



28th EBES CONFERENCE - COVENTRY

PROGRAM AND ABSTRACT BOOK

MAY 29-31, 2019
COVENTRY, UNITED KINGDOM

Hosted by
The Centre for Financial and Corporate Integrity (CFCI)
Coventry University

In collaboration with
Coventry Business School Trading Floor



ebes@ebesweb.org

www.ebesweb.org

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EBES is a scholarly association for scholars involved in the practice and study of economics, finance, and business worldwide. EBES was founded in 2008 with the purpose of not only promoting academic research in the field of business and economics, but also encouraging the intellectual development of scholars. In spite of the term “Eurasia”, the scope should be understood in its broadest term as having a global emphasis.



EBES aims to bring worldwide researchers and professionals together through organizing conferences and publishing academic journals and increase economics, finance, and business knowledge through academic discussions. Any scholar or professional interested in economics, finance, and business is welcome to attend EBES conferences. Since our first conference in 2009, around 11,157 colleagues from 98 countries have joined our conferences and 6,379 academic papers have been presented. EBES has reached 2,050 members from 84 countries.

Since 2011, EBES has been publishing two journals. One of those journals, ***Eurasian Business Review - EABR***, is in the fields of industrial organization, innovation and management science, and the other one, ***Eurasian Economic Review - EAER***, is in the fields of applied macroeconomics and finance. Both journals are published quarterly by **Springer** and indexed in **Scopus**. In addition, EAER is indexed in the ***Emerging Sources Citation Index (Clarivate Analytics)*** and EABR is indexed in the ***Social Science Citation Index (SSCI)***.

Furthermore, since 2014 Springer has started to publish a new conference proceedings series (***Eurasian Studies in Business and Economics***) which includes selected papers from the EBES conferences. The 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th and 20th (Vol.2) EBES Conference Proceedings have already been accepted for inclusion in the ***Conference Proceedings Citation Index - Social Science & Humanities (CPCI-SSH)***. 20th (Vol.1), 21st and subsequent conference proceedings are in progress.

Beyond all this remarkable success in the past, EBES officials work hard on further improvements. I am happy to now join these ventures as President of EBES and look forward to serve together with the devoted EBES team.

On behalf of all EBES officials, I sincerely thank you for all your support in the past. We look forward to seeing you at our forthcoming conferences. We very much welcome your comments and suggestions in order to improve our future events. Our success is only possible with your valuable feedback and support!

I hope you enjoy the conference and Coventry.

With my very best wishes,

Klaus F. ZIMMERMANN
President

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- **Marco Vivarelli**, *Università Cattolica del Sacro Cuore*, Italy

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- **Naoyuki Yoshino**, Faculty of Economics, *Keio University*, Japan

Welcome to the 28th EBES Conference - Coventry

We are excited to jointly organize our 28th conference will take place on May 29th, 30th, and 31st, 2019 at *the Coventry University* in Coventry, United Kingdom with the support of *the Istanbul Economic Research Association*. The conference will be hosted by *the Centre for Financial and Corporate Integrity (CFCI)* in collaboration with *the Coventry Business School Trading Floor*. We are honored to have received top-tier papers from distinguished scholars from all over the world. We regret that we were unable to accept more papers. In the conference, 167 papers will be presented and 303 colleagues from 46 countries will attend the conference.



We are pleased to announce that distinguished colleagues **David B. Audretsch** from *Indiana University*, U.S.A., **Klaus F. Zimmermann** from *Central European University*, Budapest, Hungary, **Marco Vivarelli** from *Universita Cattolica del Sacro Cuore in Milano*, Italy, and **Dorothea Schäfer** from *the German Institute for Economic Research (DIW Berlin)*, Germany & *Jönköping University*, Sweden will join the conference as keynote speakers.

Throughout the years, EBES conferences have been an intellectual hub for academic discussion. Participants have found an excellent opportunity for presenting new research, exchanging information and discussing current issues. We believe that our future conferences will improve further the development of knowledge in our fields. In addition, based on the contribution of the paper to the field, the *EBES Award Committee* has selected one of the papers for the *Best Paper Award*. The *Best Paper Award* winner will be announced during the conference.

On behalf of EBES, I would like to thank to *the Centre for Financial and Corporate Integrity (CFCI)* and *the Coventry Business School Trading Floor* for their hospitality and our sponsor *Istanbul Economic Research Association*, all presenters, participants, board members, and keynote speakers.

I am looking forward to meeting you in person in Coventry and seeing you all again at the upcoming EBES conferences.

Best regards,

Ender Demir, PhD
Conference Coordinator

- **Sagi Akron**, *University of Haifa*, Israel
- **Hasan Fehmi Baklaci**, *Izmir University of Economics*, Turkey
- **Adam P. Balcerzak**, *Nicolaus Copernicus University*, Poland
- **Marco Bisogno**, *University of Salerno*, Italy
- **Gabor Bota**, *Budapest University of Technology and Economics*, Hungary
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- **Taufiq Choudhry**, *University of Southampton*, UK
- **Joel I. Deichmann**, *Bentley University*, USA
- **Ivana Dražić Lutilsky**, *University of Zagreb*, Croatia
- **Irene Fafaliou**, *University of Piraeus*, Greece
- **Clara García**, *Universidad Complutense de Madrid*, Spain
- **Tamara Jovanov**, *University Goce Delcev - Shtip*, Macedonia
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- **Ashraf A. Khallaf**, *American University of Sharjah*, UAE
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- **Sofia de Sousa Vale**, *ISCTE Business School*, Portugal

KEYNOTE SPEAKERS

David B. Audretsch is a Distinguished Professor at *Indiana University*, where he also serves as Director of the *Institute for Development Strategies*. He is an Honorary Professor of Industrial Economics and Entrepreneurship at the *WHU-Otto Beisheim School of Management* in Germany and a Research Fellow of the *CEPR* in London. He has also worked as a consultant to the *UN*, *World Bank*, *OECD*, *EU Commission*, and *U.S. Federal Trade Commission*. His research has focused on the links between entrepreneurship, government policy, innovation, economic development, and global competitiveness. He is co-founder and Editor-in-Chief of *Small Business Economics: An Entrepreneurship Journal* and many other journals. He has received honorary doctorate degrees from the *University of Augsburg* in Germany and *Jonköping University* in Sweden. He has served as an advisory board member to a number of international research and policy institutes, including Chair of the *Deutsches Institut für Wirtschaftsforschung Berlin (German Institute for Economic Analysis Berlin)*, Chair of the *Stifterverband für die Deutsche Wissenschaft (Foundation for the Promotion of German Science)* in Berlin, Germany, and the *Center for European Economic Research (Zentrum für Europäische Wirtschaftsforschung)* in Mannheim, Germany etc. He has authored numerous papers which were published in prestigious journals such as *American Economic Review*, *European Economic Review*, *Review of Economics and Statistics*, and *Journal of Management* and his researches have been cited more than 86,000 (Google Scholar). He holds a PhD in economics from *University of Wisconsin, Madison* in U.S.A.



Klaus F. Zimmermann is President of the *Global Labor Organization (GLO)*; Co-Director of *POP* at *UNU-MERIT*; Full Professor of Economics at *Bonn University* (em.); Honorary Professor, *Maastricht University*, *Free University of Berlin* and *Renmin University of China*; Member, *German Academy of Sciences Leopoldina*, *Regional Science Academy*, and *Academia Europaea (Chair of its Section for Economics, Business and Management Sciences)*. Among others, he has worked at *Macquarie University*, the *Universities of Melbourne*, *Princeton*, *Harvard*, *Munich*, *Kyoto*, *Mannheim*, *Dartmouth College* and the *University of Pennsylvania*. Research Fellow of the *Centre for Economic Policy Research (CEPR)* and Fellow of the *European Economic Association (EEA)*. Editor-in-Chief of the *Journal of Population Economics*. Editorial Board of *International Journal of Manpower*, *Research in Labor Economics* and *Comparative Economic Studies*, among others. Founding Director, *Institute for the Study of Labor (IZA)*; Past-President, *German Institute for Economic Research (DIW)*. Distinguished John G. Diefenbaker Award 1998 of the *Canada Council for the Arts*; Outstanding Contribution Award 2013 of the *European Investment Bank*. Rockefeller Foundation Policy Fellow 2017; Eminent Research Scholar Award 2017, Australia; EBES Fellow Award 2018. He has published in many top journals including *Journal of Economic Perspectives*, *American Economic Review*, *Econometrica*, *Journal of the European Economic Association*, *Journal of Human Resources*, *Journal of Applied Econometrics*, *Public Choice*, *Review of Economics and Statistics*, *Journal of Population Economics* and *Journal of Public Economics*. His research fields are population, labor, development and migration.



Marco Vivarelli is full professor at *the Catholic University of Milano*, where he is also Director of *the Institute of Economic Policy*. He is Professorial Fellow at *UNU-MERIT*, Maastricht; Research Fellow at *IZA*, Bonn; Fellow of *the Global Labor Organization (GLO)*. He is member of the Scientific Executive Board of *the Eurasia Business and Economics Society (EBES)*; member of the Scientific Advisory Board of *the Austrian Institute of Economic Research (WIFO, Vienna)* and has been scientific consultant for *the International Labour Office (ILO)*, *World Bank (WB)*, *the Inter-American Development Bank (IDB)*, *the United Nations Industrial Development Organization (UNIDO)* and *the European Commission*. He is Editor-in-Chief of *the Eurasian Business Review*, Editor of *Small Business Economics*, Associate Editor of *Industrial and Corporate Change*, Associate Editor of *Economics E-Journal*, member of the Editorial Board of *Sustainability* and he has served as referee for more than 70 international journals. He is author/editor of various books and his papers have been published in journals such as *Cambridge Journal of Economics*, *Canadian Journal of Economics*, *Economics Letters*, *Industrial and Corporate Change*, *International Journal of Industrial Organization*, *Journal of Economics*, *Journal of Evolutionary Economics*, *Journal of Productivity Analysis*, *Labour Economics*, *Oxford Bulletin of Economics and Statistics*, *Regional Studies*, *Research Policy*, *Small Business Economics*, *Southern Economic Journal*, *World Bank Research Observer*, and *World Development*. His current research interests include the relationship between innovation, employment and skills; the labor market and income distribution impacts of globalization; the entry and post-entry performance of newborn firms.



Dorothea Schäfer is the Research Director of Financial Markets at *the German Institute for Economic Research (DIW Berlin)* and Adjunct Professor of *Jönköping International Business School, Jönköping University*. She has also worked as evaluator for *the European Commission*, *the Federal Ministry of Education and Research* and Chairwoman of *Evaluation Committee for LOEWE (Landes-Offensive zur Entwicklung Wissenschaftlich-ökonomischer Exzellenz des Bundeslandes Hessen)*. She managed various research projects supported by *the Deutsche Forschungsgemeinschaft (DFG)*, *the EU Commission*, *the Fritz Thyssen Foundation* and *the Stiftung Geld und Währung*. Her researches were published in various journals such as *Journal of Financial Stability*; *German Economic Review*; *International Journal of Money and Finance*; *Small Business Economics*; and *Economic Modelling*. She is regularly invited as an expert in parliamentary committees, including *the Finance Committee of the Bundestag* and gives lectures on financial market issues in Germany and abroad. She is also a member of the Editorial Board and Editor-in-Chief of the policy-oriented journal "*Vierteljahrshefte zur Wirtschaftsforschung*" (*Quarterly Journal for Economic Research*) and Editor-in-Chief of *Eurasian Economic Review*. Her research topics include financial crisis, financial market regulation, financing constraints, gender and financial markets, financial transaction tax.



PUBLICATION OPPORTUNITIES

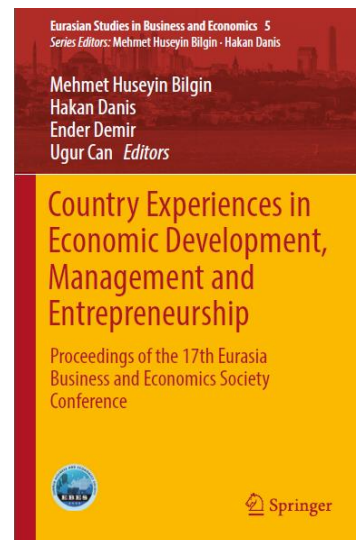
After the conference, participants can submit their papers to:

- The EBES journals (*Eurasian Business Review - EABR* and *Eurasian Economic Review - EAER*).** EBES journals (EABR and EAER) are published by **Springer** and both are indexed in the *SCOPUS*, *EBSCO EconLit with Full Text*, *Google Scholar*, *ABS Academic Journal Quality Guide*, *CNKI*, *EBSCO Business Source*, *EBSCO Discovery Service*, *EBSCO TOC Premier*, *International Bibliography of the Social Sciences (IBSS)*, *OCLC WorldCat Discovery Service*, *ProQuest ABI/INFORM*, *ProQuest Business Premium Collection*, *ProQuest Central*, *ProQuest Turkey Database*, *ProQuest-ExLibris Primo*, *ProQuest-ExLibris Summon*, *Research Papers in Economics (RePEc)*, *Cabell's Directory*, and *Ulrich's Periodicals Directory*. In addition, while **EAER** is indexed in the **Emerging Sources Citation Index** (Clarivate Analytics), **EABR** is indexed in the **Social Science Citation Index (SSCI)** and Current Contents / Social & Behavioral Sciences.
- The Springer's series *Eurasian Studies in Business and Economics*.** This will also be sent to *Clarivate Analytics* in order to be reviewed for coverage in its *Conference Proceedings Citation Index - Social Science & Humanities (CPCI-SSH)*. Please note that the 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, and 20th (Vol.2) EBES Conference Proceedings are accepted for inclusion in the *Conference Proceedings Citation Index - Social Science & Humanities (CPCI-SSH)*. The 18th, 20th (Vol.1) and subsequent conference proceedings are in progress. There is no submission or publication fee for *Eurasian Studies in Business and Economics*.



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GENERAL INFORMATION

Conference Venue

Coventry University
Priory Street Coventry, United Kingdom
<https://www.coventry.ac.uk/>

All conference rooms are equipped with a computer and a projector with screen for power-point presentations; also wireless internet will be available during the conference to participants free of charge.

Registration Desk

DAY 1: REGISTRATION: 08:30-16:00

DAY 2: REGISTRATION: 08:30-14:30

DAY 3: REGISTRATION: 10:00-13:30

Participants will be able to register at above given times during the conference days at the registration desks.

**Best Paper Award Sponsored by
John P. Rust, Georgetown University
DAY 1 - Room: CC1.3 - 13:30-13:50**

While submitting full papers is not required for EBES Conferences, only submitted full papers has been considered for the Best Paper Award. The Best Paper Award is selected by our Award Committee and EBES will award 500 Euros and "Best Paper Award Certificate" to the winner. The award winner, the runner-up, and the third papers will be published in either EAER or EABR after very fast review process.

Catering / Refreshment

Tea, coffee and water will be served during the breaks and lunch will be served at midday, as indicated in the conference program.

Parallel Sessions

All presenters may upload presentations in either MS PowerPoints or pdf format. You are responsible for ensuring that your presentations are uploaded in advance of the start of the sessions. Each presenter will have 15 minutes for presentation and 5 minutes for discussions. The session chair is responsible for directing any Q & A and for ensuring that the session starts and ends on time.

Dress Code

The dress code for the conference is smart casual.

CONFERENCE PROGRAM

WEDNESDAY, MAY 29 (DAY 1)

REGISTRATION: 08:30-16:00

WELCOME SPEECHES: 09:00-09:30

Room: CC1.3

Klaus F. Zimmermann, President, *EBES & GLO & Central European University*, Budapest, Hungary

Heather McLaughlin, Academic Dean, Faculty of Business and Law, *Coventry University*, United Kingdom

Uchenna Tony-Okeke, Director of the Coventry Business School Trading Floor, Faculty of Business and Law, *Coventry University*, United Kingdom

**EBES & GLO Panel on "The Future of Europe and Brexit after the EU Election": 09:30-10:30
Initiated by the Global Labor Organization (GLO)**

Room: CC1.3

Chair & Introduction: Klaus F. Zimmermann, President, *EBES & GLO & Central European University*, Budapest, Hungary

Mehmet Huseyin Bilgin, *EBES, GLO, & Istanbul Medeniyet University*, Turkey

Matloob Piracha, Director *GLO & University of Kent*, United Kingdom

Dorothea Schäfer, *DIW Berlin, GLO, & Jönköping University*, Sweden

Marco Vivarelli, *GLO & Università Cattolica del Sacro Cuore in Milano*, Italy

COFFEE BREAK: 10:30-10:40

DAY 1 - SESSION I: 10:40-12:40

ECONOMICS OF INNOVATION I

Chair: Marco Vivarelli

Room: CC1.1

Dynamic Innovation Capital (DINNAP). To Evaluate Change of "Innovation Capital" in Open Innovation as Effect of and Prerequisite for Resource Development and Value Growth – Through Applying the European Excellence Model

Staffan Per Boström, University of Linköping, University of Malardalen, Sweden

The Importance of Emerging Industries: The Case of Biopharma

Cristina Porumboiu, Bucharest University of Economic Studies, Romania

The Determinants of the Costs of Financial Distress in Pharmaceutical Firms

Elena Makeeva, NRU High School of Economic, Russia; Ivan Nedobezhkin, NRU HSE, Russia; and Maria Sinilshikova, NRU HSE, Russia

Financial Results of Polish Enterprises by Sectors of R&D Intensity

Magdalena Mojsiewicz, University of Szczecin, Poland

Exploring the Linkage between Big Data Analytics and Firm Innovation Performance

Parijat Upadhyay, IMT Nagpur, India and Anup Kumar, IMT Nagpur, India

A Demand-side Approach to User Engagement in Green Technologies

Esin Yoruk, Coventry University, United Kingdom; Will McDowall, UCL Energy Institute, United Kingdom; Maureen Meadows, Coventry University, United Kingdom; and Slavo Radosevic, School of Slavonic and Eastern European Studies, United Kingdom

INVESTMENT & CORPORATE FINANCE I

Chair: Diana Barbu

Room: CC1.2

A Review of Research on Financial Behavior and Financial Literacy in OECD and Asia Countries

Susana De los Rios Sastre, Comillas Pontifical University, Spain and Teresa C. Herrador-Alcaide, UNED, Spain

Short-Term Impact of Major Events on International Dry Bulk Shipping Market: An Event-Based Approach

Tianzi Wang, Shanghai Maritime University, China and Yanhui Chen, Shanghai Maritime University, China

Influence of the Price Volatility of the Underlying Instrument on the Price and Delta-Risk of the Barrier Option

Ewa Dziawgo, Kazimierz Wielki University in Bydgoszcz, Poland

Risk Management and Optimal Reinsurance under Nonlinearly Transformed Risk Measures

Andreas Wolfgang Kuersten, University of Jena, Germany

Do Various Sectors Respond to Oil Price Shocks? New Evidence for Indonesia as Emerging Market

Subiakto Sukarno, Institut Teknologi Bandung (ITB), Indonesia and Marla Setiawati, Institut Teknologi Bandung (ITB), Indonesia

Family Firm Governance and Performance: A Literature Review and Future Research Directions

Virginia Bodolica, American University of Sharjah, U.A.E.; Daniel Dupuis, American University of Sharjah, U.A.E.; and Martin Spraggon, Mohammed Bin Rashid School of Government, U.A.E.

ACCOUNTING/AUDIT I

Chair: Sagi Akron

Room: CC1.4

Loan-Loss Provisions, Earnings Management, and Capital Management by Russian Banks: The Impact of Changes in Banking Regulation

Jeff Downing, National Research University Higher School of Economics, Russia and Egor Nikulin, Saint Petersburg University, Russia

Credit Rating, Post-Earnings-Announcement Drift, and Arbitrage from Transient Institutions

Guanming He, Durham University, United Kingdom

Internal Auditors and Internal Auditing Standards: Does Compliance Enhance Corporate Governance Mechanism?

Mohamed Abdel Aziz Hegazy, The American University in Cairo, Egypt; Marwa Farghaly, The American University in Cairo, Egypt; and Karim Mohamed Hegazy, Liverpool University, United Kingdom

Cost Cutting Activities: Multiple Theories Perspective

Maria Postoyeva, LSBU, United Kingdom

Financial Technology: Disclosure Differences in Eurasia

Teresa C. Herrador-Alcaide, UNED, Spain and Montserrat Hernández-Solís, UNED, Spain

How Do Insider Trading Incentives Affect Voluntary Nonfinancial Disclosures? Evidence from Product and Business Expansion Disclosures

Guanming He, Durham University, United Kingdom

MANAGEMENT & INDUSTRIAL ORGANIZATION**Chair:** Ralph Sonenshine**Room:** CC1.8*Congruence of Personal and Organizational Values in Different Generations of Employees*

Jolita Vveinhardt, Vytautas Magnus University, Lithuania and Povilas Foktas, Vytautas Magnus University, Lithuania

Welfare-Improving Mixed Collusion

Filipa Cunha Mota, FEP and CEF.UP, Portugal; João Correia-da-Silva, FEP and CEF.UP, Portugal; and Joana Pinho, Católica Porto Business School and CEGE, Portugal

Strategic Advice for Small Companies - Exploring Strategic Collaboration Process

Katarzyna Łobacz, University of Szczecin, Poland

Blockchain as Anti-Corruption Tool

Irene Buzzi, Sapienza University of Rome, Italy; Claudio Nassisi, Tor Vergata University Rome, Italy; and Ettore D'Ascoli, University of Salerno, Italy

Millennial Travelers' Perception of Terrorism Risks: Evidence from Poland and Slovakia

Rafał Nagaj, University of Szczecin, Poland

Managing Generational Diversity at Work: Its Implications in Germany and United Arab Emirates for Organizations

Martin Klaffke, HTW Business School Hochschule für Technik und Wirtschaft, Germany and Maria Jade Catalan Opulencia, Ajman University, U.A.E.

LUNCH: 12:40-13:30**EBES FELLOW & BEST PAPER AWARD CEREMONIES: 13:30-13:50****Room:** CC1.3**Introduced by:** Marco Vivarelli, *Universita Cattolica del Sacro Cuore in Milano, Italy***KEYNOTE SESSION: 13:50-14:30****Room:** CC1.3*Entrepreneurship: The Role of Culture*David B. Audretsch, *Indiana University, U.S.A.***JOURNAL EDITORS SPECIAL SESSION: 14:30-15:50****How to Publish in WOS Journals?****Room:** CC1.3Klaus F. Zimmermann, *Editor-in-Chief, Journal of Population Economics (SSCI)*David B. Audretsch, *Editor-in-Chief, Small Business Economics (SSCI)*Marco Vivarelli, *Editor-in-Chief, Eurasian Business Review (SSCI)*Dorothea Schäfer, *Editor-in-Chief, Eurasian Economic Review (Scopus & ESCI)***COFFEE BREAK: 15:50-16:00**

DAY 1 - SESSION II: 16:00-18:00**REGIONAL STUDIES & POLITICAL ECONOMY****Chair:** A.M.M. Shahiduzzaman Quoreshi**Room:** CC1.1*Geopolitical and Geoeconomic Challenges in Central Asia. Case Study – Kazakhstan*

Dumitru Miron, The Bucharest University of Economic Studies, Romania and Ioan Alexandru Gherasim, Corvinus University of Budapest, Hungary

Which Way is Up? Orientation and Residential Property Values

Andrew Narwold, University of San Diego, U.S.A.

The Analysis and Comparison of Demand and Supply of Residential Property in Szczecin in Selected Years

Anna Gdakowicz, University of Szczecin, Poland and Ewa Putek-Szeląg, University of Szczecin, Poland

Artificial Intelligence and State Economic Security

Murat Uzun, Turkish National Police Academy, Turkey

The Rise and Fall of Empires: What about the EU?

Walter Nonneman, University of Antwerp, Belgium

The European Union as a Platform for the NGOs' Operations Supporting Democracy

Boguslawa Drelich Skulska, Wroclaw University of Economics, Poland and Malgorzata Domiter, Wroclaw University of Economics, Poland

ECONOMICS OF INNOVATION II**Chair:** Parijat Upadhyay**Room:** CC1.2*The Use of Legislative and Socio-Economic Mechanisms for Business Development in the Third and Fourth Industrial Revolutions: The EU Experience*

Leonid Melnyk, Sumy State University, Ukraine; Oleksandr Derykolenko, Sumy State University, Ukraine; and Iryna Dehtyarova, Sumy State University, Ukraine

Economical Evaluation of Precision Farming Technology in Lithuania

Danute Zinkeviciene, Vytautas Magnus University, Lithuania; Remigijus Zinkevičius, Vytautas Magnus University, Lithuania; and Sigitas Petkevičius, Vytautas Magnus University, Lithuania

The Hiramatsu Concept of "One Village, One Product" As an Element of Regional Industrial Specialization and a Cluster Policy Tool

Anna Helena Jankowiak, Wroclaw University of Economics, Poland

Green Innovation-Driven Corporate Upgrading: A Case Study Based on a Chinese Ceramic Tile Enterprise

Yunshi Mao, Sun Yat-sen University, China; Zekai Huang, Sun Yat-sen University, China; and Yangchun Liu, Sun Yat-sen University, China

Cluster Initiatives and Pilot Innovative Regional Clusters in Russia: Specifics of Organization & Structure

Marat Smirnov, Saint Petersburg State University, Russia

Banking and FinTech in Saudi Arabia

Adel Abdullah Alaraifi, Imam Abdulrahman Bin Faisal University, Saudi Arabia; Eung Jin Kim, Imam Abdulrahman Bin Faisal University, Saudi Arabia; and Kamran Ahmed Siddiqui, Imam Abdulrahman Bin Faisal University, Saudi Arabia

CORPORATE GOVERNANCE & CORPORATE FINANCE**Chair:** Keun Jung Lee**Room:** CC1.4*Sociodemographics, Internal Whistleblowing Channels and Intentions: A Survey Research Note*

Pailin Trongmateerut, Thammasat University, Thailand; Nontawan Yomchinda, Thammasat University, Thailand; and Sarun Chookhiatti, Chulalongkorn University, Thailand

The Impact of Capital Structure on the Firm Risk and Performance in Finland

Shab Hundal, JAMK University of Applied Sciences, Finland; Anne Eskola, JAMK University of Applied Sciences, Finland; and Sofiya Lyulyu, JAMK University of Applied Sciences, Finland

Shari'ah Governance of Islami Bank Bangladesh Limited: Implications of Ownership Change

Hafij Ullah, Coventry University, United Kingdom

Private Equity Acquisitions and Strategic Buyers: Information Discounts versus Synergies

Christian Riis Flor, University of Southern Denmark, Denmark and Peter Sorensen, University of Copenhagen, Denmark

Will the New Regulatory Framework Deter Corporate Frauds in India?

Jaya Mathew, K J Somaiya Institute of Management Studies & Research, India and Phathara-On Wesarat, Prince of Songkla University, Thailand

ESG and Financial Performance: Impact of Environmental, Social, and Governance Issues on Corporate Performance

Asli Aybars, Marmara University, Turkey

MARKETING I**Chair:** M. Sadiq Sohail**Room:** CC1.8*Uncovering Social Media Users Emotions towards Companies Using Semantic Web Technologies*

Liviu-Adrian Cotfas, Bucharest University of Economic Studies, Romania and Ionut Costinel Nica, Bucharest University of Economic Studies, Romania

Analyzing Customers' Opinions towards Product Characteristics using Social Media

Camelia Delcea, Bucharest University of Economic Studies, Romania; Liviu-Adrian Cotfas, Bucharest University of Economic Studies, Romania; and Ionut Costinel Nica, Bucharest University of Economic Studies, Romania

Employee Perceived Value of Internal Marketing Programs: A Literature Review

Silvia Sievers Fernandez, Universidad Complutense de Madrid, Spain and Carmen Abril, Universidad Complutense de Madrid, Spain

New Marketing Products of Film Festivals in Turkey: Pitching and Work-in-Progress

Askim Nurdan Tumbek Tekeoglu, Istanbul Commerce University, Turkey

Locked-in Customers in B2B Telecom Industries: The Importance of Attitudinal Loyalty

Jose Ignacio Gafo, IE University, Spain

Exploring the Uses & Gratifications and Risks Involved in Using Augmented Reality Applications

Zeynep Irem Erdogmus, Marmara University, Turkey and Pelin Serefhan, Marmara University, Turkey

Annual Meeting of Eurasian Economic Review and Eurasian Business Review Editorial Board: 18:00-19:00 (Only EBES, EAER, and EABR boards' members are invited)

THURSDAY, MAY 30 (DAY 2)**REGISTRATION: 08:30-14:30****DAY 2 - SESSION I: 09:00-11:00****EDUCATION****Chair:** Dimitrios Doulos**Room:** CC1.1

Higher Education Institutions as Wardens of the United Nations' Sustainable Development Goals
Semen Son Turan, MEF University, Turkey

Returns to Education in CEE Transition Economies: The Role of Institutions and Macro Trends
Leszek Wincenciak, University of Warsaw, Poland; Gabriela Grotkowska, University of Warsaw, Poland; and Tomasz Gajderowicz, University of Warsaw, Poland

Evolution of Returns to Education in a Transition Economy
Leszek Wincenciak, University of Warsaw, Poland

Perceptions of High School Students against Fraud and Corruption: Survey in West Java Province - Indonesia
Hamfri Djajadikerta, Universitas Katolik Parahyangan, Indonesia; Sylvia Fettry Elvira Maratno, Universitas Katolik Parahyangan, Indonesia; and Damajanti Tanumihardja, Universitas Katolik Parahyangan, Indonesia

An Alternative Cost of Tertiary Education: A DCE Approach to a Missing Piece in the Puzzle
Tomasz Gajderowicz, University of Warsaw, Poland; Gabriela Grotkowska, University of Warsaw, Poland; and Leszek Wincenciak, University of Warsaw, Poland

Design the Learning Process for Millennial Students in Higher Education
Elvy Maria Manurung, Parahyangan Catholic University (UNPAR), Indonesia; Yohanes Slamet Purwadi, Parahyangan Catholic University, Indonesia; and I. B. Sugiharto, Parahyangan Catholic University, Indonesia

GROWTH AND DEVELOPMENT**Chair:** Nihal Bayraktar**Room:** CC1.2

May I Finance My Undergrad with Your Pension Contributions? A Welfare Assessment of a New Education-Funding Scheme
Oliver Pardo, Pontificia Universidad Javeriana, Colombia

Exhaustible Resources and Sustainable Growth Nexus: Evidence from Libya
Abdelatif Taloba, University of Hull, United Kingdom and Keshab Bhattarai, University of Hull, United Kingdom

The Stability of Economic Growth before and After Crisis: World Perspective
Jacek Batóg, University of Szczecin, Poland and Barbara Batóg, University of Szczecin, Poland

Evaluation of the State Strategy Effectiveness of Spatial Development in the Russian Federation: A Cluster Approach
Julia Dubrovskaya, Perm National Research Polytechnic University, Russia; Elena Victorovna Kozonogova, Perm National Research Polytechnic University, Russia; and Tatyana Pestereva, Perm National Research Polytechnic University, Russia

Education of Female Students and Education Aid Volatility
Nihal Bayraktar, Penn State Harrisburg, U.S.A.

Role of INGO in Livelihood Improvement: Case Study of Community Action Nepal
Shyam Kumar Karki, Soka University, Japan

BEHAVIORAL FINANCE I**Chair:** Sagi Akron**Room:** CC1.4*A Comprehensive Analysis of Investor Types in Borsa Istanbul*

Cumhur Ekinci, Istanbul Technical University, Turkey; Oguz Ersan, Kadir Has University, Turkey; and Nihan Dalgic, Yeditepe University, Turkey

Antecedents and Consequences of Financial Literacy: Evidence from Members of the Royal Malaysia Police

Hafizah Mat Nawi, Quest International University Perak, Malaysia and Hafez Shahril Hussin, Malaysia

Incentive and Risk Taking in Financial Market with Heterogeneous Agents

Juanxi Wang, Cranfield University, United Kingdom

Market Sentiment, Transaction Aggressiveness, and Returns

Matthew C. Chang, Chinese Culture University, Taiwan

New Evidence of the Influence of Post Materialism Orientations on the Financial Markets Mechanisms

Raluca Simina Bilti, West University of Timisoara, Romania

Variables of Financial Behavior in Retirement Planning in a Spanish Sample

Montserrat Hernández-Solís, UNED, Spain; Teresa C. Herrador-Alcaide, UNED, Spain; and Gabriela Topa Cantisano, UNED, Spain

EMPIRICAL STUDIES ON EMERGING ECONOMIES**Chair:** Andreia Dionísio**Room:** CC1.8*Does the Digital Gap Matter? Estimating the Impact of ICT on Productivity in Developing Countries*

Ronja Hawash, Butler University, U.S.A. and Guenter Lang, Kuehne Logistics University, Germany

Shift from Passively Integrating into GVC to Proactively Restructuring GVC: Empirical Research based on Enterprise Upgrading in Emerging Economies

Yunshi Mao, Sun Yat-sen University, China; Yangchun Liu, Sun Yat-sen University, China; and Tian Li, Sun Yat-sen University, China

Assessment of the Features of the Spatial Organization of the Russian Economy Based on the Global and Local Moran Indexes

Elena Victorovna Kozonogova, Perm National Research Polytechnic University, Russia and Julia Dubrovskaya, Perm National Research Polytechnic University, Russia

Will Urbanization Help China To Have A Sustainable Pension System?

Jia Shao, Coventry University, United Kingdom

Macprudential Stress Testing Practice of Credit Risk in Indonesia Commercial Banking System

Shilvia Kurniawati, Institut Teknologi Bandung, Indonesia

Trends in Risk and Insurance Research

Adel Abdullah Alaraifi, Imam Abdulrahman Bin Faisal University, Saudi Arabia; Ishtiaq Ahmad Bajwa, Imam Abdulrahman Bin Faisal University, Saudi Arabia; and Kamran Ahmed Siddiqui, Imam Abdulrahman Bin Faisal University, Saudi Arabia

COFFEE BREAK: 11:00-11:10

DAY 2 - SESSION II: 11:10-13:10**MANAGEMENT****Chair:** Desiree Helene Ladwig**Room:** CC1.1*A Systemic Approach for Management, Leadership and Teams*

Emoke Takacs, ERI Hungary - European Research Institute, India; Toon Abcouwer, University of Amsterdam, Netherlands; and O.P. Banga, Tree-Parq, Netherlands

Telecommuting Versus Traditional Work Environment: Determinants of Job Satisfaction as Perceived by Individual Contributors and Supervisors

Melfi Masongsong Caranto, Jose Rizal University, Philippines; Rommel Pilapil Sergio, Canadian University Dubai, U.A.E.; and Melchor Zabala Oribiana, University of Leeds, United Kingdom

Strategy Work – Dark Rooms, Pinholes and Laterna Magica

Pasi Sajasalo, University of Jyväskylä, Finland; Tommi Auvinen, University of Jyväskylä, Finland; Antti Ilmari Rautiainen, University of Jyväskylä, Finland; and Tuomo Takala, University of Jyväskylä, Finland

Sustainable Procurement and Environmental Performance Indices for Maritime Services

Anastasia Christodoulou, University of Gothenburg, Sweden

Customer Perceived Environmental Value and its Drivers in Logistics Outsourcing Relationships

Alexandre Metreveli, Coventry University, United Kingdom; Beverly Wagner, University of Strathclyde, United Kingdom; and Fred Lemke, Vlerick Business School, Belgium

A Theoretical Model of Responsible Leadership and Employee Innovative Behavior: The Role of Social Leader-Member Exchange and Voice Behavior

Jolita Butkiene, ISM University of Management and Economics, Lithuania

CORPORATE GOVERNANCE**Chair:** Maria Postoyeva**Room:** CC1.2*Corporate Governance and Payout Policy: A Catering Effect*

Daniel Gyimah, Coventry University, United Kingdom; Ernest Gyapong, Massey University, New Zealand; and Ammad Ahmed, Queensland University of Technology, Australia

Investor Protection and Institutional Investors' Incentive for Information Production

Sagi Akron, University of Haifa, Israel

Does Corporate Social Responsibility Drive or Impede Corporate Financial Performance

Weiou Wu, London South Bank University, United Kingdom

Evaluating the Impact of Compliance with Governance Recommendations on Firm Performance: The Case of Spain

Manuel Ernesto Nunez, Blanquerna Foundation - Universitat Ramon Llull, Spain; Josep E Garcia-Blandon, IQS School of Management - Universitat Ramon Llull, Spain; and Christopher Baum, Boston College, U.S.A.

