



BOOK OF ABSTRACTS

EconWorld2020@Porto

23–25 January 2020

Porto, Portugal

Mercure Porto Centro Hotel



WELCOME



The 11th EconWorld conference (International Conference on Economics) was held in Porto, Portugal on 23–25 January 2020 at Mercure Porto Centro Hotel.

PROGRAMME AT A GLANCE

FRIDAY, 24 JANUARY 2020

10:00–11:40	T1A – Mathematical and Quantitative Studies (Arrabida) T1I – Technology and Innovation (Infante)
12:00–13:30	T2A – International Economics & Political Economy (Arrabida) T2I – Econometrics and Quantitative Methods/ Ekonometri ve Sayısal Yöntemler (Infante)
14:30–16:00	T3A – Macroeconomics and Monetary Economics (Arrabida) T3I – Financial Economics (Infante)
16:30–17:45	T4I – Topics in Economics / İktisatta Konular (Infante)

SATURDAY, 25 JANUARY 2020

09:00–10:00	F1A – Technology and Innovation (Arrabida)
09:15–10:30	F1I – Education, Labour and Strategy (Infante)
11:00–12:15	F2A – Labour and Demographic Economics (Arrabida) F2I – Labour and Demographic Economics / Economía Laboral y Demográfica (Infante)
13:30–14:45	F3A – Labour, Demographics and Household Demand (Arrabida) F3I – Firm Studies (Infante)

KEYNOTE SPEAKERS



Ali Akarca

University of Illinois at Chicago

“Economic voting in Turkey: single- vs. multi-party governments”

SESSIONS

T1A – Mathematical and Quantitative Studies

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10:20	Mediating Analysis with Mismeasured Variables via SIMEX Method <i>Sabika Gokmen</i>	p. 12
10:40	The Merit of Private Provision of Merit Goods: Econometric Evidence from the Indian Healthcare Sector <i>Priyanka Yadav</i>	p. 13
11:00	Can predictions with R help a small start-up company increase its potential sales? <i>Mircea Georgescu</i>	p. 14
11:20	Does Ownership Always Matter? Evidence from the Study of Indian Public Sector Banks and Private Banks <i>Ganesh Radhakrishnan</i>	p. 15

T1I – Technology and Innovation

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10:20	How Financial Technology Advancement Impacts on the Size of Europe's Shadow Economy <i>Panagiotis Psyllos</i>	p. 17
10:40	Exploring the Intention to Use Near-field Communication Mobile Payment Services <i>Pui-Lai To</i>	p. 18
11:00	Retroeconomics – How to Overcome from the Technological Backwardness <i>Vladimer Papava</i>	p. 19
11:20	The Relation Between Technological Cooperation and the Improvement of Quality and the Social Capital of the Firm <i>Cristina López-Cózar Navarro</i>	p. 20

T2A – International Economics & Political Economy

Friday, 24 January 2020 • 12:00–13:30 • Arrabida • Chair: Ali Akarca

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12:20	Conflict, Growth and Human Development: An Empirical Analysis of Pakistan <i>Marie Ange Veganzones Varoudakis</i>	p. 22
12:40	How Does Tax Reform Influence the Evolution of Women's Productive, Domestic Work and Poverty in Burkina Faso? <i>Pierre Mamboundou</i>	p. 23
13:00	FDI as a Key Element for Progress in Developing Countries <i>Vakhtang Charaia</i>	p. 24

T2I – Econometrics and Quantitative Methods/ Ekonometri ve Sayısal Yöntemler

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15:30	Is Audit the Solution to the Sovereign Debt Dilemma? <i>Wisseem Ajili Ben Youssef</i>	p. 32
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15:30	Firm-Specific Return Variation and Cross-Sectional Stock Returns <i>Yibui Lan</i>	p. 37
15:50	Fuzzy COPRAS Methodology for Project Provider Selection in Turkish Banking Sector <i>Mehtap Dursun</i>	p. 38

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16:50	The Effect of Internet Banking Usage Factors on Intended Use Again: The Comparison of Level of Education / İnternet Bankacılığı Kullanım Faktörlerinin Tekrar Kullanma Niyeti Üzerindeki Etkisi: Öğrenim Durumu Karşılaştırması <i>Faruk Dayı</i>	p. 40
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F1A – Technology and Innovation

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10:00	Techno-Economic Evaluation of Amine Sweetening Unit for Different Scenarios <i>Mehtap Dursun</i>	p. 45

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09:35	How Does the Perspective on Domain Satisfaction Change Over Time? <i>Zeynep Elitaş</i>	p. 47
09:55	Critical Factors Influencing Strategy Implementation <i>Ibrahim Alkandi</i>	p. 48

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11:20	Job Polarization, Skill Mismatch and the Great Recession <i>Riccardo Zago</i>	p. 50
11:40	The Distributional Effect of Trade on the CEO Market <i>Francisco Parro</i>	p. 51
12:00	The Effect of City Export on City Wage: An Empirical Study Based on Chinese Cities <i>Chunyan Zhao</i>	p. 52

F2I – Labour and Demographic Economics / Economía Laboral y Demográfica

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11:20	Trends in the Gender Wage Gap in Spain During the Economic Crisis / Evolución del Gap Salarial por Género en España Durante la Crisis Económica <i>Diego Dueñas Fernández</i>	p. 54
11:40	Digital economy and society in Spain in the frame of European Union / La economía y sociedad digital en España en el marco de la Unión Europea <i>Teresa Rojo</i>	p. 55

F3A – Labour, Demographics and Household Demand

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13:30	Factors Affecting the Consumer Preferences on Sugar Beet Sugar and High Fructose Corn Syrup (HFCS) <i>Hasan Kürşat Güleş</i>	p. 56
13:50	Impact of Economic Policies on the Labour Market and Women's Poverty <i>Luis Enrique Escalante Ochoa</i>	p. 57

- 14:10 Drivers of Interregional Labor Migration and Effects to Wages: An Empirical Analysis on the Regions of Great Britain Accounting for Selectivity Biases p. 58
Maire Carroline Magante

F3I – Firm Studies

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- 13:30 Analyst coverage, corporate social responsibility, and firm value: evidence from China p. 59
Wanfang Xiong
- 13:50 The Role of the Successor in the Family Business Succession Process: A Literature Review p. 60
Cinzia Giaconia
- 14:10 Factors Influencing the Economic Behavior of the Food, Beverages and Tobacco Industry: A Case Study for Portuguese Enterprises p. 61
Kelly Murillo
- 14:30 Study of financial statement fraud indicators in heavily and slightly shorted companies p. 62
Mustafa Canbolat

ABSTRACTS



T1A – Mathematical and Quantitative Studies · Friday 24 January, 10:00–10:20, Arrabida

How to Anticipate Correlation Breakdowns

Fatimetou Khabane¹

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ABSTRACT

In the last couple of years, we observed a multiplication of papers on the subject of correlation breakdowns, namely the fact that the correlations between the returns of large assets classes tend to increase in times of stress. We question the strategies of anticipation of a change in correlation, meaning how to anticipate a correlation's rupture. The problem is a multi-objective combinatorial optimization model, it consists in finding solutions while respecting constraints that optimize the objective function which is to maximize the return of a portfolio on the one hand and to minimize the risk on the other hand. Therefore, we are interested in optimizing a portfolio with two objectives. This model allows us to anticipate the period of a correlation break.

The problem has been implemented on CPLEX with the C++ language, by performing simulations on 9 daily frequency assets of chimie_Sant from 01/11/2010 to 28/10/2019, in order to calculate, for each pair of securities, the correlation, then to predict the existence or not a break of correlation. It is observed that the constraints of the model give the choice of each weighting on each security. Also if the correlation's coefficient changes there will be remarkable evolutions on the value of the optimality, with the outcome of the model we can anticipate the change of the correlation.

KEYWORDS Correlation breakdowns; Multi-objective combinatorial optimization; Portfolio diversification

JEL C44, C61, G11

T1A – Mathematical and Quantitative Studies · Friday 24 January, 10:20–10:40, Arrabida

Mediating Analysis with Mismeasured Variables via SIMEX Method

Sahika Gokmen¹, Rukiye Dagalp², Senay Acikgoz¹

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ABSTRACT

The casual relations among the variables of interest may be directed or transmitted by the other variable or variables. The standard mediation analysis including a series of linear regressions is used to estimate these casual direct/indirect relationships among the variables. It is well documented that the ordinary least square (OLS) estimators are biased and inconsistent under the presence of the measurement error in regressors. The simulation extrapolation (SIMEX) method is the most common method for the measurement error models. The goal of this paper is to show the success of SIMEX after the theoretical inferences about what happens to the OLS estimators with the error-prone variables. The theoretical inferences and the simulation results show that the existence of measurement error in the variables leads to biased parameter estimates. Therefore, this increases the probability of wrong decisions for testing the mediating effect via Sobel's test which is the most common test. Although the SIMEX method used to correct the biasedness of estimates, the standard errors of these estimates are obtained greater than as usual. Finally, the results suggest that the SIMEX method can be revised for the Sobel's test statistics to reveal the real mediating affect.

