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Modeling Macroeconomics with System Dynamics, SERÇİN ŞAHİN, KAAAN ÖĞÜT and ERCAN EREN

System dynamics is a methodology used to model complex adaptive systems which are based on control theory and nonlinear differential equation systems. Since economy and particularly the financial system are complex adaptive systems, which consist of numerous elements and complex relations among them, system dynamics methodology provides vast opportunities for formal and nonlinear modeling of them. Then, these formal models can be used to make computer simulations and to design more efficient policies and organization structures.

In macroeconomic analysis, the interdependence of the variables allows the use of systems of differential equations. For example, IS-LM and Mundell-Fleming models are based on the linear systems of differential equations and it is easy to find the solution. But models that include nonlinear relationships among the variables, such as Tobin-Blanchard's, are hard to find a solution and can only be analyzed in the vicinity of the equilibrium point. Of course, the existence of the equilibrium is a strong assumption to make. Since system dynamics methodology does not impose the equilibrium assumption to the models, and allows the nonlinear relationships among the variables, it can be a useful tool for analyzing the situations that involve such complications.

In this study, we are going to make a brief introduction to the system dynamics methodology and we are going to show the opportunities it provides, by its applications on some well-known theories in macroeconomics.

Firm Size, Self-Organised Criticality and Complexity, RÜYA ESER

This study reviews self-organized criticality (SOC), which is based on the idea that complex behavior can develop spontaneously in various many-body systems whose dynamics may change suddenly and unexpectedly. Self-organized criticality is a very universal phenomenon occurring across a broad range of disciplines. Self-Organized Criticality suggests that the distribution has a dynamical origin. The empirical signature of SOC phenomena is the power law distribution which means that small occurrences are extremely common, whereas large instances are extremely rare (also called extreme value theory). They are found in economy included financial markets, credit, firm size/growth/degrowth, merger and acquisition, and bankrupt. In this paper, we investigated the distribution of firm size for self-organized criticality and complexity. In this paper, we investigated the distribution of firm size for self-organized criticality and complexity. First, a review of the characteristics of SOC is presented. Then an attempt is made to measure SOC in manufacturing industry. The data set covers the period between 1997 and 2013 and comprises 850 firms for each period of time. Analysis of the data supports the existence of a critical state.

Mary Parker Follett Re-visited: Tracing Back the Signs of Complexity in Management, AHMET HAKAN YÜKSEL

Most of what is written and discussed today by the prominent researchers in the field of organizational studies stem from Mary Parker Follett's corpus such as power, authority, group dynamics and governance. It is especially thrilling to observe the link between her conceptualizations regarding organizations, management and the complexity science. Suggested by the fact that emergent volatilities in global markets constantly re-shape the business environment it is timely than ever to delve into her ideas developed eight decades ago. This conceptual paper intends to draw inspiration from the insights provided by Follett with a special emphasis on complexity to guide us in our efforts to instill an appropriate management context that will ultimately render organizations adaptive.

A Modern Perspective on Organization Structure: Organigraph and Its Relation with Firm Business Model, ESİN CAN and PINAR BÜYÜKBALCI

New perspectives on organizational structures have to go beyond the traditional, static view of hierarchical type and are expected to reflect the processes and interrelated systems within the organization. Such a perspective is thought to picture the “real functioning” of organizational structure. In this regard, “organigraph” introduced by Mintzberg and Ven der Heyden (1999) emerges as one of the most original representations of organization. “Organigraph” is seen as an evolutionary form of classical organization charts as they base on the internal and external network relations that more accurately reflect the functioning of organizations.

Similarly, designing a business model is among the most challenging yet critical aspects in strategy formulation. Effective business models serve as tools to manage strategic paradoxes by enabling multiple-level decision making and conflict management in organizational network (Smith et al., 2010). Companies attempt to build integrative business models to simultaneously exploit firm competences and explore new opportunities in their environment.

Accordingly, this study aims to discuss the function of “organigraphs” over examples from companies operating in different industries. After a qualitative study and desk research process, organigraphs of these companies will be put forth and their contributions to managerial and strategic views will be discussed in relation with their business models. Moving from this point on, this study attempts to support the argument stating that the dynamic nature of organization structures and business models can be best captured by organigraphs - which represent the network of relationships between organization’s stakeholders and workflow processes.

Agglomeration and Geographic Concentration in Turkish Manufacturing Industries, OYA KENT

This study examines the geographic distribution of Turkish manufacturing industries for the period 2003-2008 using an establishment level micro data which is the firstly explored in this line of research for the case of Turkey. The analysis is mainly based on the index developed by Ellison and Glaeser (1997). The aim of the study is to provide a descriptive analysis of geographical concentration of manufacturing activity in Turkey. It is found that agglomeration on average is higher than the developed countries. However, stylized facts for agglomeration also hold for the case of Turkey such that low-tech industries tend to have higher agglomeration levels than industries with higher technologies.

The Effect of Hydraulic Fracturing and Natural Gas Production on Housing Values, ANDREW T. BALTHROP and ZACKARY HAWLEY

The technique of hydraulic fracturing has made it possible to produce vast new quantities of oil and natural gas, yet the process has associated risks, and has been a controversial issue in popular media. In this study we estimate the effect hydraulically fractured natural gas wells have on residential real estate prices. We exploit variation in distance to nearest gas well in home sales prices to estimate this effect. Our study is the first to focus on a relatively densely populated area, a section of the Dallas-Ft. Worth-Arlington urban area. Our data is from Tarrant County, Texas over the period 2005-2011. We find robust evidence that increased proximity to a fractured well leads to reduced home sale prices. Existence of wells within 3,500 feet of a property reduce property values by nearly 4%.

Consumers' Willingness to Pay for Environmental Attributes of a Cut Flower in Ethiopia; A Choice Experiment Approach, AHMED SEID HASSEN

The paper aims at valuing consumers' willingness to pay for environmental attributes of a cut flower using choice experiment and hence identifying the presence of a hypothetical market for environmental friendly flowers. Considering the local and global environmental impacts of floriculture, two environmental attributes of a cut flower namely, Eco-labeling (EHPEA-CP label) and Carbon footprint together with a Price attribute were selected for choice experiment. Survey data from 200 randomly selected consumers were employed and two multinomial logit models and a random parameter logit model were used for estimations. The estimated results from all models revealed that respondents had the willingness to pay for both environmental attributes of a cut flower and they were willing to pay 1.98 birr and 10 birr for eco-label and carbon footprint attributes of a cut flower respectively, valuing carbon footprint more than eco-labeling. Based on the welfare estimates, consumers were willing to pay 10.47 birr for a bronze labeled and carbon neutral cut flower; 12.45 birr for a flower with silver brand and medium (neutral) carbon footprint and 24.43 birr for brand gold and carbon saving (low) flower. Thus, environmental friendly flowers may find a niche market in Ethiopia.

