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Editors

M. Veysel Kaya

Patrycja Chodnicka - Jaworska

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*“Special thanks to keynote speaker”*

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## **Technology as a Nudge to Change Consumer's Irrational Behaviour for Achieving Sustainability: A Case Study of Domestic Appliances**

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### **Abstract**

Sustainability refers to careful and moderate consumption of available natural resources so a human being can safely live on earth for a longer period. According to Nobel Laureate Robert Solow, the three main pillars of sustainability are: social, economic, and environmental. The social and economic activities are constrained by environmental limits, i.e., it is not possible to have unbounded social and economic activities without causing damage to the environment. Energy conservation is at the heart of sustainability which refers to reducing energy waste and using energy efficiently. Governments across the globe have implemented regulations to promote energy conservation such as adopting high standards in construction, so modern homes are energy efficient, special grants to insulate homes, enforcing energy rating displays on the pack- ageing of electrical appliances and many more. For example, in the UK, from March 2021, all manufacturers and dealers are forced to display the energy rating of electrical house appliances on a scale of A to G, with A being the most energy efficient and G, being the opposite. Government regulations to promote energy conservation are a good starting point, but how effective are these regulations? The works of Nobel Laureates Herbert Simon, Daniel Kahneman and Richard Thaler demonstrated that humans are extremely poor in processing information and rely on irrational behaviour for judgement and decision making. In the case of domestic electrical appliances, the consumers lack energy consumption patterns of each appliance in their house and hence cannot expect rational behavior towards energy conservation. In this paper, we propose a series of nudges, that if implemented on all domestic electrical appliances, could encourage people to change their irrational behavior to rational when it comes to energy conservation and move a step closer to sustainability. The paper also talks about the role of government in mobilising manufacturing & utility companies and consumers towards sustainability goals.

**Keywords:** Sustainability, Energy, Conservation, Domestic, Appliances

**Jelcodes:** Q56, O13

## Brown Fields Investments in the Tourist Infrastructure of Camp Sites in Croatia

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### Abstract

The success of investments in the tourist infrastructure is primarily linked to two types of returns: the return gained by the owner created by the profit from operations conducted in the period of ownership of tourist assets, and the return gained by the sale of assets as the net difference between the sale price and purchase price reduced by all connected costs of the sale and purchase transaction. Furthermore, when analysing the investment, it is necessary to separate the decision of investing in tourist assets from the decision about the way the tourist enterprise is going to be financed, and what level of participation in the assets management the investor wants to have. In line with the aforesaid, each investor needs to be aware of those two dimensions and has to know how to manage them. Moreover, when investing in tourist assets investors need to be aware that at some point they are going to sell those assets or they will have to reinvest. This fact is very important for a quality investment analysis and adequate investment management. Croatian tourist camp sites have 173 accommodation facilities with 217,218 beds or about 21% of the Croatian accommodation offer. The average Croatian camp site has the capacity to accommodate 1,255 persons, whereas camp sites larger than 1,000 beds comprise 80% of the total capacity. Most camp sites are still not repositioned toward higher payment power visitors, and only 40% of the camps are categorised as four-star camp sites, while only one is a five-star camp site. Due to unsolved ownership issues – the problem of property-legal relationships linked to tourist land, brownfield investments in raising the camp sites' quality in Croatia came across numerous challenges in the implementation of the investment, and it is still unclear how high the return on brownfield investments in camp sites' tourist infrastructure is. In contemporary literature about the analysis of investments and evaluation of the tourist assets value, this question is still neglected. The defined problem and research subject lead to the hypothesis which will be tested by the present research: *H1: Brownfield projects (investments) in camp sites indicate a satisfactory economic profitability.*

**Keywords:** brownfield investments, tourist infrastructure, camp sites, investment profitability.

**Jel Codes:** Z32, C3, C5

## Government COVID-19 Aid and its Impact on Companies' Performance

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### Abstract

This paper aims to identify the relationship between government aid used to reduce the economic impact of the COVID-19 pandemic and business performance. In order to perform the analysis, a random sample of 1 149 enterprises was selected – all selected companies received financial or economic support from the government program called “First Aid”. These companies were analyzed by five regression models, which analyzed the relationship between the dependent variable (the performance of a company) and the level of government aid, age of the company, the level of debt and the company size. Based on the developed models, it can be assumed that there is a positive relationship between the provided government aid and a company's financial performance. It was also identified that during the selected period of the COVID-19 pandemic, the relationship between other company attributes (size, age, or level of debt) and performance decreased. This paper's findings indicate that companies that received financial aid from the government also achieved better financial results. Based on this, it is important that in the event of a crisis, when the economic activity of companies is restricted, the governments immediately contribute to financial compensation, which will help them survive the crisis period.

**Keywords:** COVID-19 pandemic, government aid, financial support, financial health, company performance

**Jel Codes:** G01, H81, L25

## The Willingness of Silver Economy Consumers to Use Shared Transport Services

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### Abstract

As an expanding concept based on modern technologies, shared transport provides great scope for researching consumer behaviour. Currently, shared transport is used primarily by younger people. However, an increasing number of older adults in Europe requires investigation of this consumer group, even in the case of modern services such as ridesharing. Therefore, this article aims to reveal the willingness of silver economy consumers (people over 50 years) to use ridesharing services and identify important factors that should be considered in promoting such services in this customer segment. The research is based on data from the survey focused on the use of shared transport services by older adults in Slovakia. In addition to descriptive statistics, ordinal logistic regression was used to identify significant factors influencing ridesharing interest. Results show that older adults are not firmly decided whether or not they are interested in using ridesharing, which creates space to address and convince them. The model's results confirmed that although the silver economy consumers consider cost-saving and time-saving as important, these factors are not key to the willingness to use ridesharing. These services interest older people who expect to simplify travel and meet new people.