KEYWORDS Mediating analysis; Sobel's z-score; measurement errors; ordinary least squares; SIMEX

JEL C10, C12, C15, C30

T1A – Mathematical and Quantitative Studies · Friday 24 January, 10:40–11:00, Arrabida

The Merit of Private Provision of Merit Goods: Econometric Evidence from the Indian Healthcare Sector

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¹Jawaharlal Nehru University, India

A B S T R A C T

Merit goods may have characteristics of private goods (rivalry and excludability) but unlike private goods, the market mechanism may prove to be inefficient for their provision as it is based on “flawed” preferences of individuals, who are unable to correctly assess the relevance of consuming such goods. Here the government steps in as a provider of such goods, although not necessarily replacing or weeding out the private providers. An immediate question that arises, pertains to the extent of private sector participation in the provision of merit goods. While private sector supplementing public provisioning would perhaps be desirable, but predominance of private providers in the merit goods sector may defeat the very purpose of public provisioning to tackle the problem of “flawed” preferences resulting in under consumption. In this paper, we attempt to contribute to this debate by looking at the Indian healthcare sector that has always been served by both private and public sectors. We measure the extent of private presence in healthcare at the district level by constructing an index of private sector penetration (PSP) and use this measure to address our research hypothesis that private sector presence in Indian healthcare is likely to improve health outcomes.

KEYWORDS Merit Goods; Private Provision; Indian Healthcare Sector

JEL I13, H44, C31, C51

Can predictions with R help a small start-up company increase its potential sales?

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¹”Al. I. Cuza” University of Iasi, Romania

ABSTRACT

ERP solutions that include prediction modules are very expensive. According to a survey (Ly, 2019), small to medium-sized businesses can expect to pay between \$75,000 and \$750,000 for the implementation. The R statistical language is easy to use when it comes to implementing regressions on the actual data of companies, and the costs are nearly zero. Logistic regression was the statistical formula used for predictions and it intends to create a model to predict the probability of buying a product based on the annual income of a customer. To make these concepts easier to explain in this article, we considered a “toy problem” where you only have one customer characteristic (the customer’s annual income) and a data scientist from a small company that wants to predict if the customer will make the purchase. This matter can be expanded in future studies that can make predictions for multiple independent variables, either binomial or multinomial. Our article also accepts the vast importance of using digital marketing to reach potential customers; however, it is more important to predict a potential client’s behavior in terms of whether or not they will buy our solution, so that the company is able to set its own expectations.

KEYWORDS R Predictions; Logistic Regression; Sales; Digital Marketing

JEL C87, D47, D83

T1A – Mathematical and Quantitative Studies · Friday 24 January, 11:20–11:40, Arrabida

Does Ownership Always Matter? Evidence from the Study of Indian Public Sector Banks and Private Banks

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ABSTRACT

Existing empirical evidence on the ownership performance relationship is inconclusive, and it mirrors the diverse theoretical opinions on the issue. Our study re-visits the ownership performance question in the Indian banking industry. The Indian Banking Industry has grown and witnessed significant structural changes since the onset of deregulation and liberalisation process. The results indicate significant time effects and ownership effects. The Public Sector Banks performance has shown impressive improvements relative to the new private banks, and the initial estimation of relative superior efficiency found in the new private banks have waned significantly. The public banks' performance have shown impressive improvements. Consequently, the remarkable leads initially indicated in the private banks have not been sustained. Consequently, the efficiency of both categories of banks seems to have largely merged.

KEYWORDS Ownership; Privatisation; Efficiency; Indian Banks

JEL L33

TII – Technology and Innovation · Friday 24 January, 10:00–10:20, Infante

The challenge of business innovation – an entrepreneurial perspective

Anca Elena Lungu¹

¹Alexandru Ioan Cuza University, Romania

ABSTRACT

In a digital world, the entrepreneurial idea can be a starting point for economic development. Following an analysis of the specialized literature, it can be well observed that one of the key elements that set the foundations of the business itself is innovation or the innovative process. The primary challenges that entrepreneurs and companies face are related to the capacity to adapt to new trends by using innovation and the innovative process. The main purpose of this paper is to identify the business challenges related to innovation and to extrapolate the entrepreneurial idea through innovation. From a methodological point of view, this article uses quantitative and qualitative analysis in order to support the initial premise. The results obtained using the Principal Component Analysis have highlighted major aspects in regards to the differences between the countries in the study sample, and the causes for these discrepancies should be subject to observation.

KEYWORDS Entrepreneurship; Challenges; Business Innovation

JEL L26, F10, O24

TII – Technology and Innovation · Friday 24 January, 10:20–10:40, Infante

How Financial Technology Advancement Impacts on the Size of Europe's Shadow Economy

Panagiotis Psyllos¹, Irene Fafaliou¹

¹University of Piraeus, Greece

ABSTRACT

The purpose of this research is to assess how and to what extent financial technology (fintech) development affects the size of Europe's shadow economy. In particular, the main research questions raised in this paper are the following: a) What is the extent of fintech development in Europe; and b) How is fintech perceived to be contributing to the reduction in cash payments. In order to attain our goal, we employ a mixed-method approach consisting of: a) a questionnaire survey addressed to the financial authorities of nine selected jurisdictions; b) Schneider's et al. (2015) mimic method to estimate shadow economy macroeconomic data for these jurisdictions; and c) various statistical methods to process data derived from the World Bank, the ECB, and relevant central banks. Our preliminary results demonstrate the following: a) the development of fintech reduces reliance on cash payments, which, in turn, decreases the size of the shadow economy in the long run; and b) there is a two-way causality between the size of the shadow economy, fintech development and cash payments. We intend to expand our research beyond the initial nine jurisdictions selected, thus covering larger territories of the European economy.

KEYWORDS Financial Technology; Shadow Economy; Empirical Research; Technological Change

JEL O17, O33

TII – Technology and Innovation · Friday 24 January, 10:40–11:00, Infante

Exploring the Intention to Use Near-field Communication Mobile Payment Services

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¹National Chiayi University, Taiwan

²National Chung Cheng University, Taiwan

ABSTRACT

While mainland China has become one of the world's fastest growing mobile payment market, Taiwan is still slow in adopting mobile payment services. Taiwan's smartphone penetration is one of the highest in the world. The general public in Taiwan is also knowledgeable. However, the adoption rate of near field communication (NFC) mobile payment services, the underlying technology behind many popular mobile payment services including Apple Pay and Samsung Pay, is needed to be improved. The study explores the factors influencing the use of the NFC mobile payment services. The data was collected via internet survey and a total of 176 valid questionnaires had been received. The research was analyzed by Partial Least Square (PLS) to validate the research model. The results of this study showed that perceived usefulness, perceived ease of use, personal innovativeness in information Technology, and involvement have significant effect on the intention to use NFC Mobile payment services. The study could serve as a basis to the future research regarding adoption of mobile payment.

KEYWORDS Near-field Communication; Mobile Payment; Mobile Financial Services; Technology Adoption

JEL M15, O33, P34

TII – Technology and Innovation · Friday 24 January, 11:00–11:20, Infante

Retroeconomics – How to Overcome from the Technological Backwardness

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ABSTRACT

The paper discusses a theory of technological backwardness – the retroeconomics. The goal of the research is to set out the main reasons why in many countries the economies used obsolete technologies. Such countries are getting to be in the trap of technological dependency on the economically developed countries. The feasible tools for a technological leap from such dependency are discussed. The main threat of the preservation of the retroeconomy – its zombification is discussed as a main barrier for technological updating of economy, and in general as an obstacle for Schumpeterian creative destruction. Much importance is given to the key principle of bankruptcy procedures against zombified retro-firms. The bankruptcy legislation should ensure the timely liquidation of non-viable firms. A country's legislative framework should strive for the establishment of a sound legal space on the market, when only really viable firms will exist. The role of the government is very important to resolve the problem of technological backwardness.

KEYWORDS Necroeconomy; Zombie-Economy; Retroeconomy; Technological Backwardness; Bankruptcy

JEL G33, O33, O38

TII – Technology and Innovation · Friday 24 January, 11:20–11:40, Infante

The Relation Between Technological Cooperation and the Improvement of Quality and the Social Capital of the Firm

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²Universidad Europea de Madrid, Spain

ABSTRACT

This paper examines empirically the relationship of cooperation agreements with quality management and the improvement of the management relations with third parties, differentiating between vertical, horizontal and institutional cooperation, according to the nature of the chosen partner. The analysis is developed with a sample of 1,848 companies in the Spanish manufacturing sector, using a binary logistic regression to evaluate the existence of dependency relationships between the analyzed variables. Results show that there is a positive relationship between business cooperation and the implementation of quality controls in the case of cooperation with suppliers, customers and competitors; however, not so in the case of cooperation with institutions. Furthermore, there was also found a significant relationship between all forms of cooperation and the improvement of the management of external relations.

