



UNIVERSITETI I EVROPËS JUGLINDORE  
УНИВЕРЗИТЕТ НА ЈУГОИСТОЧНА ЕВРОПА  
SOUTH EAST EUROPEAN UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

# BOOK *of* ABSTRACTS

INTERNATIONAL SCIENTIFIC CONFERENCE ON BUSINESS AND ECONOMICS

## BUILDING BRIDGES *between* BUSINESS RESEARCH *and* INDUSTRY NEEDS



17 - 18 FEBRUARY, 2017  
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***Building Bridges between Business Research and Industry Needs***

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## **Foreword**

### **Dear Guests and Colleagues:**

This is the first International Scientific Conference organized by the Faculty of Business and Economics, South East European University. The conference with the main theme “Building Bridges between Business Research and Industry Needs” is held in Tetovo from 17<sup>th</sup> through 18<sup>th</sup> of February, 2017. We are happy to present this book of abstracts to you, which is a contribution of all participants in this conference. We are aware that this is not an ideal one, but at least it was an attempt to bring together the academic and business world in order to exchange their experiences and knowledge. The conference will benefit mutually the academia and the business in their future perspectives.

Furthermore, the Conference’s aim is to promote academic collaboration and networking between researchers in Macedonia and their colleagues in other countries such as: Albania, Bahrain, France, Germany, Georgia, Kosovo, Moldova, Portugal, Romania, Russia, United States of America, United Kingdom, and Ukraine. Researchers have the opportunity to present their papers and case studies. They will also discuss contemporary business and economic developments, problems and challenges in their respective professional fields such as: economics, management and marketing, finance and accounting, SMEs and entrepreneurship, management information systems, business research methods, tourism and local economic development, business law; business, education, and social sciences; and EU integration.

Finally, we appreciate your valuable contributions and would like to thank all those who made this conference happen such as: authors, participants, scientific and organizing committee members, business community, students, and technical staff.

We wish you a beneficial, and a positive experience in Macedonia!

**Prof. Dr. Izet Zeqiri, Conference Chair**  
**Assist. Prof. Dr. Fitim Deari, Conference Secretary**



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## ON BRIDGING THE GAP BETWEEN ACADEMIC RESEARCH AND INDUSTRY NEEDS

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Many who are educated, but do not quite well understand the role of universities have written to complain about the uselessness of academic research. The humanities and the business research seem to be frequent targets. Do these armed-chaired critics have a point? While the answer may depend on who is being questioned, my answer, unsurprisingly is no, they do not have a point. I will, in this discussion, argue that the fact that the question seems to be raised more often suggests that we in the academia are failing to properly educate the vast majority of those that we are supposed to be educating. Why should I take such a position? My answer is simple - one should, with good education, know what universities are about and what research is intended to accomplish. Thus, bridging the gap between academic research and industry needs, in my view, could mean several things however I limit myself to two, in this discussion. First, it can be taken to question the nature of research that we conduct. Second, and perhaps a broader meaning could be to question the very nature of our educational techniques which are supposed to be driven by our research. This interpretation of the question is valid because our graduates (the products of our system) also take up positions in industries.

**Keywords:** Research, University, Education, Teaching, Industry

**COMPARATIVE ANALYSIS OF CAUSAL RELATIONSHIP BETWEEN  
PUBLIC REVENUES AND EXPENDITURES IN MACEDONIA AND  
ALBANIA**

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The main purpose of this paper is to investigate the causal link between public revenues and expenditures in case of Macedonia and Albania in long - run, in order to achieve a comparative interpretation of causality results. The empirical analysis is conducted through quarterly time series data for Macedonia and Albania for public revenues and expenditures, estimated for the time period 2004-2014. So far, existing empirical results haven't found a consensus regarding the causal link between public revenues and expenditures, thus showing evidence for unidirectional causality from revenues to expenditures and from expenditures to revenues, as well as some study results claimed bidirectional causality of public revenues and expenditures. Moreover, for examining Granger causality of public revenues and expenditures in these countries, we employed Vector Error Correction Model (VECM) tests methodology, due to the co-integration results derived from Johansen test for co-integration. Data properties were analyzed to determine their stationary by using Augmented Dickey-Fuller (ADF) and Phillips Perron (PP) test for unit root, while to properly defining the lag structure of the series we used Schwarz Information Criterion (SIC) and Akaike Information Criterion (AIC).

Furthermore, our empirical results summarize an existence of unidirectional causality between public revenues and expenditures in Republic of Macedonia and Albania in the long run, suggesting

that the cause is running from public revenues to public expenditures in both cases, supporting the tax – spend hypothesis regarding the causal relationship of public revenues and expenditures.

In addition, this paper tries to add a solid contribution to the empirical debate of the causal link between public revenues and public expenditures by using data from western balkan countries such as Albania and Macedonia, to be used as further recommendation regarding their future budget deficit planning policy.

**Keywords:** Public revenues, Public expenditures, Johansen co-integration test, Granger Causality, VECM.

**JEL classification:** E620

## **BALANCED SCORECARD AND ITS BENEFITS FOR UNIVERSITIES**

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Balanced scorecard is without any doubt one of the most usually and at least one of the most practical techniques in strategic management in general and strategic planning in particular. Originally developed by Kaplan and Norton, the balanced scorecard has proved itself quite valuable in business and nongovernmental organizations likewise, it has proven very useful in aligning performance against organizational goals. The paper strives to offer an analysis of the balanced scorecard technique, in terms of the possibilities for its implementation in universities having in mind the benefits and limitations contained within such an approach.

**Key words:** balanced scorecard, strategic management, university

## IS THERE A VICIOUS CYCLE BETWEEN CORRUPTION AND DEMOCRACY AT THE GLOBAL LEVEL?

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Which is the effective relationship between democracy and corruption? Most of models and studies already done say that the relationship between these two variables is inverse and, more recently, it has been assumed, through many theoretical developments and case studies, that it is possible to exist an inverted U-shaped relationship. But, it remains to be answered if there exists a global vicious cycle between corruption and democracy. By building on panel data with information collected in several countries, in a time period from 2002 to 2014, we intend to analyse this potential vicious cycle between these two variables. Through our results we prove that there is, in fact, a vicious cycle between our main variables, so the effect that each other produces makes the other appear in a higher proportion. Although we prove that democracy reduces corruption itself, it is important to see that, if we put together other variables such as political rights and civil liberties, government effectiveness and rule of law, we can see that democracy impact over corruption is reduced. So, when we analyse an environment that is propitious to reduce democracy, we need to verify other instruments that have an enormous impact in corruption.

**Keywords:** Corruption; Democracy; Vicious Cycle; Global Analysis;

**JEL Classification:** C14; C23; C29; D73

## **ISSUES ON IMPROVING INTERNSHIPS IN ECONOMICAL UNIVERSITIES IN THE REPUBLIC OF MOLDOVA**

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In the era of rapid technological development the higher education continuously have to be in a process of change and re-evaluation, but two prominent international trends compel institutions to improve study programs and their personal, and material resources, and university-business collaboration. First, an ever-increasing attention is being paid to the first destinations of graduate students and the level of their employability during the first year after graduation. Second, as accrediting bodies have increasingly emphasized the idea of outcomes assessment.

Based on empirical data, this article presents some issues referring to the improvement of internships in economical universities in the Republic of Moldova and critical success factors of university-business collaboration.

**Keywords:** Higher education; Employability; Internships; Qualification; Experience; University-business collaboration.

**JEL Classification:** A23; G21, G22, G23, G24, G28.

## **LOST BENEFITS ESTIMATE DUE TO CRIMEA ANNEXATION: THE CASE OF UKRAINE**

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This article is devoted to the problems of lost benefits estimates. The problem of lost benefits assessment may occur at the company level, a sector of the national economy, region or government. Lost benefits may be caused by various factors. This is why it is difficult to develop a single methodology of estimate. An estimate methodology of lost benefits is developed in this article.

A new problem is how to estimate lost benefits due to military conflict. International judicial practice regarding reimbursement of lost benefits as a result of military conflicts is absent. There are techniques which estimate the actual loss from the destruction of infrastructure and private property. An estimated lost benefit methodology due to military conflict is developed in this article. It was approved at the government level to assess the benefits lost as a result of the Crimea annexation by Russia.

**Key words:** Lost benefit, estimate methodology, forecast

**JEL Classification:** C13, E17



## **WHO IS WHO IN MACEDONIAN ENTREPRENEURSHIP ECO-SYSTEM?**

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This paper is summary of a research that was conducted in 2016 in order to analyse Macedonian entrepreneurship eco-system. This paper presents summarise the theory of entrepreneurship and startup ecosystems and their important role in economic growth. From the theoretical analysis, detailed definitions and explanations of entrepreneurship and startup ecosystem are presented. On-site investigation consisted of survey (questionnaire) conducted for more than 200 random respondents in order to obtain information on how people see the process of opening their own business. An interview with more than 40 entrepreneurs, and other ecosystem stakeholders was also carried out to document their perceptions of the problems they faced when opening and running their business. A database from all institutions that promote and give support to entrepreneurship in Macedonia is included in the paper. Research shows that in Macedonia there is an active entrepreneurial ecosystem (segmented as: policy and regulatory, state institutions, business sector, financial sector, non-governmental sector, culture, and market), but unification and improvement of the services it offers is needed. In this regard the conclusion of this paper proposes measures and suggestions for its improvement.

**Key words:** entrepreneurship, start-up ecosystem, environment, finances, support

## CREATIVITY AND LATERAL MARKETING AS KEY FACTORS OF ECONOMIC DEVELOPMENT

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This research examines the role of lateral thinking/marketing and the creative approach to business activity and economic development in general. Firstly, the difference between creativity and innovation has been described. Secondly, foundations of creative thinking have been detailed.

Today creativity is a key skill for leaders and organizations that helps not just to adapt to changes, but also to generate new industries and markets. The country needs to form a team that would be engaged in the practical drafting strategic "roadmap" of innovation. The author is making an attempt to analyze the connection between global competitiveness, development levels and the creativity index. The coefficient of ranks correlation may be considered as reliable one. In this manner, there is connection between Countries' Creativity Index and the Global Competitive Index.