Corporate Governance as a CSR Reporting Determinant

Triinu Tapver, Tallinn University of Technology, Estonia

Leveraging Founder's Influence in Post-IPO Time: Ownership, Management and Firm Performance of R&D-Based Newly Public Firms in India

Manali Chatterjee, Indian Institute of Technology Kharagpur, India and Titas Bhattacharjee, Indian Institute of Technology Kharagpur, India

INTERNATIONAL TRADE**Chair:** Ralph Sonenshine**Room:** CC1.4*Is the Emphasis on Unit Labor Costs an Effective Export-Promoting Policy? A Comparison between Greece and Portugal*

Dimitrios Doulos, The American College of Greece, Greece

Do Global Value Chains Make Firms More Vulnerable to Trade Shocks? - Evidence from Manufacturing Firms in Sweden

A.M.M. Shahiduzzaman Quoreshi, Blekinge Institute of Technology, Sweden and Trudy-Ann Stone, Sweden

Minimum Quality Standards and Technology Gap between DC and LDC Firms

Han Eol Ryu, Korea Institute for Industrial Economics and Trade, Korea

The Determinants of Export Performance and Its Effect on Firm Growth

Maria Kalogera, University of Patras, Greece; Antonios Georgopoulos, University of Patras, Greece; and Panagiota Boura, University of Patras, Greece

Embeddedness in Global Value Chain, Production Fragmentation and Path Selection of Service Sector Expansion

Chen Jian, Southeast University, China

Empirical Assessment of Innovation Impacts on International Trade Involvement of SMEs

Alfonso Exposito Garcia, Universidad de Sevilla, Spain and Juan Sanchis, ERI-CES University of Valencia, Spain

INVESTMENT & CORPORATE FINANCE II**Chair:** Anis Samet**Room:** CC1.8*The Multifunctionality Financial Instruments: Theory and Practice*

Tatiana S. Novashina, Moscow Financial Industrial University "SINERGY", MGIMO University, Russian Foreign Ministry, Russia and Vyacheslav I. Karpunin, MGIMO University, Russian Foreign Ministry, Moscow Financial Industrial University "SINERGY", Russia

Are Financially Constrained Firms Susceptible to a Stock Price Crash?

Guanming He, Durham University, United Kingdom and Mengbing Helen Ren, University of Warwick, United Kingdom

Liquidation Valuation Method and Its Problematic Points

Frantisek Poborsky, The University of Economics, Prague, Czech Republic

Investment Decisions by the Sovereign Wealth Fund in Kazakhstan

Keun Jung Lee, KIMEP University, Kazakhstan

Futures Crude Oil Prices as Predictors of Spot Prices: Lessons from the Foreign Exchange Market

Imad Moosa, RMIT, Australia

Givers, Recipients and Risk Contributors. Analysis of the Time-Varying Volatility Transmission among Stock Markets in Visegrad Countries

Wojciech Grabowski, University of Lodz, Poland

LUNCH: 13:10-14:00

DAY 2 - SESSION III: 14:00-16:00**PUBLIC ECONOMICS & INEQUALITY****Chair:** Dimitrios Doulos**Room:** CC1.1*Strategic Purchasing and Health System Efficiency: Prospects for Health Sector Reform in Latvia*

Ingars Erins, Riga Technical University, Latvia; Karlis Ketners, BA School of Business and Finance, Latvia; Dainis Krievins, Pauls Stradins Clinical University Hospital, Latvia; and Mara Petersone, Riga Technical University, Latvia

Evaluation of European Pension Systems' Efficiency using DEA and Tobit Models

Gabriela Tuchilus, Bucharest University of Economic Studies, Romania and Toma Rosu Georgiana Cristina, Bucharest University of Economic Studies, Romania

An Inequality of Real-time Digital Life in Thailand

Thoedsak Chomtohsuwan, Rangsit University, Thailand; Narissara Charoenphandhu, Rangsit University, Thailand; and Thitima Pansri, Rangsit University, Thailand

Determinants of Subjective Welfare in Selected CEE Countries: Empirical Analysis Based on ESS Data

Venelin N. Boshnakov, University of National and World Economy, Bulgaria

The Future of Trade Integration in EU

Ildiko Virag Neumann, University of Pannonia, Hungary

Tariff Rate Pass-Through: Buyer Power and Product Differentiation Effects

Ralph Sonenshine, American University, U.S.A.

CORPORATE FINANCE**Chair:** Panagiotis Andrikopoulos**Room:** CC1.2*Earnings Management and the Operating Performance around the Private Placement of Equities (PPEs)*

Binqing Xiao, Nanjing University, China; Panagiotis Andrikopoulos, Coventry University, United Kingdom; Xiaowei Liu, Coventry University, United Kingdom; and Jun Wang, Coventry University, United Kingdom

The Impact of Derivative Disclosures on Managerial Opportunism: Evidence from FASB Statement No. 161

Guanming He, Durham University, United Kingdom and Mengbing Helen Ren, University of Warwick, United Kingdom

Detecting Determinants of Capital Structure

Christian Riis Flor, University of Southern Denmark, Denmark and Kirstine Petersen, University of Southern Denmark, Denmark

CEO Overconfidence and Value Creation. The Evidence from M&A Deals in Russia

Anna S. Morenkova, National Research University Higher School of Economics, Russia and Irina V. Ivashkovskaya, National Research University Higher School of Economics, Russia

The Cost of Multiple Blockholders Structure: Evidence from Corporate Investment

Frankie Chau, Durham University, United Kingdom; Zhenyang(David) Tang, Clark University, U.S.A.; Jun Wang, Coventry University, United Kingdom; Binqing Xiao, Nanjing University, China; and Xingchen Zhu, University of London, United Kingdom

An Analysis of Working Capital Management Strategy in Small Enterprises Operating within Group Purchasing Organizations

Grzegorz Zimon, Rzeszów University of Technology, Poland

MARKETING II**Chair:** Haibo Hu**Room:** CC1.4*Determinants of Females' Use of Mobile Fintech Applications in Pakistan*

Mahmood Shah, Coventry University, United Kingdom

The Effect of Alcohol Consumption and Contextual Cues on the Evaluation of New Brands of Alcoholic Beverages at the POS

Kapil Laxman Khandeparkar, Goa Institute of Management, India and Manoj Motiani, Indian Institute of Management, Indore, India

Revisiting Customer-Based Private Label Brand Equity

Belen Rodriguez Canovas, Complutense University of Madrid, Spain; Carmen Abril Barrie, Universidad Complutense Madrid, Spain; and Ester Martín-Caro, Corporación Universitaria de Asturias, Colombia

Decisions Reversibility in Marketing: Developing a Strategic Analysis Tool

Dorian Laurentiu Florea, Universidad Anáhuac México, Mexico and Munteanu Claudiu Cătălin, Romanian Academy, Romania

Mobile Social Network: Examining the Effects of Customer Engagement Behavior on Brand Trust and the Link to Brand Loyalty

M. Sadiq Sohail, King Fahd University of Petroleum & Minerals, Saudi Arabia and Mehedi Hassan, King Fahd University of Petroleum and Minerals, Saudi Arabia

The Influence of Online Travel Communities on Consumers' Choice of a Travel Company

Yulia Mikhailovna Tyunina, National Research University Higher School of Economics, Russia and Ekaterina Valerjevna Buzulukova, National Research University Higher School of Economics, Russia

INVESTMENT I**Chair:** Timothy Rodgers**Room:** CC1.8*Stock Market Sentiment and Stock Returns*

Tae Hyuk Kim, Pusan National University, Korea

Regional and Global Integration of Asian Stock Markets

Wahbeeah Mohti, University of Évora, Portugal; Andreia Dionísio, University of Évora, Portugal; Paulo Ferreira, University of Évora, Portugal; and Isabel Vieira, University of Évora, Portugal

Collectivism and Commonality in Liquidity

Mohsen Saad, American University of Sharjah, U.A.E. and Anis Samet, American University of Sharjah, U.A.E.

Is the EU Financial Market Integration Really Strong? A Study of Comparative Dynamics and Policy Impact

Jin Suk Park, Coventry University, United Kingdom; Mohammad Khaleq Newaz, Coventry University, United Kingdom; and Eunju Bahrish, Coventry University, United Kingdom

Predictability of Local Currency Bond Risk Premiums Using Large Datasets: Evidence from Turkey

Ibrahim Ethem Guney, Central Bank of the Republic of Turkey, Turkey and Oguzhan Cepni, Central Bank of the Republic of Turkey, Turkey

Testing Dividend Life Cycle Theory in Islamic and Commercial Banking Sectors of GCC Countries

Ibrahim Yousef, University of Petra, Jordan; Sailesh Tanna, Coventry University, United Kingdom; and Sudip Patra, Jindal Global University, India

COFFEE BREAK: 16:00-16:15**GALA DINNER: 19:30-22:00**

FRIDAY, MAY 31 (DAY 3)**REGISTRATION: 10:00-13:30****COFFEE BREAK: 10:15-10:30****DAY 3 - SESSION I: 10:30-12:30****INTERNATIONAL TRADE & FDI****Chair:** Alfonso Exposito Garcia**Room:** CC1.1*Protection Standards in Bilateral Investment Treaties and Their Contribution in Attracting Foreign Direct Investment*

Argyrios Benteiotis, Panteion University of Social and Political Sciences, Greece; Vasiliki Delitheou, Panteion University of Social and Political Sciences, Greece; and Eleftherios Podimatas, Panteion University of Social and Political Sciences, Greece

Chinese Internationalization and Local Stakeholders: Chemchina as the New Transnational Model

Emanuele C. Francia, Tsinghua University, China

A Study on the Entry Strategy of Chinese Companies into Overseas Markets

Bongju Kim, Meiji University, Japan

Market Quality and Dark Trading in the Post Mifid II Era: What Have We Learned So Far?

Panagiotis Anagnostidis, Institut Europlace de Finance (IEF) and European Financial Data Institute (EUROFIDAI), France; George Papachristou, Aristotle University of Thessaloniki, Greece; and Christos Varsakelis, iMMC, Université Catholique de Louvain, Belgium

The Effects of Exchange Rate Volatility in the Trade Flow of Mexico-United States

Martha Claudia Rodríguez-Villalobos, Universidad de Monterrey, Mexico; Rebeca De Golferichs Gonzalez, Universidad de Monterrey, Mexico; and Uriel Méndez-López, Universidad de Monterrey, Mexico

ACCOUNTING/AUDIT II**Chair:** Maria Postoyeva**Room:** CC1.2*The Impact of FASB Statement No.161 on Information Asymmetry between Informed and Uninformed Investors: Evidence from Stock Liquidity*

Mengbing Helen Ren, University of Warwick, United Kingdom

Taxation and Business Development in Greece

Thomas Chatzigagios, University of Macedonia, Greece and Vassilios Pontios, University of Macedonia, Greece

Excise Duties and Addictive Substances

Eva Kolarova, Tomas Bata University in Zlin, Czech Republic and Vendula Kolarova, Tomas Bata University in Zlin, Czech Republic

Research on Reliability of Fair Value Information Disclosure in Financial Statements: in the Case of the Agricultural Sector

Sviesa Leitoniene, Vytautas Magnus University, Lithuania

The Impact of Insider Trading on Analyst Coverage and Forecasts

Guanming He, Durham University, United Kingdom

Enhancing Financial Reporting Quality to Improve Investment Efficiency (Empirical Evidence from Companies Listed in Indonesia Stock Exchange)

Sylvia Fetry Elvira Maratno, Universitas Katolik Parahyangan, Indonesia

LABOR ECONOMICS**Chair:** Stefan Roland Schneck**Room:** CC1.4*Do Dutch and German Works Councils Function Differently?*

Annette van den Berg, Utrecht University, Netherlands and Yolanda Grift, Utrecht University, Netherlands

The Roles of Human Capital in Unemployment among Britain's Ethnic Minorities: Evidence from Labor Force Survey Data in 2010 and 2016

Zheng Sun, King's College London, United Kingdom

Evaluating the H2A Alternative of Hiring Replacement Foreign Workers

Cesar L Escalante, University of Georgia, U.S.A.

Uncertainty, Firm Heterogeneity and Labor Adjustment. Evidence from European Countries

Marta Martínez-Matute, Universidad Autónoma de Madrid, Spain and Alberto Urtasun, Bank of Spain, Spain

Precarious Jobs: Stepping-Stone to Permanent Employment or Vicious Circle?

Polona Domadenik, University of Ljubljana, Slovenia

Lessons from Australia: An Early Government Attempt at Solving the Unemployed Problem: The Casual Labor Board, 1887-88

Melissa Kerr, Bloomsbury Institute, United Kingdom

MANAGEMENT & SMALL AND MEDIUM-SIZED ENTERPRISES**Chair:** M. Sadiq Sohail**Room:** CC1.8*Business Advisors and Small Firms - Cooperation within the Process Perspective*

Pawel Glodek, University of Lodz, Poland

The Readymade Garment Workers of Bangladesh: Factors Influencing Perceptions of Workplace Abuse

Reaz Uddin, Blekinge Institute of Technology, Sweden; A.M.M. Shahiduzzaman Quoreshi, Blekinge Institute of Technology, Sweden; and Martin Svensson, Blekinge Institute of Technology, Sweden

Entrepreneurship, Innovation and Economic Growth: Evidence from Saudi Arabia

Yusuf Opeyemi Akinwale, Imam Abdulrahman Bin Faisal University, Saudi Arabia; Adel Abdullah Alaraifi, Imam Abdulrahman Bin Faisal University, Dammam, Saudi Arabia; and Aljohara Ababtain, Imam Abdulrahman Bin Faisal University, Saudi Arabia

Nurses Accountability and Responsibility: Autonomy and Expertise in the Managerial Sector

Giovanni Bellizzi, Hospital "Annunziata", Cosenza, Italy

Using Bricolage for Post ISIS Conflict Zone Entrepreneur Training: Evidence from the Iraqi Public Leadership Program

Yass Alkafaji, American University of Sharjah, U.A.E.

Research on the Evolutionary Process of Disruptive Innovation in Enterprises from the Perspective of Strategic Niche Management: Case Study of Zonst

Haibo Hu, Jiangxi University of Finance & Economics, China; Chunbing Mao, Jiangxi University of Finance & Economics, China; Haitao Lu, Jiangxi University of Finance & Economics, China; and Meiju Fei, Jiangxi University of Finance & Economics, China

Industrial Drivers of Co-Opetition among Organizations: A Sector-Based Research within the Context of Population Ecology Approach

Hasan Boztoprak, Beykent University, Turkey; Nusret Erhan Mutlu, Beykent University, Turkey; Murat Suslu, Beykent University, Turkey; and Yildiz Guzey, Beykent University, Turkey

LUNCH: 12:30-13:30

DAY 3 - SESSION II: 13:30-15:30**INVESTMENT II****Chair:** Weiou Wu**Room:** CC1.1*Initial Performance of Indian IPOs before the Financial Crisis*

Jasbir Singh Matharu, Institute of Management Technology, Nagpur, India

The Link between Terrorist Attacks and the Cryptocurrency Markets

Laith Almaqableh, UniSA, Australia; Krishna Reddy, Australian Institute of Business, Australia; Vikash Bora Ramiah, UOWD, U.A.E.; Jose Francisco Veron, University of South Australia, Australia; and Damien Wallace, University of South Australia, Australia

Approximating the Convergence to a Perfect Competition Equilibrium

Doron Nisani, University of Haifa, Israel

Inverse Higher Order Cumulant Function - Sufficient Statistics for Non-Gaussian ARMA-GARCH Volatility Forecasting

Sanja Dudukovic, Franklin University, Switzerland

Making Sense of the Global-Momentum Trading Strategies

Alain Wouassom, Queen Mary University of London, United Kingdom; Gulnur Muradoglu, Queen Mary University of London, United Kingdom; and Nicholas Tsitsianis, Queen Mary University of London, United Kingdom

Which High-Frequency Trading Improves Market Efficiency? The Study of the London Stock Exchange

Bouchra Benzennou, Coventry University, United Kingdom

HUMAN RESOURCES**Chair:** Desiree Helene Ladwig**Room:** CC1.2*Future Expats - No More Cultural Shock for Millennials? - Qualitative Analysis of Jordanian, American and German Students' Sojourns Abroad*

Michel Eckard Domsch, Helmut-Schmidt-University, Germany and Desiree Helene Ladwig, University of Applied Sciences Lübeck, Germany

Brain Drain – A Threat or an Opportunity

Jana Šimsova, Jan Evangelista Purkyně University in Ústí nad Labem, Czech Republic; Alice Reissova, Jan Evangelista Purkyně University in Ústí nad Labem, Czech Republic; and Hana Suchankova, Jan Evangelista Purkyně University in Ústí nad Labem, Czech Republic

The Organizational Choice of Human Resource Management Practices: A Study of Turkish Enterprises

Nurten Polat Dede, Istanbul Medipol University, Turkey

Retirement Programs for Employees in Employer Branding Strategy. Case of Poland

Iwona Olejnik, Poznan University of Economics and Business, Poland and Magdalena Stefańska, Poznan University of Economics and Business, Poland

Personal Innovativeness and Employability - How Personal Traits Affect Employer Attractiveness

Amila Pilav-Velic, University of Sarajevo, Bosnia and Herzegovina; Jasmina Selimovic, School of Economics and Business, University of Sarajevo, Bosnia and Herzegovina; and Hatidza Jahic, University of Sarajevo, Bosnia and Herzegovina

Environmental (Mis) Allocation in the International Copper Industry

Andres Luengo, Universidad Javeriana, Colombia

ENTREPRENEURSHIP

Chair: Yusuf Opeyemi Akinwale

Room: CC1.4

Values and Entrepreneurial Success in Fast Changing Transition Economies

Oliver Barish, Coventry University, United Kingdom and Krish Saha, Birmingham City University, United Kingdom

Does Social Capital Reduce Entrepreneurs' Petty Corruption? Indonesian Evidences

Julien Hanoteau, KEDGE Business School, France

Intention to Start a Business and Entrepreneurship Education Programme: A Pre- and Post-Program Research Design

Edmond Cera, Tomas Bata University, Czech Republic and Gentjan Cera, Tomas Bata University, Czech Republic

The Effect of Self-Employment on Income Inequality

Stefan Roland Schneck, Institut für Mittelstandsforschung (IfM) Bonn, Germany

Founder's Characteristics, Institutions, and Entrepreneurial Firm's Speed to IPO in China

Da Teng, Coventry University, United Kingdom

BEHAVIORAL FINANCE II

Chair: Juanxi Wang

Room: CC1.8

Relationship between Personal Debt Arrears and Risk Attitude - International Comparison

Maria Karolina Forlicz, Wroclaw University of Economics, Poland and Tomasz Rólczyński, WSB University in Wroclaw, Poland

Financial Behavior of Investors: Long-Run Overreaction Phenomenon in EURONEXT Stock Exchange

Vilija Aleknevičienė, Vytautas Magnus University, Lithuania and Inga Aleksandravičiūtė, Aleksandras Stulginskis University, Lithuania

Antecedents and Consequences of Financial Literacy: A Qualitative Study on the Malaysian Armed Forces Personnel

Hafizah Mat Nawi, Quest International University Perak, Malaysia; Hafez Shahril Hussin, Malaysia; and Abdul Latif Saleh, Quest International University, Malaysia

Consumer Bankruptcy Decision in Great Britain: A Zero-Inflated Ordered Probit Approach

Atilla Gumus, Nottingham Trent University, Nottingham Business School, United Kingdom

Factors Affecting the Length of Stay of Voluntary Private Pension Contributors: An Empirical Study on the Turkish Private Pension Business

Duygu Erol, Istanbul Commerce University, Turkey; Lamin W Saidykhan, Istanbul Commerce University, Turkey; and Murat Yalcintas, Istanbul Commerce University, Turkey

COFFEE BREAK: 15:30-15:45

ABSTRACT BOOK

WEDNESDAY, MAY 29 (DAY 1)

REGISTRATION: 08:30-16:00

WELCOME SPEECHES: 09:00-09:30

Room: CC1.3

Klaus F. Zimmermann, President, *EBES & GLO & Central European University*, Budapest, Hungary

Heather McLaughlin, Academic Dean, Faculty of Business and Law, *Coventry University*, United Kingdom

Uchenna Tony-Okeke, Director of the Coventry Business School Trading Floor, Faculty of Business and Law, *Coventry University*, United Kingdom

EBES & GLO Panel on "The Future of Europe and Brexit after the EU Election": 09:30-10:30 Initiated by the Global Labor Organization (GLO)

Room: CC1.3

Chair & Introduction: Klaus F. Zimmermann, President, *EBES & GLO & Central European University*, Budapest, Hungary

Mehmet Huseyin Bilgin, *EBES, GLO, & Istanbul Medeniyet University*, Turkey

Matloob Piracha, Director *GLO & University of Kent*, United Kingdom

Dorothea Schäfer, *DIW Berlin, GLO, & Jönköping University*, Sweden

Marco Vivarelli, *GLO & Università Cattolica del Sacro Cuore in Milano*, Italy

COFFEE BREAK: 10:30-10:40

DAY 1 - SESSION I: 10:40-12:40

ECONOMICS OF INNOVATION I

Chair: Marco Vivarelli

Room: CC1.1

Dynamic Innovation Capital (DINNCAP). To Evaluate Change of "Innovation Capital" in Open Innovation as Effect of and Prerequisite for Resource Development and Value Growth – Through Applying the European Excellence Model

Staffan Per Boström
University of Linköping, University of Malardalen, Sweden

Abstract

Recent research on innovation and growth focus on how to describe and measure enablers, such as resources and dynamic capabilities, and how to value the results from the innovation processes (Boström, 2019) Research of "open innovation" as the (potentially) new paradigm (Chesbrough, 2003) also focus on how to understand the effects of open innovation processes mainly through studying linkages between structure and content of innovation systems. The attractiveness and the effects are studied as part of the relation between parties involved in the innovation processes. Relations are considered as links between firms, regarded as systems and processes. Therefore a process analysis could gain the understanding of "open innovation" and "innovation capital". To the established

procedures in process analyze (Pettigrew, 1997) where researchers ask the questions “What” and “How”, this paper propose adding the questions “Why”, “For Whom” and also, in order to cover the relation and collaboration aspect, “With Whom”? From financial accounting and management control perspectives an innovation (regarded as a more or less technical process related to R&D) is considered as the starting point and a cost, leading to a competitive advantage. Since “innovation” per definition traditionally is seen as the result of a process rather than the process as such it might be valued on a market basis; that is, there normally exist a market for innovation capital and it should hypothetically be possible to value in the light of the capacity of the system analyzed. In the case of early innovation stages it might though be useful to value innovation in a strategic purpose, before implementation and market adoption. The purpose with the paper is to contribute to the understanding of two aspects innovation capital in open innovation systems a) how can we understand the dynamic or generative aspect of innovation capital in various contexts and b) how to value innovation capital in open innovation, from the various stakeholders - the actors in the market - point of view.

Keywords: Resource growth, Value growth, Innovation Capital, Open Innovation, Innovation Management Systems, Dynamic Innovation Capital, Dynamic Capability, Generative Forces, Immaterial Assets/Resources, Return of Resources, Management Learning, Management Control, Resource Based Theories, EFQM

The Importance of Emerging Industries: The Case of Biopharma

Cristina Porumboiu
Bucharest University of Economic Studies, Romania

Abstract

The aim of this paper is to highlight the importance of emerging industries in a continuously changing and globalized world, dominated by constant shifts of consumers' behavior when the arising new needs fuel the innovative approach of companies to upgrade their products and services. The interest in these new industries, in fact, traditional industries driven by disruptive ideas, is increasing within the business world in accordance with their high-growth potential, social performances and innovation. Among the most important emerging business sectors, the biopharmaceutical industry attempts to create a very attractive commitment for increasing people's lives, through biological substances and biotechnological means, leaving behind the traditional drugs manufactured through chemical substances. Structured in two parts, this study firstly summarizes the stages of industries' life cycles and the characteristics, challenges and importance of emerging industries. Secondly, it presents the case of biopharma industry emergence, with a focus on the determinant factors of industry emergence and the sources of competitive advantage of biopharma clusters.

Keywords: Emerging Industries, Clusters, Biopharmaceuticals, Life Sciences, Competitive Advantage

The Determinants of the Costs of Financial Distress in Pharmaceutical Firms

Elena Makeeva
NRU High School of Economic, Russia

Ivan Nedobezhkin
NRU HSE, Russia

Maria Sinilschikova
NRU HSE, Russia

Abstract

This study investigates the impact of innovation activity characteristics of pharmaceutical companies on their probabilities and indirect costs of financial distress. R&D investments are considered as an input of innovation activity while the number of new developed drugs – as an output. The study analyzes 149

public pharmaceutical firms during the period 2003-2016. A firm's probability of default is revealed to be positively associated with the volume of its R&D expenses, and negatively associated with the number of innovative drugs developed by a company. It is consistent with our predictions, since the process of development of a new drug is very risky and has long-delayed return (if any), but if it ends with success the company receives the right to sell the new drug exclusively for several years. Indirect costs of financial distress (in the form of foregone sales) are shown to be positively associated with the volume of R&D expenses. Presumably it is because financially distressed firms with high R&D investments are not able to maintain efficiency of current operating activities due to lack of funding. The number of developed innovative drugs is proven to be an insignificant determinant of indirect financial distress costs.

Keywords: Financial Distress, Innovation Firms

Financial Results of Polish Enterprises by Sectors of R&D Intensity

Magdalena Mojsiewicz
University of Szczecin, Poland

Abstract

In the last decades, the development of the concept of distinguishing industries of economic activity has been observed due to the use of the latest know-how element in the production and service activities resulting from modern scientific and technical achievements. The concept of high-technology has been modified and expanded to include an adequate assessment of both these activities. The list of business activities used in measurements and analyzes according to the technological intensity criterion used so far in the European Union and countries belonging to the Organization for Economic Cooperation and Development raises the fundamental doubt that research and development expenditures - a fundamental indicator in procedures - in the same section production differ significantly between countries. Therefore, before starting the research work, two main goals were set. The first was the verification (in the conditions of the Polish economy) of the list of economic activities due to the degree of use of the "latest know-how" in the production process. This goal was achieved through experimental re-use of the results of public statistics surveys to assess the intensity of capital and personnel involvement in research and development (R&D) activities dedicated to a specific type of activity. The second objective of the work was to assess the competitiveness of business entities, while also verifying the hypothesis on the impact of the use of the "latest know-how" in economic activity on the financial results of enterprises.

Keywords: R&D Intensity, Competitiveness of Business Entities

Exploring the Linkage between Big Data Analytics and Firm Innovation Performance

Parijat Upadhyay
IMT Nagpur, India

Anup Kumar
IMT Nagpur, India

Abstract

Deriving business insights using Big Data analytics has become a strategic imperative for the firm to sustain its competitive advantage. This study extends the Big Data Analytics Capability (BDAC) Model by examining the effects of BDAC on firm innovation performance, with the presence of organizational culture. This study analyses the responses from 800 IT Managers and consultants having with big data and analytics experience from an emerging economy. The findings affirm that the effect of BDAC on firm innovation performance is controlled by organizational culture.

Keywords: Big Data Analytics, Organizational Culture, Firm Innovation Performance

A Demand-side Approach to User Engagement in Green Technologies

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Coventry University, United Kingdom

Will McDowall
UCL Energy Institute, United Kingdom

Maureen Meadows
Coventry University, United Kingdom

Slavo Radosevic
School of Slavonic and Eastern European Studies, United Kingdom

Abstract

For a few decades now green technologies have been effectively promoted by businesses, universities, research institutes that led the development and commercialization processes. Yet, their uptake by users has not reached desired levels. For instance, in the UK electric vehicle registrations were only 1.8% of total registrations in 2017 (www.nextgreencar.com). Only one million homes in the UK are powered by sun (Solar Trade UK, 2017). Green growth depends on awareness and interest of ordinary users in green technologies for mass consumption. Users, interested in green technologies, are well-informed and make conscious choices. Literature largely investigated these well-informed users, how they contribute to development of technologies along with motives driving their consumption patterns. Most ordinary users are less-informed or not informed at all, or may hold wrong ideas about green technologies. This prevents them from taking risks and switching to novel technologies. This research aims to explore the wide-ranging characteristics of users in accepting/resisting/improving green technologies and intends to show why more ordinary user engagement is important for mass uptake of green technologies to accelerate green growth. For this purpose, guided by the existing literatures exploring users/consumers from different perspectives, i.e. innovation studies (Rothwell et al 1974, 1994; Von Hippel 1986, 1988, 2002; Baldwin and von Hippel 2011), social shaping of technology (MacKenzie and Wajcman 1985; Williams and Edge 1996; Russell and Williams 2002; Stirling 2008; Ely et al. 2014) and consumer behavior and consumer decision making (Engel et al. 1978; Assael 1998; Haubl and Trifts 2000; Simonson and Nowlis 2000; Hawkins et al. 2003; Blackwell et al. 2005; Darley et al. 2010), we provide a conceptual framework to map and model the users' multidimensional and multilevel characteristics regarding green technologies from a demand-side perspective. We aim to investigate users from different angles, but also the largely overlooked role of ordinary users and how they can be engaged in the greening process to drive mass consumption to generate green growth. Our results show that among other dimensions such as innovativeness, environmental and social consciousness, informativeness plays a big role in deciding to opt for green products in general. We find different effects of each user characteristic at different levels of consumption. An in-depth exploration of user characteristics for their dimensions and levels allow us to understand how to develop more effective demand-driven policies for green technology products. We believe mass recognition and uptake of green technology products by consumers will drive sustainable growth and a good understanding user characteristics plays a key role in positively influencing the uptake of green technologies. This effort can potentially contribute to develop novel indicators on the demand-side approach to policy-making in green technologies effectively complementing the supply-side tools to generate higher rates of green growth.

INVESTMENT & CORPORATE FINANCE I**Chair:** Diana Barbu**Room:** CC1.2**A Review of Research on Financial Behavior and Financial Literacy in OECD and Asia Countries****Susana De los Rios Sastre
Comillas Pontifical University, Spain****Teresa C. Herrador-Alcaide
UNED, Spain****Abstract**

In the past few decades the Organization for Economic Co-operation and Development (OECD) and the World Bank, among others supranational bodies, have expressed concern about the lack of capacity to manage personal finances by citizens around the world. At the same time, a review of the literature suggests the existence of a strong relationship between financial education and consumers' financial behavior. On this basis, financial behavior has become a key point for academic research. On the other hand, nowadays there is no doubt that financial literacy is a necessary condition for financial market efficiency. According to this lack of financial skills, many countries have faced the consequences of mistaken decisions in the personal financial management or planning. If this has been added the current situation of impossibility of public coverage of future pensions that hover over numerous countries, the issue of financial literacy and, ultimately, financial behavior is and will be an interesting topic for researches during the next decades. In addition, it is an issue and a social concern that is common to different countries and geographical areas. For all the reasons mentioned above, the main objective of this paper is to analyze the track record research on financial behavior in the academic field, paying special attention to its relationship with financial literacy and other linked concepts. Moreover, given the effect that the initiatives of OECD have had on many countries, this work studies the similarities and qualitative and quantitative differences in the research carried out in the OECD Members and Asia countries. For this purpose, an analysis of the contents of more than 50 articles selected from an international indexing data base has been carried out. The bibliographic search has been based on the criteria of financial behavior and financial literacy in the academic articles published in the last decade. The first results of the study show that there are quantitative differences on the number of published articles in both areas, as well as on the content and the research approach. Likewise, at a qualitative level, the content analysis suggests differences in the collective towards whom the empirical studies have been focused and in the selected variables to measure. On the other hand, some similarities are also identified in terms of the methodological approach and in the main findings and conclusions.

Keywords: Financial Behavior, Financial Literacy, Financial Education, Financial Behavior Research

Short-Term Impact of Major Events on International Dry Bulk Shipping Market: An Event-Based Approach**Tianzi Wang
Shanghai Maritime University, China****Yanhui Chen
Shanghai Maritime University, China****Abstract**

This paper mainly analyzes the short-term impact of major events in the 21st century on the global dry bulk shipping market. The major events include the subprime crisis, the European debt crisis and the Brexit. Baltic dry index (BDI) component index: the Baltic capesize index (BCI), the Baltic panamax index (BPI), the Baltic Supramax Index (BSI) and the Baltic Handysize Index (BHSI) are selected on behalf of the dry bulk freight rate. In order to improve the accuracy and robustness of the conclusion, multiple estimation Windows and event Windows were selected in this paper, and the significance test

was carried out by using the traditional t-value test, the t-value test of the common cross-section method and the sign test. According to the empirical results, the following conclusions can be drawn: First, within 15 days before and after the occurrence of an event (unexpected event is 15 days after the occurrence of an event), the impact is the most significant. Second, the t-value test of the common cross-section method is more robust than the t-value test of the traditional method. Third, the negative impact of the subprime mortgage crisis on the dry bulk shipping market was the most severe and lasted the longest. However, regional economic event, European debt crisis and regional political event, Brexit have a small and short negative impact on the dry bulk shipping market. Besides, the report also suggests that the dry bulk shipping market had reacted too early and overreacted to Brexit. Fourth, the Baltic capesize index (BCI) and Baltic panama index (BPI) react more violently than the other two indexes, indicating that the three major dry bulk commodities, ore, coal and grain, are more obviously impacted by events than the minor bulk commodities.

Keywords: Event-based Approach, Freight Rate, Financial Crisis

Influence of the Price Volatility of the Underlying Instrument on the Price and Delta-Risk of the Barrier Option

Ewa Dziawgo
Kazimierz Wielki University in Bydgoszcz, Poland

Abstract

The increase in the volatility of market conditions influences the search for new methods and financial instruments that allow more effective risk management. Barrier options are in the exotic options group where their payoff depends on whether the underlying instruments' price reaches the certain level to maturity time of option. There are two types options. Barrier option contracts can be either knock-in and knock-out. Knock-in options become activated when the price of the underlying instrument crosses the barrier. Whereas knock-out options cease of exist if the price of the underlying instrument crosses the barrier. This paper presents the properties of the barrier options: the construction of instrument, the types of options, the pay-off function, the pricing model, the impact the price volatility of the underlying instrument on the shaping of the price and delta-risk of the barrier option. The delta coefficient is the more important risk measure. Delta shows the change in the option price when the price of the underlying instrument is changed by the unit. The objective of this paper is to present an analysis of the influence of the price volatility of the underlying instrument on the price and the value of the delta coefficient of the barrier options. The empirical illustration included in the paper is presented based on the simulation of the pricing of the currency barrier options (on EUR/USD). The price volatility of the underlying instrument is an important factor affecting the price and the delta-risk of the barrier options. The increase in the price volatility of the underlying instrument affects a significant increase in the price of options and in the value of delta coefficient. The values of the delta coefficient are significantly volatile over time. Therefore the barrier options can be used in the speculative transactions.

Keywords: Risk Management, Measures of Risk, Financial Instruments

Risk Management and Optimal Reinsurance under Nonlinearly Transformed Risk Measures

Andreas Wolfgang Kuersten
University of Jena, Germany

Abstract

We introduce the novel class of nonlinearly transformed risk measures (NTRMs) and apply them to the standard reinsurance problem in which an insurant seeks the risk minimizing reinsurance contract. NTRMs transform both the outcomes and the probabilities of the insurant's uncertain final wealth by means of nonlinear functions. We prove that NTRMs satisfy the important properties of monotonicity, convexity, law invariance and consistency with second order stochastic dominance. We further show that NTRMs are generalizations of popular Conditional Value-at-Risk (CVaR) and the recently proposed Weighted Expected Shortfall (WES), Tail Nonlinearly Transformed Risk Measure (TNT), and Disutility

Based Risk Measure (DBRM) (e.g., Chen/Yang (2011), Fulga (2016)). Regarding the reinsurance problem, we show that under NTRMs, the optimal contract is of stop-loss type, where the insurer takes all losses up to a certain deductible, while the reinsurer covers all the losses beyond. This result extends the seminal theorem of Arrow (1963) to the class of NTRMs. We also provide a first-order condition in order to determine the optimal deductible and provide comparative statics, both with respect to the insurer's risk aversion and initial wealth. Regarding comparative risk aversion, we recall the restrictive all-or-nothing decision that prevails under CVaR (Brandtner/Kürsten (2014)): Either, if the insurer is only "weakly" risk averse, she does not sign any reinsurance contract at all. Or, as soon as a certain level of "strong" risk aversion is reached, the insurer signs reinsurance at the lowest deductible possible. Our NTRMs are able to overcome these corner solutions when additionally transforming the tail-outcomes, as is done by, e.g., WES, TNT, and DBRM. We further address the comparative statics with respect to initial wealth and show that under CVaR as well as WES and TNT, initial wealth is irrelevant: increasing initial wealth does not alter the optimal deductible. Economic intuition, however, suggests that insurers with greater initial wealth would sign a greater deductible, as they are more easily able to cover losses. We show that our NTRMs are able to overcome even this shortcoming when the nonlinear transformation function of the outcomes is appropriately chosen. In particular, and unlike the previous literature on WES and TNT that builds on an exponential transformation function, we propose a logarithmic function and show that it yields reasonable comparative statics with respect to initial wealth.

Keywords: Risk Management, Nonlinearly Transformed Risk Measures, Optimal Insurance

Do Various Sectors Respond to Oil Price Shocks? New Evidence for Indonesia as Emerging Market

Subiakto Sukarno

Institut Teknologi Bandung (ITB), Indonesia

Marla Setiawati

Institut Teknologi Bandung (ITB), Indonesia

Abstract

Oil is one of the resources that most extensively used factor inputs in the production of goods and services in the world. Generally, we believe that sectors with high oil dependence will more sensitive to the oil price shocks. This paper aims to assess the respond of various sectors to oil price shocks in Indonesia as Emerging market. The monthly data comes over the period Jan 2000 to Feb 2019. This research is using Vector Auto-Regressive (VAR) Model and look in-depth with Impulse Reaction Function. The results find that oil price shocks can be significant negative or positive to various sectors in Indonesia. First, we find all sector index in Indonesia have the significant impact caused by oil price shocks. Second, the positive impact comes from mining sector, while, the rest sectors have negative impact caused by oil price shocks. The practical implication of this research is very useful not only for the investor in the mining index but also other sector and regulator to see the impact of the role of Indonesia as emerging market and net oil importer.

