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THE CRITICAL ROLE OF ONLINE WORD OF MOUTH ON CONSUMERS' PURCHASE INTENTIONS: AN EMPIRICAL STUDY IN İSTANBUL

Elif Akagün Ergin

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Abstract

Traditional word of mouth (WOM) activities have evolved into an entirely new form of communication that exploits modern technology. The growth of the Internet has amplified the effect that online WOM has on consumers. The massive digital platform includes social network sites, review sites, discussion groups, web logs and many others. Through these platforms, online WOM activities have attained a huge power on a consumer's search, evaluation and purchase processes. This research attempts to shed light on how Turkish online consumers perceive and process online WOM activities. The research specifically focuses on the link between the perceived credibility of online WOM and its subsequent impact on consumers' purchase intentions. A total of 400 consumers from İstanbul are surveyed for the study. Results reveal that online WOM activities have a higher impact on female consumers' purchase intentions and frequency of purchases. On a similar note, consumers' demographic characteristics prove to be of significance with regards to their purchase intentions.

Keywords: Electronic word of mouth; eWOM; online consumer reviews; Turkish consumers

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A REVIEW OF FACTORS THAT INFLUENCED THE INTENTION OF ACCEPTANCE AND USE OF SOCIAL COMMERCE AMONG SMALL MEDIUM-SIZED ENTERPRISES IN MALAYSIA

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Abstract

Small and Medium Enterprises (SMEs) are the backbone of the economic development in Malaysia. The contribution of SMEs to the Gross Domestic Product (GDP) keeps increasing each year. Therefore, in order to remain \ and competitive in the market, SMEs have to keep up with the rapid pace of information and communications technology (ICT). The recent emergence of social media has led to many changes in the methods of marketing and buying and selling among consumers and even vendors. These, coupled with the integration of e-commerce and social media, which is known as social commerce (s-commerce), can assist SMEs to grow further. This study will explore the factors that influence the acceptance and use of s-commerce among SMEs in Malaysia based on the Unified Theory of Acceptance and Use of Technology (UTAUT).

Keywords: Social Commerce, E-Commerce, ICT, Adoption of Technology, SMEs, UTAUT.

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Topic Groups: Entrepreneurship, Social Sciences and Business, Technology and Innovation Management.

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ASYMMETRIC PANEL CAUSALITY TEST WITH AN APPLICATION TO THE IMPACT OF CLIMATE CHANGE ON FINANCIAL RISK

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Abstract

Climate change which caused to dramatic economic impact is a key issue for the world in the 21st century. Using data for Portugal, Ireland, Italy and Spain (PIIGS) countries over the years 1990-2009, this study investigates the causal relationship from climate change to financial risk/stability via Hatemi-J asymmetric causality test that separates positive and negative shocks in analysis. As a result of this study, both positive and negative shocks existed for Ireland, causality from climate change to financial risk emerged for Spain in only negative shocks. In addition, the results showed that a positive shock in climate change cause a negative shock in financial stability. In the cases of Greece and Portugal none of the causal relationships cannot be proved.

Keywords: Financial risk, climate change, asymmetric panel causality test

JEL Classification: C33, G32, Q54

COMPETITIVENESS IN THE LABOR MARKET AS A FACTOR OF FOREIGN DIRECT INVESTMENTS' (FDI) ATTRACTION: CASE OF ALBANIA

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Abstract

Foreign Direct Investment (FDI) is seen as a catalytic of economic growth, especially, in developing countries and the ones in transition. In these countries, the inflow of FDI is suggested to have improved management of technical change, sourcing, marketing and training, and capability enhancement.

But, to take the best spillovers from FDIs, it depends, too, on the strategy of Local Government, which can contribute on the improvement of the competitiveness of the market. The competitiveness of the market, such as: the formation and training of the workforce; exploitation of knowledge and techniques of returnees etc, helps to attract foreign investors.

This paper is a literature review and has on focus to identify the role of FDIs and the role of market competitiveness (focusing in human resources development) on attracting foreign investors: case of Albania. It will serve on understanding the importance of FDIs and the work that have to be done on the improvement of the market competitiveness. It serves same as for academics, as well as for local governments units in our country.

