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Keynote Speaker

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Prof. Dr. Konrad Gunesch – Keynote Speaker

Henry Giroux Dean of the School of Liberal Arts and Humanities, Woxsen University, Hyderabad, Telangana, India, and LCIR Head of Research

"Special thanks to keynote speaker"

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Inflation and pandemic in Spain

Leonardo Tariffi
Pompeu Fabra University - University of Barcelona

Abstract

This paper shows what the main inflation macroeconomics drivers in Spain are. Even if there has been a less than two-digit inflation in the last three decades, it can be emphasized the fact that the inflation rate has raised and declined rapidly in recent years because of its fundamental determinants. Main reasons behind the behaviour of the consumption price index are related to higher prices in the energy sector and a higher government expenditure, particularly after the post-pandemic economy re-opening. Proxy variables such as oil prices free on board in the European Brent market, the 12 months Euribor interest rate of the Economic and Monetary Union, the nominal gross domestic product, the government expenditure of the public administration, and fiscal deficits in terms of the gross domestic product are those variables in which the consumer price index depends on. Changes on interest rates have managed to stabilized inflation rates once again, thereby diminishing the percentage change in the consumer price index.

Keywords: The inflation rate, Consumer Price Index, Determinants, Cntral Banks, Hydrocarbon Fuels
Jel codes: E31, E58, L71

Sustainable development challenges in Georgian business

Giorgi Sulashvili, Alexander Kekenadze, Giorgi Zaalishvili, Mariami Gogochuri, Ketevan Giorgidze
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Abstract

Sustainable development issues are becoming increasingly relevant in Georgia, with growing interest in companies engaged in sustainable business development. There is a rising curiosity about how these companies address the key challenges that Georgian businesses face on the path to sustainable development and how they resolve issues that could have a significant impact on their operations.

Sustainable development encompasses economic and social aspects, meaning that growth should be both economically viable and socially just. This paper explores why businesses should adopt international sustainability standards, which provide a framework to balance environmental, social, and economic responsibilities. It also discusses innovative approaches and technologies that play a crucial role in achieving sustainability goals, particularly in the business sector. These innovations not only reduce negative environmental impacts but also create new opportunities and enhance competitiveness.

Additionally, the paper examines Georgia's key business sectors and analyzes the cultural factors that should be considered when conducting business in the country. Special attention is given to the serious challenges that sustainable development faces in Georgia. The study outlines various risks present in the country that hinder sustainable progress for both businesses and the nation as a whole. Based on research findings, the paper provides recommendations for overcoming these challenges.

Keywords: Business, Innovation, Risks, Sustainable Development, Technologies.
Jel codes: M14, M16

Revisit labor market concentration under Work-From-Home: An integration of labor market boundaries

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Abstract

Post-COVID work-from-home (WFH) policies have reduced geographic constraints, en abling workers to access remote job opportunities across regions. This shift has ex panded local labor market boundaries and altered labor market concentration levels. In this study, I adjust a traditional concentration measurement to include remote job postings and analyze the impact of WFH on labor market concentration using the difference-in-differences (DID) approach. I find that excluding remote jobs significantly biases the concentration estimate. Additionally, I re-estimate the effect of concentration on wages using the two-stage least squares (2SLS) method, finding that concentration exerts downward pressure on wages for occupations with lower education requirements. In contrast, wages for occupations with higher education requirements increase with concentration. These results suggest supply-side shifts in the labor market.

Keywords: work-from-home, pandemic, labor market concentration
Jel Codes: J0,J2,J3,J4,J6

Land market frictions and structural transformation in Uganda

Isambert Leunga Noukwe
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Abstract

This paper investigates how land market frictions can hinder structural transformation. Using a discrete choice model calibrated for Uganda, it simulates the effects of land market and labor mobility reforms in a low-income country setting with complex and overlapping land tenure systems. Results show that land market reforms, which comprise expanding land titling and eliminating land usurpation, boost aggregate productivity by 6.18 percent, about two-thirds of the effects of labor mobility reforms eliminating mobility frictions between sectors. Furthermore, with a climate-induced reduction in agricultural productivity, land market reforms outperform labor mobility reforms. The gains stem not only from productivity improvements in agriculture but also from eliminating the risk of income losses through usurpation, which enhances labor out-migration from agriculture.