The essence of lateral marketing has been presented as a successful business philosophy. This focus undermines the role of creativity developing and its strong influence to create added value to the final consumer.

Today, creative energy is one of the most valuable resources of mankind. It can help us find fresh solutions to the most difficult tasks. People with great creative confidence have a huge impact on the environment.

**Keywords:** creativity, creative thinking, lateral thinking, creativity index, lateral marketing.

**JEL Classification:** M31, C12, O15, O32

## **THE FISCAL DECENTRALIZATION AND THE REGIONAL DISPARITIES, THE EMPIRICAL EVIDENCE OF REPUBLIC OF MACEDONIA**

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The purpose of the paper is to analyze the process of fiscal decentralization and regional disparities in the Republic of Macedonia. The analysis covers the 2006-2014 periods according to the data published by international and national institutions.

The first level of analysis in the paper compares the financial and fiscal decentralization of Macedonia with Western Balkans (WB) countries and the EU. The second level of analysis compares the level of fiscal decentralization and the level of disparities between municipalities and regions in Macedonia.

The second level of analysis that is the main objective of this paper is the impact of the process of fiscal decentralization and implementation of a strategy for equal regional development in order to reduce disparities in local and regional level. The paper analyzes eight planning regions of Macedonia from the perspective of the progress in the level of fiscal decentralization and the allocation of capital public investment. The findings of the author of this study are consistent with findings of international and local researchers. The current process of fiscal decentralization and the ineffective implementation of the law on equal regional development has not resulted in reducing local and regional disparities.

Responsibility for the deepening of fiscal and regional disparities falls on the government in Skopje due to the lack of political will in the sense of improving the process of political and fiscal decentralization and allocation of sufficient funds for capital public investments in favour of underdeveloped municipalities and regions in Macedonia.

**Keywords:** fiscal decentralization, the regional development, the capital public investment, the West Balkan (WB), UE

**JEL Classification:** H1, H2, H3, H4, R58

## KOSOVO PENSION SAVINGS FUND AND INVESTMENT STRATEGY

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Pension funds enable individuals to accumulate savings from their work to finance their consumption needs in retirement. Pension funds are institutional investors to gather, collect and invest the funds of the contributors to provide benefits in the future holders. Today there are many private and public funding of various profiles that manage large funds. It is estimated that pension funds are the most important institutional investors with resources that exceed 50% of GDP in most countries of the world.

KPST is committed exclusively for maintenance and investment of pension saving contributions by Kosovo's citizens during the employment relationship.

Lack of financial markets for fund investment in Kosovo made the Trust orient its investments in international markets. The initial strategy has been investing mainly in money markets, taking advantage of the efficiency of index funds and lower management costs. Starting from the premise that all benefits paid in euro, the Trust in its investments is shown sensitive to currency risk, invested in euro or to avoid exchange rate risk.

Trust Investments for the proportion of participation of investment classes are similar to those of the pension funds of OECD countries.

**Key words:** Trust, Investment, Institutional Investors, markets, risks

**JEL classification** G11

## **A MATHEMATICAL MODEL OF THE GROWTH AND IMPACT OF THE MACEDONIA'S NATIONAL DEBT**

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This paper intends to develop a mathematical model of the shape of national debt with respect to various indicators including tax revenues and government expenditures, as well as a mathematical exploration of the relationships between various national economic variables, in order to comprehend the impact of various changes to national debt. The analysis begins by treating the national debt as linearly dependent in rate of change to government revenues and expenditures, and formulates a differential equation for this relationship by a combination of analytic derivation and empirical modelling of data. We then proceed to obtain mathematical results for various economic variables, including disposable income, investments, gross domestic product, net exports and manipulate and relate these to our original debt shape model to derive relevant conclusions.

**Keywords:** Mathematical model, national debt, growth, expenditures

## THE EFFECT OF REDUCING CORRUPTION ON ECONOMIC GROWTH IN THE REPUBLIC OF MACEDONIA

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Since the past up until today, corruption has become one of the most widespread phenomena in a society. It is a complex nature which could be termed as global disease where every country is faced with this phenomenon. Considering that Macedonia is a country with not very developed economy, characterized by high level of corruption, high rate of unemployment, low economic growth, low attraction of foreign investments etc, the main goal of this study will be the impact of corruption on economic growth.

Republic of Macedonia from 2006 to 2014 has had improvements in terms of Corruption Perception Index measured by Transparency International, which from the position 105 has reached at 64th position, but again this is not very good position because it is still ranged in a high corrupted countries group. Using the multiple regression model (OLS) we will try to determine the effect of reducing of the Corruption Perception Index (CPI) in economic growth in economy of Macedonia.

**Keywords:** corruption perceptions index, economic growth, GDP, FDI.

**JEL classification Codes:** D73, F43, O43.

## **MICROFINANCE AND ENTREPRENEURSHIP DEVELOPMENT AMONG THE POOR**

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Microcredits are small financial loans provided to poor individuals seeking to start their own businesses. Many economists worldwide define microcredits as the latest revolution and this is a concept strongly related to entrepreneurship and self-employment. Microcredit has shown to have a significant effect on poverty alleviation, through stimulating entrepreneurship and increasing employment among the poor.

Entrepreneurship is one of the most important components of economic development in any country, even among those developing economies, with high levels of self-employed people and with a GDP structure of mostly agriculture of small family farms.

The aim of this paper is to analyse the correlation between microfinance and entrepreneurship development among the poor by using a specific linear regression methodology and concluding how the first is effecting the creation of the start-ups and this way impacting the economic development of the country.

**Keywords:** microfinance, entrepreneurship, impact.

## **SUPPLY CHAIN AGILITY AND CUSTOMER LOYALTY: AN EMPIRICAL INVESTIGATION AMONG ALBANIAN COMPANIES**

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Uncertainty and turbulence is the every-day reality for most of the companies. Fierce competition from domestic and foreign competitors has pressed companies to pursuit supply chain agility in a systematic manner. Agility is the capacity to rapidly adopt in responses to unexpected and unpredicted changes in competition, events, market opportunities, and customer requirements. Supply chain agility is supposed to enable firms to build sustainable competitive advantage through synchronization of supply with demand. Another benefit of agility is the ability of companies to better serve to final customers, thus increasing their satisfaction and loyalty.

This study aims to empirically investigate the supply chain agility – customer loyalty among Albanian retail companies, using a hierarchical linear modeling approach. The data were collected during autumn 2015 from retail companies as well as from their customers. Drawing from existing literature, agility is conceptualized as comprised of five dimensions: alertness, accessibility, decisiveness, swiftness and flexibility. The model proposed analyzes



the direct positive impact that supply chain agility has on customer loyalty.

The insights provided by this study help managers to better understand the impact that their supply chain strategies and tactics have on the loyalty of their customers and overall performance. This paper also contributes in the supply chain agility literature and research by offering new perspectives and contexts.

**Keywords:** Supply chain agility, customer loyalty, performance.

## WHAT ARE THE PROSPECTS FOR THE DEVELOPMENT OF COOPERATION IN THE BRICS?

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In the BRICS, there are enormous opportunities for accelerating economic growth and economic development. In this regard, there is a scope for further cooperation between the BRICS (but also between BRICS and the rest of the world) to achieve competitive advantages. The proposals presented in this article could help to promote synergistic relations between the BRICS. It should be noted that the new areas of cooperation should be seen primarily as important elements for inclusion in the discussions and agenda of future meetings of BRICS leaders, ministers and other policy makers. The institutionalization of the BRICS is an important issue, too. The transition of the BRICS from the format of an informal group to an institutionalized dialogue format of multilateral negotiations could well be a first step towards strengthening their cooperation. An economic analysis will show the current results.

**Keywords:** BRICS, Economic growth, Economic development, Cooperation.

**JEL classification Codes:** F43, F63, O5.

## **THE IMPACT OF BANKS IN SME'S DEVELOPMENT IN KOSOVO**

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The banking system in Kosovo in recent years has developed more, the change that has occurred after release, becoming the system banker with the ownership state in a banking system with the ownership private, it has made that today we have a system of banking more competitive and advanced at the same time. Services and products today offer banking system in many cases are unknown for Kosovar businesses. We have a small percentage of businesses that use electronic services that the bank offers at this as a result of lack of knowledge on the banking system and low level of education. The high interest rate loans in many cases has led to businesses to be unaffordable and sent them into bankruptcy.

Our tendency through this paper is to understand the reality that: A bank is the main factor that influenced whether or failure in business development or there are other factors that are most important? and they are aware that the future business is considering the bank as their main partner in business? For the realization of this research paper is intended to be used a methodology that consists in gathering information from entrepreneurs, having coordinated them with our general knowledge on this field. The tendency (expectations) are through this our study to understand how bear the banking system is perceived by entrepreneurs in Kosovo.

**Keywords:** Bank, interest, market, bank products.

## COMPARATIVE ANALYSIS AND FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KOSOVO

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Kosovo's economy was characterized by increased economic activity, registering an annual growth of 3.4 percent. Economic growth in the past six years is estimated to be generated mainly by increased domestic demand, namely by increased consumption and investment. Kosovo's financial sector continues to be characterized by high sustainability. Key indicators of the stability of the financial sector, such as liquidity and capitalization, as well as the quality of the loan portfolio remained at a satisfactory level, while the level of expansion of credit activity across the sector has recorded slight slowdown. Owned banks continue to dominate the banking sector in Kosovo, where a total of ten licensed banks operating in the country, eight of them are foreign owned banks. The risks which the banking sector is exposed remain at a low level, especially in recent years. Furthermore, exposure to credit risk and solvency has since fallen as a result of the fall in non-performing loans and accelerated credit growth, and the banking capital increased as a result of increased profitability.

Comparative analysis of the financial performance of commercial banks in Kosovo for the period 2010-2015 will be implemented through data based on reports of financial stability. Reports whereby performance evaluation carried commercial banks are divided into five groups: liquidity ratios, activity ratios, profitability, leverage effect reports and coverage ratios. These reports can be interpreted from two viewpoint, they can be calculated for a period of the year to perceived trends (time series analysis or reception) and for some enterprises of the industry (intra-sectoral analysis).

