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CITY-BREAK CONFERENCE

# ABSTRACT BOOK

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City-Break Conference:  
Business and Society in a Global Economy

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Edited by:  
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## PREFACE

This abstract book includes all the abstracts of the papers presented at the *4<sup>th</sup> Annual International City-Break Conference: Business and Society in a Global Economy, 20-23 December 2010* sponsored by The Business and the Social Science Research Division and the Athens Institute for Education and Research (AT.IN.E.R.). In total there were 32 papers and 33 presenters, coming from 24 different countries (Australia, Austria, Canada, Czech Republic, Denmark, France, Germany, Hungary, India, Iran, Italy, Japan, Latvia, Lithuania, Malaysia, Mexico, Portugal, Romania, South Africa, Sweden, Turkey, UK, United Arab Emirates and USA). As it is the publication policy of the Institute, the papers presented in this conference will be considered for publication in one of the books of ATINER.

The Institute was established in 1995 as an independent academic organization with the mission to become a forum where academics and researchers from all over the world could meet in Athens and exchange ideas on their research and consider the future developments of their fields of study. Our mission is to make ATHENS a place where academics and researchers from all over the world meet to discuss the developments of their discipline and present their work. To serve this purpose, conferences are organized along the lines of well established and well defined scientific disciplines. In addition, interdisciplinary conferences are also organized because they serve the mission statement of the Institute. Since 1995, ATINER has organized more than 100 international conferences and has published over 80 books. Academically, the Institute is organized into four research divisions and nineteen research units. Each research unit organizes at least one annual conference and undertakes various small and large research projects.

I would like to thank all the participants, the members of the organizing and academic committee and most importantly the administration staff of ATINER for putting this conference together.

Gregory T. Papanikos  
Director

## **Driving Innovation and Business Creation among Malaysian Universities: Lessons from Scotland**

**Kamarulzaman Ab. Aziz**

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**Mohd Fadzil B. Mohd Idris**

Associate Professor, Malaysi Pahang University, Malaysia

**Nor Azlina Ab. Aziz**

Tutor, Multimedia University, Malaysia

Over the past few decades the importance of universities research had been receiving a new focus. Specifically, in terms of their capacity to produce innovation and startup companies. It is no longer enough for universities to be involved in R&D activities but they are now also expected to commercialize the research output as well as generate startups or spin-out companies. Vast amount of investment from public funds into research activities among the universities can be seen across the globe. The investments made are in expectation of benefits that can be reaped by the researchers as well as enriching the growth of the country's economy. The benefits are often seen in the forms of innovations produce and businesses created. This is definitely true for Malaysia. However, the trend had been that only small percentages of the R&D output by the universities in Malaysia do get commercialized. According to the CEO of Global Innovation Research Centre ([www.girconline.com](http://www.girconline.com)) in his talk at the National Innovation Conference and Exhibition 2009, the percentage of commercialized research by Malaysian universities had dipped from 5% to 3.4%. Thus the challenge is to drive the universities to ensure R&D doesn't end with publication of findings but flow continuously into commercialization, which include business creation, i.e.: university spin-out (USO). This study explored the aspects of innovation and business creation among Malaysian universities. Then, insights to the key factors and strategies needed for better performance were obtained via a case study on Scotland universities. Key lessons were then identified.

**Research on Youth Needs towards Becoming  
Older without Stressful in Life Situation**

**Mohd Yusop Ab. Hadi**

Associate Professor, University of Tun Hussein Onn, Malaysia



## **The Mediating Role of Perceived Value and Satisfaction in Predicting Loyalty towards Childcare Centres**

**Nor Khalidah Abu**

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Despite the growing demand for childcare services and their critical role in the development of children, childcare service providers were found to be far behind other service firms in applying marketing-oriented approaches to their businesses. Previous research shows that good quality childcare center can have powerful effects on children survival, growth and development. The delivery and quality of this important has implications not only for direct customers of this service such as parents but also for users of the service (i.e. children), and also the well-being of the society. This study proposes and tests an integrative model to examine relationships among service quality, perceived value, satisfaction and behavioral intention in childcare centres in Malaysia. Data were collected through self-administered questionnaires and distributed using purposive sampling technique with the respondents being parents who send their children to childcare centers located within Kuala Lumpur and Selangor, Malaysia. The questionnaire solicit parents/guardians' perceptions on childcare's service quality, value, satisfaction and behavioral intention using a five-point scale. In total, two-hundred and one questionnaires were collected from 10 childcare centers. Using structural equation modeling (SEM), the results revealed the direct effects of service quality on perceived value and satisfaction. Both perceived value and satisfaction were found to be significant determinants of behavioral intentions. Service quality, however, had an indirect effect on behavioral intention when mediated by perceived value and satisfaction. Therefore, in order to achieve loyalty through service quality, childcare providers must emphasize on perceived value and/or parents' satisfaction. In addition, this study highlighted that perceived value actually has the greatest total effect on behavioral intention. To meet the demand of highly value-conscious parents, childcare providers need to understand what defines value in the parents' minds. Future work should consider longitudinal study for better inferences on constructs studied and loyalty.

# **Socio-Economic Evaluation of Investors Needs and Activities in the Center of an Agglomeration**

**Jiri Adamovsky**

Inceptor, VŠB Technical University of Ostrava, Czech Republic

This paper deals with an interdisciplinary research of investor facilities and investment activities in the heart of Ostrava agglomeration. It concerns the evaluation of social relations and agglomeration environment influence in relation to the investors' activities. Methods, techniques and factors for the research implementation are set out by using theoretical definition and key processes and factors interpretation; this research is primarily focused on high-road investments which contribute to sustainable development of the region by creating higher-added value.

