

## QUALITY REGULATION AND SERVICES

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***Summary:** Global growth should be increased with structural reform and strengthening of the external demand has been economic challenge of the past forty years. Every generation faces novel challenges to combine efficiency, fairness and sustainability. Social, cultural, and economic factor should be taken into consideration. New creative ideas and contemporary development consists globalization and sustainability which is permeated with ecological aspects. The market economy is developing as the ground for successful allocation through its own mechanism with the need for the quality regulation.. Many factors and influences, including globalization, communication technology, consumers and investor culture, citizens, increased awareness of the limits of the government have led to increasing attention being devoted to sustainable allocation in accordance with the TBL-triple bottom line which is made up of “social, economic and environmental” components*

***Keywords:** regulation; globalization; sustainability; allocation; technology; commercialization; services*

### 1. INTRODUCTION

Quality measurement today are central idea fro the economists , so combination of the regulated and deregulated measures are needed in the system. Recovery main challenge is to harness new globalization. Find new ways to live efficiently, fairly and sustainable in a tightly interconnected world. Sustainable development is the first requirement with compromising the ability of future generations to meet their own needs. This desire to grow without damaging future generations' prospects is becoming more and more central to business philosophies. The competition, which has promoted deregulation and privatization is gaining the strength. Coordination and competition have become the two basic terms in the characterization of allocation efficiency. Allocation mechanism should provide a sufficient amount and quality of the overall supply and market deregulation. Strong competition and comparative advantages make the growth potential:sStrategic geographical position, favorable climate for investment and business, tax and financial incentive systems, highly skilled staff, modern legal framework, excellent infrastructure and regional accessibility, modern telecommunications systems and numerous cultural, entertainment, sports and recreational facilities. Innovation system should achieve competitiveness as an intangible growth capital.

## 2. ADVANCED AND EMERGING ECONOMIES

The world linked through trade, investment and production networks builds new globalization today. Financial aspect of the funds allocation in the market, while in terms of allocation of natural resources, we can look at the environmental resource allocation even if this is already contained in the financial context. "Global growth can be traced in relatively small number of economies, accounting for same 43 percent of world GDP in purchasing power parity terms. This includes emerging market." [1] Medium term growth should be strengthened by upgrading infrastructure and human capital. Stronger investment and export capacity is required too what can induce more balanced growth. As for advanced economies have multispeed recovery growth process despite of the euro potential with strengthen system, corporate balance sheets, implementing structural reforms. Housing market can be the potential for mitigating financial sector. The legacies of the crisis are low demand, high debt, unemployment but on the other side challenges for the sustained growth are: low inflation, balanced balance sheets, progress on reforms. Look at the data for the following countries according to working paper published in IMF publication [1] based on fiscal data and statistical research with exceptional reporting periods:

Table 1. Selected European economy: real GDP, consumer prices, current account balance and unemployment

Selected economies	Real GDP			Consumer prices			Current account balance			Unemployment		
		Projection			Projection			Projection			Projection	
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
Advanced economy, Europe	0.5	1.5	1.9	2	1.3	1.6	2	1.7	1.7	...	...	...
Euro area	-0.4	0.8	1.3	1.3	0.5	0.9	2.4	2	1.9	11.9	11.6	11.2
Germany	0.5	1.4	1.5	1.6	0.9	1.2	7	6.2	5.8	5.3	5.3	5.3
France	0.3	0.4	1	1	0.7	0.9	-1.3	-1.4	-1	10.3	10	10
Italy	-1.9	-0.2	0.8	1.3	0.1	0.5	1	1.2	1.2	12.2	12.6	12
Spain	-1.2	1.3	1.7	1.5	0	0.6	0.8	0.1	0.4	26.1	24.6	23.5
Netherlands	-0.7	0.6	1.4	2.6	0.5	0.7	10.2	9.9	9.6	6.7	7.3	6.9
Belgium	0.2	1	1.4	1.2	0.7	1	-1.9	-1.3	-1	8.4	8.5	8.4
Austria	0.3	1	1.9	2.1	1.7	1.7	2.7	3	3.2	4.9	5	4.9
Greece	-3.9	0.6	2.9	-0.9	-0.8	0.3	0.7	0.7	0.1	27.3	25.8	23.8
Portugal	-1.4	1	1.5	0.4	0	1.1	0.5	0.6	0.8	16.2	14.2	13.5
Finland	-1.2	-0.2	0.9	2.2	1.2	1.5	-0.9	-0.6	-0.5	8.2	8.5	8.3
Ireland	0.2	3.6	3	0.5	0.6	0.9	4.4	3.3	2.4	13	11.2	10.5
Slovak Republic	0.9	2.4	2.7	1.5	0.1	1.3	2.1	1.9	2.2	14.2	13.9	13.2