Keywords: Foreign Direct Investment, human resources, competitiveness, Albania

FINANCIAL FLEXIBILITY AS ONE OF THE KEY FACTORS THAT INFLUENCE FIRM INVESTMENT ABILITY

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Abstract

Author sets out financial flexibility as one among the key factors that have a certain impact on firm investment ability. He exposes and studies financial flexibility in the context of his conceptual model where investment ability is the subject of his further research. Thus in this paper he focuses exclusively on financial flexibility. Although there are a lot of different definitions and meanings behind this term, the author resumes its definition as a firm ability to exploit the opportunities without jeopardizing its rating. By rating is meant an assessment of all kinds of risk to which a firm (commodity producer) is exposed. It can be internal and external. The first one should be understood as ability to adapt, and the second one as ability of a firm to reduce the vulnerability while influencing the environment. If a stability is taken into account, it can be found out that the notion of stability, i.e. risk management, is embedded in flexibility. Financial flexibility is a firm's capacity to mobilize its financial resources in response to uncertain future contingencies. On account of this leverage and cash holdings are exposed to define financial flexibility. In line with this view financial flexibility can be a result of the firm's strategic decisions regarding its capital structure, liquidity and investment. Further in this paper various aspects of financial flexibility are considered. The author pays attention to some of them, like risk, resources of financial flexibility, financial structure, financial flexibility through different configuration, growth, and market conditions. Measuring and assessment of the financial flexibility is another issue the author takes into consideration. A logic basic starting point for measuring the financial flexibility is a capital structure of a firm. In the last section the author connects financial flexibility as an ability of a firm to generate a sufficient cash flow for funding the exploitation of the business opportunities without jeopardizing its financial stability to investment ability, to his conceptual model, which can be demonstrated as an ability to fund the growth, i.e. ability to provide additional net working capital, and to fund new fixed assets, what can be also understood and defined as investment ability.

Keywords: financial flexibility, investment ability, financial leverage, capital structure

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A NEW FRAMEWORK FOR STUDYING NATIONAL INNOVATION SYSTEMS, WITH THE CASE OF CROATIA IN THE ADRIATIC REGION CONTEXT

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Abstract

This paper aims to identify, classify and analyze the innovation chain of enablers and inhibitors in Croatia in the context of the Adriatic Region. To this end, we present a series of indicators across ten innovation dimensions that constitute an important and integral part of a national innovation system, and which were previously compiled by the PACINNO project consortium. Another important objective of the study is the evaluation of the Croatian national innovation system and innovation policies. Here we rely on the qualitative data obtained through interviews with key informants, identifying the role of the system components as innovation enabling or inhibiting. This research contributes to the literature on national and regional innovation systems by providing the first comprehensive set

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of data focusing on the Adriatic Region and novel analytical framework for the study of national and regional innovation systems.

Keywords: innovation, enablers, inhibitors, Adriatic Region

Topic Groups: Technology and innovation management, Politics and business, Macroeconomics

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PAPER

A BIT OF A MUDDLE: MISTAKEN PATENTING BEHAVIOUR TYPICAL IN START-UPS AND SMALL FIRMS

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Abstract

In today's knowledge-based economy, intellectual property (IP) has become a major asset for many businesses. Patents are the most expensive form of IP and managers need to be able to make informed decisions about when to patent. Smaller businesses tend not to have in-house lawyers specialized in patent law. However, for the smaller firm in particular the decision to patent signifies a considerable financial investment.

Unfortunately, managers of start-ups and small firms often know little about patent law or the ways in which patents are used as strategic tools in competition. Ignorance of patent law can lead to major mistakes being made. These mistakes may be so disastrous that they could even jeopardize the commercial success of businesses. Based on literature and a research project on patenting in small firms, a number of typical mistakes are addressed in this article.