The hinterland multi-factor analysis will be focused on evaluation of labour potential, social infrastructure and services, industrial estates quality and attractiveness, technical and traffic infrastructure level, quality of environment, price value, etc. The research will deal with all factors mentioned above, with investors' presence and activities and their joint influence at the character and development of the region. This project's goal is to design a methodology for socio-economic evaluation of investors needs and activities. The methodology will be applied at a case study in which the situation in Ostrava agglomeration is evaluated, with detailed look at chosen city area and neighbouring industrial estate.

Multidisciplinary approach is the primary research criteria which includes many processes and relations. These could be important for investors' background and investment decision-making. Qualitative survey will be made by half-structured interviews of relevant participants – investors' representative sample at demand side and regional institutions' representatives at supply side. The interviews' goal will be to determine the key factors of the decision-making process. The surrounding analysis is based on development and current economical, social and environmental climate situation interpretation. Evaluating indicators will be set out by factor analysis, the weight to the indicators will be given according to their significance. The indicators' importance will be based on half-structured interviews and indirectly due to statistic facts.

Reciprocal dependency and relations' will be proved by correlation and regression analysis, chi-square test will be used for specified hypothesis validity. Selected statistical indicators will be compared at NUTS II and NUTS III level. The research will take the advantage of statistical data and spatial structure connection, by using GIS. It means that analytical outputs will be incorporated into spatial schemes. The outcomes will be applied as study literature, and as they respect regional policy principles, they might be utilized for strategical documents' designing by regional institutions.

## **Does Making you Happy Make me Happy? Examining Facets of Emotional Labour and Job Satisfaction in Front-line Workers**

**Dewi Amat Sapuan**

Associate Professor, University Tun Abdul Razak, Malaysia

**Ram Milah Hansa Ram**

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Many high contact services involving direct interactions with customers require service providers to manage how they present their emotions during service encounters. (Leidner, 1999). These services may require service workers to comply with employer prescribed occupational expectations about emotional expression, otherwise known as ‘display rules’ (Ashforth and Humphrey 1993) or ‘feeling rules’ (Hochschild, 1983) by hiding true feelings from clients and displaying feelings required to perform the job role effectively.

Emotional labor could be of interest to organizations for two reasons. First, it is integral to profitability and productivity in many businesses. Second, emotional labor, or at least some aspect of it, is linked to job satisfaction and burnout (Bono and Vey, 2005).

This study examines the relationship between the perceived emotional labour of service employees during service encounters and job satisfaction. Job satisfaction has been chosen as the dependent variable as it has been associated with key organizational outcomes in past studies, including organization citizenship behaviors (LePine et.al, 2002; Organ and Ryan, 1995) absenteeism (Farrell and Stamm, 1988; Mathieu and Zajac, 1990) turnover (Tett and Meyer, 1993), tardiness (Koslowsky et al., 1997) job performance (Greenberg and Baron, 2008; Judge et al., 2001), and personal health (Greenberg and Baron, 2008). Questionnaires have been distributed to a total number of 400 respondents and data collection is currently ongoing. Targeted respondents are workers in the fast food industry who has direct interaction with the customers.

This study will also test relationships between several demographic variables with emotional labour to determine if there are significant determinants to emotional labour. These analyses are predicted to show negative relationships between part of the facets of emotional labour and job satisfaction. Demographic variables such as age and tenure, as well as level of authority are also predicted to significantly link to emotional labour. Findings from this study is hoped to contribute to the understanding of emotional labour and provide insights to researchers and practitioners on the importance of emotional labour in organizational behaviour.

## **Student Immigration and the Problem of Adaption**

**Morteza Bahrani**

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Institute for Cultural and Social Studies, Iran

**Hassan Riazi**

Assistant Professor, Faculty Member,  
Institute for Cultural and Social Studies, Iran

It supposed to be six kinds of student migration at the beginning of his/her involvement in university as a student;

- a) from (big) city to town;
- b) from city to city
- c) from town to city
- d) from town to town
- e) from village to town
- f) from village to city

Based on this category, the question is how the students in this variety of movements can conform with the new environments, regarding to their first task as a student. It seems that complying with new lifestyle, rules, standards, and laws brings about a cognitional gap and a change in their educational experience, because of behaving according to new cultural, political and social conventions; but the extend of this change depends on the offset and the destination, and therefore, is contingent upon the extension of new environment in comparison with the old one. Elements such as, dominating structure, spatial balance, spatial organization and peripheral and urban space of the new place have a key role on the student concept of high education in different places. In this paper we attempt to focus on the relationship between the student movement and their conception of learning due to new life environment.

**The Centenary of the Union of South Africa:  
An Analysis of Discourses with Specific Reference to Diversity,  
Nation-Building and Pluralism**

**Elirea Bornman**

Associate Professor, University of South Africa, South Africa

On 31 May 2010 – 100 years ago – South Africa was established as a unitary state. In most countries of the world such an event would have been celebrated with large fanfare throughout the year. However, in South Africa the red letter day of 31 May 2010 slipped by almost unnoticed. If it was not for a few analytical reports in mainly the press, most South Africans would have been unaware of the importance of the day, namely that it represented the centenary of the Union of South Africa. It is particularly noteworthy that there was no official recognition of the day from the side of the current South African government or the ANC as the governing party. It was rather a case that any attempt to contemplate the significance of the day was pushed aside by the noise of vuvuzelas in counting the days to the 2010 Fifa World Cup that was held in South Africa during June and July 2010. This paper represents an analysis of media reports, lectures and other discourses dealing with the unification of South Africa 100 years ago. Issues such as perceptions on when South Africa's history really begins, the significance of 31 May, voting rights, constitutional development, socio-economic development and, in particular, issues related to the diversity of the South African society such as nation-building and pluralism will be discussed. In the end the conclusion is drawn that different viewpoints on the significance of 31 May coincide with still existing divisions within South African society.