Keywords: Oil Prices Shocks, Vector Auto-Regressive Model, Impulse Reaction Function

Family Firm Governance and Performance: A Literature Review and Future Research Directions

Virginia Bodolica
American University of Sharjah, U.A.E.

Daniel Dupuis
American University of Sharjah, U.A.E.

Martin Spraggon
Mohammed Bin Rashid School of Government, U.A.E.

Abstract

Despite the proliferation of research on governance and performance of family-led enterprises over the past decades, the extant empirical evidence remains inconclusive. We undertake a systematic review of the literature at the intersection of corporate governance and financial performance in the context of family businesses. By taking stock of what is known in the field, explaining contradictory findings, uncovering limitations and discussing areas for further inquiry, we seek to contribute to a more fine-grained understanding of the intricate governance–performance relationship in family firms. Among the key priorities for future research in the area, there are considerations related to the strength of econometric analysis, specificities of national regulatory systems, time-varying structure of financial performance, and interdependencies among alternative governance mechanisms.

Keywords: Family Business, Corporate Governance, Financial Performance, Literature Review

ACCOUNTING/AUDIT I

Chair: Sagi Akron

Room: CC1.4

Loan-Loss Provisions, Earnings Management, and Capital Management by Russian Banks: The Impact of Changes in Banking Regulation

Jeff Downing
National Research University Higher School of Economics, Russia

Egor Nikulin
Saint Petersburg University, Russia

Abstract

Objectives: This paper compares earnings management (EM) and capital management (CM) by Russian banks before and after changes in banking regulation in Russia. In Russia, in recent years, the Central Bank of the Russian Federation has imposed new regulations on banks. In addition, the Central Bank has strengthened its enforcement by revoking the license of a large number of banks. The major portion of the decline in the overall quantity of banks occurred after 2014, i.e. in the period after changes in regulation were enacted and oversight by the Central Bank (CB) was strengthened. Hence, we compare EM and CM before and after these changes in regulation and enforcement. We focus on the use of loan-loss provisions (LLPs) for EM and CM. **Data and Methods:** The research sample comprised all Russian banks with available data for 2012-2016. Two sub-periods, pre-changes (2012-2013) and post-changes (2014-2016), were considered separately. The method of regression analysis was used. **Results:** We have three main results. First, before this change in regulation and enforcement, banks use LLPs for CM. However, after these changes, banks no longer use LLPs for CM. Second, this change in regulation and enforcement has a limited effect on banks' use of LLPs for EM. Third, the difference in CM pre-changes and post-changes is driven by large banks. **Conclusions:** These results of our study have two implications. First, changes in banking regulation and enforcement could discourage banks from using LLPs for CM. Second, changes in regulation and enforcement could have a different impact on different types of banks. The results of our study provide implications for Russian regulatory bodies as well as for those of other emerging markets by measuring the effect of regulations on EM and CM by

banks. The study also contributes to international accounting research by showing how recent reforms in regulation in an emerging market may influence EM and CM behavior by different types of banks.

Keywords: Loan-Loss Provisions, Earnings Management, Capital Management, Banking Regulation

Credit Rating, Post-Earnings-Announcement Drift, and Arbitrage from Transient Institutions

Guanming He
Durham University, United Kingdom

Abstract

This study first establishes a robust link between credit rating and post-earnings announcement drift (PEAD). I find strong evidence that PEAD is more salient for firms with low credit ratings. This finding is consistent with the notion that investors are inclined to underreact to earnings news from low-credit-rating firms that are characterized by high uncertainty of future asset fundamentals. The credit rating effect on PEAD is unexplained by traditional information uncertainty proxies such as earnings volatility, cash flow volatility, accrual quality, firm age, idiosyncratic volatility, and analyst forecast dispersion. I further investigate whether transient institutions exploit the differential of PEAD among different rated firms in their arbitrage trades. The results reveal that transient institutions tend to focus their arbitrage on low-credit-rating firms which are featured as abundant in arbitrage profits. However, the existence and concentration of PEAD in low-credit-rating firms implies that transient institutions fail to arbitrage away PEAD among low-rated firms and that the arbitrage strategy is riskier than expected by the transient institutions.

Keywords: Credit Rating, Post-Earnings-Announcement Drift, Uncertainty, Transient Institutional Investors, Arbitrage

Internal Auditors and Internal Auditing Standards: Does Compliance Enhance Corporate Governance Mechanism?

Mohamed Abdel Aziz Hegazy
The American University in Cairo, Egypt

Marwa Farghaly
The American University in Cairo, Egypt

Karim Mohamed Hegazy
Liverpool University, United Kingdom

Abstract

Purpose- The purpose of this paper is to investigate the effect of compliance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practices of Internal Auditing (Standards) in Egyptian listed firms. The research is based on the external and the internal auditors' perceptions of how compliance with IIA standards enhances the implementation of internal auditor as a corporate governance mechanism. **Design/methodology/approach –** The research adopts survey-based questionnaires sent to the internal and external auditors of listed firms registered in the Egyptian Institute of Directors and includes interviews with individuals involved in the internal auditing function (IAF). The survey was conducted in 2016 about various topics relating to internal auditing which were summarized in the Common Body of Knowledge database in relation to compliance with the IIA standards. **Findings –** The results revealed that the internal audit function (IAF) in Egyptian listed firms face many difficulties regarding the objectivity, qualifications and the roles of the internal audit staff. These difficulties may reduce its ability to fulfill its role in corporate governance effectively. The results also indicated that the IAF faces difficulties in establishing Quality Assurance and Improvement Program, ongoing monitoring and self- assessment by other personnel inside the organization who have sufficient knowledge of the internal audit practices. The results are consistent with the results of the previous studies that indicated lower levels of compliance with standard 1300 "Quality assurance and improvement" as an important

attribute to the quality of the IAF. Originality/value – This study is considered among the first that surveyed the status of the use of the professional IIA Standards in Egyptian listed firms characterized by having good corporate governance practices from the perspectives of the internal and external auditors in companies. Limitations-The research study only relied on a sample of companies for investigating the level of compliance with IIAs standards. It also selected a number of the IIA standards for usage and compliance assessments as part of the research.

Keywords: Internal Audit Function, IIA standards, Corporate Governance, External Auditing, Internal Audit Practice, Egypt

Cost Cutting Activities: Multiple Theories Perspective

Maria Postoyeva
LSBU, United Kingdom

Abstract

Objectives: When economic cycle is on the downturn, it is known that the cost cutting activities start to take place. Expenses, which are not being seen as vital to the business are being cut down either in the short or in the long run. Management of companies thus gets involved in the real earnings management. This is especially true, when such activities are not being legislated or regulated by accounting and reporting standards. Loopholes have always been exploited and used as a means of achieving self interest. However, not all is being done out of only self-interest of the managers (agency theory), but also in the interest of the company (stewardship theory) and to make sure that the company is being perceived as a successful one (image theory) The main aim of this research is to identify and analyze the main cost cutting areas in which businesses are currently involved and to compare this with their strategies and mission statements from the perspective of the three theories mentioned above. **Data and Methodology:** Financial Statements and other relevant company reports have been analyzed using content analysis and key performance indicators. . **The main findings:** This study discusses the determinants and consequences of recent trends and the role businesses play in allocating resources in modern economy. It also looks into the future from the perspective of the inevitable economic upturn. **Conclusion:** Profit making objectives of the companies and also the lenders are on the way of sustaining smooth business practices, especially during times of uncertainty.

Keywords: Profit Making Objectives, Resource Allocation, Sustainable Business, Agency Theory, Stewardship Theory, Image Theory

Financial Technology: Disclosure Differences in Eurasia

Teresa C. Herrador-Alcaide
UNED, Spain

Montserrat Hernández-Solís
UNED, Spain

Abstract

Objective: The dissemination is studied under the umbrella of different theories, such as that of the stakeholders or that of legitimacy. Under any of them, the disclosure of financial and non-financial information is considered one of the modern aspects of accountability. The role of financial technology companies, as enhancers of economic development through increased access to finance, has focused on the dissemination they carry out; and thus, in the prosocial role of these to their environment and nearby community. Previous empirical research has shown that certain factors, such as location or type of business, can be important drivers for business disclosure. All of the above encourages us to analyze if there are differences in disclosure between financial technology companies in Eurasia and those located in other areas. **Data:** Four dissemination indexes are managed with 20 items, for a sample divided into financial technology companies in Eurasia and in non-Eurasia, selected from several top lists in the financial technology business. A total of 40 companies have been analyzed during the year

2018, 20 companies that make up two top-10 lists for Eurasia, and a control group of 20 companies from the non-Eurasian zone. Method: Two types of analysis have been carried out, one quantitative, based on the quantification of the disclosure through self-constructed indexes; and another, qualitative, based on an analysis of content differences in the disclosure. The first analysis summarizes in a global index of disclosure the position that both two geographical areas suppose in terms of the amount of disclosure. The second analysis depends in the identification of contents of disclosure that equal or differentiate both locations. In addition, several hypothesis contrasts have been made to measure if there are traditional factors that are affecting the quantitative differences between both zones. Findings: The results show how financial technology companies are less established in the Euro-Asian area, which companies are not in global positions worldwide. Disclosure is lower in the Euro-Asian location, which does not yet seem to need to give answers in relation to accountability to its economic and social environment. In terms of qualitative analysis, companies do not seem to have different outreach approaches, although more attention in some items of a social and non-financial focus are observed in the Non-Eurasian companies.

Keywords: Disclosure, Non-financial information; Disclosure Indices, FinTech Market, FinTech Information

How Do Insider Trading Incentives Affect Voluntary Nonfinancial Disclosures? Evidence from Product and Business Expansion Disclosures

Guanming He
Durham University, United Kingdom

Abstract

Voluntary nonfinancial disclosure of product and business expansion plans occurs frequently in practice and is an important vehicle by which managers convey corporate information to outsiders, but little is known about how managerial opportunistic incentives affect the choice of such nonfinancial disclosures. This study examines whether managers strategically time, and make selectivity in, their voluntary nonfinancial disclosures for self-serving trading incentives. I find strong and robust evidence that managers manipulate the timing and selectivity of their nonfinancial disclosures to maximize trading profits. Specifically, managers tend to disclose bad (good) news on product or business expansion information before purchasing (selling) shares. I also find that such strategic behavior is more evident when the expected price impact of the disclosures is greater and when the CEOs are more powerful. However, I do not find evidence that the strategic behavior is weaker for firms with high institutional stock ownership. Overall, my results contribute to understanding managers' strategic use of nonfinancial disclosures for fulfilling personal trading incentives, and should be of interest to boards of directors which monitor and restrict opportunistic managerial disclosures and insider trades.

Keywords: Managerial Incentives, Product and Business Expansion Disclosures, Insider Trades

MANAGEMENT & INDUSTRIAL ORGANIZATION**Chair:** Ralph Sonenshine**Room:** CC1.8**Congruence of Personal and Organizational Values in Different Generations of Employees****Jolita Vveinhardt****Vytautas Magnus University, Lithuania****Povilas Foktas****Vytautas Magnus University, Lithuania****Abstract**

The aim of this research is, upon the comparison of values of different generations, to propose further hypotheses for the development of the concept of personal and organizational value congruence. To achieve the aim, the following objectives of the research were set: (1) to analyze the meaning of value congruence for the individual person and the organization; (2) to compare personal values of employees of different generations; (3) to present contact points of personal values of employees of different generations in order to achieve congruence of personal and organizational values. The study was conducted using scientific literature analysis as well as methods of synthesis, chronology and analogy. Based on the results of the theoretical research, hypotheses for future empirical research were raised: first, there may be more overlapping values between adjacent generations; second, although alongside with the increasing time gap between generations value congruence decreases, values named as basic, which are common to all three generations, remain; third, congruence exists between the values of different generations, therefore; fourth, basic values can be used for the development of congruence between values of employees of different generations and organizational values. The main conclusion of the research confirms that different generations of employees have different personal and organizational values. By reducing the incongruence of values between employees of different generations and using the strongest potential inherent in the particular generation, more effective results of joint work can be achieved.

Keywords: Personal Values, Organizational Values, Value Congruence, Different Generations**Welfare-Improving Mixed Collusion****Filipa Cunha Mota****FEP and CEF.UP, Portugal****João Correia-da-Silva****FEP and CEF.UP, Portugal****Joana Pinho****Católica Porto Business School and CEGE, Portugal****Abstract**

Some sectors, for their strategic nature or degree of (de)regulation, are more prone to cooperation between firms. Also, in many of those sectors, state-owned enterprises compete with private firms. Interestingly, some cartel cases involving state-owned firms have been found in recent years. This paper discusses the conditions for collusion to be sustainable in a mixed market. Our novelty is in considering that the state-owned firm may be a member of the cartel. We model a mixed duopoly where firms are symmetric in every dimension but one: their objective functions. While the private firm aims at maximizing its individual profit, the state-owned firm aims at maximizing a weighted sum of the consumer surplus and its individual profit. Therefore, we are able to study how the objective function of the state-owned firm affects its willingness to tacitly collude, and the sustainability of the cooperative outcome. We conclude that collusion is easier to sustain when the state-owned firm weights equally social welfare and its own profit. The state-owned firm has more incentives to abide by the collusive agreement as the weight it attaches to consumer surplus increases. Finally, we provide an important insight to competition

authorities as we find that the participation of a state-owned firm in the cartel may be sufficient to ensure that collusion is welfare-improving.

Keywords: Collusion, Competition, Mixed Markets

Strategic Advice for Small Companies - Exploring Strategic Collaboration Process

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Abstract

The use of strategic advice by small businesses is seen as one of the ways to meet the challenges related to the comprehensive management of the company and its development (Hurmerinta-Peltomäki, Nummela, 2004; Hinton, Hamilton, 2013), however it brings much higher complexity than advice related to day-to-day operations (North et. al. 2011). In the paper particular attention has been paid to initial phase of the strategic advice process and issues related to the building of the relationship of trust with the business advisor. The analysis is based on empirical research conducted with the use of the explorative approach. The multiple case study methodology was used (Yin, 1989), as this method has been recognized as a valuable approach to the study of small businesses (Chetty, 1996), since it offers a useful framework for analyzing the real context, in particular, when the phenomenon is influenced by a number of factors determining each activity (Yin, 1989) and its nature is not very clear. The study was conducted in the years 2014-2015 on a group of forty small innovative companies located in Poland, UK, Germany, and Italy. The qualitative analysis of four cases, provide description of the complex process of establishing of the trust relationship and performing, a strategic diagnosis of the firm. The identified process differs significantly from formal, structured view of the advice process. Its characteristics may be perceived as a source of constrains in use of strategic advice by small firms.

Keywords: Business Advice, Strategic Advice, Trust, Process, Case Study, Small Companies

Blockchain as Anti-Corruption Tool

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Abstract

Objectives: Blockchain technology (BT) allows direct transactions by reducing the number of intermediaries and safely tracks transfers. For this reason, BT affects the documents' transparency, especially in case the guarantee of authenticity and non-disclosure is required. BT's immutability, transparency, and diffuse structure, foster the fight against fraud and corruption. At this purpose, the study explores to which extent BT is an anti-corruption tool. The research assesses the BT impacts on organization's structure and efficiency, in terms of limitation of fraudulent behavior and accountability enhancement, and so the BT contribution to corruption prevention and fighting. **Data and Methods:** The research is a case study on the Swedish real estate market. Lantmäteriet, the Swedish public authority providing information on geography and real properties, is considered as a best practice in the application of BT within a complex organization. Secondary data from the 2016 and 2017 reports by Swedish Land Registry were integrated with primary data produced by the interview to the Chief Innovation Officer of Lantmäteriet. **Results:** Initially, the official database remains unaltered; updates to land registry are retrieved from the blockchain and then checked. Registration in the blockchain is digital, stored by Lantmäteriet (with proofs) and validated also by other actors. BT is open source and verifiable by anybody, through verification records also contained in an external blockchain. The adoption of BT

accelerates transactions, develops completely-digital processes, increases security, guarantees a totally safe access, enhances data redundancy, eliminates physical storages and paper-based work. The social value of the project is estimated in around 100 million €/year, while the overall value should encompass also the trade-off cost and the lack of practical alternatives. Conclusions BT is an anti-corruption tool because its mechanism of action improves openness, transparency, accountability, disclosure and reliability, which in turn provides a security system without intermediaries. A decentralized database built on BT eliminates the need of centralized institutions and databases. However, the adoption of BT could be hindered both by the high energy consumption necessary for each validation and the lack of legislation on IT protocols using a shared and decentralized registry on cryptographic basis. Digital contracts based on distributed registers and binding the parties with predefined effects have not yet been acknowledged. The project, still national and experimental, could be addressed both to public and private organizations. Public Administrations could use BT for record-keeping, like the combination of time-stamping with digital signatures on accessible ledgers.

Keywords: Blockchain, Anti-Corruption, Transparency, Transaction

Millennial Travelers' Perception of Terrorism Risks: Evidence from Poland and Slovakia

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Abstract

Global GDP is growing steadily in the long term, accompanied by an increase in global spending on tourism. The role of young people, representing the so-called the Millennial generation or Gen Y, in the development of the tourism sector is growing. This is due to the fact that its participation (Generation Y - Gen Y) in the structure of societies is growing and because of the sociological characteristics of this group of society - Millennials are a group of tourists who differ in their tourist motivation, travel style from previous generations and are more susceptible to accept the risks associated with tourist travel. It is therefore worthwhile to subject this group of society to a broader analysis, especially since the European Commission pays a special role to this social group in its socio-economic policy. The object of the study at work are young tourists (Millennial travelers) from Central Europe, ie. from Poland and Slovakia. Both countries are attributed to the regions that have a low terrorism risk index. The subject of the study at work, however, is the decisions of these Gen Y tourists regarding a tourist destination in the context of an increased terrorist threat. In the article it will be examined what factor plays a more important role for tourists in choosing a tourist destination: the economic stimulus, in the form of the level of travel costs or the level of safety. It will be examined whether young tourists from Poland and Slovakia are willing to accept the increased risk by deciding to outbound travel in the context of increased terrorist risk in the world. This research problem will be the main goal of the paper. The implementation of this objective will be accomplished through a critical analysis of literature and analysis of results from surveys conducted by authors among young tourists from Poland and Slovakia. The research results show that the economic factor plays a role in Poland and Slovakia. Young tourists with the right incentive in the form of reduced travel costs, they are willing to accept a lower level of security during outbound tourism.

Keywords: Millennial Travelers, Travel Cost, Safety Level, Terrorism Threat

Managing Generational Diversity at Work: Its Implications in Germany and United Arab Emirates for Organizations

Martin Klaffke

HTW Business School Hochschule für Technik und Wirtschaft, Germany

Maria Jade Catalan Opulencia
Ajman University, U.A.E.

Abstract

Empirical studies have established that best talents contribute to economic progress. The ability to manage a multigenerational workforce is a critical success factor in the future. The economic growth potential depends on having sufficient and productive labor. A human resource strategy making talent of any age a priority allows organizations to present themselves as employers of choice for every employee generation, while enhancing fruitful collaboration between employees of different age groups. Managing workforce diversity is still a relatively new undertaking in the United Arab Emirates (UAE). The UAE with its Vision 2021 can learn best practices from German organizations. The study explores generation diversity and specificities in career and competence management and in managing the employee–employer relationship in Germany and in the United Arab Emirates. A descriptive method is used, applying qualitative techniques with face to face semi structured interviews, snowball sampling in data gathering and consecutive content analysis. Findings serve as a baseline information on intergenerational management to enhance interaction and productivity in the workplace. The study may contribute to a better understanding amongst employee generations and build fruitful relationships in organizations.

Keywords: Generation Diversity, Workforce, Germany, UAE

LUNCH: 12:40-13:30

EBES FELLOW & BEST PAPER AWARD CEREMONIES: 13:30-13:50

Room: CC1.3

Introduced by: Marco Vivarelli, *Universita Cattolica del Sacro Cuore in Milano, Italy*

KEYNOTE SESSION: 13:50-14:30

Room: CC1.3

Entrepreneurship: The Role of Culture

David B. Audretsch, *Indiana University, U.S.A.*

JOURNAL EDITORS SPECIAL SESSION: 14:30-15:50 How to Publish in WOS Journals?

Room: CC1.3

Klaus F. Zimmermann, *Editor-in-Chief, Journal of Population Economics (SSCI)*

David B. Audretsch, *Editor-in-Chief, Small Business Economics (SSCI)*

Marco Vivarelli, *Editor-in-Chief, Eurasian Business Review (SSCI)*

Dorothea Schäfer, *Editor-in-Chief, Eurasian Economic Review (Scopus & ESCI)*

COFFEE BREAK: 15:50-16:00

DAY 1 - SESSION II: 16:00-18:00**REGIONAL STUDIES & POLITICAL ECONOMY****Chair:** A.M.M. Shahiduzzaman Quoreshi**Room:** CC1.1**Geopolitical and Geoeconomic Challenges in Central Asia. Case Study – Kazakhstan****Dumitru Miron****The Bucharest University of Economic Studies, Romania****Ioan Alexandru Gherasim****Corvinus University of Budapest, Hungary****Abstract**

Globalization is not an exclusively economic phenomenon but also has a political and cultural sphere. A major effect of advancing the globalization process is the intensification of the correlation between the economic and policy issues, the internal problems of a state and external factors. The authors outline a geopolitical and geo-economic profile of the Central Asian region emphasizing the elements that have proven their perennial over time and highlighting the specific features of a period when one can speak of a new "Great game" in these two plans. This region is defined by : the position of the defensive region against external threats, but also the area that allows the expansion of its own influence; the status of a buffer zone between the expansionist aspirations of the great powers; ingrained quality of argument due to permanent instabilities of internal instability. The authors used as criteria: geographic location; the chances of becoming an agent of change; the status of relevant regional and international energy actor; the dynamic balance between the effects of trade creation and trade diversion. To illustrate the way in which Kazakhstan refers to the most acute challenges manifest during this period, the PESTLE analysis is carried out on the economic and non-economic climate defining for this country. The main dilemmas we have proposed to offer responses have been the way in which these aspects are shaped by the foreign policy options of this state, how these aspects are reflected in the configuration of its external relations and how it influences its relational diagram. The conclusions drawn from the research are: the economy of this state is dependent on the export or import of certain natural resources; infrastructure still has a high level of underdevelopment; political regimes can be considered deviant from many of the rigors of the modern rule of law; the precepts of democracy are implemented selectively, where citizens' rights and freedoms as well as political pluralism are undermined and institutional governance unsustainable; there are, even if latent, signs of social unrest; the population is mostly Muslim (Sunni), which preserves the risk of radicalistic currents and ideologies being penetrated; the issue of water scarcity and the inefficiency of its use, as well as its economic and political consequences, is a long-lasting and very sensitive one.

Keywords: Challenges, Geopolitics, Geo-Economics, PESTLE Analysis, Economic Actor

Which Way is Up? Orientation and Residential Property Values**Andrew Narwold****University of San Diego, U.S.A.****Abstract**

Builders have long been cognizant of the importance of the siting of a house on a lot, whether to shelter from prevailing weather, allow better access to natural light, gain a scenic view, or more recently for optimal capture of solar energy. Using sales data for the County of San Diego over the years 2016-2017, this paper examines the market valuation of house orientation. San Diego provides a good research area as the topography does not lend itself to a grid-like pattern for the street system. Orientation is divided into 8 directions (south, southeast, east, ...) and hedonic price equations are estimated, correcting for any spatial autocorrelation. In addition, the analysis includes proximity to a cul-de-sac and street intersection as explanatory variables. The results indicate that house orientation

is a significant factor in determining house valuation. Houses oriented on an east-west axis command a premium over houses oriented on a north-south axis. After correcting for spatial autocorrelation, neither cul-de-sac nor intersection locations are significant factors in determining housing prices.

Keywords: Orientation, Hedonic, Spatial Autocorrelation, Cul-De-Sac, Intersection

The Analysis and Comparison of Demand and Supply of Residential Property in Szczecin in Selected Years

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Ewa Putek-Szeląg
University of Szczecin, Poland

Abstract

The article presents the results of a comparison study of residential properties offered for sale (supply) and residential properties sold (demand). The study was conducted on the example of the Szczecin market. The aim of the article was to determine the similarity of the studied structures due to selected features: the number of rooms and the area of the property. Data were obtained from the West Pomeranian MLS System and the Real Estate Price and Valuation Register. Descriptive statistics methods were used to analyze demand and supply. Measurements were used to examine the similarity of structures including Kolmogorov and Bhattacharyya metrics, Matusita and Bray-Curtis distances and Kullback-Leibler's pseudo-distance. Preliminary research showed that residential properties submitted for sale were characterized by lower variability due to the features studied than the properties sold; the distribution of offer properties for selected features was less asymmetrical than the properties sold; the expectations of sellers as to the price of 1 m² of one-, six- and more room properties were overstated.

Keywords: Residential Property, Supply, Demand, Comparison of Structures

Artificial Intelligence and State Economic Security

Murat Uzun
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Abstract

Artificial intelligence has tremendous opportunities is a rapidly growing field of technology, with potentially significant implications for international political economy and international security. The concept of artificial intelligence-government is expected to help authorities identify tax fraud, combating illicit financial flows and improve the system and adapt to changing circumstances for public finance. But artificial intelligence will transform wealth, power and can cause an oligopolistic global market structure. Global investments in artificial intelligence for economic and national security purposes will reshape the global economic order and the balance of power which might produce a new security dilemma. It is known that economic security is equal to national security. In the age of artificial intelligence, international economic competition as an international security-related topic is a long-term international governance question. Artificial intelligence can be used as an economic and financial tool of statecraft. For instance; the development of artificial intelligence will affect international trade and the effectiveness of economic sanctions. Artificial intelligence will also affect the type and quality of economic growth, with international trade implications. Using artificial intelligence to make faster and more well-informed decisions, brings the potential to be used to improve outcomes from economic diplomacy. It is clear that there is a significant emerging norm in governance of artificial intelligence. This study will discuss how broader artificial intelligence-driven economic changes could affect international security and national economic security of nations and how should be the global norms, policies, and institutions made for an optimal and beneficial development and use of advanced artificial intelligence which doesn't destabilize the free and open international order.

Keywords: Artificial Intelligence, International Security, State Economic Security

The Rise and Fall of Empires: What about the EU?

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Abstract

Throughout history empires rise and fall. What about the EU? In this paper, a typical cliodynamic model – based on the ideas of the 14th century political historian Ibn Khaldun - is presented and fitted to the development history of the EU. The growth and demise of empires depends upon their size, resources and willingness of nation members to cooperate. But changes in the willingness to cooperate among empire members depends on the extent of heterogeneity of cultures within the empire, which tends to increase with the size. Overextension of the EU and future decline is not implausible.

Keywords: European Union, Growth And Development

The European Union as a Platform for the NGOs' Operations Supporting Democracy

Boguslawa Drelich Skulska
Wroclaw University of Economics, Poland

Malgorzata Domiter
Wroclaw University of Economics, Poland

Abstract

The relation between the state and the “third sector” is perceived as a game where the total is zero – the more absent the state is, the better for civil and market activity and conversely. NGOs, by counterbalancing market and democracy forces are conducive to solving the conflict between market and democracy. Owing to their operations citizens become directly involved in public life, which represents participatory democracy, promoted in the EU as a mechanism of good governance. Furthermore, the EU's priorities, such as participatory democracy, improved governance, sustainable development, and social policy are consistent with the assumptions of the so-called social economics, in which NGOs play the key role. At present, the tendency to institutionalize regional relationships between states can be clearly observed. However, it is successful only in the EU, which justifies its choice for a case study. The study aims to gather materials which lead to generalizing conclusions – the impact of NGOs on solving the conflict between market and democracy in the age of globalization and regionalization – information-oriented research problem. There is a shortage of publications focusing on research on the impact exerted by NGOs on solving the conflict between market and democracy in the age of globalization and regionalization. The article addresses this gap. Aim: to examine the influence of EU NGOs, being participants of the institutionalization of regional links between states, on mitigating the deficiency of democracy. Research objectives: to identify the factors leading to the crisis of a national state; to examine the impact exerted by market and democratic institutions on the conflict between market and democracy; to describe the evolution of NGOs in the EU and their legitimacy to represent social needs and interests on local and global markets; to study the influence of NGOs in the EU on the construction of democratic governance (model-based approach). The aim will be accomplished by answering the research questions: What is the impact of global entities on the role of the states? How does the crisis of the state influence the crisis of democracy? How do global and regional processes affect the mechanisms of democracy locally and globally? Are NGOs, or can they become, a force capable of counterbalancing the market force? Method: Nomothetic, based on deductive reasoning: critical review of the literature, statistical analysis – gathering and analyzing statistical data, and case study to draw empirical conclusions making it possible to generalize and answer the research questions.

Keywords: Globalization, Democracy, Non-Governmental Organizations (NGOs), Democratic Governance, Democratic Legitimacy of Non-Governmental Organizations

ECONOMICS OF INNOVATION II**Chair:** Parijat Upadhyay**Room:** CC1.2**The Use of Legislative and Socio-Economic Mechanisms for Business Development in the Third and Fourth Industrial Revolutions: The EU Experience****Leonid Melnyk**
Sumy State University, Ukraine**Oleksandr Derykolenko**
Sumy State University, Ukraine**Iryna Dehtyarova**
Sumy State University, Ukraine**Abstract**

The EU experience shows the best legislative and socio-economic mechanisms to ensure the Third (T.i.r.) and Fourth Industrial Revolutions (F.i.r.). There are three major groups of instruments used to ensure the T.i.r. and F.i.r. goals in the EU countries: hard law – orders and directives, prohibitions, restrictions or licensing procedures; economic instruments (market-oriented laws) – green taxation, environmental payments, certificates (trade permits) or liability, green subsidies and promotion schemes, as well as disclosure of subsidies that are harmful to the environment (for example, subsidizing fossil fuel prices); soft law – information, management systems, exchanges of experience or binding agreements between government agencies and private business associations (“green” agreements or unions). Social and economic instruments are designed to ensure the goals of T.i.r. and F.i.r. to create the incentives to achieve sustainable development goals. The main directions of the formation of such motivational instruments are used in the EU and the rest of the developed countries. The EU legislative framework for sustainable transport, agriculture, and construction in the era of the T.i.r. and F.i.r. open priorities of the EU transport policy. The European countries set two ambitious goals: on the one hand, to build a single transport market, on the other hand – to increase the level of social mobility while reducing harmful emissions into the atmosphere. Adopted on March 28, 2011 “White Paper 2011” foresees the transition to a single European transport space – through the creation of a competitive and resource-efficient transport system (Transport – 2050). On 1 June 2018, the European Commission presented legislative proposals on the common agricultural policy (CAP) beyond 2020. Based on 9 objectives, the future CAP will continue to ensure access to high-quality food and strong support for the unique European farming model. The 2010 Energy Performance of Buildings Directive and the 2012 Energy Efficiency Directive are the EU’s main legislative instruments promoting the improvement of the energy performance of buildings within the EU and providing a stable environment for investment decisions to be taken. On 19 June 2018 Directive (2018/844/EU) amending the Energy Performance of Buildings Directive was published. It introduces targeted amendments to the current Directive aimed at accelerating the cost-effective renovation of existing buildings, with the vision of a decarbonized building stock by 2050 and the mobilization of investments.

Keywords: Third Industrial Revolution, Fourth Industrial Revolution, Sustainability, Efficiency, Business Development

Economical Evaluation of Precision Farming Technology in Lithuania

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Vytautas Magnus University, Lithuania

Sigitas Petkevičius
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Abstract

In order to ensure the sustainable profit from agricultural activities and reduce the negative impact on the environment related to the use of agrochemicals, the use of precision farming technologies are becoming increasingly popular in Lithuania. Mandal et al. (2013) agree that the benefits of precision farming technologies are evident, however, the practical application of these technologies requires additional costs thus it should also be evaluated from economic point of view. The aim of the study was to carry out a comparative analysis of economic indicators and to determine the financial effect of precise farming technology on spring and winter wheat grown under Lithuanian conditions. In the research, the economic impact of the application of agricultural innovation was assessed at the micro level based on the changes in production efficiency factors and identified whether the innovation generated positive or negative financial effect. The financial effect was evaluated as a difference between increase in revenue and increase in costs. In accordance with the precision farming technology, field experimentation was carried out for 3 years for the cultivation of spring and winter wheat. Precision fertilization is the most commonly used technique when applying precision farming technologies, therefore, the research was limited to identify the demand for fertilizers and analyze the impact of fertilization on yields and financial effect. The precise fertilization technique is based on the use of "OptRx" and „Isaria“ plant optical sensors. After evaluating the results of three years of research, controversial results were received from the economic point of view. By applying the precision farming technology, the positive financial effect was more often observed in growing winter wheat, i.e. in 50 percent of tested cases, while in growing spring wheat only 16.7 percent of tested cases were positive. In the winter wheat production, a positive financial effect was more often observed by using "Isaria" sensors (66.7 percent of cases), however the use of „Isaria“ sensors on summer wheat production provided a negative financial effect for all tested cases. Due to application of precision farming technology for winter and summer wheat cultivation, the cost savings on total fertilizers used were more often observed by using "OptRx" sensors. However, in most cases reduced fertilizer input lead to reduced wheat yields which resulted in a negative financial effect. A more significant decrease in fertilizer costs was observed when monomial fertilizers were used. Although the study was significant in developing and improving the economic valuation of agricultural technology innovations, a longer research period is required in order to achieve a more in depth evaluation and validate the results of the research.

Keywords: Precision Farming Technology, Financial Effect, Economic Evaluation, Fertilizer Economy

The Hiramatsu Concept of "One Village, One Product" As an Element of Regional Industrial Specialization and a Cluster Policy Tool

Anna Helena Jankowiak
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Abstract

The concept of "one village, one product" (OVOP) was created in Japan in 1979 by M. Hiramatsu, the governor of Oita prefecture. It is an innovative concept that fits in with the regional development policy, which assumes that competitive products are identified in selected regions and thus local brands are created. These products are then produced and sold on a massive scale, which, in simplified terms, translates into regional development. For the research carried out in the article, it is essential that this concept was created and has been implemented in a highly-developed country, but was partly used in other Asian and South American developing countries. OVOP can be interpreted as an early phase of creating clusters, bearing in mind the differences and similarities of these two phenomena. Therefore, it seems interesting to incorporate OVOP into the concept of cluster policy as a tool necessary for the

development of regional industrial specialization. The aim of the article is to present the development of the Hiramatsu concept by including the developing countries alongside developed countries in the existing model, and to evaluate the concept implementation possibilities with regard to the development of regional industrial specializations and cluster policies. The article presents three research hypotheses: (H1) the Hiramatsu concept may be used in the developing countries, (H2) the one village, one product model can foster development of regional industrial specializations, and (H3) the Hiramatsu concept can be a tool for model cluster policy. The author relies on the elements of the comparative method and systemic analysis. The OVOP concept has not been widely discussed in the literature, and no large-scale studies have been carried out so far. Such research has been mainly conducted by Yoshimura (2004), Hayashi (2007) and Kurokawa (2008). Therefore, it can be assumed that there is a large research gap and the potential to explore this topic. At the same time, the issue is up to date when the Hiramatsu concept is incorporated into the subject of regional development and cluster policy. As a result of the research conducted in the article, it can be concluded that the Hiramatsu concept can be implemented in the developed and developing economies as an element of regional policy, wherever there is a large concentration of industry. This concept can also be a useful executive tool in cluster policy.

Keywords: OVOP, Cluster Policy, Regional Industrial Specialization

Green Innovation-Driven Corporate Upgrading: A Case Study Based on a Chinese Ceramic Tile Enterprise

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Sun Yat-sen University, China

Zekai Huang

Sun Yat-sen University, China

Yangchun Liu

Sun Yat-sen University, China

Abstract

China's decades of rapid industrial development has provoked serious environmental problems which are threatening the country's economic sustainability, social stability, and people's health. Protecting the environment is becoming one of the nation's high priorities. Polluting companies simply have no chance to survive. Facing such drastic changes in the external environment, some Chinese manufacturing firms, especially those in seriously affected industries such as ceramic tile, chemical, and steel choose to take a green innovation strategy and actively pursue corporate upgrading by utilizing the strategic resources and capabilities accumulated through green innovation. This paper uses the resource-based view of the firm (RBV) and the natural resource-based view of the firm (NRBV) as the theoretical background and probes, through a detailed case study, how Chinese ceramic tile enterprises, under pressures from present and potential environmental regulation, have managed to accomplish corporate upgrading by introducing green innovation. Our findings from this case study indicates that green innovation can help a company produce products in more efficient manners, launch new products that reduce both environmental pollution and the consumption of resources in their whole life cycle, and enter new business areas. Obviously, the company has witnessed process, product, and inter-sectoral upgrading because of the strategic resources and capabilities stemming from green innovation. It can be argued that green innovation is a worthy effort which can far more than offset the costs of compliance with regulatory requirements and become a sustained source of competitive advantage. Our result also shows that small or medium sized firms also have the ability to initiate and successfully carry out green innovation strategy as long as they put special emphasis on internal firm capability accumulation, especially R&D capability development in the process of growing up. So green innovation capability is not exclusive to big established companies, as some earlier research suggests. Finally we find that although internal resources are crucial for the introduction of green innovation, the success of it also hinges on the ability to work closely with external partners and to win the support of external stakeholders. So green innovation is not the result of only the R&D department, it comes from the combined efforts of the whole organization and the outside partners.