KEYWORDS partner; social capital; quality; inter-firm cooperation

JEL M10, O32, L24

T2A – International Economics & Political Economy · Friday 24 January, 12:00–12:20, Arrabida

Are Trade Preferential Agreements Enhancing Post-conflict Normalization? Israel, Jordan and the QIZ Initiative

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ABSTRACT

The Qualified Industrial Zone (QIZ) model of border-located, duty and quota-free industrial regions is a policy tool designed to capitalize on cross-border cooperation to facilitate postconflict normalization. The United States initiated the Israel-Jordan 1996 QIZ as a brokerage in promoting peace. This study presents and evaluates the implementation of the QIZ agreement and its results, both economic and political contributing to the broader debate regarding the potential and limitations of facilitating post-conflict normalization through trade preference agreements. The Israel-Jordan QIZ period is coming to an end after twenty years. Although preferential trade agreements are highly sensitive to globalization, we claim that it would be simplistic to attribute the unrealized potential of the QIZ model only to globalization forces. There are significant lessons to be gained from the mechanisms of the QIZ implementation which contributed to its minimal political and economic impacts. We found that economic brokerage fostering trade and industry cross-border cooperation can be side-tracked to serve one-sided economic interests while minimizing spillover to political or social realms, contrary to original intentions. The QIZ experience demonstrates the importance of self-motivation of each of the parties regarding specific cooperative ventures as well as the balance between them in guaranteeing the success of cross-border cooperation.

KEYWORDS Trade; Conflict; Middle-East

JEL F13, F51

T2A – International Economics & Political Economy · Friday 24 January, 12:20–12:40, Arrabida

Conflict, Growth and Human Development: An Empirical Analysis of Pakistan

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¹CNRS, UCA, CERDI, France

²Universite Clermont Auvergne, France

ABSTRACT

In this paper, we use the Autoregressive Distributed Lag (ARDL) Bound Testing cointegration approach to study the long-term relationship between internal conflict, economic growth, and human development in Pakistan. We show that, by offering better opportunities and reducing radicalization, education could help reduce conflict in Pakistan. The government's spending on its defense budget, however, is high, and results in low social spending. We also show a positive contribution to conflict reduction by public order which justifies the government's anti-terrorist policy. It also appears that economic reforms and wealth do not help to reduce internal conflicts in Pakistan. This result is an illustration of a situation in which globalization is perceived as a threat, and economic growth fuels political and social unrest. Political rights and civil liberties do not seem to reduce conflict either, because periods of democracy have experienced a resurgence of violence. This finding suggests that, in a fragile country like Pakistan, respect for public order is a priority before restoring democracy. Pakistan seems to be caught in a low development trap in which conflict is the main variable to consider before seeing the benefits of reforming the economy.

KEYWORDS Conflict; Economic Growth; Human Development; Pakistan

JEL C22, D74, O10

T2A – International Economics & Political Economy · Friday 24 January, 12:40–13:00, Arrabida

How Does Tax Reform Influence the Evolution of Women's Productive, Domestic Work and Poverty in Burkina Faso?

Pierre Mamboundou¹

¹University Le Havre Normandie, France

ABSTRACT

Gender inequality in economics is about the differences in economic opportunities in terms of income and / or access to jobs between men and women with the same productive capacities. (Becker 1957, Phelps 1972). It leads to the reinforcement of poverty by precariousness of women. To cope, several countries have undertaken reforms. This is the case of Burkina Faso, which has set up a new development plan to eradicate poverty and gender inequalities by focusing on infrastructure, education, the development of manufacturing industries, and so on. However, in this challenge, the country faces the weakness of its domestic resources to materialize the envisaged public policies. It is in this context that the public authorities undertook a vast tax reform in order to increase the resources intended for the development of the country. The reform envisages an increase in indirect taxation by raising certain rates and eliminating several tax exemptions. The aim of this study is to analyse, from a micro-simulated computable general equilibrium model, the effects of this tax reform on gender inequalities both in the market economy and in domestic work.

KEYWORDS Gender Inequality; Fiscal Policy; General Equilibrium

JEL D58, E62, J82

T2A – International Economics & Political Economy · Friday 24 January, 13:00–13:20, Arrabida

FDI as a Key Element for Progress in Developing Countries

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¹Ivane Javakhishvili Tbilisi State University, Georgia

ABSTRACT

From the strategic point of view, not all Foreign Direct Investments are always positively benefiting the host economy, i.e. not all MNE's are promoting local/host economies. Even more, not all FDI's are equally beneficial for the different sectors within the same economy. The fact is that FDI could have different impacts on different sectors and it is not only based on the amount of FDI itself, but MNE motivations and the peculiarities of the host economy, which could be different from country to country. In other words, only aggregated per year FDI numbers are not really giving the comprehensive picture of the process and even more, in many cases are driving to incorrect strategic decisions. Based on Eclectic Paradigm by J. Dunning, motivations of FDI are classified into: resource based, market-seeking, efficiency-seeking, and strategic asset-seeking motivations. Each of them has different impacts on host economy and each of them is characterized by different level of economic development and economic integration into global markets. The goal for the host economy is to get as much benefits as possible, out from the MNE created assets. However, it is very much depended on both, local governmental policy and MNE motivation. The less there is a connection between host economy and MNE, the more it is unclear what host economies really benefits out of those FDI's, i.e. FDI's has the possibility to improve the competitiveness of the host economy, but its impacts are different. Paper will answer if there is a crucial role of FDI in local economic progress in Georgia. To cut a long story short, MNEs motivations and the Georgian expectations are not the same. However, the path is correct and more benefits for both sides are expected to appear.

KEYWORDS FDI; Trade; MNE

JEL F1, F6, F21

T2I – Econometrics and Quantitative Methods/ Ekonometri ve Sayısal Yöntemler · Friday 24 January, 12:00–12:20, Infante

Measuring the Effect of Public Expenditures on Competitiveness by Using ARDL and NARDL Approaches: Case of Turkey / Kamu Harcamalarının Rekabet Gücü Üzerindeki Etkisinin ARDL ve NARDL Yaklaşımıyla İncelenmesi: Türkiye Örneği

Hakan Demirgil¹, Süha Çelikkaya¹, Aliye Atay²

¹Süleyman Demirel University, Turkey

²Turkish Aeronautical Association University, Turkey

ABSTRACT

Competitiveness is defined as the capacity of an economy to compete against foreign producers who produce substitute goods and services. When competitiveness is defined at the real exchange rate, it will also change when nominal exchange rates and domestic prices change relative to trading partners (Makin, Ratnasiri; 2015). However, there are many factors affecting the competitiveness of an economy. The real exchange rate is generally handled by factors such as monetary policy price level, interest rates, purchasing power parity rather than fiscal variables. But, according to the Mundell-Fleming model, fiscal policies are ineffective as they reduce competitiveness. In this context, the factors that determine the competitiveness on the basis of expenditure behavior are examined by using especially household expenditures as a fiscal policy indicator, household consumption expenditures and investment expenditures. The long-term relationship between Turkey's public expenditures, household consumption expenditures and investment expenditures and Real Effective Exchange Rates (REER) as an indicator of competitiveness was tested with ARDL, Non-linear ARDL and Gregory-Hansen structural break Cointegration models by using the data of the periods 1998: Q1 and 2019:Q2. Based on the results, it is observed that the public expenditures has no significant effect on Turkey's competitive power and fiscal policy is not a significant factor in determining the competitiveness. On the other hand, household expenditures and investment expenditures have a significant effect on competitiveness.

KEYWORDS Competitiveness; Public Expenditures; ARDL; NARDL; Gregory-Hansen

JEL H59, P44, C32

T2I – Econometrics and Quantitative Methods/ Ekonometri ve Sayısal Yöntemler · Friday 24 January, 12:20–12:40, Infante

Robust Liu-type Estimator in Logistic Regression Model / Lojistik Regresyon Modelinde Sağlam Liu- tipi Tahmin Ediciler

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ABSTRACT

Multicollinearity and outliers are main problems in linear model. These problems can be seen in logistic regression model like linear models. Biased and robust estimators are proposed to solve these problems separately in literature. But, there are limited work in logistic regression literature to solve these problems simultaneously. Robust logistic Ridge and robust logistic Liu estimators are proposed for this purpose. In this study, we combine biased and robust estimators to handle multicollinearity and outliers problems. Also, simulation study and real data example are given to show the performance of the estimator over the estimators given in literature.

