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**18th RSEP International Economics, Finance & Business Conference**

## **Conference Proceedings**

***ABSTRACTS***

Editor  
Dr. Patrycja Chodnicka-Jaworska

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**CONFERENCE PROCEEDINGS/ABSTRACTS** ISBN: 978-605-06961-4-1/September 2020

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Patrycja Chodnicka - Jaworska

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Workplaces, Meanings and Fulfillments Between Home,  
Public and Cyberspaces, in Macroeconomic, Sociopolitical  
and Philosophical Analysis”**

*“Special thanks to conference chair and keynote speaker”*

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## **EBC Unconventional Monetary Policies, Volatile Banking Flows and Turbulences on Emerging Markets Economies**

**Salima Ouerk**

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### **Abstract**

In this paper, we propose to examine the possible role of an important (key) financial center, the euro area, as a driver of the global financial cycle using GVAR models. We investigate empirically the potential effects of ECB unconventional monetary policy (UMP) on financial and macroeconomic conditions of emerging markets and we document the channels through which the potential spillovers operate, focused on cross-border banking flows. We find that ECB UMP influence the decision of EA banking system, which lead to an increase of banking outflows . In turn, the rise of inflows into EMEs results in a significant response of financial variables which proves that ECB's UMP drives the financial conditions of EMEs. While these results represent general trends, we also find evidence for cross-regions heterogeneity. Moreover, our findings suggest that monetary authority of EMEs reacts to UMP independently from their exchange rate regime.

**Keywords:** UMP, shadow short rate, international Banking flows, global financial cycle, Global Var

## **The Effects of Unemployment on Health in Sub Saharan Africa**

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### **Abstract**

This research work is an empirical analysis of the relationship between unemployment and health in Sub Saharan Africa (SSA). In examining the impact of unemployment on health we firstly made a test of interdependence of our conceptual framework. Secondly we used the modified Generalized Methods of Moment (GMM) by Arellano and Bond (1991) from the econometric perspective to study the link between unemployment and health. We then resolved the problem of endogeneity using a dynamic panel data relative to the study period 2006-2017. After carrying out a series of tests: test of cross-sectional dependence, stationarity tests, co-integration tests, test of endogeneity and identification of the model, the results revealed that, the co-integration analysis support a robust long run relationship between our variables. Consequently, a 1% rise in unemployment rate at lag 1 leads to a 0.148% rise in female, 0.134% rise in male and 0.138% rise in total mortality rates, and at levels it leads to a 1.166% rise in total mortality rate in middle income countries. However, in low income countries a 1% rise in unemployment rate leads to a 0.166% fall in total mortality rate. In terms of recommendations, to maintain a low level of unemployment rate, actions to undertake have to be based on the better functioning of the labour market, a better flexibility of markets, a health insurance cover and limiting incitements which depress economic activities.

**Keywords:** Unemployment rate, mortality rates, middle and low income countries and GMM.

## Multilevel Analysis of Economic Return on Education: The Case of Turkey

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### Abstract

This study investigates the relationship between household heads' education level and their annual net income from main jobs. Based on the insight that economic structure of the region that households reside in is decisive in households' socioeconomic status, we identify economic structures of the NUTS-1 (nomenclature of territorial units for statistics) regions of Turkey by kind of dominant sectors in income generation, and classify them in five distinct economic regions. We utilize the Survey on Income and Living Conditions (SILC) dataset, provided by Turkish Statistical Institute, for our analysis. Due to 25 percent annual rotation in sampling design of the SILC, we use the latest available cross sectional micro-level dataset for the years 2009, 2013, and 2017. For the analysis, we employ multilevel modeling method on account of the hierarchical structure of the data in which households are nested in different economic regions. This method enables us to take region-specific unobservable effects into consideration and provides an effective way of examining the effects that vary by economic regions. The most striking result of the study is that up to 5 percent of the variation in the natural logarithm of annual net income can be explained by differences in economic regions. Furthermore, there is a statistically significant positive relation between the levels of education and the annual net income of the household heads from their main jobs. Thus, this study contributes to the literature on returns on education by estimating mixed-effects regression models with high dimensional micro-level dataset by taking economic differences in regions into consideration.