Keywords: Green Innovation, Corporate Upgrading, Ceramic Tile Industry, Resources and Capabilities

Cluster Initiatives and Pilot Innovative Regional Clusters in Russia: Specifics of Organization & Structure

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Abstract

Objectives: The key goal of the research is to analyze the organizational specifics of the Russian “pilot” innovative regional clusters that received support under the top-down “cluster initiatives” of the Government of the Russian Federation. The core subject of the analysis is the specificity of organization & governance structures of these territorial production systems that have been formed and supported since 2012. The main research question is the institutional effects of a top-down approach to cluster initiatives in terms of organizational path-dependence in cluster development. **Data and Methods:** The object of analysis are 12 pilot innovation clusters that received support under the cluster initiatives of the Government of the Russian Federation. The study analyzes clusters presented on the specialized platform <https://www.gisip.ru/#!en/map/>. Analysis of the organization & governance structures is carried out within the classical framework proposed by Markuzen (1996) and Iammarino & McCann (2006). The study was conducted on the basis of open secondary data reported by key participants of 13 clusters and their governing bodies (specialized development organizations). The analysis included elements of content analysis, visualization of linkages between cluster participants, as well as an analysis of the levels of relatedness of the economic activities of cluster participants. **Results:** We see a prevalence of hierarchical forms of organization in the studied Russian regional clusters, such as the industrial complexes / hub & spoke modes of organization. At the same time, there are a number of clusters that are more focused on the open horizontally oriented linkages between the participants. Thus, we see significant organizational inertia in the emerging and developing territorial-production systems. This inertia is stimulated partly by cluster initiatives. **Conclusions:** From the viewpoint of the institutional structure of production, there is a significant organizational path-dependency in Russian clusters development. This path dependence is supported within the top-down approach in cluster initiatives. The prevalence of “closed”, hierarchically-oriented organizational structures with a focus on direct input-output linkages & traded interdependencies is preserved. On the one hand, this outcome is a representation of the specifics of regulation & state support, on the other hand, it reflects of the specifics of existing, endogenous relations of firms and organizations that fit the criteria of “cluster initiatives”. Thus, to a large extent, Russian pilot innovative regional clusters are still proto clusters evolving around 1 or 2 “convenient” anchor organizations.

Keywords: Cluster Initiative, Cluster Typology, Organizational Structures, Russia

Banking and FinTech in Saudi Arabia

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Kamran Ahmed Siddiqui
Imam Abdulrahman Bin Faisal University, Saudi Arabia

Abstract

This study assessed challenges facing the Banking industry in Saudi Arabia and the financial technology (FinTech) revolution, which has been emerging as one of the primary challengers and disruptors to the traditional banking industry to transform the banks in Saudi Arabia be more competitive and profitable, create high quality jobs, and generate more entrepreneurial opportunities. The difficult situation of the banking industry in Saudi Arabia is analyzed utilizing methods of economic and financial data analysis and competition ratio analysis. The banking industry is the third largest economic sector in Saudi Arabia behind the oil sector and the manufacturing sector including chemical production. But the banking industry in Saudi Arabia has faced difficulties due to prolonged low oil prices and moderating economic

growth. The most visible impact of low oil prices has been seen on the liability side of the banks' balance sheets. Liquidity has been tightened due to significant reduction of deposit inflows from households as well as the governments and its related entities. The liquidity problem has made interbank rate increase sharply and money supply to remain under pressure, which in turn aggravates economic recovery. On the assets side, risks are rising and expected to rise continuously yet in a limited fashion. And the FinTech revolution has made steady advancements and alarmed the Saudi banks and regulators, but remains at an embryonic stage and has yet to disrupt the banking markets severely. The Saudi banks and regulators have to expedite to embrace the FinTech revolution more eagerly and actively. However, there remain obstacles for the FinTech growth in Saudi Arabia, such as a lack of skilled IT workers, banking professionals, and ambitious and talented entrepreneurs together with an underspend on technology. To overcome such obstacles, the regulatory initiatives, such as establishing a viable country wide FinTech ecosystem, building an open banking platform, a regulatory sandbox, a passport system agreements, FinTech Bridges to the surrounding countries, and other solutions along with speeding up human resource development (HRD) and mergers and acquisitions (M&A) of banks should be considered with serious attention

Keywords: Banking, Banks, FinTech, Disruptions, Regulatory Initiatives, Saudi Arabia

CORPORATE GOVERNANCE & CORPORATE FINANCE

Chair: Keun Jung Lee

Room: CC1.4

Sociodemographics, Internal Whistleblowing Channels and Intentions: A Survey Research Note

Pailin Trongmateerut
Thammasat University, Thailand

Nontawan Yomchinda
Thammasat University, Thailand

Sarun Chookhiatti
Chulalongkorn University, Thailand

Abstract

As an effective tool for disclosing misconduct in corporates, whistleblowing has been championed worldwide. We examine the bystanders' sociodemographic characteristics, internal whistleblowing choices and reporting intentions. The survey research method was conducted among administrative employees in an automobile company. Hotline externally administered is highly preferred due to the whistle-blower protection and non-disclosed identity. Age and education significantly associate with experiential attitude toward whistleblowing functions, consistent with prior research. Whistleblowing experience through existing hotline do matter with how employees differentially perceive the fruitfulness of whistleblowing process. Characteristics of whistleblowing are operationalized as the whistle-blower protection and non-disclosed identity, investigation and truth revelation, and corrective action.

Keywords: Whistleblowing, Sociodemographic, Internal Reporting Channel

The Impact of Capital Structure on the Firm Risk and Performance in Finland

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Anne Eskola

JAMK University of Applied Sciences, Finland

Sofiya Lyulyu

JAMK University of Applied Sciences, Finland

Abstract

The decision pertaining to the capital structure of firms is one of the most strategic, perpetual and at the same time extremely challenging corporate decisions. Having an optimum capital structure is nothing less than a utopia. Capital structure, which primarily underpins the proportion of debt and equity, is an important aspect of the financing of firms. Firms often struggle to create an optimum balance between their debt and equity. The current paper aims to explore whether the capital structure impacts the performance (financial and non-financial) and the financial risks of corporates in Finland. The extant literature is not unanimous with respect to the multiple measures of capital structure on the multiple measures of return and risks that firms are exposed to. In the current paper, debt-to-book value of equity ratio and debt-to-market value of equity ratio are the two measures of capital structure employed. The financial performance measures include market based performance measures (price to earnings ratio, market value to book value ratio and Jensen's Alpha), the accounting measures (earnings per share, return on assets and return on equity) and hybrid measures include Tobin's Q Proxy. Similarly, the non-financial measures include innovation ratio (R&D expenditure to total sales ratio) and intangibility ratio (intangible assets to total assets ratio). Furthermore, risk measures include both systematic and total risk. Based on the secondary data collected from 50 Finnish publicly listed companies at the Helsinki stock exchange for the period from 2012 to 2016 the empirical findings show that the capital structure negatively and positively affects the market-based performance measures and the hybrid performance measure (Tobin's Q) of firms, respectively. On the other hand, the impact of capital structure on the accounting performance measures is inconclusive. The results further reveal that the capital structure does not influence non-financial performance measures. Furthermore, capital structure does not affect the systematic risk of the firms; however, it positively affects the total risk of firms implying that unsystematic risk faced by the firms increases as the share of debt for the given level of equity increases. One of the major contributions of the current paper is that analysis of the multiple measures of return, risk and capitals structure has been done based on the large-cap Finnish companies.

Keywords: Capital Structure, Firm Performance, Risks, Return, Financing

Shari'ah Governance of Islami Bank Bangladesh Limited: Implications of Ownership Change

Hafij Ullah

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Abstract

Purpose: One of the best performing commercial banks of Bangladesh, Islami Bank Bangladesh Limited (IBBL), has recently observed unexpected changes in the ownership and management. Consequently, the financial indicators has significantly been deteriorated compared with the previous financial period. Simultaneously, Shari'ah Supervisory Board (SSB) has been reshuffled after that unpredictable ownership change. This paper endeavours to identify whether the changes in ownership and management impact on the Shari'ah governance and Shari'ah compliance status of IBBL. **Methodology:** The study interviews six interviewees from SSB members of the IBBL, SSB members of other Islamic banks, members of Central Shari'ah Board for Islamic Banks of Bangladesh, and an executive of the Central Bank of Bangladesh. Also, to reveal the inner views of the bank, a survey has been conducted among 104 high officials of IBBL. Interview opinions and survey results are analysed based on the relevant literature. **Findings:** The study observed that changes in ownership structure impact the Shari'ah governance structure and create the possibility of deteriorating the Shari'ah

compliance status of the IBBL. Half of the SSB members and 26.92% of the Islamic bank executives opined that taking over of IBBL by the new owners was unethical where 65.50% executives opined neutral and 10.58% thought it as ethical. Also, 34.64% of the SSB members and 40.38% of the Islamic bank executives observed that takeover of IBBL by new owners will impact the Shari`ah compliance performance of the bank. Moreover, 54.81% executives observe the decline of seriousness of the investment clients, 39.42% observe deterioration of the seriousness of the employees of IBBL for Shari`ah compliance than before the takeover. Importantly, 68.27% of the executive opine that perception of the general people for banking with IBBL has been deteriorated than before. Implications: Regulatory bodies, shareholders, and researchers may have an idea of the political influence on Islamic banks in Bangladesh. Clients of the bank may be aware of the implications of the changes in ownership and management of the bank and decides banking alternatives. Originality Value: This paper evaluates the impact of changes in ownership structure on Shari`ah governance mechanism of an Islamic bank in Bangladesh. The paper also draws the significance of the political structure and intention of government is ensuring effective Shari`ah governance in Islamic finance industry.

Keywords: Shari`ah Governance, Islamic Banking, Ownership structure, Shari`ah Compliance, and Bangladesh

Private Equity Acquisitions and Strategic Buyers: Information Discounts versus Synergies

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Peter Sorensen
University of Copenhagen, Denmark

Abstract

We characterize when private equity funds have a competitive advantage over strategic buyers in acquiring a target firm. Using their skill to mitigate informational frictions, private equity funds cut loss-making projects, potentially merge the target with similarly restructured firms, and exercise growth options. Instead, a strategic buyer integrates with the target to obtain a better competitive position. The private equity fund is more likely to win the takeover competition when its information skill is greater, its required return premium is smaller, and the strategic buyer's synergy gains are smaller. Such takeovers by private equity funds improve economic welfare.

Keywords: Information Frictions, Private Equity, Posterior Beliefs, Takeover Competition, Welfare

Will the New Regulatory Framework Deter Corporate Frauds in India?

Jaya Mathew
K J Somaiya Institute of Management Studies & Research, India

Phathara-On Wesarat
Prince of Songkla University, Thailand

Abstract

Corporate malfeasance damages investor's trust, decrease the share value, leads to locking up of capital in litigation and ultimately causes wider financial market instability. The Satyam scandal was the largest accounting fraud in the history of corporate India and brought to the fore the inadequacies of the country's corporate governance standards. The government of India reacted to the fraud by introducing drastic changes in the regulatory framework. This paper studies the problem of fraud, discusses important cases and explores the recent laws and security market regulations that have been introduced as a protective shield against fraud and mismanagement in India.

Keywords: Corporate Governance, Law, Fraud, Companies Act, SEBI Act, Board of Directors, India

ESG and Financial Performance: Impact of Environmental, Social, and Governance Issues on Corporate Performance

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Abstract

Non-financial information such as environmental, social, governance (ESG) issues is becoming as much important as financial data. This study investigated the empirical relationship between Thomson Reuters Environmental Social Governance (ESG) Combined Score and performance of S&P 500 firms with eleven years of data from between 2006 and 2016. The study confirmed unidirectional positive and significant relation between ESG Combined Score and ROA, suggesting that improvements in ESG score have positive impact on operating performance of the firm. Although simultaneous equation estimations by means of instrumental variables (IV) employing two-stage least squares (2SLS) and three-stage least squares (3SLS) confirmed the significant positive relation between ESG Combined Score and operational profitability (ROA); contrarily, Tobin's Q seemed to affect ESG score rather than the ESG score inducing Tobin's Q. Higher Tobin's Q seems to lead to a lower ESG score. In other words, firms with higher growth potential as denoted by a higher Tobin's Q, are found to be less sensitive to ESG issues.

Keywords: ESG Scores, Financial Performance, Corporate Social Responsibility, Panel Data Analysis

MARKETING I

Chair: M. Sadiq Sohail
Room: CC1.8

Uncovering Social Media Users Emotions towards Companies Using Semantic Web Technologies¹

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Bucharest University of Economic Studies, Romania

Ionut Costinel Nica
Bucharest University of Economic Studies, Romania

Abstract

The last few years have witnessed an amazing growth in the world-wide usage of online social media networks. Millions of users constantly publish messages containing opinions on virtually any imaginable topic, including opinions about companies. Accurately understanding these opinions could provide invaluable information to companies, by offering an almost real-time overview of how the company and its actions are perceived by the general public. While existing approaches used for analyzing the opinions expressed in social media messages commonly limit themselves to discovering the polarity of the messages, expressed as a positive, negative or neutral value, in the present paper we use semantic web technologies, natural language processing and machine learning in order to uncover actual feelings, such as happiness, surprise or disappointment. The emotions are structured in a hierarchy using an ontology, thus offering the possibility to analyze the overall opinion regarding the company at different levels of granularity. The proposed approach is validated by performing an analysis of the public perception towards three well-known technology companies.

Keywords: Social Media Analysis, Semantic Web, Emotion Analysis, Ontology, Natural Language Processing, Machine Learning

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Analyzing Customers' Opinions towards Product Characteristics using Social Media²

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Bucharest University of Economic Studies, Romania

Abstract

With the ever-increasing number of social media messages posted daily, millions of users express opinions on various subjects, including opinions concerning the characteristics of products and services that they have bought or they intend to buy in the near future. Accurately knowing the opinions of a such a large number of users in near real-time would be invaluable for the companies marketing those products. Thus, in the present paper we propose an approach based on semantic web technologies, natural language processing and machine learning for accurately analyzing social media messages posted on Twitter. Compared to existing approaches, which mainly focus on determining the opinion of the user concerning the entire product, the approach proposed in the present paper offers deeper insights, by taking into consideration the fact that a user might have different and sometimes contradictory opinions concerning the various characteristics of a single product. We start by creating an ontology for representing the relationships between the products and their characteristics, ontology that is also used for performing named entity recognition, given the fact that various users can employ different terms for referring to the same concept. The ontology is afterwards used in order to filter from the huge number of tweets published every minute, only the ones that can prove relevant for the analysis. In the next step, aspect-based sentiment analysis is employed in order to determine the sentiment expressed by the social media user regarding one or several characteristics of the analyzed product. The results of the analysis are stored as semantically structured data, thus making it possible to fully exploit the possibilities offered by semantic web technologies, such as inference and accessing the vast knowledge in Linked Open Data, for further analysis.

Keywords: Named Entity Recognition, Social Media Analysis, Semantic Web, Sentiment Analysis, Social Media

Employee Perceived Value of Internal Marketing Programs: A Literature Review

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Carmen Abril
Universidad Complutense de Madrid, Spain

Abstract

Objectives – The internal marketing (IM) concept has gained in importance in service marketing literature as a tool to manage employees (Berry, 1981) and as a part of the marketing strategy (Burin et al., 2015) to get customer satisfaction. The employee -as an internal customer- is the starting point in the management of IM since employee satisfaction plays, in turn, an important role in the IM outcome. However, little is known on how employees (as customers) perceive the value generated by the IM that firms undertake. This research aim is to study how IM literature has approached the employee perceived value. Following Holbrook holistic concept of value (Holbrook, 1999), results show that there is a need to adopt a more comprehensive approach to employee perceived value in the IM programs. **Data and Method** – This document performs a systematic literature review on the IM concept to classify the type of attributes and benefits proposed in the IM programs analyzed. A total of 111 papers -from 1980 to

² "This work was supported by a grant of the Romanian Ministry of Research and Innovation, CCCDI - UEFISCDI, project number PN-III-P1-1.2-PCCDI-2017-0800 / 86PCCDI/2018 - FutureWeb, within PNCDI III".

2019- were selected. Web of Science was used as a database, and “internal marketing” as searching key-word on the topic. Results – Five types of value (efficiency, quality, success, reputation and justice) were obtained from the attributes offered in the IM programs under study; however, very few studies consider more than three types of value simultaneously. These findings suggest the need for IM programs to adopt a more holistic approach to the value offered to employees since there are other forms of value unaddressed in the IM literature. Conclusions – This study provides interesting conclusions of the IM models analyzed in the literature review. First, there is an opportunity for IM programs to offer a more holistic value to employees. Second, the IM plans aim to produce in the employee the desired outcome (behavior) -such as service quality, customer satisfaction or firm’s success-; however, IM literature considers the employee an executor of the IM strategy, an operand resource according to the Service-Dominant Logic (S-DL) theory, not considering a possible co-creating process. We consider a future research agenda to understand how S-DL theories affect IM literature - as a new framework (MacInnis, 2011)- and the employee as an internal customer and value’s beneficiary, in a holistic approach to value co-creation.

Keywords: Internal Marketing, Perceived Value, Service-Dominant Logic

New Marketing Products of Film Festivals in Turkey: Pitching and Work-in-Progress

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Abstract

The 21st century started important changes for countries and the working of the film festivals has been affected by the changes. The film festivals have essential roles for the film industry and independent film makers. New products have been added to the festival content to attract the players of the film industry and the new talents. In last 5 years, Turkish film festivals also have been dealing with training, film production and distribution. This is realized with different marketing products, such as talent campuses, pitching sessions, project funding, distribution labels, work-in-progress where pitching and work-in-progress are the most popular ones in Turkey. The film festivals are changing from a place of completed films to a film’s conception, financing, development, production, and circulation. This short essay explains the changing marketing strategy of the film festivals as a place of production. It sets out priorities for research.

Keywords: Marketing, Film Festivals, Pitching, Work-In-Progress

Locked-in Customers in B2B Telecom Industries: The Importance of Attitudinal Loyalty

Jose Ignacio Gafo
IE University, Spain

Abstract

OBJECTIVES: The objective of this research is to deepen on the management of locked-in-customers in IoT services. The research objective is to better understand the best practices to ensure more sustainable and profitable relationships with locked-in customers in B2B industries with high technological dependence. **DATA AND METHOD:** As per grounded theory, we performed several in depth interviews with different management levels of lead telecom companies. We complement the insights obtained with several case studies where data and information both from telecommunication firms and their customers are analyzed and compared. **RESULTS AND CONCLUSIONS:** The results suggest that locked-in customers introduce mechanisms ex-ante to limit the dependence on suppliers and then make decisions based on perceived value and price. The impact of relationship value (measured as a combination of commitment and trust) is therefore limited in terms of purchasing decisions. However, attitudinal loyalty derived from perceived value can grant suppliers with an edge for gaining incremental business providing they offer a competitive price. Therefore, investing resources to increase the attitudinal loyalty of the locked-in customers may prove profitable as long as it leads to business continuity and potential new business in the mid and long-term. Furthermore, preliminary

results suggest that even in the presence of mid and high barriers of exit, locked-in customers committed to innovation show a stronger level of behavioral and attitudinal loyalty than traditional ones. Reasons appear to be related to the fact that when managing innovative customers, the supplier establishes a close relationship with different stakeholders within the customer that leads to a strong value relationship, a high level of perceived value and a positive dependence in the supplier. As a result, new business models emerge and incremental new businesses are co-created.

Keywords: Business-To-Business, Locked-In Customers, Loyalty, Innovation, Customer Management

Exploring the Uses & Gratifications and Risks Involved in Using Augmented Reality Applications

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Pelin Serefhan
Marmara University, Turkey

Abstract

The concept of augmented reality (AR) is a topic of increasing importance for the future of marketing. Adopted by the retailing industry in the initial phases (i.e, virtual dressing rooms, virtual mirrors), the concept was later used in mobile devices, which let the customers use it in their private settings as well as retail environments. Many brands such as IKEA, Sephora, Lego are now implementing AR applications as part of their marketing. The research on augmented reality so far focused on consumer motivations to use it, consumer reactions, and consumers' acceptance of this technology. Even though there is an increasing number of research on the topic in the last decade, research especially on AR in mobile devices is still in its infancy, therefore an exploratory approach to provide a thorough understanding of the concept was deemed appropriate. The study explored the user motivations to employ mobile augmented reality applications against the hindrance of perceived risks; and tried to understand user acceptance and willingness to use this technology; and possible marketing-related outcomes. In-depth interviews were carried on with 16 participants. The underlying theories utilized were Technology Acceptance Model (TAM) and Uses and Gratifications (U&G). The results showed that entertainment, obtaining information, experiential qualities, socialization, and personal factors mattered in adoption of AR applications, which exerted positive influence on brand interest, image and purchase intention of the users. The insights implied that practitioners should design AR applications that are entertaining, as well as practical and functional for consumers in terms of obtaining information or product trial before purchase. Delicacy is required in design in terms of assuring data privacy, and avoiding psychological, and physical risk.

Keywords: Augmented Reality, Uses and Gratifications, Technology Acceptance Model, Brand Outcomes, Technology Risks, Mobile Applications

**Annual Meeting of Eurasian Economic Review and Eurasian Business Review Editorial Board:
18:00-19:00 (Only EBES, EAER, and EABR boards' members are invited)**

THURSDAY, MAY 30 (DAY 2)**REGISTRATION: 08:30-14:30****DAY 2 - SESSION I: 09:00-11:00****EDUCATION****Chair:** Dimitrios Doulos**Room:** CC1.1**Higher Education Institutions as Wardens of the United Nations' Sustainable Development Goals****Semen Son Turan
MEF University, Turkey****Abstract**

For centuries higher education institutions have nurtured young generations and raised transformative leaders, empowered their communities through research and innovation, fostered economic growth, changed the faces of their cities, built industry relationships on local and international levels, addressed social and economic challenges, provided ground for open debate, and added value to the lives of millions. There is an established literature on the role that education plays on economic development. In a similar vein, a common understanding has been developed over the years that education is a powerful promoter of sustainable development. This acknowledgement of the need of sustainability education led to the concept of "education for sustainable development". The aim of this exploratory study is to investigate the current and prospective role that higher education institutions play in shaping the sustainability landscape and particularly their contribution to economic and social sustainability. The sample is composed of European universities and their websites, which are analyzed from a social and economic sustainability viewpoint. Particularly, mission statements, curricula, social outreach and research dimensions are investigated next to sustainability reports, where present. The theoretical framework relies on stakeholder and legitimacy theories to explain how sustainability is promoted and why a sustainability orientation at higher education institutions should be adopted.

Keywords: Sustainability, Economic Sustainability, Social Sustainability, Higher Education**Returns to Education in CEE Transition Economies: The Role of Institutions and Macro Trends****Leszek Wincenciak
University of Warsaw, Poland****Gabriela Grotkowska
University of Warsaw, Poland****Tomasz Gajderowicz
University of Warsaw, Poland****Abstract**

We conduct a meta-analysis of returns to education studies for CEE transition economies: Belarus, Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, and Ukraine. We conduct the meta-analysis across time and countries differing in the advancement of transition process. We show links between changes in education returns and the business cycle as well as the institutional variables capturing higher education systems in the countries under study.

Keywords: Education Returns, Education Premium, Transition Economies, Meta-Analysis

Evolution of Returns to Education in a Transition Economy

Leszek Wincenciak
University of Warsaw, Poland

Abstract

In this paper I study the evolution of returns to education in Poland using consistent methodology and a Labor Force Survey dataset for a period of 1995-2017. I use augmented Mincer wage regression model corrected for selection into employment to obtain the estimates of returns to years of schooling over the transition period (pre EU accession and post EU accession). Those estimates are then confronted with a number of macro variables to capture the effects of the business cycle, supply factors, economic openness and others. The findings show relative deterioration of incentives to continue education in Poland 30 years after the breakup of communist regime.

Keywords: Education Returns, Education Premium, Transition

Perceptions of High School Students against Fraud and Corruption: Survey in West Java Province – Indonesia

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Abstract

The economy of a country will be greatly disrupted by various fraud and corruption scandals. This encourages various parties to try to fight the seeds of fraud and corruption early. High school is an important educational level to instill the character of anti-fraud and corruption. The basic character that needs to be instilled in high school students is a tough character to confront any pressure and to keep up the faith principles even in a stressful situation. Anti-fraud and corruption culture can be developed by fostering the integrity of human resources from an early age, especially in high school level of education. This research is intended to explore the values of anti-fraud and corruption that can be embedded in secondary schools. This study is qualitative and focused on the behavioral accounting field. Data is collected using a set of structured questionnaire instrument distributed to high school students as the next generation in the future. All items in the questionnaire are aimed to measure students' perception of fraud and corruption. In-depth interviews are conducted by a Focus Group Discussion that is attended by various invited stakeholders ranging from teachers, parents, to apparatus from the education service agency. The scope of this research is limited to high schools in West Java Province of Indonesia. Purposive sampling is used in this study. The collected data is validated by triangulation method. Qualitative analysis is conducted based on the data interpretation. The study results show that high school students are an important phase which is very appropriate to instill the value of zero tolerance for fraud and corruption. Pressure is identified as the most vulnerable trigger factor in the perceptions of high school students. Therefore, it is necessary to develop education that is able to instill strong character to high school students in order to be able to withstand all the pressure, so they will be tough enough after later in their adulthood phase. The recommendation is that the high school curriculum should be modified in such a way that the development of the character of integrity in students truly become visible. This will support the growth of the country's economy in the future which is free from fraud and corruption.

Keywords: Perception, High School, Students, Fraud, Corruption, Behavior

An Alternative Cost of Tertiary Education: A DCE Approach to a Missing Piece in the Puzzle

**Tomasz Gajderowicz,
University of Warsaw, Poland**

**Gabriela Grotkowska
University of Warsaw, Poland**

**Leszek Wincenciak
University of Warsaw, Poland**

Abstract

The aim of this paper is to estimate the value of time that tertiary students spend studying using the state-of-the-art methodology of a discrete choice experiment. It allows to complement the valuation of alternative costs of education which is a necessary element of analysis of rate of return to education. In most studies alternative costs of education are neglected or approximated only with alternative wages. Our paper fulfils this gap by offering an opportunity to estimate the cost of time put into studying. Our approach allows both for an increase or decrease in utility related to the fact that studying requires an effort, but also brings cognitive benefits. We used a discrete choice experiment in which students were asked to declare how they would allocate their time in different circumstances. The description of the choice sets included learning outcomes (grades) and market rewards (income). Various characteristics of respondents were controlled for. It allowed to grasp heterogeneity of preferences towards time allocation across genders, study fields (economics, mathematics and teaching), age, years of studies, subjective perception of effort, average number of hours devoted for studying per week. We estimated parameters of the students' utility function assuming random utility model (McFadden, 1974) using multinomial logit (MNL) and random parameter logit (RPL). The obtained results allowed to estimate students' willingness-to-pay for grades and for reallocation of time. We found that on average studying for one hour longer results in disutility worth around PLN 15.32, which is equal to 150% of a minimum hourly wage rate. The estimated value is strongly heterogeneous depending both on the field of study and personal students' characteristics. Our results may significantly improve accuracy of the estimates of the rate of return to education at tertiary level, which is one of the key empirical issues given the observed boom for tertiary education in many countries, both the developed and developing ones.

Keywords: Valuation of Time, Preferences, DCE, Grades, Higher Education

Design the Learning Process for Millennial Students in Higher Education

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Parahyangan Catholic University (UNPAR), Indonesia**

**Yohanes Slamet Purwadi
Parahyangan Catholic University, Indonesia**

**I. B. Sugiharto
Parahyangan Catholic University, Indonesia**

Abstract

Era of digitalization has impact the students' behavior. They seem to know everything but in fact they don't. The ambiguity is that they look abundant in knowledge, but poor in the depth of the meaning. In addition, millennial students are very difficult to focus on, due to the busy flow of information that makes their ability to focus on one thing are limited. The previous study has been done to explore why so many students fill cafes with their laptop in the city of Bandung, West Java. They do not want to study in campus or library due a tedious atmosphere and stressful around campus. The previous research result proved that cafés offer informal space that match with students needed. The phenomena of —public space studying is linked to the social space produced to interpret --studying which qualitatively is almost identical to that of leisure. And in practice, this related to the existential function of Henri Levebvre's space (2008), that space creates —a desire of self-exhibition these spaces vivify mood and study habits

gilding the lily is the fact that these purported eateries also support audio-visual devices be they laptop, cellphones, or tablets. In such social space, students are absorbed to dense fabric of networks and channels that contextualize production of knowledge (Henri Lefebvre, 2008). The café caters the imagery of erudite, cosmopolitan, and up-to-date youths, all of which are appealing. As a conceptualized space the humble café has transcended beyond its calling as a pit stop and has been reborn as an expression of academic life, combining knowledge production and mood booster, serious knowledge and playfulness. The illustrious café, make no mistake is the representative space of choice for millennial students. This is an ongoing research to continue the previous one. The aim is to design what lecturer should do to provide an atmosphere that is suitable for millennial students as “informal space” in some cafes have offered; how to design a good learning process for them to get a better output of learning. Three hundred students are chosen to observed and interviews. Using several FGDs, this research will conclude several findings and interpret it at the end of first semester in 2019.

Keywords: Learning Process, Millennial Students, Higher Education

GROWTH AND DEVELOPMENT

Chair: Nihal Bayraktar

Room: CC1.2

May I Finance My Undergrad with Your Pension Contributions? A Welfare Assessment of a New Education-Funding Scheme

Oliver Pardo

Pontificia Universidad Javeriana, Colombia

Abstract

I study the effect of allowing pension funds to invest in people's education in the context of an overlapping-generations model where agents accumulate human capital while the government forces them to save for their retirement. Under the existence of borrowing constraints, allowing pension funds to lend money to finance education leads to higher returns on assets and higher GDP levels. Furthermore, under the existence of intergenerational externalities, this leads to a permanent increase in the GDP growth rate, magnifying the welfare gains. I estimate these effects for the Chilean and the Colombian economies, where contributions to fully funded pension funds are mandatory and private education is expensive.

Keywords: Pensions, Education, Finance, OLG

Exhaustible Resources and Sustainable Growth Nexus: Evidence from Libya

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University of Hull, United Kingdom

Keshab Bhattarai

University of Hull, United Kingdom

Abstract

Natural endowments and economic growth are often connected. However, the nature of this relationship is still controversial. Although natural resources are crucial for economic growth, there is a kind of puzzling in their relationship. For the oil-based economies, the negative impact becomes clear in many cases. This paper tries to explore how far extracting oil and using its revenues are affecting the economic growth in Libya as an example of a high dependent economy on NR. Applying Charles Jones model for this purpose and utilizing data covered the period of (1962-2017). The paper explores the potential impacts of NR on changes in output controlled with population growth. This model is one of the suggested models to explain the relationship between explain the influence of both NR and population growth on one hand and economic growth on the other hand. Findings confirmed the NR curse and showed that the Libyan economy is experiencing an unbalanced growth. Furthermore, even if the growth

rate is adjusted to the Balanced Growth Path BGP, it seems to decline over time as population growth is higher than natural resources can cope. Moreover, the authority needs to use more proportions of oil (Higher depleting rate) if the previous standards of living to be maintained. This means that along with recent population growth the resources available would not be sufficient to prevent a foreseen problem.

Keywords: Non-renewable Resources, Economic Growth.

The Stability of Economic Growth before and After Crisis: World Perspective

Jacek Batóg
University of Szczecin, Poland

Barbara Batóg
University of Szczecin, Poland

Abstract

One of the most important issues discussed in the current literature on economic growth is the similarity of development patterns of selected groups of countries and regions. Research in this area relatively frequently use the concept of real convergence which has its origins in economic growth models. The approach proposed in the study is different. It is based on the classification of objects and measures of stability of the divisions obtained, as well as the similarity of time series. The main objective of the research is to divide countries into homogeneous groups according to the dynamics of two main macroeconomic variables which, in addition to investments, determine the condition and prospects of economies: gross domestic product and employment. Classification will be carried out for four continents: Europe, Asia, Africa and Latin America. The research will cover, inter alia, the temporal analysis of the stability of belongingness of countries to a given cluster using the Rand index, and the use of the changing time bandwidth will allow to evaluate the sensitivity and robustness of specific countries on the global economic crisis which has started in 2007. The authors will study also macro variables co-movement within the period 1993-2017, using an adaptive dissimilarity index covering both proximity on values and on behaviour, proposed by D. Chouakria and P.N. Nagabhushan, to explain stability or instability countries classification in time. The statistical data will be derived from the Total Economy Database developed by The Conference Board, Inc.

Keywords: Economic Growth, Classification, Dissimilarity Index, Temporal Analysis

Evaluation of the State Strategy Effectiveness of Spatial Development in the Russian Federation: A Cluster Approach³

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Perm National Research Polytechnic University, Russia

Tatyana Pestereva
Perm National Research Polytechnic University, Russia

Abstract

Modern agglomeration processes, which cause the concentration of economic activity in large cities, lead to an increase in socio-economic differentiation of territories. In this regard, the issue of the inclusiveness of spatial development, which reduces the territorial differences in the level of the basic welfare of the population, is of particular importance. The spatial development strategy until 2025, prepared by the Ministry of Economic Development of the Russian Federation in 2018, is devoted to solving this issue. This document proposes a new vision of the spatial organization of the country's economy, based on the development of priority economic specializations of the constituent entities of

³ The reported study was funded by RFBR according to the research project № 19-010-00562.

the Russian Federation united in 14 macroregions. At the same time, the Strategy does not contain either a quantitative justification or a methodology for the upcoming division. The purpose of this study is to assess the effectiveness of the state strategy of spatial development of the Russian Federation based on the formation of macroeconomic regions. The informational basis for the study was: a database of the Federal State Statistics Service, data of the Spatial Development Strategy Project up to 2025, statistical data of the RF sectoral, regional ratings of specialized organizations. The proposed methodology is based on the tools of spatial econometrics: gravity model and cluster analysis. The paper proposes a methodological approach to the identification of macro-regions as an important tool to reduce spatial heterogeneity by realizing the potential of interregional interaction. This approach is based on 5 basic principles of allocation of macroregions: territorial community, the potential of interregional cooperation, the presence of the center of economic growth, the connection of subjects, access to social services. At the first stage of the study, a sample of statistical indicators in the context of these indices was made and numerical values of the indices for the regions of Russia were calculated. At the second stage, clustering of regions with the potential for cooperation into macro-regions was carried out. The potential of cooperation was evaluated on the basis of the application of the gravity model. As a result, 12 macro-regions providing conditions for the development of interregional cooperation were identified. The proposed method of typology of regions is designed to improve the strategy of spatial development of territories. This method is universal and can be applied in different countries implementing spatial development policies.

Keywords: Spatial Development, Gravity Model, Clustering Of Regions, Economic and Mathematical Methods, Macroregions

Education of Female Students and Education Aid Volatility

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Penn State Harrisburg, U.S.A.

Abstract

Positive contributions of females to economic development have been widely investigated in the literature. It has been shown that when females get better education, the quality of their contributions to economic growth improves significantly. Thus, it is important to investigate the ways of rising female education indicators, especially in low-income countries where the share of females in labor force is low. What is special in low-income countries is that the scope and quality of education highly depends on education foreign aid. Education indicators get worse with declining foreign aid in these countries. Not only the level of foreign aid, but also its volatility is expected to have an important impact on education outcomes. In this paper, the link between schooling of female students and the volatility and the level of foreign aid on education is empirically examined. The initial results show that the share of female students increases with declining volatility of foreign aid. And also the volatility of aid has more dramatic impacts on female students when compared to male students. The main data sources are the OECD's Creditor Reporting System Database for foreign aid on education, and the World Bank's World Development Indicators and Barro-Lee Database for additional variables. Due to availability of education aid data, the dataset covers the years 2002-2016. Because the importance of the volatility of foreign aid is tested, only low-income countries are included (approximately 40 low-income countries from Africa, Asia, and Latin America regions). The econometric analysis is based on a specification where female education outcomes (such as share of female students in primary and secondary education; years of schooling of female students) are considered as dependent variables. The volatility of foreign education aid is measured by calculating the rolling standard deviation of education aid in percent of GDP and per capita terms over 3-year overlapping sub-periods. The explanatory variables consist of four groups: the volatility measure of foreign education aid; economic development variables such as income per capita in real terms or the share of the population living in urban areas; the quality of education supplied (public expenditure on education and the ratio of students to teachers); health status (life expectancy at birth and mortality rate, under-5). The empirical methodology is panel least squares with time and country dummies. The empirical analysis also includes results with male and total students to the specific impact of volatility of aid on female students.

Keywords: Education of Female Students; Volatility of Foreign Aid on Education; Level of Foreign Aid on Education; Low-Income Countries

Role of INGO in Livelihood Improvement: Case Study of Community Action Nepal

Shyam Kumar Karki
Soka University, Japan

Abstract

In this research paper, a UK-based International Non-Governmental Organization (INGO)- Community Action Nepal (CAN) has been taken as a case study which is engaged in healthcare, education, agriculture for a long time. All of the activities contribute to quality education, quality health, food security, nutrition, and poverty reduction as well as economic development. This paper specifically explains the role of CAN towards the social and economic development of Chum Nubri Rural Municipality of the Gorkha District of Nepal and its further effects on Sustainable Development Goals (SDGs) throughout the nation. The study was carried out in the form of a qualitative research method, where the case study research design was used. Both the primary and secondary sources of data were used for this research. The data collected were analyzed through the use of content analysis method where codes were developed after a close reading of the sources. As a result, support initiatives by CAN, it comes out as an INGO which is contributing to the development of the people in Nepal in general and the Chum Nubri Rural Municipality in particular. There are two main dimensions of development that the study has helped in understanding that CAN is playing its roles in social and economic development where CAN ensure that there is a justification for its actions, particularly those that directly tends to target the most unfortunate and less privileged in society. Furthermore, agricultural activities of this organization has improved the productivity of rural area, as a result, local people will be able to nourish their family. It is directly related to SDG 1 to end poverty in all its forms everywhere, SDG 2 end hunger. Healthcare activities contribute SDG 3 ensure healthy lives and promote well-being for all at all ages. No goal is independent rather all are interrelated to each other. Educational activities help in meeting SDG 4 on quality education, SDG 8 on decent work and economic growth, and SDG 10 on reducing inequalities. It can be concluded that CAN is making great strides in developing the rural area fundamentally based on SDG goals and create the ripples of those effects throughout the nation.

