

WORLD'S ECONOMIES IN AND AFTER CRISIS: CHALLENGES, THREATS AND OPPORTUNITIES

Proceedings of the ASERS First on-line Conference on
*World's Economies In and After Crisis:
Challenges, Threats and Opportunities*



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Alterations in Monetary Transmission Mechanism in Egypt in The Wake of the Triple-F Crisis

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Abstract

At the turn of the century, the global economy was exposed to soaring food and fuel prices, in addition to the viscous blow of the global financial crisis. All three effects, concurrently dubbed the “Triple-F Crisis”, have altered the channels of monetary transmission mechanism (MTM) in most nations. This research explores the efficacy of the Egyptian monetary agent in cushioning the blow of this multi-facade crisis by focusing on the two most significant MTM channels for Egypt, namely the interest rate and exchange rate channels. A Structural Vector Autoregressive (SVAR) model estimates the extent of internal and external shocks. The main contribution of the paper is the introduction of the expectations channel based on a field survey administered for a period of 21 months. This inclusion is essential especially in view of the pessimism about future inflation and the impending gradual removal of petroleum subsidies by the Egyptian government.

The results of the study suggest that the CBE has to use a combination of tools to restrain inflation while simultaneously boosting output. This can be achieved through expanding the monetary base using open market operations (OMO) and maintaining an appreciated domestic currency. Since cutting interest rates will have mild effects on output and a lagged and moderate impact on inflation, the CBE is not highly encouraged to resort to this policy. In view of the backward-looking price expectations, the immediate goal of the CBE has to be price stability.

Keywords: triple-F crisis, inflation targeting, interest rate policy, foreign exchange intervention, monetary transmission mechanism

JEL Classification: E40, E52, E58, F31

1. Introduction

At the dawn of the new millennium, the global economy was hit hard on a number of fronts. To start with, prices of key staple food commodities, such as wheat and maize, soared by more than 150% in 2007/08 way above the general global inflation levels. This unprecedented climb in the prices of essential grains is partly explained by an upsurge in fuel prices that reached a peak of \$124.5 in June 2009. Yet, the utilisation of agricultural crops for the production of bio-fuels was coupled with a number of long-term negative supply shocks. These are unequivocally attributed to the rising costs of inputs because of soil erosion, global warming and the decline in public expenditure in agricultural RandD. Simultaneous demand shocks were exerted by an escalating global population as well as changes in the consumption patterns of China and India in favour of wheat. Almost immediately, the global financial crisis viciously attacked the world economy further threatening developing nations. The combined effects of the food, fuel and financial crises, currently

The Deployment and Exit from Unconventional Monetary Policy in the Wake of the Global Financial Crisis: Evidence from Egypt

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Abstract

This research investigates the effectiveness of the unconventional policy measures by central banks in emerging market economies to cushion the blow of the global financial crisis. The reason for resorting to these policies is the inefficacy of the traditional monetary tools in reviving the economy especially in cases where asset prices experience large haemorrhages or huge fluctuations.

Unconventional tools mainly took the form of utilising central banks’ balance sheets to expand interbank transactions on the money market and to furnish non-banking financial institutions as well as corporations with the much needed liquidity. The Central Bank of Egypt did not resort to the costly tool of injecting equity into the balance sheets of Egyptian banks since they were decidedly sheltered from the global crisis. The paper zooms into investigating the effects of the global economic downturn on the Egyptian economy and the efforts of both the fiscal and monetary agents in quelling the impact of the slowdown. In this context a *dynamic stochastic general equilibrium* (DSGE) model is estimated on data for Egypt taking into account the sources of major exogenous shocks, transmission mechanisms, and the level of its financial development. The paper compares three different situations for which central banks can deploy available instruments. First, the central bank can stabilize the exchange rate. The second rule assumes that the central bank is set to stabilize CPI inflation. Thirdly, tools of monetary policy are used to stabilize core inflation. The results of the research reveal that contrary to common expectations, *emerging market economies* (EMEs) such as Egypt benefit from such credit policies even if their interest rates are not zero bound.

