and building functional ties within the organization is determined by the fact that "organizational culture" is considered as one of the main psychological categories and is an ambiguously interpreted concept. This complexity, according to Zimnyaya (2001), is also caused by The research does not exhaust all aspects of the problem, but, based on what has been achieved, it is possible to identify currently relevant conclusions. First,
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Service Industries: Problems and Prospects. Journal of Applied Economic Sciences,
Volume XII, Winter, 8(54): 2481–2491. Abstract Willingness and readiness of people to do
their jobs are among the key factors of a successful enterprise. In XXI century intellectual
human labour is gaining unprecedented value and is being developed actively. The
demand for intellectual labour calls forth an increasing number of jobs and professions that
require an extensive preparation, a large number of working places, high level of
integration of joint human efforts, growth of social welfare. These trends are becoming
ever more pervasive and are spreading widely in service industries, and that explains the
rapid development of the latter when compared to the traditional areas of human activity.
In its turn, it heightens the need for staff in service companies, supported by significant
personnel turnover and a certain shortage of skilled professionals. These circumstances
determine the need for developing a new concept of fostering staff motivation at the
enterprises in the sphere of services. In order to reach the stated purpose while
conducting our research into tourism and hospitality industry, as well as retail chains, we
have examined the problems that arise in the process of staff motivation, and studied the
foreign practice of motivating staff in hotels. The obtained analysis results enabled us to
work out practical recommendations on improvement of the mechanism of tangible and
intangible rewards in service companies, which are based on external and internal
motivational factors. Additional attention in the article is paid to the statement that
financial incentives should be based on key performance indicators (KPI). We give a
detailed consideration to the classification of internal motivation incentives of the staff
according to the terms of their realization, and give a schematic representation of the
performance dynamics of the internal motivation model in service businesses. Keywords:
Staff turnover, staff motivation, service industries, internal incentives, management. JEL
Classification: J 320, O 150, M 120. Introduction In every country, service industries
represent the level of civilization on the nation, so that the higher the level of services is,
the more civilized the country is considered. And it is service industries that make the
largest part of the national economy in more economically developed countries (over
60%). The rapid development of the service sphere, and its gaining of the status of one of
the key sectors of the economy calls forth the need for an increasing number of
personnel, which in its turn causes significant staff turnover. This trend is clearly observed
in respect of the low-wage employees, and the demand for them is growing exponentially.
Staff turnover negatively affects the work of service companies, it is an obstacle to team
formation and, consequently, to fostering of the corporate spirit, and this invariably entails
a lowering of the overall performance indicators. In addition, the turnover impedes the
raising of the staff competence and professionalism level, as well as makes it difficult to
get payback of investment in retraining. All this reduces the possibilities of high-quality
workforce training: it is provided mainly in the workplace. Although the profession of
service sector specialist is gaining popularity among the younger generation, recruiters
note the obvious shortage of personnel that complies with the requirements laid down in
service companies. Multiple reasons explain for staff turnover – starting from disruptive
enterprise management style and ending with selection of non-professional applicants to
fill in the vacant positions. However, there is no doubt that the path to the effective
management of employees lies through understanding of their motivation. Knowing of the
factors that stimulate employees and motivate them to their activities should be of the
principal consideration while building the effective labour motivation system. All this said,
the investigation of the problems and prospects of use of tangible and non-tangible
motivation tools in service companies is of particular relevance today and requires
additional in-depth research. The most complicated situation with personnel and their
motivation in service industries is observed in the tourism and hospitality industry, as well
as in retail networks. Identification of the problems that arise in the process of motivation
in service industries, helped to clarify the basic requirements for the modern concept of
tangible and intangible rewards for work in service companies. A detailed analysis is given to
the problems and factors causing the highest level of staff turnover, as a result of
imperfect motivation programmes in the companies within tourism and hospitality
industry, as well as in retail chains. A study of the positive experience of staff motivation
in different hotels around the world was performed. Basing on the findings, the article
provides practical recommendations that help to overcome the difficulties and create a
new concept of building motivation in this area. Special attention is paid to the
motivational programmes of material incentives; particular emphasis is placed on internal
motivation factors, their classification and model of their implementation are offered.
Microfinance: empowering female entrepreneurs. Microfinance can help women to fight their way out of poverty, but financial inclusion alone is not enough to spur significant economic development. Villagers in Bangalore received a loan from microfinance firm RENACA. Banking. The incredible thing about microfinance is its potential to both spur economic activity within a community and challenge the status quo. This is particularly the case for women in developing economies, who face even greater barriers when it comes to accessing financial services than their husbands and fathers. Entrepreneurship serves as a catalyst of economic development of the country. It is one of the largest sections for capital accumulation. In fact economic growth is the result of the efforts taken by the entrepreneurs. Similarly entrepreneurs can dictate the economic growth by their actions and decisions. Now many have begun to realize that for achieving the goal of economic development, it is necessary to promote entrepreneurship both qualitatively and quantitatively in the country. Only active and enthusiastic entrepreneurs fully explore the potentialities of the country’s available resource Problems of Women Entrepreneurship | 7 Most Common Challenges Female Entrepreneurs Face in Business. 2017-11-23 2018-01-29 by Mary. Facebook. Problems of women entrepreneurship are probably one of the most vulnerable questions for all those women who want to start their business, however, everything appears to be not as expected. Advertisement. For a very long time business was considered a male-dominated sphere.