

WORLD FORUM FOR A SUSTAINABLE SOCIETY

15th INTERNATIONAL CONFERENCE

Social Sustainability through
Competitiveness with
Qualitative Growth

12 - 13 October 2012
Sofia, Bulgaria

ABSTRACTS



WORLD FORUM FOR A SUSTAINABLE SOCIETY



15th INTERNATIONAL CONFERENCE

Social Sustainability through
Competitiveness with Qualitative Growth

12 - 13 October 2012, Sofia, Bulgaria

Organizing Committee

CO-CHAIRS

Prof. Dr. George CHOBANOV
Prof. Dr. Dieter FLAEMIG
Prof. Dr. Joachim SCHWALBACH
Prof. Dr. Gernot GUTMANN
Prof. Dr. Kai-Ingo VOIGT
Prof. Dr. Corbett GAULDEN
Prof. Dr. Yannik BINEAU

MEMBERS

Prof. Dr. Frank SCHULZ-NIESWANDT
Prof. Dr. Henrik EGBERT
Prof. Dr. Ralph ANDEREGG
Prof. Dr. Hermann ALBECK
Prof. Dr. Juergen PLOEHN
Prof. Dr. Jean-Pierre GERN
Prof. Dr. Albena VUTSOVA
Prof. Dr. Alexander NIKOLOV
Prof. Dr. Teodor SEDLARSKI
Prof. Dr. Zhelyu VLADIMIROV
Prof. Dr. Dimiter BIROV
Prof. Dr. Yana TOPALOVA
Prof. Dr. Detelin ELENKOV
Dr. Ralitsa GANEVA
Dr. Kaloyan GANEV

Sustainable Economic System Principles and the Laws of Nature

George Chobanov,
Sofia University St. Kliment Ohridski

Abstract

This paper is an attempt to develop sustainable economic system principles in harmony with laws of nature.

We consider human society and its economic system as a subsystem of nature, of all the cosmos. Therefore nature and society are governed by same universal laws. Differences could appear only for their specificity.

Basic laws of nature have been recognized in ancient times, then vanished, forgotten and many times rediscovered.

The historic memory of science is mainly based on recognitions in Ancient Greece and Ancient China, even though new archeological sources bring developments from earlier times.

The European Renaissance, started about 300 years ago, opened an window allowing more light in the tunnel of human development.

Natural sciences came closer to deeper understanding of structures, phenomena and development mechanisms in nature.

Nowadays, scientists try to bring all the recognitions of sciences to a common base, like solving a puzzle game, creating a common understanding of laws of nature, the philosophy of nature, indeed.

Philosophy of nature is the human beings' understanding of nature's laws and it depends on mankind's recognition power.

The basic developments of the philosophy of nature are currently concentrated in the new evolution theory.

Principles of a sustainable economic system are derived to be in line with the laws of nature.

Sustainability and the Internalization of Social Costs

Joachim Schwalbach,
Humboldt-Universität zu Berlin

Abstract

There is universal consensus that human beings are all responsible for the prosperity of our world and we all must work together to constantly improve our human life. If it comes down to the relationship between business and society over the years we have seen an erosion of an adversarial to a cooperative relationship. The realized and accepted interdependence between business and society is the foundation for sustainable society. Therefore, the precondition for sustainability from the business and societal perspective is that the negative impact of business on the environment, on society, and on individuals has constantly be minimized by internalizing the negative externalities caused by business activities.

Externalities is a term used in economic theory indicating that business activities have an impact, either directly or indirectly, on others without being compensated for it. The classic example is pollution, but the concept of externalities goes beyond impacts on the physical environment. The multi-media business, for instance, create impacts for which not everybody will likely not be taken to account. As long as we do not know and do not have the appropriate measures about the net effects of business externalities, we cannot make significant progress in building a sustainable society.

The conference presentation will focus on the issues mentioned above, illustrate the significance of social costs and proposes a methodology about how progress can be measured in building a sustainable society.

How do we finance the energy turnaround in Europe?

Dieter Flämig

Abstract

The increase of global temperatures by an average 5 degrees Celsius becomes more and more likely. Among others, consequences will be rising sea levels, floods, droughts, storms, species extinction, famine and large migration flows, leading to huge economic problems in Europe. These again could even overwhelm the economic performance of wealthy nations.