**Keywords:** ridesharing, silver economy, preferences, sharing economy

**Jel Codes:** M30, O18, R40

## Economic and Financial Crime in the Forestry Industry – Developed vs. Developing Countries

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### Abstract

Wood is one of the most important natural resources, used in construction and fencing, art (artworks and musical instruments), household uses (utensils and hand tools), wooden toys, furniture, shipbuilding, fuel, and stationary. Therefore, deforestation is an indispensable process to our society. However, deforestation does not have to mean smaller forestland, as it should be accompanied by afforestation. But this does not happen, partially due to illegal deforestation, that raises the deforestation level much higher than the sustainable one, and partially due to laws that permit legal deforestation to be above the durable limit, obviously for economic and political reasons. The aim of this paper is to study the differences in the influence that economic and financial crimes (corruption, shadow economy, and money laundering) have on the rate of deforestation in developing versus developed countries. Recent data (from 2012 to 2020) is used for 185 countries from all over the world, in order to obtain updated and relevant results. The practical use of the findings is given by their relevance in finding efficient, adapted, and effective solutions for unsustainable deforestation (legal or not), for pollution, and for a cleaner air and environment, and for a better understanding of this phenomenon, by addressing it differently according to the level of development of a country. Also, this research is an attempt to raise awareness upon illegal deforestation and corruption. The regressions applied to the database show that both developed and developing countries present a direct connection between economic and financial crime and the level of deforestation, but in developed countries the influence of economic and financial crime on deforestation is lower. Therefore, the focus in reducing the deforestation by reducing the economic and financial crimes rate should be on developing countries, where the levels of corruption, shadow economy, and money-laundering are higher, and so is the deforestation rate.

**Keywords:** economic and financial crime, corruption, shadow economy, money laundering, developed countries, developing countries, GDP, deforestation, forest industry.

**Jel codes:** D73, Q01, Q23

## **Abandoning Reduced VAT Rates on Food to Increase the Amount and Coverage of Child Benefit: Simulation of Distributive Effects in Croatia**

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### **Abstract**

Indirect taxes are used by many countries around the world as an instrument, together with direct social transfers, for supporting the incomes of the needy. This often takes the form of reduced rates of the value-added tax (VAT) on certain products such as food. In principle, since not only the needy benefit from the reduced rates, but also the rest of the population, reduced rates are supposed to be less effective for distributive objectives than direct cash transfers. In this paper, we ask whether reduced value-added tax (VAT) rates or larger amount or coverage of child benefit is more effective as a means to achieve better distributive objectives. In the context of Croatia, we simulate the distributive impact of reforms that include abandoning of reduced VAT rates on food and increasing the amount or coverage of child benefit. Using a detailed tax-benefit microsimulation model and the survey data from the EU-SILC and the Household Budget Survey, we find, in line with studies for other countries, that reduced VAT is indeed a less effective instrument than child benefit, a better targeted instrument.

**Keywords:** reduced VAT rates, child benefit, tax-benefit microsimulation, distributive effects

**JEL Codes:** H23, H24, H31, H53



## Comparison of Input-Output Multipliers of Croatian Productive Sectors

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### Abstract

Recent and relevant research indicates that national economies oriented towards the high-tech production and exports achieved faster economic growth and development compared to the economies in which growth is based on traditional industry and on domestic demand. The relations between the productive sectors of the national economy and the level of domestic producer's involvement in international value added chains are the main success indicators in the speed of economic convergence. With the aim of better understanding the economic position of a particular productive sector in Croatian economy, and its competitiveness, a comparison of input-output multipliers of productive sectors was performed. The comparison of type I and type II gross value added and employment multipliers of Croatian productive sectors was based on input-output tables for Croatian economy for the year 2010 and 2018. Although gross value added and employment multipliers in 2018 recorded higher values than gross value added and employment multipliers in 2010, the groups of sectors with the highest and lowest multipliers in both years are almost equal.

**Keywords:** input-output model, multipliers, productive sectors

**JEL Codes:** C13, C67

## Progressive Tax Policies for Companies in Ecuador: Evidence in Survival and Collection

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### Abstract

The objective of this research is to define progressive tax policies for companies in Ecuador. For it, the survival of companies is measured based on measuring the incidence of collection. To analyze the theoretical perspectives with the empirical results, two models were made that cover the determinants of the income tax caused [I] and the determinants of the risk of bankruptcy of the companies (Z Altman) [II] based on balanced panel data, this implies that for each individual unit observed there is complete data throughout the study period. In Model [I] it is found that a higher level of income and assets translates into a higher income tax caused, and in Model [II] it is found that, in contrast to the neoclassical theory, a higher tax on the income caused does not imply a worse performance in the risk of bankruptcy, given that its coefficient is positive. The age of the companies has a quadratic behavior, this due to the sign of the squared age coefficient, that is, the companies have a lower risk of bankruptcy as they gain experience, but this does not tend to infinity, but at a point experience is not enough to stay in the market. For the Ecuadorian case, it is recommended to carry out a progressive tax reform.

**Keywords:** progressive fiscal policies, Survival of companies, Incidence in collection, Income tax caused, Risk of bankruptcy of companies

**JEL Codes:** H3, H32

## Creating Territorial Value: Towards New Sustainable Business Models

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### Abstract

To move forward a sustainable and equitability territorial development; the need to find new innovative sustainable business models is essential to achieve value creation in a world with limited resources. Given their great technological, social and organizational diversity, these new business models have a common hybrid of entrepreneurial and territorial projects that contribute to an integral evolution of wealth creation through an innovative and sustainable process. This paper aims to show how Moroccan companies can capture this strategic potential of sustainable development by integrating social and environmental issues through adopting a new sustainable business model to create territorial value. From reading a record of new sustainable Business Models, the work is interested in deciphering the processes and analyzing the potential results of what we call territorial value creation in Morocco. We show, from some case studies, the processes and forms as well as the obstacles to the implementation of these new sustainable Business Models on a larger scale. The results of this research allow for refining the understanding of the process of territorial value creation through the adoption of new sustainable Business Models associated with it.