Keywords: Social and Economic Development, Livelihood Improvement, INGOs, SDGs, Chum Nubri

BEHAVIORAL FINANCE I

Chair: Sagi Akron

Room: CC1.4

A Comprehensive Analysis of Investor Types in Borsa Istanbul

Cumhur Ekinci
Istanbul Technical University, Turkey

Oguz Ersan
Kadir Has University, Turkey

Nihan Dalgic
Yeditepe University, Turkey

Abstract

We classify, detect and measure various types of investors in Borsa Istanbul equity market. Making some assumptions and using recent tick-by-tick transaction data of BIST 100 Index stocks, we categorize investors based on their level of information (informed vs uninformed), speed for order submission (high-frequency vs normal), geographical location (foreign vs domestic), size (very small / small / medium / large / very large) and herding behavior (herding or not). This original and challenging classification also allows accounting for joint characteristics of traders. For instance, we can define foreign high-frequency traders or large domestic investors. Then, we calculate the share of various investor groups in periodic intervals and investigate any intraday seasonality. Additionally, we make comparisons across stocks such as large caps and small caps, stocks in certain industries, holding

companies etc. Moreover, we search for any relation between market features such as volatility or tick size and the activity of certain investor types. Finally, we analyze the interaction between these different types of investors.

Keywords: Investor, Trader, HFT, Foreign, Size, Borsa Istanbul

Antecedents and Consequences of Financial Literacy: Evidence from Members of the Royal Malaysia Police

Hafizah Mat Nawi
Quest International University Perak, Malaysia

Hafez Shahril Hussin
Malaysia

Abstract

Personal financial management is one of the main priorities of the citizens across the globe and this is of no exception to the Malaysian people. Good management of finance is also important to members of the Royal Malaysia Police. This study investigates the antecedents and consequences of financial literacy among members of the police force. The study used life cycle theory, theory of planned behavior and stress and coping theory as theoretical lens. This study adopts a positivist paradigm. The study conducted 400 self-administered questionnaire surveys among the police personnel in Malaysia. The multivariate analysis reveals that other than socio-demographic characteristics (i.e. gender, marital status, age, human capital and income level), the financial literacy is also influenced by financial stress, financial socialization and personal motivation. Further analysis has confirmed positive associations between financial literacy and both, financial behaviors and financial planning. The results provide evidence to support the theory of planned behavior and stress and coping theory; but they are contrary to a life-cycle theory. The research findings should contribute to the literature on financial literacy and specifically on personal finance of the police personnel. The findings of this study are of interest to members of the police force in Malaysia and other jurisdictions. The research findings should assist the policymakers in formulating an appropriate policy on measures and approaches to be undertaken to improve financial literacy among the police personnel. Additionally, the research findings should help the policy makers, police top brass, and authorities concerned in devising and implementing programmes to ensure an enhanced personal financial management for the benefit of the Malaysian police personnel.

Keywords: Financial Literacy, Royal Malaysia Police, Financial stress, Theory of Planned Behavior, Financial Planning, Financial Behaviors

Incentive and Risk Taking in Financial Market with Heterogeneous Agents

Juanxi Wang
Cranfield University, United Kingdom

Abstract

This paper establishes an agent-based model to describe the dynamic behavior of the financial market with mutual fund managers and investors under two types of compensation contracts: asset-based fees and performance-based fees. The fund managers are boundedly rational with adaptive expectations of trend chasers and contrarian traders. Our results show that trend chasers always trigger significant fluctuations in the market. Contrarian traders bring along the slight up and down oscillations. The market with performance-based contract is less stable and generates lower returns. We also find that inertia parameter decrease the stability of market. In particular, the heterogeneous analysis under different compensation contracts shows that asset maximizers dominate the whole market and produce higher returns. Our results support the existing financial policy of favoring asset-based compensations schemes.

Keywords: Fund Manager, Compensation Contract, Bounded Rationality, Adaptive Expectation, Risk Taking Behavior

Market Sentiment, Transaction Aggressiveness, and Returns

Matthew C. Chang
Chinese Culture University, Taiwan

Abstract

Employing unique data from the Taiwanese stock markets, I investigate the transaction aggressiveness made by mutual funds, foreign institutions, domestic institutions and retail investors over periods of different market sentiment. Retail investors' marketable transaction ratios are positively related to stocks' systematic risk. In contrast, mutual funds and foreign institutions' marketable transaction ratios are negatively related. Although the marketable transaction ratios of all the four types of investors are higher when market sentiment is more fearful, mutual funds' trades on the sell side can alleviate, but not reverse, the marketable transaction ratios during market panics. Marketable transaction ratios of the four types of investors have significant impacts on stock prices, both directly and indirectly through the influence on transaction imbalances.

Keywords: Market Sentiment, Transaction Aggressiveness, Order Imbalance, Types of Investors.

New Evidence of the Influence of Post Materialism Orientations on the Financial Markets Mechanisms

Raluca Simina Bilti
West University of Timisoara, Romania

Abstract

The present paperwork comes with new empirical evidence of the impact of the social-cultural values on the financial market mechanisms. The need to test materialism and post-materialism cultural theories is driving us to a study that takes into consideration an analysis period, from 2000-2014, for a sample of 14 countries with markets having socio-mature economies. The objective of the study is to determine the post-materialism degree in 14 mature markets having direct connection with the cultural dimensions within the same markets. We intend to observe whether the mechanisms of the mature markets are under the influence of post-materialism factors and if yes, to what extent. The data used for our study is grouped into 3 waves, namely: the first period between 2000-2004, the second period 2005-2009 and the third period between 2010-2014. As dependent variables, we will use different cultural dimensions provided by the World Bank: as Political Stability, Rule of Law and others. The results lead us to conclude that the presence of post-materialism is positively associated with socio-mature economies, furthermore, citizens with a predominance of post-materialism values have better skills to invest in financial markets. The results show that the cultural determinants behave as evidence of post-materialism and the post-materialism has the ability to influence the change of values and believes.

Keywords: Postmaterialism, Stock Markets, Cultural Values

Variables of Financial Behavior in Retirement Planning in a Spanish Sample

Montserrat Hernández-Solís
UNED, Spain

Teresa C. Herrador-Alcaide
UNED, Spain

Gabriela Topa Cantisano
UNED, Spain

Abstract

The objective of this research is to analyze the relationship between traditional factors on financial behavior in retirement planning. For the analysis of the relationships among variables, financial behavior was related to financial management practices and financial resources for retirement. For this, three constructs have been made, one for each one of these instrumental variables, by using a set of usual variables of the specialized bibliography. The empirical analysis was carried out through sample of more than 400 people from Spain. The influence of Financial Literacy, the Financial Retirement Objectives, the Optimism on retirement, the Tolerance to financial risk and the Commitment to financial planning at time 1, are analyzed as inputs of management practices financial over time 2. As a result, the explanatory effect of these management practices on the financial resources for retirement was analyzed in the time 3. The model is based in the study of Hersey et al. (2013). The hypotheses are accepted by the analysis of least squares. According these findings, the model can predict almost the 40% of the variance of Financial Management Practices and more than the 50% of the variance of Financial Resources for retirement. These findings support that the model can be consider for a self-evaluation of the future personal financial behavior face to the retirement planning. This allows to design a personal test in order to the self-search a better personal financial planning that warranties the welfare in the retirement. Consequently, it leads to an improvement of personal finances and, finally to a greater social wellbeing.

Keywords: Retirement, Financial Resources, Financial Literacy, Financial Goals, Commitment to Financial Planning

EMPIRICAL STUDIES ON EMERGING ECONOMIES

Chair: Andreia Dionísio

Room: CC1.8

Does the Digital Gap Matter? Estimating the Impact of ICT on Productivity in Developing Countries

Ronia Hawash
Butler University, U.S.A.

Guenter Lang
Kuehne Logistics University, Germany

Abstract

Could the adoption of Information and Communication technology (ICT) be the means to higher growth and productivity in developing countries? An alarming slump of global productivity growth rates underlines the relevance of this question which does not find a clear answer in the current literature about ICT and productivity. The aim of this paper is to examine if higher capacity and usage of ICT has been associated with higher productivity in developing countries using a panel of 76 developing countries examined over the period of 1991-2014. Our results indicate that there is a significant association between investment in ICT, network capacity, and higher total factor productivity. However, the economic significance is not overwhelming: Countries with strong ICT environments can improve their TFP growth rates by about 0.3 – 0.5% relative to those with a wide digital gap. That is, the digital gap matters, but reducing the digital gap alone is not enough to markedly increase growth rates.

Keywords: Information Technology, Productivity, Digital Divide, Development

Shift from Passively Integrating into GVC to Proactively Restructuring GVC: Empirical Research based on Enterprise Upgrading in Emerging Economies

Yunshi Mao
Sun Yat-sen University, China

Yangchun Liu
Sun Yat-sen University, China

Tian Li
Sun Yat-sen University, China

Abstract

In the context of economic globalization, the way emerging economy enterprises integrated into the global market is impacting the future global economic landscape. In recent years, many enterprises in emerging economies embedded at the lower ends of the global value chain GVC, by leveraging their advantages, have achieved transformation and upgrading through different paths, therefore, being able to compete head-on with others players on the global stage. In this paper, two typical enterprise cases developed on field research for an extended period are used to fit the new concept and theoretical framework of Reconstructing Global Value Chains (RGVC) proposed based on the practice of emerging economy enterprises. This paper systematically analyzes the behavior process of case companies which have risen to leading positions in GVC by beginning with activities in the bottom part and then pushing themselves up to the high ends of GVC. The results verify the backdrop for and internal and external drivers behind GVC restructuring by enterprises in emerging economies. Specifically, these refer to three aspects. First, there exist huge profit margins at the high ends of GVC, huge market potential in emerging economies, and their entrepreneurial spirit and innovation drive; second, a variety of transformation and upgrading paths, are available to them, such as climbing to brand marketing and R&D from lower ends' activities in GVC, enhancing the added value of manufacturing links, and acquiring strategic assets through mergers and acquisitions; and third, their GVC restructuring efforts have initiated structural changes in the global competitive landscape. The fitting results validate the theoretical and application value of GVC reconstructing. The paper also discusses the issues that need further study.

Keywords: Restructuring Global Value Chains, Enterprise Transformation and Upgrading, Emerging Economy Enterprises

Assessment of the Features of the Spatial Organization of the Russian Economy Based on the Global and Local Moran Indexes⁴

Elena Victorovna Kozonogova
Perm National Research Polytechnic University, Russia

Julia Dubrovskaya
Perm National Research Polytechnic University, Russia

Abstract

A distinctive feature of the spatial organization of the economies of most countries today is the polycentric nature of the territorial development. The economic system of Russia is no exception. The main trends in the country's spatial development include the concentration of economic growth in a limited number of centers; maintaining low transport connectivity and accessibility of the territories of Russia; high interregional socio-economic imbalances. These trends are a consequence of the weakening of interregional ties that occurred as a result of radical economic reforms and disintegration processes of the 1990s. Therefore, the scientific substantiation of the possibilities and prospects for improving the spatial structure of the national economy is an urgent task. The solution of this problem is possible on the basis of an assessment of the spatial organization features of the Russian economy,

⁴ The reported study was funded by RFBR according to the research project № 19-010-00562.

which is the purpose of the present study. The research was based on statistical data of the Russian Federal State Statistics Service, regulatory and legislative materials on the socio-economic development of the Russian Federation, as well as materials of the periodical press. In the process of research, the methods of hierarchical analysis, methods of spatial econometrics, methods of comparison and grouping were used. The assessment of the features of the spatial organization of the Russian economy was carried out in 4 stages. At the first stage of the study, a system of indices was developed that characterize the quality of the spatial organization of the regions of Russia. At the second stage, statistical indicators were sampled and the numerical values of the indices for the regions of Russia were calculated. At the third stage, matrices of spatial weights are formed. And finally, at the 4th stage, the features of the spatial organization of the Russian economy were evaluated on the basis of the calculated global and local Moran indices. The method proposed by the authors for assessing the characteristics of the spatial organization of the economy is universal and can be applied in various countries implementing a policy of spatial development.

Keywords: Spatial Organization of economics, Spatial Autocorrelation, Global Moran Index, Local Moran Index, Interregional Heterogeneity, Spatial Weights Matrices

Will Urbanization Help China To Have A Sustainable Pension System?

Jia Shao
Coventry University, United Kingdom

Abstract

The urbanization rate in China has increased from 12% to 50% in the last six decades, while the same transition took 150 years to occur in Europe and 210 years in Latin America and the Caribbean. The demographic structural change due to the fast urbanization in China had an enormous impact on the pay-as-you-go pension system. In this study, by analyzing the impact of urbanization on the long-term sustainability of the Chinese pension system taking into account the two-child policy we argue that rapid urbanization process will result in a higher old-age dependency ratio after 2050 and hence will lead to a less sustainable pension system. Contrary to the dominant view that huge inflow of the working-age urban population will restore the demographic balance between contributors and pensioners. Our recommendation is for the Chinese government to increase the retirement age and contribution rate, decrease the indexation of pension, or change the current pension structures to a notional defined contribution scheme to preventing from the potential pension system bankruptcy.

Keywords: Urbanization, Public pensions, Demographic, PAYG, Sustainability.

Macroprudential Stress Testing Practice of Credit Risk in Indonesia Commercial Banking System

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Abstract

Macroprudential policy is implemented to foster financial stability in the financial system, and stress testing process is used as a regular assessment of the resilience level of given shock scenarios. This study tries to design a credit risk stress testing on Indonesia's monthly empirical data. In this work, we construct macroeconomic scenarios, then link them to credit risk factor, and estimate the outcome indicator to measure banks' resilience. The result is reported that an economic risk weighted capital adequacy ratio (ERW-CAR) classified on banks' multi-level business activity provides a more optimal level under different scenarios, compared to the current regulatory capital adequacy ratio (CAR) because the banks more utilize the core capital to business activity opportunity. In the historical and predicted scenario, banks based on business activities are all sufficiently safeguarded, and the ERW-CARs are closely to the current regulatory. They have adequate capital to accommodate the macroprudential supervisor based-requirement adjusted with economic condition one year ahead. Under stress scenarios, the ERW-CAR of banks based on business activity declines substantially and

as expected to still stand above the minimum requirement of regulation. The findings also reveal that the ERW-CAR is more sensitive to sudden changes in lending rates.

Keywords: Stress Test, Credit Risk, Macroprudential Supervision

Trends in Risk and Insurance Research

Adel Abdullah Alaraifi
Imam Abdulrahman Bin Faisal University, Saudi Arabia

Ishtiaq Ahmad Bajwa
Imam Abdulrahman Bin Faisal University, Saudi Arabia

Kamran Ahmed Siddiqui
Imam Abdulrahman Bin Faisal University, Saudi Arabia

Abstract

In this paper we reviewed and analyzed around 180 papers published in the Geneva Risk and Insurance Review during the period 2013 to 2018. This journal is academic writing produced by Geneva Association and European Group of Risk and Insurance Economists (EGRIE). The objective of the study is to assess the type of researches published and to further examine how far papers have met the journal's stated objective of printing original research that broadens the understanding of financial risks and insurance. The Journal is published twice a year in March and September bringing together of established academic ideas on economic risks and insurance policies that best serve them based on theoretical analysis. Despite mostly based on theoretical analysis, this journal at times bases its content on empirical and experimental findings when contrasting theories and understanding of insurance and risks. We also examine the diversity of the researches published based on the objective of the study, the nature of the article, the area of the study, the country of the research etc. In the paper we used content analysis to systematically examine the publications in Geneva Risk and Insurance Review. During 2013 to 2018, articles based on a variety of topics were published; however, the main focal point of publication (based on keywords) includes insurance, life insurance, adverse selection and solvency II. Although based on the period selected the citations of the majority of the articles is still in the process, but some of the articles are already well cited in Google, Scopus and ISI index. An interesting observation relating to authors indicate that the majority of the authors have published once or twice in the period under review; however, few authors (like Martin Eling) have shown a lot of association with the research area and the journal by publishing 5 times in six years. In the end, a large number of the articles are published from the countries like USA, Germany, Taiwan, Switzerland, Italy and China. This indicates that the majority of research relating to risk and insurance is being conducted by these nations. The main contributor universities include; Feng Chia University Taiwan, University of St. Gallen Switzerland, Cornell University USA and University of Pennsylvania USA etc.

Keywords: Risk, Insurance, Research trends

COFFEE BREAK: 11:00-11:10

DAY 2 - SESSION II: 11:10-13:10**MANAGEMENT****Chair:** Desiree Helene Ladwig**Room:** CC1.1**A Systemic Approach for Management, Leadership and Teams****Emoke Takacs****ERI Hungary - European Research Institute, India****Toon Abcouwer****University of Amsterdam, Netherlands****O.P. Banga****Tree-Parq, Netherlands****Abstract**

Current literature on management and leadership focuses mostly on providing different definitions for manager versus leader as a 'person', assuming that one is either a manager or a leader. Our research shows that this approach is increasingly challenged, and there is a practical difference based on the time horizon of their work, resulting in two different 'roles': -a manager is expected to assure the going concern of the work to be done, -a leader is supposed to inspire the organization and ensure the utilization of its creative capabilities. Within specific contexts the balance between the need for the manager- or the leader-'role' can differ significantly. The focus is apparently not on the person but on the role the person plays. To be unambiguous about the need for the manager- or leader-role in different contexts, we distinguish well- and ill-defined challenges that are to be handled. Our research results prove that organizations operate in a cyclical process and that the different phases require changes in the need for rational - or innovative capabilities or vice-versa, all regarding the need for playing the manager or leader roles. Literature shows a sound body of knowledge on rational management as well as on innovative leadership, but this fundamental alteration is hardly recognized. We developed an approach on how in our challenging century organizations can deal with the polarity in roles in both directions. Besides the quality of management/leadership for continuous adaptation and development, the roles of the supporting teams of people is of rising importance. Researches in practice focus on the team aspect based on the perspectives of efficiency and effectivity within a goal-orientation, and often using theoretical groundings like Belbin, Lencioni or MBTI. Our findings show that individuals in teams within the effectivity approach are subordinate to the team objectives, while in the case of a need for creativity, it is more on individual targets. In most cases, the central assumption is that one single individual is not able to play these two identified roles. Our research paper explores the roles of managers and leaders in hand with the roles of supporting teams in the changing and dynamic situations of our days. With some illustrative cases we raise awareness on this crucial necessity by using a systemic approach for management, leadership and teams.

Keywords: Management and Leadership, Organizational change, Resilience, Organizational development, Human Resources

Telecommuting Versus Traditional Work Environment: Determinants of Job Satisfaction as Perceived by Individual Contributors and Supervisors

Melfi Masongsong Caranto
Jose Rizal University, Philippines

Rommel Pilapil Sergio
Canadian University Dubai, U.A.E.

Melchor Zabala Oribiana
University of Leeds, United Kingdom

Abstract

The study delves with telecommuting and traditional work environment as determinants of job satisfaction as perceived by individual contributors and supervisors of a multinational manufacturing firm headquartered in the US. Specifically, the researchers tested if there is a significant relationship between the respondents' profile variables and the perception of the individual contributors and supervisors on telecommuting. Consequently, the researchers established the relationship between job satisfaction and the traditional work environment and with telecommuting. The study employed qualitative-descriptive design by utilizing primary data through survey method. The researchers used the perception survey with three parts, namely: Demographic Profile, Job Satisfaction, and Telecommuting Survey. For the interpretation of data, frequency distribution, mean scores, percentage, and chi-square (tested at 0.05 level of significance) were used. The major results reveal that the respondents are found to have better job satisfaction as they practice telecommuting and that they favored this as an alternative work environment over the traditional office set-up. In the light of the foregoing data, it is recommended that industries of today have consider how technology can be of advantage not only for the machinery to improve its productivity and output but most importantly, to the enhancement of the employees' welfare.

Keywords: Traditional Work Environment, Telecommuting, Job Satisfaction, Individual Contributors, Supervisors

Strategy Work – Dark Rooms, Pinholes and Laterna Magica

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University of Jyväskylä, Finland

Antti Ilmari Rautiainen
University of Jyväskylä, Finland

Tuomo Takala
University of Jyväskylä, Finland

Abstract

In this paper, we take a look at how strategy is constructed and enacted in organizations by resorting to somewhat unconventional ideational background for strategy research. We borrow ideas from the early visual sciences and cinematic arts to offer a fresh perspective for better understand strategy work (see e.g. Whittington, Molloy, Mayer & Smith 2006; Mantere & Vaara 2008) and its intricacies – strategy formation and its communication more specifically. Our treatise of strategy work builds on a set of interrelated metaphors derived from the abovementioned backgrounds. The chosen starting point enables us to examine the nature of strategy work in its various forms from a fresh perspective, including the roles of those involved in it, and to break free from the deeply embedded rationalist slant of the study of strategy work, typically perceived as highly rational and driven by logical thinking (cf. Mintzberg, Ahlstrand & Lampel 2009). The paper will show how the metaphors of our choice, camera obscura which

connect to pinholes, dark rooms and *laterna magica*, or magic lanterns appearing in the title may be utilized in an attempt to demystify some aspects of both strategy formation and its communication. In our empirical analysis we focus on metaphors, communication and emotions in strategy work. We will utilize empirical data from a large financial industry case organization to build two vignettes illustrating different strategic eras for analytical purposes. We use them to dissect the role and use of metaphors for better understanding how strategy formation and its illusiveness is exposed to diminish mystique surrounding it. Thus, the contribution of the paper is to introduce underdeveloped conceptions and frameworks to strategy as practice literature (for recent reviews of the SAP literature, see e.g. Golsorkhi et al. 2011, or Laine et al. 2016). We call our framework as *phantasmagoria* in strategy work.

Keywords: Strategy Work, Camera Obscura, Financial Organization, Vignette, Phantasmagoria

Sustainable Procurement and Environmental Performance Indices for Maritime Services

Anastasia Christodoulou
University of Gothenburg, Sweden

Abstract

The growing concern of shippers on the carbon footprint of their supply chains has led to the development of various environmental indices that enable the measurement of the transport supplier environmental performance. This paper is focusing on the environmental performance indices that have been developed for the shipping industry and enable the measurement and comparison of the environmental performance of individual vessels. Two environmental indices for shipping – the Environmental Ship Index (ESI) and the Clean Shipping Index (CSI) - are analyzed in this paper highlighting their particular features and giving some evidence of their practical implementation. The scope of this paper is to investigate the usefulness of these indices for shippers and freight suppliers' decisions and identify their effectiveness for the improvement of the environmental performance of shipping services. According to our findings, both indices are comprehensible and transparent. The credibility of the CSI is quite larger compared to the ESI, due to third party verification that is performed by various classification societies. The CSI also has a more holistic approach, consisting of a network of members built up from a broad range of maritime stakeholders in contrast to the ESI that is restricted to shipping companies and ports. The ESI is the most commonly used index for the provision of economic incentives by ports, which is an expected outcome, as this index was developed by the International Association of Ports and Harbors (IAPH, which is formed by the ports themselves in their efforts to improve their environmental performance. The environmental differentiated port fees offered by Port Metro Vancouver and Port of Gothenburg on the basis of the vessels' ESI and CSI scoring were investigated. The fact that, in both ports, the number of vessels that have an ESI score or a CSI Class is constantly growing, suggests that eco-labelling initiatives and the use of environmental performance indices is becoming more and more popular in the shipping industry. Apart from the shipping companies that might choose a port that rewards 'cleaner' vessels, the shippers themselves may require employed vessels to have such an ecolabel to demonstrate their commitment to sustainable transport. Given the growing concern of shippers on the environmental performance of their supply chains, this paper suggests that these indices are useful tools for the evaluation and measurement of the transport supplier environmental performance and could be employed by shippers and freight suppliers for their transport mode choice decisions.

Keywords: Sustainable Procurement, Environmental Performance Indices, Air Pollution, Shipping

Customer Perceived Environmental Value and its Drivers in Logistics Outsourcing Relationships

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Coventry University, United Kingdom

Beverly Wagner
University of Strathclyde, United Kingdom

Fred Lemke
Vlerick Business School, Belgium

Abstract

The purpose of this study is to explore the environmental aspects of a supplier relationship as the value creator for third-party logistics (3PL) buyer firms – i.e., represented in value-creating function. More particularly, the environmental benefits and associated sacrifices derived from the supplier relationships will be examined from the perception of customers. This research is based on semi-structured interviews with key informants of 3PL buyer firms. The study results suggest that the customer-perceived environmental value-creating function exist and can mainly be associated with the fulfilment of the corporate environmental goals and interests of customer firms from the relationship with their suppliers. The main limitations of this work are the study context of 3PL outsourcing relationships and exploring the environmental value-creating function concept only from the customers' perspectives. Nevertheless, unlike previous research, this study confirms the existence of the customer-perceived environmental value-creating function and explores its characteristics. We provide general insights to the buyers and providers of 3PL services on the ways of collaborations on environmental issues and what benefits and sacrifices those can be associated with for 3PL buyers. Also, while being involved in logistics outsourcing relationships, logistics providers' awareness of the benefits for customers can motivate more of them to get involved in environmental practices. This can positively affect the natural environment and the society at large.

A Theoretical Model of Responsible Leadership and Employee Innovative Behavior: The Role of Social Leader-Member Exchange and Voice Behavior

Jolita Butkiene
ISM University of Management and Economics, Lithuania

Abstract

This paper aims to develop a theoretical model of responsible leadership and employee innovative behavior linkage by drawing on two leadership perspectives: responsible leadership and social leader-member exchange (SLMX) (Kuvaas, Buch, Dysvik & Haerem, 2012), and the research on voice behavior (Morrison, 2011). Specifically, I will examine why responsible leadership is related to innovative employee behaviors, and also theorise how social leader-member exchange (SLMX) and voice behavior serve as underlying mechanisms to predicate the effect of responsible leadership on innovative employee behavior. This study contributes to the responsible leadership, innovation, stakeholder and social exchange literatures in the following ways. First, proposed research problem responds to the need for further development of responsible leadership theory as proposed by the responsible leadership scholars (e.g. Waldman, 2011; Maak and Pless, 2011; Voegtlin, 2011, 2016). Second, present research contributes to stakeholder theory by exploring responsible leadership impacts on the organizational stakeholders – employees. Finally, responsible leadership is theorized to be an antecedent to social LMX. The paper also discusses limitations and avenues for the further research of responsible leadership.

Keywords: Responsible Leadership, Innovative Behavior, Social LMX, Voice Behavior

CORPORATE GOVERNANCE**Chair:** Maria Postoyeva**Room:** CC1.2**Corporate Governance and Payout Policy: A Catering Effect****Daniel Gyimah**
Coventry University, United Kingdom**Ernest Gyapong**
Massey University, New Zealand**Ammad Ahmed**
Queensland University of Technology, Australia**Abstract**

This paper examines the mediating role of catering effects on the relationship between corporate governance and payout policy. We test and find evidence for the 'outcome model' that managerial entrenchment has a negative impact on the propensity and the level of dividend payments. Our findings support the argument that catering effects mediate the negative impact of weak governance on payout policy. Specifically, we find an increase in the propensity to pay dividends for weak governance firms with entrenched managers only when there is external investor demand for dividends. While insiders and institutional owners do not necessarily favor dividend payments, our findings suggest that managers respond to catering incentives even when dominated by insiders and institutional owners. Overall, we find that catering plays a significant role in reducing agency problems associated with weak corporate governance and managerial entrenchment.

Keywords: Catering Theory, Managerial Entrenchment, Corporate Governance, Payout Policy

Investor Protection and Institutional Investors' Incentive for Information Production**Sagi Akron**
University of Haifa, Israel**Abstract**

Utilizing a time window (2004–2007) separating two initial public offering (IPO) policies in India, this paper examines the effect of IPO appraisal's interaction with investors protection policy on institutional investors' bidding behavior—as it relates to IPO underpricing. The findings, which are robust to endogeneity concerns, reveal a paradox. Under the discretionary allocation policy (2004-2005) IPO appraisal reduces IPO underpricing, whereas under the non-discretionary allocation investor protection policy (2005-2007) it increases IPO underpricing. We provide a resolution for this paradox: IPO appraisers' equity stake in the IPO reduces institutional investors' allocation quota, which, under the non-discretionary allocation policy, increases the impact of retail investors' bids on IPO price and diminishes institutional investors' ability to "accurately" shave for the winner's curse.

Keywords: IPO Underpricing, IPO Appraisal Certification, Non-discretionary Allocation, Investor Protection, Institutional Investors, Winner's Curse

Does Corporate Social Responsibility Drive or Impede Corporate Financial Performance

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London South Bank University, United Kingdom

Abstract

Previous literature shows corporate social responsibilities has mixed impact on company's financial performance. By categorizing social responsibility into five elements, and selecting the Shanghai and Shenzhen listed companies from 2011 to 2016, we test. Our findings indicate that, (1) when the enterprise fulfills social responsibility of maintaining shareholders' interests; it has a positive impact on the company's financial performance, which is consistent with goal of maximizing shareholders' interests. (2) Social responsibility of employee Dimension will have a negative impact on performance. It shows that maintaining employees' interests not only puts in additional resources, but also doesn't motivate them to work. Taking state-owned enterprises and heavily polluted enterprises as moderating factors, which already exists an environment to advocate the protection of employees' interests, the result is still negative, and so this reflect the absence of awareness of employees' rights of rights and the lack of strength to safeguard their interests. (3) The social responsibility of enterprises to fulfill the external stakeholder dimension will have a negative impact on corporate performance, and for heavy pollution industries, this negative influence is stronger than other. But for state-owned enterprises, the reputation effect will weaken the negative impact relationship. Therefore, we need government legislation to push this dimension of social responsibility, and integrate the resource advantages of suppliers, enterprises and consumers to offset the cost of social responsibility. (4) In general, fulfilling social responsibility on protection dimension produces negative influence on corporate performance, and the negative influence is stronger for heavy-polluting industries; however for state-owned enterprises, government environmental protection policy is more powerful, and this negative influence is weakened and even becomes positive. (5) Social donation has a negative impact on companies' performance for the total sample, but this is a positive influence for state-owned enterprises and heavy-polluting industries, because they are expected of good image, so social donation will raises the public image and then be converted into revenue, and so reduce public expenditure.

Keywords: Corporate Social Responsibility, Financial Performance, Adjustment Effect

Evaluating the Impact of Compliance with Governance Recommendations on Firm Performance: The Case of Spain

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Josep E Garcia-Blandon
IQS School of Management - Universitat Ramon Llull, Spain

Christopher Baum
Boston College, U.S.A.

Abstract

In this paper, we empirically examine whether higher levels of compliance with the recommendations included in the Spanish Unified Good Governance Code (UGGC) have an impact on firm performance using a unique hand-collected panel data set of 145 listed companies for the research period between 2007 and 2012. We find that, in spite of the increasing compliance trend, there is no conclusive evidence that adherence to the UGGC guidelines is a performance relevant factor. This result seems to be robust, as it holds in the main analysis as well as in all the additional analyses conducted. Therefore, our findings would further support the lack of consensus in this line of research regarding the true impact of compliance with the globally disseminated codes of best corporate governance practices on firm performance.

Keywords: Corporate Governance, Firm Performance, Compliance, Governance Codes, Spain

Corporate Governance as a CSR Reporting Determinant

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Tallinn University of Technology, Estonia

Abstract

Bank failures following the 2008 global financial crisis have increased the pressure for banks to integrate corporate social responsibility (CSR) in their core business. One manifestation of this pressure is the increased focus on CSR reporting of banks. Considering this, the objective of this paper is to determine the association between corporate governance characteristics and CSR reporting of listed banks. Logistic regressions with bank fixed effects are run on a global sample of 285 listed commercial banks from 35 countries. The analysis covers a period 2005 to 2015. The results confirm the importance of corporate governance as a bank CSR disclosure determinant. In line with expectations, the size of the board and board's gender diversity are positively associated with banks' CSR disclosure decisions. After controlling for CSR commitment indicators, the presence of CSR Committee, joining Global Compact and joining the Equator principles exhibited a strong positive association with CSR disclosure. This indicates that banks with more diverse boards and more formal CSR structures are more likely to begin disclosing a CSR report. Thus, by properly influencing these indicators, for example through some formal governance requirements, CSR reporting could be improved.

Keywords: CSR Mechanisms, Board Composition, Gender Diversity, Panel/Pooled

Leveraging Founder's Influence in Post-IPO Time: Ownership, Management and Firm Performance of R&D-Based Newly Public Firms in India

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Indian Institute of Technology Kharagpur, India

Titas Bhattacharjee
Indian Institute of Technology Kharagpur, India

Abstract

This paper aims to enrich the understanding on the relationship of founder-CEO duality and firm performance of R&D-based newly public firms with concentrated ownership. The proposed hypothesis has been analyzed under the lens of multitheoretical framework. The framework draws on agency theory, stewardship theory, resource dependence theory at a major transition period of organizational life cycle. The sample consists of the first five years post-IPO data of 55 R&D-based newly public firms in India. Multivariate panel data regression model has been used to empirically test the proposed hypotheses. The empirical findings reveal positive and significant impact of ownership concentration on market performance of R&D based newly public firms. This may be because, promoters, having a controlling stake in the organization may act as a steward while making risky R&D investment decision with a long term vision. Also, according to resource dependency theory, founder's passion for innovation, psychological ownership with the firm, tacit technological knowledge are all the essential resources that R&D-based firms may require. However, while examining the managerial involvement of founder in newly public firms our study has found the negative impact of founder-CEO duality on firm performance. The possible explanation may be, newly public firms, as they have reached the growth stage of firm-life cycle, often face several competitive, market, regulatory and financial challenges. Founder-CEO of such a firm may lack adequate experience and managerial skill set to tackle those challenges and hiring professional expertise with experience may be practised as a better avenue. As a result, founder-CEO duality may actually decrease newly public firm's performance. Considering the Indian corporate governance studies where misalignment of interest between controlling and minor shareholders has been reported largely, it is even more interesting to investigate whether founder-CEO duality creates value for the firm as the firms are R&D based and at newly public stage or it gives rise to the same principal-principal agency conflict between inside and outside shareholders. In a nutshell, the findings of our study, analyzed in multi-theoretical framework, illustrates that R&D-based newly public firms need the vision, psychological ownership, tacit knowledge of founder even in the concentrated ownership

institutional context but advocates for the separation of management and ownership to ensure better market performance.

Keywords: Ownership Concentration, IPO, Founder-CEO duality, India, Principal-Principal Agency Conflict, Stewardship Theory, Resource Dependency Theory

INTERNATIONAL TRADE

Chair: Ralph Sonenshine

Room: CC1.4

Is the Emphasis on Unit Labor Costs an Effective Export-Promoting Policy? A Comparison between Greece and Portugal

Dimitrios Doulos
The American College of Greece, Greece

Abstract

This paper considers the extent to which placing emphasis on internal devaluation is an adequate policy measure to promote industrial exports. Focusing on the cases of Greece and Portugal, two small open economies, which have recently experienced major corrective policies in the context of Memoranda of Understanding, we aim at explaining the differences observed regarding the growth of industrial exports in the two countries. Our findings point to a number of cost items other than the unit labor cost that have exerted an adverse impact on the prices of the specific categories of goods exports. The higher growth of Portuguese exports relative to those of Greece, however, may be explained by a variety of structural weaknesses of the Greek economy leading to its inability to retain international market shares and imposing constraints on the domestic industrial base.

Keywords: Export Demand, Competitiveness, Internal Devaluation, ARDL

Do Global Value Chains Make Firms More Vulnerable to Trade Shocks? - Evidence from Manufacturing Firms in Sweden

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Blekinge Institute of Technology, Sweden

Trudy-Ann Stone
Sweden

Abstract

The global financial crisis resulted in the steepest decline in international trade since the Great Depression. This paper examines the effect of the global financial crisis on the performance of manufacturing firms in Sweden. The paper focuses on the effect of the crisis on the export performance of firms. Preliminary findings reveal that the crisis had an adverse impact on firm performance and that this effect was greater for firms operating in industries that are more reliant on export sales.

Keywords: Financial Crisis, Firm Performance, Exports, Global Value Chains

Minimum Quality Standards and Technology Gap between DC and LDC Firms

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Korea Institute for Industrial Economics and Trade, Korea

Abstract

This paper examines the optimal minimum quality standards (MQS) policy of a developed country (DC) when taking technology gap between a DC firm and a less-developed country (LDC) firm into consideration. It establishes a two-country, vertically-differentiated duopoly model in which a DC firm competes against a rival LDC firm in the DC's domestic market while the government of the DC sets MQS. The paper shows that if the technology gap is sufficiently large, the optimal MQS is determined at the level where the LDC firm exits the market, whereas if it is sufficiently small, the MQS is set at the level where the LDC firm operates but earns zero profits. Furthermore, the paper analyzes what strategies the government of the LDC might employ in response to the MQS established by the DC. It shows that the LDC should improve technology of its industries before the MQS taking effect. If the MQS are already in effect and if the technology gap is sufficiently large, then such technology-enhancing policies are ineffective.