# **The Determinants of Exchange Rate: A Comparative Perspective between the European Monetary Union Regime and Fixed and Floating Regimes**

**Meriem Bouchoucha**

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This article examines the determinants of real effective exchange rate over the 1980-2007 period. Based on techniques of panel cointegration, we estimate the relationship between the exchange rate and a number of fundamental variables often considered by the theoretical and empirical literature as very important, namely the relative productivity, the net foreign assets, the terms of trade. Contrary to the previous literature, we distinguished the group of countries according to their exchange rate regime. Our results show that the regime influences the real exchange rates determinant. The results also show that the fixed exchange rate regime type “European Monetary Union” differs substantially from the “traditional” fixed exchange rate regime and the floating exchange rate regime. Finally, we obtained equilibrium exchange rates for a sample of four European countries (France, Germany, Portugal and Ireland) to detect the consequences of taking into account the exchange rate regime on the equilibrium exchange rate.

## **Why are Tax Incentives Increasingly Used to Promote Private R&D?**

**Adão Carvalho**

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Although not new, tax incentives policies to promote business R&D have known major changes over recent years in many countries around the world, and it is becoming an increasingly important instrument in the policy mix to stimulate private R&D. According to the OECD reports, three changes are noticeable: i) The implementation of R&D tax incentives schemes by a growing number of OECD and non-OECD countries. The number of OECD countries with R&D tax schemes rose from 12 in 1995, to 18 in 2004, to 21 in 2008. ii) A steady substitution of direct funding schemes for tax incentives schemes to stimulate business R&D. iii) The many changes to tax incentives schemes most countries have done to increase the levels of generosity and attractiveness, which is raising concerns about the use of these policy instruments for competitive purposes. This picture portrays the increasing importance of R&D policy in a fast-changing international context and raises the question about the motives which might explain these trends. The Lisbon Strategy, the Action Plan for Europe for investing in research, and the consequent pressure put on the demand side of R&D resources, have had an important role in this change. This paper focus on the reasons behind the growing interest of many countries around the world in implementing and developing tax incentives mechanisms to promote business R&D. The reasons behind the growing preference for tax incentives goes much beyond some possible advantage over direct measures, and is also the consequence of a political change in the EU towards R&D, a change in the rationale of public support of private R&D and the growing competition between countries for international R&D investment. This preference for tax incentives policies might become a major feature of this era where the S&T policy of so many countries is designed to meet specific (business) R&D objectives, something never seen before.

# **Testing for Linkages between House Prices, Macroeconomic Variables and Stock Market Returns**

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In this paper a macroeconometric model is employed to investigate the linkages between housing prices, macroeconomic variables and stock market returns. We consider data from the UK for the period 1991 to 2010, i.e. our sample includes periods before and after the UK housing bubbles. Our results show that macroeconomic and financial shocks play an important role in determining house price fluctuations for the UK. We further confirm that house prices play a powerful role and affect macroeconomic variables. These results may be of interest to policy-makers and investors dealing with UK property prices.



## **Elite Political Instability and Economic Growth: An Empirical Evidence from the Baltic States**

**Ladislava Grochová**

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**Luděk Kouba**

Assistant Professor, Mendel University in Brno, Czech Republic

For more than last 20 years, new political economics has been dealing with theories of economic growth (for example influential contributions by Mancur Olson, Dani Rodrik). However, less attention has been paid to their empirical verification. The theory defines some factors that are necessary for economic growth among which political stability. Our aim is to test the theory focused on political stability empirically in order to enrich the studies with European results. The paper uses a single-equation model to disprove a hypothesis that political stability is a necessary condition for economic growth finding a relationship between economic growth and political instability. There are distinguished two types of political instability – elite and non-elite – in topical literature. While non-elite political instability concerns about violent coups, riots or civil wars, elite political instability is represented with “soft changes” such as government breakdowns, fragile majority or minority governments. A number of government changes is used as a proxy of elite political instability. The disproof of the hypothesis is demonstrated on data from the Baltic States where number of government changes takes place and still quite fast economic growth can be seen. As a consequence, we consider the hypothesis to be only a specific non-generalisable case.

## **Inside The Pandora Box of the Academic Researcher Portfolio: A Non-Recursive Structural Equation Model**

**Norrin Halilem**

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**Amara Nabil**

Professor, University of Laval, Canada

**Landry Réjean**

Professor, University of Laval, Canada

The academic researcher appears as a predominant actor in the society as he participates in research, which creates opportunities for innovation, in teaching, develops highly qualified personnel, and accordingly plays a major role in developing absorptive capacities in firms, and in entrepreneurialism, which represents the transformation of knowledge in a more usable form, and so, another opportunity for innovation. The way that academics assume those roles and the relationships between them, are thus in the middle of numerous public and academic unresolved debates in the purpose to improve faculty performance.