**Keywords:** business model, territorial value, sustainable business model, territorial sustainability, territory.

**JEL Codes:** L2, M2

## Sustainable Economic Growth and Green Economy in Türkiye

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### Abstract

Today, one of the basic economic policies of every country is to achieve sustainable economic growth targets. In the process of achieving such economic goals, countries can cause serious damage to nature, and such damages can cause environmental and air pollution, especially global warming, deterioration of the balance of nature, and various ecological problems. However, in the process of achieving such economic goals, it is possible to say that these countries successfully carry out their green economy policies if they reach these goals without harming the environment and with environmental protection policies. In this direction, this study aims to examine how green economy-friendly Türkiye has performed in its efforts to achieve sustainable economic growth policies after 1990. While conducting this study, comparisons were made within the framework of time series graphics using Türkiye's economic growth and carbon dioxide emissions, renewable energy consumption, ecological footprint, and forestry variables.

**Keywords:** economic growth, sustainability, Türkiye, green economy

**Jel Codes:** O40, O44, S53, Q57

## Price Transmission Analysis of Dairy Supply Chains: The Case of Germany

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### Abstract

The German dairy market is one of the most important channels of food supply for consumers, enriching the daily table with food on a much wider scale than the German market itself. By analysing the price relationships between raw milk and different types of cheese – Gouda, Edam, and Emmental – especially through vertical transmission influences, the purpose of this paper is to study the prices efficacy relation. We used monthly prices for dairy products data from January 1990 to August 2019 along with various time series models (the vector autoregressive, the Engle-Granger error correction, and the asymmetric error correction with threshold cointegration). We also conducted extensive unit root, cointegration with regime shifts, and non-linearity in Engle-Granger ECM residuals testing in order to select the best modelling strategy. This paper reports the pricing relationship between milk and cheese levels within the German dairy market and tests for Granger causality. Using an asymmetric price transmission model for Gouda as the dependent variable regression, the study demonstrates that raw milk prices exert a causal impact on Gouda prices over two long-term successive periods. Using the Gregory-Hansen cointegration test among possible breakpoints, the breakpoint date established was towards the end of 2009. Furthermore, due to the stationarity of time series in the integral observation period, VAR modelling reveals that the Granger causality impact of prices on the other two kinds of cheese is mainly bi-directional.

**Keywords:** dairy market, Germany, prices; vertical transmission, time series modelling

**JEL Codes:** E30, Q11, Q17, Q18

## Investment Attraction Strategies for Indian Real Estate Management Firms

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### Abstract

The aim of this research is to assess the most crucial parts of investment attraction tactics in building projects for India's property management firms. Throughout the whole life cycle, these firms are active in the building process and connect with stakeholders. Therefore, the aim of this research is to examine the most significant elements influencing the selection of investment attraction strategies by Indian real estate management businesses. This study employs the following methodology: Method for analysing secondary data: case studies and a literature review. Quantitative method: organised observation with surveys of real estate company representatives with closed-ended questions. Surveying the representatives of the real estate businesses yields the basic data. The SPSS was used to examine the data. Results indicate that local indicators influence the decision to invest in real estate, that real estate management companies play a single or significant role in the investment strategies of investors.

**Keywords:** investment attraction strategies, Indian real estate market, real estate management

**JEL Codes:** R58, R42, L10

## **A Panel Data Analysis on Testing Purchasing Power Parity in EU, OECD and G7 Countries**

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### **Abstract**

Purchasing power parity (PPP) is a change rate that equalizes prices between countries. The concept of purchasing power parity eliminates price differences between countries and is used in international price and volume comparisons. The real exchange rate concept is used in determining the purchasing power parity theory. This theory assumes that the real exchange rate is constant in the long term. For this reason, aimed to test purchasing power parity (PPP) in EU, G7, and OECD countries. In this study, the testing of purchasing power parity (PPP) was investigated in 24 EU countries for the 1997-2021 period, G7 countries for the 1980-2021 period, and 33 OECD countries for the 1993-2021 period using annual real effective exchange rate data. Purchasing power parity was tested as panel data analysis methods with first-generation unit root tests and second-generation unit root tests taking into account cross-section dependency. Findings from the study show that purchasing power parity (PPP) is valid for EU, G7, and OECD countries.

**Keywords:** unit root tests, real exchange rate, panel data, purchasing power parity

**JEL Codes:** F41, F00, C23

## The Influence of Behavioural Effects on the Slovak Online Customer by Gender

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### Abstract

Currently, more and more individuals and households, i.e. customers, are starting to shop via the Internet, which has thus become an essential means of influencing the purchasing behaviour of these customers. Behavioural economics, also based on knowledge from psychology and neuroscience, brings with it a view of how to better understand the purchase decision-making processes of consumers and the differences in behaviour between individual genders. Current research shows that most human decisions are only 10% based on rational judgment. Other components of this process are influenced by various factors, such as mood, gender, stress, age etc. The contribution is a partial output of the project "Implications of behavioural economics for the efficiency of the functioning of contemporary economies". Based on the available data on the consumer and his purchasing behaviour, the authors bring a new perspective on how to better understand online customers' behaviour in the Slovak Republic, with an emphasis on gender.

**Keywords:** behaviour of online customers, price anchoring, gender, households

**JEL Codes:** H31, L20, M11, Z19



## State of the Competitive Environment of the Life Insurance Market in Bulgaria for the Period 2012 – 2021

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### Abstract

Insurance companies in Bulgaria carry out their activities in the conditions of a market economy. Because of this, insurers are constantly striving to gain advantages over their competitors. As a result of the competitive struggle among companies on the insurance market, the appropriate range of products is offered at the best possible terms and prices for consumers, the quality and effectiveness of insurance protection increases. The study determines the strength of competition in the life insurance market in Bulgaria for the period 2012 –2021. The generally accepted measures of the degree of market concentration are used – the Concentration Ratio and the Herfindahl-Hirschman Index. The strength of competition is represented for the whole life insurance market and for individual types of life insurance. The results of the research show that only in traditional life insurance products, insurance companies operate in a relatively competitive environment with moderate market concentration. These insurances are endowment insurance, term insurance and accident insurance. At the same time, there is great consumer interest in the first two of them – endowment insurance and term insurance. They are offered by almost all life insurers and form a significant proportion of their gross written premium income. The market of less popular insurances such as sickness insurance, unit linked life insurance, marriage and birth insurance, supplementary insurance, pension insurance (annuities), etc., is weakly competitive and characterised by an oligopolistic structure. There is even a monopoly in the offering of some of these insurances. There is a concentration of a significant share of sales in a small number of insurance companies. Market concentration is high. The leaders have a strong influence on the market, and the opportunities for other insurers to realize competitive advantages are limited.