Keywords: monetary policy, interest rate policy, non-conventional monetary policy, balance sheet policy, public borrowing, exit strategies

JEL Classification: E40, E50, E52, E58, E60

1. Introduction

With the recent asset bubble bursting and the subsequent global financial meltdown, it has become increasingly evident that conventional monetary policy has not proven successful in quelling consumer pessimism and reversing investor gloom. This has tempted economists and policy makers alike to explore unconventional tools, mainly utilising central banks’ balance sheets to expand interbank transactions on the money market and to furnish non-banking financial institutions as well as non-financial corporations with the much needed liquidity.

This paper will start by comparing the unconventional monetary policies, then it selects Egypt as a case study due to its exposure to the additional ordeal of soaring consumer prices in addition to its stock exchange crash. To this avail, the study will utilise a *dynamic stochastic general equilibrium benchmark* (DSGE) model incorporating features of middle-income open market economies, such as Egypt, and hence could serve as a starting point for monetary policy analysis for these nations. The main question that the paper attempts to answer is the legitimacy and cost effectiveness of adopting

Is the Crisis Bad or Good for the Environment?

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Abstract

Over the last twenty years Romania's economy has grown. Many zones have reduced poverty and improved education. During the last two years, industrial production has been affected by the crisis.

There are both immediate and long-term positive and negative environmental implications of the crisis. Some of researchers think that the decline in production will automatically lead to a lower level of pollution. On the contrary, other researchers think that the problem of pollution may become worse during the crisis period. In our country, environmental protection seems to have a lower priority but the sustainable development is no longer a "choice."

Keywords: environment, sustainable development, crisis

JEL Classification: D23, Q4

1. Aims and scope of the paper

The global financial crisis, brewing for a while, really started to show its effects in the middle of 2007 and into 2008. A part of the world's scientists think that the crisis will move people to use less energy and help limit carbon emissions. They saw the crisis as a short-term and long-term opportunity for Europe. The global slowdown means people will have less money to buy. This translates into fewer products and goods being manufactured which means fewer natural resources used. In the short-term, as well as a reduction in consumption of resources and technologies that emit or discharge pollution can provide immediate relief to the environment. Also, the drop in exports provides an opportunity to use new energy technologies domestically rather than send them overseas. That way, local environmental conditions can be improved.

In the long-term, mass-producing, energy-consuming industries have taken their toll on the nation's water supply and air quality. The regime can use the recent factory closings and enterprise to develop a cleaner, high-technology industrial sector.

Both in the short and long-term, the government can use the increasing need and demand for clean technology to become a global leader in green technology and renewable energy investment.

Other part of the world's scientists argues that with the financial crisis, there will be less economic activity around the globe within the next few years. This could mean people putting the economy ahead of the environment, although until very recently, the environment got center stage in world attention.

The Link between Business Strategy and Corporate Social Responsibility. The Kosovo Case

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Abstract

Social responsibility is one of the most often used terms now days by researchers, managers and ordinary people likewise. Corporate social responsibility is the obligation to take actions which simultaneously protect and improve the welfare of society as a whole, as well as the interests of the organization. According to this, managers must always strive not only to achieve their objectives but also the objectives of the society as a whole. Being socially responsible does not mean that the organization should abandon the economic reasons of its existence. On the contrary, the proper balance between being profitable and social responsible must be found. Social responsibility and financial stability must be complementary, but also sustainable growth should always be kept in mind by the managerial teams.

Keywords: business strategy, social responsibility, corporation, Kosovo

JEL Classification: M10, M13, M14

1. Introduction

Social responsibility is one of the most often used terms now days by researchers, managers and ordinary people likewise. Corporate social responsibility is the obligation to take actions which simultaneously protect and improve the welfare of society as a whole, as well as the interests of the organization. According to this, managers must always strive not only to achieve their objectives but also the objectives of the society as a whole. Being socially responsible does not mean that the organization should abandon the economic reasons of its existence. On the contrary, the proper balance between being profitable and social responsible must be found. Social responsibility and financial stability must be complementary, but also sustainable growth should always be kept in mind by the managerial teams.