Until approx. 2030, Europe should attempt to at least pre-emptively limit such rising costs in her region by reducing the CO2 emission. At the same time, Europe needs to campaign for a “super-Kyoto system”, a “seamless demand cartel, in which all consumer countries participate” (Hans Werner Sinn). This system should be based on the certificate system of the UN (2008).

In order to achieve the targets set for the EU climate change, trillions of Euros are needed. For the building sector along, the German government estimates a required investment of €3.3 trillion by 2050. These sums represent an extraordinary social challenge, especially if they occur additively to the bail-out funds, demographically determined pension funding and costs of modernization caused by increasing environmental damage.

This challenge often particularly affects the EU citizens, who can generally not be easily motivated to fill this funding gap by paying higher taxes. For companies, a consistent emission certificate trade and higher taxes will have a similar effect, therefore these trade costs in a global competitive market will lead to dangerous limits, even without additional taxes.

In this situation two special tools can be applied to find a grand solution:

a) The set up of “Future Funds”, that are provided with five to ten

percent of private net financial wealth (in Germany alone: €3.3 trillion) as deposits for green investments, on a voluntary basis (Maximilian Gege).

b) The implementation of a “climate protection-pension”, which supports the national old-age pension as a private supplementary pension. This addresses all pensions avers whose money (in Germany alone a two-digit billion Euro amount) would then be invested in economically viable climate protection projects (Dieter Flämig in cooperation with the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety).

These two instruments can complement each other and offer the opportunity to anchor the energy turnaround as a social responsibility in today’s society. Additionally these solutions invite inhabitants to become direct beneficiaries of the income of Renewable Energies Laws; income, which is financed by their increasing electricity tariffs.

The development and enforcement of an innovative sustainable investment is also required, one that doesn’t depend on profit maximization, but on direct investments in natural product projects of regenerative and economically-stable nature (eg Sharewood).

Social Impact of Innovations

Kai-Ingo Voigt,
Universität Erlangen-Nürnberg

Abstract

Innovations are mainly examined from an organizational, business or market centric perspective. Hence, the impact of innovations from a social point of view has been often neglected. This is even more surprising

as especially radical or disruptive innovations shape whole industries and change sometimes whole way of lifestyles of customers. This keynote speech will, therefore, focus on the social impact of innovations and will highlight selected innovations with respect to their social influence.

Ecoinnovations, Bioeconomics, Sustainable Development – Perimeter, Connections, Problems

Yana Topalova, Sofia University St. Kliment Ohridski

Abstract

In the last decade a huge attention is paid on the ecological aspects and high biological and biotechnological innovations in the economics in connection of sustainable development. All this is in the base and have been stimulated by Strategy of European Commission “Innovations for Sustainable Growth: Bioeconomics for Europe” 2012 with elaborated Action Plan.

This put in the foreground two new directions of the research, industrial and business practice – high technological eco- and bioinnovations. The perimeter of these areas became broader and broader, and the strong research activities increase their significance **for sustainable growth of economics, oriented to the environment protection**. The essential aspect is put on biological and evolutionary developed mechanisms. These mechanisms can be used for creation of technologies that will contribute for the innovatory economics with low emissions, food security, sustainable agriculture and aquacultures, renewable biological resources, protection of the biological diversity and the environment.

The center of the report is on ecoinnovations not only like application, development, and effectively functioning of the Environmental

Management Systems /EMS, ISO-14001, EMAS/ in business and governmental institutions, but also like a development of ecotechnologies in this part High Ecotechnologies. This contemporary development is mainly in the area of protection, control and enrichment of the resources in this part – natural resources, creation of effective technologies for recycling, treatment, control and management of waters and solid wastes, production and using of energy from biomass, introduction of new low carbon and non-carbon energy sources, creation and implementation of technologies with strict emission control, algorithms and models for management of environmental risk factors and events. The fast realization of various ecoinnovations for minimizing and elimination of every effects from the human activity on the environment requires a complex approach, that includes **biological, engineering, administrative, financial and managerial aspects**, knowledge and applied capacity.

As a practical illustrations in the report have been included the examples – **case studies** - models of critical important ecoinnovations and ecotechnologies /including such, created in Sofia University/ with strong innovation element with the potential for quick realization by means of the programs for supporting of entrepreneurship and in future technological centers in Bulgaria.