Keywords: Intellectual property, patent law and strategy, start-ups and small firms

Topic groups: Law and business, Management education, training and development, Technology and innovation management

THE INFLUENCE OF GLOBALIZATION FACTOR ON SUSTAINABLE DEVELOPMENT OF RUSSIAN ORGANIZATIONS

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Abstract

Russian organizations development should be focused on the optimization process of organization activity for their sustainable development in long-term period. The fastening speed of globalization processes resulting in the processes of international market generation influence greatly the trends and the essence of development stages of national organizations. The priority of Russian organizations development has been given to the matters of supply and demand in the markets of human resources, educational services, scientific research and development. The first step here is to analyze the main factors that may influence organizations sustainability. The second step is the assessment of sustainable development level as one of the most efficient instruments of sustainable development management at the organization which gives complex view of its state.

In order to perform accurate analysis of the current state of the organization it is necessary to perform the assessment of its sustainable development and using its results to elaborate the further tactic of enterprise functioning. The assessment of sustainable development level of the enterprise may help the effective management of strategy development only if the corresponding indicators system is created. The elaboration and usage the sustainable development indicators allows the enterprise to implement analysis of its activity results and monitoring of sustainable enterprise functioning. These two tasks stipulate the goal of the research work presented in the article.

Keywords: sustainable development, assessment methods, global factors, organization

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BENCHMARKING PERFORMANCE OF OECD COUNTRIES IN INTERNATIONAL TRADE: A TOPSIS APPROACH

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Abstract

Economic performance of countries has been evaluated on several counts from both microeconomic and macroeconomic framework in many empirical studies by using many quantitative technics such as Multi Criteria Decision Making methods. After all, this paper has the characteristic of first research which examines international trade performance. Today, governments as well as firms are seeking new opportunities to take a bigger share of global market through trade by managing scarce resources, trade agreements and arrangements, making innovation, increasing productivity et cetera. It is within this context that the authors aim at evaluating international trade performance of OECD countries by using TOPSIS and AHP approaches between 1999-2014 in the light of three foreign trade performance indicators, namely; Volume of Exports Per Capita, Normalized Trade Balance and Terms of Trade. Our findings indicate that Norway, Ireland and Germany are ranked among the top three countries while Turkey, USA and the Greece are the bottom three.

Keywords: Macroeconomics, International Trade Performance, Multi Criteria Decision Making, TOPSIS, AHP

Topics: Macroeconomics

AN ECONOMETRIC ANALYSIS OF THE VALIDITY OF WAGNER'S LAW AND PUBLIC EXPENDITURE IN RAJASTHAN STATE

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Abstract

This paper provides new evidence on the validity of Wagner law in Rajasthan, the largest state in India by using provisional data during 1970-2014. The six versions of Wagner law have been employed in order to investigate the long run relationship between the Real State Government Expenditure and the Real Net State Domestic Product in order to explain temporal increases in the ratio of spending on National Income. There are several advantages of using provisional data, firstly one of the suppositions of Wagner's hypothesis is the occurrence of peace and stability, Wagner did not consider the effect of wars on public spending. The deployment of regional data is in accordance to the peace and stability supposition since local governments do not incur defence spending. Secondly, Wagner's hypothesis is premised on a supposition of similar cultural and institutional arrangements. Rajasthan was a state in the process of industrialisation and experienced a positive economic growth with increased government spending because of the rising demand for changes. These changes took place in law and order, in the welfare services. Other important assumptions of the law are the increase in population density and urbanization that led to increased state (public) expenditures, and on economic regulation. In order to investigate the relationship between GDP and government spending (Wagner's law), we used the following econometric techniques: the Dickey and Fuller (1979) and Phillips and Perron (1988), the Quandt and Andrews (1993) and Bai and Perron (1998), two unit root tests which allow structural changes, the Johansen (1988) and Engle-Granger (1987) cointegration approaches and finally the Granger (1969) causality tests. This is the first attempt

of an empirical analysis of the validity of Wagner's law in Rajasthan by using data span which covers a long period and includes six different versions of the law. The long data set ensures the reliability of our results in terms of statistical and economic conclusions. Our research extends the work of previous researchers engaged in this topic which used econometric techniques without examining for single or multiple structural breaks. We deployed the Johansen cointegration technique and the Engle-Granger approach in order to examine if there is a long run relationship between the tested variables in the 5 different versions of the law and we found that the tested variables are cointegrated. Furthermore, we calculated the income elasticities by using both the cointegration approaches. The results of all tested versions are in accordance to the theory and provide support of the validity of Wagner's law. Our empirical results from the Granger Causality and VECM indicate that causality is running from income to spending in all versions, hence provide support of the validity of Wagner's law.