KEYWORDS Logistic Regression; Robust Estimator; Liu-Type Estimator; Multicollinearity

JEL C13, C15

T2I – Econometrics and Quantitative Methods/ Ekonometri ve Sayısal Yöntemler · Friday 24 January, 12:40–13:00, Infante

Econometric Analysis of the Relationship Between Oil Price and Economic Growth in Non-OPEC Countries / Non-OPEC Ülkelerinde Petrol Fiyatı ve Ekonomik Büyüme Arasındaki İlişkinin Ekonometrik Analizi

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A B S T R A C T

Oil, which is one of the traditional energy sources, has an important economic and strategic position in the world economy. Oil and oil products are used as raw materials and main inputs in almost every sector. Therefore, oil prices are of great importance for countries as they directly affect the growth and foreign trade of national economies. Although oil prices are determined according to supply and demand conditions in the market, different variables also affect the price. The conditions of the world economy, developments related to alternative energy sources and economic and social changes in the Organization of Petroleum Exporting Countries and Non-OPEC countries constitute some of these variables. OPEC and Non-OPEC members today have an important role in shaping the global oil market. Since the industrial and export structure in these countries is largely dependent on oil, member economies are greatly affected by the fluctuations in oil prices. In 2018, OPEC members had 1189.80 million barrels (79.4%) and Non-OPEC countries had oil reserves of 308.18 million barrels (20.6%). Among the non-OPEC members, the most important producers are US 17.94 million barrels, Russia 11.40 million barrels, Canada 5.33 million barrels, China 4.81 million barrels, Brazil 3.43 million barrels, Kazakhstan 1.96 million barrels and Qatar 1.94 million barrels. In this study, after examining the place and importance of Non-OPEC members in the global oil market, the effects of oil prices on the economic growth of these countries are investigated. the relationship between annual average crude oil price (nominal value USD) and oil production (Gross Domestic Product (Million \$) is investigated by panel data analysis.

KEYWORDS Oil Price; Economic Growth; Panel Data Analysis; Non-OPEC Countries

JEL O10, C33, Q43

T2I – Econometrics and Quantitative Methods/ Ekonometri ve Sayısal Yöntemler · Friday 24 January, 13:00–13:20, Infante

Profitability Analysis of BIST 30 Index Companies / BIST 30 Endeksindeki Şirketlerin Kârlılık Analizi

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ABSTRACT

Investors conduct various analyzes before buying stocks. Changes in the previous year's prices of stocks are analyzed by technical analysis. As a result of the technical analysis, if the stock price of the stock is lower than it should be, an opinion is given to buy the stock. Technical analysis alone is not sufficient. In order to benefit from the data of the Company's financial statements for the previous years, it is necessary to perform the fundamental analysis. The fundamental analysis evaluates the financial performance of the company according to its operating results. The purpose of this study is to evaluate the financial performance of companies in BIST 30 index in terms of profitability. The financial statements of the 22 companies listed in BIST 30 index for the period 2014-2018 have used. The variables of total assets, total liabilities, sales revenues, gross profit, operating profit and net profit are analyzed with ratio and trend analysis. As a result of the analysis, the assets and total debts of the companies have 91%; sales revenues increased by 120%. Gross profit, operating profit and net profit increase by 145%, 227% and 144% respectively. It is seen that the companies purchased assets in direct proportion to their debts.

KEYWORDS Fundamental Analysis; Financial Performance; Profitability Analysis; Trend Analysis; Ratio Analysis
JEL G30, D22, G10

T3A – Macroeconomics and Monetary Economics · Friday 24 January, 14:30–14:50, Arrabida

The Interaction Between Conventional Monetary Policy and Financial Stability: Chile, Colombia, Japan, Portugal and the UK

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ABSTRACT

The relationship between monetary policy and financial stability has gained importance in recent years as Central Bank policy rates neared the zero-lower bound. The need to coordinate policy choices, to expand the scope of monetary policy measures and lastly, the need to target financial stability objectives while maintaining a primary objective of price stability, has become essential. We use an SVAR model and impulse response functions to study the impact of monetary policy shocks on three proxies for financial stability as well as a proxy for economic growth. Our main results show that the Central Bank policy rate may be used to correct asset mispricing due to the inverse relationship between the policy rate and the stock market index. The results also show that the exchange rate depreciates following a positive interest rate shock, which in the case of Chile and Colombia, could be due to their reliance on commodity exportation. Although the impact is only statistically significant for industrial production for the case of the UK, conventional monetary policy may indeed be able to contribute to financial stability when used in conjunction with alternative policy choices.

KEYWORDS Monetary Policy; Financial Stability; Structural Vector Autoregressive Model

JEL E52, F42, F34, F55

T3A – Macroeconomics and Monetary Economics · Friday 24 January, 14:50–15:10, Arrabida

Disagreement in Household Inflation Expectations: An Inference Through Media Information

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ABSTRACT

Disagreement is a common phenomenon in the inflation expectations of the households in survey data (Mankiw, 2004). Empirical studies suggest that data on inflation expectations frequently violate the two important characteristics: unbiased and consistency, of rational expectation-hypothesis (REH). Thus, there is a pressing need to incorporate and understand the role of information in addition to demographic and macroeconomic characteristics to understand the disagreement in household expectations. Following Lamla (2012), we model the disagreement in the household inflation expectations using two sets of variables, one is a proxy for relevant macroeconomic information and the other proxies for media information. Our empirical analysis suggests that disagreement is persistent. In other words, the disagreement at time $t-1$ has a large influence on the disagreement at time t . Further, media (news or web search) information obtained by using google trend data on the frequency of certain keywords shows that with the increase in frequency of these keywords, survey disagreement seems to have lessened. Additionally, inflation regime has significant effect on disagreement. In low inflation regime, disagreement is higher compared to the high inflation regime.

KEYWORDS Inflation Expectations; Forecast Disagreement; Media Coverage

JEL E31, E37

T3A – Macroeconomics and Monetary Economics · Friday 24 January, 15:10–15:30, Arrabida

Impact of Reducing Government Spending on Gender Inequality and Poverty: Comparative Analysis in Senegal and Burkina Faso

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A B S T R A C T

The optimization of public finances, in order to have more income to finance public policies in developing countries, leads governments to reduce the resources allocated to the functioning of public administrations. These budget cuts sometimes result in job cuts in the public service. If some studies such as Baba et al. (2013) in Uganda have shown that reallocation of public spending from non-productive sectors to productive sectors can promote poverty reduction, which could also lead to increased gender inequality and poverty. Indeed, public employment generally divided equally between the sexes and gives rise to undifferentiated remuneration. In addition, public spending makes, through transfers or even public services, to improve the situation of households. Their reduction could therefore be harmful. The aim of this study is to evaluate and compare the effects of a reduction in public spending on gender inequalities and poverty in Senegal and Burkina Faso. To do this, we will build a static computable general equilibrium model with micro simulation.

KEYWORDS Gender Inequality; General Equilibrium; Public Expenditures

JEL D58, H50, J82

T3A – Macroeconomics and Monetary Economics · Friday 24 January, 15:30–15:50, Arrabida

Is Audit the Solution to the Sovereign Debt Dilemma?

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A B S T R A C T

This paper focuses on audit as a rationalizing mechanism of sovereign debt in the case of emerging and developing economies. Firstly, the author analyzes the limits and failures of the current framework by contrasting the International Monetary Fund (IMF) inertia to the United Nations' determinism in favor of responsible and sustainable sovereign debt. Secondly, based on the agency theory contributions, the author argues that both international creditors and sovereign debtors would benefit from institutionalizing sovereign debt audit through strengthening market discipline. The author demonstrates that the IMF's position is not economically credible to the extent that it is contrary to the teachings of the signal theory. Consequently, the rejection of sovereign debt auditing would not be an optimal equilibrium of the international financial system. In conclusion, the author supports that the international community would benefit from depoliticizing the debate on the public debt of developing countries. The institutionalization of the audit as a clause in debt contracts could create a mechanism for rationalizing sovereign indebtedness. Auditing may be the solution to the dilemma of sovereign debt, by limiting adverse selection and moral hazard problems, and strengthening market discipline.

KEYWORDS sovereign debt; audit; market discipline; agency theory; signal theory; transaction costs; sustainable development

JEL H63, O19, P35, Q01

T3A – Macroeconomics and Monetary Economics · Friday 24 January, 15:50–16:10, Arrabida

About Inflation Indicators and the Inflation Targeting (Lessons from Georgia)

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A B S T R A C T

The paper analysis inflation indicators (agflation, munflation and imflation) and the inflation targeting regime which is widely used as a monetary policy instrument of the central banks in different countries. Agflation and munflation show the dynamics of prices on food as well as medical services and drugs and main utility services. Imflation shows local market prices of those imported products where the exchange rate plays an important role. The study of the experience of the last quarter-century shows that one of the most important shortcomings is that inflation targeting is powerless against imported inflation. The paper shows the incapability of the inflation targeting regime toward imported inflation which is generalized on the base of the cost-push inflation. The research is based on the experience of post-Communist Georgia (where inflation targeting is used) and on its main trading partners. The paper offers complex inflation targeting as a new approach to monetary policy. In this case, imflation as well as inflation are the targeting indicators of monetary policy. The exchange rate should have the function of influence on the actual level of the imflation indicator.