Keywords: Minimum Quality Standards, Technology Asymmetry, Vertically Differentiated Products

The Determinants of Export Performance and Its Effect on Firm Growth⁵

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University of Patras, Greece

Antonios Georgopoulos
University of Patras, Greece

Panagiota Boura
University of Patras, Greece

Abstract

Export activity plays a key role in many SMEs as regards the achievement of superior performance and sustainable growth. At the same time, economic performance is a crucial requirement for every firm that attempts to successfully enter foreign markets. The present study investigates the "Export - Economic Performance" topic trying to respond to the following important questions: a) Which are the main factors that determine the performance of exporting firms? b) Does the export performance influence their general economic performance and if so, in what way? In order to explore the aforementioned questions, we utilize a unique sample containing 286 firms operating in the Greek manufacturing. More specifically, the sample consists of 143 exporting and 143 non-exporting firms that operate from 2005 to 2017, thus capturing growth and recession effects of the local economy. The sample entails several financial and non-financial firm-specific characteristics. The empirical analysis includes two levels. At the first level, we examine a wide range of export determinants such as industry, age, location, size of the firm, labor productivity, liquidity, profitability (ROE), firm growth, and ratio of own capital to total capital. Based on this approach, we can locate the main features of export and non-export firms clearly dividing them into two separate groups. At the second level, we investigate whether export activity may improve total economic performance. At this point, the main question that is being examined is the following: Do firms become more robust due to exports? For this reason, a compound performance indicator called Global Index is developed. The main finding of the study is that younger and more productive firms operating in high-tech industries, are showing a better export performance. Moreover, preliminary results point out that the export performance doesn't influence the Global Index (general economic performance). The study provides new evidence as regards SMEs in a small open economy revealing the relationship

⁵ The research "The determinants of export performance and its effect on firm growth" as a part of the project "The Specification of Export Capacity of Enterprises and the Effects on the economic performance of firms" has been co-financed by the Operational Program "Human Resources Development, Education and Lifelong Learning" and is co-financed by the European Union (European Social Fund) and Greek national funds."

between export performance and the overall economic performance of firms after having highlighted the determinants of a successful export operation. In addition, it offers important policy implications to managers, economic policy makers and practitioners.

Keywords: Export Performance, Economic Growth, Exporters, Non-Exporters, Determinants of Export Performance, Financial Measures, Non-Financial Measures, Greek Industry, Economic Crisis, SMEs, Panel Data

Embeddedness in Global Value Chain, Production Fragmentation and Path Selection of Service Sector Expansion

Chen Jian
Southeast University, China

Abstract

Based on trans-country input-output table of WIOD2016, and by constructing measurement of fragmentation of production length and its proper decomposition, this paper researches evolution, path selection and development mechanism of service sector in global value chains. It is found that both domestic and international production fragmentation length in the service sector have shifted from dual uptrend or dual downtrend in GVC to apparent domestic uptrend and international downtrend. Expansion of domestic production fragmentation length contributes more to sustained slow growth of global production fragmentation length. Under the principle of firm profit maximization, theoretical analysis confirms apparent influence of productivity enhancement and other factors on production fragmentation expansion. It also confirms the effectiveness of value-added capability in determining substitution effect between domestic and international production fragmentation. Further empirical research mainly reveals heterogeneous influence of many factors, most of which apparently promote domestic production fragmentation. As for global production fragmentation extension, domestic production fragmentation performs as a direct promoter, while international production fragmentation can only work conditionally on better accumulation of human capital and improvement of institutions.

Keywords: Global Value Chain, Service Sector, Production Fragmentation, Domestic (International) Production Stage, Path Selection

Empirical Assessment of Innovation Impacts on International Trade Involvement of SMEs

Alfonso Exposito Garcia
Universidad de Sevilla, Spain

Juan Sanchis
ERI-CES University of Valencia, Spain

Abstract

This paper addresses the link between innovation and the interrelated decisions of exporting and importing within small and medium enterprises (SMEs). Based on data originated from a wide sample of Spanish SMEs, the role played by various types of innovation (product, process, and organizational/managerial innovation) at explaining the entrepreneurial decision-making to engage in international trade flows (i.e., exporting, importing or both) is analyzed. Moreover, the complementarities between these various types of innovation are tested in the joint decision to export and/or import. Results confirm the simultaneity of firms' exporting and importing decisions and hence the convenience of jointly estimating the two decisions when analyzing the role that the introduction of alternative types of innovation plays in both of them. Furthermore, findings show that complementarity between types of innovation is relevant in explaining export and import decisions made by SMEs. Specifically, the combination of product and process innovation, as well as of product, process and organizational innovation significantly impact on export decision, while the combination of product and organizational innovation has a significant effect in import decision. We consider that this study contributes towards

filling important gaps in the understanding of the SMEs' involvement in international trade by identifying the comprehensive impact of innovation on SME export/import decisions.

Keywords: Innovation, Exporting, Importing, SME

INVESTMENT & CORPORATE FINANCE II

Chair: Anis Samet

Room: CC1.8

The Multifunctionality Financial Instruments: Theory and Practice

Tatiana S. Novashina

Moscow Financial Industrial University "SINERGY", MGIMO University, Russian Foreign Ministry, Russia

Vyacheslav I. Karpunin

MGIMO University, Russian Foreign Ministry, Moscow Financial Industrial University "SINERGY", Russia

Abstract

Multifunctionality is a property inherent in financial tools. Financial tools that are originally designed as monofunctional tools for regulating relations in the financial system are potentially multifunctional by their nature, as a product of financial engineering. The multifunctionality is a potential property. On the one hand, this property is inherent in the design features of financial tools in financial engineering. Adherents of financial engineering emphasize that "a financial engineer is able to develop a design solution for a very extensive and ... extremely complex set of tasks". On the other hand, the potential functions of financial tools are disclosed only in financial management during the launch and operation of economic mechanisms, including the "channels" of the transmission mechanism of monetary policy: interest rate channels, liquidity channels, exchange rate channels, and other instrumental channels. As such, it can be assumed that the nature of the phenomenon of the potential multifunctionality of financial tools is dual. On the one hand, this duality is due to the very essence of the project activity and the peculiarities of its course. Project activities are primarily creative (in fact), multifaceted (by areas of entry), complexly structured (by interrelation of components), and, most importantly, systemically oriented (by final result). On the other hand, the potential multifunctionality is revealed and manifested through the economic and legal relations that are formed between the economic agents through the use (application) of a financial tool. This is particularly emphasized by researchers engaged in the genesis of the functions of financial tools. The historical genesis of money is the most difficult phenomenon of the genesis of financial tools to understand and, as a result, to explain. It is a special financial tool endowed with incredible properties by some people due to this peculiarity and mystery, which turned money into a fetish, a so-called "golden calf". At the same time, other people perceive it utilitarianly simple: "money is the most liquid financial asset". Money is understood and perceived as a financial tool defined as "market form generic requirements on the part of national wealth". The surprising property of money and its perception by human consciousness is that money symbols already at "birth" possessed all the "virtues" (in an implicit, hidden form) that manifested gradually in the process of its historical development.

Keywords: Central Bank, Money, Monetary Policy, Multifunctionality, Financial Engineering, Financial Instruments

Are Financially Constrained Firms Susceptible to a Stock Price Crash?

Guanming He
Durham University, United Kingdom

Mengbing Helen Ren
University of Warwick, United Kingdom

Abstract

This study investigates whether and how financial constraints on firms affect the risk of their stock prices crashing. We find strong evidence that financial constraints increase future stock price crash risk. This finding is robust to using a dynamic panel generalized method of moments (GMM) estimator and two quasi-natural experiments to control for potential endogeneity. Cross-sectional analyses reveal that the positive relation between financial constraints and future crash risk is more prominent for firms with high abnormal accruals or with weak corporate governance and less pronounced for firms that commit tax avoidance or have a high credit rating. Our study provides the implications of financial constraints on future extreme negative stock returns and is of interest to investors as well as other stakeholders concerned about firms' creditworthiness and viability.

Keywords: financial Constraints, Crash Risk, Bad News Hoarding, Default Risk, Accruals, Corporate Governance

Liquidation Valuation Method and Its Problematic Points

Frantisek Poborsky
The University of Economics, Prague, Czech Republic

Abstract

In the paper, I (i) describe the theoretical concept of liquidation valuation method and its uses in the business valuation, (ii) introduce contemporary practical applications of liquidation valuation in the expert opinions (and its criticism), (iii) introduce correct methodologic approach of liquidation valuation and its uncovered parts in today's literature, such as the discount rate. The liquidation method is widely agreed as the suitable valuation method for market valuation of businesses, that do not meet the going concern principle, or even for the businesses that meet the going concern principle, where it serves as the lower limit. For these reasons, liquidation valuation has its place among methods that are often suitable (appropriate) for the valuation. However, many appraisers avoid performing liquidation valuation. First, it is time and information consuming, thus expensive. Second, the liquidation methodology is currently very superficial (mostly described od 1-3 pages in the valuation books). In the most professional sources, liquidation method is overlooking the economic concept and context of the real liquidation process.

Keywords: Liquidation, Liquidation Valuation

Investment Decisions by the Sovereign Wealth Fund in Kazakhstan

Keun Jung Lee
KIMEP University, Kazakhstan

Abstract

In this study I examine the relation between corporate debt and investment decisions of Sovereign wealth funds (SWFs). This Research uses financial statements of the listed public companies in KASE (Kazakhstan Stock Exchange) for 2008-2014. The data includes Board Size, Proportion of independent directors, CEO/Chair Duality, SWF Shareholding and managerial ownership. The results show that the SWF Firms have a positive impact on overinvestment decisions while low growth opportunity has a positive effect on corporate debt. Non-SWF firms have a negative relationship between high growth and

investment. The relationship between corporate governance and investment activity is used to point out the presence of agency problems, such as overinvestment and underinvestment. Moreover, I find that the number of independent members of the board of directors and board size affect the leverage and investment decisions in Kazakhstan.

Keywords: Sovereign Wealth Fund, Corporate Governance, Investment, Leverage, Ownership Structure

Futures Crude Oil Prices as Predictors of Spot Prices: Lessons from the Foreign Exchange Market

Imad Moosa
RMIT, Australia

Abstract

In the international finance literature it is no longer universally accepted that the forward exchange rate is an accurate, unbiased and efficient forecaster of the spot exchange rate. However, the proposition that futures prices of crude oil can be used to forecast spot prices seems to be accepted without much scrutiny. This proposition is challenged both theoretically and empirically, suggesting instead that futures prices have nothing to do with forecasting. Since spot and futures prices are related contemporaneously, futures prices are as good or as bad forecasters as spot prices, in which case it is not sound to use the futures price as a forecaster and the spot price as a benchmark. The results show that spot and futures prices are not as good forecasters as they are portrayed to be. While futures prices produce small forecasting errors, because they are related contemporaneously to spot prices, they fail to capture turning points and exhibit signs of biasedness and inefficiency. Adjusting the random walk and the unbiased efficiency equations, by including a time-varying risk premium or a drift factor, does not make the models better in terms of predicting turning points.

Keywords: Forecasting, Exchange Rates, Futures Prices

Givers, Recipients and Risk Contributors. Analysis of the Time-Varying Volatility Transmission among Stock Markets in Visegrad Countries

Wojciech Grabowski
University of Lodz, Poland

Abstract

In this paper comovements among stock markets in Visegrad countries in the period 2004Q1- 2019Q1 are investigated. Parameters of the VAR-DCC-GARCH model are estimated and timevarying elements of the covariance matrix are calculated. Diebold-Yilmaz Volatility Spillover Index is calculated and the mechanism of transmission of shocks among stock markets is analyzed in the pre-crisis, post-crisis period and in different phases of the global financial crisis. Moreover, the Component Expected Shortfall methodology is used in order to evaluate contribution of four stock indexes (WIG, BUX, PX, SAX) to global risk associated with investing in Visegrad countries. Apart from calculations for the sample period, forecasts of the volatility transmission and contribution to global risk for the last 3 quarters of 2019 are presented.

Keywords: DCC-GARCH, Diebold-Yilmaz Volatility Spillover Index, Stock Market

LUNCH: 13:10-14:00

DAY 2 - SESSION III: 14:00-16:00**PUBLIC ECONOMICS & INEQUALITY****Chair:** Dimitrios Doulos**Room:** CC1.1**Strategic Purchasing and Health System Efficiency: Prospects for Health Sector Reform in Latvia⁶****Ingars Erins****Riga Technical University, Latvia****Karlis Ketners****BA School of Business and Finance, Latvia****Dainis Krievins****Pauls Stradins Clinical University Hospital, Latvia****Mara Petersone****Riga Technical University, Latvia****Abstract**

Significant part of any health policy and health financing reform is strategic purchasing which could theoretically have effect in optimizing the cost-effective provision of healthcare services while simultaneously maximizing population health. The payment model has a direct impact on health services delivery. In Latvia, one of challenges is adoption of new purchasing procedures and criteria. The purpose of this article is to identify key determinants of the hospital behavior and based on international experience propose strategic purchasing model taking into consideration also Latvian university 'tertiary' hospital needs. As empirical basis for research statistical data of National Health Service and interviews. In the paper comparative analysis, empirical analysis, statistical data processing including the deductive and synthesis methods are used. Main proposals for future reforms and policy includes decisions on selective contracting and the role of public and private providers in Latvian health care, with redefined access criteria based on population need rather than historical supply, which aim to achieve more equal access of providers and specialties. To ensure that university, quality service hospitals, are transparently rewarded with the capacity to provide appropriate research and education, re-invest in infrastructure and to reduce negative impact of fund allocation policy on treatment compliance, access and equity. Lessons for health policy reforms includes patient-purchaser interaction model with defined rights for patients and responsibilities for purchasers, specific financing model to facilitate access to knowledge and provider decision autonomy.

Keywords: Strategic Purchasing, Health Policy, Health Financing Reforms

⁶ This work has been supported by the European Regional Development Fund within the Activity 1.1.1.2 "Post-doctoral Research Aid" of the Specific Aid Objective 1.1.1 "To increase the research and innovative capacity of scientific institutions of Latvia and the ability to attract external financing, investing in human resources and infrastructure" of the Operational Programme "Growth and Employment" (No.1.1.1.2/VIAA/2/18/330).

Evaluation of European Pension Systems' Efficiency using DEA and Tobit Models

Gabriela Tuchilus
Bucharest University of Economic Studies, Romania

Toma Rosu Georgiana Cristina
Bucharest University of Economic Studies, Romania

Abstract

Global crisis of 2007-2008 impacted most of the European countries, leading to defensive counter measures translated into extensive pension reforms with the scope to mitigate pension expenditures. The aim of this study is to investigate the effect of several interest variables on the efficiency of pension expenditures and to perform a comparison across selected 26 EU countries. The research data is collected from Eurostat and World Bank databases between 2007 and 2015 period. The method used consists of a two-stage analysis: adopting Data Envelopment Analysis (DEA) to obtain efficiency scores for each country for further use in the second step as independent variable estimating through Tobit model the factors impacting the efficiency of pension expenditures. The results emphasize that increasing GDP per capita is crucial in ensuring efficiency while ageing population phenomenon contributes to lower efficiency. The findings show a significant variation across countries with Romania, Luxembourg, and Bulgaria among the most efficient pension systems, while Italy and Greece are registering inefficient pension expenditures.

Keywords: DEA, Efficiency, Pension Expenditures, Pension System, Tobit Model

An Inequality of Real-time Digital Life in Thailand

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Rangsit University, Thailand

Narissara Charoenphandhu
Rangsit University, Thailand

Thitima Pansri
Rangsit University, Thailand

Abstract

Nowadays, Thai society has been transitioning to the society of real-time digital life due to the technology innovation which influences the change of people's lifestyle. Many Thai people use their smartphones to buy goods and services via the online shopping system, to do financial transactions via the internet banking system, and to communicate and share their information by text, voice, photo, and video with other people via the online social network system anywhere and anytime. The real-time digital life helps them happier, more convenient, better quality of life, save time, save money, and strengthen relationships with their friends and families. Nevertheless, there still are many Thai people who cannot access the real-time digital life because of some limitations such as ability to pay, living area, and other personal factors. This research paper focuses on investigating the inequality of real-time digital life of Thai people and the significance of the difference in gender, age, education, occupation, and living area. This research utilizes the descriptive statistics, Real-time Digital Life Index (RDLI), Gini index, and regression analysis by using the secondary data from The Household Survey on the Use of Information and Communication Technology of the National Statistical Office of Thailand. The sampling weights of every survey data are also applied in the evaluations. The research results found that the trend of Thai people who have own personal mobile phone has been increasing continuously and rapidly. However, there are almost half of all people who own mobile phone cannot access the real-time digital life. The estimated results of the Real-time digital life index and the Gini index reflect that, so far, Thai society still has a quite high inequality in accessing the real-time digital life. Moreover, the inequalities in each gender, each age group, each education level, each occupation, and each living area are significantly different. Government may utilize these research results for considering and planning the country development strategies to bring Thai society to a complete digital society in the near future.

Keywords: Inequality, Social Network, Internet Banking, Smartphone, Internet Services

Determinants of Subjective Welfare in Selected CEE Countries: Empirical Analysis Based on ESS Data

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Abstract

The paper suggests empirical results from regression analysis with ordered response variable for the self-evaluated subjective welfare level in selected Central and Eastern European countries. It utilizes representative samples data from Round 6 (2012) of the European Social Survey. The model attempts to detect systematic determinants of subjective welfare controlling for some conventional objective attributes. The variable capturing the subjective perceptions utilizes survey responses to a question where the respondents evaluate their socio-economic position from “bottom” to “top” on a 10-point ladder. Various insights about the effects of particular determinants of subjective welfare level are suggested in comparative setting.

Keywords: Subjective welfare, European Social Survey, Central and Eastern Europe

The Future of Trade Integration in EU

Ildiko Virag Neumann
University of Pannonia, Hungary

Abstract

International trade flows are often considered to be indicators of links between the economic centres of the region, representing links between the economic and spatial concepts. Therefore the approach based on implementing the law of gravity for the study of international trade flows has been widely used in recent years. Gravity model based studies have achieved empirical success in explaining various types of flows, including migration, commuting, goods, money, capital information and international trade. The model is convenient as an examination tool for many reasons such as simplicity, high explanatory ability and improved econometrics. The objective of this research is to provide an overview of the EU enlargement process in the period between 2000 and 2010 by means of a gravity model, as well as to estimate and measure the commercial growth as a consequence of the opening up of the trade in the EU. Analyzing the trade prospects for the new EU member states is an important issue in the context of European eastward enlargement and greater economic integration. The relevant source of novelty to research lies in the methodology of the econometric model.

Keywords: EU Economic Integration, Gravity Model of Trade, Panel Estimation, Trade Integration

Tariff Rate Pass-Through: Buyer Power and Product Differentiation Effects

Ralph Sonenshine
American University, U.S.A.

Abstract

The recent increase in trade tensions between the US and its primary trading partners has resulted in the imposition of tariffs and retaliatory tariffs. Economic theory would suggest that the imposition of tariffs would result in price inflation and lower import volume. However, there are a variety of other factors, such as product differentiation and imperfect competition that influence tariff rate passthrough levels. As such, there is great interest in empirically analyzing the impact of tariffs in specific sectors of the economy. This study undertakes this task by assessing the tariff rate elasticity of imports in the electrical machinery sector, a segment characterized by a high level of Chinese imports. The study covers the period from 1996 through 2005, when tariff rates decreased significantly across the sector. Using a panel data set for the sector, we find that tariff rate passthrough amounts in the segment are impacted primarily by the level of product differentiation. Market concentration also plays a role, but only for

commodity products. Our results can help policy makers clarify the potential economic effect of future tariffs in this sector as well as other sectors of the economy.

Keywords: Tariff, Market Power, Product Differentiation, Exchange Rate Passthrough

CORPORATE FINANCE

Chair: Panagiotis Andrikopoulos

Room: CC1.2

Earnings Management and the Operating Performance around the Private Placement of Equities (PPEs)

Binqing Xiao
Nanjing University, China

Panagiotis Andrikopoulos
Coventry University, United Kingdom

Xiaowei Liu
Coventry University, United Kingdom

Jun Wang
Coventry University, United Kingdom

Abstract

This paper investigates the post-issue operating performance of private placement of equities (PPEs) and its relationship with pre-issue earnings management. We find that 1) there is persistent post-PPE long-term operating performance decline for issuing firms, 2) discretionary accruals are significantly positive in issuing year and after for issuing firms, 3) post-PPE long-term operating performance are driven, at least in part, by pre-PPE upward earnings management. Overall, these results suggest that firms manipulate earnings prior to PPEs. We also investigate the alternative explanations including overinvestment effect, agency problem, and leverage effect, all of which are ruled out in this study. The main results are robust to a variety of operating performance measures, earnings management measures, matching methods, and the effect of split share structure reform in China.

Keywords: Earnings Management, Private Placement of Equities (PPEs), Discretionary Accruals, Chinese Listed Companies

The Impact of Derivative Disclosures on Managerial Opportunism: Evidence from FASB Statement No.161

Guanming He
Durham University, United Kingdom

Mengbing Helen Ren
University of Warwick, United Kingdom

Abstract

Derivatives are increasingly used by managers not only to hedge risks but also to pursue non-hedging activities for fulfilling opportunistic incentives. Using the mandatory adoption of FASB Statement No.161 (SFAS 161) on derivative disclosures, we examine whether and how derivative disclosures influence managerial opportunistic behavior. We employ insider trades and stock price crash risk to capture managerial opportunism. Applying a difference-in-differences design with hand-collected data on derivative designations, we find that, after the enforcement of reporting standard SFAS 161, derivatives users that strictly comply with SFAS 161 experience a significantly greater decrease in insider trades, compared with a matched control sample of non-derivative users. We also find that the strict compliers

have a greater reduction in stock price crash risk compared with the non-users in the post-SFAS 161 period. Our cross-sectional analyses reveal that these effects of SFAS 161 are stronger for firms that have high information opacity, high financial risk, or high business risk. Overall, our results suggest that enhanced disclosures on firms' objectives for, and strategies in using derivatives are effective in curbing managerial opportunism.

Keywords: SFAS 161, Derivative Disclosures, Insider Trading, Crash Risk, Hedging, Information Asymmetry

Detecting Determinants of Capital Structure

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Abstract

The determinants of firms' leverage are widely used to study optimal capital structure decisions. However, empirical studies do not agree on the importance of several commonly proposed determinants. We provide a dynamic capital structure model with investments which endogenously generates the indeterminacy found in empirical studies. We use this to demonstrate that initial leverage apparently explains variation in leverage, but the explanatory power of initial leverage disappears once the interdependence between leverage determinants is appropriately taken into account. Our model also generates persistence in leverage, although we assume no such behavior in the determinants of firms' capital structure. Thus, the interdependence between leverage determinants implies a challenging omitted variables bias problem. Our findings add to the insights of the challenges attached to understanding how firms choose their capital structure.

Keywords: Dynamic Structural Model, Firm Leverage Determinants, Initial Leverage, Firm Fixed Effect

CEO Overconfidence and Value Creation. The Evidence from M&A Deals in Russia

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Abstract

Existing research shows negative abnormal returns for acquirers' stock in M&A deals. The literature suggests that among other reasons negative investor's reactions can be explained by CEO overconfidence. However, research lacks evidence from emerging capital markets which have specific features in the institutional environment and market's regulations. Despite the fact that these markets have higher managerial frictions, lower corporate governance quality and information efficiency, CEO overconfidence may overcome some of these frictions. The objective of this paper is to test whether CEO overconfidence has a negative effect on M&A deal returns on a large emerging market. Hypotheses are tested on a sample of 79 large M&A deals in 2010-2017 in Russia. We use Zephyr, Thompson Reuters and Bloomberg databases. Data on CEOs is collected manually and their press portrayal indicator is built using Integrum database. We use event study methodology and OLS regressions to assess the influence of overconfidence metrics on deal returns on a short (5 day) and long (41 day) event window. Three indicators are chosen as overconfidence proxies: confident press portrayal, high prior frequency of deals conducted by this company and performance superior to the industry. Given the results are sensitive to the overconfidence metrics, we show net effect of overconfidence impact in one of the largest emerging markets and the differences on short and long event window. On a short event window, we find support for our hypotheses: returns of deals made by

managers with confident press portrayal are lower than those of non-overconfident managers. On a long event window, the trend changes: average return is significantly higher for such managers, while the press portrayal ceases to be significant in regressions. We find two explanations for long-term effect: 1) As the same words are used to describe competence and confidence, the press-based methodology may not tell them apart, and higher-return deals are those of professional CEOs; 2) A healthy level of confidence is necessary for a good CEO. Deals of such managers, classified as confident, drive the average “confident” returns higher. We contribute to several patterns in the literature. By showing a negative impact of CEO overconfidence on acquirer’s returns, we contribute to the explanations of value destroying effects. By combining different methods to identify overconfident CEOs, we complement the behavioral literature on the roles of CEO personal traits.

Keywords: CEO Overconfidence, Mergers and Acquisitions

The Cost of Multiple Blockholders Structure: Evidence from Corporate Investment

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Jun Wang
Coventry University, United Kingdom

Binqing Xiao
Nanjing University, China

Xingchen Zhu
University of London, United Kingdom

Abstract

This paper documents a strong & significant non-linear relationship between multiple blockholders structure (MBS) and corporate investment. In particular, the association is positive when the relative shareholding of a non-controlling blockholder (NCB) to a controlling blockholder is low, while it flips to negative when the ratio is high. This concavity of investment in relative shareholding manifests a monitoring-collusion effect. Furthermore, we examine the impact of a second blockholder, the identity of blockholders on investment, and the value implication of MBS. Our results are robust to various MBS proxies, investment measures, firm value proxies, model specifications and potential endogeneity issues. Our findings suggest that albeit its benefits, MBS comes with ineluctable costs.

Keywords: Multiple Blockholders Structure (MBS), Non-Controlling Blockholders (NCB), Ownership Wedge (OW), Corporate Investment, Firm Value, Tobin’s Q, Chinese Listed Companies

An Analysis of Working Capital Management Strategy in Small Enterprises Operating within Group Purchasing Organizations

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Abstract

Working capital management is the most important area of business management. It can be defined as short-term financial management of the company. It will have the impact on current assets, short-term liabilities, revenues and costs of operations. Thus, it will affect directly the financial security and financial results of enterprises. In the case of enterprises operating within group purchasing organizations, working capital management may be more difficult, as the central unit of the groups participates in the decision-making process regarding current assets and current liabilities. They negotiate the price and

length of the trade credit, so it has the direct impact on the financial result and the level of working capital. The purpose of the article is to analyze working capital management in small enterprises operating in Polish group purchasing organizations (GPOs). The research was carried out on a group of 94 commercial enterprises operating in the construction industry. The research period covered the years 2013-2017. The analysis was carried out using selected financial ratios and statistical methods. The analysis was to show which strategies for managing working capital are used by small enterprises operating within GPOs. The results indicate that small enterprises operating within purchasing groups are abandoning aggressive strategies. They focus on the safe management of the company, their management strategies tend towards an indirect strategy, which should be defined as moderate-conservative one.

Keywords: Working Capital, Group Purchasing Organizations, SMEs

MARKETING II

Chair: Haibo Hu

Room: CC1.4

Determinants of Females' Use of Mobile Fintech Applications in Pakistan

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Abstract

Aim –Women in Pakistan are 76.3% less likely than men to have a mobile money account, which is higher than the average in South Asia (66.6%) (GSMA, 2017). In addition, only 10% of women in Pakistan use mobile internet compared to 26% of men (GSMA, 2018). This hinders females from financial inclusion, accessing lower cost transactions and breaking the cycle of poverty. Increasing access to fintech applications will help to bridge the gender gap in financial inclusion. The research aims to bridge the gender gap in the use of financial services including mobile money, peer to peer lending and micro-insurance in Pakistan. Hence, it analyses the factors that can affect females' use of mobile fintech services in Pakistan. **Methodology**–The research will use a mixed methods approach. The first stage is to conduct semi-structured interviews. The second stage will be distributing questionnaires. Quantitative data will be analyzed using partial-least squares-structural equation modelling (PLS-SEM). Data will be collected from females in rural areas in Pakistan. **Results** – The preliminary results of the analysis of the literature show that a number of factors play an important role in the use of mobile money and other fintech applications/services. Hence, our model is expected to include factors emerged in previous fintech applications adoption and use literature such as; security awareness, trust, privacy concerns, culture, decision-making power and policies and regulatory environment. Also, the additional factors that may emerge from the results of the interviews will be integrated in our model. **Conclusions** –The study will provide an extension of previous models used to study technology use and applied to the context of the use of different fintech applications by including additional factors that have not been investigated before. The collection of qualitative data is likely to reveal factors that are specifically related to females' use of mobile fintech applications in Pakistan. In addition, the research is the first to develop a framework that incorporates the factors that affect females' use of mobile fintech applications. The research also has practical implications as the findings of this study will contribute towards finding new, innovative ways to reduce the gender gap in financial inclusion in Pakistan, which leads to national economic development. The study is also expected to provide recommendations in terms of policy making in relation to females' use of technology and financial inclusion.

The Effect of Alcohol Consumption and Contextual Cues on the Evaluation of New Brands of Alcoholic Beverages at the POS

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Abstract

Objective: As per ELM, consumers' motivation and ability influence the route through which they process new information. A higher magnitude of these two factors leads to systematic information processing whereas a lower level leads to peripheral information processing. This research manipulated consumers' motivation by varying the contextual cues like bundle partner's brand image and functional relationship (degree of complementarity) between the bundle's items whereas their ability was manipulated by alcohol administration to test its impact on the quality perception of a new brand of alcoholic beverage and the purchase intention of the bundle. Data: The data was collected from 328 participants from three different field experiments conducted in local pubs. Every experiment adopted a 2x2 between-subjects factorial design to test the hypotheses. Conclusions: A lower magnitude of motivation and ability increased the chances of adopting a categorization approach to evaluate the new brand, and subsequently, the entire bundle. Therefore, a bundle's contextual cues like bundle partner's brand image and its degree of complementarity dictate the evaluation of the new brand. Additionally, the alcohol priming effect leads to a greater propensity to try new brands of alcoholic beverages even if their quality is perceived to be inferior. Therefore, alcohol consumption increases the influence of the bundle partner's brand image and the impact of a complementary bundle partner on the quality perception of the new brand as well as the purchase intention of the entire bundle. The results show that a new brand of alcoholic beverage is better off when it is bundled with a strong brand that is complementary to it. Additionally, the introduction of such an offer can be delayed until the patrons consume small quantities of alcohol to enhance the quality perception of the new brand and increase the bundle's purchase intention.

Keywords: Alcohol Priming, Enhancement Effect, Categorization, Bundling

Revisiting Customer-Based Private Label Brand Equity

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Ester Martín-Caro
Corporación Universitaria de Asturias, Colombia

Abstract

This study contributes to the existing private label branding literature by revisiting Customer-Based Brand Equity (CBBE) of private label brands. It provides a holistic model based on brand equity theory and private label branding research. A survey instrument was developed and administered to private label shoppers. The study found that Customer-Based Brand Equity of private label brands is a multidimensional construct of four interrelated dimensions: brand familiarity, perceived value, brand awareness and brand loyalty. Findings show that private label familiarity is the starting point for building a strong private label brand and brand equity. Also, perceived value is the most important component of private label brand equity and it has significant effect on the distinct private label brand equity dimensions.

Keywords: Private Label, Store Brand, Brand Equity, Customer-Based Brand Equity

Decisions Reversibility in Marketing: Developing a Strategic Analysis Tool

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Munteanu Claudiu Cătălin
Romanian Academy, Romania

Abstract

The reversibility of marketing decisions represents one of the largest gaps in the scientific literature on strategic marketing. Today, decision-makers are increasingly inclined to take poor decisions or to heavily rely on trial-and-error methods. Several arguments point to the need for a scientific approach on the reversibility of managerial decisions. This paper develops a strategic analysis tool for the reversibility of decisions in a marketing context, based on recovery share, recovery time, financial effort, intention and managerial implication. We employ outcome flexibility and buffer time as analytical variables. The tool also provides insight into the hierarchical allocation of marketing decisions and into the appropriate types of managerial approval and control.

Keywords: Decision Reversibility, Marketing Management, Reversibility Costs, Analytical Tool

Mobile Social Network: Examining the Effects of Customer Engagement Behavior on Brand Trust and the Link to Brand Loyalty

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Mehedi Hassan
King Fahd University of Petroleum and Minerals, Saudi Arabia

Abstract

Substantial increase in the adoption of mobile smartphones has fueled the growth of mobile marketing spending. Social media tools have provided marketers with these available media to facilitate the sharing and distribution of information by interactively collaborating with users and customers. This has led to the importance of using mobile social media for developing brand loyalty. Mobile social media allows marketers to take advantage of its unique characteristics, including being portable, personal, interactive, multimodal and converged (Larivière et al., 2013). While the use of mobile social media in marketing practice is growing dramatically, scholarly research on this topic has not kept pace. So far, studies have focused on understanding of the engagement concept and of user engagement in online brand communities in general on social networking sites. Furthermore, academic researchers have not yet analyzed how companies build and maintain relationships with customers through promoting user engagement in online brand communities in mobile social networks (MSN). As a consequence, our theoretical understanding of the role of MSN in customer relationship management is limited. Therefore, this study has two primary objectives: first, to explore the concept of user engagement in the context of MSN; and second, to develop and empirically test a research model that explains why members actively engage in MSN on Facebook and how their engagement behaviors affect brand trust and brand loyalty. This research represents a relatively unexplored area in the IS literature and will enrich existing studies of user engagement in online brand communities in MSN.. The results of this study will also help professional marketers to arrive at a broader theoretical understanding of the drivers and consequences of user engagement in this new social platform. The results will provide them with important guidelines for building brand trust and brand loyalty through MSN, as well as for formulating social media strategies that encourage members to actively engage in MSN on Facebook. Ultimately, understanding why and how individuals participate and engage in new social platforms can help businesses to stay competitive in the global market. The paper addresses the theoretical foundation of the research model and presents the research model and hypotheses. The methodology is discussed. The results of empirical study is presented. Finally, the paper is concluded by discussing implications for both research and practice.

Keywords: Mobile Social Network, Customer Engagement, Brand Trust, Brand Loyalty

The Influence of Online Travel Communities on Consumers' Choice of a Travel Company

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Ekaterina Valerjevna Buzulukova
National Research University Higher School of Economics, Russia

Abstract

Currently, the influence of online communities is increasing as the number of participants in social media is growing as well. The number of unique users of such popular online travel community as TripAdvisor in 2018 was 113.7 million unique visitors. This creates good opportunities for travel companies to extend their performance in social media and online communities for promoting their services and building long-lasting relationships with consumers. By the virtual community (VC), we understand «a group of people trying to achieve certain purposes, with a similar interest, interested in relationship building, transaction, and fantasy under certain rules by using new information technology as their means» (Kim et al, 2004). There are several types of such communities: groups in social networks (Facebook, etc.), company owned (created by company for development of long-lasting customer relationships), and public initiated (created by users motivated to interact with each other, based on common interests, views, goals). We will focus only on the last two types of communities on a special platform. The research methodology is based on case studies to reveal main drivers forcing users to participate in online travel communities, and online survey of travelers to understand factors that influence their choice of a travel company. Such communities as TripAdvisor.com, Expedia.com, LonelyPlanet.com, TravelDudes.org were considered for the case studies. Case studies outlined the growing tendency in number of people interested in sharing their travel experience by posting loads of comments and photos that stimulated their identification with the community. On the next stage of the research – online questionnaire, our goal is to identify the impact of selected in theoretical overview factors on a consumers' choice of a travel company. Moreover, our supplementary goal is to show the importance of travel companies' participation in communities. To reach these goals, structural equation modelling will be used to analyze the data, because of possible interconnections between mentioned factors: perceived ease of use, usefulness, trust, intention to follow advise, perceived similarity, perceived reciprocity, trend to participate in OTC, costs of use, perceived enjoyment and satisfaction, incentives to contribute, readiness to community promotion. The online research is still in progress, but we expect to get the following results: to reveal the factors' influence on a consumer choice; to create a model of consumers' choice of a travel company; to show the significance of online travel communities; to formulate recommendations for travel companies to develop online travel community successfully.

Keywords: Online Travel Community, Travel Company Choice, Tourism

INVESTMENT I

Chair: Timothy Rodgers

Room: CC1.8

Stock Market Sentiment and Stock Returns

Tae Hyuk Kim
Pusan National University, Korea

Abstract

The behavioral finance view on the existence of asset pricing anomalies is based on two factors: investors' sentiment and limits to arbitrage. This paper tries to examine the effect of investors' sentiment on the stock price in the Korean stock market. In order to measure investors' sentiment, we constructed the sentiment index using principal component of five sentiment variables. By using sentiment index as an additional independent variable to three risk factors, impacts of the sentiment index on individual stocks and 25 portfolios sorted by BM-size are examined. Main results found are as follows: 1) not only all three risk factors show positive impacts on the return of individual stock, but also the sentiment index

has a positive impact. SI alone explains 15% of individual return variation. 2) among four independent variables, the most important factor turned out to be the market risk factor and investors' sentiment has better explanatory power on stock price than the size effect. 3) after controlling the market risk factor, the coefficient of the sentiment index for the smallest size and highest book/market value portfolios is significantly positive. 4) all the coefficients of the sentiment index for 25 portfolios sorted by BM-size have significant positive value after controlling size or (and) value.