Social responsibility and managerial ethics are considered either as the global practice, and competitive advantage, through which the organization performs successfully in the economic and in the social area. Even besides the wide usage in the developed worlds the concept of corporate social responsibility has still not found proper implementation in Kosovo. The issue of the interconnection between strategy and corporate social responsibility is one of the least studied issues in Kosovo. This paper presents an analysis of this relation. Environmental and ecological dimensions of social responsibility are excluded from the analysis and emphasis is placed on social and human dimension.

Control and Maintenance Accounting of Information Systems

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Abstract

One of the tasks of business entity is building and creating the information system, because in today's business environment is more than ever necessary to make proper and good quality business decisions. If we were a business decision and as efficiently as it is necessary that a business entity you easy distribution of your information in several parts. Therefore, this paper will therefore be focused on the concept of accounting information system as a part of total complex information systems. Upon the basis of the focus will continue to be words on the complexity of accounting system and also the mains functions of their management or managing business information within the system. While in the last part will be discussed in relation to maintain and control of one accounting information system because the system itself requires appropriate controls with adequate maintenance.

Keywords: accounting information system, managing, internal controls, functionality, maintenance, information, decision

JEL Classification: M, M4, M41

1. Introduction

There are different approaches to the definition of management information systems. Robert T. (2003:23) defines MIS as a set of methods, procedures, resources designed to facilitate the achievement of certain targets. Brush and Strater (2008), is defined by four components, namely: **1.** the operation of data processing, **2.** methods of data processing, computers and technology, **3.** analysis system, and **4.** modelling techniques, Alex N. (2008) considers that it is the totality of all information processes in company. Group of author believes that the MIS is group of people and equipment to the particular organization and methods of performing data collection, transmission, processing, storing and providing data and information to use. Seres S. says it is system that is able to communicate information to the book “The Organization of IS – IS” is defined as a system that provides some information on this system. Orlovic B. (1998) implies the MIS system that operates on the principle of feedback, enabling the system manages not only to expected, but on the basis of his actual behaviour. It is a complex system and provides the basis for the conscious human activity in manufacturing and other processes. On consists of a series of superiors and subordinates, i.e. the elements of information systems, and cannot be strictly defined and determined behaviour. MIS is an open system and cannot be equated with the computer i.e. automatic data processing. MIS includes all activities and uses a variety of mathematical and other methods. IS consists of three interrelated parts: **1.** information, i.e. information database, **2.** other quantitative methods, models, techniques that are used for communication, **3.** technical and other resources for collecting, processing, transmission and synthesis of information.

Economic Crisis Impact on SMEs Policies Concerning Sustainable Development Values

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Abstract

Current global economic crisis has had sweeping effect on industries, societies and nations. It is evident that economic downturn will mostly affect more socially vulnerable subjects and inequality in society will probably increase. Sustainable development deals with the issues of inequality: it is directed at enhancing economic, social and ecologic sustainability on a macro level. The role of SMEs in this context is becoming more and more important for achieving sustainability goals. However, as economic crisis hits, there is uncertainty of how SMEs policies regarding sustainable development values will change. Will SMEs remain committed to sustainability? This paper contributes to examining the economic crisis impact on SMEs policies regarding sustainability values by proposing an analytical model for such analysis. Authors build an integrated framework for behavioral pattern of sustainable-development-values-driven SMEs activities and adopt a mathematical model to identify their dependencies. The paper concludes that a mathematical model based on emotional-well-being function may be employed for the analysis of economic crisis impact on SMEs policies as far as sustainable development values are concerned.

Keywords: economic crisis, sustainable development (SD), SME, corporate social responsibility (CSR), corporate sustainability (CS), emotional well being

JEL Classification: Q01/M14

1. Introduction

The concept of *Sustainable Development* (SD) since its public introduction in 1987 by Brundtland Report evoked a continually increasing interest in sustainable systems, practices and methods among scientists and practitioners. The recognition of the importance of corporate sector as being crucial to achieve sustainability targets resulted in various business partnerships. Small and medium-size enterprises (SMEs) in this context play vital role. Laoire and Welford (1996) indicate that SMEs account for some 70% of worldwide production while Lawrence *et al.* (2006) recognize that although SMEs may have small social, environmental and financial impacts, cumulatively their impact is significant. However, as current economic crisis hits, there is uncertainty of how global downturn affects SMEs sustainability policies. This paper aims at theoretical grounding and presenting for the use a mathematical model of dependencies between economic crisis and SMEs sustainability policies for explaining the latter economic crisis impact on SMEs sustainability policies. The model is based on emotional-well-being and CSR monetary value functions. In the first section of the paper author builds and explains the behavioural pattern of SD and Corporate Social Responsibility (CSR) concepts. In the second part an analytical model of behaviour of corporate sector is presented. In the last section specifics of relations between SME and SD are discussed.