The Paradigm of Sustainable Energy Development: Theoretical Background and New Approaches

Konstantin Delisivkov, Sofia University St. Kliment Ohridski

Abstract

The paper analyses the theoretical assumptions that serve the need to change the paradigm of the sustainable energy policy

development. The human society is trapped by finite resources and the exponential growth paradigm. The current economic and social system has set limits to the contemporary energy policies in the long run. The sustainable future of energy policy development must integrate ecological, economic and social synergies. The changes in the original paradigm of sustainable energy policy development present challenges to the theoretical and practical prerequisites for adequate policy options. The paper provides a critical overview of the basic theoretical approaches and the driving factors for the new trends in the sustainable energy development paradigm.

The concepts of sustainable energy policy development are discussed with regard of the theoretical assessment of the Kaldor-Hicks criterion. Methods of cost-benefit analysis are evaluated together with paying regard to modeling the impact of sustainable energy policies. By taking account of socio-economic choices of the type of energy consumption at micro level the cost benefit analysis is analysed in the context of the paradigm of sustainable energy development.

At macro-level the concept of energy return on energy invested (EROI) is introduced to discuss the changes in the energy development paradigm. By applying EROI for the macro assessment of the society's total cost the paper discusses the choice of primary energy sources in the long run. Another aspect of the changing paradigm of sustainable energy policy development is presented by taking account of the need for better application of the system optimization approach. The paper considers the principles of exergy (the first and the second law of thermodynamics) and the principle of least action as basic approaches towards achieving optimization in behavior, decision making on system level and sustainable society. The paper underlines that the individual and collective choice of consumers will play a decisive role for the ongoing changes in the paradigm of sustainable energy development.

Hidden Hindrances to Sustainable Development

Jean-Pierre Gern, Université de Neuchâtel

Abstract

Development has a quite different meaning than growth. It has to be achieved through a transformation of economic and consequently social structures.

Presently the difference between both does not receive much attention, as there is no growth without some structural changes and development implies growth. It is consequently usual to consider and measure development in terms of growth rate. The result is that structural changes are disconsidered and that policies mainly aim at increased production, employment and other variables relative to the operation of the economy. Long term policies, especially in a world of strong competition between different economic and social systems, require a greater attention to structural changes. Policies aiming at sustainable development even more. Sustainability is constantly referred to; but only specific measures are taken ... no real sustainability strategy emerges.

If attention is paid only to specific events, which are contrary to sustainable development, if it does not reach behind them the network of causes, which engenders them, then the very root of the progressive loss of sustainability stays hidden; and efforts are made vain.

Conclusion:

The way toward a sustainable socioeconomic system requires an action by all social actors. Ruling is not enough. Political decisions may impose behaviours and actions, which are directly relevant for sustainability; they cannot impose the structural or cultural changes, which are conditions for a holistic change in the operation of the economic system.

Enterprises can improve their performance in terms of sustainability. It may be important, but limited in its scope; it does not have

an impact on the structures of the productive system, which could have a key role in the global performance of the system.

All other groups of actors can also use their margin of action, individually. A coordinated action may prove more efficient, within limits.

The coherence of the present socioeconomic system is too strong to allow single actors or category of actors to have a wide reaching impact, whatever power they dispose of. Behind the actions and behaviours, which are directly relevant for sustainability we discovered a world of interrelated dependencies, which cover hidden hindrances. Those complex networks between the cultural, the social and the economic factors cannot be just ignored; they have to be brought to light and dealt with in a holistic process, which the French called "concertation".

Such a new way of collective action to operate a coordinated change in economic and social activities, values and norms towards a common aim can only take place within a relatively homogeneous socioeconomic system (like Europe, hopefully). Some aspects of sustainability have to be dealt with on a worldwide basis (especially scarce resources and pollution). But between large areas having different socioeconomic systems only negotiations on specific issues seem to be possible.

The Institutional Logic of Sustainable Growth

Teodor Sedlarski, Sofia University St. Kliment Ohridski

Abstract

Institutions are the prerequisite for any social and economic development because they bring about order – create the structures of human interaction and hence of production and exchange. One way of directly affecting economic performance of societies is the institutions' ability to lower or to raise transaction costs. Transaction costs determine the amount of transactions that will take place in an economy – high