KEYWORDS Inflation; Agflation; Munflation; Imflation; Monetary Policy; Inflation Targeting; Exchange Rate; Hybrid Inflation Targeting; Complex Inflation Targeting

JEL E31, E52, E58

T3I – Financial Economics · Friday 24 January, 14:30–14:50, Infante

Corporate Governance and Excessive Risk-Taking in Banks: Lessons from Spain

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ABSTRACT

Using a unique borrower-lender matched dataset on mortgage loans in Spain, Akin et al. (2014) shows that banks' lending standards are softer in the boom than in the bust. Their results provide suggestive evidence of excessive risk-taking in the boom period. Merging this unique dataset with a hand collected data on top executives' education, experience and political connection, we explore the effect of board characteristics on bank's excessive risk-taking. We find that higher education and more experience associated with lower risk-taking in banks. We further investigate the relationship between board characteristics and overappraisal behavior. We find that higher education and more experience leads to lower overappraisal. Finally, we test the effect of the corruption in the region on overappraisal behavior. We consider overappraisal as a type of fraud and test whether in regions with high corruption level fraud increases. Our results confirm this hypothesis. We observe higher overappraisal in banks whose head office is in a region with lower transparency and higher corruption. All these results are important for policy makers.

KEYWORDS Corporate Governance; Financial Institutions; Excessive Risk-Taking; Financial Crises

JEL G01, G21, G28

T3I – Financial Economics · Friday 24 January, 14:50–15:10, Infante

Matching Frequency, Periodical Call Auctions and Order Aggressiveness

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ABSTRACT

The Taiwan Stock Exchange (TWSE) implemented three reforms during 2013-2014 to expedite the matching frequency for periodic call auctions, the length of which is eventually shortened to 5 seconds on December 29th, 2014. The three reforms aim to enrich the disclosure of quality information by revealing the top five unexecuted quotes along with order depths contained in the limit order book (LOB) immediately after each of call auctions. By examining traders' choices of order submissions, we show that swifter matching frequency substantially brings in a wealth of information in the publicized content of the LOB, thereby mitigating the degree of information asymmetry among market participants. Though order arrival rate increases after each of the three reforms, individual investors decrease their order aggressiveness, revealing that the policy of high frequency auctions steps up their expectations of order executions. These expectations may further cause the 'wait-and-see' effect among participants, and discourage them from submitting aggressive orders. Moreover, institutional investors tend to submit smaller orders, implying that quicker matching frequency stimulates their behavior of order splitting. The conservatism in trading behavior as a result of the three reforms could partially defeat the TWSE trading volume.

KEYWORDS Taiwan Stock Exchange; Call Auction; Duration; Limit Order Book; Order Aggressiveness

JEL D47

T3I – Financial Economics · Friday 24 January, 15:10–15:30, Infante

The Study of Spillover, Risk, and Leverage Effects: Smart Beta ETF Management Style

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A B S T R A C T

This research uses the Generalized Autoregressive Conditional Heteroscedasticity-in-Mean Autoregressive Moving Average (GARCH-M-ARMA) and Exponentially Generalized Autoregressive Conditional Heteroscedasticity-in-Mean Autoregressive Moving Average (EGARCH-M-ARMA) models to measure spillover, risk, and leverage effects of active, passive, and smart beta management Exchange-traded Funds (ETFs). The increase in popularity of ETFs and new categories within them, specifically the growth of smart beta management, means asset managers and investors have new metrics to account for when determining portfolio exposure. The results show significant relationships among all groups regarding spillover. A trend of positive multi-lateral spillover of returns among the three management types is observed with smart beta showing the highest percentage of a bi-lateral positive effect. The strongest spillover of volatility effects is among the actively managed ETFs. The testing of risk results is insignificant, but the leverage effect results are consistent with past studies showing the significant negative bi-lateral effect. These results provide evidence of the essential effects can have strategizing portfolio exposure and can be used by asset managers and investors to fine-tune and better adapt their portfolios.

KEYWORDS Spillover Effect; ETFs; Smart Beta; ETF Management

JEL G11, G15, G32

T3I – Financial Economics · Friday 24 January, 15:30–15:50, Infante

Firm-Specific Return Variation and Cross-Sectional Stock Returns

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ABSTRACT

This paper investigates the relation between firm-specific return variation and expected stock returns, using the U.S. stocks from 1925 to 2016. Specifically, we focus on two measures of firm-specific return variation, namely (absolute) idiosyncratic volatility and nonsynchronicity, which is also called relative idiosyncratic volatility. We relate these two measures to firmspecific return characteristics by considering return residual momentum, skewness, jumps and information signal formation as measured by information discreteness. We find a robust positive return on a high-minus-low zero-investment quintile portfolio sorted on the relative measure. We decompose the relative measure into: (i) idiosyncratic risk and (ii) systematic risk captured by the variances and covariances among the Fama-French factors as well as factor sensitivities. The Fama-Macbeth regression results show that absolute and relative measures have importantly different effects on explaining the cross-sectional returns. We find that a positive association between the relative measure and stock returns is mainly driven by systematic risks across firms.

KEYWORDS Asset Pricing; Firm-Specific Return Variation; Idiosyncratic Volatility; Stock Price Nonsynchronicity; Cross-Sectional Stock Returns

JEL G12, G14

T3I – Financial Economics · Friday 24 January, 15:50–16:10, Infante

Fuzzy COPRAS Methodology for Project Provider Selection in Turkish Banking Sector

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ABSTRACT

Business technology, product development, sales, human resources, and accounting construct the basis of the organizations while working together. Companies make use of project management to improve each of these components and to survive in competitive markets. Project management provides efficiency to the organizations for achieving organizational goals. Project management processes in whole company necessitate big effort, time, and money, yet also they become crucial in order to manage all the processes effectively, which may be quite difficult for organizations. Hence, outsourcing is an alternative manner to manage the projects in an efficient way while being able to focus on the core competencies. To that end, project provider selection is a significant managerial decision problem, which should be constructed as a multiple criteria decision making problem because of the presence of conflicting criteria. This work aims to determine the most suitable agile project provider alternative by employing fuzzy COPRAS, which identifies a solution relative to the ideal solution. The case study is conducted in Turkish banking sector for an IT project to be outsourced to a third party provider.

KEYWORDS Project Management; Provider Selection; Outsourcing; Fuzzy Decision Making; Fuzzy COPRAS
JEL C02, C61, C80

The Econometric Analysis of the Relationship Between Oil Price, Economic Growth and Export in OPEC Countries / Opec Ülkelerinde Petrol Fiyatı, Ekonomik Büyüme ve İhracat Arasındaki İlişkinin Ekonometrik Olarak İncelenmesi

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A B S T R A C T

Oil is one of the main inputs demanded by the production, heating and transportation sectors in many developed and developing countries. In countries where the rate of industrialization and growth is high, dependence on oil is constantly increasing. Factors such as the fact that large oil reserves are located in certain regions of the world, differences in oil extraction costs, oil supply and demand imbalances cause oil prices to fluctuate. The macroeconomic effects of fluctuations in oil prices affect the economies of oil exporting and importing countries in different ways. Oil price increases have an increasing effect on energy export revenues and government budget revenues in oil exporting countries. In oil importing countries, it has negative effects on production costs, external balance, growth and production capacity. In an economy dependent on oil export revenues; the presence of new reserves or the increase in oil production changes the structure of production and export sectors in favor of oil. As a result of the increase in petroleum-weighted foreign trade, more foreign currency enters the country and the foreign trade balance deteriorates. The aim of this study is to examine the relationship between average annual crude oil price (nominal value in USD), gross domestic product (2010 prices and \$) and export (2010 prices and \$) for OPEC member countries by panel data analysis.