**Keywords:** Returns on Education, Economic Regions, Multilevel Analysis

**JEL Codes:** C51, I26, R12

## **The Bulgarian Labor Market in a Period of Extraordinary Crisis from the COVID-19 Pandemic**

**Venelin Terziev**

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### **Abstract**

The article tries to address the changing social processes in the pandemic situation that has occurred in Bulgaria and around the world. Placed in a rapidly changing environment, the social system in Bulgaria reacts slowly and with difficulty to the new different situation that has emerged. Even with up-to-date mechanisms for reporting relevant changes, it is, at least at this stage, incapable of responding adequately and reasonably to the pandemic situation created by COVID 19. To some extent this is anticipated by the experts in this field, because they are well aware of the decision-making mechanism at national and European level. A process that is relatively long and not particularly flexible to meet society's expectations.

**Keywords:** Social system, labour market, COVID 19, pandemic, employers

**JEL Codes:** O10, J01, J08, P41

## **The Rationale and Ethics behind Non-Profit Organizations Being Exempt from Tax**

**Nida Turegun**

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### **Abstract**

The current research paper is prepared to explain the rationale and ethics behind the tax exemption of non-profit organizations. The main purpose of this paper is to explore the understanding of such exemption discussed in various studies. The topic is interesting and attractive to find out the reasons for tax exemption for a non-profit organization to realize its importance. The requirement is to find out the reasons from relevant literature to ensure completeness in this research paper. The overall findings in the current study have clarified that tax exemption for non-profit organizations is essential to mitigate any threat in the future. The research indicates that non-profit organization work according to the welfare policies and rules set by the government. The support of government is mandatory to promote and motivate such welfare practices. Although the revenue budget of the government may face critical issues due to this action, the practices of welfare and well-being should be continued in the same manner. The government authorities should offer further relief to such organizations that they can reduce the financial issues in the long run.

**Keywords:** Non-profit Organizations, Tax Exempt, Ethics

**Jel Codes:** M40, H2, L3

## **Crossroads of the Concepts of Circular Economy and Smart City**

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### **Abstract**

Circular economy is a concept that is recognized as having a great potential in such global issue mitigation as climate change, loss of biodiversity, resource scarcity, deforestation, air water and soil pollution, etc. With the rapid development of information and communication technologies the concept of smart city has also gained the attention in scientific, political and business environment as well as in whole society. The objective of the article is to evaluate the similarities and differences between circular economy and smart city concepts. For this purpose authors used the methodology of literature review and qualitative content analysis. Results show that there are similarities between concepts of circular economy and smart city related to management of resources, resource efficiency, consumption, industrial symbiosis, renewable energy, sustainable development goals, sharing economy, business models and innovation. However, there are also differences between concepts as circular economy emphasises value preservation, systems thinking and life cycle thinking while concept of smart city emphasises technology, increased life quality, creativity, urban areas and security.

**Keywords:** Circular Economy, Climate Change, Smart City, Technology, Urban Environment.

**JEL codes:** O18, R11, Q01, Q53

## Are ETFs Bad for Financial Health?

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### Abstract

Exchange-traded Funds (ETFs) are easy to understand, cost-efficient, and liquid investment vehicles that have become very popular for various types of investors. They are important vehicles in the current trend towards passive investment strategies that make it easy to passively track market indices such as the S&P 500. The dynamics of the index and its underlying assets are closely interlinked based on the rebalancing effect and depend among others on the different types of traders in the market, price trends in individual stocks and the overall market, as well as over- or undervaluations of individual stocks and the index. Investing in an index of assets can generate quite complex and sometimes counterintuitive investment behaviors on the level of individual assets. Seemingly stabilizing investment strategies on the level of the ETF, such as a fundamentalist approach, might actually destabilize on the level of individual stocks. Given the dramatic growth of ETFs financial regulators increasingly ponder on potential effects on market governance and financial stability.

**Keywords:** Exchange-traded Funds, ETF, index fund, financial stability, trading behavior

**JEL codes:** D01, G10, G11



## **Choose Competition or Cooperation? Exploring the Impact of Corporate Strategies on Performance in a Competitive and Cooperative Environment**

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### **Abstract**

In a fierce market competition environment, as a major player in the development of a market economy, enterprises are facing great challenges, and various types of enterprises are seeking the most suitable development model. This article selects two very important business intelligence strategies and social media strategies, and based on the resource-based theory, we propose that business intelligence strategies and social media strategies have a positive impact on business performance in a competitive and cooperative environment, respectively. Therefore, this article selects 30 well-known listed companies as a sample and uses OLS to perform regression analysis. It is concluded that the use of business intelligence strategies and social media strategies makes companies have a positive correlation to their own performance in a competitive and cooperative environment. As a conclusion, we make corresponding analysis and give future research directions and corresponding suggestions for enterprise development.