transaction costs prevent exchanges that could make all members of society better off, they hamper division of labor and specialization and thus decrease the chances for creating material welfare. Institutions can exclude certain players from potentially beneficial exchange or define some kinds of interaction as unacceptable thus limiting the extent of the market and the potential for economic development. On the other hand there are institutions that promote trust and honesty (norms to maximize not opportunistic short-run advantage, but long-run gain from relationships), lower the costs of exchange and stimulate development. Contrary to evolutionist arguments, however, institutions that have survived for a long time need not be efficient. Due to path dependence (e.g. because of focal point equilibria) an inefficient institution regulating social interaction can endure despite the fact that there are superior options at hand. The creation and maintenance of property rights that allocate the results of the economic activity of a person to that same individual to the fullest extent possible, as well as the provision of institutional adaptive efficiency through favorable conditions for institutional competition are – from this point of view – legitimate goals of economic policy. Unfortunately they can also be the source of unbalanced growth, socially unsustainable rates of change and social conflict. This is where the norms of enough, of right and wrong should place a limit on the maximization as individual behavior to ensure sustainability.

Sustainable Development through Appropriate Organizational Structures

Anastassia Bankova, Sofia University St. Kliment Ohridski

Abstract

The organizational structures are an important topic in management. About 60 years ago P. Drucker wrote that the situation in

organizational structure design and establishment is as the situation into the seventeenth century in the surgery (it was performed not by doctors but by barbers). He said that "Good organizational structure does not by itself produce good performance – just as a good constitution does not guarantee great presidents or good laws a moral society. But a poor organization structure makes good performance impossible, no matter how good the individual manager may be." (Drucker, *The Practice of Management*, 1954, pp.193-225). The importance of the quality of the staff and of the structure seems to be plausible. At the same time the Aston group of researchers tried to develop an organizational theory especially considering the organizational structures. Further the system theory discovers the importance of the structure of a system for its performance, for the system dynamics. Sometimes in spite of the qualities of the people, the performance determined by the structure can not be changed. Very often in the environmental science the sustainability is achieved even through small appropriate structural changes, what can not be done with the best improvement of the system elements.

The paper considers how the treatment of the problem of the organizational structures has changed during the years. Do the theorists, educators and practicing managers today realize the importance of the structure for the organization success and sustainability? The paper presents an evaluation of the situation in the field and an attempt to show the "white areas (unexplored areas)" in a map of knowledge about organizational structures, including factors impacting the establishment of units, mechanisms of harmonization, integration, coordination and subordination, approaches to structure design and creation, and evaluation of its quality.

Factors for the E-business Adoption by the Bulgarian Small and Medium Tourism Organisations

Zhelyu Vladimirov, Sofia University St. Kliment Ohridski

Abstract

Many research revealed that the e-tourism development today is at the bottom of the *sustainable competitive advantages* of tourism agents. On the operational level the e-tourism assumes the inclusion of the e-commerce and the maximum use of the ICT, while on the strategic level it requires efforts for the full integration of both internal and external company's processes.

The literature review demonstrated that the main factors influencing the e-business adoption are related to technological, organisational and environment contexts (TOE model). This model is consistent with the theory of innovation diffusion, according which the adoption is influenced by manager's perceptions of innovation as relative advantage, level of complexity, compatibility, trialability, and observability. The researches on the e-business adoption by SMEs found that the perceived benefits, organisational readiness, and external pressure (e.g. technology, suppliers' and customers' pressure) are major factors, which influence the e-business adoption. The consequences of this adoption were measured by e-sales and overall firm performance.

The research goal of this paper is to reveal the main factors for the e-business adoption by small and medium size tourism firms (SMTF) in Bulgaria and to investigate its effects on company performance.

Based on the literature review and interviews with tourism managers, the conceptual model was constructed, which encompassed 8 factors as antecedents for the e-business adoption. These factors were operationalized into respective variables, which served as a ground for the respective questionnaire creation.

The field work was accomplished by a specialised research agency, which returned 282 reliable questionnaires filled out by tourism companies' managers. The data were processed by SPSS 20 and Amos Graphic. The structural equation models have been created and tested in order to identify the significance of the elaborated factors as well as the interaction among these factors for the e-business adoption. The Amos Graphic allowed also to reveal the interaction among components of the e-business structure (front-end functionalities, back-end integration, and e-commerce modules), and the impact of different factors on the company performance.

The novelty of the findings relates to the fact that different factors influence significantly, but differently (directly or indirectly) different components of the e-business structure, which in turn impact positively the volume of e-sales and the overall company performance.