Keywords: Investors' Sentiment, Sentiment Index, Market Anomalies, Sentiment Index and Stock Return

Regional and Global Integration of Asian Stock Markets

Wahbeeah Mohti
University of Évora, Portugal

Andreia Dionísio
University of Évora, Portugal

Paulo Ferreira
University of Évora, Portugal

Isabel Vieira
University of Évora, Portugal

Abstract

This paper assesses the levels of regional and global stock market integration of emerging and frontier Asian countries. The integration of stock markets has distinct implications and its empirical evaluation may be of use in various contexts. Financial integration affects stock prices' comovements across countries. Obstfeld (1994) defended that internationally integrated stock markets are expected to improve resources' allocation and economic growth through international risk sharing. Korajczyk (1996) concurred in relating the level of stock market integration with countries' economic growth. Market integration is also relevant for portfolio investors. Our research contributes to the financial integration literature in three ways. First, it extends the geographical scope of empirical studies of financial integration by including frontier markets, namely Pakistan, Bangladesh, Sri Lanka and Vietnam. Frontier markets are less studied markets, probably also due to some scarcity of data, making interesting the study of them. We also include Asian emerging economies (India, China, Korea, Taiwan, Malaysia, Indonesia, Philippines, and Thailand) to be able to grasp regional integration in the Asian context, as well as links with the global market, and to identify if the behavior of frontier and emerging markets is similar or if it has some differences. Secondly, this paper assesses long run relationships of Asian equity markets with regional and global markets, using respectively the Japanese and US stock markets as proxies. For this purpose, we apply Gregory and Hansen's (1996) cointegration test and the correlation coefficient of the Detrended Cross-Correlation Analysis (ρ DCCA). The former method uses a linear approach and the latter has the advantage of capturing possible (non) linearities between variables. Furthermore, DCCA presents also the advantages of being possible to be used even if time series are stationary, allowing to quantify that correlation, besides the fact that it gives that information for different time scales. Finally, in order to identify how the financial integration evolved during the whole time sample, we divide it in four different subsamples and calculate $\Delta\rho$ DCCA, a measure which allows us to understand how the stock market integration behave over time. The analysis uncovers evidence of integration of Asian emerging markets with both regional and global markets. In the case of frontier markets, such evidence emerged solely for Pakistan. The Vietnamese equity market shows weak integration and Bangladesh and Sri Lanka have no relationships with either the regional or the global benchmarks.

Keywords: Emerging Markets, Frontier Markets, Stock Market Integration, Detrended Cross Correlation Analysis (DCCA), Gregory and Hansen Cointegration Test

Collectivism and Commonality in Liquidity

Mohsen Saad
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Anis Samet
American University of Sharjah, U.A.E.

Abstract

In this paper, we explore the link between culture, measured by collectivism, and commonality in liquidity for 51 countries over the period 1985 to 2012. We provide evidence that commonality in liquidity is higher for stocks that trade in collectivist countries, after controlling for supply-side and demand-side determinants of liquidity as well as a host of country- and firm-level variables. The impact of collectivism is statistically and economically significant. Our findings are robust to: alternative proxies for collectivism, sample composition, endogeneity concerns, and alternative estimation methodologies. We finally observe that collectivism has a stronger influence on co-movements between stock and market liquidity when both are simultaneously decreasing.

Keywords: Culture, Collectivism, Commonality in Liquidity, International Markets

Is the EU Financial Market Integration Really Strong? A Study of Comparative Dynamics and Policy Impact

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Mohammad Khaleq Newaz
Coventry University, United Kingdom

Eunju Bahrish
Coventry University, United Kingdom

Abstract

This study examines the dynamics of EU financial market integration between 2000 and 2016 relative to the geographical control groups, and then tracks which EU policies are likely responsible for its significant changes. We find that the EU market integration was not particularly higher than even the loosely-connected East Asian markets. The EU policies do not automatically increase the EU financial market integration since any seeming increase may reflect global integration. On the other hand, it is discovered that the European Systemic Risk Board in 2010 raised the integration of EU members but mainly among the advanced EU markets. Only after 2013, when the European Market Infrastructure Regulation was introduced, the market integration in all EU members was successfully strengthened. However, the Markets in Financial Instruments Directive II (MiFID II), announced in 2014 but not fully implemented until 2018, reduced the EU integration. Our findings imply that the less-developed markets do not always enjoy the benefits of stronger EU integration and a lengthy policy-making process can hurt the market integration.

Keywords: Financial Integration, Market Integration, EU Financial Policies

Predictability of Local Currency Bond Risk Premiums Using Large Datasets: Evidence from Turkey

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Oguzhan Cepni
Central Bank of the Republic of Turkey, Turkey

Abstract

This paper investigates the predictive content of factors extracted from a large set of macroeconomic and financial variables for forecasting excess returns on Turkish government bonds over the period 2005M03-2019M01. We also attempt to provide insight into the predictive ability of business cycle diffusion indexes based on macroeconomic and financial variables pooled across emerging markets including Brazil, Indonesia, Mexico, and South Africa. For this purpose, we utilize factor-augmented predictive regression models, where factors are extracted using both principal component analysis and partial least squares regression. We find that the inclusion of global factors delivers additional forecasting gains relative to the benchmarks models that include only country-specific factors and the random walk model. The results also reveal that taking into account the specific target when constructing factors improves the out-of-sample forecasting performances of factor-augmented models further. Given the role of Treasury securities in portfolio allocation decisions and long term financing for governments, our findings suggest that policymakers and global investors should consider the cross-country linkages across emerging markets when predicting the excess bond returns.

Keywords: Bond Risk Premia, Emerging Markets, Factor Extraction Methods, Out-Of-Sample Predictability

Testing Dividend Life Cycle Theory in Islamic and Commercial Banking Sectors of GCC Countries

Ibrahim Yousef
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Sailesh Tanna
Coventry University, United Kingdom

Sudip Patra
Jindal Global University, India

Abstract

This paper investigates the determinants of dividend policy for Islamic and commercial banks in the Gulf Corporation Council (GCC) countries, presenting a comparative evaluation of the factors influencing dividend policy for these two types of banks. Using multivariate logit regressions, we report a finding, consistent with the life cycle theory of dividends, where the higher proportion of retained earnings to contribution mix implies greater likelihood of dividend payments. We also find that the Islamic banks are smaller and less profitable relative to commercial banks but have higher growth rates, helping to explain why the proportion of dividend non-payers for Islamic banks is higher than for commercial banks. Our results also indicate that higher default and business risk of GCC banks reduce their propensity to pay dividends.

Keywords: Dividend Policy, Life Cycle Theory, Islamic Banks, GCC Markets

COFFEE BREAK: 16:00-16:15

GALA DINNER: 19:30-22:00

FRIDAY, MAY 31 (DAY 3)**REGISTRATION: 10:00-13:30****COFFEE BREAK: 10:15-10:30****DAY 3 - SESSION I: 10:30-12:30****INTERNATIONAL TRADE & FDI****Chair:** Alfonso Exposito Garcia**Room:** CC1.1**Protection Standards in Bilateral Investment Treaties and Their Contribution in Attracting Foreign Direct Investment****Argyrios Bentirotis****Panteion University of Social and Political Sciences, Greece****Vasiliki Delitheou****Panteion University of Social and Political Sciences, Greece****Eleftherios Podimatas****Panteion University of Social and Political Sciences, Greece****Abstract**

Foreign investors are usually doubtful regarding the enforceability of the law and the quality of the domestic institutions, particularly in developing countries. Since the mid-1980s, most countries, especially the developing, have become more open to Foreign Direct Investment (FDI) aiming to benefit from the fiscal development contributions of FDI, as the countries with a high level of investment systematically achieve higher levels of development. Accordingly, Bilateral Investment Treaties (BITs) guarantee certain standards of treatment, providing foreign investors with assurances that their assets will not be maltreated after their establishment. Moreover, countries accept restrictions on their sovereignty, by signing BITs, with the hope of an increase in FDI, which is the stated purpose of BITs. However, there are various concerns related to the effectiveness of BITs at large and of their investment protection standards especially, to promote inflows of FDI, as there are opinions indicating that many multinational enterprises do not appear to take BITs into account when determining their investment plan abroad. The paper purports at first to examine the most important investment protection standards provided by BITs, such as Fair and Equitable Treatment, National Treatment and Most Favored Nation Treatment in order to connect these standards with the main host country determinants for attracting FDI. In addition, the paper explores the possible impact of BITs on FDI inflows, since they are the key instrument in the strategies of most countries, to attract foreign investors. Especially as the policy maker need to know what role these treaties play and to what extent they contribute to receiving more investment from abroad. The paper in order to assess the importance of BITs examines several studies that explore the impact of BITs on FDI inflows, concluding that higher number of BITs raise the FDI. As the BITs are part of the policy framework for foreign investment, they are only one of the many factors influencing a foreign investor's decision where to establish an investment. A better understanding of the influence of BITs on FDI can help to avoid unrealistic illusions, evaluate the costs and benefits involved and formulate the ground for more efficient systemic host country policies that give BITs their proper place in an overall strategy of attracting FDI and making it work for development.

Keywords: Investment, Foreign Direct Investment, Protection, Bilateral Investment Treaties, International Investment Agreements

Chinese Internationalization and Local Stakeholders: Chemchina as the New Transnational Model

**Emanuele C. Francia
Tsinghua University, China**

Abstract

The remarkable economic growth of China during the reform period over the last four decades led to its fast increased international exposure. The Chinese internationalization is implemented in different ways under China's "going global" policy. In particular, when the investor is a Chinese State-owned enterprise (SOE) it raises multiple concerns among local stakeholders, and internationally. The research focus on the largest and most influential M&As between ChemChina, a fortune 500 company and a SOE with leading reputable Euroasia based global companies: Israel (Adama), Italy (Pirelli), and Switzerland (Syngenta). All from advanced industries: agritech and chemicals. We investigate the implications of these deals on local stakeholders applying law and business paradigms. The research methodology develops the well-known frame defined by Bartlett and Ghoshal, regarding the ways companies go overseas: global-multinational- international and transnational. We collect data regarding the implications of the ChemChina outbound investments, focusing on dimensions such as corporate governance, international business and management. We show that following the integration process, each of the target companies increased its' role as an industry leader. In addition to being responsible for local markets, their scope expanded to include international markets development and the Chinese market as well. Thus, creating a positive effect on both each of those targets and the local stakeholder. However, since these M&As are very recent (Adama - 2011; Pirelli - 2015, Syngenta – 2018), this may be regarded as their honeymoon. A question remains about the future cooperation if the strategic interest and management goals will diverge. Our findings point out and affirm that the activism of companies such as ChemChina can drive effective multinational groups, achieving efficiency and competitive performance and high care for stakeholders' local interest. The analysis shows that local stakeholders concerns might be overcome by applying such transnational approach.

Keywords: M&A, Stakeholders, Internationalization and FDI, Transnational, Chinese SOEs, Corporate Governance

A Study on the Entry Strategy of Chinese Companies into Overseas Markets

**Bongju Kim
Meiji University, Japan**

Abstract

In this study, we consider the entry strategy of the late-income companies entering the international market. In particular, we focus on the fast-growing Chinese companies in the international market in recent years. Traditionally, Western companies and Japanese companies have led the market in international business. After that, companies in Singapore, Korea and Taiwan have risen, and in recent years, Chinese companies have made inroads into overseas markets. Traditionally, companies in developed countries with capital and knowledge advantages have been considered to enter foreign markets. On the other hand, companies in developing countries such as China are relatively scarce in management resources and have not been rich in overseas expansion experience. It can be concluded as follows about how Chinese companies enter foreign markets and grow as global companies under such disadvantageous conditions. First, Chinese companies have accumulated ability while learning a lot of knowledge and know-how from foreign companies investing in China. Second, they have actively used M&A strategies to gain the competitive position faster in international market.

Keywords: Chinese Companies, Foreign Market, Growth Strategies, Acquisition of Knowledge, M&A

Market Quality and Dark Trading in the Post Mifid II Era: What Have We Learned So Far?

Panagiotis Anagnostidis

Institut Europlace de Finance (IEF) and European Financial Data Institute (EUROFIDAI), France

George Papachristou

Aristotle University of Thessaloniki, Greece

Christos Varsakelis

iMMC, Université Catholique de Louvain, Belgium

Abstract

In this paper, we take advantage of a recent event that ceased dark trading for a number of European securities, to investigate the relation between dark trading and market quality. In March 7, 2018, the European Securities and Markets Authority (ESMA) announced the first list of securities that are subject to the MiFID II double volume cap rule (DVC) for excessive dark trading. According to the DVC rule, instruments for which a specific threshold of use of the Reference Price and the Negotiated Transaction pre-trade transparency waivers is exceeded (4% of volume on a specific venue and 8% at the European level), are banned from dark trading platforms for six months. This incident offers a unique opportunity to study the effect of the reduction of dark trading on lit and dark market quality. Our data set is extracted from the BEDOFIH European High Frequency database and includes 8,133 securities listed on the Chi-X MTF, from which a total of 729 were excluded from dark pools for a period of six months, starting on 12 March 2018, following the implementation of the DVC rule. Using a unique flag that identifies off-book trades, we find that, on average, dark trades are substantially larger than lit trades, consistent with the argument that informed traders use dark pools to hide their informational advantage. In the post DVC era, dark trading was significantly reduced; 87.82% (92.87%) in number of trades (total volume in number of shares) for suspended securities, and 21.59% (10.05%), correspondingly, for nonsuspended securities. On the other hand, lit market trading (in number of trades and volume) was relatively increased. Further, the average trade size was decreased (increased) in the lit (dark) market, hinting at: i) smaller investors' migration from dark to lit venues, and ii) a possible increase in the use of the LIS (LargeIn-Scale) waiver by large investors, which allows for (large) dark trades under the DVC rule. Regarding price quality, preliminary descriptive results suggest that volatility (in the form of absolute daily returns) was temporarily increased after March 12, 2018, both in the Chi-X lit market and the primary listing lit market, particularly for securities that were suspended from dark trading. Similarly, autocorrelation in daily returns was significantly increased, suggesting that prices have become less efficient after March 12, 2018.

Keywords: Dark Trading, MiFID II, Lit Trading, Market Efficiency

The Effects of Exchange Rate Volatility in the Trade Flow of Mexico-United States

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Universidad de Monterrey, Mexico

Uriel Méndez-López
Universidad de Monterrey, Mexico

Abstract

The present study analyzed the effect of volatility, measured as the standard deviation of the monthly real exchange rate, in the trade flow between Mexico and the United States. In this investigation an Autoregressive Distributed Lag (ARDL) model is used. The data is annual from 1984 to 2016, disaggregated by sector. A third country effect is included in the model by adding Canada's volatility with the Mexican peso. It was found that in most of the sectors (beverages and tobacco, chemicals,

manufactures goods, miscellaneous manufacture articulated, machinery and transport equipment) a greater volatility encourages Mexico's imports and exports in the short run, however, when the third country effect is considered, there is a significant impact in the long run for imports in the sector of crude materials, chemicals, mineral fuels and vegetable oils.

Keywords: Exchange Rate, Volatility, NAFTA, Trade Flow, International Trade

ACCOUNTING/AUDIT II

Chair: Maria Postoyeva

Room: CC1.2

The Impact of FASB Statement No.161 on Information Asymmetry between Informed and Uninformed Investors: Evidence from Stock Liquidity

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Abstract

In response to financial statement users' assertion that the derivative disclosures required by SFAS 133 did not provide adequate information about the effects of a firm's derivative usage and hedging activities, the Financial Accounting Standards Board (FASB) issued Statement No. 161 Disclosures about Derivative Instruments and Hedging Activities (SFAS 161) in 2008 to "better convey the purpose of derivative use in terms of the risks that the entity is intending to manage" (FASB, 2008). While it is expected that SFAS 161 renders a firm's derivative disclosures more transparent, I investigate whether the new disclosures required by SFAS 161 increase or decrease information asymmetry between informed and uninformed investors. Tension exists as the derivative information may not be comprehensible to unsophisticated investors. Previous studies argue that transient or short-term institutional investors are relatively better informed compared with other investors (e.g., Chakravarty, 2001; Ke and Ramalingegowda, 2005; Sias et al., 2006) and that institutional investors can better comprehend and digest the information disclosed by firms compared with individual investors (e.g., Kumar, 2009). To the extent that the designation of derivatives captures the economic substance of derivatives and is informative as to the manner and purposes of derivative usage, I expect investors to be more confident to trade on these derivative-users after the passage of SFAS 161, leading to an increase in stock liquidity. Empirical analysis is based on a hand-collected sample of U.S. firms. Following Fang et al. (2009), I calculate the natural logarithm of relative effective spreads as a measure of stock (il) liquidity. I find that derivative users that comply with SFAS 161 experienced a significantly greater increase in stock liquidity after SFAS 161, compared with a matched control sample of non-derivative users as well as an alternative control sample of non-strict-compliers. In additional analysis, I use firm size and a variable of abnormal search volume constructed based on Google Trends' SVI data as the proxies for firm visibility, and I find that the effect of SFAS 161 in reducing information asymmetry is more pronounced for larger and more visible firms with greater investor attention.

Keywords: SFAS 161, Derivative Disclosures, Information Asymmetry, Stock Liquidity, SVI, Investor Attention

Taxation and Business Development in Greece

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Vassilios Pontios
University of Macedonia, Greece

Abstract

Taxation is the main source of government revenue for a state. The objective of taxation is to finance government spending and to strengthen the economic development of countries, citizens and businesses. In a democratic state, the objective of taxation is also to redistribute the wealth from the richer members to the poorer ones, so that all the citizens can have a satisfactory standard of living. The Greek state imposes various types of taxes on businesses, based in Greece. The most important of them are the income tax and the dividend tax. The corporate tax rate in Greece is one of the highest in the European Union and the highest among the Balkan countries, as it is also the advance tax. It is noteworthy that in Greece the corporate tax rate in 2019 is at the same level as in 2006, while the average tax rate of businesses in the Member States of the European Union have fallen by more than 3.5%. But it is not just the tax burdens that affect business decisions. The continuous changes in tax laws, the complexity of laws, the bureaucracy and the national insurance contributions are also important factors affecting productivity, investment and entrepreneurship. In addition to all the above, another important factor affecting Greece and, by extension, Greek businesses is the economic crisis of the last decade, as it is a fact that in every crisis period, businesses are the most sensitive link of the economy and its intensity index. The objective of this paper is to study the case of Greece and to investigate how much business taxation affects their productivity and hence, to a larger extent, the country's economic development. The data cover the period 2006 to 2018 taken from the Eurostat database and refer to all the listed companies in the Athens Stock Exchange. Also, we use macroeconomic data from the OECD regarding Greece. In order to reach our objective we investigate the relations between our variables (corporate and macroeconomic) using correlation and regression analysis.

Keywords: Business Taxation, Greece, Economic Development

Excise Duties and Addictive Substances

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Vendula Kolarova
Tomas Bata University in Zlin, Czech Republic

Abstract

Europe is the region with the highest alcohol consumption. Risky use patterns make alcohol one of the most harmful psychoactive substances. Governments are striving to find a balance between trying to reduce tobacco consumption, increasing budget revenues and regulating tobacco consumption through tax measures. The excise tax on cigarettes is imposed by the vast majority of countries in the world. Cigarette smoking is generally considered harmful and states are interested in reducing it. At the same time, the governments are gaining substantial revenues to the state budget from taxation on cigarettes. The tax component accounts for a significant portion of the retail price of cigarettes, but the amount of excise duty would not have an impact in terms of increased illicit tobacco trade. Such settings are also being pursued by organizations fighting against smoking. Aim of this paper is to focus on consumption of alcohol and cigarettes and find its impacts on revenues. Results have shown that there is dependency between tax revenues and consumption of addictive substances.

Keywords: Tax policy, Alcohol, Smoking, Excise tax, Revenues, Consumption

Research on Reliability of Fair Value Information Disclosure in Financial Statements: in the Case of the Agricultural Sector

**Sviesa Leitoniene
Vytautas Magnus University, Lithuania**

Abstract

The most important source of information of companies' performance to the investors is financial statement. For this reason the fair value information disclosed in financial statements is, also, significant. The major changes came with adoption of IFRS 13th, which advises to book assets or liabilities at fair value if the value can be determined reliably. However, even today, scientists do not agree on the impact of fair value on the reliability of financial statement information. Some researchers say that the use of fair value is beneficial to investors. Meanwhile, according to other scientists, empirical research raises certain doubts about the reliability of fair value. So the research problem: is fair value information, disclosed in the financial statements, reliable, is still not fully investigated. In addition, most of the fair value research is carried out in the banking and investment in real estate sectors. It should be noted that this issue is important not only for these companies, but also for the agricultural sector. There is a certain specificity in the application of fair value, as these companies usually face the issue of determining the fair value of a biological asset. Therefore, the research object of this article is financial statements of agricultural sector companies quoted on European stock exchanges. On the Bloomberg Professional platform, 110 European listed agricultural companies were selected. Therefore, the objective of the study is to investigate the reliability for fair value information disclosed in financial statements. Initially, a systematic analysis of the scientific literature was conducted in order to reveal the fair value regulation and to identify factors that affect the reliability of financial statement information. Also in this study, the methodology of empirical research was chosen to investigate factors that affect the reliability of fair value information: correlation and regression analysis. The results of the study showed that the relationship between dependent and independent variables is weak. Therefore, the conclusion would be that investors tend not to trust when the fair value of an asset is determined at third level. In addition, to gain greater confidence in the use of fair value information, it is possible to change the format of the disclosure, valuation methods, or hire external evaluators.

Keywords: Fair Value, Reliability, Financial Statements

The Impact of Insider Trading on Analyst Coverage and Forecasts

**Guanming He
Durham University, United Kingdom**

Abstract

We examine the effect of insider trading on analyst coverage and on the properties of analyst forecasts. We find that the level of analyst coverage is positively related to the intensity of insider trades and that analyst coverage is more strongly associated with insider purchases than with insider sales. We also find that the positive association between analyst coverage and insider trades is less pronounced after the passage of Regulation Fair Disclosure. Further investigations reveal that: (i) analysts revise their earnings forecasts upwards following insider purchases, (ii) the informativeness of analyst forecast revisions significantly increases following insider purchases, and (iii) optimistic bias in analyst forecast revisions is reduced as a result of insider purchases; we do not find similar evidence for insider sales. Our study contributes to understanding the role that insider trading may play in shaping analyst behavior.

Keywords: Insider Sales; Insider Purchases; Analyst Following; Regulation Fair Disclosure; Analyst Forecast Properties

Enhancing Financial Reporting Quality to Improve Investment Efficiency (Empirical Evidence from Companies Listed in Indonesia Stock Exchange)

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Universitas Katolik Parahyangan, Indonesia

Abstract

This study is aimed to gain insight about the investment efficiency in companies listed in Indonesia Stock Exchange as emerging market. Company's investment efficiency has important role in the economic growth. Based on the theoretical framework, the high quality of financial reporting will improve the confidence level of decision making in investment. So that, the higher financial reporting quality, the better investment efficiency. This study is conducted to get empirical evidence on the effect of financial reporting quality on investment efficiency. The data are collected from the current annual financial statement of companies listed in Indonesia Stock Exchange. Financial reporting quality is measured by the level of qualitative characteristic of financial statement. The deviation level of expected investment is used as the measurement of investment inefficiency. Simple random sampling is conducted by cluster stratified approach based on the industry classification. Multiple regression analysis is used to test the hypothesis. There are some control variables in the regression model. The result shows that the financial reporting quality has a significant effect on investment efficiency in the Indonesia companies context. Good financial reporting will produce a good financial statement. Good financial statement will support management's decision making to invest in more efficient way. In the Indonesia companies context, investment inefficiency are still incurred. Underinvestment and overinvestment become common practices in companies listed in Indonesia Stock Exchange. It is concluded that many Indonesian companies still have the problem of investment inefficiency. Some companies experience negative deviations from expected investment which is called as underinvestment. Other companies experience positive deviations from expected investment which is called as underinvestment. There is no company with zero deviation from expected investment. The strategy to improve the investment efficiency is enhancing the financial reporting quality.

Keywords: Financial Reporting, Financial Statement, Quality, Investment Efficiency, Underinvestment, Overinvestment

LABOR ECONOMICS

Chair: Stefan Roland Schneck

Room: CC1.4

Do Dutch and German Works Councils Function Differently?

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Yolanda Grift
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Abstract

Objectives: Explore whether Germany and the Netherlands are rightfully considered to be 'one of a kind', as is suggested in the IR literature. German and Dutch works councilors are both endowed with information rights, consultation rights, and the right of consent, giving them veto power in a range of social issues. However, given the unique institutional features of each nation state, there are reasons to question this apparent resemblance between the two countries; especially regarding the role of trade unions differences can be seen. **Data & method:** In this study a comparison between the German and Dutch works councils (WCs) at establishment level is made using information about the actual practices and informal relationships that characterize employee representation in private sector organizations (above 50 employees), to discover the similarities and differences between the two, in terms of institutions, processes and outcomes (input-throughput-output approach). Using a unique large sample containing information from approximately 1,000 German and 500 Dutch works councilors on a wide range of issues the black box of employee representation is opened with a focus on the actors, their

mutual relationships, procedures and core activities. By doing so, we follow the approach by the sociologists Dufour and Hege (2013), who argue that successful workplace representation does not follow exclusively or a priori from their legal rights in their national context but is also determined by the interplay between works councils and trade unions, management and rank & file. Results: Even though Dutch and German works councils are both endowed with strong legal rights, their functioning at establishment level shows more differences than similarities. On the whole, Dutch WCs seem to operate in a more cooperative way and more in agreement with management than German WCs, who in turn are much closer connected to trade unions and to their rank and file. Dutch WCs are more positive about their (perceived) level of influence on company policies, but this mainly holds for organizations with a lower union density rate. German works councilors are on the whole more experienced (serve more terms), communicate much more often with management but the trust levels between them and management are clearly lower, while German management also much more often has an authoritarian leadership style. Conclusion: This study forms the basis for follow-up research in which the differences in determinants of works councils' influence are analyzed by means of quantitative techniques.

Keywords: Works Councils, International Comparison, Input-Throughput-Output Approach

The Roles of Human Capital in Unemployment among Britain's Ethnic Minorities: Evidence from Labor Force Survey Data in 2010 and 2016

Zheng Sun
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Abstract

This research aims to explain how human capital impacts the unemployment of Britain's ethnic minorities. The probit models and propensity score matching are employed to test the employability of both whites and non-whites by using the Labor force Survey datasets in 2010 and 2016. Probit models estimate the impacts of in-school education on employment possibility. It shows that in-school education, especially higher education, improves employment probability and labor force participation of all ethnic groups. Its impacts are stronger among non-whites than whites and dramatically increased in 2016. The propensity score matching tests the causal relationship between post-school training and employability. It illustrates that both job training and self-improvement have causal effects on reducing the unemployment probability and improve the labor force participation, but its influences are asymmetrical among ethnicities and volatile overtime due to racial discrimination.

Keywords: Ethnic Minorities, Labor Force Participation, Human Capital

Evaluating the H2A Alternative of Hiring Replacement Foreign Workers

Cesar L Escalante
University of Georgia, U.S.A.

Abstract

In this study the economic importance of replacement foreign farm labor inputs through the H2A farm worker visa program is analyzed. Results indicate that prevailing farm labor supply conditions, inter-industry employment remuneration gaps, and policy environment could have influenced a negative relationship between farm labor inputs and business growth. Moreover, H2A farm labor inputs prove to be crucial in attaining farm business growth but are usually more expensive and unaffordable than their domestic counterpart. Thus policies need to address H2A implementation and regulatory cost structure for the sake of the upholding the economic viability of farm businesses

Keywords: Immigration, Undocumented Workers, H2A Guest Farm Worker Visas, Business Growth, Replacement Workers, Seemingly Unrelated Regression

Uncertainty, Firm Heterogeneity and Labor Adjustment. Evidence from European Countries

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Alberto Urtasun
Bank of Spain, Spain

Abstract

Firms are deeply affected by uncertainty about economic activity, especially after its sharp increase since the last crisis. However, uncertainty do not impact all the firms equally. In this paper, we analyze how firms react to uncertainty diversely depending on their characteristics. Using data from the 3rd wave of the Wage Dynamic Network Survey for 25 European countries, we first construct a set of uncertainty indicators exploiting firms' environment. We combine variability from country, sector and size at the firm level to disaggregate microeconomic uncertainty and enrich traditional aggregate indicators. Then, we estimate the effect of uncertainty on labor decisions. Results reveal that firms reduce hiring decisions and increase the adjustment of labor demand with more frequency when uncertainty is higher. An increase of 1% in our uncertainty indicator increases the probability of having frozen hiring in between 21% to 35% during the period 2010-2013. Besides that, the more the uncertainty is, the more probability of recurring to individual layoffs. We have found significant effects regarding credit constraints and country heterogeneity. Indeed, when EPL is stricter, labor response to uncertainty is also more significant.

Keywords: Uncertainty, Firm Heterogeneity, Labor Adjustment, Freeze Hiring, Layoffs

Precarious Jobs: Stepping-Stone to Permanent Employment or Vicious Circle?

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Abstract

Official labor market data are pointing to an increase in new type of job, often refers as precarious jobs. This paper identifies the changing characteristics of employment in four countries, Slovenia, Austria, Germany and Belgium based on labor market survey in the period of 2000-2015, and especially focuses on transition paths of individuals between different labor market statuses: from unemployment to permanent employment, from precarious jobs to permanent employment, from precarious jobs to unemployment. Multinomial logit analysis identifies the trigger factors for successful switch to permanent employments in different period of business cycle in different EU countries, controlling for individual and firm-level (industry) characteristics. Moreover, official data sources are combined with field research trying to identify also the social, health and wealth effect that precarious work has on individuals. The results show that atypical or precarious jobs during the recession period (2008-2012) were mostly demand driven and individuals were facing problems to switch to permanent jobs in all analyzed countries. However, after 2012 individuals (specifically those in certain occupations like IT) opt for more flexible labor arrangements and didn't like to switch to permanent employment contracts. The results are quite robust in all analyzed countries but differ according to specific occupations. The paper identifies core policy initiatives that are important to meet EU goals on ensuring stable and knowledge based society.

Keywords: Precarious Jobs, Labor Adjustment, LFS, Business Cycle

Lessons from Australia: An Early Government Attempt at Solving the Unemployed Problem: The Casual Labor Board, 1887-88

Melissa Kerr
Bloomsbury Institute, United Kingdom

Abstract

Historical scholarship has traditionally neglected public employment services as an area of research. In recent years, based on neo-classical economic notions of labor market flexibility and efficiency many Governments have attempted to re-position themselves in the labor market and the role of public employment services has become a popular area of debate. Countries such as Australia since 1996 have followed the path of privatization however, research in this area has highlighted the this has led to a focus on services for highly able and skilled workers while those less able and less employable have been left behind. This paper examines the first attempt to provide a public employment service in New South Wales. While both Coghlan and Reeves have claimed that the Government Labor Bureau was the earliest public employment service in New South Wales, it had a predecessor: the Casual Labor Board established on 2 May 1887 later terminated on 29 December 1888. Faced with high unemployment, unemployed depositions and industrial unrest, Premier Parkes established the Casual Labor Board in an attempt to undertake significant labor market reform. Parkes envisioned a system that would assist and support capital development by facilitating the recruitment process, whilst also alleviating the recurring politically sensitive problem of unemployment. During its 18 months of operations the Casual Labor Board was largely successful in placing nearly 8,000 men in employment, of which approximately 30 per cent were placed in private employment. In an economy with a limited industrial base, this was quite an achievement and demonstrates a genuine need for an employment service. This paper disputes the claims of the neo-classical economists that the public employment services were both inefficient and ineffective, instead it argues that the public employment service played a pivotal role in the development of the NSW economy performing the role of labor market intermediary: channeling information and bringing together those wishing to buy and sell labor; while safeguarding those vulnerable in the labor market: the unemployed.

Keywords: Public Employment Services, Unemployment, Labor Markets

MANAGEMENT & SMALL AND MEDIUM-SIZED ENTERPRISES

Chair: M. Sadiq Sohail

Room: CC1.8

Business Advisors and Small Firms - Cooperation within the Process Perspective

Pawel Glodek
University of Lodz, Poland

Abstract

Business advice for small firms is seen as one of the sources of knowledge supporting the process of building their competitive market position. However, the literature focus mainly on the scope of business advice use and assessing its effects. Only to a limited extent reveals the mechanisms related to the implementation of business advice and the structure of this advisory process. The paper is an attempt at analyzing the cooperation between the adviser and the person managing a small business in the framework of the process of providing business advice. The classification of cooperation relationships, taking into account the moment in the advisory process when this cooperation occurs, was proposed. The analysis was carried out using the results of a study of 400 small companies operating in Poland which used the external business advice in the last three years before the survey.

Keywords: Small Firms, Business Advice, Cooperation, Knowledge Transfer

The Readymade Garment Workers of Bangladesh: Factors Influencing Perceptions of Workplace Abuse

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A.M.M. Shahiduzzaman Quoreshi
Blekinge Institute of Technology, Sweden

Martin Svensson
Blekinge Institute of Technology, Sweden

Abstract

Bangladesh is the second largest exporter of readymade garment (RMG) and a manufacturer for almost all major European and US retail brands. Besides its connection to the global economy, the industry also attracts attention of international media, activists and academia because of its “sweatshop” working conditions. However, obtaining reliable estimates on the magnitude of the problem is difficult due to the qualitative turn hitherto characterizing research, the risks of retaliation from employers, stigmatization of workers (who voice their concerns) and widespread illiteracy. The purpose of this study is therefore to depict factors that predict perceived workplace abuse in RMG factories in Bangladesh. To overcome previous methodological problems face to face interviews with over 1200 RMG-workers were conducted far away from factory premises. Logistic regressions show that age, education, experience and job related negative experience are statistically significant predictors of perceived abuse. Increasing age decreases the probability of being abused and an increase in years of schooling also decreases the probability of being abused. Empirical findings also show that those who have suffered from previous sickness (e.g., back pain and headache) have higher probability of experiencing abuse and are thereby considered to be particular vulnerable group compared to those who do not suffer from similar symptoms. In sum, the research approach used in this study overcome previous methodological concerns associated with research in this sector and the findings provide evidence of the magnitude of the problem of workplace abuse in the RMG-industry, which essentially would be a starting point for policy development.

Keywords: Workplace, Abuse, Perception

Entrepreneurship, Innovation and Economic Growth: Evidence from Saudi Arabia⁷

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Imam Abdulrahman Bin Faisal University, Dammam, Saudi Arabia

Aljohara Ababtain
Imam Abdulrahman Bin Faisal University, Saudi Arabia

Abstract

There have been growing interests on the studies focusing on the shifting from resource economy to knowledge economy, and entrepreneurship and innovation seem to take leading roles in such discourse. Despite the fact that entrepreneurship has been recognized for the last few decades as an essential component of economic growth which is facilitated by technological innovation, yet several studies could not establish such especially in developing economies. Since Saudi Arabia government is committed towards the achievement of Vision 2030 among which are diversifications of the economy from oil, increase the participation of small and medium enterprise, increase private participation and reduction of unemployment, there is a need to assess the relationship between entrepreneurship, innovation and

⁷ The research is executed within the research project financed by National Center for Entrepreneurship and Freelancing Studies & Research in the Kingdom of Saudi Arabia

economic growth. This study examines the impact of entrepreneurship and innovation on economic growth in Saudi Arabia using the data obtained from World Bank Development Indicators (WDI) for the period 2005-2016. The result of the regression analysis revealed that innovation positively and significantly impacted on entrepreneurship. The results of the endogenous growth model further reveal that while entrepreneurship and innovation positively influence economic growth, the impact of entrepreneurship is significant but that of innovation is not significant on economic growth at 5% level of significance. This implies that entrepreneurship directly impacted on economic growth but innovation only impact economic growth through entrepreneurship. This study has some policy implications such as encourage the government to create a more suitable entrepreneurship ecosystem whereby improved entrepreneurial framework conditions, such as increasing the level of R&D transfers and innovation, finance for entrepreneurs, enhancing post school entrepreneurship training and encourage the participation of the private sector are achieved.

Keywords: Entrepreneurship, Economic Growth, Innovation, Vision 2030, Saudi Arabia, R&D

Nurses Accountability and Responsibility: Autonomy and Expertise in the Managerial Sector

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Abstract

The nursing profession has undergone profound changes in Italy over the last two decades focusing its main action in doctors' practices, patient's homes, in local community hospitals, healthcare facilities, nursing homes and hospices. Wherever professional nursing assistance is provided, it requires organization, continuity, homogeneity and analytical recording of the healthcare service provided. Since the nursing profession has changed through an evolution of the system focusing on concepts such as effectiveness in the provision of healthcare services to individuals and communities, as well as effectiveness and cost-effectiveness in the employment of the available resources, nurses actively participate in the process of assessment of the healthcare needs for the individual and the whole community, thus being responsible of identifying the real objectives, and planning, managing and evaluating healthcare provision services. Within the context of the differentiation of the various stages of intervention nurses' accountability and responsibility play a key role. Nurses are autonomous professionals and can make decisions on the management of patients, at least in a well defined stage of action and of the treatment. Nurses should become "the key actors" of the cultural and regulatory framework, thanks to a multi-professional exchange and the acquisition of new healthcare provision models which could make their contribution more evident and measurable, thus improving the healthcare performance. The aim of this paper is to define professional autonomy and the peculiar aspects of the nursing profession from a legal, disciplinary and managerial point of view and to identify the process of accountability of these professionals as a consequence of this system.