Keywords: Structural Change, Land Use, Productivity Growth, Labor Mobility.
Jel Codes: J43, J60, O11, O4

FDI restrictiveness index and its impact on the information & broadcasting (including print media) sector's FDI inflow: A policy analysis of India

Fateme Abedi
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Abstract

During the 1990s and 2000s, several emerging countries paved the way for liberalization and lifted some barriers to foreign direct investment. These days, FDI is one of the most critical factors in a country's productivity and can change its comparative advantage. It can improve asset diversification and allocative efficiency and allow financing capital accumulation in a more stable way than other types of capital movements. From 2014 to 2022, India's Inward FDI doubled. After Modi came to power, he implemented reforms to FDI regulations, especially in some restricted sectors such as defense, pharmaceuticals, and broadcast. The FDI restrictiveness index, which the OECD provides, is one metric used to track the degree of restrictions implemented in each country and assess these changes. Reviewing the trend of inward FDI in India and tracking the restrictiveness index, we see that the information and broadcasting sector (including print media) had ups and downs in different periods. The current study is going to examine the effect of the FDI restrictiveness index on FDI inflow in this sector in India. It also reviews the FDI policies provided from 2012 to 2020 to track the actions that resulted in the changes in FDI inflow.

Keywords: Foreign direct investment, India, FDI restrictiveness index
Jel Codes: L16

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Development of logistics in Ghana and directions for increasing its efficiency in the agricultural sector

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Abstract

Agriculture is the one of the principal sectors driving the development and growth of Ghana's economy. The share of economic sectors in the gross domestic product (GDP) in Ghana as at 2021 contributed approximately 21.1 percent. Logistics services are a vital part of agricultural supply chain as they help to store and move agricultural products over long distances. The cost, effectiveness and efficiency of these services determines producer income, market prices of commodities and the overall contribution of agriculture to economic development. The role of the logistics system cannot be overlooked. Improved transportation and storage infrastructure can help reduce post-harvest losses and mitigate price volatility. The welfare of smallholder farmers in Ghana is largely determined by the state of logistics infrastructure and and operations. The study aims at ensuring developments of existing logistics management practices in five (5) key agricultural sectors and ways of increasing its efficiency in Ghana. Using the depth case studies methodology, the study addresses logistics related issues such as transportation, infrastructure and equipment, quality of customer service and order management as well level of ICT usage. The research also looks at different levels of logistics support to agricultural sector in Ghana such as increasing the efficiency and quality of public spending in agriculture and improving regulatory framework to attract more private investment into the sector. Problems or challenges of development of logistics in agricultural sectors in Ghana such as high cost of fuel to support power generation, inadequate cold storage facilities, inadequate capital investment, poor transportation system and lack of training in logistics management among others were also looked at Recommendations for the development and various ways of increasing its efficiency in agricultural sector based on logistics approach such as efficient planning of logistics

Keywords: Logistics, GDP
Jel codes**:** G23

Stock market responses to capital buffer announcements during the covid pandemic: Evidence from a new global dataset

Mahmoud Metwally
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Abstract

The COVID pandemic provides the first opportunity to investigate the effects of capital buffer measures on a global scale during a period of stress. We construct a novel global capital buffer announcement dataset, capturing the direction and intensity of measures for the pandemic years 2020 and 2021. Using a panel VAR model, we examine the responses of stock prices to these announcements for 52 countries. While controlling for the effects of the number of COVID cases, containment measures, monetary and fiscal policies, as well as other macroprudential measures, we find that stock prices reacted negatively to capital buffer easing announcements. The negative response was primarily driven by Capital Conservation Buffer (CCoB) announcements, while markets barely reacted to announcements related to other buffers. We find no differences between the responses of overall and financial sector indices, indicating that announcements conveyed economy-wide signals. Moreover, we show that market reactions to buffers depend on the state of the pandemic and concurrent announcements of monetary policy. In addition, we perform sample splits based on the capital adequacy ratio and the stock market development. Our policy recommendations support a stronger reliance on the Countercyclical Capital Buffer (CCyB) during periods of stress as it avoids the negative signaling effect associated with the CCoB.

Keywords: Macroprudential Policy, Capital Buffers, Stock Prices, COVID, Monetary Policy
Jel Codes: E44, E58, G01, G21

Electricity (Dis)Integration? An analysis of price convergence and its determinants in European electricity markets

Kornelia Kłopecka, Dawid Bonar
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Abstract