Neuroeconomics and Decision Making Process

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Abstract

Neuroeconomics has further bridged the once disparate fields of economics and psychology. The central thesis of the paper is that the development of behavioral economics in important respects parallels the development of cognitive science – Neuroeconomics has inspired more change within economics than within psychology because the most important findings in Neuroeconomics have posed more of a challenge to the standard economic perspective. The single most important source of inspiration for behavioral economists has been behavioral decision research, which can, in turn, be seen as an integration of ideas from cognitive science and economics. Neuroeconomics has primarily challenged the standard economic assumption that decision making is a unitary process – a simple matter of integrated and coherent utility maximization – suggesting instead that it is driven by the interaction between automatic and controlled processes. This paper reviews neuroeconomic research in areas of interest to both economists and psychologists: decision making under risk and uncertainty, intertemporal choice, and social decision making.

Keywords: neuroeconomics, behavioural economics, affect, behavioral welfare economics, decision making, caeteris paribus

JEL Classification: A12, D81

1. Introduction

Considerable progress has been made in a couple decades, and increasingly, economists are taking up the challenge of attaching economic theory to psychological foundations. In the 1970s cognitive psychologists began studying judgment and economic decision making. They took maximization of utilities and logical rules of probability judgment as benchmarks and used conformity or deviation from these benchmarks as a way to theorize about cognitive mechanisms (much as optical illusions are used to understand perception). Important psychology of this sort was done Ward Edwards in the 1950s, and later by Amos Tversky, Daniel Kahneman, Baruch Fischhoff, Paul Slovic, and others. As more economists come to accept and incorporate findings from behavioral economics, the approach is likely to become such an integral part of the toolkit of economic analysis that we will no longer speak of a distinct “behavioral economics.”

In its relatively short lifetime behavioral economists has influenced a wide range of subtopics of economics and allied fields, such as *behavioral law and economics* (Jolls, Sunstein, and Thaler 1998; Sunstein 2000) to *behavioral finance* (Shleifer, 2000; Bică and Constantinescu 2007), *behavioral development economics* (Mullainathan, and Thaler 2000), *behavioral public finance* (McCaffery, and Slemrod 2006), *behavioral game theory* (Camerer (2003), and *behavioral macroeconomics* (Akerlof (2003). All of these are booming areas of research that not only extend the

Banks to Reinvent to Rise from the Ashes of Global Meltdown

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Abstract

Global meltdown should awaken financial institutions that open market and globalization may be as fatal and regressive if not more as closed markets and conservative policies pursued by some countries. It is imperative to learn from both visible and invisible impact of global financial collapse on the financial market both national and international. It is however strange to notice that instead of taking lessons from such a financial catastrophe there is not much in depth realization and re thinking to re invent and to identify an appropriate strategic move to avoid such catastrophe in future if not completely blocking its re-surfacing.

Keywords: globalization, open market, crisis, policy decisions.

JEL Classification: F02, F41, G15

1. Addiction to globalization persist

It appears that still financial institutions look for global market and competitive edge to grow bigger than others both organically as well as inorganically. In India also the latest move for mergers and grow global have not only an individually adopted strategy of banks both in public and private sectors but also happens to be a declared policy decision of the state. Apparently it looks great to become big and globally competitive and therefore it highly enticed strategy of banks nay all institutions all over the world but in practical life it has proven to be fatal. This is evident from what is happening now and also what has happened in the past.