Advantage of Green Supply Chain Management and Its Effects for Increasing Quality,, SEDA İREM KUŞ and EMRAH BULUT

After the industrial revolution, the production rate has increased day by day. Besides the good sides of this development process, several other problems such as consumption rate of natural resources and environmental risk have emerged with it. For the competitive advantage, many companies especially the logistics firms realized the importance of the Green Supply Chain Management (GSCM) for the competitive advantage and improving organizational performance. GSCM plays a significant role for the protecting natural resources and maintain environmental sustainability. Nowadays, the external stakeholders require not only common manufacturing objectives such as quality, cost, delivery and flexibility, but they also consider the GSCM in order to stay competitive. The industrial manufacturers are the major customers of the logistics firms, and their satisfaction has an important issue to increase a business performance. The aim of this paper is to investigate the advantage of the GSCM and its effect for the increasing quality for the logistics firms by using the generic fuzzy analytic hierarchy process (GFAHP) and quality function deployment (QFD) method. For the empirical study, GFAHP approach is applied to reveal the prioritization of each criteria that influence, and QFD is used to examine GSCM's effect on increasing quality.

Ethical Markets and Sustainable Development; Iran and Some Competitor Countries, ESMAEILI HABIBEH and SAATI CHOOBER FATEMEH

Now In the world ethical markets for sustainable development are of great interest. Ethical markets consider investments and markets with respect to environmental and social responsibility that is growing throughout the world. Ethical Markets will be achieved only through sustainable development. In this paper the relationship between ethic and development was considered. Among the different approaches to sustainable development, capital approach to development has been selected. In this approach, sustainable development includes 4 valuable capital; financial, natural, human and social that each of them, effective ethical indicators have been selected. For the natural capital, environmental performance, for the social capital, social capital, for the human capital, the quality of life and for the financial capital, good governance underground economy and money laundering has been used. Considering these indicators, using trend variables, their perspectives in Iran and some competitor countries has been evaluated and foresighted.

Network Analysis of Turkey's Trade with EU-28 with Regards to BEC Classification, ERCAN EREN and SEMANUR SOYYIĞİT KAYA

In today's world, trade between countries has become a global network. It became important that in which product classes to trade with other countries as well as with which country to trade for all countries. Thus it becomes possible to evaluate the position of a country in world trade, to find out how much of its potential is utilised and to determine proper policies.

In this context, by using network analysis, this study examined the export network of Turkey with EU-28 which correspond to almost 50 % of Turkey's export. This trade relationship has been analysed in terms of five different networks which each of them are a subgroup of BEC such as primary food and beverages, processed food and beverages, primary industrial supplies, processed industrial supplies and capital goods. After all of these networks has been analysed in terms of general network statistics, all of these networks has been also implemented w-HITS algorithm of which output corresponds to export/import impacts of countries.

In conclusion, it has been found that the founder members of EU (excluding Luxembourg) are core countries in all subgroups. The countries became member in 2000's generally correspond to periphery countries. There are also some countries between the core and the periphery. In terms of Turkey, it has been also determined that Turkey has relatively more importance in the export of primary and processed food and beverages. However, Turkey's role in export network of industrial supplies and capital goods is not significant.

An Agent-Based Complex Network Approach to Extra-EU International Trade, YASEMİN ASU ÇIRPICI and HALE KIRER

Mainstream economics mainly considers homogeneous agents. However this is rather a strong assumption. Complexity economics, alternatively, is an emerging area that analyzes the interaction among heterogeneous agents. One way of doing this is to visualize the complex systems as a network composed of dynamic agents (node or vertex) and the interaction between them (edges or arcs). In this manner, international trade can be seen as a complex network with nodes as countries and edges as their trade relations. Agent based modeling (ABM), which is widely used in analyzing complex systems, is a powerful tool for modeling such networks. It enables us to construct more realistic models involving heterogeneity, randomness, endogenous evolution, learning and adaptive behavior. The aim of this study is to analyze the structure of extra-EU international trade by using an agent-based complex network model. In this context export data of EU countries are used to display these trade relations.

Evolving Complex Systems and Sources of Economic Change, SEÇKİN SUNAL

As almost all complex structures, economy is an evolving system which is subject to gradual and sudden change. While not every gradual social or economic change can be attributed to evolution, some immediate changes or leaps in an economy may be outcomes of evolution.

Parallel to the progress in evolutionary economic thought, economic evolution can be considered in different ways. One can define economic and social evolution (or change) as causality performing itself progressively on an open social structure through Darwinian principles and mechanisms. A more subtle or sophisticated perspective on economic evolution emphasizes natural selection, adaptation and mutation through technological change and the role of the entrepreneur. Contemporary approach, on the other hand, considers the economy as a complex adaptive system and puts the emphasis on uncertainty, non-linearity and sudden changes occurring along with gradual change.

Female Decision; Making Styles for Ready-Made Clothing, SEDA YILDIRIM, KENAN AYDIN and EROL USTA AHMETOĞLU

The buying behavior of consumer is quite complex process to understand clearly. Being the key factor of the marketing strategies, analyzing the buying behavior has a critical importance for businesses. In this concept, consumer decision-making style inventory(CSI) of Kendall and Splores(1986) has been an useful tool for both businesses and academics to understand consumer's buying behavior. The market of female ready-made clothing is in a quite growing trend today. So this big market has a great competition and businesses try to catch consumer and make them loyal for their brand. But businesses should know how female consumers make buying decision and what kinds of buying behavior female consumers have in general in ready-made clothing market. With this study, it was purposed to determine female decision-making styles in ready-made clothing products. To achieve this purpose, a survey was designed including the scale of CSI with 40- items was adapted for ready-made clothing. Then this survey was implemented to the consumers that visiting with Outlet Center " face to face" method in Kocaeli,Turkey. 390 survey forms were collected as suitable for analysis. The data was analyzed in SPSS 21. There were factor analysis and correlation analysis that we concluded results from these analyses.

Segmenting the Gamers to Understand the Effectiveness of in Game Advertising, TUĞÇE OZANSOY ÇADIRCI, AYŞEGÜL SAĞKAYA GÜNGÖR and ŞİRİN GİZEM KÖSE

Companies in stiff competition try to communicate their message to the customers through the noise. The development of the technology and the new communication media enable marketers to reach their actual and potential customers by breaking the noise. Marketers started to search for new and innovative ways to get their target market's attention and to encourage brand awareness and purchase intention. A form of product placement; in game advertisement (IGA) is one of the new practices to be used by marketers to convey marketing messages to the target market. It is the inclusion of products within a game. However, while deciding whether to use a new marketing technique, companies should primarily understand target consumers' attitude toward that kind of a communication tool. This study attempts to define consumer attitudes toward IGA. In this study, gamers are segmented based on their frequency of game play and their attitudes towards advertising in general and IGA. The differences between clusters are investigated in terms of purchase intention. The results define strategies for marketers who have the intention to use in game advertisement for youth market as part of their promotional strategy.

The Advantages and Challenges of Radio Frequency Identification Devices (RFID) in Fast Moving Consumer Goods (FMCG) Industry, KENAN AYDIN and ARZU KARAMAN AKGÜL

Radio Frequency Identification Devices (RFID) are emerging technologies which have recently gained more importance in several industries such as retail, food and restaurant, healthcare, pharmaceutical, logistics, travel and tourism industries, and in libraries. RFID technology provides suppliers, manufacturers, distributors, and customers precise real time information about the products which in turn facilitates identifying, tracing, and tracking the products by using radio waves. If properly used, RFID technology provides a lot of advantages. These advantages can be exemplified by better management of inventory, improvement in security and operational efficiency, and customer service level, increase in visibility and sales, etc. On the other hand, there are also some challenges of RFID technologies. Main challenge of RFID technology is the cost of its implementation. The aim of this paper is to provide an extensive literature survey about the characteristics of RFID technologies, its advantages and challenges of using RFID technologies in retail industry especially for Fast Moving Consumer Goods (FMSGs).