KEYWORDS OPEC; Oil Price; Economic Growth; Export; Panel Data Analysis

JEL C23, O10, O13

The Effect of Internet Banking Usage Factors on Intended Use Again: The Comparison of Level of Education / İnternet Bankacılığı Kullanım Faktörlerinin Tekrar Kullanma Niyeti Üzerindeki Etkisi: Öğrenim Durumu Karşılaştırması

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ABSTRACT

In this study, the effect of the opinions of bank customers about internet banking usage on their intention to use internet banking again has been investigated. Within the aim of the study, it has been examined whether the attitude and intention to use internet banking show a significant difference according to the level of education. For this aim, data was collected from 780 bank customers using internet banking in Kastamonu. Firstly, the construct validity and reliability of the scales were tested. Firstly, the construct validity and reliability of the scales were tested. The data was analyzed for the established structural equation model. As a result of the analysis, it was determined that the spreading attitude of internet banking had a positive effect on the intention to use again. It was found that the attitude towards internet banking security negatively affected the intention to use it again negatively. As a result of the difference analysis, it was determined that the usefulness and spread of internet banking showed a significant difference in favor of graduated. It was found that the risk of using internet banking showed a significant difference in favor of primary school graduates. It was found that the intention to use again showed a significant difference in favor of undergraduate graduates.

KEYWORDS Banking; Internet Banking; Structural Equation Model

JEL G21, G29, C30

Is Armey Curve Valid in Turkey? A Fourier Cointegration Approach / Türkiye’de Armey Eğrisi Geçerli Midir? Fourier Eşbütünleşme Yaklaşımı

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ABSTRACT

It has been a debate issue for years what is contribution to economic growth of government size. Thus Armey (1995) suggest that there is a optimal point where government expenditures are optimal for economic growth. According to Armey (1995) the relation between government expenditure and economic growth is inverted U-shaped. The relation which has appeared as an Armey curve in the literature has been tested by several authors. Within his framework it is analyzed validity of Armey curve with fourier function cointegration method which developed by Tsong et. al (2016) based on 1998: Q1-2018: Q4 period for Turkey. It is concluded that Armey curve is valid in Turkey. Thus, the idea that government expenditure increases economic growth should not be seen as the only policy option and fiscal policies should be designed taking into account this situation.

KEYWORDS Armey Curve; Economic Growth; Fourier Cointegration Method; Turkey

JEL H1, C32, E62

Continuous Usage of Mobile Payment in Taiwan

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A B S T R A C T

The increasing adoption of wireless networks and the widespread popularity of smart mobile phones have created opportunities for new and innovative mobile services in Taiwan. Some of the most promising mobile financial services are mobile payment services. This study identifies the phenomenon of mobile payments services in Taiwan. This study also builds and tests a research model regarding the factors influencing the continuous usage of mobile payment from users' perspectives. The subjects of the research are users who have mobile payment usage experiences. A total of 209 valid questionnaires were collected. Structural equation modeling (SEM) was used to test the research hypothesis. The causal relationships between variables in the model are validated. The results of this study show that the users' satisfaction with the mobile payment service has a significant positive impact on the continuous adoption. Also, both the "confirmation" of the mobile payment service and "post-user beliefs" have significant positive impact on users' satisfaction. The results of the study provide academic and practical implications for future growth of mobile financial services.

KEYWORDS Mobile Payment; Taiwan; Mobile Financial Services; Technology Adoption

JEL M15, O33, P34

FIA – Technology and Innovation · Saturday 25 January, 09:20–09:40, Arrabida

The Effect of Foreign Trade on Innovation: The Case of Brics-T Countries

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ABSTRACT

The power that makes countries superior to each other in global competition is their ability to be innovative. With Industry 4.0, today's industrial policies are being established on an innovation basis. The degree of countries' trade openness in the economy is very important for developing countries in terms of learning and developing information and technology and ultimately contributing to the improvement of their innovation capacities. This study aims to determine the effects of the main foreign trade indicators on innovation with respect to the developing countries group BRICS-T through panel cointegration analysis for the period 2007/2019. In terms of foreign trade, "export", "import", and "foreign direct investment" have been taken into account, and the "global innovation index" has been taken into consideration as the indicator of innovation. As a result of the cointegration analysis, it has been determined that the variables are related in the long run, exports have a positive effect on innovation, whereas imports and foreign direct investments adversely affect innovation. As a result of causality analysis, a two-way causality relationship has been found between export and innovation while a one-way causality has been detected with direct foreign investment and import.

KEYWORDS Innovation; Foreign Trade; Panel Cointegration Analysis

JEL O30, O57

FIA – Technology and Innovation · Saturday 25 January, 09:40–10:00, Arrabida

Open Innovation: from OI to OI2

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ABSTRACT

Popularized in the early of 2000s, the concept of Open Innovation (OI) is a systematic process that instigates the circulation of ideas among different exploitation vectors focused on value creation. Over the past decade, the OI paradigm had a significant impact on the emergence of innovation networks and ecosystems. With the emergence of digital disruptive technologies, a new approach to OI has emerged Open Innovation 2.0 (OI2) - incorporating technological, social, political, environmental dimensions, based on principles of integrated collaboration and co-created shared value, cultivating innovation ecosystems, unleashing the power of exponential technologies, with extraordinarily rapid adoption. This article will begin by explaining the evolution from IO to IO2. Key incentives, risks and costs associated with this new strategic approach to innovation will also be identified, as well as, the factors and the conditions of success that lead companies to formulate OI2 strategies starting from OI. This study will culminate in the identification of some initiatives developed in Portugal that are contributing to this transition. The analysis carried out will show that OI2 is not a panacea that can solve any challenge, but help drive significant structural changes and benefits through innovation to society and industry.

KEYWORDS Open Innovation; Open Innovation 2.0; co-creation; Digital Agenda; networking

JEL O32, Q55

Techno-Economic Evaluation of Amine Sweetening Unit for Different Scenarios

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ABSTRACT

Nowadays, in an environment where technology is constantly developing and competition is intense, especially in refinery, petrochemical and gas processing plant projects, project leaders and project stakeholders need to perform a three-way integrated analysis not only with operations and cost calculations but also with environmental impact. Project assessments, including carbon footprint and environmental impacts, are now seen as the only real way to reach true economic feasibility tables for projects and processes in the long run. In this context, techno-economic evaluations simulate the technological, economic and environmental impacts of the processes and provide the most realistic cash flow and financial statements. Technoeconomic evaluations reveal the long-term competitive strength of processes and technologies, making it easier for project leaders to make decisions. In this study, techno-economic analysis of amine sweetening units used in the purification of H₂S and CO₂ contaminated gases in refinery and petrochemical plants is explained with a case study. Amine sweetening units are important units for reducing carbon footprint for refineries, petrochemicals and gas processing plants. However, these units (if not required by environmental regulations) are not preferred because of their high energy and raw material requirements. In this context, how an amine sweetening process can be economically feasible in many different technological and operational scenarios has been studied and the most effective process can be selected by comparing energy + raw material consumption, operation and maintenance costs and fixed costs of the process. Thus, in an exemplary application, techno-economic analysis of the amine sweetening unit with the obtained concrete data was made and it was facilitated in deciding the installation of these units.

KEYWORDS (3 to 5 key words) Amine sweetening units; decisions on projects; purification of H₂S and CO₂ techno-economic analysis

JEL C50, C02, C80

The Educational Roots of the Italian Territorial Divide

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ABSTRACT

Empirical analysis shows that formal and informal institutions are key factors in explaining why some countries, as well as territories within countries, are more prosperous than others are. After almost 160 years from their formal unification, Italian territories are still quite heterogeneous in terms of socioeconomic performance. We explore and exploit different data sources to assess the roots of this heterogeneity at province level. We seek to contribute to the literature in four ways. First, building on our supposed link quality of institutions-quality of education, our results offer support to the idea that remote measures of people's literacy are a good proxy for the long-lasting effect of institutions and, as such, a predictor of current economic development. Second, we provide estimates confirming expectations about the role of current and remote measures of institutional quality in explaining per capita GDP at province level. Third, we present preliminary empirical evidence on the cyclical nature of the contribution of institutional quality to the economic performance, showing that although this contribution is quite stable, institutional variables play a weaker role in bad times than in good ones. Fourth, we provide evidence of the contribution of entrepreneurship, as main mediator of the link institutions-development, to GDP at local level.

KEYWORDS Institutions; Education; Development

JEL D72, D78, O43

How Does the Perspective on Domain Satisfaction Change Over Time?

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ABSTRACT

Life satisfaction refers to a process in which individuals assess their feelings about their own lives at a particular point in time. The domains-of-life literature argues that overall life satisfaction depends on satisfaction in different domains of life. Thus, not only satisfaction in life in general but also satisfaction in different domains of life has also been studied by researchers. Based on a large volume of research, various individual level and country level variables have been linked to life satisfaction. This study (i) examines the effect of sociodemographic determinants such as age, gender, marital status, employment status, income, education, having children on satisfaction in the standard of living, health, job and safety variables and (ii) compares the results between two years. For the purpose, individual level data from the Pew Research Center's Global Attitudes Survey for the year 2014 and 2018 is used. Regressions reveal mixed results. It is shown that age is not a significant determinant of the satisfaction with job and safety while it has significant effects on satisfaction in the standard of living and health. Employed people are 3% to 3.5% points more likely than not employed ones to be highly satisfied with their standard of living and health while employment has no impact on the satisfaction with safety. The less number of children is associated with a higher likelihood of high level of satisfaction with all areas of life and the impact of having children gets smaller with the increase in the number of children.