Research on globalization challenges in front of leading Bulgarian touroperators

Sonia Mileva / Naalyan Gendzheva,
Sofia University St. Kliment Ohridski

Abstract

The liberalization and accelerated technical progress led to the rebirth of the old new phenomenon - globalization in all areas. Tourism, one of the leading industries in the world was also strong influenced by the new trends. A new way of thinking, a new way of acting and new rules of the game stood by all participants in the productchain, including to touroperators - one of the major producer of travel products. The purpose of this study is to discover which are new challenges and how deal with them leading Bulgarian tour operators.

Enerprise Database in the Cloud

Krassimira Schwertner,
Sofia University St. Kliment Ohridski

Abstract

An increasing volume of data from ever-growing numbers of sources pours into enterprise's data center, today's enterprise is just as likely to drown in its data. It is necessary to harness data for a strategic market advantage.

The sheer volume of data-terabytes and increasingly petabytes of information-suggests why managing and analyzing it is a challenge. It's no longer efficient for data warehouses (DWs) to manage single, homogenous workloads. Business analysts need access to a wide variety of data, in real time, for diverse uses such as standard and specialized reporting, online analytical processing(OLAP), advanced analytics such as data mining and data marts, and staging for detailed or real-time data sources. The strategic requirement for real-time data warehousing also adds online transaction processing (OLTP) workloads to the mix, furthering the strain on existing infrastructures.

With so much data being used in so many ways, the IT infrastructure has to accommodate constantly fluctuating demands on processing and storage. Traditional distributed approaches to infrastructure and architecture lack the flexibility required to maintain processing speed and scalability. "Pooling resources in a cloud model allows for greater flexibility and faster innovation for dynamic business demands" says Rex Wang, vice president of product marketing at Oracle.

IT organizations must become more effective at meeting the challenge of deploying, scaling, and responding to business requirements faster than ever before-all the while maintaining or preferably cutting costs. In order to meet these demands, databases in data centers are looking at cloud computing as a way to deliver the necessary flexibility, scalability, efficiency and speed. Because cloud computing is based on

pooled computing resources and the ability to rapidly provision and elastically scale capacity, it is well suited for environments with high data growth and highly variable processing workloads. By pooling or sharing resources across multiple applications, cloud delivers the efficiency and increased flexibility data centers require to help the business be market-competitive. For data processing and analysis, having a shared, standardized, and consolidated database architecture for all DW and OLTP workloads is an effective strategy.

Shifting to a cloud model enables IT organizations to recover and re-allocate resources on the fly as workloads shift and temporary structures like data marts go in and out of use. To support this move, however, they need to consolidate applications and databases onto a shared, pooled architecture, either by leveraging the public cloud or by creating a private cloud using on-premises infrastructure.

Consolidation can be done at two levels: onto shared hardware infrastructure and onto shared and standardized platforms. This choice will both drive and be driven by strategy. At the infrastructure level, organizations can consolidate by sharing hardware through virtualization, reaping benefits such as lower hardware, power, cooling and data-center costs. However, consolidation at the infrastructure level does nothing to reduce the cost and complexity of the heterogeneous application and data siloes running on top of virtualized servers. Addressing this more fully will require standardization and consolidation at a platform level, creating a single database architecture capable of handling both data warehousing and OLTP workloads across the enterprise. This further boosts IT productivity, agility and responsiveness to business needs and shifting market conditions.

This consolidation prepares organizations for ongoing data growth by ensuring ample capacity for new users and applications. It also enables IT organizations to develop and deploy new applications faster. In addition, consolidation facilitates faster, simpler backups and lowers the overarching storage cost through improved data compression.

Finally, consolidating workloads in the cloud delivers dramatic cost savings by minimizing the human costs of IT systems management.

Consolidating many databases into one reduces IT costs as the organization's need for database administrators, vendor support, and time allocated to upgrades and patches is greatly reduced if not eliminated all together. With fewer databases to maintain, IT can now operate more efficiently.

Applications of Some Properties of Multivariate Lorenz Curves and Gini Index

Tzvetan Ignatov / Angel Matsanov,
Sofia University St. Kliment Ohridski

Abstract

The authors consider the multivariate Lorenz curve(surface) and Gini index defined as in the book of Arnold (1983,p.125).