To address the problem of the distribution of university faculty efforts between their roles, two arguments were considered to draw theories: the “resource allocation” and “resource effect”. The first one concerns the way that researcher allocate their resources and specifically the amount of time. The argument is based on a “time squeeze” problem, which means that involvement in some activities will leave less time for others. At the opposite, the “resource effect” argument is based on the complex input-output links between the activities. For example, research foster advancement and dissemination of Knowledge and notably through the development of courses. Co-operative efforts between scientists and industry, like consultancy, provide scientists financial resources and free access to expensive scientific instruments, but also expertise on research question.

The literature is dominated by the “resource allocation” study perspective. However, scholars noticed that the relationships between the roles should be considered with a dynamic perspective, within which, instead of complementarities, substitutions and independence, it would be considered different pattern of direct and indirect effects between the roles, in other words by considering the “resource effect” study perspective. No empirical evidence has yet permitted to conclude on that issue, because scholars measured the linkage between academic roles by analyzing notably regression with unidirectional effect. This study propose to contribute to the debates by taking into consideration this dynamic perspective by considering a non-recursive model which encompass direct, indirect and also reciprocal effect among the researcher’s roles.

## **Regulation, Deregulation, Reregulation: Policy Praxis in Search of a Legitimate Theory**

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Ph.D. Candidate, Bucharest University of Economics, Romania

There are so many polemics in “economics” in describing & explaining the current financial crisis that the debate itself cries for an accurate description & explanation. What for some was the igniter of the turmoil, for others was the tamer. Probably one of the core themes in this debate is the trinomial regulation-deregulation-reregulation, undertaken mainly in the financial arena. If for some the deregulation preceding the current crisis unleashed the so-called “irrational forces of the market”, launched in a unsustainable speculative odyssey in the real estate and financial territory (with the plethora of its popularly epitomized vices – greed, hoard spirit, moral hazard, informational asymmetry or just rough stupidity, incompetence and carelessness), for others it was quite the regulatory residuals (ubiquitous in the sphere of money and banking) that created the premises for the 2008 wreck. Frustrating is that, “factually”, both sides seem to make their point. But, the “factolatry” in a modern complex economic reality has the unwanted effect to immunize the pros and cons delivered: some will say that, up to the crisis burst, regulation was not enough; others, that deregulation was not fully pursued. And reregulation remains a highly sensitive topic in the nowadays “to do lists”. The only way to escape this “factual twilight” is to anchor judgments in a rock-solid theory, the universal exigency of any factual dispute (as that between under-regulation-ists and over-regulation-ists). As we intend to briefly argue in the present paper, a basically logical (a priori), non-empirical, theory of the economic cycles (“boom-crisis-bust”) shall do the job.

# **Decision Making in a Local Governmental Organization: A Case Study of Decision Making in a Local Japanese Healthcare Management Organization by Analytic Hierarchy Process**

**Fumihiko Isada**

Professor, Nagoya University of Commerce and Business, Japan

## 1. Purpose

This paper contains research on strategic decision making in a local government. In a profit-oriented organization, the option that maximizes profits tends involve reaching an agreement between stakeholders. However, there is tendency for stakeholders to differ in their beliefs as to what is desirable particularly in a nonprofit organization. In a local government, it is especially difficult for the interests of a stakeholder group to be completely in agreement.

## 2. Approach

This research considers the use of the analytical hierarchy process (Thomas L. Saaty in 1971) as a solution for one of the difficulties of decision making in a local government. This research is a case study to explore the strategy of a local Japanese healthcare management organization.

## 3. Findings and implications

The conclusion was drawn to decide which strategic option should be taken by using the analytical hierarchy process. Also, it was found what to work on a countermeasure that prevents the negative effects that are generated by selecting the strategic option.

## **Have any Positive Economic Effect of FDI on Hungarian Industry?**

**Klára Katona**

Associate Professor, Pazmany Peter Catholic University, Hungary

The role and importance of FDI (foreign direct investment) has special significance in the transition countries in Central-Eastern Europe, because without foreign capital the market economy could not have evolved in this region. Beyond this fact, it is a very important question whether foreign direct investment has had any positive influence on economic, political and social conditions in these host countries. Of the countries in this region this paper focuses on Hungary, which played a leading role in attraction of foreign direct investment in CEE. Of the possible effects, the analysis concentrates on two microeconomic impacts of FDI, namely productivity and competitiveness. These two possible benefits of FDI have an impact on the total sale and export volume of the firms, and indirectly they have an influence on the balance of foreign trade of the country, on the growth of the GDP, and they are sensitive indicators of the technological spillover for the overall economy. Due to this indirect connection with other effects, analyses of productivity and competitiveness is fairly useful in revealing the main positive externalities of foreign investments in host countries.

This paper attempts to investigate the effects of FDI on the Hungarian economy during the period 1993-2006 (prior to and after the date of EU integration). This research seeks to elucidate the existence and nature of the relationship between FDI and its potential effects upon productivity and competitiveness. In the framework of a regression model, the following questions appeared: whether the productivity of Hungarian firms increased or not as foreign equity in the firms increased (increasing proportion of foreign ownership in total sector equity could contribute to the productivity of the whole sector), and whether foreign direct investment has had a role in the development of Hungarian competitiveness.

## **Business Risk of Receivables**

**Eva Kolářová**

Assistant Professor, Tomas Bata University in Zlin, Czech Republic

Receivables represent a separate item of a company assets, it is a right to have a certain financial amount paid. The receivable must be taken care of already in the moment when it arises in order to prevent any potential problems resulting from failure to settle it. In some countries legal and business ethics are still underdeveloped and therefore it is necessary to secure the receivable. In case of long-term receivables held to maturity and valued in line with IFRS, we should always value them with the interest discounted. In the Czech Republic the method of effective interest rate for projecting of the time factor has not been put in use yet. Ignoring the time aspect of the money in the accountings means that the information value of the financial statement is reduced. Another issue in the area of receivables is reporting the profits. There are diverse particularities of individual categories of profits depending on when the profit will be made and when not.