**Keywords:** Business intelligence , social media , enterprise development

## **The Research of Manager's Perception about the Importance of Quality Management Tools and Techniques at Croatian Companies**

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### **Abstract**

The aim of this paper is to show a possible link between using ISO 9001 certificate and manager perceptions about the importance of quality management tools and techniques at companies. Research question: Is there a difference in the managerial perception of the importance of quality management tools and techniques between the managers of companies that use ISO 9001 certificate or are in the process of acquiring it and those companies that are not certificated? The author of this paper has designed and conducted survey about differences of managers' perception about the importance of quality management tools and techniques in companies that use or do not use ISO 9001 certificate. Research scope was the Republic of Croatia. The sample were companies from the electro-power sector and the metal industry, and the unit testing was the manager. The survey questionnaire was sent by e-mail to the addresses of the managers from 500 companies and 202 companies returned the completed survey questionnaire. The results of this investigation confirmed the initial hypothesis that the manager's perception of the importance of quality management tools and techniques statistically significantly differs between companies that use ISO quality management certificate or are in the process of acquiring it and those companies that are not certified.

**Keywords:** Quality, tools, technique, manager, ISO 9001

**JEL Codes:** J24, D22, M11, M21

## **Machiavellianism Predisposition as Determinant of Choice Behavior: Why Individuals Switch from being Non-Manipulative to Manipulative**

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### **Abstract**

Our paper explores the relation between Mach score and risk attitude both in individual and group testing. In this regard we carried out a quasi-experiment using accounting students. The data has been statistically analyzed. Our findings are twofold: first, high Machs seems to be more risk seekers compared to those scoring low on Mach IV scale; and secondly, high Machs have a greater impact on group decisions. Overall, our findings revealed that personality traits as Machiavellian predisposition can have an impact on individual's risk attitude. We document empirically that Mach-IV scale can be useful when predict risk attitude and can be an important determinant for choice behavior.

**Keywords:** Machiavellianism, risk attitude, individual level, group level

## **Assessment of Economic Values of Goods and Services Provided by Conifer Forest Ecosystems in the Khyber Pakhtunkhwa Province of Pakistan**

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### **Abstract**

Forest goods and services represent the most significant natural asset values. In economic valuation methods, to estimate the forest ecosystem values, the focus remains primarily on market-based values, i.e. the economic values from forest calculated using market price such as the price of extracted timber. Natural conifer forest goods and services can be consumed as foods, medicinal resources, timber, and non-timber forest products directly or indirectly-by getting benefits from clean air, water, soil protection, and environmental sustainability. Similarly, forest ecosystems also contribute in the form of intangible values such as sociocultural, scientific, religious, and natural inheritance to the forthcoming generations. All these contributions of natural capital (forests) have higher values than the usual market values of timber production and raw materials. Both the market and non-market values of natural forests are of prodigious standing for human life. In this paper, the attempt is made to evaluate the economic values of forest environmental assets, goods, and services provided by the conifer forest in Northern province (Khyber Pakhtunkhwa) of Pakistan using the latest tools and techniques. The conifer forest in the study region is rich in values, it contributes US\$229.42 million (Pakistani Rupees 37853.64 million) in the form of forest goods. Forest's services contribute a total of US\$3028.18 million (PKR499650.50 million) in which marketable resources are US\$2239.33 million (PKR36949.18 million) and non-marketable resources are US\$788.85 million (PKR130160.32 million). The services further divided into two sub-groups; environmental services and socio-cultural services. The contribution of environmental services is US\$ 2355.91 million while the socio-cultural values are US\$672.28 million. In total, the conifer forests contribution to local, regional, and the global community is of US\$43033.72 million (PKR7100563.63).

**Keywords:** Conifer Forest Ecosystem; Economic Evaluation; Environmental and Sociocultural Contribution; Forest Assets; Evaluation Methods; Khyber Pakhtunkhwa; Pakistan

## **The Ownership Structure Influence on Dividend Policy: Case of Listed French Family Firms**

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### **Abstract**

The usefulness and justification of corporate dividend policies are among the most controversial topics in financial theory. Indeed, dividends are an important component of profitability and a fundamental element in the market valuation of companies. Many French companies that distribute dividends, by focusing our research on French family listed companies, we tried to study the impact of the family ownership structure on their dividend policy. This paper presents the empirical study results on a sample of French family listed companies. It aims to explain the dividend policy distribution by family shareholding structure and the presence of institutional investors and their possible influence. The theoretical framework of this study is the agency relationship. The results show that family ownership positively affects the dividends distribution; however, institutional investors have a negative influence.