Keywords: Wagner's Law, Public Expenditure, Unit root, Cointegration, Causality analysis

JEL Classification: H52; C22; O23; E62

FINANCIAL CRISIS AND ITS EFFECTS ON THE NATIONAL ECONOMY (GHANA)

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Abstract

The current financial challenges following closely a recovery from global financial crunch in 2007 and 2008. Ghana impressive gains in 2009 through to 2011 was remarkable and enviable by the international community. However this considerable growth did not last for long when the country plunged into another financial crisis between 2012 and 2015. It was expectant that Ghana would run into financial crises due to huge public expenditure in the run up to the 2012 general election which saw the country's budget deficit soaring prodigiously to 12.1% of GDP in 2012. Moreover the country's public debt rose to 48.9% of GDP in 2012, the monetary policy rate also saw astronomical rise from 19% to 21% in 2012 an indication that government borrowed to finance the fiscal slippage and inflation galloping from a single digit of 8.6 in 2011 to 13.2 in 2012. Average lending rate on interbank market rose from 21% to a whopping 27% in 2012. The development that crippled and deprived the private sector of the needed fund to drive growth. This was clearly shown in GDP and GDP growth trend. The sharp slump in the GDP growth rate from 15% in 2011 to 8.6% in 2012 and further plummeted to 4% in 2015 were enough evidence that the country is battling with crises. The decline in oil price when Ghana had become oil producer have had its fair share of the crises compactment. Ghana being a part of the global market have not been spared of the impact of the oil price regime facing the global oil market. In whole, the country's fiscal and macroeconomic outlook have deteriorated significantly calling for austerity measures to save the country from total collapse and restore confidence. Among the policy intervention embarked on by the government was a bail-out from the International Monetary Fund (IMF) in later part of 2014. The study analysed the features and extent of the effect of the crises, policy implication and responses. Ghana just like any other developing country, against these development would be more gallible as its inflation, fiscal and macroeconomic outlook deteriorate. The crises is likely to compound already volatile situation if not tammed raptly to avoid total erosion of gains made in the past.

Keyword: GDP, Inflation, Policy Rate, oil price, Fiscal Deficit, macroeconomic outlook

ATMOSPHERIC EFFECTS IN DEPARTMENT STORES: A STUDY ON TURKISH CONSUMERS' SHOPPING BEHAVIOR

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Abstract

The tough competitive landscape in the global retailing market requires managers to place customers' satisfaction at the core of their strategic thoughts. Kotler (1973-1974) is recognized to be the first author to suggest atmospherics as a marketing tool. He refers to these as "the conscious designing of space to create some effects in buyers that enhance his purchase probability". Following Kotler, many marketing scholars focused on identifying the environment's components and specifically their influence on consumer behaviour (Baker, 1986; Berman and Evans, 1995; Bitner, 1992). The focus in most of these research pieces was to consider the retail store environment as a multidimensional concept made up of design, textures, scents, colors, lights, and music. These factors could be manipulated by a store to enhance the employee's and customer's actions (Bitner, 1992, p. 65). Thus, store atmospherics can be regarded as an emotionally oriented design of space which can affect the customers significantly.

This paper provides an insight into how the atmospherics of a retail environment influence shopping behaviour. It tries to build on store atmospherics literature to gain more insights on how these store atmospherics affect Turkish consumers' shopping behaviour and purchase decisions. This study adopted a descriptive approach. Surveys were conducted face-to-face with 510 consumers at three major department stores in the capital city. Factor analysis was then carried out. The results revealed that the top five atmospheric factors with significant effect as store layout, design elements, music, lighting and scents. It was also observed that female consumers placed a greater emphasis on the atmospheric elements and they were highly influenced/ encouraged by these elements.

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FINACIAL REPORTING REGULATION IN PRACTICE

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Abstract

Financial reporting is the branch of accounting that deals with the preparation of financial statements. These statements provide information about the financial performance and financial position of the business to which they relate and are of value to a wide range of user groups. More specifically, the term “financial reporting is most often used to refer to the preparation of financial statements for a limited company”. In this case, the main users of the statements are the company’s shareholders. However, the information contained in the financial statements may also be of use to other user groups such as lenders, employees and the tax authorities.