## **Government Purchases, Taxes and the Trade Balance**

**Faik Koray**

Professor, Louisiana State University, USA

**W. Douglas McMillin**

Professor, Louisiana State University, USA

The increase in U.S. current account deficits causes concern for the U.S. and the world economy. Although discussions of the relation between budget deficits and current account deficits in the popular press often assign a causal role running from budget deficits to current account deficits, theoretical models don't provide a uniform view of the effect of fiscal policy actions on the real exchange rate and the current account. Despite the popularity of the subject in policy analysis and the lack of consensus among different theoretical models, there is relatively little empirical evidence investigating the effects of fiscal policy on the exchange rate and current account.

This paper investigates empirically, using a structural vector autoregressive (SVAR) model, the response of the exchange rate and the trade balance to fiscal policy shocks for the U.S. economy during the period 1981:3-2006:3. The model comprises the following seven variables: real GDP, the price level (the GDP deflator), the interest rate (BAA rate), real government purchases, real net taxes, the real exchange rate (the real trade-weighted exchange rate), and the trade balance (ratio of real exports to imports).

The results indicate that positive shocks to real government purchases generate a persistent increase in the budget deficit, a transitory expansionary effect on output, and a long-lived positive effect on the price level, but reduce the real interest rate. Simultaneously, and consistent with interest parity, the real exchange rate depreciates, and the trade balance improves. Negative shocks to net taxes also generate a persistent increase in the budget deficit, and the effects on the model variables are generally in the same direction, but are almost never significant. Our results indicate it is inappropriate to attribute rising trade balance deficits to expansionary fiscal policy shocks, even though these shocks generate long-lived increases in the budget deficit.

## **How Public Procurement Can Influence Business and Social Development?**

**Helena Lindskog**

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The public sector is the biggest buyer on any national market and within the EU on average corresponding to 17% of GDP. The focus on public procurement and especially electronic public procurement has increased because of more choices due to increased competition nationally and internationally, technical development that gives competing solutions, buying services instead for building own solutions etc.

This paper investigates and analyses results and ways for public procurement to influence the market and as a tool to achieve political goals. With the best intentions the outcome of public procurement can vary depending on time perspective, conflicting political and economical goals or how the deal will affect a specific stakeholder.

There are several examples of this situation. For example the EU procurement directives, thus also the national laws impose taking social (no child work, too long hours etc) and environmental considerations that are harder than for purchasing private organizations. It is a politically important goal but it can also mean increased costs for public agencies compared with private companies. Another example is the situation of outsourcing that can give considerable reduction on spending of taxpayers' money but hit quite hard some employees and their families. Small Medium Enterprises (SMEs) are specifically targeted in the public procurement situation, but it can be difficult to choose a smaller company with few references and uncertain future as it will be considered to be more risky than a well established enterprise. The necessity to be open for international and national competition for local government contracts can easily get in conflict with companies locally represented that can get out of business if they not get enough business locally.



## **Research Methods for Successful Energy Management in Buildings**

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## **Broader Social Implication of the Strategies of Business Corporations**

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Business in a globalized era affects lives beyond business and commerce. Minds, attitude, preferences, behaviour, culture, social activities, all are manipulated under the influence of globalization. Some of the impacts, primarily related to economics and commerce, are more prominent than others. Apparently, the process of globalisation has acted as an incentive for the developed as well as the developing economies to establish and implement more transparent and stringent corporate governance norms to attract domestic as well as foreign investors. However, George Ritzer talks of certain implicit but sweeping consequences of corporate strategies, which he designated as McDonaldization. He argued that the established business corporations, whether Multinational Corporations (MNCs), or locally dominant players, are slowly but shockingly transforming the way people are leading their lives across the globe through their business strategies, methods of operation and marketing techniques. This paper critically examines the McDonaldization thesis. The four pillars of McDonaldization are *efficiency*, *calculability*, *predictability* and *control*. The paper examines the implications of these four concepts as explained by Ritzer and to what extent they are valid, at least in the Indian context. Our results based on a small empirical study indicate that McDonaldization may be only partial and/or country specific. While some aspects point towards more *rational* approach towards consumerism, specifically from the younger generation, certain invalidates the precepts of McDonaldization.

# **Renewable Energy: Opportunities and Challenges**

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It is becoming increasingly obvious that our world is facing an energy crisis that is combined with an environmental and climatic problem. The key challenge for this century and beyond consists therefore in developing new energy technologies that allow the generation of power in a sustainable, affordable, accessible, flexible, and environmentally-friendly manner.

Renewable energy sources are having an increased contribution to the energy portfolio of many regions around the world.

This paper will try to analyze the following issues: First, how sustainable are the current technologies that allow the harvesting of various renewable energy sources? In other words, how much land and water are required to generate electricity from renewable energy sources?

Second, what is the cost of power generation from renewable sources?

And third, what is the environmental footprint of renewable energy sources?

This paper will also focus on solar energy technologies and highlight their advantages for MENA region. We will review and discuss the opportunities and challenges for solar energy harvesting in the Middle East, and precisely in The United Arab Emirates (UAE).