2. An age old urge for transformation to develop an integrated space globally

It is true that urge for globalization and transforming the world as integrated space for trade and commerce and thereafter or even simultaneously to capture and establish own kingdom could be traced even in the ancient days also. In fact the objective as very vividly stated by Alfred Eckes is to develop ‘a process in which technology, economics, business, communication and even politics dissolve the barriers of time and space that once separated people,’ but despite many attempts in the past and present it could not come to fruition and rather led to turmoil and unrest. In fact George Soros has rightly observed that globalization is nothing but all about the creation of uncontrolled global financial markets. In fact he did not hesitate to observe that perhaps it could not produce that much of wealth as was expected. Similarly ECKES also stated that ‘free trade, combined with capital mobility, was more likely to provoke war than to keep peace.’

Protectionist Institutional Financial Crisis in Transition Economies in South Eastern Europe

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Abstract

The prevention and the minimization of the negative effects that have derived from the financial global crisis mainly lay down on governmental institutions through the implementation of the economic-legal measures which scientifically are also known as a state intervention. At least now, the logic of the broadened economic liberalization system has shown signs of apathy and inefficiency. Bail-out actions in South Eastern Europe insofar have not been stated clearly nor taken seriously. Due to the significance that this crisis constitutes it is required from governmental institutions rapidly to find and undertake the appropriate and effective monetary, financial and financial and legal policies aiming to bail out because even those that have reasoned the logic of neo-liberal socio-economic system have rapidly adopted such measures.

The role of the state needs to be focused through integrated legal and economic policies, in course of strengthening the banking system, credit market system, protection of investments, and amendment of the tax policies including the capital incentives. It is compulsory, as long as it is not too late, that the institutions of the Republic of Kosovo need to be much more committed in terms of establishing strategies against this crisis which as the last option would require immunizing the economic systems of countries attacked by the crisis.

Keywords: financial crisis, state intervention, neo-liberal economy, legislation, anti-crisis strategy

JEL Classification: K19, K29, K34

1. Introduction

Since all social and institutional mechanism of European countries are attempting to cross transition phase and political transformation, planning their future in the environment of market economy, charged with many different problems and issues, in the early time was quiet but its increasingly becoming more powerful, now are facing effects that are being caused by the global financial crisis. The so-called “contemporary” crisis which is widely known that its genesis derives from mortgage loans and global financial stock exchange, it has gradually started to manifest itself suddenly. Perhaps it’s not real but at least up to now it has created a perception that this crisis in many papers so called “American tsunami” if it can’t be stopped in a short term will not be able to help even with the state intervention measures.

Movements occurring within stock indexes are showing consistently that the unstable tendency of growth and actually you may get the impression that nobody is concerned anymore about the situation. In most of the countries of this part of Europe there is not an institutionalized form of financial market and where market with actual funds has already marked a decline Pension fund and asset fund for the privatization are wasted and nobody has the courage to report about the real situation. Actually there are differences as far as the approach is concerned towards the crisis

Intelligent Agent Approach for Business Process Management

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Abstract

In recent years businesses around the world have been facing the challenges of a rapidly changing environment due to the development of business market and technology. As a result, organizations are paying more attentions to supporting business process management with the ability to adapt to the dynamic environment.

Furthermore, business climate is changing from centralized and closed to distributed and open mainly by virtue of the proliferation of networks.

Therefore, an agent-based approach is proposed in this research to manage complex business activities. In this approach, business activities are delegated to a number of autonomous agents. These agents may be human beings as well as machines or software applications. Each of them has awareness of situation and can make real-time decisions on activities.

Keywords: business process management, real-time decisions, workflow

JEL Classification: D81, L21, M1

1. Introduction

Management of business process in an organizational setting is commonly referred to the development of business applications that directly follow the execution logic of the underlying business processes. However, traditional workflow approaches model and manage business process based on a predefined logical procedure of activities and from a centralized perspective.

That is, a complete list of all the activities and all the paths are provided, the criteria for following a particular path are specified, and the ordering constraints on the actions are given.

The intelligent agents are strictly linked to the existence of informational and communicational technologies, especially the Internet; outlined as a type of specialized activity, autonomous, very useful for an important part of business. According to the specialists' opinion the intelligent agents represent a new type of logicians, specialized in Franklin, and Graesser (1996) and Wooldridge (1999).

Researching, extracting and treat information automatically for the user in an informational network or in a database is a new way to approach a business process. An agent is a computational system located in an execution environment, capable of autonomous action in that environment in order to achieve the planned objectives (So, and Sonenberg 2004).