KEYWORDS Life Satisfaction; Life Domains; Demography

JEL C25, D60, I31

Critical Factors Influencing Strategy Implementation

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A B S T R A C T

In this study, an empirical investigation has been made into the strategy implementation process and its affecting factors. An extensive review of the strategy implementation literature reveals fifteen factors that can influence the strategy implementation process and its outcomes, with

these factors taking roles in enhancing the process and resulting in successful implementation outcomes. These factors are organised into four categories or groups: (i) organisational groups; (ii) project groups; (iii) process groups, and (iv) outcomes, each of which contains sub-factors to make them measurable. In operationalising the research, an inductive research approach has been adopted for this study; the data was collected via semi-structured interviews. The whole sampled included two Saudi Arabian Islamic and two Saudi Arabian conventional banks as case studies. This study employs face-to-face semi-structured interviews with each of the selected bank's decision-makers as its primary tool for data collection. The elite interview sample consists of in total eight decision makers belonging to four banks: two Islamic and two conventional banks. Each bank has its recent strategic case implementations analysed through the primary data collected. The sample of the interview schedule consists of the top management who were involved in the strategic decision of two conventional and two Islamic banks in Riyadh, Saudi Arabia. The primary criteria of choosing the sample were that those managers should have a great influence and experience of the strategic decision as well as the ability of declaring the required information. The results show that there are clear trends in how the Saudi Arabian banks' approach in their strategy implementation, common factors influencing the strategy implementation process and its outcomes, and various considerations regarding the role of religion in both Islamic and conventional types of banks. The findings of this study contribute to the literature on strategic implementation management by providing a critical and empirical analysis of the sampled Islamic and conventional banks in Saudi Arabia. The findings may in addition prove useful to the leadership of those banks in their attempts to understand the interrelationship between the process and the outcomes of their strategy implementation decisions, by drawing out both tangible and intangible results of strategy decisions.

KEYWORDS Strategy Implementation

The Impact of English as a Language of Instruction on Job Satisfaction of University Graduates

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ABSTRACT

The importance of job satisfaction is proven for both employee and employer sides. On employee side, being satisfied at work impacts many aspects of life including health, earnings and even relations with other people. On employer side, satisfied workers provide higher productivity and lower turnover which lead the firm to be more profitable. Bulk of the studies about job satisfaction aimed at exploring the determinants of job satisfaction. Yet, there is no study examining the impact of language of instruction at university on the job satisfaction of working graduates in the literature. This study, therefore, aims to explore the impact of nonmother tongue language of instruction, namely English, on the job satisfaction of economic and management graduates. For this purpose, a survey is conducted with a total number of 1305 of graduates of Anadolu University and Dokuz Eylul University in Turkey. According to both Logit and Probit estimation results, graduates from departments where the language of instruction is English are more likely to be satisfied compared to the graduates of Turkish language of instruction departments. Moreover, it is found that variables such as mismatch, wages, sex, working for public sector, and quality of life affect graduates' job satisfaction levels. Accordingly, mismatched graduates and women are less likely to be satisfied compared to adequately matched graduates and men, respectively. In addition, an increase in the wages and quality of life increases the satisfaction among graduates. Finally, it is found that people working in public sector are more likely to be satisfied compared to those working in other sectors.

KEYWORDS Language of instruction; job satisfaction; graduate education

JEL A23, I21, J24, J28

F2A – Labour and Demographic Economics · Saturday 25 January, 11:20–11:40, Arrabida

Job Polarization, Skill Mismatch and the Great Recession

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ABSTRACT

Much has been written on job polarization, but little is known about its effects on the reallocation of skills and skill demand across jobs. This paper aims to fill the gap. Herein, I introduce a model generating an endogenous mapping between skills and jobs that allows to track workers across occupations, their job opportunities and the quality of skill-to-job match over time. I estimate the parameters of the model to match solely occupational dynamics for periods around the Great Recession in the U.S, a major episode of polarization. Yet, this is sufficient for the model to explain well the different reallocation patterns of workers on the job ladder and the skill-to-job mismatch dynamics observed in the data. In particular, it predicts that (i) 1pp decline in routine employment –as explained by routine biased technical change– leads to a rise in skill-mismatch by 0.35pp (0.39pp in the data); (ii) any wage loss from mismatch is decreasing in skills; (iii) 2/3 of skill-to-job mismatches are efficient and necessary for routine employers to keep routine jobs alive. The predictions of the model are validated across states, with the effects of job polarization magnified for local markets that experienced a sharper decline in routine employment during the Great Recession.

KEYWORDS Job Polarization; Business Cycle; Skill Demand and Supply

JEL E24, E32, J21, J24, J62, O33

F2A – Labour and Demographic Economics · Saturday 25 January, 11:40–12:00, Arrabida

The Distributional Effect of Trade on the CEO Market

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ABSTRACT

The post-1970 trade integration era was not only coincidental with a rise in the average CEO pay but also with an increase in the dispersion of CEO earnings. This paper studies the distributional effects of trade openness on the market for CEOs. Using US firm-level data, we show that trade raises CEO equilibrium pay in the most productive firms but reduces it in the least productive ones. A rise of 10% in the industry openness degree increases CEO compensation by about 30% and 20% in firms at the 99th and 95th percentiles of the productivity distribution, respectively. However, CEO compensation falls by 5% in firms at the 20th percentile. Our results show that trade openness impacts inequality within the very top of the income distribution, where skill differentials are less evident.

KEYWORDS CEO Compensation; Top Income Inequality; Globalization

JEL F16, J24, J31

F2A – Labour and Demographic Economics · Saturday 25 January, 12:00–12:20, Arrabida

The Effect of City Export on City Wage: An Empirical Study Based on Chinese Cities

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ABSTRACT

Using the Chinese Statistic Yearbook and Customs Statistics, the paper examines the effect of city export on city wage based on the panel data from 286 Chinese cities. The paper finds that: (1) The export amount of the city has significantly increased the wage level of the city, but the number of export types and export destinations has no significant impact on the wage level of the city. (2) The export of cities with different sizes has different influences on city wage. The export amount, the number of export destinations and the number of export types have significant positive effects on wage in large cities, but has not significant effects on wage in small and medium cities. (3) The export of cities with different locations has different influences on city wage. For the eastern and central cities, the export amount, the number of export destinations and types significantly increase the city wage level, and the impact on the eastern cities is greater than that of the central cities, but the impact on the wage level of the western cities is not significant.

KEYWORDS City Wage; City Export; City Scale; City Location

F2I – Labour and Demographic Economics / Economía Laboral y Demográfica · Saturday 25 January, 11:00–11:20, Infante

Risk of falling into poverty of female-headed households in Mexico and Oaxaca / Riesgo de caer en pobreza de los hogares con jefatura femenina en México y Oaxaca

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ABSTRACT

With the objective of finding out whether female-headed households in Mexico and Oaxaca have a greater probability of falling into poverty, given that Oaxaca is one of the states with the highest poverty rate and where the participation of households has increased. Women to the labor market. A probabilistic regression model is carried out with the data of the National Occupation and Employment Survey (ENOE) 2005 and 2017. In the empirical analysis, it was determined that a household is poor when, with the labor income of the head of the household, it is not possible to cover the basic basket of family members. The main results show that in Mexico and Oaxaca, households with female heads are more likely to fall into poverty compared to those with male heads. As for female headship, the variables that increase the probability of falling into poverty are, the one that the female boss is between 15 and 35 years of age, and is in charge of a household with a greater number of dependents, however, between The more educational level you have or reside in urban areas, the probability decreases.

KEYWORDS (3 to 5 key words) Labor economics; Poverty; Gender Economy

JEL I32, J01, J16

F2I – Labour and Demographic Economics / Economía Laboral y Demográfica · Saturday 25 January, 11:20–11:40, Infante

Trends in the Gender Wage Gap in Spain During the Economic Crisis / Evolución del Gap Salarial por Género en España Durante la Crisis Económica

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ABSTRACT

The main goal of this research is to analyze and decompose the gender wage gap between 2008 and 2017, using the Labour Force Survey provided annually by the National Institute of Statistics. In this analysis, a series of econometric decompositions of the wage gap will be carried out, specifically those that refer to Oaxaca-Blinder and Machado-Mata decompositions, taking into account in both cases the existence of selection bias. The first results indicate that the gender wage gap, and its explanation in an explained component and an unexplained component, shows a high degree of immunity to structural changes in the Spanish labour market.