**Keywords:** life insurance market, market concentration, competition strength, Concentration Ratio, Herfindahl-Hirschman Index

**JEL Codes:** D40, D43, G22, G52

## State of the Competitive Environment of the Social Insurance Market in Bulgaria for the Period 2012-2021

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### Abstract

In harmony with the ongoing socio-economic transformation, the social insurance market, which has been functioning for more than 20 years, resulting in the liberalisation of social insurance in Bulgaria, has reached a high level of development. This suggests that it will become a serious field for scientific research, given its place in the modern Bulgarian economic space and the increased public interest. As an economic category, the social insurance market has its own specifics and features that predetermine the relations between the two parties: those seeking and, respectively, those offering a portfolio of products and services under the relevant social insurance schemes, in a state of dynamic competitive environment conditioned by the new economic, social and demographic realities. The analysis of the state of the competitive environment of the social insurance market in Bulgaria is the subject of the current scientific development. For this purpose, an assessment of the concentration of the social insurance market in Bulgaria has been prepared, based on the official data published by the Financial Supervision Commission for the period 2012 – 2021 and the methodology for conducting research and determining the market position of enterprises in the respective market (adopted by Decision No. 393 of 21 April 2009 of the Commission for Protection of Competition). This methodology envisages that the market position of the participants in the social insurance market should be characterised by their market shares in terms of the number of insured persons and the amount of assets, and the assessment of the level of concentration should be carried out on the basis of two indicators – the Herfindahl-Hirschman Index (HHI) and relative share of the largest participants in the market (CR – Concentration Ratio). The main conclusion, based on the analysis of the values obtained as a result of the application of these indicators, is that as of 2021, the social insurance market in Bulgaria can be classified in the categories "relatively competitive market with a moderate level of concentration" (HHI) and "relatively competitive market with an average level of concentration" (CR).

**Keywords:** social insurance market, competitive environment, concentration of the social insurance market, market situation, insured persons, market shares, Herfindahl-Hirschman Index, Concentration Ratio

**JEL Codes:** C10, D43, G23

## Economic and Political Effects of Rare Earth Elements in the New World Order

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### Abstract

Rare earth elements play an important role in the formation of high value-added and advanced technologies that facilitate access to a wide range of products and services. These elements have become the focus of attention of all countries with the increasing demand for technological products. Rare earth elements; It has an increasing strategic importance in many key sectors, including the defense industry, space industries, health supplies, automotive industry, energy production and high-tech new generation products. Very few places in the world have enough reserves to be worth opening a mine. Therefore, the need for rare earth elements in the supply of these technologies has made countries that do not have these elements dependent on others. In particular, the fact that the majority of the global supply is in China causes the country to use rare earth elements as a sanction tool. Rare earth elements are critical raw materials with a high supply risk in the international market. This makes the studies on the subject even more important. In this study, the need for rare earth elements with the developing technology and their effects on countries using high technology will be debated. On the other hand, in the study, the economic and political effects of rare earth elements and the current global actors besides rare earth element occurrences in Türkiye are mentioned. In particular, the study the effects of the world's second largest rare earth elements reserve, discovered in the Beylikova Mine Site of Eti Mine Works in Eskişehir, on the country and the global balance will be discussed.

**Keywords:** Rare Earth Elements (REE), REE Formations in Türkiye, economic and political importance of REEs, global actors.

**JEL Codes:** P45, P48, S31, L72

## Pragmatics Considerations on Liquidation Procedures for Banks: The Case of Albania

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### Abstract

The commercial activity of the banking industry in the Republic of Albania is governed by a plethora of basic and secondary laws that have imposed a banking system-specific framework. On top of the system is the Bank of Albania, which, in addition to its exclusive banking activity as the Bank of Albanian state, serves as the supervisory and regulatory body for banks, their branches, and international banks operating in Albania. Since, throughout the period 1992-2021, the regulatory framework for banks was subject to extensive revisions based on a heightened sensitivity to good governance, as well as the application of all the tools of the standardized good governance processes in practice. Considering that the Republic of Albania is a candidate country and has been granted the opportunity to enter into the negotiation process with the European Union, a process that will be followed from the screening and evaluation of the internal legal framework, the critical scientific opinion from various sectors and industries will be in high demand in order to contribute to the process of harmonization and adaptation to EU standards. In light of this, the current involuntary liquidation procedures in the Albanian banking industry will be discussed in this paper from a theoretical perspective. The scientific emphasis will be on comparing the Albanian situation with the most effective EU initiatives. The scientific conclusions of this study, as there is a dearth of scientific opinion and literature in this sector, shall be considered by the Albanian central authorities in order to assist the process of harmonization with *aquis communiter*.

**Keywords:** central bank, liquidation procedures, Basel I, Basel II, Basel III

**JEL Codes:** G33, G34, E50

## Charitable Giving and Philanthropic Environment Across the Countries

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### Abstract

Charitable institutions that play an active role in the development of countries are becoming a sector whose importance is increasing day by day as a result of extraordinary events such as natural disasters, global crises, and epidemics. Although it has emerged that several factors are effective in the development process, the reflections of institutional structures on social behaviors are not clearly understood. Therefore, the related study aimed to conduct due diligence on donation behavior in countries with sound charitable environments based on the Global Philanthropy Environment Index. The results of the examination revealed a positive relationship between the average score of a charitable environment and monetary donations. In particular, it has been revealed that the economic environment and cross-border flows are the determining items in donating money to an institution. However, helping others, which is accepted as one of the informal donation types, is inversely related to the improvement of the global environment. This result led to the expectation that developments in social capital exclude informal donations. Finally, no relationship was observed between the creation of conducive environments for charitable actions and time donations.

