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*Book of Abstracts*

Editors  
Prof. Dr. M. Veysel Kaya  
Dr. Patrycja Chodnicka - Jaworska

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## 29<sup>th</sup> RSEP International Conference on Economics, Finance & Business

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BC GRUP INC

Editors

M. Veysel Kaya

Patrycja Chodnicka - Jaworska

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from Cultural, Political, Economic, Linguistic, and Personal Perspectives*

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## Financing of Health Care in the Territory of the Czech Republic

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### Abstract

From the point of view of the breakdown of economic sectors, healthcare is classified as a service sector. Its scope affects every member of society. Due to the sums that are directed to this area from public and private sources and further transformed and redistributed in it, it ranks among the most important sectors of the economy. The mentioned paper focuses on the financing of health care in the territory of the Czech Republic. The aim of the paper is to describe the financing of health care expenses in the territory of the Czech Republic for the period 2017–2020. Part of the given paper is a comparison of health care expenses in the territory of the given state according to the main sources of financing, namely public, private sources and households. Healthcare financing is a fundamental dimension of healthcare bills. Each of the funding sources has its own specific role. Individual countries may differ significantly in the representation of individual funding components, which is due to the different organizational structure of healthcare funding. Based on this information, the paper also includes an international comparison of health care expenditures in EU countries in the context of funding sources.

**Keywords:** Health Care, Financing, Expenditure, Czech Republic, EU

**Jel codes:** I10; I15; Y10

## **Socio-Economic and Political Analysis of a Fragile State: A Reflection on Ethiopia**

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### **Abstract**

A review of the literature indicates that, currently, Ethiopia is now beyond the bounds of fragility. The purpose of the study was to investigate whether Ethiopia was experiencing fragility. After a review of the literature on fragility, a theoretical framework lens on fragility was developed to empirically test Ethiopia's current condition. A longitudinal analysis indicates that before 2018, Ethiopia was regarded as the central economic engine of sub-Saharan Africa. However, as the current regime reversed Ethiopia's developmental state model and moved to follow a neo-liberal model, Ethiopia's economy has gradually diminished. More specifically, during the current regime, Ethiopia has experienced a decline in its Gross Domestic Product, faced rampant unemployment, and encountered an increase in inflation. Its foreign exchange currency reserves have declined below the three-month threshold of hard currency required for a country to import goods and services, and its external debt has extended beyond the country's GDP. By encouraging armed conflict and widespread insurgencies, the current regime has caused social tension and deep humanitarian crises in Ethiopia—resulting devastation of health and school facilities and causing more than five million Ethiopians to be displaced. Finally, failing to provide leadership to his people, the current regime in Ethiopia has willingly allowed the incursion of Ethiopia's sovereignty by foreign forces. The conclusion of the study is that, when observed through the lens of fragility using a longitudinal framework, currently, Ethiopia has traversed beyond fragility and seems to be heading toward balkanization.

**Keywords:** fragility, developmental state, neo-liberal model, legitimacy, sovereignty

**Jel codes:** P

## Digital Transformation Context, Prerequisites and Opportunities for Service-Oriented Businesses: A Financial Sector Perspective

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### Abstract

Service-oriented businesses (SOB) are value producers and exporters for their end-customers. However, in order to remain relevant in the market, they have to consider the integration of digital tools in their core Business Model (BM). The advantages digital transformation (DT) brings in terms of reducing operations' time and costs threatens to disrupt established SOB. Traditional financial service providers (FSP) have managed to secure a safe position in the market, being shielded until recently from DT pressure. But the advance of technology and the rapid emergence of the FinTech industry sends a signal in the financial market that established player's BM is being challenged by tech-oriented newcomers. To avoid disruption, established SOB and FSP need to employ digital tools in their operations and adopt DT as their core business philosophy. Digital transformation is seen as an ongoing, never-ending process going beyond mere implementation of some software. In order to secure a steadfast position in the market, SOB and FSP have to develop a digital mindset flowing both ways from the management to employees and vice versa. However, the digital BM is built in different steps, as an evolution process. Therefore, in this research, we have performed a review of DT trends in both SOB and FSB, analyzing challenges and opportunities for practitioners. Traditional FSP and FinTech's BM had been compared to highlight both key differences and common grounds. Both pessimistic and optimistic scenarios are provided concerning the impact of DT in FSP.