# **Political Party Human Resource Management: The Place of HRM Practices in Strategic Political Management**

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Despite the large number of peer-reviewed articles and books that develop models from the commercial management and marketing literature to possess explanatory power in the political context, there has been an astonishing lack of academic work that applies concepts and tools from the Human Resource Management (HRM) literature to political parties. The aim of this paper is to rectify this dearth. We first present the existing literature on strategic political postures (SPP) and political market orientation (PMO) from the political marketing literature. We then juxtapose these literatures to describe an integrated concept of political marketing strategy, presenting three 'PMO profiles' where specific SPP configurations are related to party member behaviours and orientations towards various stakeholder groups in society. The PMO profiles are based on whether the party attempts to *lead the market* by developing the political offering internally and then developing a proposition to central stakeholders in society, *follow the market* by uncovering stakeholder needs and wants and then designing the party offering to 'best fit' these needs and wants, or *balances the leading and following* SPP configurations.

Central to the PMO profiles is the concept of inclusion, the extent and way in which the human resources of the party are leveraged to achieve strategic aims. We argue that it is essential for parties to be aware of HRM practices that may impact upon their ability to use member resources. We then describe four key HRM practices from the commercial literature, namely labour relations, HR development and training, performance evaluation and rewards, and develop the commercial conceptualisations to allow for the idiosyncracies of political parties. Finally, we apply the developed practices to each of the three PMO profiles and demonstrate that they possess both descriptive and discriminatory power in the context of political parties.

# **Informal Employment and Pension Reforms: Considering Turkish Social Security in View of Informal Employment**

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Recent discussions on pension policies concentrate on the role of funded pension schemes in national pension systems. PAYG has been up to now the commonly used pension scheme in many developed and developing countries since the scheme spreads risks and any dynamic political inefficiency among and within generations. However, PAYG performance is strongly related to characteristics of the labour market and it may fail to provide the right solution when unregistered workers constitute an important share of employment. Developing countries face therefore a puzzling situation where the prevailing unregistered labour puts a lot of weight on the social insurance system and high unemployment rates and low income levels prevent severe regulatory measures against such practices. In fact, Turkish social security system is not exception. We analyse social security in Turkey using Computable General Equilibrium (CGE) and Overlapping Generations Models (OLG) with the objective to evaluate the effects of current pension policies on welfare and macroeconomic aggregates when unregistered employment is allowed. Previous work regarding Turkish social security by Sayan and Kenc (1999) take into account demographic changes and compare reform options ensuring improvement in fiscal balances and find that aging will have significant effects on output, labor supply, investment. Imrohoroglu (2004) finds that a pension reform with a partial and mandatory funding strategy of PAYG scheme leads to an increase in output, capital stock, aggregate consumption and investment while promoting real wage growth and inducing a decrease in real interest rate. We consider an alternative reform scenario under a segmented labour market capturing unregistered employment. We compare the mandatory PAYG scheme to the two pillar pension policy suggesting the set up of both PAYG and funded schemes in terms of welfare and macroeconomic effects.

## **Formal or Substantial Innovation: Enquiring the Internal Controls System Reform in the Italian Local Government**

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In recent years public financial management literature has tried to explain why not seldom the reforms undertaken in the pursuit of the NPM “doctrine” have led to unintended as well as unexpected consequences (Christiaens e Rommel, 2008; Lapsley; 2009) and to management changes which are more formal than substantial (Olson et al., 1998; Ter Bogt e Van Helden, 2000). The present study demonstrates that the reform of the Italian Local Government internal controls system, carried out during the second half of the ‘90s, can well represent one of these cases.

The research is based on a survey carried out between July and December 2007 on a statistically representative sample of Italian municipalities with more than 5.000 inhabitants. The survey was conducted by means of an online questionnaire that was available on the Ministry of Domestic Affairs’ web site. The questionnaire was addressed to general managers or chief financial officers within the municipalities and was aimed at verifying to what extent the provisions enforcing the management change are actually accomplished.

The data analysis shows that important functions such as the management control and the strategic control have been introduced in the municipalities for the only purpose of complying to the rules. This incorrect use of the new tools is mainly attributable to shortfalls in the managerial culture, as it is testified by the missing links between the different tools (e.g.: management control function performed without the support from managerial accounting). As a result, inconsistencies between Italian local government practices and management standards introduced at international level emerge.

Among the various approach used to explain the difference between actual and expected effects of management innovations the institutional theory has been chosen in this study to better understand both the processes that affect choices in public sector organizations and the gap between the expected and the actual effects of changes in the management system (Burns – Scapens, 2000; Scapens, 1994).

# **Hurricane Risks for Coastal South Carolina: Estimating Equitable Property Insurance Rates**

**Jeff Pompe**

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The 2004 and 2005 hurricane seasons produced seven of the ten costliest insured losses ever to impact the United States, including Katrina, the most costly, which caused \$40.6 billion in damages. Total insured losses from all 2005 hurricanes were over \$60 billion with private insured losses alone estimated to be \$40 billion. The interaction of natural events and human activities is responsible for increasingly costly property damage in coastal areas. Hurricane damage is influenced by factors such as population growth and density, property values, building codes, land use, and historical hurricane activity; I examine the relative roles of such factors.