**Keywords:** philanthropy environments, charitable giving, third sector

**JEL Codes:** D6, L31, D9, Y1

## **The U.S.-Romania Strategic Partnership - Evolutions and Perceptions of the Moment**

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### **Abstract**

Through this paper we want to highlight the main developments and characteristics of the strategic partnership between Romania and the United States of America. The analysis is based on the study of strategic documents in the field and the realization of syntheses on the elementary points that surprise this type of partnership. Fitting into a theoretical profile of this type of partnership was a first step. A series of historical facts are presented that characterize the partnership between Romania and the United States of America, followed by a classification in figures and statistical data of the partnership, and the analysis ends with the presentation of a scenario of evolution of this partnership, especially in the context of the existing regional security crisis, as a result of regional security instability. The conclusion of the scenario aims at orienting the partnership towards an alliance treaty for the consolidation of common values between the two states. The method of data collection is represented by documentation, based on a historical/longitudinal method and descriptive method of analysis.

**Keywords:** partnership, development, Romania, USA, international politics.

**JEL Codes:** F50

## The Regulation of Administrators' Remuneration: An Overview of Albanian Legislation

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### Abstract

The analysis of the legal representatives' remuneration system in joint stock companies constitutes one of the main elements of discussion on the internal governance of these commercial companies. Since the beginning of the global financial crisis in 2008, the determination of the remuneration of Board of Directors members and especially of the administrator turned into a matter of heated debate, starting with the astronomical remuneration of the CEOs and the lack of a fair relationship between these remunerations and the financial situation of the commercial company. Remuneration is the product of several influencing factors such as the level of concentration of ownership, the governance model of the commercial company, political culture and the cultural level of the societies of different countries in the perception of the remuneration concept. An appropriate remuneration system is an important mechanism for the good administration of any commercial company. The legal regulation of the administrator's remuneration in Albania dates back to the beginnings of the market economy, about 30 years ago. Being, relatively, a new concept, there is a lack of doctrinal treatments and debates at the academic level regarding the remuneration of administrators in Albanian commercial companies. Also, there is no information on trends and factors that have influenced the level of remuneration of administrators in these commercial companies. In the present research paper, through a legal assessment, special attention has been paid to the rules for the administrators' compensation in the Albanian commercial legislation, aiming to analyze the legal provisions, which regulate it in this regard.

**Keywords:** remuneration, administrator, joint stock company, Albania

**JEL Codes:** K22, L26, 052

## Investigation into Demand-side Determinants of Financial Inclusion

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### Abstract

Most of the existing research study financial inclusion from a supply-side perspective, focusing on physical proximity and outreach. A proper implementation of financial inclusion is first done by the government, but it must also be implemented by its citizens. To comprehend the level of financial exclusion present among population groups it is important to shed light on the demand side perspective and probe the user perception. Demand-side determinants include financial literacy, institutional trust as well as socio-economic variables. This paper sheds light on the impact of these variables on the level to which an individual is financially included. Not only do they play a role in the level of financial inclusion, but they also allow shaping demand side barriers and intensify individuals' preference to remain financially excluded or not sufficiently utilizing financial offerings in form of a wide array of financial services and products. What prevails is that there is no one agreement on demand-side determinants and concepts that shape demand-side barriers for financial inclusion. While there is an agreement among several empirical studies on the importance of demand side determinants and their effect on financial inclusion, yet they show disagreements in the magnitude, direction and nature of the relationship. Only the positive association between education, income and financial inclusion remains consistent among the majority of studies. Although gender is identified as one of the determinants of financial inclusion, this does not apply in all countries. In addition, findings of previous studies imply that older adults make more use of formal financial services. However, the relationship does not hold for all countries. Such inconsistencies, variation and mixed results from one study to another reveal that the strategy to achieve financial inclusion would differ from one community to another, which should have a substantial effect on policy making and interventions and is instrumental to be able to create an environment that enables and supports financial inclusion and suits its society.

**Keywords:** demand-side determinants, financial inclusion, financial literacy, institutional trust, sociodemographic

**Jel Codes:** G1, G21



## Knowledge Management Processes and Systems

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### Abstract

Knowledge management (KM) is a plethoric, not very formalized concept that is relatively recent in organizations. The Knowledge management practice draws its foundation from several disciplines, of which management sciences remain the most dominant, according to its pragmatic approach. The purpose of this research is to provide a thorough literature review on the different branches of KM with a particular focus on knowledge capitalization. To do so, we have conducted a thorough analysis of the existing literature and bibliographic resources, constituting the theoretical underpinnings of KM, its processes, and methods. Then, we proceeded to the analysis of knowledge capitalisation, considered as phase in the KM process. This research has shown that knowledge management has become a necessity for all organisations, especially in the data age and the dominance of the knowledge society, favoured by the tremendous evolution of data processing and communication means. Furthermore, this work has also shown that there is no consensus on most definitions, terms and concepts that revolve in the KM orbit. A clear division emerges between, proponents of economic theory and the scholars of organizational theory.

**Keywords:** knowledge, knowledge management, economic theory, organizational theory, capitalization.

**Jel Codes:** D8, D83

## Debates on Health Expenditures from a Social Welfare State Perspective

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### Abstract

The relationship between community health and community welfare is quite strong. It is thought that there is a bidirectional causality between the variables in this relationship. While theoretical studies frequently examine the relationship between health expenditures and social welfare, the issue has become relevant again with the pandemic crisis recently. Health services provided by the state are generally a public service that all citizens can benefit from and income is not taken into account as a criterion for discrimination. One of the main reasons for providing health services by the state is income inequalities among citizens. In addition, positive externalities obtained through health services are also supportive of economic growth and development due to their positive results such as reducing poverty, ensuring equal opportunities, and increasing labor productivity for countries. In addition, the various disruptions caused by releasing health services to the market make the role of the state in this matter even more important.