Unlike the classical interface ways with the computer, the intelligent agent is autonomous and much more active, representing a hardware or software system which has a series of properties (see

Using Process based Approach to support Business Reengineering

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Abstract

Market globalization, economic recession of many regions, new customer requests regarding the quality of products and services and the quick development of IT require new strategies for successful business. That is why many important organizations made considerable efforts to provide better value for the customers, first through applying the total quality management, and more recently through reengineering.

Reengineering represents radical redesign of enterprise processes, especially economic processes. Instead of organizing the enterprise into specialized functional entities (such as production, accounting, marketing), the enterprise should be transformed, according to this theory, into a series of processes relevant to create value and to create strategies.

The main objective of this paper is the process based approach as a main condition for rethinking the business processes, in order to obtain spectacular improvements of the indicators needed in performance appraisal, therefore reengineering.

Keywords: reengineering, processes, performances, process map, modelling business process, tools for business modelling

JEL Classification: C61, C63, O32

1. Introduction

When a company is not as profitable as it was, and the problems are encountered within the basic activity, the traditional restructuring can be a long and difficult process and in many cases from Romania, destined to failure.

The increasing competition from the Romanian business environment determined companies to search for new solutions of management that already proved their efficacy in mature economies. One of the radical solutions for improvement of the business is the re-engineering or rethinking of the processes of an enterprise – from the economic-financial ones to the flux of activities, documents and information, and the evaluation of human resources (Ștefănescu, Constantinescu, Ștefănescu, and Constantinescu 2007).

Under the impact of the factors of the external environment – from which the most significant is technology, the organizations encountered themselves in the situation of accelerating the rhythm of changes that will confer them attributes of flexibility, efficiency and competitiveness. At the same time with the evolution of new technologies, it takes place the unprecedented opening of markets. In these conditions it was compulsory the finding of new solutions of fast improvement of the activities

The Crises of the Credits and Its Implications in Romania

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Abstract

Countries of Central and Eastern Europe have been extremely affected by the crisis, not only because they have suffered a decline in domestic demand and exports, but many of them suffering from the effects of depreciation relative to their foreign currency loans. In addition, access to external credit has been restricted and the costs rose. Finally, capacitive their exit from the crisis on account of public expenditures is extremely limited.

Unfortunately, as seen fairly quickly in early 2009, Romania is not so simple as Western. Public investment looks good on paper, but their practical implementation requires administrative capacity, project managers and consistency in action. Romania faces its first economic crisis since the fall of communism, as its 2008 performance, with a record economic growth of about 9% in the first nine months of 2008, was significantly slowed down by the global financial crisis. European Bank for Reconstruction and Development (EBRD) has reduced its growth forecast for Romania this year from 1.3% to zero, considering that new measures to reduce the budget deficit will limit domestic demand.

Under existing circumstances, in this paper we want to make an analysis of the current economy in Romania and debate the possible settlement to solve this.

Keywords: international financial crisis, global recession, causes and effects of the crisis, anti-crisis remedies, external debt

JEL Classification: E44, F01, G01, G15

1. Introduction

The *financial crisis of 2007–present* is a crisis triggered by a liquidity crisis in the United States banking system. It has resulted in the collapse of large financial institutions, the bailout of banks by national governments and downturns in stock markets around the world. In many areas, the housing market has also suffered, resulting in numerous evictions, foreclosures and prolonged vacancies. It is considered by many economists to be the worst financial crisis since the Great Depression of the 1930s. It contributed to the failure of key businesses, declines in consumer wealth estimated in the trillions of US dollars, substantial financial commitments incurred by governments, and a significant decline in economic activity.

Many causes have been proposed, with varying weight assigned by experts. Both market-based and regulatory solutions have been implemented or are under consideration, while significant risks remain for the world economy over the 2010–2011 periods.

The collapse of a global housing bubble, which peaked in the U.S. in 2006, caused the values of securities tied to real estate pricing to plummet thereafter, damaging financial institutions globally.