**Keywords:** commercial banks, financial analysis, performance, financial statements, financial reports.

**EXTERNAL AND INTERNAL FACTORS IMPACT AT THE FINANCIAL  
SECURITY OF UKRAINE IN CONDITIONS OF EUROPEAN  
INTEGRATION PROCESSES**

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The financial system of Ukraine in modern conditions is influenced by a number of threats, among which political instability, rising debt dependence, the imperfection of fiscal policy, the shadow economy, the significant level of corruption in all parts of the financial system, instability of the banking sector and many others. All of these threats are negatively affecting the level of financial security. The study investigates the external and internal factors, problems and ways of ensuring financial security of Ukraine under the influence of European integration processes. The analysis of dynamics of key macroeconomic indicators and indicators of financial security of the state has showed the vulnerability of the Ukrainian financial system and its dependence on external influences. It is highlighted the threats that are most significant for the individual components and overall financial security of the state. The author considered the possible implications of the European skepticism on the financial security of Ukraine, and the directions to increase the level of financial security in the modern world.

**Keywords:** financial security of the state, European integration, state budget deficit, debt security.

**THE CULTURE AS AN INFORMAL INSTITUTE AND THE FACTOR OF  
SOCIAL-ECONOMICAL DEVELOPMENT AND BUSINESS IN THE  
CONTEXT OF EUROPEAN INTEGRATION**

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The research discusses the importance of the culture as a social-economical development and business factor in the scope of European integration. Based on the generalization of various cultural models, the conceptual - systemic model of culture is represented. Also, the culture as a concept of informal institute is introduced. The quantitative characteristics of culture have been used to investigate the ratio of these indices for Georgia compared with the same indicators of the EU and various world states. Depending on the informal nature of the culture institute, it is noted that the long-term mechanism of culture transformation should be considered together with the institutionalization process as a whole. Within the problem of the institutionalization it is of great importance to ensure the regular ratio of formal and informal institutes in the development of the country's social-economical institutional structure. The directions of long-term transformation of cultural values have been identified. In this respect, the necessity for improvement of trainings for decision-making structure officials and prospective business managers and formation of their business culture has been highlighted. It has been indicated that activities for the systemic change of cultural values should be reflected in the country's long-term social-economical development strategy.

**Keywords:** culture, informal institute, cultural property

**JEL Classification:** D72, D74, D78, D79

## **THE FINANCIAL SYSTEM DEVELOPMENT AS A SOURCE OF ECONOMIC GROWTH IN THE EU COHESION COUNTRIES**

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This article explores the causality issue between financial development (in case of stock market development and bank system development) and economic growth for three EU Cohesion countries (Czech Republic, Malta and Slovenia), for the time period between January of 2004 and December of 2015. The empirical evidence obtained through the estimation of a VEC Model, Granger Causality Tests, Variance Decomposition and Impulse Response Function analysis, shows that there exists a unidirectional causality relationship between the bank system development and economic growth (supporting the “supply leading hypothesis”) for Czech Republic and Slovenia; and exists a negative impact of economic growth in stock market development for Malta. We have directed the analysis focus to the study of the mentioned relationship using monthly series and extracting the inflation effect. Results allowed us to conclude that the existent relationship between the financial system development and economic growth changes from country to country being dependent over the stage of financial development of that same country.

**Keywords:** Financial development, Stock market, Bank system, Economic Growth, EU Cohesion Countries

## MACEDONIAN'S EXPORT HOPE FOR ECONOMIC GROWTH

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The development of international trade today represents with no doubt one of the priorities of the world economies. Scientific studies dealing with the relationship between foreign trade and economic development are numerous and with no doubt increase the interest among the readers. With no doubt, researchers make a variety of analyzes and conclusions that presents valuable contributions to the science of economics. Macedonia in its macroeconomic policy as a priority enlist the development of international trade. Unfortunately, Macedonia in 2015 showed that the existing problem of trade deficit, again reached a very high percentage. This is a signal that warns the country's economy in the present and in the future.

The causes of this situation are various, but some are more fundamental. As one of the most is undoubtedly the global financial and economic crisis that are present especially in the European Union member countries. Countries being in this situation reduced the demand for goods from the different companies from Macedonia. But this is not the only reason for the difficult position of Macedonia in 2015. Another unfavorable reason is the economic structure of the Macedonian economy which perhaps is the most important reason. To get out of this situation, Macedonia in the future must change its economic structure and should be oriented in producing goods that are required more in the global market. It cannot hope to compete in the world market with the goods that competes nowadays to be able to improve the balance of foreign trade.

**Keywords:** Export, import, trade balance, deficit, surplus.



## **THE ROLE OF STAFF TRAINING IN SME'S DEVELOPMENT: CASE BASED STUDY**

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The aim of this paper is to try to analyze the impact of staff training in the development of SME's in Macedonia. The main focus is the empirical analysis which is case based and as a sample are taken 60 companies in the whole country. The data are gained through a structured questionnaire where we analysed issues like the existence of person/department of HR, the frequency of staff training, the motives of conducting training, it is internal based training or they hire external experts, the aim of the training, the effect of training in the employees and how does all this impact's in the functioning and development of the SME's in Macedonia. From the result of the survey we conclude that SME's are starting to acknowledge the importance of HRM in their daily functioning and especially the training of the staff because they can see the results of the training in a very short period of time.

**Keywords:** staff training, SME, HRM,

**JEL Classification:** O15, M11.

## **ASYMMETRY OF RETURNS IN PORTFOLIO MANAGEMENT: EVIDENCE FROM RUSSIA**

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In our work we use parsimonious method of embedding skewness in asset allocation procedure based on Taylor expansion of investor's utility function up to the third term and maximizing it by portfolio weights. This approach also enables to consider investor's risk aversion. Time-dependent multivariate assets' moments are obtained via GO-GARCH volatility model with normal-inverse Gaussian distribution for the error term. We explore the performance of usual 2 moment utility and its 3 moment counterpart for portfolio consisted of nine assets traded on Russian stock market. We compare the portfolio risk estimated by CVaR, CDaR and standard deviation, mean portfolio returns and investor's utility in-sample and out-of-sample varying risk aversion parameter from 3 to 20. The results demonstrate that 3 moment utility significantly outperforms 2 moment utility by CVaR and CDaR in-sample and by CDaR out-of-sample. Moreover it enables to get higher utility and skewness for both periods. At the same time portfolio returns are lower for 3 moment utility, what implied that investor prefers skewness rather than return if third moment is taken into account.

**Keywords:** portfolio optimization, asymmetry of returns, risk aversion, GARCH, utility approach.

**JEL Classification:** C13, C22, C58, G11, G17.

**FISCAL AND ECONOMIC INCENTIVES FOR FOREIGN INVESTORS AT  
TECHNOLOGICAL INDUSTRIAL DEVELOPMENT ZONES IN  
MACEDONIA, EMPIRIC ANALYSIS OF TIDZ SKOPJE 1**

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The purpose of the paper is to measure the real effect on financial and economic performance of foreign investors, which have invested in technological industrial development zones in Macedonia.

The analysis, exceptionally focuses on foreign companies who have invested at TIDZ Skopje 1, as the most developed zone in Macedonia.

The analysis covers the 2010-2015 period, a relevant period in terms of providing competent assessment in terms of comparative advantages for foreign investors in relation to domestic investors.

Fiscal and economic incentives, in terms of non-payment of profit tax, personal income tax, property tax and making concession without compensation of construction land for a period more than a decade, creates comparative advantages for foreign businesses in relation to domestic business.

This fiscal and economic advantage will be measured in terms of financial and economic performance of the companies through economic and financial indicators, as: liquidity, solvency, profitability, return on assets and return on equity in relation to domestic companies within the same business activities.

Authors' findings are consistent with findings of local and regional researchers with reference to foreign investments and fiscal and economic incentives for foreign investors.

The paper has its weaknesses identified with inability of comparison of the performance of foreign companies in TIDZ Skopje 1 with

companies in other zones in Macedonia and West Balkan region due to the lack of public data.

**Key words:** Foreign investment, fiscal incentives, fiscal policy, technological industrial development zones (TIDZ)

**JEL Classification:** E22, E62, F23, H32

## **FACTORS THAT AFFECT THE SUCCESS OF THE CHANGE IN BUSINESS ORGANIZATIONS IN KOSOVO**

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Change management is an important issue in today's business environment, which changes constantly. Change has turned into a constant for business organizations, which need to change in order to remain competitive in the market. The main objective of this paper is to show factors that affect the success of the change in business organizations in Kosovo. To achieve this goal a review of several models of change to understand who are the main factors affecting the process of change in his success. This paper will answer the research question: How does effect the type of change in the success of the change in business organizations involved in our research?

For realization of this paper it is using a methodology consisting of a combination of primary data with secondary ones. Secondary data are the result of the review of a broad literature on change management, which has served for the formulation of hypotheses and theoretical model presented and tested in this paper. Primary research is based on data collected through questionnaires distributed to businesses.

**Keywords:** change management, the type of change, factors of the process, resources, barriers.

**JEL Classification:** A11, D01, M0, M12

## THE ROLE AND IMPORTANCE CONTROL IN BUSINESS ENTERPRISE DEVELOPMENT

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The main goal of this scientific research is to analyze the overall role and importance of control in the enterprise business development. Control systems exist in all areas of operations of the organization, and are a necessary part of the management system. The thesis and the research material contains extensive literature based on theoretical and practical. Being the subject of much current wealth of literature has been considerable, and enabled him to rely on several sources. The research in question is made up of several parts and sections. More specifically, this research in the first half will elaborate how is developed in general control. To the second section is set to review the literature on this part we will see thoughts and observations by different authors and different schools who have addressed the importance of control and trailer. The third section will explain in a detailed way with the control, and will show that it is organized within an enterprise. The fourth part of this paper will address the case of research which analyzes the control to "Devolli Group", through the analysis of financial results, specifically relying on financial indicators. And in the latter they are located conclusions and recommendations of the paper. The methodology used for the realization of this work has been mainly comprehensive methods and techniques using different. The paper is based on quantitative data of financial statements, issued by the "Devolli Group". Limitations of this study are because they are not treated all kinds of control in general, as well as a case study was carried out only to an enterprise.