Keywords: Nurse, Accountability and Responsibility, Autonomy, Healthcare System, Healthcare Facility, Management

Using Bricolage for Post ISIS Conflict Zone Entrepreneur Training: Evidence from the Iraqi Public Leadership Program

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Abstract

As a result of ongoing civil conflict, capital is often deployed towards the infrastructure of conflict and the survival of the state. For Iraqis, the problem of resource scarcity is compounded by decades of war, sanctions, no fly zones, the invasion by the United States in Gulf Wars I and II, occupation by the United States, general chaos and corruption, several militant uprisings, the Islamic State domination of Mosul, Fallujah, and Tikrit, and contentious new governance in a new era of post-ISIS civil unrest. In the research proposed here, we examine the use of an entrepreneurship training exercise utilizing bricolage,

a fine arts technique, in assisting Iraqi executives who are part of the Iraqi Public Leadership Program (IPLP) to identify resource opportunities which would be of use in overcoming the Warlord Effect plaguing Iraq as well as to examine the strategies used by entrepreneurs to transform Iraqi society. Our findings provide insights into how executive training programs such as the IPLP support the potential for entrepreneurship in conflict zones through the use of active learning strategies such as the bricolage exercise proposed here. We find that the participants, all Iraqis, who took part in the IPLP were able to relate and comprehend tangibly that individuals and groups can create something significant from nothing or from little resources in establishing and running their businesses.. With imagination and determination as individuals or groups, they can form structures that were created from a very limited and random materials the instructors made available to them. The lesson these participants learned that in spite of the hostile environment surrounding them and in spite of the lack of resources, high uncertainty, risk of being killed and the widespread corruption they still can sidestep the challenges and go on to take care of themselves and the people around them. Such a teaching lesson of creating a business would not have been possible without the bricolage exercise which made it real to what each individual or group of individuals can accomplish on their own. The exercise taught them to rely on themselves and not on the government, banks or financial markets to survive and prosper. This is a powerful lesson on how to teach international business in conflict or post conflict zones such as Iraq.

Keywords: Entrepreneurship, Education, Bricolage, Crisis, War, Active Learning Techniques

Research on the Evolutionary Process of Disruptive Innovation in Enterprises from the Perspective of Strategic Niche Management: Case Study of Zonst

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Chunbing Mao

Jiangxi University of Finance & Economics, China

Haitao Lu

Jiangxi University of Finance & Economics, China

Meiju Fei

Jiangxi University of Finance & Economics, China

Abstract

Based on the perspective of Strategic Niche Management, this paper takes Zonst as the case study object and adopts an exploratory single case study method to analyze the driving factors and interaction between technology and the market in the process of disruptive innovation of enterprises. It is found that: (1) In the evolution of disruptive innovation of enterprises, technological disruption can be divided into three stages—point-type technology, line-type technology, and network-type technology—and market disruption can also be divided into three stages—low-end market, marginal market, and mainstream market; (2) The selection of the technology niche and market niche is the key factor in promoting the disruptive innovation of enterprises. When enterprises choose a technological ecology, they should identify, restructure, and expand the resources and capabilities that promote the formation of technology. At the same time, enterprises should select, experiment with, and transform their market development when choosing the market niche; (3) At different stages, there is a certain interaction between technology disruption and market disruption in enterprise disruptive innovation, that is, technology driven, technology and market driven jointly, and market driven.

Keywords: Strategic Niche Management, Disruptive Innovation, Niche Selection, Evolutionary Process, Case Study

Industrial Drivers of Co-Opetition among Organizations: A Sector-Based Research within the Context of Population Ecology Approach

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Beykent University, Turkey

Nusret Erhan Mutlu
Beykent University, Turkey

Murat Suslu
Beykent University, Turkey

Yildiz Guzey
Beykent University, Turkey

Abstract

The hybrid behavior comprising competition and cooperation concurrently was named 'co-opetition'. Co-opetition goes beyond the old rules of competition and collaboration as an interplay of mechanisms of both behaviors. In this paper, we aimed to explain the co-opetition relationship between rivals by using the assumptions of the population ecology approach. We have collected data from two industries having different levels of entrant and exiting rates to compare population-originated drivers of cooperative relationships. We have evaluated general the effect of entering and exiting of rivals in the industry on co-opetition propensity of firms in both industries. To embody the assumptions of population ecology approach, we have used age, size and niche width of organizations. By comparison two industries we found that there is no difference among industries for getting co-opetition against entering and exiting of rivals in the industry in general. Despite age and size of firms does not lead to difference among industries, niche width is important for the firms in construction sector to getting co-opetition.

Keywords: Co-opetition, Competition, Cooperation, Population Ecology, Newly Founded Organizations

LUNCH: 12:30-13:30

DAY 3 - SESSION II: 13:30-15:30

INVESTMENT II

Chair: Weiou Wu

Room: CC1.1

Initial Performance of Indian IPOs before the Financial Crisis

Jasbir Singh Matharu
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Abstract

Investors, who purchase shares in the Initial Public Offerings (IPOs), are reported to get high initial returns. This shows that these shares may have been priced at values much below their intrinsic value at the time of their public offering. This concept is known as underpricing of IPOs. Objective: The study looks at the extent of underpricing in India before the financial crisis and its various determinants. Data and Methods: The study uses data of 379 IPOs from January 1999 to August 2008 which are listed on Bombay Stock Exchange of India. Underpricing is found out by calculating the returns achieved as the difference between the listing price and the issue price expressed as a percent. The initial returns from the IPO are regressed on the age of the firm, the issue size, delay in listing and the issue price. Results: According to this study, the average initial returns for the IPOs, have been found to be around 75 per cent. The study looks at the various determinants of underpricing in India. It is found that there is a negative relationship between the age of the firm and underpricing, though it is not statistically significant (at 5 per cent level, and the same level is used for all the other variables as well). The amount of proceeds from the issue is found to have a negative relation (and statistically significant) with underpricing. Underpricing is higher in cases where the stocks get listed late on the stock exchange and the result is statistically significant. The study shows no relationship between issue price and underpricing. Conclusion: The amount of proceeds from the issue is found to have a negative relation

with underpricing, probably because firms with smaller issues tend to be more speculative. Underpricing is higher in cases where there is a delay in listing probably due to more information available with the investors.

Keywords: Initial Public Offerings, Initial Returns, Underpricing, India, Capital Markets, Primary Markets, Financial Crisis, Bombay Stock Exchange

The Link between Terrorist Attacks and the Cryptocurrency Markets

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UOWD, U.A.E.

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Abstract

Following the bubble in Bitcoin prices, we have seen an emergence of cryptocurrencies. With limited knowledge about the fundamental values of these cryptocurrencies, terrorist activities, money laundering, noise trading, speculation, manipulation and greed have been blamed for the boom experienced in this product. We explore whether 22 terrorist attacks affect the risk and return of cryptocurrencies. Using event study methodology and a batteries of robustness tests, we estimate the abnormal returns associated with terrorist activities in the cryptocurrency market. Asset pricing models are fitted with interaction variables and GARCH, TARCh, EGARCH and PARCH are used to determine changes in systematic risk. Our results confirm terrorist attacks affect the risk and return of the cryptocurrency market. We identify a (1) potential terrorist sponsor and supporter effects and (2) decrease in the risk of the cryptocurrency following terrorist attacks.

Keywords: Terrorist Attack, Cryptocurrency, Risk, Abnormal Returns

Approximating the Convergence to a Perfect Competition Equilibrium

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Abstract

This paper defines a dynamic perfect-competition economy in order to answer three simple questions: if, when, and how does this economy reach its equilibrium? This paper postulates that the economics agents' temporal preference set the one and only one equilibrium. A stable equilibrium is the result of delayed gratification preferences, and decaying temporal preferences cause an unstable equilibrium. Convergence to an unstable equilibrium is the result of the economic agents' initial-state shadow-prices. Furthermore, the paper develops the equation for approximating the economy's motion toward equilibrium. In an ever-changing economy, understanding the economy's trajectory toward its equilibrium (or away from it) may be as important as reaching the equilibrium itself.

Inverse Higher Order Cumulant Function - Sufficient Statistics for Non-Gaussian ARMA-GARCH Volatility Forecasting

Sanja Dudukovic
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Abstract

The aim of this paper is to propose the linear ARMA –GARCH volatility estimation method based on the Inverse Higher Order Cumulant (IHOC) function and to apply it to the FX returns which have a non-Gaussian distribution. Linear AR parameter estimation method based on HOC is known. However, the MA parameter estimation method applied so far in literature is nonlinear and not convergent. In this paper, the new linear MA parameter estimation method is introduced. It is based on Inverse Time Series and its Inverse Cumulants. The empirical properties of the IHOC ARMA-GARCH estimation method are tested on the intraday squared 30 min returns of seven foreign exchange rates (FX), to include EUR-USD, GBP-USD, USD-BRL, USD-CAD, USD-INR, USD-ZAR, and USD-JPY. All data are taken from Olsen Associate. Time horizon includes the period between June 2016 and May 2018. In the first step, AR-GARCH parameter estimation is performed by using the modified Yule-Walker equations based on HOC. In the second step AR parameters of the pure AR model of order 100 are calculated and used to estimate the HOC Function of the Inverse time series. Indeed, IHOC function is used to estimate MA parameters by solving a modified Yule-Walker equation based on IHOC. Ultimately, the Hinich portmanteau test-statistics are used to test the adequacy of obtained ARMA-GARCH models. The research outcome demonstrates that linear ARMA-GARCH parameter estimation method based on HOC and Inverse HOC function is CANEF and produces independent innovations while capturing the FX Volatility model dynamics.

Keywords: Volatility Modeling, Inverse Higher Order Cumulants, IHOC, ARMA GARCH model, ARMA-HOC model, Non-Gaussian innovations, Forex Market, Linear MA Parameter Estimation

Making Sense of the Global-Momentum Trading Strategies

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Gulnur Muradoglu
Queen Mary University of London, United Kingdom

Nicholas Tsitsianis
Queen Mary University of London, United Kingdom

Abstract

We investigate momentum strategies in international equity markets. International investors that switch back and forth from one country to the other based on their previous performances can earn more than 3% percent per month (42.57% per year) and momentum effect is substantially stronger in emerging markets with returns up to 3.28% per month and 47.30 per year. For the international investor, we identify world risk factors, to our knowledge, first time in the literature. We find that higher profits for international momentum portfolios are mainly due to predictability from world macroeconomic risks factors. Notably the results confirm the informational role of world industrial production.

Keywords: Momentum, Globalization, Risk Factors, Industrial Production

Which High-Frequency Trading Improves Market Efficiency? The Study of the London Stock Exchange

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Abstract

We examine how the different types of high-frequency trading (HFT) affect daily informational efficiency or price discovery, using the quote and trade data from the London Stock Exchange between 01 October 2016 and 31 September 2017. We first aggregate the types of high-frequency traders into arbitrageurs, agents and market makers by combining the bulk volume classification algorithm (BVC) with price impact measures. Then, we investigate the relationship between their trading volume and the scaled measures of market efficiency based on autocorrelation, variance ratio and delay. We find that the buy trades of arbitrageurs significantly improve market efficiency, along with the sell trades of agents and market makers, who are likely their counterparties. However, the sell trades of arbitrageurs are irrelevant to or even worsen the efficiency. The findings imply that buyer-initiated informed HFT facilitates price discovery, but seller-initiated informed HFT does not, possibly due to mispricing caused by short-selling constraints or structural/behavioral biases, e.g. the disposition effect, embedded in algorithms. We also discovered that the bid-ask bounce could contaminate the market efficiency measured at a shorter interval of less than one minute.

Keywords: High-Frequency Trading, Market Efficiency, Price Discovery

HUMAN RESOURCES

Chair: Desiree Helene Ladwig
Room: CC1.2

Future Expats - No More Cultural Shock for Millennials? - Qualitative Analysis of Jordanian, American and German Students' Sojourns Abroad

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Desiree Helene Ladwig
University of Applied Sciences Lübeck, Germany

Abstract

Due to globalization and an increasing diverse and international workforce the necessity to prepare Millennials/Generation Y for their future jobs raise special new questions and challenges. The digital natives have special digital competencies and much more international experiences at a very early stage of their lives compared with earlier generations. Therefore, we presume that they no longer suffer from a cultural shock. Hence, this paper examines whether and to what extent Jordanian, American and German millennial students perceive cultural differences during and after their sojourns abroad. The objectives are to research about the changes in the existence of and reasons for a culture shock and to improve new preparation measures tailored for this generation. The overall research question is: "Will millennial students experience a culture shock during a sojourn abroad or not?" Primary data were conducted by guide-line supported face-to-face interviews. The empirical results show that the majority of Jordanian students have experienced a culture shock and also a reverse culture shock. The majority of German and American students did not have a negative perception due to culture difference during their sojourn abroad. So the traditional discussion about how to deal with cultural shock has to be modified.

Keywords: Cultural Shock, Millennials, Globalization

Brain Drain – A Threat or an Opportunity**Jana Šimsova****Jan Evangelista Purkyně University in Ústí nad Labem, Czech Republic****Alice Reissova****Jan Evangelista Purkyně University in Ústí nad Labem, Czech Republic****Hana Suchankova****Jan Evangelista Purkyně University in Ústí nad Labem, Czech Republic****Abstract**

One of the typical phenomena in the present day labor market is the migration of a qualified workforce, which is often called "brain drain". If this is the case of young and educated people, who leave for another country, where they gain experience and they subsequently return to their home country, this is considered to be positive and beneficial. But if a qualified person leaves the country forever, his or her departure presents a considerable economic and social loss. The willingness to move abroad (either for some time or for good), is influenced by a number of factors. The usual interest of researchers is to find, which factors influence young people and make them go abroad. This study, on the contrary, aims to determine, which obstacles (barriers) prevent them in their decisions to go abroad. The research sample was made up of students with an economic specialization, those who study at regional public universities in Germany and in the Czech Republic (n = 503). The data were generated by a written questionnaire method and subsequently evaluated by means of MS STATISTICA. The following statistical methods were used for calculations: the Chi square homogeneity, the Parameter test match of two binomial distributions and Logical forward stepwise regression. On the basis of Stepwise forward regression, two barriers have been found in German students, the barriers that prevent them to go abroad the most. They are the following: "I do not want to leave Germany" and "I do not want to leave the place where I live". The detected influence is indirect, which means the more the students agreed on the Likert scale with this barrier, the lesser is the possibility that they would go to work abroad. In Czech students, by the use of the same method of Stepwise forward regression, also two barriers have been identified. The first one is the language barrier and the second one is the same for both samples "I do not want to leave the Czech Republic". In the case of language barrier, it is also an indirect influence. A strong relation to their home country awakens the hope, that if they leave the country for the purpose of work, they will have a tendency to return in the future. A positive finding is also the fact that young people in both countries have no worries about the cultural differences in foreign countries.

Keywords: Brain Drain, Permanent Migration, Temporary Migration, Obstacles And Barriers

The Organizational Choice of Human Resource Management Practices: A Study of Turkish Enterprises**Nurten Polat Dede****Istanbul Medipol University, Turkey****Abstract**

Objectives: The fundamental question of this study is how to shape the decisions regarding the organization of the human resources policies and practices in Turkey, what factors are influential in order to identify the similarity and differences human resources applications. In the theoretical and empirical studies in the field of strategic human resource management, the question is widely discussed within the framework of the choice theory and the population ecology theory, whose assumptions are opposite. On the other hand, in some recent studies, theorists do not accept the organization-environment relationship, neither the mechanical response of the organization to the environment nor the organization's use of unlimited will. The main aim of this study is to determine the extent to which the human resources manager's decisions and human resources policies and practices are affected by the industry related factors, organization related factors, demographic and psychological characteristics of the director of HRM department and argue how each of these factors either inhibit or enhance managerial discretion **Data and Methods:** An empirical research was conducted in 2017 among the first

500 registered companies in Turkey Istanbul Chamber of Industry ranking list. Data were collected from 200 companies by survey method (40% response rate). The questionnaires were prepared in two separate forms and filled with face-to-face interviews at different times with the director of the company's human resources department and company general manager. The questionnaire consists of two scales; one is developed by Schultz & Settoon (1997,1999); and one is developed by the author. The data obtained from the director of the company's human resources department and company general manager has been examined by the exploratory and confirmatory factor analysis, correlation analysis was carried out to examine the relationships between variables; regression analysis was performed to test the hypotheses. Results and Conclusions: According to the research results; The priorities of top management, legal regulations, environmental uncertainty and changes in the national economy have been identified as the most important institutional environmental factors affecting HRM policies and practices. In addition, internal and external environmental factors were found to be significantly related. The implications of these findings are discussed.

Keywords: Human Resource Management, Strategic Choice, Managerial Discretion, Institutional Theory, Turkey

Retirement Programs for Employees in Employer Branding Strategy. Case of Poland

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Abstract

Demographic changes taking place in many countries such as the diminishing fertility rate and aging of societies, affect the deterioration of the situation in pension systems. These systems may become insufficient in a nearby future in many countries and may lead to a reduction in the amount of pension benefits. One way to reduce the risk of poverty for future retirees is to save for retirement. As far as developed countries are concern, this role of occupational pension schemes is offered to employees by their employers. These programs, depending on the country, are compulsory or voluntary. Since we observe some changes from the employer's market into an employee market, the attitude of employers evolves - among others due to the need to compete for employees. As a results the acquisition and retention of employees influences they human resources strategy into the new one – based on more developed social programs, among which one may locate pension systems. However the awareness of using these programs and possibilities of their implementation to employer branding strategy is not fully recognized. The objectives of the article are as follow: - an indication of the place and relationship between the employer branding and pension plans for employees, - the location of PPE in communication system with the environment as a factor building the employer's image, - determination of motives of interest in employee pension programs in the context of the employer's image building strategy, - indication of barriers to the diffusion of employee pension schemes - presenting the level of employers 'and employees' interest in occupational pension schemes in Poland. The article will use, among others, statistical data of the Polish Financial Supervision Authority and results of research conducted among employers. In addition, an analysis of the content contained in materials published by enterprises offering employee retirement programs in the context of activities undertaken within the framework of employer branding strategy will be carried out. The authors formulate a conclusion on the lack of use of the existing potential in employee pension schemes, which may be related to a different approach to work and employer by representatives of generations: Millennials and Digital Natives. They point to the benefits of these programs, which can be effective image-creating tools.

Keywords: Pension Programs, Retirement, Employer Branding, Corporate Social Responsibility

Personal Innovativeness and Employability - How Personal Traits Affect Employer Attractiveness

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Abstract

Personal innovativeness has been conceptualized as personality trait associated with individual's openness-to-take chances. The relevant literature describes this concept as key determinant in the innovation and technology adoption process. Hence, innovative individuals are early adopters of innovation who are willing to take risks but also those individuals who demonstrate higher level of knowledge self-efficacy and self-confidence in performing new tasks. Based on Agarwal and Prasad (1998) domain specific conceptualization of personal innovativeness in information technology (PIIT), we anticipated that level of personal IT innovativeness would influence students' willingness to use IT not only in personally but in educationally relevant matters including its effects on gaining their first work experiences. This study suggests that innovative graduates successfully find employment faster than their university peers. They fare better in the labor market post-graduation. Evidence drawn from a survey of graduates (from universities in three neighboring countries: Bosnia and Herzegovina, Croatia and Serbia) indicates that graduate labor market outcomes are influenced by their personal innovativeness. These findings raise very important questions about students' employability skills and embedding employability into the curriculum. The practical and theoretical implications are discussed.

Keywords: Personal Innovativeness, Innovation Acceptance, Technology Acceptance, Employability, Graduate Labor Market

Environmental (Mis) Allocation in the International Copper Industry

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Abstract

This paper seeks to quantify the environmental cost of misallocation in the copper industry. First, I will analyze how much market forces affect the extraction path of a non-renewable resource in an industry characterized by oligopolistic competition and exposed to environmental problems such as emissions and liquid wastes. Second, the empirical analysis will be used to evaluate the effectiveness and implications of environmental policies, such as emission taxes, in a context where a pollutant-specific tax, f.i carbon tax in a country, may increase emissions and extraction path in less restrictive producer countries. Therefore, local policies can generate "emissions leakage" or geographical changes in the allocation of production in trade-exposed markets offsetting domestic emissions reductions. The environmental impact of extractive industries and the increasing concern on the over-exploitation of natural resources have ignited a debate about the design and implementation of environmental policies. These policies are designed to compensate the external damage cost of contamination. Unfortunately, the design of environmental policies is characterized by several aspects that might hinder its implementation. First, emissions regulations in industries with market power may exacerbates welfare losses. Given that oligopolistic industries are already not socially optimal, welfare losses from further reductions of output may overwhelm the gains from a mitigation policy (Buchanan, 1969). Second, local regulation can increase global emissions. Fowlie et al (2016) argue that local mitigation policies may promote production in locations exempt from the regulation. This emissions leakage can offset the local effect of the policy if new production is less "environmental-efficient". Third, specific regulations can increase total damage costs. In industries with different production technologies, such the copper industry, a specific mitigation policy may promote the use of alternatives technologies in production

which might increase the total damage cost. For example, copper can be obtained either through pyrometallurgy or hydrometallurgy, which generates two different types of contamination, carbon emission and liquid waste, respectively. The empirical model computes the extent of environmental misallocation by comparing the actual emission allocations with respect to the counterfactual emission path, which is solved as the social planner's optimal allocation. This requires the construction of a sorting algorithm and estimates of parameters in the cost function and the production function of emissions. Using this model and data on carbon taxes, I can quantify the extent of the emissions misallocation as the NPV of the social cost associated with this misallocation.

Keywords: Carbon Emissions, Misallocation, Copper Industry

ENTREPRENEURSHIP

Chair: Yusuf Opeyemi Akinwale

Room: CC1.4

Values and Entrepreneurial Success in Fast Changing Transition Economies

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Abstract

This paper introduces a classification rationale for transition economies, which helps to tailor entrepreneurial models for a specific type of transition economy and suggests a concept of value system which aims to add knowledge to the discussion of entrepreneurial performance during and after the transition of fast changing economies. The paper employs a qualitative analysis the SOEP 95% data set by the German Socio- Economic Panel Study. The data set covers the years 1984 to 2011. The panel data were collected on a yearly basis and covered during the early years approximately 10,000 individuals, but were extended in 1990 to 13,000 and from 2000 on, to over 22,000 individuals. The data are representative of people living in Germany (nationals and foreigners alike). The dataset covers general attitudes, employment status and relationships, educational background, income, health, future plans and other factors. Additionally, the survey years 2005 and 2009 included a short, 15 item scale of personality assessment geared towards the Big Five Personality model. Furthermore, the interviewers endeavored to interview the same people each year. The study qualifies therefore as a longitudinal study that follows individuals over several years. About 10% of the participants took part in the study since its first inception in 1984 until 2011. The study suggests that individuals that carried over and clung on to a value system propagated in socialist societies (Soviet Man) had a higher possibility of failure in entrepreneurial activities (if they chose to engage in entrepreneurial activities). Individuals who scored low on the Soviet Man value system (opposite: entrepreneurial value system) were more likely to be successful as entrepreneurs. The study concludes that above all individual factors, entrepreneurial success highly depends on an individual's personality and an individual's value system. Although the personality is in most cases unalterable, a value system can change over time. Individuals who were able to adapt their value system relatively fast to that of a market economy had a distinct advantage: they were significantly more likely to be successful as entrepreneurs.

Does Social Capital Reduce Entrepreneurs' Petty Corruption? Indonesian Evidences

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Abstract

This paper analyzes the effect of social capital on entrepreneurs' bribing behavior, and whether this effect is moderated by the quality of access to resources. Social capital, enhancing trust among actors and reducing transaction costs, supports and enables entrepreneurship. On the other hand, petty

corruption, a form of extortion, is paid by firms in a context of institutional failure to get a better access to resources such as business permits, building licenses, finance, utilities, or transportation. A strong social capital can create the trust necessary to exclude corruption of occurring within the group, protect its members from outside corruption, and offer alternative access to resources for which one could have to pay bribes otherwise. This mechanism is however contingent on the forms of social capital that have, supposedly, opposed effects on corruption. This leads to hypothesize first that bonding social capital, characterized by particularistic trust, favors entrepreneurs' incentive to pay bribes; second, that bridging and linking social capital, corresponding to general trust and universalistic norms, reduce entrepreneurs' bribing. Social capital and corruption are potentially alternative or complementary informal answers to institutional failure. This leads us to hypothesize that the quality of access to resources moderates the relation between social capital and entrepreneurs' bribing. We use the 2016 Global Entrepreneurship Monitor data for Indonesia, which has been customized with complementary questions. Interviewees, including entrepreneurs, were asked whether and how often they are induced to pay fees not part of the contract, offering an interesting measure of petty corruption. Questions about trust provide us with proxy indicators of the forms of social capital. This dataset is complemented with the Indonesian Family Life Survey (Rand IFLS5, 2018), from which we construct local (province) level indicators of the quality of access to resources (business permits, power, credit, transportation...), and alternative measures of the forms of social capital (used for robustness tests). Using cross-section regressions, we test the effect of the forms of social capital on entrepreneurs' bribing, controlling for gender, age, income, education, location, and Hofstede's cultural dimensions. The results support our two first hypotheses. Particularistic trust favors entrepreneurs' bribing, whereas general and universalistic trust discourages bribing. We then test the moderation effect of the quality of access to resources on the relation between social capital and entrepreneurs' bribing and the results support our hypothesis. We conclude and discuss our results' implication for research on entrepreneurship, and policy making.

Keywords: Entrepreneurship, corruption, social capital, Indonesia

Intention to Start a Business and Entrepreneurship Education Programme: A Pre- and Post-Program Research Design

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Gentjan Cera
Tomas Bata University, Czech Republic

Abstract

The effect of a study programme in entrepreneurship on intention to start a business has not received adequate attention by researchers using a quasi-experimental research design. This paper seeks to find evidence of entrepreneurship education programme on entrepreneurial intention in the context of a post-communist transition county. Coarsened exact matching (CEM) method is performed to achieve two similar groups: control (people who did not attend a study programme in entrepreneurship) and treated (those who attended) groups. Based on a set of covariates as identified in theory, 442 out of 528 members are matched. Hypotheses developed in a pre- and post-program setting can be tested by employing the analysis of covariance (ANCOVA). Members' scores on intention to start a business before the programme was introduced were used as the covariate in this analysis (pre-program). Preliminary checks were conducted to ensure that there was no violation of the ANCOVA's assumptions. The analysis confirm a significant difference between the two groups on entrepreneurial intention after the study programme in entrepreneurship was completed (post-program). In conclusion, our results suggest that entrepreneurial intention is affected by entrepreneurship education programme. Our findings induce interest for universities which want to develop or improve their curricula and policymakers who intend to foster entrepreneurship by designing policies.

Keywords: Entrepreneurship Education, Entrepreneurial Intention, Impact Assessment, Coarsened Exact Matching, ANCOVA, Albania

The Effect of Self-Employment on Income Inequality

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Abstract

It is well known that the self-employed are over-represented at the bottom as well as the top of the income distribution. In fact, self-employment and entrepreneurship create substantial potentials to become extremely wealthy, which ultimately contributes to income inequality. This paper therefore shifts the focus from the income situation of the self-employed to the distributive effects of a change in self-employment rates. The contribution of this paper to the literature is threefold: First, we analyze the income situation of self-employed in comparison to paid employees. Second, we investigate the effect of a change in the rate of self-employment on the hourly income distribution by application of recentered influence function (RIF) regression. In addition, we examine the relationship between self-employment and income inequality. We utilize the German Socio-Economic Panel (SOEP), a representative German data set to analyze hourly earnings of full-time employed individuals. Due to the sharp rise in solo self-employment in Germany, we distinguish between self-employed without any employees (solo self-employed) and those with employees (employer). To address our three questions, we at first apply conditional quantile regression and then use unconditional quantile (RIF) regression to address the distributive effects of a change in self-employment rates. Our conditional quantile regression estimates for the year 2015 corroborate that the self-employed are over-represented at the bottom as well as at the top of the hourly income distribution. Based on our RIF regression results, we found that a rise in the share of solo self-employed exhibits adverse effects for the bottom of the workforce. A higher share of employers, in turn, tends to increase hourly incomes among the top earners. In combination, a rise in self-employment bears potential of income polarization. We furthermore show that both types of self-employment significantly affect income inequality. We conclude that a rise in solo self-employment might not only increase income inequality by widening the top, but also by tearing down floors at the bottom of the income distribution. In the German context, our results as well as the sharp rise in solo self-employment suggest that the increase in self-employment was largely due to entry into the bottom of the earnings distribution. Active labor market policy aiming at rising the self-responsiveness and fostering (solo) self-employment out of unemployment thus might have adverse effect on the income distribution.

Keywords: Income, Earnings Inequality, Self-Employment

Founder's Characteristics, Institutions, and Entrepreneurial Firm's Speed to IPO in China

Da Teng
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Abstract

The initial public offering (IPO) is the most important stage in the evolution of an entrepreneurial firm. While numerous studies have investigated the determinants of the going public decision and the post-IPO performance, few studies have studied factors that influence the transition speed from the entrepreneurial firm stage to the professional firm stage. Leveraging a unique sample of 428 firms listed on Growth Enterprise Market in Shenzhen Stock exchange between 2009 and 2016, we assert that the entrepreneurial founder of the IPO firm is the key determinant of the transition speed. Based on the Upper Echelon theory and institutional theory, we explain how a founder's personal characteristics and external institutions drive the IPO speed. Our findings reveal the strategic importance of the founder and contribute to an improved understanding of why firms vary in the "going public speed" in an important emerging economy.

BEHAVIORAL FINANCE II**Chair:** Juanxi Wang**Room:** CC1.8**Relationship between Personal Debt Arrears and Risk Attitude - International Comparison**

Maria Karolina Forlicz
Wroclaw University of Economics, Poland

Tomasz Rólczyński
WSB University in Wroclaw, Poland

Abstract

The aim of this paper is to compare differences between people from four European countries in terms of how ever having or never having debt difficulty is related to risk attitude. The hypothesis put forward is that independently of their country people who have never been in debt arrears are less risk-seeking than people who have ever had arrears; however, the differences in the levels of risk aversion between indebted and not indebted individuals are not equal among the nationalities examined. A survey was devised and translated into the relevant languages. Next, it was conducted in Poland, Romania, Spain and Italy. The smallest sample consisted of 802 subjects, the biggest of 1200. The hypothesis advanced was confirmed. In most cases it can be observed that people who have never had debt arrears are more risk averse. In each country the group of respondents with problems repaying debt rated themselves higher in terms of being a risk-taker and being more open to risk compared to other people. However, the ratings differed in their levels across the different countries. Moreover, in each country people with debt arrears when asked to give someone advice on investment were more likely to choose the risky option, but again the percentages differed among countries. Some differences occurred in answers to the question about insuring valuable things. In Poland and Romania debtors were more likely to assume that they didn't need to buy insurance because nothing would happen, but this difference did not occur in Italy and Spain.

Keywords: Overdue Debt, Risk Attitude, Consumer Attitudes and Behavior, International Survey

Financial Behavior of Investors: Long-Run Overreaction Phenomenon in EURONEXT Stock Exchange

Vilija Aleknevičienė
Vytautas Magnus University, Lithuania

Inga Aleksandravičiūtė
Aleksandras Stulginskis University, Lithuania

Abstract

Objective. This research is aimed to investigate investors' long-run overreaction in EURONEXT stock exchange. **Research data and methods.** Scientific literature review, descriptive analysis, comparative analysis, winner and loser portfolio formation, systemic risk adjustment with CAPM, robustness check with t-test statistics were the main methods employed in this research. Data of EURONEXT stock exchange for the period of 2000-2017, divided into 8 two year sub-periods, is used in this research. **Research results.** The research investigates long-run overreaction phenomenon in EURONEXT stock exchange. The empirical findings revealed long-run reversal effect wherein past long-run loser portfolio outperformed past long-run winner portfolio supporting the overreaction hypothesis. This overreaction is close to symmetric: in all months the positive ACAR for the loser portfolio is similar to negative ACAR for the winner portfolio. The difference between the CARs increased during the global financial crisis and dropped significantly in the subsequent sub-period. The pattern of overreaction significantly differed from the average pattern in the third observation and test sub-period at the end of which the initial financial turmoil started. The "scissors" of ACARs progressively increased month by month in all the sub-periods. The movement of the ACARs for the loser and winner portfolios indicated the presence of long-run return reversal effect except for the period of financial turmoil. Even though the findings

supported long-run overreaction in EURONEXT stock exchange, this phenomenon was explained by the differences in risk. Jensen alpha was statistically insignificant, systemic risk of loser portfolio was higher than the one of winner portfolio. These results are consistent with the Efficient Market Hypothesis and the investors' rationality – they did not have a possibility to apply the contrarian strategy for earning abnormal returns. Conclusions. Long-run overreaction in EURONEXT Stock Exchange was confirmed and explained by the differences in risk. Investors had no possibility to earn abnormal returns in long-run.

Keywords: Financial Behavior, Overreaction, Reversal Effect, Systemic Risk, Stock Exchange

Antecedents and Consequences of Financial Literacy: A Qualitative Study on the Malaysian Armed Forces Personnel

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Malaysia

Abdul Latif Saleh
Quest International University, Malaysia

Abstract

Personal financial mismanagement is one of today's fastest growing problems globally and this is of no exception to the Malaysian population. The problem is pervasive including among members of the Malaysian Armed Forces. This study aims to discover factors that influence financial literacy among military personnel and the impacts thereof. The study also develops a model of antecedents and consequences of financial literacy. The study employed semi-structured interviews with single respondents from members of the Malaysian Armed Forces (MAF). Data collection was conducted among twenty two interviewees including two experts. This study used the NVivo software to assign and group the interviewees' comments. A thematic analysis was used to analyze the data. Findings include, among others, strong support for the construct definition of financial literacy as proposed in this paper. The findings identified a combination of eight (8) driving factors of financial literacy, moderating factor of financial inclusion, and three (3) perceived consequences of financial literacy. This study reveals some new items which can be included in the existing constructs and expands the consequences of the focal construct. The research findings should contribute to the literature on financial literacy and specifically on the personal finance of members of the armed forces. In addition, research findings should help the policymakers, military leaders, and those involved in developing and administering programmes to improve personal financial management among the military members, as set by the Five-Year Strategic Plan 2016-2020 of the Ministry of Defence Malaysia.

Keywords: Financial Literacy, Financial Behavior, Financial Planning, Financial Stress, Motivation, Malaysian Armed Forces (MAF)

Consumer Bankruptcy Decision in Great Britain: A Zero-Inflated Ordered Probit Approach

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Abstract

This study examines the implications of consumer bankruptcy on approximately 50,000 consumers using a longitudinal data from a representative sample of consumers in Great Britain. It investigates the effects of the bankruptcy benefit and adverse events on the consumer bankruptcy decision. It analyses whether consumers enter into any bankruptcy proceedings and, if they do, their choice of the bankruptcy type, either the discharge of debts (fresh start) or the reorganisation of debts (income gleaning). Employing zero-inflated ordered probit (ZIOP) model, we find that the bankruptcy benefit and becoming

unemployed are positively related to the bankruptcy decision regardless of the bankruptcy type. However, the effects of the other adverse events differ in bankruptcy types. Individuals who experience the onset of health problems are more likely to choose the income gleaning, whereas individuals who get divorced or separated are more likely to choose the fresh start.

Keywords: Consumer Bankruptcy, Bankruptcy Benefit, Adverse Events

Factors Affecting the Length of Stay of Voluntary Private Pension Contributors: An Empirical Study on the Turkish Private Pension Business

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Abstract

Which factors impact the length of stay of the private pension contributors? This is a critical question for the voluntary private pension business since one-third of private pension contributors surrender their contracts on average 3.4 years in Turkey. This is very low giving that the contributors are required to stay in the pension system for at least 10 years to accrue the full benefit. The early surrender weakens the financial market stability of the country and harms the profitability of pension companies. It also has a negative impact on the contributors due to exposure to higher fees, higher withholding taxes as well as not getting full government contribution. Consequently, this study aims to examine the factors affecting the length of stay of the private pension contributors. To fulfill this objective, we extracted the stay and exit customer data from one of the pension company's database in Turkey by using PL SQL software application. The data contain over 200,000 customer information which were analyzed using Man Whitney U, Kruskal Wallis and Chi-Square tests. The results indicate that length of stay is significantly affected by age, gender, sales regions, education, payment types, distribution channels and payment continuity. Understanding what factors influences the duration of stay in the private pension schemes will help both the government and the management of pension companies to properly structure pension products that suit the needs and expectations of customers in order to encourage them to stay much longer in the system. This will in turn have a positive impact on the profitability of the pension industry by reducing their operating cost and improving their penetration.

Keywords: Voluntary Private Pension, Length of Stay, Contribution, Pension Funds, Demographic Factors

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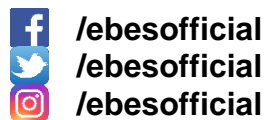
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