Support of Small and Medium Size Enterprises – Opportunity for Kosovo to Overcome Economic Crisis

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Abstract

It is widely known that economists accept that SMEs are the engine of economic growth and this Part of the national industry in the majority of so called „East Europe “and developing countries, is a promoter of the private initiative and entrepreneur skills. SMEs have an advantage in it, because they are flexible and they quickly react to market’s demand as well as they are adaptable to changes. Kosovo, being a country with an emerging economy, which came out of the 20-year-conflict, is in a turning point which will determine the future of the national economy being very dependent and oriented in import of goods. SMEs are facing difficulties in their attempt to stabilize their business and compete with foreign products present in the domestic market.

In the European Union countries, governments adopt regulations aiming to support SMEs in their strengthening and competitiveness. The same methodology has to be adopted in Kosovo’s case as well, insisting in the support of SMEs, and application of best practices from EU countries, developing economies and other successful cases.

Keywords: small-medium enterprise, economic development, support, competitiveness.

JEL Classification: L, L2, L26.

1. Introduction

The acronym NVM, as an adoption of the English SME, has found its place and frequent use in the written and electronic media, but the number is not very low of those who do not have it clear that this acronym refers to the economical sector which is very present and significant such as Small and Medium Enterprises. These are enterprises of private property and in most of the cases with less than 10 employees. The fact that they are private property makes them more flexible and adoptable to fulfil the market demand and which in fact refers to the owners’ entrepreneur skills.

These are enterprises which need support and the orientation of entrepreneurs in establishing these enterprises made it necessary to adapt a special law such as the Law on Support to SMEs in Kosovo no. 2005/02-L5, where Article 8 of this law foresees the establishment of the Agency to support SMEs. This took place in December 2006 when also institutional effort started to support Kosovo entrepreneurs with the purpose to generate growth of private sector creating a profitable and friendly environment, and especially focusing on SMEs. All this occurred with the aim to make Kosovo an attractive and serious environment for domestic entrepreneurs as well as for foreign ones. The adoption of legislation for business support is based on European practices and was sponsored and supported by different European Agencies such as ADA (Austrian Development Agency), ATA (Academic Training Association-Netherlands), which are ongoing with the Project



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The [Program Committee](#) seeks contributions, which topics include, but are not limited to:

- Competitiveness of businesses and environment in a knowledge based economy;
- Sustainable development and competitiveness on micro, macro and international level;
- Governance and development in the knowledge-based society ;
- Competition, innovation and growth;
- Competitively of smes;
- Competitiveness based on quality and innovation;
- Applied quantitative methods for development;
- New technologies for competition and development;
- Trade and services, opportunities and challenges;
- Elearning for knowledge-based society;
-Any other related topic.

We invite to submission original research contributions describing new results, original ideas and applications related to the topics of the conference. Papers should be submitted electronically at these e-mail addresses conferences@asers.eu and CC to andystefanescu73@yahoo.com in MS Word and also in PowerPoint (See [Instructions for Authors](#)).

All papers will be reviewed and published in the Conference Proceeding under an ISBN reference on CD. The Proceeding will be indexed and listed in various reference search engines The best papers selected by the Program Committee will be published in [Journal of Advanced Research in Management](#), [Journal of Advanced Studies in Finance](#) or [Theoretical and Practical Research in the Economic Fields](#) after a double-blind peer-reviewing and the payment of 100€ as submission fee charged by the journals.

Important Dates:

- ✚ **1 October, 2010** – Abstract submission deadline;
- ✚ **15 October, 2010** – Notification of acceptance/rejection;
- ✚ **1 November, 2010** – Deadline for payments: 50€ for attendance at Conference;
- ✚ **10 November, 2010** – Full paper submission in MS Word and PowerPoint format;
- ✚ **1 December, 2010** – On line International Conference.

Journal of Advanced Research in Law and Economics – Biannually



Editor in Chief: PhD Mădălina Constantinescu
Co-Editors: PhD Russell Pittman and PhD Eric Langlais

Journal of Advanced Research in Law and Economics provides readers with high quality and empirical research in law and economics. The *Journal* publishes analytical studies on the impact of legal interventions into economic processes by legislators, courts and regulatory agencies. Finally, important developments and topics in law and economics analysis will be documented and examined in special issues dedicated to that subject. The journal is edited for readability; lawyers and economists, scholars and specialized practitioners count among its readers.