**Keywords:** digital transformation, service-oriented businesses, financial services, FinTech, digital BM.

**Jel codes:** G15, G20, G23, O10, O16, O32

## The Role of the United Nations in the Political and Economic Order

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### Abstract

The history of international relations comprises of a symbiosis of anarchy and the quest for achieving a peaceful and sustainable international order. To this end, international organizations have become essential instruments to realise a sustainable international order based on peace and stability. The United Nations has become the most effective and comprehensive organization through its members, organization capacity and activities. However, the UN has been criticized mainly through the structure and functioning of the most influential body, namely the UN Security Council. It has been argued that the veto power of the permanent members put these countries in a very advantageous position. On the other hand, international relations also comprises of interwoven relations of political and economic fields. The most influential theoretical perspective to explain political and economic relations is the World-Systems Analysis. According to the World-Systems Analysis, international organizations in general, and the UN, in particular, play an important role in designing the international order, especially centre-periphery relations. This study will focus on the role of the UN Security Council in centre-periphery relations from the perspective of World-Systems Analysis. The study will discuss how the UN is instrumentalized by permanent members to gain an advantage in political and economic order in the world-system. The UN interventions, resolution processes in the UN Security Council, and the UN Security Council vetoes will be discussed with reference to specific practices.

**Keywords:** The United Nations, World-Systems Analysis, world-system.

**Jel codes:** F5, F53, F54, P1

## Financial Inclusion and the Performance of Micro, Small and Medium Enterprises in Southwest Nigeria

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### Abstract

The effects of financial inclusion on the performance of Micro, Small and Medium Enterprises (MSMEs) and the nation at large cannot be overemphasised. Financial Inclusion (FI) has been viewed as a new approach to increase entrepreneurial opportunity and enterprise inclusiveness. Hence, the objective of this study is to examine the effects of financial inclusion on MSMEs' performance and identify the challenges faced by MSMEs in accessing formal financial services. The study adopted a cross-sectional design with a sample of 409 MSMEs. Descriptive statistic, content analysis and multivariate regression were employed to analyse and achieve the stated objectives. The results provide policy implications for advancing financial inclusion. Results on the effects of financial inclusion on MSMEs' performance revealed that financial inclusion positively and significantly drives the performance of MSMEs measured in terms of profitability and sales growth in Southwest Nigeria. On the other hand, the main challenge confronting MSMEs in accessing formal financial services as indicated by the respondents irrespective of their business types was the lack of required collateral to secure a loan. Low level of income was the second major reason indicated by the respondents why banks refused to give them credit. The interest rate on commercial bank loans is perceived as high and discourages most MSMEs operators from seeking debt finance from commercial banks. The study, therefore recommends that lending interest rate should be made attractive to encourage continuous access to loanable funds that would encourage economic agents such as the MSMEs to save and borrow to spur economic activities. More so, effort should be intensified on collateral reform in Nigeria, and movable assets such as machinery and equipment that are readily available for MSMEs can as well be used for pledges instead of real estate which may not be available.

**Keywords:** entrepreneurial financing, financial inclusion, MSMEs, enterprise performance, Nigeria

**Jel codes:** G20, L25, M13

## Speculation on Squeezes

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### Abstract

This paper focuses on the factors that might predict the occurrence of the squeeze effect. Using panel regression, we analyze 70 small cap companies listed on the NASDAQ exchange. The research concerns the impact of the January effect, attention, short interest, trading volume, profitability, and market capitalization on the likelihood of the effect. We find investment attention, volatility, and trading volume as significant indicators of the occurrence of the squeeze effect. Excessive volatility is led by an increase in the short interest and trading volume before the anomaly arises. Presented results can be helpful for portfolio managers of hedge funds who aim to protect their portfolios from excessive volatility.