Stickiness in Costs and Management Earnings Forecasts, MUSTAFA ÇİFTÇİ

Prior research suggests that costs are sticky; they decrease less when activity decreases than they increase when activity increases. The sticky cost behavior has negative implications for earnings: It leads to lower earnings when activity level decreases. These complications make the prediction of earnings more difficult for firms with sticky costs. We investigate how stickiness affects management earnings forecasts. The greater difficulty in predicting earnings for sticky cost firms might increase investors and analysts demand for information and induce managers to issue earnings forecasts. Alternatively, managers might refrain from issuing earnings forecasts for sticky cost firms because stickiness might lead to greater forecast errors. We find that managers are more likely to issue earnings forecasts for sticky cost firms suggesting that benefits of issuance outweigh the costs. Moreover, consistent with negative implications of stickiness for earnings, we find that earnings forecasts are more likely to include earnings warnings (negative earnings surprise) for sticky cost firms. In addition, we find that manager earnings forecasts are more optimistic for sticky costs firms suggesting that even though managers are aware of negative implications of stickiness for earnings, they do not fully incorporate these implications into their forecasts.

Suitcase Trade between Turkey and Selected Countries and Its Impact the Turkish Economy, KENAN AYDIN, EMRAH BULUT and LAÇİN İDİL ÖZTİĞ

Previous studies have analyzed the suitcase trade from global, state-centric and local perspectives. While the first two categories of studies analyzed the economic impacts of the suitcase trade from global and state-centric perspectives, studies which took a local perspective analyzed the cultural implications of the suitcase trade. This is the first systematic study which analyzes the economic impact of the emergence, increase and decrease of the suitcase trade on suitcase traders. Specifically, this study analyzes the dynamics of the suitcase trade between Turkey, the Russian Federation, the former Soviet Republics on foreign trade. Surveys were conducted with 257 people from firms which conducted the suitcase trade in the Laleli area. Focus group interviews were conducted with 16 people in a conversational style. Individuals from different sectors (wholesalers, retailers and manufacturers) constituted the target group of this study. The findings of our study provide insight into the dynamics of the Laleli Market and regional foreign trade. We discuss implications of our results for business strategy and state policy. (Our study contributed to empirical evidence and has important implications for firms and policy makers) implications of our results for business strategy and state policy. (Our study contributed to empirical evidence and has important implications for firms and policy makers)

A Research on the Significance of Accounting-Auditing Profession in Marmara Region, CEVDET KIZIL, VEDAT AKMAN and HASAN KORKMAZ

Although the history of auditing in world dates back to very old times, the history of modern auditing concept in Turkey is considered new. Despite the mentioned situation, auditing is gaining more and more importance in the recent both in the world and Turkey. Auditing provides numerous advantages to businesses, investors, state enterprises and other stakeholders. Also, having financial statements which reflect the actual situation of firm, canalizing investments logically, arming business stakeholders with correct information, eliminating accounting mistakes and fraud, owning a fair tax collection system and ensuring transparency are all possible with auditing operations. Thus, with reference to the significance of auditing, this study analyzes the private sector and state sector auditing practices as well as viewpoints simultaneously. The research reaches to eye-catching findings by implementing the interview methodology on independent (external) auditors in the context of private sector and assistant tax inspectors in the context of state sector.

Sweden's Riksbank Encounters the Lower Bound, HENRY W. CHAPPELL and ROB ROY MCGREGOR

In 2009, in the midst of a global recession, Sweden's Riksbank approached a lower bound on nominal interest rates. This encounter with the lower bound provides a natural experiment for investigating the causes of monetary policy inertia. To exploit this experiment, we estimate Taylor rules with dynamic Tobit specifications in which unobserved lagged dependent variables are included as explanatory variables. Results indicate that interest rate smoothing was a more important reason for policy inertia than slow adjustment of underlying policy preferences.

Role of National Bank in Georgian Banking System, NINO SAMCHKUASHVILI and NIKOLOZ DARCHIASHVILI

In realizing the major objectives of its activities – to attain the stability of prices and develop efficient monetary policy – the National Bank of Georgia is guided by the inflation forecasting and general macroeconomic model of the Georgian economy designed by the NBG.

One more significant objective of the National Bank is to ensure financial stability in Georgia. As far as is possible without endangering the fulfillment of its main task to maintain the stability of prices, the National Bank of Georgia shall secure the stability and transparency of the financial system and facilitate sustainable economic development in the country. Ensuring financial stability implies the identification and mitigation of risks faced by the entire financial system.

Operational Bank Efficiency: Case of Bank of Albania, ERIS AZIZAJ and MIRJANA SEJDINI

The bank efficiency and productivity has a significant role in the developing countries as the banking system represents the main component of the financial institution. Pertaining to Albania, little is done to assess its performance. This is mainly due to the changes carried through the years to establish an appropriate banking system and the lack of adequate data. This study is focused on assessing banks' efficiency that implies an improved profitability, greater amounts of funds channeled through the system, better prices and service quality for consumers, and greater safety in terms of improved capital buffers in absorbing risk. In this paper, we will measure the efficiency and productivity of the Central Bank or Bank of Albania (BoA) to see how ready is it in order to compete within European banking industry. The study will use Data Envelopment Analysis (DEA) as the most widely used method to measure the bank efficiency in the transition economies. The information about the performance of banking system can be used from the banks manager to increase the operation efficiency of representatives banks and also it can be used from the policymakers to set important regulatory to increase the performance of the banking system.

Economic and Management Theories and LG Performance, MIRJANA SEJDINI

Increasingly, with the developments in the New Public Management (NPM) from its theoretical as well as practice approach, there is an increasing awareness of using the economic and business concepts such as efficiency models to assess the performance of public sector in general and municipalities' performance in particular. Eventhough, many authors support and criticize in the meantime the focus on NPM to find answers in the quest for more efficient and effective services, yet NPM introduced some milestone developments in local government performance. This paper extends its review of economic and management theories that have shaped the understanding of local government performance and especially its efficiency, before and after NPM. In addition, it aims to provide evidence of the most important studies in the efficiency of local government. At the end, such considerations in the theories and practices of assessing the efficiency of LGU emphasise the importance of efficiency considerations in support to local government effectiveness in general and particularly for Western Balkan countries. We hope that this study will contribute modestly to the existing literature of the efficiency in the public sector and specifically in that of local government sector. So far, studies related to the public sector efficiency have an increased interest. However, this interest has remained far from Balkan Countries, the closest one being local government efficiency of Slovenian Municipalities.

Management of Public Credit: Amortization and Credit Fund, NEVİN COŞAR and YUSUF YALÇINKAYA

The two primary aims of the Amortization Fund, which was established in 1935, were, first, to regulate government debts and second, to reduce them. With a new law passed in 1953, the government changed the name of the fund from the Amortization Fund to the Amortization and Credit Fund and aimed to provide long-term investment loans to public institutions and state companies. In this study, the role of the Amortization and Credit Fund will be analyzed in line with the monetary and credit policies of the 1950s. As a result of the lax monetary and credit policies for faster growth rates, inflation and budget deficits increased in the 1950s. In this context, expansion in government expenditures was financed by using the Amortization and Credit Fund, which was developed as an internal solution which would promote faster growth rates. It was thought that the growth of the money supply would not lead to inflation if supported by growing investments, but the main problems after 1954 were the difficulties in foreign currency exchanges and foreign debt payments. At the end of the 1950s, economic and financial policies created bottlenecks in the economy and the government had to accept a stand-by agreement with the IMF in 1958.