The emergence of the concept of the social welfare state goes back to the Beveridge Report, which was put forward in 1942. The economic crises and wars that followed in the world caused this issue to find more place in state policies. Of course, there are many determinants of health expenditures. Some of these are: population, life expectancy, education level, economic development, urbanization. The working limit is determined as the relationship between the level of economic development and health expenditures of the countries, and in the study, only health expenditures are discussed, not all social welfare state applications.

In the first part of the study, what the welfare state is theoretically defined. In the second part, welfare state practices are discussed on the basis of selected developed countries and then the health expenditures of these countries are examined in the context of various sub-categories. After the discussion and policy, there is the conclusion part.

**Keywords:** social welfare state, health expenditures in developed countries, health policies

**Jel Codes:** H5, I1

## Organic Food Products: An Analysis of Factors Affecting the Buying Behaviour

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### Abstract

Consumer behavior being one of the most challenging areas in marketing focuses on the purchasing, consuming and using products and services. Consumer Behavior is largely impacted by social, psychological, cultural and personal factors. In the recent years the trend towards the consumption of organic foods has grown largely. Organic Foods have been long perceived as more nutritious, health and nature friendly compared to conventional foods. Although, Organic Foods come for a price which is expensive than any other conventional foods, people are willing to pay the premium price. This study aims to analyze the factors that influence that buying behavior of a consumer when s/he purchases an organic food product. This study uses factor analysis, independent t-test, ANOVA multiple linear regression, and hierarchical multiple regression analysis techniques to confirm the results from the data that has been collected. This study confirms that factors like health consciousness knowledge, subjective norms, and price are some of the factors that majorly influence the consumer attitude towards organic food products. Other than the confirmed factors 'availability' is another factor that affects the consumer attitude. One can infer from the obtained results that these factors not only influence consumer attitude towards the organic food products but it also influences the buying behavior of the consumer. Further, factors such as age, education and income are also some of the major factors that have an impact on actual buying behavior. This Study further provides for a better understanding of a consumer's attitude, buying behavior and purchase intentions towards organic foods industry as a whole. The findings of the study have their implications for companies of organic food industry, retailers and regulatory agencies in the market. Towards the end, this study also provides for guidelines and suggestions for retailers and marketers who are dealing with the organic foods and aim at expanding the organic food market.

**Keywords:** organic foods, consumer behavior, consumer attitude, buying behavior, influence.

**Jel Codes:** M, J

## The Effects of Money-Financed Fiscal Stimulus in a Small Open Economy

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### Abstract

We derive a small open economy model to analyze the effects of money-financed (MF) fiscal stimulus. Further, we compare our findings to those from a conventional debt-financed (DF) fiscal stimulus and the case of no response where there is no fiscal stimulus, in a liquidity trap. Regarding the adverse demand shock preventing the central bank from fully stabilizing output and inflation, due to a zero lower bound constraint on nominal interest rates, decreases in output and inflation are more severe than those in a closed economy. Additionally, we find an increase in and overshooting of the nominal interest rate amidst the adverse demand shock. This phenomenon reminds of the lifting of the zero-interest-rate policy in August 2000 in Japan. However, MF fiscal stimulus are effective in stabilizing output and inflation. While an increase in government expenditure under DF fiscal stimulus is effective in a closed economy, it is less effective, irrespective of nominal exchange rate pass-through, in a small open economy. We also analyze the effects of MF fiscal stimulus in normal times. Our findings show that in a small open economy, while MF fiscal stimulus is effective to boost output, MF fiscal stimulus is not essential because an increase in government expenditure under the DF scheme is more effective than in a closed economy.

**Keywords:** fiscal stimulus, money financing, debt financing, zero lower bound, imperfect pass-through

**Jel Codes:** E31, E32, E52, E62, F41

## **Foreign Investors, US Monetary Policy Announcements and Stock Market Volatility. Evidence from Korea**

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### **Abstract**

We provide the first investigation whether trading of international investors around FOMC (The Federal Reserve's Open Market Committee) announcement days has a destabilizing impact on stock return volatility. Using actual trading data for Korea stock market from January 4, 2000 to March 23, 2018, we find that net purchases and net sales of foreign investors, on FOMC announcement days, are negatively associated with the market level of volatility. However, we document no evidence that foreign investors play a destabilizing or stabilizing role in the Korea stock market when they learn of FOMC announcements.

**Keywords:** FOMC announcements, foreign investors, volatility

**Jel Codes:** C22 G15

## Coincident and Predictive Value of Accounting Disclosure: Empirical Analysis of Bucharest Stock Exchange

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### Abstract

The purpose of this study is to determine the relevance of accounting numbers in determining the market value of a company, considering the month of market value sampling. The concepts of coincident versus predictive value of accounting information were used in order to depict a more detailed understanding of how is the market price influenced by the disclosure of the financial statements in the case of 46 firms listed on the Bucharest Stock Exchange (BSE) from July 2008 to June 2018. BSE is one of the largest stock markets in Central and Eastern European area, with a growing market capitalization over the last decade. The previous studies that assessed the value relevance of accounting information for the Romanian stock market found mixed evidence in regards to the connection between different financial-accounting indicators and the market value of a company. There are no studies that aimed at determining the coincident and forecast value of accounting information for the Romanian stock market. Our performed separate monthly regressions provide strong evidence that accounting figures are relevant for predicting stock price. Moreover, the accounting figures are more important for their forecast relevance than for their coincident relevance

**Keywords:** accounting disclosure; book value; market value; value relevance; Bucharest Stock Exchange; stock market volatility.