Three interacting elements contribute to the amount of damage caused by a hurricane: the amount and type of property at risk, the degree of vulnerability of the property, and the likelihood of the natural disaster. I construct an index of vulnerability to hurricane damage for South Carolina coastal counties. The index, which is composed of factors (such as population growth) that contribute to hurricane damage, can be helpful in creating equitable rates for property insurance. With the recent frequency of storms and hurricanes, insurance companies and state agencies have reassessed their insurance policies in coastal markets. In addition, I use the index to examine which policy improvements can most effectively reduce hurricane damage. For example, raising building standards in coastal areas can mitigate property damage. The results will help policy-makers in areas susceptible to hurricanes to assess which methods can most affectively mitigate hurricane damage.



## **Local Community Participation in Homestay Program Development in Malaysia**

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Tourism industry is second largest economic contributor after the manufacturing sector in Malaysia. In 2008, tourist arrivals recorded 22.05 million and contributed RM 49.6 billion (USD 13.4 billion) in revenue. This represents a 5.5% increase in tourist arrivals and 7.6% increase in revenue. The government has recognized the tourism industry in Malaysia as an engine for economy, social, political and ecology development especially in the rural area. Community based tourism is a community development tool that strengthens the ability of rural communities to manage tourism resources while ensuring the local community's participation. CBT can help the local community in generating income, diversifying the local economy, preserving culture, conserving the environment and providing educational opportunities. As CBT may provide the local community with alternative incomes, it becomes a poverty reduction tool. CBT requires a long-term approach and aims to maximize the benefits for the local community and limits the negative impacts of tourism on the community and their environmental resources. In Malaysia, particularly, community based tourism (CBT) is an alternative tourism product that closely related to the rural community. Homestay program is actively promoted by Ministry of Tourism as a community based tourism product in Malaysia. This program is realized by government as a catalyst for rural community development particularly from the aspect of socio-economy. The program could create employment and entrepreneurship opportunities to the community. Through participating of communities such as women, youth and retirement people, the benefits of the community based tourism development can be materialized. Realizing the potential of homestay program, the Malaysian Rural Tourism Master Plan 2001 was formulated. In 9th Malaysian Plan (2006-2010) one of the government focuses is on community development, and rural tourism is one of the mechanisms. Due to the potential of homestay program to provide additional income and employment, the number of homestay providers in Malaysia is increasing. By June 2010, there were 140 homestays with 3,264 participants. Homestay program has lately been given special emphasis by the Ministry of Tourism, and under the 9th Malaysia Plan, a total of RM40 million has been allocated to the ministry for upgrading infrastructure and facilities in participating villages. The homestay program was given an additional boost of RM10 million under the Second Stimulus Package. In addition, the Ministry of Rural and Regional Development spent RM 6.7 million in 2008 for infrastructure development related to rural tourism project. Economic and social development program have increasingly placed an emphasis on sustainability. Amidst the quest to achieve sustainability, the concept of community capacity building has become particularly important in identifying priorities and opportunities for development. Without community capacity building, the physical development

means nothing to the communities. The host community do not have enough capabilities to actively participate and this will lead to external domination of the tourism development and finally they will be manipulated the third parties. The success of tourism depends upon the active participation of locals who are able to communicate aspect of local culture to the tourist. Local participation and support is one of the most frequently stated as success criteria for Community Based Tourism. Community involvement in tourism development can be viewed from at least two perspectives: involvement in the decision making process and involvement in the benefits of tourism development. Local participation is one of the important variable in the community capacity building. This ongoing descriptive study is to explore the readiness of local community to participate in the homestay program in their area. It is also covers assessing the level of participation of local community in the homestay program development. The study is carried out by using questionnaire and also structure interview. Three communities in the district of Muar, Johore, in Malaysia will be selected as the case studies. The study expected to completed by the end of November 2010.

# **An Application of the Adapted Fink Country Scoring Model on Portugal, Italy, Greece and Spain - Country Risk of the Weaker Euro Zone Members and Implications**

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Rising public deficits and debt levels, uneven growth and productivity and growing mistrust in official data in the Southern periphery of the Euro zone (Portugal, Italy, Greece, Spain) have put downward pressure on the Euro and confront policy makers with ambitious challenges. We examine the present situation in detail and apply the adapted Fink Country Scoring Model (Fink, 1995; Paripovic, 2009) to assess and project the country risk of these economies. Based on this purely economic model, we provide a less subjective, alternative view to country ratings by rating agencies. We find that the PIGS envisage pronounced increases in their country risk through 2014, particularly Greece and Portugal, with contagion effects e.g. on Bulgaria. On a country-by-country basis, we derive economic policy implications and suggest restructuring with regard to budgetary consolidation, debt reduction, stimulation of competitiveness and enhanced transparency.

# **A Critical Analysis of the Media Coverage of the June 2007 Public Service Strike in South Africa**

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This paper critically examines the media coverage of the June 2007 public service strike, which took place from the 1st of June and ended on the 28th of June 2007 and establishes the extent to which The Citizen newspaper was responsible for setting the agenda in the reporting of the strike, and how the trade unions may have influenced this reporting. The agenda setting theory is used to establish how the agenda was set and what role the media had in making the event important and reinforcing the importance of the event. Meanwhile, representation theory, framing theory in conjunction with critical discourse analysis and content analysis are used to show how meaning was made by the media through the use of language. Hence the agenda setting is not necessarily the preserve of the media but the public and the government can also set the agenda as shown in the study. The importance of the event can be reinforced and maintained by the media. Although the media did not have any reports about how the public felt about the strike, it became the voice of the voiceless as it showed how the strike may affect the public.

# **Initial Outcomes of Privatization of Pensions in Lithuania**

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The initial outcomes of pension reform implemented in Lithuania in 2004 are analysed in this paper. As a result of pension reform the private second-tier funded pension scheme was initiated in Lithuania. The new scheme is voluntary and is funded by transferring to the private pension funds a part of contributions to state social insurance scheme.