Income and Earning Inequality Decomposition in Turkey, SİNEM SEFİL

Inferring the direction of the causal relationship between financial crisis and household income inequality has been a controversial issue. Conventionally, the aftermath of financial crises have been associated to widening income inequality. On the other hand, it could be argued that crises led to improvements in inequality reflecting the drastic capital losses of the top decile as a result of the financial crisis in that their income was affected compared to the bottom decile. The aim of this study is to investigate the mechanism responsible for the behavior of household income distribution in Turkey based on data from the 2006 to 2012 Income and Living Conditions Survey (SILC). The methodology is focused on three objectives: i) to provide an analysis of the contribution of the various income sources to the evolution of income inequality by decomposing the Gini index by income source and to assess the impact on inequality of a marginal percentage change in the income from a particular source ii) to examine the contributions of specific variables (education, position in occupation, economic sector) to the interpretation of labor earnings inequality through static and dynamic decompositions of Theil T index iii) to investigate the labor earnings differentials among workers with different educational attributes by providing a view of the interaction between education and the labor market.

The Housing Market in Albania; Hedonic Regression, ABDULMENAF SEJDINI and ILIRJANA KRAJA

Housing market is one of the most important sectors in Albania. During the last 20 year there has been a boom of construction in this sector, mainly in big cities. The crisis that swept the world, including Albania was reflected in this sector as being associated with sensitive decrease on housing sales. A phenomenon seen in the country is that despite the declining on purchasing power, constructors do not decrease their home prices. The main objective of this paper is to apply the Hedonic Regression (price) Method as an alternative valuation method for housing in Tirana. The basic idea of Hedonic Price Method is that it breaks down the house value or its price into its constituent characteristics or properties and then adds up all of the estimated contributory values of each characteristics to create the final value of the house. The empirical results and the coefficients show that most of the independent variables are highly significant and indicate an expected correct relation with the price. This paper is expected to contribute to the literature as there are very few studies that employ the hedonic regression on the housing prices in Albania.

The Moderating Effects of Price Aversion, Value Optimization, and Conspicuousness Motivations on Price-Perceived Quality Relationship, ÜMİT KOÇ and KENAN AYDIN

The price-perceived quality relationship has been examined in numerous studies so far. However the relationship is not as strong as can be expected. The reason for this weakness is that there exist situational factors and consumer motivations that affect the size and the direction of price-perceived quality relationship. The authors aim to introduce possible moderating factors to the relationship in order to explain the price-perceived quality relationship. The purpose of this conceptual paper is three-fold. (1) Define perceived quality in a comprehensive way. (2) Identify consumer motivations and situational factors that may moderate the price-perceived quality relationship (3) Identify how consumers satisfy certain motivations using which dimension of quality, in order to come up with pricing strategies based on consumer motivations.

Influence of Self-Brand Connections on Consumers' Purchase Intentions, İBRAHİM KIRCOVA, EBRU ENGİNKAYA and HAKAN YILMAZ

Brands function as insignia for individuals to express their social identity in and through their consumption preferences. Strong brands are endowed with salient symbolic meanings, which attract consumers in order to satisfy their social desirability and acceptance needs by the possessions of these brands. Based on the "Social Identity Theory" and the "Theory of Reasoned Action", a conceptual model was tested to examine the role of social identity effects and self-brand connections on consumers' decision process. Hypotheses were analyzed with a structural model on a sample of smart-phone users. Results indicate significant influences of the brand's symbolic perceptions on the consumers' brand purchase intentions which are mediated through self-brand connections and attitudes towards the brand. Findings and limitations of the study are discussed in terms of the theoretical and practical implications for consumer behavior literature and marketing implications.

Euro at Risk; The Impact of Member Countries' Credit Risk on the Stability of the Common Currency, LAMIA BEKKOUR, XISONG JIN, THORSTEN LEHNERT, FANOU RASMOUKI and CHRISTIAN WOLFF

In this paper, we empirically investigate the impact of the credit risk of Eurozone member countries on the stability of the Euro. In practice, in the absence of eurobonds, euro-area credit risk is induced through the credit default swaps of the member countries. The stability of the euro is examined by decomposing dollar-euro exchange rate options into the moments of the risk-neutral distribution. We argue that sovereign capital structure arbitrage ensures that new information on sovereign distress risk affects the currency. In particular, we document that during the sovereign debt crisis changes in the creditworthiness of member countries have significant impact on the stability of the euro. An increase in member countries' credit risk results in an increase of volatility of the dollar-euro exchange rate along with soaring tail risk induced through the risk-neutral kurtosis. We find that member countries' credit risk is a major determinant of the euro crash risk as measured by the risk-neutral skewness. We propose a new indicator for currency stability by combining the risk-neutral moments into an aggregated risk measure and show that our results are robust to this change in measure. Noticeable is the fact that during the sovereign debt crisis, the creditworthiness of countries with vulnerable fiscal positions is typically the main risk-endangering factor of the euro-stability. Interestingly, however, the market perceives Greece not to be 'systemically relevant'.

Non-monotonic Money Demand with Financial Innovations, EMIN GAHRAMANOV, İSMAİL HAKKI GENÇ, GEORGE NAUFAL and HENRY W. CHAPPELL

This paper extends the Baumol-Tobin model to derive a money demand relationship which incorporates the impact of financial developments to yield a nonlinear form, while the famous square root formula itself is a special case of our results. We introduce income heterogeneity in modelling households that are assumed to use alternative means of payment such as a credit card. This lets the economic agent to reduce the cost of interest foregone if money is immediately disbursed for transactions. In the meantime, our model incorporates the non-linearity, arising, in addition, to the possibility of cash losses during transactions, as well as incurring income-dependent transaction costs of money conversions. Our benchmark calibration produces theoretically expected results.

Estimate and Stability of Money Demand Function in Turkey; Time Series Analysis, MORTAZA OJAGHLOU

The demand for money is a very important tool in the implementing monetary policy. The demand for money and basically its function are fundamental key in modelling on mainstream macroeconomics theory. This study is tried to determinant of demand for money and estimate money demand function and investigating stability of money demand in Turkey using monthly data over the 2005:12 – 2014:12. In this paper is carried out ARDL bounds tests model provided by Pesaran and Shin (1999), Pesaran at all (2001) to cointegration to analyses the existence of a long run relationship among the series on the a money demand function model for developing countries offered by Bahmani- Oskooee (2005).

The empirical results -based on F-Statistic, T- Statistic- show that there is long run relationship between variables and because of negative and significant value of ECT, variable are cointagreted. According to CUSUM and CUSUMSQ tests variable (M2 monetary aggregate, GDP, inflation rate and exchange rate) are stable among this period in Turkey.