Slovenia	-1	1.4	1.4	1.8	0.5	1	6.8	5.9	5.8	10.1	9.9	9.5
Luxemburg	2.1	2.7	1.9	1.7	1.1	2.1	5.2	5.1	4	6.9	7.1	6.9
Latvia	4.1	2.7	3.2	0	0.7	1.6	-0.8	-0.1	-1.5	11.9	10.3	9.7
Estonia	1.6	1.2	2.5	3.2	0.8	1.4	-1.4	-2.2	-2.4	8.6	7	7
Cyprus	-5.4	-3.2	0.4	0.4	0	0.7	-1.9	-1.1	-0.8	15.9	16.6	16.1
Malta	2.9	2.2	2.2	1	1	1.2	0.9	0.3	0.3	6.4	6	6.1
United Kingdom	1.7	3.2	2.7	2.6	1.6	1.8	-4.5	-4.2	-3.8	7.6	6.3	5.8
Switzerland	1.9	1.3	1.6	-0.2	0.1	0.2	16	13	12.5	3.2	3.4	3.3
Sweden	1.6	2.1	2.7	0	0.1	1.4	6.2	54.7	6.1	8	8	7.8
Norway	0.6	1.8	1.9	2.1	2	2	11.2	10.6	10.2	3.5	3.7	3.8
Czech Republic	-0.9	2.5	2.5	1.4	0.6	1.9	-1.4	-0.2	-0.3	7	6.4	6
Denmark	0.4	1.5	1.8	0.8	0.6	1.6	7.3	7.1	7	7	6.9	6.6
Iceland	3.3	2.9	3	3.9	2.5	3.3	3.9	2.1	2.3	4.4	4	3.5
San Marino	-3.2	0	2.2	1.3	1	1.2	....	....	....	8	8.2	7.8
Emerging and developing Europe	2.8	2.7	2.9	4.2	4	3.8	-3.9	-3.2	-3.5	....	....	....
Turkey	4	3	3	7.5	9	7	-7.9	-5.8	-6	9	9.5	9.9
Poland	1.6	3.2	3.3	0.9	0.1	0.8	-1.4	-1.5	-2.1	10.3	9.5	9.5
Romania	3.5	2.4	2.5	4	1.5	2.9	-1.1	-1.2	-1.8	7.3	7.2	7.1
Hungary	1.1	2.8	2.3	1.7	0.3	2.3	3	2.5	2	10.3	8.2	7.8
Bulgaria	0.9	1.4	2	0.4	-1.2	0.7	1.9	-0.2	-2.3	13	12.5	11.9
Serbia	2.5	-0.5	1	7.7	2.3	3.4	-6.5	-6.1	-5.1	21	<b>21.6</b>	<b>21.8</b>
Croatia	-0.9	-0.8	0.5	2.2	-0.3	0.2	0.9	2.2	2.2	16.6	16.8	17.1
Lithuania	3.3	3	3.3	1.2	0.3	1.3	1.5	0.9	0.1	11.8	11	10.7

World economic outlook with world economic and financial survey, divides the world into two major groups: advanced economy and emerging developing economy. Movements in consumer price index are shown as annual averages. United Kingdom with strong business investment, more balanced growth make resilient economy. The outlook in Sweden is for rising growth, driven by strong household demand and investment with higher unemployment.

Economics of the demand side becomes dominant. Fiscal policy is making stimulus point in the new recovered economy. In the labor market on the other hand, has an individual approach to bargaining and supply, imbued with the industrial policy measures: subsidies, grants, tax breaks, selective tax policy. Eligibility of labor force, capital, infrastructure and quality of education system are definitely determinants of national competitiveness. The state, society and environment create demand force. Competitive advantage of the

state can be improved by investing in knowledge and education. Global competitive index shows dependence of the development on the knowledge and education.