**Key words:** Control, Pre-Screening, Financial Analysis, Financial Indicators.

**JEL Code:** M00 General.

## **THE IMPACT OF BANKING INNOVATIONS ON EFFICIENCY OF THE BANKING SECTOR IN KOSOVA**

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This paper examines banking innovation payment products and services and its effects in the banking industry in Kosovo. The development of information technologies have influenced and are going to influence all of banking industry in future. Banking sector has adopted the modern technology in function of offering better products and services for clients as well as contributing to the reduction of the costs associated with the management of information and processes and increasing efficiency. The paper shows great impact of innovation on performance of banking sector in Kosovo. The findings of the study gives a contribution in analyzing effects of the innovation in bank efficiency and performance, and leads to conclusion that investments in innovative products and services of banking sector, has positive impact in banking industry and will continue to increase in future, since banking sector has to react in global changing environment and increasing competition, in order to increase performance of sector through fulfillment of client needs. The working methodology used in this paper is based on the review of latest secondary data of CBK.

**Keywords:** Innovation, efficiency, information technology, digitalization, banking sector.

**JEL Classification:** G21, O31

## EMPLOYEE MOTIVATION IN HEALTH CARE SERVICES IN THE REPUBLIC OF KOSOVO

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The success of an organization is influenced by various number of factors, including the motivation of its employees. What motivates them to work, depends on the conditions that the organization has to offer and the country where the organization operates. Despite all, their satisfaction can be transmitted to the organization's clients too. And the issue becomes more significant when the clients are the patients and are dependent from our employee's behavior. This paper aims to bring out the most important factors to the employees of the health care services in the Republic of Kosovo, considering the Maslow's five levels of Needs: physiological, security, belongings and love, esteem and self-actualization. The data was collected from 115 employees spread in different sectors of health care services and was analyzed using frequency tables and mean value in SPSS. Results conclude that beside the payment known as one of the most significant factor of employee's motivation, there are other factors that are important too, like security, appointments with management, and relationships between them. It is recommended that the Law for Health Insurance becomes operational as soon as possible as this seems to be one of the biggest security concerns of the employees.

**Keywords:** Employee Motivation, Healthcare services, Security, Pay.

**JEL Classification:** M54



## **TOURISM AND LOCAL ECONOMIC DEVELOPMENT IN GEORGIA**

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Tourism Industries and local Economic Development in Georgia have provided a focus many reasons. Policymakers, technologies, IT systems and academics concerned with regional and national economic development in Georgia. This paper, event tourism, comprise an important local development platform for both periphery rural areas facing a bleak future to agriculture conditions and urban areas seeking new industries to replace traditional employment in manufacturing and slow growth service industries.

The promotion of tourism in Georgia and leisure service industries as a regional growth driver, particularly in peripheral regions. Often tourism features low wages and unskilled labor, lessening income-related demand effects, further, militating against the development of a highly skilled workforce. Moreover, external ownership of large tourism concerns, together with an under developed local tourism infrastructure can limit the contribution of new tourism activity to regional growth prospects.

This paper compares two very different cases of tourism and local economic development in Georgia.

The first case examines the sustainable visitor related impacts of Georgian local Industrial Landscape.

The Second case-Tourism Development fund established by the Georgian Co-Investment Fund. The Fund aims at fostering rapid development of touristic infrastructure in the country as well as administration of the specific programs designed to improve the quality of service provided by hospitality industry. For the purpose regional training centers are planned to be established to retrain local residents engaged in hospitality industry. Fund seeks to create new tourism hubs in less economically developed regions of Georgia.

**Keywords:** Economic, Determinants, Tourism development fund, profitability.

## **BINDING CONSTRAINTS ECONOMIC GROWTH**

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Identifying the growth determinants in Western Balkan is a crucial factor to achieve sustainable economic growth. The main aim of this paper is to identify the most relevant binding constraint of economic growth in Western Balkan using Ordinary last squares (OLS) estimator. One of the most challenging themes for economists is to explain “how countries become rich (Tridico 2007). In some countries people do not work much and they have better standard of living in comparison with some others when people work hard and they cannot meet the basic needs. The results from the models show that among others variables that are included in the model, the paper find out that (i) foreign direct investment, (ii) gross savings and (iii) domestic credit to private sector have a positive effect on economic growth and school enrolment tertiary, (ii) unemployment, (iii) corruption, (iv) general government final consumption expenditure have a negative impact on economic growth. The paper also highlights the main binding constraints in these countries and came with further recommendations.

**Key words:** economic growth, binding constraints, Western Balkan  
**JEL classification:** O1, O4

## **CONSUMPTION AS FACTOR OF ECONOMIC GROWTH – COMPARATIVE ANALYSES OF MACEDONIA AND SLOVENIA**

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The aim of this study is to analyze consumption as a whole and its impact on the economic growth. It is common practice to do analysis on the general level of the growth of the economy, or the state of the transition economies (TEs), or analyzing enterprises, and many other different kinds of economic analysis, specific consumption such as energy consumption, but analysis of consumption as a whole and its impact on the nation's economic growth has not been done yet.

The analysis is going to be focused on comparative analyses on Macedonian and Slovenian economic growth, with high relevance on the investigation of consumption. Taking into consideration all the facts about Macedonian history and its ups and downs through the years a comparison between the two republics, Macedonia and Slovenia, will be carried out since they were two republics breaking up from the same Socialist country and gaining independence at the same time yet being so diverse economically.

The analysis is going to reveal the impact and at what length does consumption, being the largest factor of the GDP formula, have at these two country's economic growth. The data used for the Macedonian analysis is questionnaire based data, as primary data. Considering the comparative analysis, we will make use of the secondary data from the statistical biro of Macedonia and Slovenia.

**Keywords:** Consumption, Economic Growth, Transition Economies (TEs)

**JEL Classification:** E29, O40, P20

## **CREATING THE REGIONAL ECONOMIC SIMULATOR**

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Decision making in the public sector as well as in firms is a process of identifying problem and opportunities and choosing the best option among alternative courses of action for resolving them successfully. When there is lack of the information the decisions are made “under uncertainty” (or “under risk”) and generally they are inferior compared to decisions made under certainty. As in economics there are thousands of unknown variables the human mind cannot capture everything from the reality for optimal decisions. The same is true for firms as they can have thousands versions of budget and different corresponding economic results that can vary according to the market performance. The managers cannot be sure about the economic circumstances and how probable each possible outcome of their actions is. Consequently, the decisions are done under risk, according to the perceptions of the economic agents and subjective view about the market. Doing all these decisions without computer programs through relying only on human brains is like using a spade when you can have a tractor. Besides, existing simulator programs model only certain sphere of economy, they rarely capture economy as a unit system (as usual they do not suggest strategic decisions both, for public servants and company managers) and can achieve only local efficiency. In this point for achieving pareto efficiency under given economic circumstances the necessity of more certainty, of models and simulations becomes clear.

The article aims optimal decisions that do condition future economic development. The simulator starts from the bottom with thousands of economic and non-economic variables, goes through the process of decision making, through the ways of decision implementation.

**Keywords:** The economical simulator; Economics models; Non-economic variables; Computer programs.

## **BUSINESS STRATEGIES OF SME'S IN THE POLLOG REGION**

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Business strategies are without a doubt one of the key factors in gaining and maintaining the much needed competitive edge in the ever changing business environment. Although it can be theoretically that business strategies are equally important and applicable by SME's as they are for big business, the fact remains that in the case of Republic of Macedonia in general and the Pollog region in particular there is a serious lack of research and data to support such arguments. Therefore, the main rationale behind the paper is to provide insights regarding the awareness of SME managers and owners in the Pollog region regarding the importance of business strategies, the level to which they rely on business strategies in reality and the reasons why they fall behind in having and applying business strategies.

**Key words:** Business strategies, SME, Pollog region, business performance

## **DEVELOPMENT OF MODERN SUPPLY CHAIN FOR VEGETABLES AND FRUITS IN REPUBLIC OF MACEDONIA**

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Distribution of fresh vegetables and fruits is a segment of the supply chain for groceries that is constantly evolving and has considerable potential for growth. However, with the opportunities there are many technical requirements and standards of the modern systems of supply of fresh products that must to be met. Retailers and distributors must have advanced equipment to preserve all characteristics of the products throughout entire storage period. The model of distribution center we developed is flexible and able to respond to the situation in the industry in Republic of Macedonia that has yet to reach the level of the modern European markets. The paper is result of several months of work and exploration of current situation in the industry in Republic of Macedonia and the business opportunities of an organized network of trading and supply chain centers for vegetables and fruits, as well explained in literature from countries with longstanding experience. The goal is to offer to the key stakeholders, especially the business community model of distribution center with its facilities that is suitable for them. The paper also aims to help the policy makers to make a better use of potentials in the production and distribution of vegetables and fruits, especially in the light of the leading trends that shape this industry in Europe.

**Key Words:** Retail trade, Fruits and vegetables supply chains, distribution centers

**JEL Classification:** Q11, L16, L23, M31

## PERFORMANCE APPRAISAL OF REAL ESTATE INVESTMENT FUNDS

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Investment funds are defined as the heritage resulting from the sum and application of capital of individual and/or collective entities in mobile or equivalent values, allowing the diversification of the portfolio risk, as well as guaranteeing a high liquidity. Real Estate investment funds are application funds over real estate goods, with the principal goal of transaction, exploration and development of projects in construction or similar. The construction sector is a fine economic development motor among the several other economic activity sectors. It's an economic indicator by excellence in the creation of value and richness, of employment and works as an economic developer and principal employment sector. However, it is also the most susceptible sector to economic variations, in global terms.

Attending to the economic, financial, political and social instability in which we live inside the period of analysis included in this work, between 2007 and 2013, it became interesting to evaluate the behavior of a portfolio of Real Estate closed funds in face of a set of macroeconomic variables, showing its development capacity in an unstable context. The introduction of conditional variables of public information allowed us to evaluate how does this portfolio reacts to the lack of consumers/clients trust in investing in real estate goods, or even how do the credit limitations, through the credit rates, are an obstacle to the investment in one of the most important sectors in the economy.