SESSION 11 POWERTY AND INEQUALITY

Aid Allocation and Poverty: Are Grants and Loans Different?, KHUSRAV GAIBULLOEV and JAVED YOUNAS

Foreign aid consists of grants and concessional loans. The former carry no explicit obligation, and thus, are easier to misappropriate. The latter are usually project-specific and have to be repaid. This study examines the criteria by which donors allocate foreign aid between grants and concessional loans. Using a panel of 127 aid-recipient countries over the period of 1975-2010, we investigate how change in per capita GDP affects a recipient country's receipt of grants and loans, while controlling for standard determinants of foreign aid. There is potential reverse causality as aid may also impact a country's per capita GDP. We employ instrumental variable methods to establish the causal relationship between aid and per capita income. Also, we implement factor-augmented panel (interactive fixed-effect) approach to account for cross-sectional dependence that stem from potential common factors that lead to co-movement of aids of various countries. While past studies show that poorer nations receive more aid, we find that this holds true for grants only, and that there is a significant bias against providing loans to such nations. These findings have important consequences for aid-recipient countries in terms of their access to international resources.

Gender Preference and Family Size in Egypt, SAMER KHERFI

Using the 2012 Egypt Labor Market Panel Survey, I test the hypothesis that son preference significantly increases fertility. I estimate a discrete hazard model, according to which the probability of a subsequent birth is dependent on the gender composition of surviving children. The model controls for other characteristics such as maternal age, education, and religious affiliation. Preliminary results suggest that gender preference constitutes a barrier to reducing family size.

Impacts of Natural Resource Availability and Social Networks on Rural-Urban Migration in Pakistan, MUHAMMAD IMRAN

Generally, rural-urban migration is attributed to difference in wage rate in rural and urban areas. There are many pull and push factor involved in migration decision of individuals. Migration also has many direct and indirect impacts on households. Rural to urban migration can result in labor shortage in rural areas whereas in urban areas it results in congestion and resource pressure. The study aims to assess the role of social networks and land resources on rural-urban migration and also the impacts of rural-urban migration on nutritional status among children in the Punjab Pakistan. This study was conducted in three districts of Punjab namely: Faisalabad, Chakwal and Muzaffargarh. The study found that family and social networks at destination, farm size, quality of land, number of males above fifteen years of age and number of married males in a household were the strongest determination for rural to urban migration. The study concludes that rural-urban migration is likely to improve the livelihoods of migrant households as it diversifies sources of income. The study also finds that food and nutritional uptake in migrant households is better compared to non-migrant households.

Positive Communication in Business Environments and how it relates to Self-Compassion, PELİN ÖZKUZEY

This paper focuses on the construct of positive communication and how it is related to our business life. First it presents another way to feel good about one self: self-compassion. Next, it discusses the fact that while self-compassion is beneficial to our own being it also affects our business life providing better communication. Positive communication entails treating oneself with kindness, recognizing one's shared humanity, and being mindful can be very beneficial for our business environment that we are a part of. A questionnaire called Self-Compassion Scale is used to measure the effect of self compassion on our business communications. Finally, this article suggests that self-compassion may offer benefits to our own being and our business life. Research is presented so as to show that self-compassion provides great emotional benefits, motivation and brings success to an individual and the business environments.

The Impacts Innovation and R&D Researches on SME's growth, ZAKARIYA CHABANI

Worldwide the growing role of SMEs and entrepreneurship has been noticed as drivers of growth and job creation, and as an effective tool to fight poverty. Furthermore, the rising importance of innovation and R&D represents big opportunities and challenges for SMEs. They also provides many positive effects to companies, however the innovation domain is still not developed enough to ensure a good business environment for SMEs.

SMEs has different characteristics from large companies on different levels. For SMEs innovation and R&D is different from larger corporations, often lending fresh perspectives to innovation and R&D. SMEs, because of their limited sources and size, try to adopt different philosophies, more flexible to those applied by larger companies in order to actively participate in innovative researches, and not just in the areas that the large companies are unwilling to undertake.

A successful SME needs a proper business environment including innovation. This is why this paper investigates the effects of R & D on SME's firms. It focuses on what the increase of innovation effort can add to firms. In addition, how we can reach the optimal level of innovation and R & D so we can increase the positive effects of them.

Modern Tools for Models of Management of the Electronic Banking, KAREL URBANOVSKY

This article will inform experts about the potential usage of selected modern tools for models of management of the electronic banking from the Applied Cybernetics perspective. The content of the article is based on cybernetics and general systems theory with a projection of these theories to the new communication technologies and to the new environment of information. This content should be contribute to the development of systemic integration of models in the field of modern banking and integrated electronic business in a cyberspace (that is e.g. e-commerce, e- business, e-government, etc.) with an electronic banking (i.e. e-banking). At least in the future an environment of designing new models of electronic banking must be solved by modern means cyber security and protection of the environment against cyber-attacks in the upcoming global cyber war in the whole world.

Investigating Cynicism Perception of Employees Based on Personality Traits, ALI

ACARAY, SEDA YILDIRIM and AYŞE GÜNSEL

In today's globalised and hypercompetitive business environments, organizations can survive and succeed just through creating and maintaining competitive advantage. Employees who are loyal and committed to their organizations, represent as an important resource for achieving sustainable competitive advantage. Although most of organizations try to keep their employees loyal by internal marketing activities, employees still may feel unsatisfied and adopt negative attitudes. Organizational cynicism, as a negative attitude of employees towards their organization, leads to unwanted outputs such as effects lower performance or lower loyalties. Even though the literature abounds of studies regarding the organizational antecedents of organizational cynicism, there is still a gap considering the individual factor that supports or inhibits organizational cynicism. Accordingly this study aims to determine the effects of personality traits on organizational cynicism. Based on data from 254 teachers of a private school chain in İstanbul, and using the partial least squares structural equation modelling (PLS-SEM) interrelationships amongst personality traits and organizational cynicism is tested. Similar to the extent literature, organizational cynicism is measured as a three dimensional construct composed of cognitive, emotional and behavioral cynicism, while personality traits are measured as five dimensional construct composed of extroversion, coherence, responsibility, emotional stability, and openness to experience personality cynicism. Theoretical and managerial implications are put forward on the basis of the findings.

The Social Media Habits of Abant İzzet Baysal University Students; A Case Study of Gerede Campus, OYA ERU

In recent years, developments in internet technology and especially starting to use the internet in daily life as mobile, has led to the emergence of a new communication media. This communication media is combined under the name of social media in general. Social media is an interactive environment that people can share information, opinion, appreciation or what they want in any time. So especially young people give attention to social media very much. Because of this reason, in this study, it has been investigating university students' usage habits and usage aims of social media. For this, it has been applied a survey to students who are scholar at Abant İzzet Baysal University, Gerede Campus. The results of the survey have been analyzed SPSS software. At the end of the study, it has been concluded that undergraduate students use social media very intensely. And it has been concluded that the usage habits of students affect their usage aims of social media.

Selection Works Both Ways: BMI and Marital Formation Among Young Women,

İLKER KAYA and MICHAEL MALCOLM

The literature on entry into marriages has almost universally regarded a high body mass index (BMI) to be a disadvantage for women in the marriage market. But the theoretical effect of BMI on marital entry is actually uncertain because women who anticipate poor outcomes in the marriage market are more likely to accept early offers, while women with more desirable characteristics can afford to wait for a better match. Using data from the 1997 National Longitudinal Survey of Youth, we show that female entry into marriage does decline as BMI rises, but that early marriage is nonlinear in BMI. Women with an extremely high BMI or with a BMI in the most attractive range are less likely to marry early.