The purpose of the paper is to evaluate initial outcomes of the second-tier funded pension scheme in Lithuania. The following objectives are set in order to implement this purpose: to evaluate investment trends and administrative costs on contributions and assets applied by the private pension funds; to analyse characteristics of participants (age, pension fund portfolio and average insured income); to evaluate the market of annuities' providers and finally to evaluate forthcoming outcomes of second-tier pension scheme according to vertical and horizontal equality.

The initial outcomes of partial privatisation of the pension system in Lithuania: The pension funds invest mainly in conservative and middle level of risk (mixed asset) investment portfolios. There are barriers for participants to move between pension funds and between funds of different risk level. These factors impact the return on investments. The administrative costs remain high: of up to 5,75 percent on contributions. This has a significant impact on individual savings: of up to 20 percent of future annuity.

Participants of the funded schemes are not well informed about the capital market's risks, which lead to wrong decisions when choosing the risk level of the pension's fund: majority of those who changed funds didn't avoid the decrease in investments due to capital markets' crisis and missed the best periods for investment when capital markets were raising. Additionally the majority of participants who changed funds chose wrong pension funds according to their age group.

Absolute majority of participants have quite low insured income of up to LTL2000 or EUR580. The average age of participant is 37 year. This demonstrates that a significant part of second-tier participants will have short history of contribution payments with relatively low contribution base resulting in smaller individual accounts.

The market of annuities providers is not yet developed with only one provider in Lithuania. The administrative costs for annuities are high. So the partial privatisation of pension system in Lithuania probably would not reach its aim of consumption smoothing, but on contrary, can potentially increase vertical inequality among retirees in Lithuania leading to higher social dissatisfaction and higher demand for social assistance for those with insufficient income. The lower average wage among women, their earlier retirement age and different mortality tables by gender can also cause an increase in horizontal inequality among retirees in Lithuania.

Mentioned negative outcomes not only show the mistakes of the pension reform in Lithuania, but also can be analysed as an experience for other countries, which plan to start similar reforms.

# **The Development of Innovative Business in Regions of Latvia in Context of Global Economy**

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Introduction: According to Latvian National development plan Latvia has accepted polycentric model of regional development, which means the necessity to decrease the differences in prosperity level between state capital Riga and regions. The only way to achieve this goal is to stimulate the economic growth in regions. Several special programmes for regional business support are executed in Latvia at present time and special attention is paid to innovative business development.

There are several reasons why innovation became a new and important factor of regional development. The first is state support to innovative business via several state programs. The state system of regional innovative business support was created in Latvia during last years and the first conclusions about the efficiency of this system can be made at present time. The second are changes on labour market of Latvia. The third is related with current situation, when European countries and Latvia are trying to overcome sequences of economic crisis implementing innovations.

The aim of this paper is to evaluate situation with innovation and innovative business in regions and investigate the possibilities of innovation system development in context of global economy.

Results of this work are related with the investigation or relative importance of innovation system components – research and development (R&D), entrepreneurship, investments, legislation. Recommendations are worked out for components optimization. The main result of investigation is the conclusion that at present time innovative business has certain advantages for regional development in Latvia, because the main weak point of innovative business – high risk – is oppressed by general business risk growing due to economic crisis.

## **Strategies and Performance of New Mexican Emerging Multinational Enterprises**

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This paper is aimed to analyze the rise of New Mexican emerging multinational enterprises (MexEMNEs) into the global market. There is a growing interest in the study of these emerging multinationals among scholars. Several theoretical perspectives are reviewed which can give an explanation of the emergence of Mexican multinationals and support their expansion in overseas markets. Then, it is analyzed the strategies these multinationals implement and their performance and in doing so, several profiles of MexEMNEs are described and examined. It is intended to set up scenarios for future development. Finally, it is concluded that the survivor Mexican firms of this process of “creative destruction” have transformed into capable and innovative MNEs in order to look and move ahead and take advantage of the challenging new opportunities.



# **Offshorability along the Production Chain**

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Recently, the offshoring of production, i.e. the relocating of production steps to foreign countries, has become increasingly important. Not only multinational enterprises enjoy the benefits of international production networks; also smaller and medium-sized companies are operating internationally. Fragmentation and relocation of production steps help companies to discover wage advantages across the world, to enter new markets and to gain access to new customers or resources.

Theoretical approaches have tried to explain such relocation activities by looking at the offshoring costs for individual production tasks, regardless of which industry they belong to. However, in addition to the characteristics of individual tasks, industry-specific technological restrictions are also highly important criteria for the offshoring decision of firms. The current paper employs an integrated approach to analyze these two aspects and develops hypotheses on the offshoring potential in different industries, including the timber, chemical, electro-technology, and automotive industries as well as mechanical engineering.

Based on the studies of Blinder (2006, 2007), Levy and Murnane (2006), Autor and Spitz-Oener (2003, 2006) and Leamer and Storper (2001), we define four different dimensions of offshorability: transport requirements, communication requirements, task properties and codifiability. Along these dimensions, a methodology was developed for evaluating the offshorability of tasks. This analytical methodology was applied to the exemplary value chains.

The results of this paper show that some value chains have a pronounced tendency to undertake more offshoring activities, in particular those of automotive and the electronic industries. In contrast, the timber industry and also the chemical industry generally have a lower degree of offshorability. Based on these results, recommendations for firms in different industries can be finalized in order to assist these firms with their offshoring decisions.