The purpose of this paper is to explain the rules which govern the preparation of financial statements for organizations which comply with international standards. This paper introduces the regulatory framework within which financial statements are prepared.

By the end of this paper, the reader should be able to:

- List the main sources of accounting regulations and explain the need for regulation
- Explain the term “generally accepted accounting practice” (GAAP)
- Outline the structure and functions of the International Accounting Standards Board (IASB) and its associated bodies
- Explain the purpose of an accounting standard and list the main steps in the standard-setting process adopted by the IASB
- Outline the structure of an international financial reporting standard or international accounting standard
- Explain the main features of IFRS1 First-time Adoption of International Financial Reporting Standards

EFFECTS OF CONSUMER CONFUSION ABOUT THE CONCEPTS OF QUALITY AND FOOD SAFETY ON THE WILLINGNESS TO PAY FOR FOOD SAFETY

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Abstract

The purpose of this paper is to determine whether the dairy consumers in Kosovo make a clear difference between safety and quality attributes, which is the impact of socio-demographic factors, and if the recognition of these attributes has an impact on willingness to pay (WTP) price premium for food safety standards.

The observation was conducted with 303 consumers of Viva Fresh Store supermarkets. The results show that 90% of the respondents mix the safety concept with the one of quality. Factors like: education level, incomes and the place of residence have a significant correlation ($p < 0.05$) with the variable of concepts clarity. Testit Chi Square shows that WTP variations are not dependent in terms of clarity between two concepts ($p > 0.05$). The most number of consumers (74,8%) are WTP for premium price on food safety standards. The assessment on food safety, at a certain degree is “high” or “very high” (48.83%).

Keywords: Food safety, willingness to pay, quality attributes, socio-demographic factors, chi square

Topic Groups: Marketing and consumer behavior, Social sciences and business

ESTIMATING THE IMPACT OF SOCIO-DEMOGRAPHIC FACTORS IN WILLINGNESS TO PAY FOR FOOD SAFETY - THE CASE OF KOSOVO

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Abstract

The aim of this paper is to determine whether the dairy customers in Kosovo are ready to pay a higher price for certified products on food safety and which is the impact of socio-demographic factors in WTP. An observation of 303 Viva Fresh markets' customers was conducted for this purpose between 1 April and 5 May 2015, who were asked during shopping, inside supermarkets in the cities of Pristina, Gjilan and Vitia.

Logit Binary model was applied to analyse the results and test the hypothesis, which showed that the level of education, the level of incomes and the families with preschool children have a significant impact ($p < 0.05$) in WTP. Other tested factors such as: the age, gender, residence (city-village), the number of family members, pensioners and the number of children in schools (6-17 years) in the families didn't show a significant impact ($p > 0.05$).

Keywords: Willingness to Pay, food safety, socio-demographic factors, logistic regression

Topic Groups: Marketing and consumer behavior, Social sciences and business

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ALPHABETICAL INDEX

PAPER

DOES AGROPRENEURSHIP EDUCATION PREDICT STUDENTS' ENTREPRENEURIAL ORIENTATION AND INTENTION? EVIDENCE FROM A DEVELOPING COUNTRY

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The main objective of the study was to investigate the impact of agropreneurship education on entrepreneurial orientation and intentions of Malaysian agricultural students. Data gathered was analysed using partial least squares-based structural equation modelling (PLS-SEM). The results proved that agropreneurship education provided by local higher educational institutions is sufficient in contributing to the development of students' entrepreneurial skills and intentions. The results also indicated that agricultural graduates' intention to become agropreneurs is substantially influenced by proactive orientation and agropreneurship education. Given the substantial role played by agropreneurship education in promoting entrepreneurial skills and intentions, it is desirable to revamp the educational system to encourage students to become more entrepreneurially oriented.

Keywords: agropreneurship education, agropreneurship intention, agricultural students, risk-taking, innovativeness, proactiveness, developing country

Topic Groups: Entrepreneurship, Social sciences and business