The Consequences of Natural Disasters in Southern and South-East Asia; The Economic Analysis, AGNIESZKA KUKULKA

Natural disasters touch many countries every year and produce great devastation, both in terms of human life and material losses. According to the Emergency Events Database (EM-DAT) collected by the Centre for Research on the Epidemiology of Disasters (CRED), 34% of all disasters since 1950 have been floods, 27% storms, 8.7% earthquakes, 4.9% droughts and 3.9% extreme temperatures. The number of occurrences of natural disasters has increased substantially since 1950, causing at the same time much higher material losses. For example, 1 470 out of 12 409 natural disasters which have happened since 1950, took place in South-Eastern Asia causing damages over 102 billion USD. Moreover the statistics show that in developed countries material losses are higher while in developing more people are affected. The aim of the study is to examine the relationship between economic growth and different variables describing natural disasters in developed and developing countries. To do so, panel estimation method (GMM) is applied between 1960 and 2013. In order to capture longer period 3-years average is considered. The model consists of the number of natural disasters and macroeconomic variables like: FDI inflow, inflation rate, trade, school enrolment.

Conflicts, Terrorism and International Financial Flows, KHUSRAV GAIBULLOEV and JAVED YOUNAS

Through his most influential paper, "Why doesn't capital flow from rich to poor countries?," Lucas (1990) galvanized a heap of debate in both the academic and the policy circles regarding factors that impede the movement of capital across countries. Recent studies on financial development has shown that the quality of institutions is an important determinant of international financial flows to the country. Our paper expands this literature by examining and comparing the effects of political violence on international and domestic credits. Using datasets on domestic and transnational terrorism, conflicts, institutions, socio-economic conditions, and bank credits, we construct a panel of 140 countries for 1970-2012. We implement factor-augmented dynamic panel regression to account for both cross-sectional dependence and serial correlation. To establish causality, we also apply instrumental-variable approaches, which account for endogeneity of institutions and political violence. Separate analysis is performed for developed and developing countries. Our theoretical expectation is that a political violence negatively affects financial flows and the magnitude of this impact depends on the ability of a country's institutions in counterbalancing these risks. The findings of this study are expected to hold important policy implications.

Turkey-Africa FDI and Trade in the 21st Century, ABDULKADIR WAHAB AMAN

In spite of high poverty rate, Africa has many fast growing economies. The continent is becoming a major source of natural resources, especially minerals and oil, and trade partner for many advanced and emerging markets. Accordingly, in the last few years partners of the continent are expanding. Generally, the existing partnerships of Africa are with EU, South America Summit (ASA), China (FOCAC), Japan (TICAD), US (AGOA), Arab World, India Turkey and with Korea. Turkey as one of emerging markets of the world is now a possible strategic partner. Africa-Turkey partnership is one of the latest ones. This study shows that the overall trade of Turkey with Africa is sharply increasing since 2007 keeping a positive trade balance. Primary commodities are the leading exports of Africa to Turkey whereas chemical, chemical-related products and manufactured goods are the major exports of Turkey to Africa. Moreover, the Gravity model analysis shows that Distance, per capita income and partners' overall trade are the main factors of Turkey's trade with Africa. Turkey and BRICS have some similarities and differences in the factors which affects their trade with Africa.

Behind the Invisible Wall: What Determines Wage Differentials between Urban and Migrant Workers in China, YIH-CHYI CHUANG and ERIC YAN

Using a wider scope of city data from a 2008 survey of Rural-Urban Migration in China, this study employs a comprehensive aspect of explanatory variables to empirically estimate wage determination and decomposes the wage differentials between urban and migrant workers in the Chinese labor market. We find that personal traits, geography, cohort, firm characteristics, and industry type account for 85-89% of the wage differentials. Among those factors, human capital proxies of personal traits are the crucial factor for wage differentials; moreover, compared to urban workers the education resource-poor migrants have higher rates of return on most human capital variables. The significant cohort effect reflects better job opportunity and labor quality of new generations of migrants. Policy implications to close the wage gap are also discussed.

Labor Standards in Muslim Countries, TOLGA AKSOY and ÖZGE KAMA

International Labor Organization (ILO) has been encouraging countries to implement international labor standards since 1919. With the help of international labor standards, ILO aims to improve quality of human life and dignity. In order to reach this aim, the ILO's 1998 Declaration on Fundamental Principles and Rights at Work sets out four core labor standards that are binding on all ILO member states. Although developed countries ratified many standards, developing countries and especially Muslim countries are lagging behind. In this paper, we attempt document the labor standards in Muslim countries by constructing an index by using ILOs Information System on International Labor Standards and compare their position with the rest of the world.

Impact of Unionization on Industrial Growth, TOLGA AKSOY

Although an extensive literature has examined the influence of employment protection legislation on industrial growth, the role of unionization has been overlooked. To that end, the aim of this paper is to investigate the differential impact of unionization across industries. Using data for 8 aggregate sectors for the period of 1994-2005 in 7 developed countries, this paper shows that unionization is negatively associated with between component of productivity disproportionately in industries with lower skill intensity. Estimation results are robust to instrumental variable estimations and inclusion of other labor market institutions variables.

SESSION 16 POLITICAL ECONOMY

Applying Multicriteria Analysis in on-going Evaluation of EU Structural Programs, MASSIMO BAGARANI

This contribute proposes an application of multicriteria analysis in supporting policy decisions. ELECTRE TRI method is applied for evaluating an Operational Programme co-financed by EU in the structural policy framework 2000-2006. This work has two objectives: i) to ensure that the use of multicriteria approach, through the ELECTRE TRI method, could represent a useful methodological tool to evaluate, in a systematic way, complex programmes, such as EU Structural Funds Program; ii) to demonstrate that the application of this method to a regional programme, could help to achieve satisfactory results in terms of improving the decision making process. To this end, the analysis will test if and to what extent a classificatory not hierarchical multicriteria method, could be useful in supporting policy makers during the implementation of EU programme. The contribute synthetically describes the general characteristic of the method and then focuses on the criteria utilised to evaluate the programme, within the context of an *in itinere* evaluation. The application of ELECTRE TRI method will allow the evaluator to cluster the program's actions in two scenarios and three different risk level classes in each scenario.

Configuration of Political Power and the Spatial Allocation of Core Infrastructure, MELVIN AYOGU

Simply defined, "power" is the ability of an individual or group to achieve its aims. Focusing on Nigeria, the most populous nation in Africa, and the biggest in economic strength, we empirically model and estimate the impact of political influence on the allocation of core infrastructure. The central political variable is the strength of political influence, measured by binary variables that map political positions to regions of origin of the appointees and to the number of years of incumbency. Some of the interesting results are that jointly, the political and bureaucratic positions are statistically important in explaining the pattern of regional allocations but that the political variables, individually, do not appear to matter. Implications for public policy are discussed.