**Jel Codes:** G14, G15, C58

## **Review of the Potential of Integrating Electroencephalography (EEG) in Higher-Order Thinking Skills (HOTS) Educational Research**

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### **Abstract**

As with the 21st-century challenge, fostering students' higher-order thinking skills has been an important aim of education. The authorities have produced a blueprint as guidance for teachers to emphasize higher-order thinking skills (HOTS) in classrooms. However, students' ability and readiness to grasp HOTS is unknown. Innovation in neuroscience such as electroencephalograph (EEG) has allowed researchers to monitor brain activity. Through EEG, brain waves that should show activation during the learning process will be known. This article analyses what educators should know about students' states of mind while dealing with higher-order thinking tasks. Data in this article were gathered from databases as well as journal articles and journal proceedings. At the end of the review, several suggestions are made with hopes to provide basis for concerned parties to promote a new field in educational research and thus benefit the future generations.

**Keywords:** higher-order thinking skills (HOTS), science education, brain activity, electroencephalography (EEG)

**Jel Codes:** I, Y

## What Slice of the Pie? The Effects of Interest Rates on Islamic Banks in a Dual Banking System

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### Abstract

A relation has been established between Islamic banks activities and interest rates. The aim of this study was to explore the impact of interest rates upon the deposits and loans held by Islamic and conventional banks in Saudi Arabia. Methods. A time series data was performed over the period 2008Q1-2020Q2 on 8 conventional banks and 4 Islamic banks. The impacts of interest rate shocks on deposits and loans were identified through VAR methodologies. Results. Impulse response function analysis showed that increasing interest rates reduce loans and conventional deposits. For Islamic banks, deposits are more affected by interest rates than the lending. Variance decomposition analysis revealed that deposits contribute to 61% of the Islamic financing variation and only 25% of the conventional loans. Conclusion. Interest rates impacted Islamic banks especially through deposits, which is inconsistent with the theoretical framework. Islamic deposits played an important role in Islamic financing variation and may provide to be a channel for the transmission of the monetary policy in a dual banking system. Monetary policy in Saudi Arabia, works in part through “credits” (conventional bank credits) as well as through “money” (conventional and Islamic bank deposits).

**Keywords:** Islamic banking, monetary policy transmission, panel VAR

**Jel Codes:** C33, E44, E52, G21



## **Re-Examining the Finance-Inequality Nexus: Is The Relationship Contingent on the Degree of Financial Development?**

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### **Abstract**

This paper aims to unfold whether the relationship between financial development and income inequality is contingent on the degree of financial development. While existing theory suggests that the impact of financial development on inequality may depend on the stage of financial development that the country is undergoing (Greenwood and Jovanovic, 1990; Aghion and Bolton, 1997), existing empirical studies on such regime-shifting effects have remained relatively scant. Indeed, we revisit the relationship between finance and income inequality in a panel of 92 countries over the time period 1980-2014. Using a panel threshold framework and a variety of financial sector development measures, we find that the relationship between financial development and income inequality is non-monotonic in most cases.

**Keywords:** financial development, inequality, threshold regression

**Jel Codes:** D63, O16, G00, P00

## Microfinance as a Tool for Poverty Eradication in Developing Countries: A Heterogeneous Panel Causality Analysis

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### Abstract

Year 2005 was called “international year of microcredit” by United Nations. Since, microfinance has proven to be an effective tool for poverty reduction. This study employs Heterogeneous panel causality techniques on a sample of developing countries over the period 2000-2021. Data obtained from WDI, IMF, UN Population Division and UNESCO datasets. Augmented Dicky Fuller (ADF) and Johansen Cointegration tests were measured to check for stationarity of data and detect the long-run cointegration between variables under study, respectively. While, Vector Error Correction Model (VECM) is employed to measure the short-run relationship among the named variables. Additionally, the paper examines the impact of other control variables on poverty, namely (i) level of education measured by school enrollment; (ii) inflation rate measured by consumer price index; (iii) employment measured by labour force participation rate; (iv) financial sector development, soundness and efficiency. The result is expected to reveal that, in the long-run, access to microcredit through the increase in the number of active borrowers improves the income of the poor and reduces poverty significantly. A link between the Gini index and the level of individual loans is expected to be observed which is in-line with economic theory. Furthermore, employment, education, lower gender disparity and financially sustainable institutions that can continue to expand their services over the long term can also act as catalyst to reduce the level of poverty. To this end, the paper will be divided as follows; Following the abstract, section one reviews the recent literature on microfinance and poverty eradication with special focus on developing countries. The characteristics of financial systems in developing counties will be discussed in section two. Section three and four lay down data collection methods, empirical analysis and results. Finally, the paper is concluded in last section.

**Keywords:** microfinance, poverty, panel causality

**Jel Codes:** G21, O11, C33, O47

## **Combating the Ugly Oppression of Poverty in the Andes of Bolivia and Peru: Methodologies for Socioeconomic Impacts**

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### **Abstract**

Abject suffering, joblessness, and hunger have long been hallmarks of descendants of the ancient Inca and Spanish people in Latin America for over four centuries. Exploitation, bad government decision-making, ineffective economic policies, and racism continue to afflict the region's Have-nots who struggle to feed their families and try to obtain viable, or at least steady employment, while agriculture is stalled. Large aid organizations like the United Nations, World Bank, and USAID plow a good deal of money into these economies, but with little success. Smaller, outside social impact organizations have worked to combat regional poverty for decades, yet again, with modest results. This paper will analyze several small such organizations and offer evaluations of what the old Clint Eastwood Hollywood movie, "The Good, Bad, and Ugly," titled in its 1967 production. We will first describe and then critique efforts of several socioeconomic impact organizations laboring to empower the Andean poor by examining the efforts of these U.S. groups working to assist rural people, indigenous women in particular. Their well-intentioned desires, managerial objectives, and organizational design will be examined through a decade or more of their efforts to make a genuine difference. Multiple innovations including informal economics such as microfinance, building schools and new systems of education, village healthcare, community agriculture, and humanitarian interventions will be reported. While South American families, especially women and children, struggle, the wealthy of Andean cities seem to ever prosper. How can better innovations be applied more ethically and evenly to build more well-being and greater social justice?