Let $F(x, y)$ be a two dimensional income distribution function and let $L(F)$ be the corresponding bivariate Lorenz curve. If we interpret $L(F)$ as a distribution function on the unit square then we can introduce a new two dimensional Lorenz curve $L(L(F))$. For convenience denote:

$$L_F(1) \equiv L(F), L_F(2) = L(L(F)), \text{ etc } \dots, L_F(n) = L(L_F(n-1)), \dots$$

There exist under the assumptions:

- $F(x, y)$ is a distribution function of nonnegative random variables;
- $F(0, +\infty) \neq 1$ and $F(+\infty, 0) \neq 1$;
- $\iint_{x \geq 0, y \geq 0} xy dF(x, y) < +\infty$

A weak limit of the sequence $L_F(n), n=1, 2, \dots$ and this limit $L_F(+\infty)$ is the probability measure on the unit square with the distribution function $L_F(+\infty) \equiv (x \cdot y)^{(1 + \sqrt{5})/2}$ for $0 \leq x \leq 1, 0 \leq y \leq 1$.

This result has been obtained recently by Ignatov not only for the two dimensional case but for income distribution functions with an arbitrary dimension.

The real number $(1 + \sqrt{5}) / 2$ is known as “the golden section”.

Let remark that Adams (1979) suggested the intriguing possibility in one dimensional case that an optimal value of a parameter α for the classical Pareto distribution might be $(1 + \sqrt{5}) / 2 \approx 1,618$ (see Arnold (1983) p.191).

Considering the limit Lorenz curve as “a sustained or stable income distribution” with respect to the “redistribution” L we give a new quantity measure of the income inequality using the function $L_F(+\infty)$.

We illustrate the theoretical results with many examples.

A Conceptual Model For Accounting Valuation

Stancheva, Eleonora / Ankova, Iliyana / Velinova, Nadya,
Sofia University St. Kliment Ohridski

Abstract

No need to argue that the main purpose of accounting is to measure the abstract images of economic theory such as profit, income, interest, etc. through valuation of changes in assets, liabilities, revenues and expenses – the accounting terms for explaining and understanding entity's activity. In this context, valuation issues are subject of research interest. In the current economic environment, a lot of accounting valuation models have been applied and few of them are considered as basic due to their adoption in the International Financial Reporting Standards (IFRSs).

The present paper aims to present a conceptual model for

accounting valuation with a focus on its application for a survey of IFRSs' measurement requirements. The problem of fair value has been also considered.

In the current research the nature of a conceptual accounting valuation model has been studied and some basic factors, influencing its content and development have been analyzed. The stress is on the transition from financial to integrated reporting which is related to a stable economic growth. The proposed model is used for a better understanding of the logic behind the complex and detailed measurement techniques under IFRSs. The fair value issue is brought under discussion from the view point of its future application.

Factors Influencing Bulgarian Higher Education in Accounting

Stancheva, Eleonora / Ankova, Iliyana,
Sofia University St. Kliment Ohridski

Abstract

Issues, regarding the current state and future development of the higher accounting education in Bulgaria are subject of research interest and discussions during the last few decades as they are closely related to accounting legislation and practice. The latter are changing dynamically and adapting to the new economic environment. More focused research, concerning factors bringing changes to the university accounting education is needed. These factors are characterized with a diversity, interdependence and complex influence and those considered as the most important are studied in the current paper: 1) strong legislation of accounting and accounting and auditing professions; 2) globalization of market for higher education services and increasing competition; 3) influential international

professional organizations and institutions; 4) complex professional requirements for university teachers; 5) government policy in higher education, including financing; 6) accounting and auditing professions becoming more attractive and therefore necessitating higher criteria for university admission; 7) intensive usage of ERP systems in the accounting practice.

Some of the current problems of Bulgarian higher accounting education are pointed out in the context of the factors presented in the paper. A close cooperation and joint efforts of academic community, government authorities, professional organizations, international consulting companies and other interested parties are needed.

Reserves for Financing the Innovation-Based Development of the State

Anatoliy Yakovlev,
Kharkov Polytechnic Institute

Abstract

An innovative way of development is the fundamental factor in improving the economic situation in Ukraine as well as in CIS countries (of the former USSR) and Eastern Europe's countries. However, this way of development calls for considerable investments. But where is the money coming from? A certain contribution to this will be provided by the exercise of the Law of Ukraine 'On innovative activity' [1]. And yet, the effectuality of this law will be felt, first of all, by commercially viable organizations and companies which have a certain amount of money to be spent on creating novel products. At the same time, as the statistics implies, the share Ukraine's unprofitable businesses amounted as a whole to 34.8% in all fields of activity as of the end of 2010. In our opinion, at the present-day stage of economic development,

the main source of appropriate funds for such innovative companies may constitute portions of funds that are contributed to the State budget by research institutes, project organization and businesses. It means the partial refunding of taxes and compulsory payments to the organizations that develop innovations. This does not call for searching additional sources of financing, which is confirmed by our calculations. In doing so, it is necessary, in our opinion, to use a differentiated approach to unprofitable and profitable businesses.