Political connections and price synchronicity; Evidence from MENA region, ASHRAF KHALLAF, OMNEYA ABDELSALAM, KHELIFA MAZOUZ, NARJESS BOUBAKRI

The impact of political connections on firm value has been widely investigated over the past two decades or so. Many studies find that political involvement serve as a useful tool for firms to obtain both favorable regulatory conditions and support in times of financial difficulties. However, others show that political connection may actually destroy shareholders wealth. Politically connected firms also are shown to suffer more from information asymmetry problems due to their poor quality earnings reports. Nevertheless, while poor quality accounting disclosure may reflect insiders attempt to disguise their expropriation activities and hinder efficient monitoring, others show that companies with politically connected firms are not penalized by their bondholders for their lower quality earnings reports. Despite the extensive research on the costs and benefits of politically ties to firms and their investors, there is very little evidence on the impact of political connection on stock price synchronicity. Our interest in stock price synchronicity is motivated by two important considerations. First, while many studies show that political connection affects the quality of accounting disclosure, the way it impinges the information content of stock prices remains largely unexplored. Hence, our analysis enhances our understanding of whether political connection facilitates or hinders the incorporation of firm-specific information into stock prices via informed trading. Second, several studies show that price synchronicity is one of the key determinants of the efficiency of resource-allocation decisions and growth in an economy. Thus, unlike previous studies, which focus on the characteristics and the valuation of politically connected firms and investors' perception of political connection, our analysis should shed some light on the costs and benefits of political ties to whole economy.

Do Natural Resources and Social Networks Matter in Rural-Urban Migration; Evidence from Punjab, KHUDA BAKHSH, MUHAMMAD IMRAN and SARFRAZ HASSAN

An increase in population and urbanization is the concern of many countries including Pakistan. Historical increase in urban population is attributed to rural-urban migration. There are various reasons for rural to urban migration. Dealing with demographic resources migrating from rural to urban settings is the utmost import. Before doing this, one needs to understand linkages among rural-urban migration, social and family networks, resource availability and social institutions. The present study was designed to examine linkages between rural-urban migration and the role of network and natural resources available to the households. Cross-sectional data were collected from Muzaffargarh, Punjab province of Pakistan. Households with migrant family member and non-migrant households were selected randomly from various villages. We used logit model to determine factors affecting rural-urban migration. Results showed that family and social networks have significant and positive impact on rural-urban migration, in addition to socioeconomic factors, implying that households having strong family and social networks would contribute substantially in rural to urban migration. Availability of transport facility and higher land holdings are negatively related with rural-urban migration. Improving infrastructure, consolidation of landholdings, bettering health and education facilities and creating employment opportunities at village level would reduce rural to urban migration.

Impact of Development Innovation Sphere on the Growth of Economic Competitiveness of the Country, TAMAR DUDAURI

Development of innovation systems implement on the basis of innovation policy in successful countries. This fact in Georgia is particular importance with regard to European integration, because Europe's economic growth, social problems, poverty reduction and employment and eliminate the backlog of regions, mainly provided innovation policy. The interest of innovation development is increasing in Georgia.

Innovation development is long tern process. Education, scientific development and empowerment, to create competitive modern technology, to bring their introduction in the country, Knowledge-based economy- it's all about time and deliberate policy , strategy , and cooperation requires the involvement of all sectors of the country .

Competitiveness of the countries means development and strengthening in all sectors. Education and Research - Research Institutions high level, the private sector, financial institutions, consulting staff, production, market competition, tax credits and incentives policies, intellectual property protection, a high level of property protection and security guarantees political stability.

Particularly important is to raise the country's competitiveness in today's globalized world conditions. Win this competition in these countries, which offer the best conditions for entrepreneurs in economic activities.

The Relationship Between Competitiveness and Entrepreneurship and the Impacts on Economic Growth, NADİDE SEVİL HALICI TÜLÜCE and ASUMAN KOÇ YURTKUR

The concept of “competitiveness” has been a crucial subject of national policy arguments at least as far back as Adam Smith who is responsible for popularizing many of the ideas that underpin the school of thought that became known as classical economics. Afterwards, Ricardo’s works developing the the law of comparative advantage advanced rational economic thinking about competition. The analysis of P.Krugman take the attention to the idea of competitiveness again with his popular study -Competitiveness: A Dangerous Obsession-. A number of alternative approaches have been attempted in the interim with authors focusing on national well-being as a measure of a nation’s competitiveness and analysis that relates that well being to a series of indicators. Porter associates the welfare of a nation to the microeconomic determinants of the competitiveness of its firms, and his view of regional or national competitiveness grows out of this concept.

Entrepreneurship has been long absent from economic theory, despite earlier efforts by Joseph Schumpeter who fathered the concepts of creative destruction and entrepreneurial spirit related to innovation and business cycles. The key to a nation’s economic growth is the nurturing and unleashing of its entrepreneurial talents. Whether in developed nations, the development and stimulation of a culture of entrepreneurship can create jobs, opportunity, and a burgeoning middle class. The challenge cannot solely be met from top-down strategic planning from a central government, but through the development of a more entrepreneurship-friendly environment in such areas policy visibility, financial stability, global trade and associated intellectual property issues, and household income. The fostering of entrepreneurship is important to every nation, emerging or enduring, because of its symbiotic link to liberty.

Entrepreneurship is a critical driver of economic growth, innovation and prosperity. In our globalised world, firms’ competitiveness are increasingly important. The relationship between competitiveness and economic growth has become more of an issue for all economies because of the growing interest in developing research on entrepreneurship. Several studies like Wennekers et al.(2005) generally have demonstrated a positive relationship between factors of competitiveness and the development of entrepreneurship.

The aim of this study is to analyze the link between competitiveness and economic growth by the way of entrepreneurial dynamics for developing countries with the World Economic Forum’s Global Competitiveness Index. Paper sheds new light on entrepreneurial activity, competitiveness and economic growth.

Economic Growth, Financial Development, and Trade Openness in Emerging Markets: Panel Approach, ÇAĞRI LEVENT USLU, EBRU TOMRİS AYDOĞAN and NATALYA KETENCİ

This paper examines the long-run relationships of the growth model in 21 emerging countries and their alteration when countries in the considered panel vary. Panel estimations using quarterly data for the period 1995-2013 are made for different groups of emerging countries, such as the Full, F-10, Advanced, and Secondary. Additionally, the paper analyzes the changes in the relationships between growth, financial development, and trade openness in groups of emerging countries by taking the presence of structural shifts into account where they exist. Recent panel techniques are employed in this study. The empirical findings reveal that economic growth is highly related to financial development and trade openness only in emerging countries which are not exposed to structural shifts. However, the estimation results illustrated that economic growth is not related to financial development and trade openness in countries exposed to structural shifts. Division of the sample into more narrow groups does not change the estimation results for unstable countries.

Fiscal Multipliers and Remittance Outflows in Saudi Arabia, AL-MUKHTAR AL-ABRI, İSMAİL HAKKI GENÇ and GEORGE NAUFAL

The literature on remittances is large and growing. However, its focus has mainly been on studying the effects of remittance inflows on the receiving economies. Little has been done on the sending economies. In this paper, we use data from Saudi Arabia to study macroeconomic effects of remittance outflows. Specifically, we examine the effect of remittance outflows on government multiplier and GDP in Saudi Arabia, one of the top remitting countries in the world. The results suggest that remittance outflows have a weak effect, if at all, on government multiplier. The paper also discusses policy implications.