**Keywords:** squeeze, short-selling, capital market, trading

**Jel codes:** G1 G14; G12

## **Friends with or without Benefits? An Empirical Evaluation of Bilateral Trade and Economic Integration between Some of the Post-Soviet Economies**

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### **Abstract**

The third decade of post-Soviet transition has seen a significant resurrection of economic integration centered around Russia. This paper analyses bilateral trade of the Eurasian Economic Union (EUEA) members using gravity models with incomplete specialization in production and reviews the impact of newly signed preferential/free trade agreements across 2008-2019. The presented study relies on the explicit use of per-worker physical capital endowments in determining cross-country trade and the theory-consistent discrimination method between a variety of incomplete specialization models that feature both neoclassical and monopolistic competition assumptions. In sum, our analysis highlights the importance of intra-industry trade in low-processing sectors between the block members. Further, we find that the impact of new treaties has been primarily beneficial for imports, where the EUEA-Vietnam treaty had the most significant and persistent economic effect, while the EUEA membership has generated short-lived gains across different modes of trade for all members, except Kyrgyzstan.

**Keywords:** Eurasian integration, international trade, free trade agreements, gravity model

**Jel codes:** F14, F15, P33

## The Effect of EPL on the Internationalization of Small Firms

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### Abstract

A broad economic literature has evaluated the impact of employment protection legislation (EPL) on various firm-level outcomes. We complement this literature by studying the effect of a reduction in employment protection on the internationalization of small firms. Exploiting a comprehensive survey on Italian firms, we assess how small firms' engagement in international activities has been affected by the 2012 Labor Market Reform, the so-called "Fornero Law", that reduced firing costs for firms above the 15-employee threshold. Using a difference-in-differences identification strategy, we find a positive effect of EPL retrenchment on small firms' inward and outward FDI, whereas we cannot identify an effect on their exporting activities. The evidence we provide shows that increasing labor market flexibilization attracts foreign capital and encourages firms' outward investment. We document minor heterogeneous effects by geographic areas but no heterogeneity across different sectors of economic activity. Finally, the positive effect on internationalization is greater in firms with a higher level of volatility.

**Keywords:** EPL, internationalization, FDI, small firms, labor market reform, difference-in-differences

**Jel codes:** J08, J63, F16, F21



## The Power of Unconventional Monetary Policy: Liquidity Channel vs Interest Rate Channel

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### Abstract

This paper disentangles the effectiveness of quantitative easing (QE) into two channels: Liquidity (injecting liquidity into the market) and interest rate (twisting the term yield). Through a general equilibrium model with household heterogeneity and financial friction, I demonstrate that they affect the power of QE by altering the liquidity and interest rate channel asymmetrically. Based on the model and calibration, I conclude that the effect of liquidity channel to stimulation power of QE on output is approximately 1.5 times larger than that of interest rate channel. Meanwhile, the complementarity between household heterogeneity and financial friction plays a vital role in determining the power of QE. In the end, I empirically identify these two channels and support the quantitative result by proposing a new instrument variable in IV-VAR.

**Keywords:** HANK, Monetary Policy, Quantitative Easing, Financial Friction, Bayesian VAR, IV-VAR

**Jel codes:** C11, E21, E30, E52, E58

## **Fiscal Decentralization and Public Health Outcomes- The Role of Democracy and Political Regime Changes**

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### **Abstract**

The existing literature presents conflicting evidence on the relationship between fiscal decentralization and public health outcomes. In this context, we investigate how the degree of democracy affects this relationship using a panel framework of 67 developed and developing countries between 1972 and 2019, with a special focus on countries that underwent political regime changes during this period. Using FGLS, system-GMM, and instrumental variable techniques, we discover that fiscal decentralization has a negative relationship with public health outcomes, but that this relationship is alleviated in countries with a higher degree of democracy. The results are robust across alternate indicators of democracy, public health outcomes, econometric models, and choice of controls. Furthermore, the joint mechanism of decentralization and democracy also curbs the deterioration in public health metrics in the post-communist countries during the political transition period. As a result, our findings support the literature's claim that greater government accountability to citizens under democratic regimes leads to better public policy choices, either improving the efficiency of a decentralized government or mitigating the negative externalities in providing better public health outcomes.