It has been applied several performance evaluation models, traditional and conditional, which allowed us to evaluate how do macroeconomic variables considered fundamental influence the



performance of the portfolio in the market. By performing this work we were able to conclude that the introduction of conditionality in the performance evaluation models is in fact important, because they turn evident that macroeconomic factors have a positive (negative) impact in the performance of a portfolio of funds in the market, thus reinforcing the idea that traditional models of performance evaluation have shortcomings.

**Keywords:** Real Estate Closed Investment Funds, Traditional Models of Performance Evaluation, Conditional Models of Performance Evaluation.

## THE DYNAMICS OF WOMEN'S INCLUSION IN SOCIO-ECONOMIC LIFE - THE CASE OF MACEDONIA

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Vast literature suggests that female labour force participation (FLFP) has positive macroeconomic prospects, if they are integrated in the labour markets and allowed to perform up to their full potential (Loko and Diouf, 2009; Dollar and Gatti, 1999). However, the evidence shows that despites almost half of the world's population is women, their contribution to the economic activity and social welfare is lower than their potential (Elborgh-Woytek et al., 2013). Labour force participants in Macedonia are faced with slow school to work transition, mainly due to inadequate educational system relative from the supply side, and the stagnant labour market from the demand side, where the scares job creation is usually directed towards more experienced workers (World Bank study, 2008a). This paper examines the determinants of female labour force participation in Macedonia using Labour Force Survey conducted in 2015. The logit regression model for LFP has generated the coefficients. Out of which we find significant coefficients for wage, experience at work, education, age, night shift, and being mother.

**Key words:** Female Labour Force Participation, Gender gap; logit regression.

**JEL classification:** J21, J16, C20.

**THE PROFILE OF THE ETHNIC ALBANIAN ENTREPRENEURS IN  
MACEDONIA: AN EXPLORATORY RESEARCH**

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The aim of this paper is to provide a picture of the characteristics of Albanian entrepreneurs and their enterprises in the Republic of Macedonia. According to State Statistical Office of the Republic of Macedonia (2005), based on the data from the last census of population, households and dwellings in 2002, the Republic of Macedonia had 2.022.547 inhabitants of whom Albanians were 509.083 (25,2%). Since Albanians represent the greatest minority in the Republic of Macedonia, we were interested to analyze businesses that are operated and managed by them. We conducted empirical research of 89 businesses, owned by Albanians in the Republic of Macedonia. We analyzed the motives for starting and managing one's own business, problems of these businesses, success factors, forms of organization, sources of financing, ethics and social responsibility of Albanian entrepreneurs, e-commerce challenges and characteristics, etc.

**Keywords:** entrepreneurship; ethnic entrepreneurship; models of ethnic entrepreneurship, Albanians, Macedonia.

## RELATIONSHIP MARKETING APPROACHES IN MACEDONIAN FAMILY BUSINESSES

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The fact that family businesses and the private sector is backbone of Macedonian economy, it is more than necessary that we provide and present the advantages of using one the newest and most successful approaches in marketing, such as relationship marketing ones are. This paper offers some theoretical definitions about relationship marketing, the advantages of using it and its specifics. Relationship marketing concepts and specifics explained in this paper will not help only entrepreneurs and owners of family businesses, but also, the non-family businesses, public sector, students as well as the literature, as a rare research in this field in our country. This qualitative paper aims to show some of the advantages of using relationship marketing approaches, because it has been proved that family businesses are the ones that drive the country's economies as well as are the ones that accept the changes easier.

**Keywords:** relationship marketing, transactional marketing, family businesses, Macedonia

## **MOTIVATION AND ITS IMPACT ON ORGANIZATIONAL EFFECTIVENESS IN KOSOVO ENTERPRISES**

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Nowadays, enterprises operate in a global market which is characterized by strong competition, a dynamic environment and with big technological changes. The best confrontation with these challenges is to create a positive environment between the employees and the enterprise, where using resources in a rational way, company will achieve a higher performance and continuous growth.

Already it has been proven in numerous studies, that more employees are motivated to perform their duties, the higher will be the performance and success of the enterprise, since there is a positive relationship between employees motivation and organizational effectiveness.

The success of any enterprise depends on the ability of managers to ensure a motivating environment for its employees, who are performing well in the workplace contribute to achieving the goals of the enterprise.

The purpose of this paper is to identify factors that affect the motivation of employees, and to explain the relationship between the organizational effectiveness and employees motivation.

For preparation of this paper will be used this methodology study:

Secondary research- will be used to study the theoretical concepts of motivation and its impact on organizational effectiveness, which will be analyzed more research articles in the field of motivation and organizational effectiveness

Primary research- which is based on the data and information collected through a questionnaire.

**Keywords:** Motivation, enterprises, organizational effectiveness, employees.

**JEL classification:** L1, P42, E24

## **ORGANIZATIONAL STRUCTURE IN FAMILY-OWNED COMPANIES: EVIDENCE FROM FAMILY-OWNED COMPANIES IN KOSOVA**

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Many researchers have studied the importance of organizational structure and its impact on the effectiveness, innovation, profitability and performance of different companies. Because of its importance the main objective of this research is to analyze and identify the prevailing type of organizational structure in family-owned companies in Kosova since this type of companies play very important role in Kosovo economy. Besides organizational structure this study will also define the extent of centralization/decentralization of authority in those companies, owners' attitude toward non-family managers and their plans for business succession to future family generations.

The finding of this research will help family-owned companies understand the importance of organizational structure. Companies can also benefit from this study by potentially putting into practice some of the points discussed in this research in order to create more effective organizational structures that can help them being more professional, competitive and more adaptive toward the different environmental changes and more prepared for the succession of the business to the future family generations. This study is conducted by collecting primary quantitative data by surveying ten family-owned companies in Kosova by self-administrative questionnaire.

**Key words:** organizational structure, family-owned business, non-family managers, business succession

**JEL Classification:** L22, G32

**DETERMINANTS OF THE NET TRADE CREDIT: PRELIMINARY  
EVIDENCE FROM SME'S IN THE POLLOG REGION**

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The lack of financing sources makes often firms to be relied on accounts payable. On the other hand, firms offer to their clients to buy products/services on credit making thus they to be motivated and increase sales. The difference between accounts receivable and accounts payable is known as the net trade credit (hereafter NTC). Thus, it presents the difference between trade credit provided to clients and trade credit obtained from suppliers.

Several studies are focused on trade credit and factors that affected it. Factors are examined from the micro and macro perspective. This study also tries to examine determinants of the NTC for a sample for the period 2012-2015. Selected firms are SMEs and operate in the Pollog region. The determinants are selected and examined following previous studies. Dependent variable is the difference between trade receivables and payables, scaled by sales. Firm's size, profit margin, return on assets (hereafter ROA) and current liabilities to sales are independent variables. Results show that on average there is negative NTC. Moreover, firms with higher total assets and profit margin used less net trade credit, whereas firms with higher ROA used higher NTC. Current liabilities to sales was confirmed not to play a significant role and hence didn't affected NTC.

**Keywords:** trade credit, determinants, regression, profitability.

**JEL Classification:** C50, G10.

## THE IMPACT OF THE FINANCIAL CRISIS ON CASH RESERVES, INVESTMENT AND FINANCING IN PORTUGUESE QUOTED COMPANIES

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In Portugal, the financial crisis has been a subject well debated, so it would be appropriate, to assess, to what extent this had an impact on cash reserves, financing and investment in Portugal. To this end, studies from others authors were analyzed, which theme in question was similar to what was intended to do in this work. As for the results, there is no evidence that the crisis has had an impact on cash reserves, contrary to what would be expected. This, because, companies have increased their cash reserves to guard against the doubt, and, thus, can use the money to invest in growth opportunities that arose. In terms of financing, it is not possible to declare that the crisis has had a decisive role on this. However, the results seem to evidence that short-term financing was preferred by Portuguese companies during the crisis, rather than the long-term financing, since the latter could involve more risk for lenders. For the investment of Portuguese companies, from the results, there is evidence that the crisis and post-crisis have contributed to its increase, in contrast to studies of Balachandran et al. (2013) and Nguyen et al. (2015), which state that investment decreased with the start of the crisis. Analyzing the growth of assets, the results suggest that companies bailed up cash flows to achieve growth during the time of post-crisis, but, since the PostC variable was negative and statistically significant, this seems to lead to a retarding effect of that potential asset growth during the time of post-crisis.

**Keywords:** Crisis, Cash Reserves, Investment, Financing, Debt, Asset Growth.



## KEY INDICATORS OF SUCCESSFUL ENTREPRENEURSHIP

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There is a vast of theoretical background on management, as key for improving performance. This involves identifying the mission and objectives of organization to contribute to the success of the enterprise. This paper is going to investigate the issue of entrepreneurship in context of management by identifying the key indicators in European economies.

For this purpose we are going to use data from Global Entrepreneurship Monitor (GEM), finding correlation between key indicators of National Expert Survey (NEC) and Adult Population Survey (APS). Furthermore, we are going to provide explanatory analysis of key indicators which are drivers of successful entrepreneurial activity. This will help enterprises in European countries to create new jobs, economic growth, and increasing competitiveness of SMEs.

Out of these analysis we find that: (i) Belgium has the higher government support and policies, whereas Greece has the lowest; (ii) The extent to which public policies support entrepreneurship - taxes or regulations – are the highest in Switzerland, Portugal, whereas the lowest in Croatia, Greece, Hungary; (iii) The presence and quality of programs directly assisting SMEs at all levels of government (national, regional, municipal) are the highest in Luxembourg, whereas the lowest in Greece; and so on.