Journal of Advanced Research in Law and Economics, starting with its first issue, will be indexed in [CEEOL](#), [IndexCopernicus](#) and [EBSCO](#) databases.

Web: <http://www.asers.eu/journals/jarle.html>

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Journal of Advanced Research in Management – Biannually



Editor in Chief: PhD Andy Ștefănescu
Co-Editor: PhD Rajesh K. Pillania

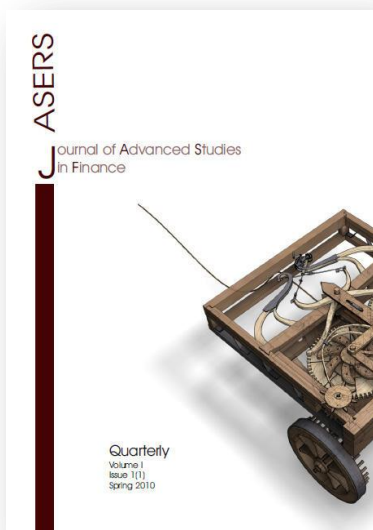
The Journal aims to serve researchers, scholars through prompt publications of significant advances in any branch of management science, and to provide a forum for the reporting and discussion of news and issues concerning management science.

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Journal of Advanced Studies in Finance – Biannually



Editor in Chief: PhD. Laura Ștefănescu

Co-Editor: PhD Rajmund Mirdala

The Journal aims to publish empirical or theoretical articles which make significant contributions in all areas of finance, such as: asset pricing, corporate finance, banking and market microstructure, but also newly developing fields such as law and finance, behavioural finance, and experimental finance. The Journal will serve as a focal point of communication and debates for its contributors for better dissemination of information and knowledge on a global scale.

Journal of Advanced Studies in Finance, starting with its first issue, will be indexed in [CEEOL](#), [IndexCopernicus](#) and [EBSCO](#) databases.

Web: <http://www.asers.eu/journals/jasf.html>

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Journal of Environmental Management and Tourism – Biannually



Editor in Chief: PhD Cristina Barbu

Journal of Environmental Management and Tourism will publish original research and seeks to cover a wide range of topics regarding environmental management and engineering, environmental management and health, environmental chemistry, environmental protection technologies (water, air, soil), pollution reduction at source and waste minimization, energy and environment, modelling, simulation and optimization for environmental protection; environmental biotechnology, environmental education and sustainable development, environmental strategies and policies, etc.

Journal of Environmental Management and Tourism starting with its first issue, will be indexed in [CEEOL](#) and very soon in [IndexCopernicus](#) and [EBSCO](#) databases.

Web: <http://www.asers.eu/journals/jemt.html>

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Journal of Research in Educational Sciences – Biannually



Editor in Chief: PhD Laura Ungureanu

The Journal is design to promote scholarly thought in the field of education with the clary mission to provide an interdisciplinary forum for discussion and debate about education”s most vital issues. We intend to publish papers that contribute to the expanding boundries of knowledge in education and are focusing on research, theory, current issues and applied practice in this area.

Journal of Research in Educational Sciences

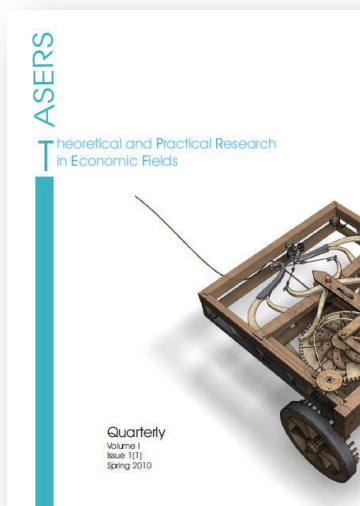
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Theoretical and Practical Research in Economic Fields – Biannually

Editor in Chief: PhD Laura Ungureanu



Co-Editor: PhD Ivan Kitov

Theoretical and Practical Research in Economic Fields publishes original articles in all branches of economics - theoretical and empirical, abstract and applied, providing wide-ranging coverage across the subject area. Journal promotes research that aim at the unification of the theoretical-quantitative and the empirical-quantitative approach to economic problems and that are penetrated by constructive and rigorous thinking.

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