**Keywords:** fiscal decentralization; public health outcomes; democracy

**Jel codes:** H72; H410; H77

## Testing the Environmental Kuznets Curve in G7 Economies

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### Abstract

In this investigation, we tested the environmental Kuznets curve (EKC) via human development was considering panel data (Pooled OLS, Random effects, Fixed effects, FMOLS- Panel Fully Modified Least Squares and DOLS-Panel Dynamic Least Squares), and Pairwise Dumitrescu Panel causality test, applied the G7 group of countries (United States of America, Germany, Canada, Japan, Italy, United Kingdom, and France) for the period 1990 to 2019. The research formulates two equations the environmental quality process and human development. In addition, we applied preliminary tests on panel data (first and second-generation unit root tests, cross-section tests, multicollinearity, panel cointegration, and Hausman test). According to the first-generation unit root tests, the variables are integrated into the first differences. However, the second-generation unit root test, the Pesaran (CIPS), confirms the stationarity of the variables used in this investigation. The econometric results show that the human development index (HDI) makes it possible to reduce carbon dioxide emissions, improving environmental quality. On the other hand, economic activities via economic growth and foreign direct investment (FDI) accentuate ecological degradation. However, the use of renewable energy encourages the reduction of polluting emissions. Applying HDI to test the environmental Kuznets curve (EKC) demonstrates that the hypotheses are valid for the G7 economies.

**Keywords:** Environmental Kuznets Curve; CO2 emssions; Human Development Index

**Jel codes:** F18; F64

## Gender, Perceived Risk and Risk Attitudes in Lottery

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### Abstract

Knowing the gender of a counterpart can be focal in the willingness to collaborate in team settings that resemble the classic coordination problem. This paper explores whether knowing a co-worker's gender affects coordination on the mutually beneficial outcome in a socially risky environment. In an experimental setting, subjects play a one-shot stag hunt game framed as a collaborative task in which they can "work together" or "work alone." We exogenously vary whether workers know the gender of their counterparts pre-play. When gender is revealed, female players tend to gravitate to collaboration and efficient coordination regardless of the knowledge. Males, when knowingly paired with another male, tend to collaborate less, and thus, are less likely to coordinate on the Pareto optimal outcome. These results demonstrate one way that gender focality can lead to inefficient outcomes and provide insight for organizations looking to induce collaboration among workers.

**Keywords:** stag hunt; gender; coordination; focality; teamwork; collaboration.

**Jel codes:** C72; D90; D70; D81

## Should I invest or not? Investigating the Role of Biases and Status Quo

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### Abstract

The purpose of this study is to examine the behaviour of retail investors while making an investment decision and how it gets affected by the behavioural bias of the investors using a moderated mediation framework.

Design/methodology/approach – A mixed method approach has been used to fulfil the objectives of the study. In the first study, a qualitative analysis of the interviews with 15 retail investors was conducted. As part of the second study, a total of 201 responses from Indian retail investors were received using systematic sampling.

Findings – The results indicated that anchoring bias, availability bias, herding bias, switching cost, sunk cost, regret avoidance, perceived threat, and attitude strongly impact the retail investors investing intention. The attitude of the investors towards investing decisions mediates the effects of behavioural bias on investors' investing intention.

Practical implications – The findings of this study will help regulators, retail investors, and brokers to identify the critical behavioural bias which affects the investors' investing intention. This present study's results will also help retail investors and asset management organisations understand and eliminate the biases they face while investing.

Originality/value – The paper contributes to the literature on investors' behaviour, behavioural bias and status quo bias theory (SQB). This study uniquely proposes a moderated mediation framework to understand the mediating effect of attitude and moderating effect of risk aversion on the relationship between SQB variables and investment intention.

**Keywords:** Investment intention, Behavioural bias, Status quo bias, Risk aversion, Attitude

**Jel codes:** G41, G11

## Challenges of Foreign Direct Investment in Tourism Industry of Nepal

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### **Abstract**

This study examines the issues and challenges of foreign direct investment in Nepal's tourism industry. The study claims that study, Nepal's tourism industry has grown to the point where few governments can afford to ignore it. Tourism is a significant contributor to economic growth because it generates money and foreign cash, creates new job opportunities for locals, and helps diversify the local economy. This study also contended that tourists can help to preserve a destination's environment, culture, and historical heritage. It is unsurprising that small towns in financial distress have turned to tourism as a new source of revenue to help them recover. To conduct this research, the quantitative research approach will be used.

**Keywords:** tourism industry, contribution, foreign direct investment

**Jel codes:** C