### 3. QUALITY REGULATION AND COMPETITIVENESS

Regulatory quality and market freedom should be spiritus movens for the growth that is dependent on the following variables:

Table 2. Rating, freedom and regulatory quality

Dependent Variable: average growth
Regressors (I) (II) (III) (IV)
Euromoney rating
Regulatory Quality
Credit Market Regulation
Labor Market regulation
Business Regulation
Average growth
(log) population
(log) GDP per capita
Intercept
Summary statistics
R-squared

The last economic crisis has shown very clearly that regulation has again important place within the system managing even if the deregulation framework is steel actuality. Let us see the world competitiveness report [2] where the most importante place has the regulation:

Table 3. Global competitiveness report

Country	Growth XXI c.	Regulation quality	Euro rating	Credit regulation	Labor regulation	Business regulation
Norway	0.11	1.52	97.97	9.42	5.21	7.78
Germany	-2.02	1.59	90.97	7.74	3.98	7.68
Albania	3.73	-0.37	37.84	7.11	4.98	5.3
Switzerland	-0.09	1.61	98.18	8.84	7.49	8.006
New Zeland	-0.99	1.69	88.06	9.97	7.74	8.22
China	8.76	-0.41	59.75	7.29	3.23	3.96
Israel	1.96	1.02	68.83	7.5	4.87	6.77
Emirates	3.62	0.97	77.44	7.78	7.15	7.4

Countries with deeper financial markets are shown to be more resilient adopted more deregulated credit markets, for a given depth, did worse. This is in line with results studied

in the relation between financial market characteristics and output volatility. Those regulatory characteristics which empower the private sector, by helping deepen a financial system, make it more robust to crises but also reduce the sector's ability to provide short-term insulation to the macro-economy. On the other hand, the combination of laissez-faire in credit market regulation and lack of competition in the banking sector, makes economies vulnerable to shocks. Financial systems that may score high in terms of the quality of regulation, according to the index we considered in our regressions [3], may be also prone to excessive leverage in good time and low capitalization. This, in turn, may generate weak balance sheets in the banking sector and high vulnerability leading to an amplification of the recession shock. Here we are interested in testing whether variables capturing the soundness of the banking sector had an impact on the economy's vulnerability during the crisis beyond what is captured by the index of regulatory quality. In other words, we want to check whether the negative effect on output of credit regulatory quality is simply explained by the fact that quality is likely to be correlated with risk taking or whether its significance survives when we add variables capturing risk taking as control.

It is clear that the onus will have to be on fiscal policy. While some countries, notably in Europe, still have some room to ease monetary policy further, others—especially the United States and Japan—have already decreased interest rates to very low levels, and real rates are rising as inflation falls. Fiscal expansion must, therefore, now play the central role. To avoid spillover effects, however, it is essential that fiscal expansion is, if not explicitly coordinated, undertaken by all countries where low debt and disciplined policies in the past have provided sufficient policy space. A caveat is important here: if the decrease in output turned out to be even worse than we currently forecast, the fiscal expansion would have to be even larger than we currently recommend. The challenge is, therefore, to design new rules and institutions that reduce systemic risks, without imposing unnecessary burdens and stifling innovation. Measuring systemic risk will require better information implies the need for reviewing transparency, disclosure, and reporting rules, and the collection of information from a much larger set of institutions, including insurance companies, hedge funds, and off-balance-sheet entities, than is currently the case. Limiting systemic risk will also imply a broader perimeter of regulation than what we have now, in exchange for broader access to liquidity provision.

New and better national rules will be necessary, both at the individual institution and at the macroeconomic level. Countercyclical macro-prudential rules appear to be a promising way to reduce the buildup of systemic risk. These measures need to be complemented with improvements in the robustness of the financial infrastructure and the development of stronger frameworks for the resolution of the institutions.[4]

#### 4. COMMERCIALIZATION INDEX AND SERVICES

Technology as a human capital transformed into the structural one also has the potential to increase the benefits we receive from nature, the resources can be used more efficiently, and pollution can be reduced and controlled through ownership management. In terms of human resources, we can take the example of public procurement. What is crucial here is the precision that one has to show as well as responsibility in accordance with the position of charge. So, the key of the success can be a combination of creativity and responsibility. It is very common situation where private sector provides public goods which are financed

by the transfer, tax expenditures or subsidies funded to meet the needs of the relative merits. Commercialization becomes a mechanism to place the merits services and public goods which are financed by taxes. In that way commercialization contribute to the efficiency of satisfying needs.