**Keywords:** Corporate Governance, dividend distribution, ownership structure, shareholding family, Institutional Investors

## **Manipulation of Financial Information through Creative Accounting: Case Study at Companies listed on the Romanian Stock Exchange**

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### **Abstract**

This study investigates whether the companies listed on the Bucharest Stock Exchange are susceptible to manipulation of financial statements. The tested models M-Beneish and M Risk-Fraud Beneish were used both nationally and internationally. For this purpose, we analyzed the financial statements of 19 companies listed on the Bucharest Stock Exchange, in the period 2017-2018, by statistically processing the data taken from the public financial statements. For each model we identified two, three, and four indicators, with a significant influence on the models in each field of activity selected for this study. In order to identify the degree of harmonization of the results obtained within the calculated scores, with the report issued by the external auditor, the type of opinion issued was also taken into account. The results emphasize that the opinions issued do not correlate with the calculated scores. The study's findings indicate the general tendency of selected companies to manipulate financial statements. Through the M-Beneish model, 58% of the analyzed companies resort to the manipulation of financial statements, as well as through the Robu model, 79% of the companies resort to manipulation techniques.

**Keywords:** Creative Accounting, Beneish Model, Earnings Management, Financial Fraud

## **Economic and Financial Crime in Romania in the Context of European Countries**

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### **Abstract**

In this paper we propose to make a theoretical and practical analysis of the phenomenon of economic and financial crime in European countries. In particular, we turn our attention to the impact of this phenomenon in Romania. In order to realize this analysis on Europe, we used data on economic and financial crime for 45 European countries, the analysis period we referred to being 2005-2020. The results of the study concluded that the highest level of economic and financial crime is found in Southern Europe, as well as in Central and Eastern Europe. The lowest level of this phenomenon is presented by the countries of Northern Europe.

**Keywords:** Economic and financial crime, corruption, fraud, money laundering, tax evasion.

## **The Macroeconomic Effects of Uncertainty Shocks: SVECM Approach**

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### **Abstract**

This paper investigates the impact of uncertainty shocks on macroeconomic dynamics. We consider three different measures or sources of uncertainty. Used as a benchmark, the first measure is the well-known Chicago Board Options Exchange Volatility Index (VIX). The second source is the macro-uncertainty index (MU) estimated by Jurado et al. (2015), while the third proxy is the economic policy uncertainty index (EPU) defined by Baker et al. (2016). Using a SVEC model, we find that financial uncertainty shocks are responsible for a significant and persistent drop in the economic situation of the main agents of the economy: households, firms and the financial sector. Each of these agents is attached to a specific uncertainty shock transmission channel. These are respectively: precautionary saving, realoptions, and risk premium. Further results show how the delinquency rate on commercial and industrial loans and partial-time employment, are the variables suffering the most from slow recovery. More importantly, we show that VIX is the only uncertainty proxy that significantly impacts the three uncertainty transmission channels.

**Keywords:** Uncertainty shocks, economic fluctuations, SVEC models



## **Jointly Estimating Risk Aversion and Intertemporal Elasticity of Substitution for E-Z Preferences Using Micro-Data**