**Key words:** Entrepreneurship, Management, GEM data, European economies.

**JEL classification:** L26, M11, Y10.

## THE DYNAMICS OF FEMALE LABOUR FORCE PARTICIPATION IN ALBANIA

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This study aims at understanding the dynamics of female labour force participation and its determinants in Albania and identify policy intervention areas to improve female labour participation. Using individual-level data from two recent waves of Albanian LSMS, 2012 and 2008, and the Generalized Method of Moments (GMM) the study will shed light on the impact of individual, household, community and regional characteristics, as well as demand and supply factors, social capital, cultural factors, social protection and family-friendly policies on women's labour force participation. The datasets are not panel, but allow the possibility of dynamic analysis using time dummies. Instruments and variables introduced in the previous econometric analysis will be improved by introducing new variables among which estimates of women potential wage (reservation wage) as a key determinant of women's decision to work (Chapman, 2015; Forgha 2016). The reservation wage of women will be estimated using the Heckman model (1979). The dynamic effect will identify how changes in social policies have impacted women's choice to participate in the labour market either by actively searching for a job or by being employed. Based on the findings, the paper proposes policy recommendations for increasing women's labour force participation and employment in Albania.

**Key words:** dynamics of labour force participation, GMM, Heckman, social policy.

**JEL classification codes:** J01/J16/J21

**TECHNOLOGICAL BASIS OF FORMING THE PROTOTYPE OF  
ACCOUNTING AND ANALYTIC PROVISION OF MANAGING AN  
ENTERPRISE**

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Formation of preconditions of accounting and analytic provision of managing an enterprise involves modification of its prototype according to the influence of factors, features and characteristics of information paradigm of socio-economic development. Due to accounting and analytic provision of managing is formed by objective reality of existence enterprise in space and time that through interpretation (coding-decoding) management information contributes to generating new knowledge about the state and prospects of development business entity.

Under the conditions of information economy, priority of technological solutions in activities of economic entities special relevance becomes development of accounting and analytic provision of managing an enterprise that promotes to decision-making, justifying their alternatives, increasing the efficiency use of information.

Is substantiated that to take account of properties and characteristics of activity of enterprise during the formation information for decision making it is expedient to compose prototype of accounting and analytic provision of managing, which is formed with dominance of technological regulators when configuring aggregate of techniques and methods of research of activity of business entity. In prototype the properties of information process are determined by integration of nature and forms of business processes and are regulated by technological, information, professional provision with configuration of its cyclical renewal.

**Keywords:** development, accounting and analytic provision of managing an enterprise, information, prototype, technology.

**JEL Classification:** M 490.

## **ORGANIZATION AND METHODOLOGY ELECTRONIC DOCUMENT CIRCULATION OF ENTERPRISE ECONOMIC ACTIVITY**

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Electronic document circulation has many advantages over paper, the main ones: speed of receipt documents; convenience of editing and archiving of documents, etc. Enterprises that have the opportunity to operational get information can effectively conduct business at conditions of tough competition. Use systems of electronic document circulation contribute to optimization enterprise document management and reduction of time spent and material costs for provision of document circulation. Generally is necessary to note not only corporate effect, and also economic effectiveness of electronic document circulation at the enterprise.

The combination of requisites accepted paper primary documents and electronic documents is standard set of requisites or standard information provision of making decisions.

Management decisions are taken by enterprise administration according to operative data that obtained from primary accounting documents and analytical data, which obtained as the result of their processing. Necessity of formation accounting documents, information properties of which should conform to modern requirements is increasing in conditions intensity and scale of economic activity, when enterprise needs sustainable development.

Using information and communication technology has made it possible provision of comprehensive data processing and information support of centralized information-analytical system of business activities management with development of organizational and methodological bases of formation databases and Instruments of its servicing.

**Keywords:** accounting, electronic document circulation, accounting documents, technology.

**JEL Classification:** M 490.

## **THE CONCEPT OF COMPUTERIZATION OF ACCOUNTING AND ANALYTICAL SUPPORT FOR ENTERPRISE MANAGEMENT**

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Global management concepts enterprise dictate new approaches to the development of information systems of accounting within integrated systems. In broad terms, they should be understood as the intellectual mechanisms of accumulation and provision of accounting knowledge in software systems.

The central component of any intellectual system, which largely determines its possibilities, is a knowledge base.

We have selected the components of a common model of a software production, which describe the main features of information and logical structure of accounting information, rules of functioning and adaptation to user needs:

1. Principles of system accounts;
2. Models of organization of the documents circulation;
3. Principles of creation of the system entry in the accounts;
4. Models of analytical accounting;
5. Models of the accounting period;
6. Means of provision and technology of work with an Output information;
7. Models of distribution and integration of accounting databases and knowledge bases;
8. Means of the expansion of basic functions;
9. Models of the rules description of the system.

The combination of the listed components determines the principles of interpretation and provision of accounting information in software systems on which depends the effectiveness of building processing system credentials.

**Keywords:** computerization, knowledge base, system, accounting information.

**JEL Classification:** M 490.

## HEALTH TOURISM IN THERMAL WATERS IN PESHKOPI, ALBANIA - STATISTICAL AND ECONOMIC ANALYSIS

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Health tourism in thermal waters is one of the types of tourism in Albania. Attending these type of tourism, not only heals/cures some diseases of visitors/tourists, but also contributes to the economic development of the communities located near the thermal water resources. The purpose of the study is the identification of the comparative advantages of health tourism in the thermal waters, the Thermal Baths Peshkopi in Dibra, Albania. To realize this study we provided information by hotel businesses, owners of hostels and Balnear State Enterprise, which operate in the service of visitors/tourists who frequent health tourism thermal waters.

The study showed: (i) The ratio albanian tourists (domestic) and foreign tourists is 2:3; (ii) Time attendance is 10-15 nights of staying; (iii) The cost of person in hotels, including accommodation, three meals, transport and entrance fees in spa tourism center are on average € 12, while these costs in the hostels of the residents are on average € 8; (iv) The number of hotels to accommodate visitors/tourists is over 10 with over 900 beds in total; (v) The number of hostels that offer family tourism is about 111 with the average number of beds 8-10/house with over 1 000 beds; (vi) Total revenue from health tourism, for hotels and hostels for 2015 were € 132 000, while the 10-year period (2006-2015) is € 1 004 102.

**Keywords:** visitor/tourist, health tourism, thermal waters, income, hostels, cost, advantages.

## **INTERNATIONAL ECONOMICS AS A MODELING OBJECT OF ECONOMIC RELATIONS**

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Formation of the global market naturally led to the establishment of interstate relations with their characteristic features, characteristics and laws based on the theory of international economics. The main purpose of International Economics is the study of the modern interdependent world economy, shaping of international economic policy, development of a market system of society internationally and ensuring public commodities and services.

Social economic system is a complex probabilistic dynamic system that covers the processes of production, exchange, distribution and consumption of material and other goods.

Methods that are used in the simulation of International Economics (socio-economic systems) are synergistic and systematic analysis of the international economy as a complex unstable and dynamic system.

We recommend the following sequence of system study:

- 1) identification of target or set of targets;
- 2) the selection of solutions that lead to achievement of goals;
- 3) definition of the environment and resources required to achieve the objectives;
- 4) construction of mathematical (in operations research) or logical and algorithmic (with system analysis) model;
- 5) determining the other (in the study of operations) or more (at the system analysis) criteria for selecting the optimal variant of solution;
- 6) determining the optimum solution of the problem.

**Keywords:** modeling, international economics, the system, methods, models.

**JEL Classification:** F 200.

## THE IMPACT OF BILLBOARD ADVERTISING ON CONSUMER PURCHASE DECISIONS

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Billboard advertising is an outdoor advertising used by companies in open areas where a high traffic is found, exposed to passing pedestrians and drivers. Billboards are very visible in selected market segments which is expected to have its communicative effect on consumers.

The study tries to find out the effect of billboard advertisements on consumer purchase decisions. It also sees factors like, lay out, size, visual appeal, texts, etc. that play an important role in consumer buying behavior.

The study uses secondary and primary data. The secondary data is collected from literature review, whereas the primary data is collected through a structured questionnaire with the Likert Scale (1 denoting consumer's "completely disagreed" position, and "5 denoting completely agreed" position, with 3 being a neutral position. The collected data is analyzed using the SPSS statistical software.

The results of the analysis show that consumers agree that billboard advertising is important and has an impact on consumer purchase decisions. So, the study offers some insights for companies in order to use them in their outdoor advertisements.

**Key Words:** Billboard, advertisement, consumer, buying decision

**JEL Classification:** M3; M31



## **THE ROLE OF CLASSROOM TEACHING PRACTICE IN PROMOTING ACADEMIC SUCCESS**

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The aim of this research paper is to find out the relationship between the teaching practices in the classroom and the success/ failure of students with the subjects of fall semester 2016 at Faculty of Business and Economics, South East European University in Tetovo. The data were collected through an online questionnaire during November-December, 2016. They deal with three activities during the course development: beginning of the lesson, lesson development, and assignments and check-ups. In total, there are 22 variables divided into three groups. The variable "answer" is the pass rate. These variables will promote a better promotional educational process through quantitative statistical analyses.

In this paper, beside the descriptive statistics, a mathematical model will be designed in order to consider the success/ failure of students, as a function of measured variables.

The results will identify the relationship between the teaching practices in the classrooms and the success/ failure of students.

**Keywords:** teaching practice, mathematical model, lesson development, success and failure

**EFFECTS OF INCOME TAX CHANGES ON THE LONG TERM  
ECONOMIC GROWTH: AN EMPIRICAL ANALYSIS FOR THE CASE OF  
REPUBLIC OF MACEDONIA**

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The existing literature suggests that tax rate cuts may spur the economic growth in the short term, but if it doesn't go along with spending cuts it will likely result in an increased budget deficit, which in the long term will reduce national saving and raise interest rates. Thus, the purpose of this research paper is to examine empirically how changes of income tax affect the long term economic growth for the case of Republic of Macedonia. For analyzing this issue, econometric models are employed using quarterly time series data from 1997q1-2016q2. The estimation results reveal that the personal income tax has positive and significant impact on growth in the short term, but not significant impact in the long term. While corporate tax has negative impact on growth in the short run and negative and non significant impact in the long term. This implies that the current income tax rates couldn't endow with sustainable economic growth for the country.