In the context of the energy crisis, increasingly stringent energy and climate policies, and changes resulting from the COVID-19 pandemic and the war in Ukraine, it is crucial to determine the degree of price convergence across individual electricity markets, as it may reflect the level of their integration. This study aims to assess the extent of price convergence across European electricity markets.
We adopt a novel methodology, applying Payne’s LM unit root test, which accounts for two structural breaks and cross-sectional dependence (Payne et al., 2022). We analyse the stochastic convergence of electricity spot prices across 23 European countries from January 2015 to December 2024 using monthly spot price data. Additionally, using the chi-square test and clustering methods, we investigate whether electricity price convergence is related to interconnections between countries and the structure of their energy mixes.
The results point to a persistently low level of electricity market integration. This may be attributed to the limited cross-border energy infrastructure, which remains a significant barrier to effective energy flow and price harmonisation. Importantly, electricity price convergence does not appear to depend on whether countries are interconnected, suggesting that geographic factors are not a key determinant of price integration. On the contrary, the clustering analysis revealed a relationship between price convergence and the structure of the energy mix, suggesting that disparities in this structure may impede price harmonisation. Consequently, the lack of full integration can lead to greater price volatility, especially during crises and with the growing share of electricity from renewable sources such as wind and solar power. The findings contribute to a better understanding of the scale of this phenomenon and its potential implications for the functioning of electricity markets in Europe.

Keywords: Electricity markets, Stochastic convergence, Market integration, Energy mix
Jel Codes: Q41, Q48, C33

AI and audit: Efficient tool or indispensable partner?

Melinda Timea Fulop, Nicolae Magdas, George-Silviu Cordos
Babeş-Bolyai University, Romania

Abstract

It is well known that the audit process has suffered various adaptations and modifications in order to keep the pace with the dynamics of the economic environment and, as a consequence, the challenges brought towards the proffesion. The latest resort towards which the auditors are leaning is the use of technology in conducting an audit mission and, as well as, unfolding in everything that the proffesion implies. AI is the cutting edge in what technology has best to offer and is adequate for the audit profession due to it's high analysis capabilities. Having the power to comprehand and analyze at such a pace, AI might sometimes previously make suggestion towards the auditor regarding what to further verify. Accepting this as a possibility, raises the question whether in this scenario should we leave AI catalogued as a tool used by the auditor or an upgrade to the partner, in a specific manner, should be in place.

Keywords: economics, environment
Jel codes: F13, F35

Resilience and recovery: Bangladesh's path to high and steady economic growth post-covid-19

Sagar Hossain, Mukta Khatun
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Abstract

This research analyzes important economic metrics to verify the Bangladesh Economic Review's (2023) claim that the economy is recovering from the COVID-19 epidemic. The study examines Bangladesh's economic performance before, during, and after the pandemic using trend and comparative analyses of secondary data from Bangladesh Economic Review (2023, 2024), World Bank, IMF, and UN publications. The results indicate a strong recovery, with GDP growth increasing from 3.45% in FY 2019-20 to 7.10% in FY 2021-22 before decreasing to 5.78% in FY 2022-23 (BER, 2024). The results indicate a strong recovery, with GDP growth increasing from 3.45% in FY 2019-20 to 7.10% in FY 2021-22 before decreasing to 5.78% in FY 2022-23. The industrial sector led sectoral improvement, recovering 8.37% in FY 2022–23. The agricultural sector exhibited resilience, sustaining growth rates between 3.2% and 3.4%, but the services sector saw moderate recovery (BER, 2024). The external sector is stable, as peak remittance inflows of $24.78 billion in FY 2020-21 underpin domestic consumption. While foreign reserves fell from $46.4 billion in FY 2020-21 to $31.2 billion in FY 2022-23, they still cover several months of imports. However, global commodity price spikes and supply chain disruptions drove inflation to 9% in FY 2022–23. The study concludes that Bangladesh is progressively returning to its high and steady economic growth trajectory, aligning with the Bangladesh Economic Review's (2023) projection. Domestic demand, export growth, remittances, and strategic policy support this recovery. However, addressing sectoral gaps and controlling inflationary pressures are essential for sustained growth and resilience. These findings contribute to the post-pandemic economic recovery narrative in developing countries and provide insights for policymakers and researchers focusing on South Asian economies.

Keywords: Bangladesh Economic Review, Economic Growth, COVID-19, Sustainable Development. GDP
Jel Codes: O11, O12, O21

What goes around, comes around: The impact of childhood relationship with parents on future caregiving decisions

Tibor Kovac
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Abstract

This study examines the motivators influencing adult children's decision to provide care for their parents, focusing on the role of childhood relationship quality and regional differences across Europe. Using data from SHARE and SHARELIFE, we estimate logistic regression models to assess how personal, familial, and economic factors shape caregiving decisions. The results support the existence of long-term reciprocity, i.e., they speak in favor of reciprocity of social transfer, showing that a better childhood relationship with parents significantly increases the probability of providing care to them later in life. Present relationship quality also substantially influences the decision, but its importance varies by region. Furthermore, we find evidence of reciprocity in central and southern Europe, while altruism appears to be a significant motivator only in southern Europe. Parental health status matters significantly in central and northern Europe, whereas having siblings reduces the likelihood of caregiving, mainly in the south. Proximity to parents significantly influences the decision to provide care to them across the whole of Europe. Contrary to common assumptions, the results suggest that women are not significantly more likely to provide care to parents than men. These results provide new insights into intergenerational support patterns and highlight the need for region-specific policies to address challenges coming with the aging of Europe.