Most of the services are commercialized, so there is commercialization index [5] that aims to measure the degree to which national economy oriented toward private consumption and impatience rather than collective, public consumption and regard for the future. Sachs is making assumption, that heavy watching TV societies will score high on commercialization index. He is including six items within the commercialization index: national consumption rate, market oriented consumption, national nonvoting rate, private health consumption rate of total health care spending, private education spending, private consumption spending as a percentage of national consumption:

Table 4. Commercialization index, CI

Country	CI score	National consumption rate	Average annual hours worked	National nonvoting rate	Private consumption spending	Private health care spending as % of total	Private education care spending as % of total
US	0.9(1)	88%	1.68	58%	79%	54%	32%
Australia	0.56	76%	1.713	17%	76%	33%	28%
Austria	0.35	74%	1.58	24%	71%	23%	11%
Belgium	0.26	76%	1.55	14%	66%	27%	6%
Canada	0.6	76%	1.69	46%	71%	30%	26%
Denmark	0.2	78%	1.53	17%	61%	16%	8%
Finland	0.39	82%	1.69	32%	65%	26%	3%
France	0.42	81%	1.55	45%	69%	22%	9%
Germany	0.35	78%	1.41	28%	73%	23%	15%
Ireland	0.45	89%	1.58	31%	72%	23%	6%
Italy	0.49	84%	1.77	21%	74%	23%	8%
Japan	0.55	73%	1.71	33%	74%	18%	33%
Netherland	0.28	78%	1.37	23%	61%	38%	16%
New Zeland	0.51	84%	1.72	22%	73%	20%	20%
Norway	0.06	65%	1.4	23%	63%	16%	2%
portugal	0.57	91%	1.7	33%	74%	29%	8%
Spain	0.43	80%	1.6	23%	71%	28%	11%
Sweden	0.21	77%	1.6	19%	62%	18%	3%
Switzerland	0.7	69%	1.6	60%	81%	41%	NA
United Kingdom	0.55	85%	1.6	42%	71%	17%	25%

United states is privately rich but socially poor, also its culture emphasize individualism and the pursuit of individual wealth perhaps more than any other society, that focus does

not lead to greater happiness. Early modern capitalism is built not only on the goal of luxurious consumption and high saving by the entrepreneur. Max Weber described the highest ethic of early capitalism to be “the earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life.[5] Information is carried into our lives through internet linked devices. What Internet means to our society, internet has fragmented public square. Major websites such as Google and Facebook have been only too ready to turn the virtual communities they assemble over to the marketing firms. Daily flow of information per person increased.

According to the above mentioned there are recommended goals for American society and pragmatic ways to achieve them what can be applied on other societies. At the first place there is involving labor market reforms, greater leisure time and boosting working skills. Education system should be improved as well in qualitative and quantitative way, by 2020, at least 50 percent of those aged twenty five should hold bachelor degree that is sine qua non for competing successfully in the twenty-first century global economy. Also there is honest approach to poverty (it means invest in health, nutrition, cognitive skills and education of every child in the nation). Reinvesting in the core infrastructure in order to introduce smart energy and efficiency transport. The most important goal is to achieve better living standard, meaning higher level of life wellbeing.

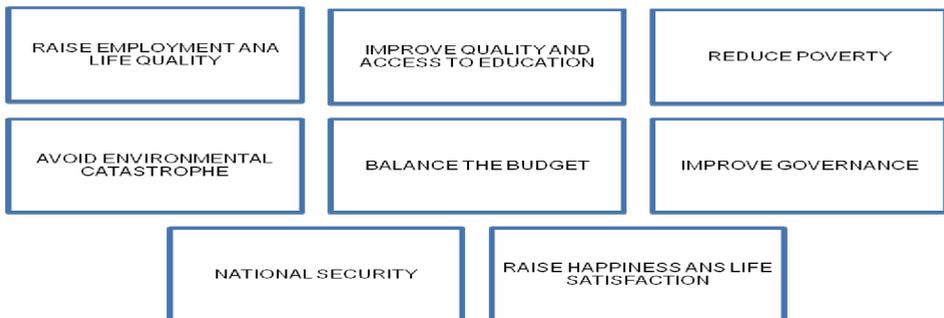


Chart 1. Target goals 2020

## 5. CONCLUSION

Structural reforms are the key for medium growth. Greater labor and product market flexibility, higher infrastructure, private investment would raise productivity, employment and growth. Capital market should be developed in order to finance the firms. Loyal competition with the legislation implementation is very important segment of the economical development. Integration with generally accepted values in the world. Promoting of its own value in the world may also be important for the growth and development of society as a whole if they are in accordance with existing principles. Management diversity in the global working culture can contribute to the whole development in the world. In order to diminish vulnerabilities, each country should at least hardly try to make itself stronger in each sense, rebalance growth toward domestic sources what will support global growth as well. Further diversification and structural transformation remains a key priority. How inequality affects both the macroeconomic and the design of macroeconomic policy it will likely be increasingly important. Social justice has the prime importance in zenit.

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