**Keywords:** Tax changes, economic growth, impact, long run

## **DOES FISCAL POLICY MATTER FOR ECONOMIC GROWTH IN REPUBLIC OF MACEDONIA?**

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The main objective of this paper is to investigate the effects of fiscal policy, thus types of public expenditures and revenues classified according to Barro and Sala-i-Martin model on a small open economy, by predicting fiscal dynamic effects on real GDP in Republic of Macedonia. Dealing with contradictory evidence on existing empirical literature, this paper employs a SVAR model including Impulse Response Function and Forecast Error Decomposition regarding the assessment of the dynamic effects of both sizes of fiscal policy on economic growth of Republic of Macedonia, utilizing quarterly data covering time period 2000 – 2015. Furthermore, following a developed recursion approach of Choleski decomposition on our SVAR model, the results suggest for positive effects of the productive expenditures on economic growth and do not hold for distortionary revenues in the Republic of Macedonia.

Finally, findings regarding the effects of Barro and Sala-i-Martin order of fiscal variables engaged in the recursive approach of SVAR model, for first time employed for the case of Republic of Macedonia, indicate the most important novelty and contribution of this paper.

**Keywords:** Fiscal policy, Granger causality test, SVAR, Impulse Response Function, Forecast Error Decomposition.

**JEL classification:** E62, H20, H50, H60.

## THE IMPACT OF HEALTH ON POVERTY REDUCTION IN REPUBLIC OF MACEDONIA

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The health of poor people is currently a central issue in international debate and a serious concern in the Republic of Macedonia, which registered an at-risk-of-poverty rate of 21.5% and a Gini coefficient of 33.7% in 2015. Enjoying the highest attainable standard of health is one of the fundamental rights of every human being regardless of race, religion, political belief and economic or social condition. The aim of this study is therefore to examine the impact of household health expenditure in reducing poverty in the Republic of Macedonia. This, by excluding such expenditures from poor household budgets to reduce the inequality in the country. The study examines health expenditure based on available official data from the State Statistical Office (Household Consumption in the Republic of Macedonia and Laeken Poverty Indicators) from the period of 2005-2015. Findings show that if health expenditures are excluded from the overall expenditure structure, the poverty line would be reduced by 3% on average and the number of poor reduced by 15 000 persons in average. Therefore, the country should base the health system on a more pro-poor approach, be more fair and responsive to the needs of all its citizens.

**Keywords:** health, poverty, economic development, inequality, income distribution

**JEL Classification:** I14, I15, I32, O15

## **ASSESSING THE RISK OF BANKRUPTCY OF EUROPEAN COMPANIES**

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The risk of bankruptcy shows the possibility that a company will be unable to meet its debt obligations. Bankruptcy risk describes the likelihood that a company will become insolvent because of its inability to service its debt. Assessing of bankruptcy risk is important especially for investors in making equity or bond investment decisions. The paper presents a case study of assessing risk of bankruptcy on a sample of European companies (extracted from Amadeus database), for the period 2006 – 2015, using Altman and Conan & Holder Models. The aim of this paper is to highlight the evolution of the number of companies affected by the risk of bankruptcy in the European companies in the above mentioned period, and the countries and sectors more affected by the risk of bankruptcy. The case study also includes the comparative analysis of the results achieved by both models. The results should be informative for investors which can find about sectors and countries less affected by risk of bankruptcy.

**Keywords:** financial performance, risk of bankruptcy, investment decision, financial models

## **TRENDS AND CHALLENGES OF UNEMPLOYMENT RATE BY GENDER IN THE REPUBLIC OF KOSOVO: A REGIONAL COMPARATIVE STUDY**

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The Republic of Kosovo is facing numerous problems in many areas, such as political situation, low economic growth, high unemployment, high trade deficit and that in general the situation of Kosovo's economy is in a deep crisis for many years now. Weak labour market indicators in particular very high level of unemployment remains a great concern and a persisting challenge for the country.

Based on official data from the Labour Force Survey (LFS) conducted by Kosovo Agency of Statistics (KAS) for the case of the Republic of Kosovo, the aim of this study is to examine the development of unemployment rate by gender for the period 2005-2015 in the Republic of Kosovo from a multi-dimensional perspective. This while comparing national trends with other selected Balkan countries, such as Macedonia, Albania, Serbia, Montenegro and Bosnia and Herzegovina using LFSs data provided by International Labour Organization and state statistical institutes of the respective countries.

Findings show that the rate of unemployment in the Republic of Kosovo is significantly higher than other countries. A decreasing trend exist throughout the observed period with drop of 8.5 percent point from 2005 – 2015 and with R-squared value 0.6409. The inequality between male and female unemployment rate in the Republic of Kosovo it is noticed. Average of male unemployment rate was 34.4% and female unemployment rate was 50%. Compared to selected Balkan countries, findings show that averages of

unemployment rate by gender were 22% respectively 24.2%. Furthermore, notable disparities are evident when observing unemployment among various age groups and the level of education attainment.

**Keywords:** Labour market, male unemployment; female unemployment; age groups; education attainment.

**SOCIAL ENTREPRENEURSHIP AND PUBLIC SECTOR  
ENTREPRENEURSHIP: COMMON ASPECTS AND RELATIONSHIPS**

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The concept of social entrepreneurship and its role in creating public value within public organizations is one of the most important study approaches in public management in recent years. Thus, the paper examines the main characteristics of social entrepreneurship in theory within the context of entrepreneurship and public sector entrepreneurship during the process of producing and delivering values. As other types of values (economic, environmental and public), the social entrepreneurship is inevitable part of the overall system of creating values across different sectors (private, citizen and public). The conclusions are that the application of different business models in different organizational settings including public organizations depends on the types of values that it aims to create and to deliver to the general public. As public organizations are becoming more and more socially responsible, the role of social entrepreneurship business models in creating public values is becoming increasingly important.

**Key words:** values, social entrepreneurship, public sector entrepreneurship, business models



## **FOREIGN OWNERSHIP AND GENDER WAGE GAP IN MACEDONIA**

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The transition process has affected the Macedonian labour market in several ways. Unemployment has sharply increased, while employment in the public sector declined and in the private sector, particularly in the informal sector, increased. Moreover, the wage-setting system has changed from a centralized to a market-based system. The transition process had a negative effect more on the low skilled workers and women, with large gender and ethnic wage gaps. The gender pay gap is an important aspect of labour market inequality since it is likely to have a negative effect on the well-being of communities, increases poverty and as a result has a negative impact on economic growth.

**Keywords:** foreign ownership, gender wage gap, transition economies, labour market, wage inequality.

## THE QUALITY OF LIFE IN THE REPUBLIC OF MACEDONIA AND CITIZEN SATISFACTION ON THE PUBLIC SERVICES PROVIDED BY THE MUNICIPALITIES

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The process of decentralization in Macedonia began in July 2005, after the adaption of the constitutional amendments made which triggered the process of the decentralization in the Republic of Macedonia. Having in mind that the decentralization implied structural changes in the Macedonian political system and in relations between the central and the local government, the implementation of the process of the decentralization was designed with a phased approach in order to accommodate the local government institutions with the new competencies. Among others the process of decentralization had an objective to bring the local authorities closer to the citizens through provision of quality local services. In addition it aims to provide an opportunity for broader participation and representation of the citizens in their communities. This paper attempts to answer three main questions related to quality public services:

The process of decentralization has helped to improve the quality of public services?

What areas of public services under municipal jurisdiction are satisfied with it?

How much would you like to be informed about community activities?

In this paper we are going to analyze the findings from the field research about the quality of public service that provide the municipality in the R. Macedonia. The paper focuses on the satisfaction on the public services and provides recommendations for future improvement of the decentralized public services in the Republic of Macedonia.

**Key words:** Decentralization, Public service, Local self-government units, Citizens satisfaction, quality of service.

## **ROLE OF MARKETING STRATEGIES FOR BANKING SECTOR GROWTH IN REPUBLIC OF MACEDONIA**

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With accession to certain researches in this problem we will see how marketing strategies are used by banking managers and how they affect to increase their growth, if and how the choice of particular strategy will provide positive or negative financial results. Banks are developing new methods of operation using modern marketing strategies and innovative technology. Open market today with in globalization requires great speed and ability to adapt to the new changes. Service sector contribution is great and very important for the development of the services market in one country, functions as a separate part through corporate offers and sells services to customers. The evolution of strategic marketing as a field of various studies in the past few decades, many authors see as a branch of various perspectives, paradigms, theories, concepts, frameworks, methods and models that are linked together through various areas, and the most significant area is marketing. We decided to explore the banking sector, because banks and the banking systems are very important for running an economy and maintain stability of the country. The data was taken from the banks, who were operating on the territory of the Republic of Macedonia. Banks do not have all the freedom in their work, because they are constantly under the supervision of National Bank of Macedonia (NBRM). The mission of the National Bank is to

maintain the price and financial stability, contributes to increasing the economic welfare and living standards of citizens. While its vision is to be recognized as an independent, responsible, professional and transparent institution that will enjoy high trust and public credibility. Market advantage today is accomplished through several components, among which the most important is the quality, service and design. Also, must be able to recognize and to come in the wake of today's needs of its customers and users that will be able to predict their future desires, by being able to recognize and apply the method of adjustment their customers and they join in the process of operation. Therefore, to be able to market itself to achieve favorable results and to ensure the uniqueness of it, it is necessary to achieve a kind of difference from other banks or uniqueness. The subject of this research is banking sector in our country, whit special emphasis on the last ten years, with development of technology and technological breakthrough.

**Key words:** marketing strategies, growth, bank, innovation, service companies

## **CHALLENGES OF THE KINGDOM OF BAHRAIN DURING ITS MEMBERSHIP IN GULF COOPERATION COUNCIL**

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The wide interest, application and membership of the Kingdom of Bahrain in Gulf Cooperation Council enable to study the economic effects in general terms.