Keywords: intergenerational transfers, reciprocity, caregiving
Jel Codes: J14, J19, D15

Determinants of IPO performance

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Abstract

We investigate the anomalies of initial public offerings (IPOs) in the Indian capital market, specifically the phenomena of short-run underpricing and long-term underperformance. Analysing the IPOs over the past two decades, we confirm that inflated initial returns are a consistent feature, with underpricing intensifying amid favourable market conditions. We further explore the determinants of IPO performance, emphasizing the predictive power of issue rating as an indicator of both immediate and long-term outcomes. Our findings reveal that investors can enhance returns by selling stocks immediately upon listing to capitalize on initial underpricing, repurchasing highly rated stocks after initial effects subside, and avoiding long-term holdings of poorly rated issues. Additionally, we find that the market phase during the IPO launch significantly influences initial performance, with this effect amplifying over time as IPOs align with broader market trends.

Keywords: IPO, Issue Rating, Underpricing, Underperformance
Jel Codes: G12; G14; G34; G32

Circular economy and industry 4.0 integration in SME sector: An open and responsible research and innovation perspective for stakeholder’s collaboration to enhance social, economic and environmental performance

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Abstract

Developing economies are characterized by fragmented incentives towards any systemic or structural change. In those contexts, different actors show preliminary attempts toward systemic shifts like Circular Economy, SMEs among others. Recognizing the fact that those firms may not possess adequate resources and proper infrastructure to develop those practices alone open innovation approach is advocated. Open innovation involves different functional process which rely on the collaboration of stakeholders, for this reason this study aims to analyze how different forms of collaboration can contribute in proper implementation of CE and industry 4.0 in SME sector through open and responsible research and innovation processes. Focusing on process of the shift of SME sector towards CE, this research aims to evaluate how those firms “internalize-externalize the innovation” and know-how, and; expand their market to turn this innovation into higher profits considering the sensitivity towards the environmental, social and economic issues. Considering the Albanian cases this study comprehensively tackle how multi-faceted collaboration can deeply amplify innovative ideas and decomposes/simply the complex challenges of sustainable development. The data collected through licert scale questionnaire are analyses and synthetized using SPSS v24 for the description and Amos v24 for CFA and SEM (Semi-structural Equation Modeling) analysis. Interestingly the main result is that technological innovation capacity has higher impact on the CE implementation capacity than the CE innovation capability itself and as assumed open and responsible research and innovation has significant impact in CE implementation. Finally, a good implementation of CE results in increased performance of environmental, social and economic performance of SME sector in Albania. The novelty of the study consist on the measurement of the effect Open and Responsible Research and Innovation has CE implementation and the study recommends further analysis regarding value creation for self and value creation for others

Keywords: CE, Industry 4.0, open and responsible innovation, sustainable development
Jel codes: L10

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Analysis of the public private partnership model applied in infrastructure services: The example of Turkiye

Fevzi Keskin
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Abstract

Neo-liberal policies implemented in the world after 1980 have also changed the role of the state in the provision of public services. Instead of providing services directly, the state has started to take part in the provision of public services through the private sector and in cooperation. In this context, market-oriented public-private partnership models based on price have been used to ensure efficiency in the provision of public infrastructure services. In parallel with these developments in the world, neo-liberal policies implemented in the same period in Turkiye have paved the way for the use of public-private partnership models, and this tendency has increased significantly in recent years. The public-private partnership model is an agreement that is used in the financing of large infrastructure projects required for the provision of public services and is increasingly applied especially in developing countries, and aims to distribute risks in a balanced manner between the public and private sectors. In this study, projects carried out with the public-private partnership model, which is especially applied in investment projects in Turkiye, are analyzed.