Social Comparison - the core of important political processes in the European Union

Marina Semerdjieva,
Sofia University St. Kliment Ohridski

Abstract

This paper turns our attention to a totally new economic paradigm of a consumption function with habit formation and constantly changing threshold for habitual consumption levels. Utility that is gained from current consumption reflects what we consider as "fair" and "enough" compared to old days, or compared to other social groups, and determines what we decide to do in the following periods if surpluses or shortages compared to the threshold occur. This aspect enriches the traditional time-separable model of utility with heterogeneous levels of habit formation and shorter or longer "memory" of the process. In order to contribute to the broader understanding of habit persistence the model should be implemented in theories of the business cycle, labor behavior, public finance, the growth literature and even tax policy. In fact this is a microeconomic model of heterogeneity that can be successfully used for monetary policy analysis.

In this work we try to present some of the most important

implications of habit persistence in the consumption function from different macroeconomic aspects, which hadn't been done yet. The existing discussion concentrates only on isolated fields of implementation, excluding the interdisciplinary linkages. We will present a broader picture of the phenomenon that changes the viewpoint and contributes to solving currently existing puzzles in asset pricing models and the yield curve dynamics. Our contribution to the topic is an intuitive implementation of the new paradigm to the sovereign crisis that took place in the EU.

Successful Projects, Products and Services in the Alumni Fundraising Area

Milka Semova,
Sofia University St. Kliment Ohridski

Abstract

Fundraising is a function of the reputation of the organization raising the funds, the cause itself, and the economic situation in the country or region where the funds are raised. Alumni Associations are constituency-based not-for-profit organizations. Their mission is to support their Alma Mater i.e. to support the constant improvement of quality of education of the University. Alumni Clubs have proven direct or indirect effect on the University Ranking and the National Competitiveness. In this respect, alumni club management should be viewed strategically and in long-term perspective. This makes fundraising at the Alumni Associations very specific. The aim of the current paper is to review the context of alumni fundraising in some of the oldest and best ranked Universities in the world and to suggest a successful model for interaction of an alumni association with different stakeholders. The analysis is based on wide literature review.

National instruments promoting research and innovation - way towards sustainable development of the regions

Albena Vutsova,
Sofia University St. Kliment Ohridski

Abstract

The overall policy of Europe is to strengthen research and innovation activities in all European regions in order to increase their competitiveness and to promote sustainable and green development. The main vertical issue of the research policy is prioritization of efforts and resources. The new paradigm – achievement of intelligent; smart and inclusive growth is a core element of the new era in research and innovation policies of the European governments.

The big question is how to develop instruments and mechanisms that will ensure sustainable economic growth; social cohesion and wellbeing of the society?

Bearing in mind the multilevel distribution of the economic processes an integrated approach should be implemented combining various instruments and schemes.

The new European cohesion policies should be characterized by merit-based policies and smart specialization policies capable of exploiting the capabilities of the entrepreneurial entities within the regions.

Regional disparities are the main problem for research and innovation policies and there is a need for targeted efforts for overcoming them. Regional disparities, though not constraint to, but are particularly persistent in the NMS and Eastern Europe. Reasons are many but we can point out some of the most crucial:

1. There are mature systems of tertiary education with peaks in doctoral degree holders. Paradoxically, lack of adequate local infrastructure these people are attracted by other sectors;

2. These countries are dominated by strong academies of sciences and in many cases research priorities are driven by these centralized institutions rather than from the industries;
3. Many productive scientists from NMS are attracted in European and international R&D networks

In this context there is a need for strong push for regional competitive development which require new model for support and intervention.

Both - direct and indirect financial and soft instruments play important role for sustainable growth and development.

Various national schemes can be utilized for such support, provided that are combined with smart regional prioritization and identification of weaknesses and barriers for regional growth

- grants co-financing schemes
- soft loans
- guarantee schemes
- revolving loans
- preparatory grants
- matching schemes

All of them realize a nice palette of complementary actions, which can influence unbalances and lead to development of competitive advantages of regions.