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### **Abstract**

The 2007-2008 Financial Crisis raised questions about the magnitude and direction of the channels through which uncertainty shocks affect the real economy. It is common in DSGE models studying time-varying uncertainty, the equity, or the term premium to rely heavily on strong precautionary motives among households to match the macroeconomic data. A common approach to this end is to use Epstein-Zin (E-Z) preferences which breaks the link between households' preferences across state and time and to use large values of risk aversion (RRA) to heighten the precautionary saving motive of households. While large RRA allows one to match the stylized facts in aggregate data, there is lack of conclusive evidence on the strength and the direction of precautionary saving motive at household level. Furthermore, there is no consensus on independently estimated values of RRA or intertemporal elasticity of substitution (IES) let alone joint estimates of the two parameters. This paper jointly estimates the RRA and IES parameters for E-Z preference's using Indirect Inference, a simulation-based technique. In the first step, the study empirically investigating the precautionary saving and intertemporal substitution channel using microlevel, self-reported data of U.S households from Survey of Consumer Expectations. Using cross-sectional variation in households' idiosyncratic expectations about wage growth, spending growth and inflation, reduced form estimates are obtained using a region-time fixed effect regression of planned spending growth on wage growth uncertainty and expected inflation. The study then uses indirect inference to minimize a weighted distance between microdata-based reduced form estimates and simulation-based estimates to jointly estimate two key structural parameters- RRA and IES for E-Z preferences. The estimated RRA is 0.14 and IES is 1.3. The IES estimate is in the typical range reported in the literature however the RRA estimates suggest weak precautionary motive among households. The estimates have following implications: i.) it cast doubt on precautionary saving channel as a propagation and amplification mechanism for aggregate uncertainty shocks in DSGE models ii.) using CRRA preferences to model household preferences may be restrictive as RRA and IES are not the inverse of each other. Overall, the joint estimates of RRA and IES provide microdata consistent estimates for calibrating DSGE models.

**Keywords:** Subjective beliefs; Wage uncertainty; Household spending

**JEL Codes:** E21, D14, D9

## **The Impact of Professional Investors on the Success of Startup Financing via Initial Coin Offerings (ICOs)**

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### **Abstract**

This literature review is concerned with organizing and analyzing research on one specific subset of investors in Initial Coin Offerings (ICOs)—namely professional investors—emphasizing studies on the impact of their participation on the success of startup financing via ICOs. Research on ICOs is an emerging area of study in entrepreneurial finance with parallels to well-known forms of financing, including venture capital. This review proposes a framework for segmenting various effects produced by professional investors in ICOs. Most empirical studies suggest professional investors have a positive impact on the ICO process, including mitigating information asymmetries and improving post-ICO financial performance. However, a handful of studies point to a potential conflict of interest as a result of professional investors benefiting from ICO presale discounts that are typically not available to retail investors. This paper contributes to the nascent entrepreneurial finance subdiscipline of ICO financing by attempting to standardize selected ICO terms and to organize in a coherent framework a growing body of empirical studies on the impact of professional investors on startup financing via ICOs.

**Keywords:** Blockchain, Initial Coin Offering (ICO), Professional Investors, Startup Financing, Venture Capital (VC).

**JEL Codes:** G24, M13, O16.

## **Working from Home During the COVID-19 Outbreak: A Study on Employee Experiences**

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### **Abstract**

New working models emerging throughout the World have been experienced during Covid-19 disease outbreaks in Turkey. Although some examples have been implemented in the past years, flexible working model - remote working, telecommuting or working from home- was applied for the first time at private and public organizations concurrently in Turkey. This research aims to determine the experiences and opinions of the measures taken and applied to those who have worked from home during Covid-19 disease outbreak in Turkey. The interview method, one of descriptive analysis and qualitative research methods, was adopted to employees at expert and managerial positions levels working in private and public banks in Turkey. The views of the participants about the flexible working system were obtained with their answers to the interview questions prepared in June 2020. With the analysis and findings obtained, it was concluded that the home-working model was adopted by all participants.

**Keywords:** Banking and Insurance, Education, COVID-19, Flexible working, Working from Home, Telecommuting and Interview Method.

**JEL Codes:** M10

## Science as a Tool for Social Development

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### Abstract

Defining social efficiency and social technology is the core element of assessment methods and models, taking into account a wide range of objective and subjective factors. The assessment methods of social programmes (projects) efficiency are related to the social system's orientation towards social protection and social services of the population and the use of the process approach and the transition to programme-target methods, outlining the main issues and mechanisms for social services and tasks for assessment, determining the basic requirements for efficiency assessment of social programming and the various stages. Considering all these matters, the research offers social programming efficiency assessment model based on "organizational efficiency" approach that covers a number of certain elements: system for resources acquisition, choice of goals, assessment of the impact on the external environment, choice of strategy, following the "what if" principle and the priorities of social activity, arising from the dynamic changes in social environment. Special emphasis is put on the differentiated effect on higher education institutions, depending on the field in which universities carry out teaching and research activities, as well as on the peculiarities of the university business model in the changing environment for development of the higher education institutions.

**Keywords:** Social economy, social development, higher education, science, WoS

**JEL Codes:** O00, O20, I20, I21, P41