**Keywords:** socioeconomic impact, microfinance, Peru, Bolivia

**Jel Codes:** L31, E26, B55, O35, B54

## On-the-run Premia: Inventory Uncertainty and Central Bank Facility Access

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### Abstract

Off-the-run Treasuries are locked-up in buy-and-hold portfolios. Their limited availability makes them less appealing than their on-the-run equivalents, leading to a premium on the latter. I examine this frequently discussed hypothesis. My theoretic results confirm the lower number of off-the-run Treasuries on the market but the on-the-run premium arises due to a different reason. Uncertainty about the stock of assets left in inventories is higher for on-the-run assets as they are longer on the market. This implies more frequent settlement fails, which leads to a preference for on-the-run assets and the premium. I add on the results by Vayanos and Weill (2008) by providing the missing dynamics to answer the question. Given my set-up I subsequently analyse the impact of giving intermediaries (e.g. non-banks) access to a central bank deposit facility. I show that central bank facility access does not benefit the ones granted access but the primary dealers. Nevertheless, trade is stimulated and Treasury inventories are offloaded faster to their final holders. The overall price level increases in contrast to the premium's reaction.

**Keywords:** on-the-run premium, buy-and-hold portfolios, Treasuries, central bank facility Access

**Jel Codes:** G12, G14, G23

## The Impact of the South-to-North Water Diversion Project on the Usage of Water-Saving Irrigation Machinery

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### Abstract

Agricultural water-saving irrigation represents an important component of environmental protection with the potential to improve economic development and environmental protection of water-receiving areas, but little is known about the relationship between South-to-North Water Diversion Project and the usage of water-saving irrigation machinery. This paper exploits the 2013–2014 China South-to-North Water Diversion Project reforms which significantly alleviated the water shortage problem in north China. By linking administrative claims data to water-saving irrigation machinery numbers for water-receiving provinces and the control provinces, this paper finds that water-receiving provinces experienced a 19.6 percent post-reform decline in water-saving irrigation machinery usage, and a 7.3 percent drop in water-saving irrigation area relative to other provinces.

**Keywords:** South-to-North Diversion Project, water resources, water-saving irrigation machinery

**JEL Codes:** C12, C33, C81, D0, D24, Q15, Q25

## A Data Driven Approach for Regularized Long-Term Investment Strategy

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### Abstract

In this talk we investigate the use of supervised Machine Learning techniques in a multi-period Markowitz mean-variance framework. The model leads to a constrained optimization problem where a l1 penalty term is introduced into the objective function to reduce the cost of the investment strategy. A crucial issue is the choice of the regularization parameter, that is often based on problem-dependent criteria and related to iterative estimates, requiring a high computational cost. We propose an algorithm based on Deep Neural Networks (DNN) to automatically estimate the regularization parameter via forward propagation [1]. The training involves an unconstrained optimization problem with a Poisson loss function solved by the ADAM method. To fight the vanishing gradient problem that affects the training of deep learning networks, skip connections were introduced. Numerical experiments and comparisons performed on real financial data show the effectiveness of our approach. The DNN-based approximation seems to accurately capture the relation between the selected features and the optimal regularization parameter, producing portfolios with satisfying financial properties.

**Keywords:** deep learning; multi-period portfolio optimization; l1-norm; split bregman

**JEL Codes:** C63, C45

## **Demand for Money in the United States: Stability and Forward-Looking Tests**

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### **Abstract**

This paper shows that demand for money, besides interest rate and personal consumption, is a function of fiscal variables like deficits, debt as well as foreign-financed debt and it is stable over the short and long run. Another important issue ignored so far in the existing literature on demand for money in the United States is the investigation of policy invariance of money demand. It was found that the behavior of agents in the money market is changing as real exchange rate changes. Namely, agents in the market are forward looking and their expectations are formed rationally. This also means that even though the parameters of money demand are stable according to the stability test results they can be unstable as agents change their behavior for any change in the exchange rate. This means the contemporaneous real exchange rate variable is not superexogenous.

**Keywords:** demand for money, policy regime changes, forward-looking agents, stability

**JEL Codes:** E41, E52

## Is the EU Pork Market Integrated?

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### Abstract

The objective of this study is to identify the pattern of price dependence within the four principal EU pork markets; Germany, France and Spain. This is pursued using monthly wholesale prices over the period 2003:01 to 2022:04. Pair – wise analysis is followed and the bootstrap causality test proposed by Hacker and Hatemi (2010) is applied along with the nonlinear autoregressive distributed lag model (NARDL), allowing for asymmetries both in the long-run and the short run as well as testing for the Law of One Price in a single system. Results suggest that market integration exists between the examined pairs and the Law of One price holds for the majority of the EU pork markets. In the short run though, results show that the speed of adjustment is in some cases asymmetric, indicating that the possession of market power may cause the speed of price transmission to be low. Therefore, the present study underlines the need to adopt more targeted policies in order to isolate any form of market inefficiency-even in the short- run.

**Keywords:** price transmission, market integration, asymmetries.

**JEL Codes:** Q11, C32



## War, Occupation and Firms: Evidence from the Breakup of Yugoslavia<sup>1,2</sup>

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### Abstract

In this paper we use geographical and time variations to estimate the impact of war intensity on firms in Croatia, one of the successor states of a violent breakup of ex-Yugoslavia in the early 1990s. We claim that the treatment of war was ethnic based, thus exogenous to firm performance, enabling a causal interpretation of our results. We find a robust and strong positive effect of occupation on firm exit rates. A similar result is found for an alternative measure of war intensity—per capita civilian casualties. Occupation increases firm exit rates by 2.5 percentage points. When we restrict our analysis to municipalities around the occupation border, the effect persists and is even more intense to the degree of a 5.9 percentage points higher firm exit rate. The effect of the number of civilian casualties on firm exit rates at the time, however, was not equally distributed as the effect is subdued for small services-based firms, suggesting that individuals affected by war were possibly driven by economic survival and persisted to struggle on a shrinking market continuing to provide necessary services to the remaining population.

**Keywords:** conflict, economics of conflict, firm, firm exit, violence, war

**Jel Codes:** C81, D22, D74, H56, O12

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