Keywords: Public-private partnership, infrastructure investments, contingent liabilities
Jel codes: L16

The resilience of FDI

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Abstract

In recent years, international economic growth has been slow and as the world cautiously steps into the post-pandemic era, it is crucial to assess the evolving dynamics within the foreign direct investments which are a significant contributor to global economic growth. For many economies the foreign direct investments are a determining factor of economic and social stability. This paper empirically examines how crises such as the coronavirus disease (COVID-19) has impacted foreign direct investment (FDI). FDI flows must be differentiated on the basis of two different entry modes—greenfield FDI, and cross-border mergers and acquisitions (M&A). The severity of different type of crises in the host countries adversely affected FDI in different sectors regardless of entry mode. The findings suggest that the FDI are undergoing an adaptation and durability, which not only facilitate recovery but also reposition the FDI for future growth and challenges. The paper contributes to the literature by providing insights into how the foreign direct investments can leverage the resilience and adaptation to enhance their competitiveness and sustainability in the face of ongoing global uncertainties.

Keywords: FDI, Resilience, Globalization, Development, Competitiveness
Jel Codes: F01, F63, G11

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Due diligence in acquisition transactions carried out in the energy sector in Poland

Marceli Pastuszka
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Abstract

The aim of the presentation is to present the role of the due diligence institution as one of the key elements of acquisition processes conducted in the energy industry and to attempt to assess its impact on the investment decisions of energy companies. Due diligence is an institution widely used by practitioners and its result can often be one of the main factors determining the success of the transaction. A comprehensive analysis of the entity that is the investment target is carried out primarily to obtain the widest possible range of information, based on which a decision can be made to acquire the entity or withdraw from the acquisition process. The due diligence is primarily intended to provide comprehensive information and data that allow for verification of the feasibility of achieving the assumed investment goals and identification of risk factors related to the potential transaction. There is a dynamic development of renewable energy sources, and as a result, a change in the national energy mix towards low- and zero-emission sources at the expense of reducing the importance of conventional sources. This forces the energy sector to make significant investments, including in the acquisition of entities from the area of renewable energy sources. Ensuring the security of investments of energy companies through proper due diligence of acquired entities can significantly contribute to the success of the green transition of the Polish and EU economy.

Keywords: due diligence, acquisition processes, energy transition
Jel Codes: K20, K22

EU consumer inflation expectations in macro panels

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Abstract

This paper investigates the role of consumer inflation expectations in macroeconomic variable dynamics within select European Union countries from 2004Q1 to 2024Q3, employing a panel vector autoregression (PVAR) model. Specifically, it addresses two key research questions: firstly, the impact of consumer inflation expectations on macroeconomic variables, and secondly, the sensitivity of these relationships to methodological choices in expectation quantification. The empirical analysis compares two approaches: balance statistics and various configurations of the Carlson-Parkin quantification method, studying variations in inferred economic dynamics dependent upon methodological selection. The results indicate that consumer inflation expectations modestly influence aggregate demand and inflation, consistent with intertemporal substitution effects in macroeconomic theory. However, the anticipated wage-price spiral was largely absent, and the relationship between unemployment and inflation was weaker than traditional Phillips curve frameworks would predict, suggesting structural factors or unemployment rates above the natural unemployment rate. Lastly, heterogeneity in dynamics between different countries is analyzed. Furthermore, the sensitivity analysis utilizing different quantification methods for qualitative inflation expectation responses illustrated that macroeconomic relationships found, particularly concerning consumer sentiment are dependent on methodological choices.

Keywords: Consumer Inflation Expectations
Jel Codes: C49, D84, E58

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Does market power matter for R&D? A semi-parametric comparison between the drugs industry and high-tech sectors

Karine Borri
University of São Paulo, Brazil

Abstract

This study examines the relationship between market power and R&D investment by comparing the pharmaceutical industry with other high-tech sectors using a semi-parametric fixed effects model. Analyzing panel data from high-tech firms in France, Germany, and Great Britain (2010-2018) with Operating Profit Margin as a proxy for the Lerner Index, we find distinct innovation patterns across industries. In pharmaceuticals, the Schumpeterian effect dominates, with higher market power positively associated with R&D investment, reflecting how firms reinvest monopoly profits while strategically acquiring external innovation through purchased intangibles. Conversely, other high-tech sectors exhibit an inverted-U relationship, where moderate market power maximizes innovation, but excessive market dominance weakens R&D incentives. Financially constrained firms with negative operating margins show different innovation strategies compared to profitable enterprises across both sectors. Loss-making pharmaceutical firms rely heavily on equity financing and internal R&D, while profitable ones balance in-house research with strategic acquisitions. These findings highlight how innovation decisions are shaped by industry-specific factors including financial constraints, market structure, and external innovation opportunities. Our results emphasize that competition policies should be tailored to sectoral differences in the market power-innovation relationship rather than applying uniform approaches across industries.

Keywords: R&D; Market Power; Competition; Pharmaceuticals
Jel Codes: O32; L11