In the study it is going to be analyzed the economic cooperation of the Kingdom of Bahrain after membership in Gulf Cooperation Council. It will discussed whether economic cooperation between Bahrain and Gulf Cooperation Council members increased or decreased from its membership. This article provides a comprehensive and contemporary comparative analysis of the economic performance, the economic structure and the trade relations between Bahrain and Gulf Cooperation Council countries, allowing us to detect basic trends and developments. It will be compared the economic performance of the Kingdom of Bahrain and other Gulf Cooperation Council members, looking at aggregate figures from integration in Gulf Cooperation Council such as Foreign Trade, Foreign Direct Investment, Gross Domestic Product and its structure, level of unemployment and employment and inflation. The research is going to do be done in descriptive method of the available data. Kingdom of Bahrain increased the economic growth, decreased the unemployment rate, controlled the inflation and increased the foreign direct investments.

**Keywords:** Membership in Gulf Cooperation Council, Foreign Trade, Foreign Direct Investment, Gross Domestic Product, Unemployment, Inflation

## **CORRUPTION AND CLIENTELISM PERCEPTION IN REPUBLIC OF MACEDONIA**

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According to many reports coming from EU Commission as well as other relevant institutions, corruption remains one of the biggest issues that Macedonia faces the last years. Moreover, according to Transparency International, Macedonia, together with other Western Balkans countries, belongs to the group of the most corrupt countries in Europe.

This paper addresses these issue and investigates how the businesses in Macedonia perceive corruption, patron-client relationships. This study uses data collected by interviews, where 55 structured interviews and 35 unstructured interviews in business entities from industries perceived as most corrupt all over Macedonia, were conducted.

The results of the study confirm that corruption is widespread in every industry and clientelism is present especially in industries that involve government money. An interesting finding of the study is that although corruption and clientelism is widespread, this does not have negative impact on the business performance of the companies. Rather, it seems that businesses actually are performing better in such an environment. However, further research is needed to investigate if the reason of the improving performance of these companies is on account of other firms under impact of corruption and clientelism.

**Keywords:** Corruption, Clientelism, Government, Business Environment

## **ECONOMIC INTEGRATION AND EUROPEANIZATION OF THE WESTERN BALKAN**

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The EU enlargement has played an important role for economic, political and social transformation and convergence with the European Union. This provided a new perspective for the Western Balkan countries in post-transition period for stabilizing the region and opening new economic prospects within the European market. However, in the recent years, after the global economic crisis, the pace of European integration and convergence are slowed down. In addition, the analysis shows that the progress in implementing the political criteria is even slower and followed by higher challenges compared to the fulfillment of economic convergence criteria and the Acquis. The suggestion is to accelerate the process of EU integration, through an increase of the credibility of the reform process by taking into consideration the political economy implications and introducing creative mechanism and initiatives for more transparent and inclusive process of EU integration, as well as, promoting initiatives for enhancing regional cooperation, financial support and more investments in the Western Balkans. This implies more attention for Europeanization and its role in moving forward pro-European reform policies and support.

**Keywords:** Europeanization, European integration, Economic integration, Western Balkans

**JEL Codes:** E61, F02, F15, F5

## **FISCAL DECENTRALIZATION IN MACEDONIA: WHICH ARE THE MOST IMPORTANT ACHIEVEMENTS AND WHAT ARE THE CHALLENGES OF THE FUTURE?**

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The process of gradual administrative and political decentralization in Macedonia started in 1996 with the adoption of the Law of Local Self-Government, but the real financial decentralization process started in the end of 2004 with the adoption of a new Law of Local Self-Government and territorial division and introduction of a transparent and predictable intergovernmental transfer system. Basically, a key issue in the design of fiscal decentralization is the financing of new competency of municipality. Because of the advantages of taxation at the central level and spending at the decentralized level during the transition period Macedonia has often ended up with vertical and horizontal fiscal imbalances. In most of the fiscal years the decentralization of expenditures was not accompanied by equivalent revenue-raising responsibilities and the taxable base was unevenly distributed within the country territory. The purpose of this paper is to study and critically analyze the fiscal decentralization reform in Macedonia, outlining the key achievements and basic weaknesses of the local taxation and the intergovernmental fiscal relation, also highlighting the major challenges facing future fiscal decentralization in Macedonia.

**Keywords:** fiscal decentralization, taxation, expenditures, intergovernmental, transfer

**JEL Classification:** C50, G10.



## **SOCIAL AND PERSONAL IDENTITY OF EMPLOYEES: THE CULTURAL REFLECTIONS IN ORGANIZATIONAL CONTEXT**

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In this paper we will emphasize the importance of personal and social identity of employees in order to constructive behavior in the organization and strengthening of group cohesion. Initially we refer to social identity theory and reflections in organizational psychology. Social identity is a person's sense of who they are based on their group membership(s).Tajfel (1979) proposed that the groups (e.g. social class, family, football team etc.), which people belonged to were an important source of pride and self-esteem. The central hypothesis of social identity theory is that group members of an in-group will seek to find negative aspects of an out-group, thus enhancing their self-image. At this point, we focus to examining the ways to use that knowledge to improve the quality of life of employees in the workplace.

We will also treat five forms to reduce the impact of job-related stressors from intercultural perspective. Finally, a comprehensive analysis will shed light on the interconnection that exists between behavior at work and personal and group identity of employees.

**Keywords:** Social identity, group members, job-related stressors, intercultural perspective.

## THE ROLE OF POLITICAL ELITES IN MANAGING THE SOCIAL CHANGES IN MACEDONIA

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The role of political elites in managing the social changes has been studied by many scholars in the past. They have an impact on all spheres of the society and therefore, the importance for further analyses on this field is of a great value, especially in the societies in transition. Although some researches see the elites as a main threat for the survival of democracy, others recognize them as defenders of democracy from totalitarianism. Moreover, within this paper we are going to emphasize the role of the political elites in the decision-making processes in Macedonia.

Macedonia is undergoing a prolonged transition, which has produced a severe political crisis that threatens the democracy and the stability in the country. Also, these developments have an effect in the economy and in the inter-ethnic relations that can produce further turmoil in the troubled political situation. Since the political elites are challenged to offer solutions for the many problems that have emerged during this period, the latest developments and the delay in the process of accession in the Euro-Atlantic structures have opened many doubts and questions about their ability for finding the right political patterns and political dialog among policymakers.

These views will be our main focus in this paper, which will be analyzed through contemporary methodologies, such as content analysis and text analysis. Additionally, the comparative methods will treat the good practices in the region, as well as the general opinions of the main leaders regarding the policymaking processes that should resolve the many open questions.

**Key words:** elites, policymaking, democracy, transition, managing

## **PEACE THROUGH ECONOMICS' PERSPECTIVE (ALBANIA CASE)**

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The main idea of this paper is to understand the importance of promoting peace, violence and cost control that implicates them in the economy. The biggest challenge stands for developing countries which aim to increase the peace but they have difficulty understanding how to measure the benefits and costs that come as a result of peace. Promotion of Peace and the involvement of society for sustainable development is one of the goals of 2030 Agenda for Sustainable Development (SDGs), (goal no 16).

Peace itself is more than simply the absence of war in a country. Positive peace is described as attitudes, structures and institutions which reinforce and support the societies in positive peace. Given the constant problem of government spending which always becomes more challenging in selecting the programs, it raises the need to focus on costs and benefits of government programs. Under these circumstances, the programs which reduce or control the violence become even more successful economically (in midterm). By understanding the social and economic levers of violence, policy makers and business leaders can better understand the costs and benefits of certain investments in social and economic programs.

Furthermore by reallocating resources towards the root, which may cause violence, society can begin to make long-term investments in creating a virtuous circle of peace and economic prosperity. We will see how economic cost of violence are measured by considering thirteen dimensions of violence: calculation of costs of internal security officers, estimating the global costs of violence and loss of life, calculation of the costs of homicides, calculation of the costs of terrorism, calculation of the costs of incarceration, estimating the cost of crime, calculation of military and peacekeeping missions expenses, estimates of the costs of deaths from internal and external conflicts, the calculation of the fear of violence, calculation

of displacement and refugees and estimating the loss of production from conflicts.

**Keywords:** Peace, Cost- benefit Analysis, government spending, Violence.

## **THE ROLE OF THE GOVERNMENT POLICY IN THE DEVELOPMENT OF THE SMES SECTOR IN THE WESTERN BALKAN COUNTRIES**

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SMEs are considered the engine of economic development and are characterized by elements that play a vital role in the economy; they have a crucial importance in developed and especially in developing countries with low income, these elements consisting of flexibility, innovation, creativity, employee's encouragement, etc. However, as they are beneficial to economic development, they also are more susceptible to crises, so the demand for good governance and continuous support, are a safe for creating sustainable SMEs. Sustainable SMEs contribute to increase the economic stability, employment, domestic enrichment supply and competition. Among the elements that have huge effect of the performance of SMEs are those that come from government policies and public funds. These policies could help them to performance growth and in this way lasting competitiveness in the market. To verify how much do the business feel the government support. However, given that countries have different levels of developments, in the form of support they are made to private sector followed the same level even in the situation of SMEs. Therefore, how can the government support the private sector, which are forms of public support, what are their effects on performance of SMEs, hence the national income, as the budget allocated for the development of this sector, and comparisons of these phenomena among the Western Balkan countries are the discussions in this paper.

**Keywords:** SMEs, WB countries, government policies.

**WOMEN'S RIGHTS TO PROPERTY AND INHERITANCE IN  
MACEDONIA: CULTURAL NORMS AS AN IMPEDIMENT FOR SOCIAL  
ECONOMIC DEVELOPMENT**

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Women's rights to property and inheritance are safeguarded through various human rights policies and laws at international, regional, and country levels. However, women continue to experience discrimination while claiming these rights. In Macedonia, women, in particular, experience obstacles as they attempt to secure inheritance and property right and thus are already more likely to be among the most vulnerable and disadvantaged groups, due to asymmetrical access to recourses as a result of denied access to property or inheritance. In the Republic of Macedonia, there are various legislated policies and guidelines regarding property ownership and inheritance. Despite these policies, cultural, structural, and even judicial impediments continue to disenfranchise women. This article highlights the cultural context of property and inheritance rights for women in Macedonia, in particular in Pollog region and the evolution of policy responses to these impediments.

**Keywords:** women, inheritance, rights, property, Pollog region, socio-economic development