A Macroeconomic Model: G7 Software Demonstration With US and Turkey's Data, MERAL ÖZHAN

This paper presents the construction process of a simple macroeconomic model using the G7 software program applied to the US data first, and then Turkey's data. The model is an accelerator-multiplier interaction model which adapted from the US model developed by Inforum (Interindustry Forecasting Project at University of Maryland). At present the Turkish macroeconomic model is still under development. It contains a limited number of equations. In order to understand the G7 economic modelling software I will first present a simple but fully fledged macroeconomic model of the US economy. This model is directly adapted from the Craft of Economic Modeling, Part I, by Clopper Almon, for demonstration purpose only (Almon, 2014). The data bank of the model is called Quip (quarterly income and product accounts) which contains more than 300 macro series of the US economy covering the 1970–2013 period. Second part of the paper is a direct application of the same model framework for the Turkish economy. In this part three macroeconomic regression equations, namely consumption, investment and imports are estimated using the available annual data over the period 1995-2013. Though the estimates of these three regression equations showed satisfactory results, a fuller version of the Turkish macroeconomic model needs to be tested for historical simulation and forecasting. These steps are currently under development.

Structural Balance and Fiscal Policy; The Limits of the European Approach, STEFANO FANTACONE, PETYA G. GARALOVA and CARLO MILANI

Under the Fiscal Compact's rules, the structural balance has become a crucial variable in the EU budgetary framework. This should facilitate the operativeness of the automatic stabilizers and avoid pro-cyclical fiscal policies. However, in the past years peripheral member countries have witnessed a widespread budget restriction in front of a deep downturn of the economic cycle. We show that this occurred due to the distorted information provided by the model used by the European Commission to calculate the structural budget balance. Starting from the direct relationship between this latter and the NAWRU, we shed some light on the estimation methodology and its implication on member states' fiscal policy. We focus our attention on the poor economic significance of the NAWRU and its large volatility over time. Finally, by the means of panel data estimations, we find out that the NAWRU is correlated with the economic cycle, which implies pro-cyclical effects on structural balances. Peripheral European countries seem to be more affected by these pro-cyclical effects than core countries.

Managerial Collusive Behavior under Asymmetric Incentive Schemes, JEAN-DANIEL GUIGOU

We analyze the effects of asymmetry in incentive contracts on the possibility of collusion between managers. When their compensation is based on the relative performance evaluation contracts, managers can achieve better outcomes by colluding. Using the concept of balanced temptation introduced by Friedman (1971), we find that asymmetry in incentives increases the likelihood of collusion. The result contradicts the general wisdom that asymmetries make collusion harder to sustain.

Two Simple Characterizations of the Liberal Rule Based on Consistency Requirement, AZAR ABIZADA and İPEK GÜRSEL TAPKI

We study group identification or qualification problem introduced by Kasher and Rubinstein (1997). Earlier literature mainly focuses on axiomatic analysis of this model and have several characterizations of Liberal rule. In this paper, we introduce two consistency requirements for this model. Both of them require that after a decision is made about a group of people, if some people accept the decision made about them and leave, then if we make a new decision for the remaining people, it should be the same as before. We propose two new characterizations of the Liberal rule based on these consistency requirements.

Competition in Markets with Network Externalities, FATMA BÜŞRA GÜNAY BENDAŞ

This paper analyzes the effects of network externalities on an incumbent's advantage in a static duopoly model where an entrant and an incumbent strategically set prices. A Global Games approach is used as an equilibrium refinement, where consumers receive both a public and a private signal about the entrant's quality. While a unique equilibrium is not guaranteed in all of the cases, the incumbent's advantage arises in specific cases depending on the relative precision of the signals. As an extension, I show in a model of endogenous advertisement choice that the multiple equilibria problem is resolved because the entrant prefers an advertisement level, which makes the private signal precise enough to generate a unique equilibrium.

SESSION 20 STOCK AND BOND MARKETS

Performance Evaluation of a Type Turkish Mutual Funds Analysis of Quantitative Easing Era, ÖMER FARUK TAN and GÖZDE ÜNAL

This paper aims to evaluate the performance of A-Type Turkish funds between January 2009 and November 2014. This study period coincides with the period of quantitative easing during which the developing economies in financial markets have been influenced dramatically. Thanks to the increase in the money supply directed towards the capital markets, a relief was experienced in related markets following the crisis period. During this 5-year 10-month period, in which the relevant quantitative easing continued, Borsa Istanbul (BIST) increased 35% on average annually. A-Type Turkish funds are investigated in order to compare these funds performance within this period. Within this framework, 15 A-Type equity funds and 18 A-Type variable funds, which include more than %50 equity shares in its portfolios, are selected in the study by using weekly returns of 33 funds. In order to measure these funds' performance, Sharpe ratio, Treynor ratio and Jensen alpha methods are used. Moreover, Jensen's alpha denotes us selectivity skills of fund managers. Furthermore, Treynor&Mazuy(1966) and Henriksson&Merton(1981) regression analysis methods are applied for market timing ability of fund managers. Borsa Istanbul (BIST) price index is selected for benchmark.

Is There a Rational Bubble in BIST 100 and Sector Indices, AYŞEGÜL DUMLU KIRKPINAR, ELİF ERER and DENİZ ERER

Global financial crises which stem from the bubbles in asset prices and which observed in United States and Europe have demonstrated once again how important the determination of bubbles is. The aforementioned bubbles in financial markets are referred as excessive increase in asset prices. In the same time, rational bubbles in stock markets are of great importance in terms of whether investors give the right decision and accordingly, take a position towards risk. For this purpose, the aim of this study is to examine the existence of rational bubbles in BIST 100 and some sector indices. The data cover the periods between 1990 and 2015. For this, right-tailed unit root test, Sup Augmented Dickey-Fuller test and Generalized Sup Augmented Dickey-Fuller test developed by Phillips, Shi and Yu (2011) have been used. It is expected that the usage of the so-called tests and thus, determination of the bubbles can be a warning system against the crises appeared in financial markets.

Measures of Uncertainty for the European Central Bank's Survey of Professional Forecasters, VÍCTOR LÓPEZ-PÉREZ

The economic literature has obtained measures of macroeconomic uncertainty from the density forecasts prepared by the panellists contributing to the Survey of Professional Forecasters (SPF). The average standard deviation of the individual density forecasts is a frequently-used example. However, none of these measures take into account that the panel of professional forecasters is not constant from one survey round to the next. Therefore, the evolution of these measures of uncertainty over time is meaningless because it compounds true changes in uncertainty with artificial changes due to the variations in the panel of respondents to the survey. Using the European Central Bank's SPF data and an aggregate measure of uncertainty based on subsets of forecasters that replied to two consecutive survey rounds, this paper finds significant increases in macroeconomic uncertainty in the euro area from 2001 to 2004, declines in uncertainty from the second half of 2004 to 2007, sharp increases from 2008 to mid-2009 and falls thereafter with the exception of the relatively more turbulent period between late 2011 and early 2012.

The Value Relevance of Component of Other Comprehensive Income when Net Income is Disaggregated, TAISIER A. ZOUBI, FERAS SALAMA, MAHMUD HOSSEIN, YASS A. ALKAFAJI

The purpose of this study is to examine the equity pricing of other comprehensive income when earnings are disaggregated into several components. Our findings indicate that other comprehensive income can better explain variation in stock returns when net income is reported in a disaggregated form. Additionally, we find that disaggregating both net income and other comprehensive income can explain more of the variation in the stock returns than the two summary components of comprehensive income. Our results survive a series of robustness checks.

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