KEYWORDS Wage discrimination; Gender; Oaxaca-Blinder; Machado-Mata

JEL J16, J31, J71

F2I – Labour and Demographic Economics / Economía Laboral y Demográfica · Saturday 25 January, 11:40–12:00, Infante

Digital economy and society in Spain in the frame of European Union / La economía y sociedad digital en España en el marco de la Unión Europea

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ABSTRACT

Between 1917 and 1919, Spain improved its index in economy and digital society (DESI) at European level, going from occupying the 13th position in 2017 to occupying the 11th position in 2019. There are five variables that the DESI index measures: connectivity, human capital, internet use, integration of digital technology and digital public services. The improvements in Spain have been achieved, especially in connectivity and digital public services (ranked 4 in Europe 2019). On the other hand, in Human Capital Spain is below the European average. This paper studies the limitations that Spain presents in digitization of its human capital and evaluates the strategies and programs implemented in recent years from the Public and Private Sector. The methodology is descriptive, through documentary, bibliographic and statistical analysis. Among the results, it is worth highlighting that the focus on digitization of human capital has been successfully put into basic schooling groups and to boost the interest of women in digital technologies. However, it seems that the training of people who are employed is being neglected. and they need to adapt their professions to the new challenges in digital and robotic technologies.

KEYWORDS Digital society; digital economy; employment; human capital; connectivity; women in digital; digital public services

JEL O1, O2, O5, O38

F3A – Labour, Demographics and Household Demand · Saturday 25 January, 13:30–13:50, Arrabida

Factors Affecting the Consumer Preferences on Sugar Beet Sugar and High Fructose Corn Syrup (HFCS)

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ABSTRACT

There is an increasing literature on the health effects of high fructose corn syrup (HFCS). There are many studies in the literature linking HFCS use with obesity, type-2 diabetes, other cardiovascular diseases and metabolic syndromes. It is also known that consumers have been moving away from HFCS-containing products for nearly 20 years. Therefore, a paper-based survey is implemented to 1252 consumers in Turkey. Probit results show that consumers with health knowledge (the health impacts of consuming HFCS) are more likely to prefer sugar beet sugar on HFCS compared to consumers without health knowledge. Additionally, as income increases, the probability of preferring sugar beet sugar on HFCS increases. Moreover, as the level of education increases, the probability of preferring sugar beet sugar on HFCS increases.

KEYWORDS Sugar Beet Sugar; High Fructose Corn Syrup; Health Concerns; Consumer Preferences

JEL D12, D91, I12

Impact of Economic Policies on the Labour Market and Women's Poverty

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ABSTRACT

This study focuses on the Republic of South Africa. We built a CGE model coupled with a micro simulation module to assess the statistical effects of these economic policies on the evolution of well-being and poverty. We are particularly interested in seeing how women and the female labour market will be affected. The model that takes into account certain market imperfections (notably unemployment) and include a gender-racial skilled labour market. The study analyses the impacts of two economic policy measures. After almost two terms of office of President Zuma, who left the country in a catastrophic state in terms of public finances, the new Ramaphosa government was forced to increase indirect taxes. This economic policy measure is the subject of our first scenario. On the other hand, the government is looking for 5% cuts by 2020-2021 and this economic policy measure is the subject of our second simulation. Our study reveals that the impact of the two policies has negative effects on the well-being of the agents and increases poverty levels. On the one hand, the first simulation is favourable only for the public agent that will see the fiscal increase, however it reduces the welfare of the rest of agents and mainly of households; the results also show that this reform does not pro-growth, but that some categories of employment are positively affected. On the other hand, the second simulation leaves negative effects for all agents and increases poverty levels. In the same way, this reform does not pro-growth either, but the employment of the female labour force is increasing in 13 of the 21 sectors. Nevertheless, this policy would reduce the government's negative balance to around 70%.

KEYWORDS Computable general equilibrium model; Inequality; Labour market; Poverty; Indirect taxes; Women; South Africa

F3A – Labour, Demographics and Household Demand · Saturday 25 January, 14:10–14:30, Arrabida

Drivers of Interregional Labor Migration and Effects to Wages: An Empirical Analysis on the Regions of Great Britain Accounting for Selectivity Biases

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ABSTRACT

While migration literature on wages and inequality is abundant, there are limited and obsolete research that associate drivers of migration to wage differences, particularly in a sub-national scale while at the same time considering the possibility selectivity biases. This paper aims to assess the level of this relationship and identify how individual characteristics of the labor migrants are correlated to the current degree of wage differences in each of the region of Great Britain. With the use of British Household Panel Survey (BHPS) data from 1991 to 2007 for all the 6 broad regions of Great Britain - Greater London, the Midlands, the North, the Rest of the South, Wales and Scotland, the research identified different determinants that affect the interregional migration flows and how migration impacts regional wages. The findings indicate that oversight on the regional variations are often frequent as migration is mostly studied on a national scale. This and other lapses in studying the economics of migration leads to questionable findings.

KEYWORDS Interregional; Great Britain; Wage Differences; Heckman

JEL R23, O15

F3I – Firm Studies · Saturday 25 January, 13:30–13:50, Infante

Analyst coverage, corporate social responsibility, and firm value: evidence from China

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ABSTRACT

This paper examines the impact of analyst coverage on corporate social responsibility (CSR) engagement. Using data on the Chinese firm-year CSR score and its components over the period of 2010–2017, we find that analyst coverage significantly enhances CSR engagement and its major components for those listed companies. This positive relationship is more profound for state-owned enterprises when compared with private enterprises. In addition, we conclude that negative media reporting demonstrates the positive effect of analyst coverage on firms' CSR scores. Furthermore, we implement an instrumental variables specification that provides causal estimates of the impact of analyst coverage on CSR engagement. We also provide evidence that a CSR analyst is value-enhancing. Overall, our results indicate that companies followed by financial analysts exhibit more CSR engagement, which is consistent with the notion that financial analysts can serve as an external monitoring role.

KEYWORDS Analyst Coverage; Corporate Social Responsibility; Firm Value; China

JEL G30, M14

F3I – Firm Studies · Saturday 25 January, 13:50–14:10, Infante

The Role of the Successor in the Family Business Succession Process: A Literature Review

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ABSTRACT

With the world's eyes are set on Chinese Family businesses that are facing the first intergenerational transition after the single child policy, as clearly stated in the occasion of the EY's 2016 Strategic World's Forum, held in Shanghai, this appears to be a good moment to review the literature on family business succession in order to cast some clarity on the way it has focused its attention on the successor over the years, so to find common patterns, gaps, limitations, and especially new lines of research. The questions the author is trying to answer concern the way the figure of the successor has been treated by researchers, and which elements his/her role in the succession planning has been evaluated by, and in particular: 1. Is the successor considered important in the succession process? 2. How have successor's skills been considered? Does the literature focus on successor's attributes? 3. Which are the elements the role of the successor has been studied in relation to? Do they influence a successful take - over? 4. Does the successor influence the company's performance once entered the business? 5. Is it possible to build a succession model that puts the successor in the centre?

KEYWORDS Family Business; Intergenerational Succession; Literature Review; Successor

JEL D21, D91, L26

F3I – Firm Studies · Saturday 25 January, 14:10–14:30, Infante

Factors Influencing the Economic Behavior of the Food, Beverages and Tobacco Industry: A Case Study for Portuguese Enterprises

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A B S T R A C T

In today's world, it is increasingly important to conduct economic and financial analyzes of enterprises in all sectors to determine strengths, identify weaknesses and adopt strategies that allow them to be at the highest competitive level. In particular, the food sector plays an essential role in the economy of any country, representing a significant contribution of gross domestic product, total employment and personal disposable income of consumers. In this work, we adopted a non-parametric approach that combines multidirectional efficiency analysis with other mathematical techniques such as cluster analysis, principal components and CN value, to examine the factors that influence the behavior of Portuguese enterprises engaged in the manufacture of food, beverages and tobacco products. The results show, not only a characterization of the financial structure of the sector, and a diagnosis through indexes that identify the strategic positioning of the enterprises in terms of efficiency scores; but also an analysis of the variables that must be approached differently, to obtain better results, in terms of economic performance. In fact, although there is an increase in credit with the acquisition of long-term debts, there is no evidence that this implies the ability of enterprises to grow faster, which affects profitability.

KEYWORDS Multidirectional efficiency analysis; clustering analysis; NC-value; Food industry

JEL C14, C38, D22

F3I – Firm Studies · Saturday 25 January, 14:30–14:50, Infante

Study of financial statement fraud indicators in heavily and slightly shorted companies

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A B S T R A C T

This study focuses on financial statement fraud indicators of a sample of heavily and slightly shorted companies, originating from different sectors and countries listed in the Eurostoxx. The study reveals an empirical evidence of a difference between heavily shorted and slightly shorted companies in terms of the likelihood of financial statement manipulation. The data used for these tests covered several firm-years of observations of financial statements and profit and loss positions. The results using Beneish and Dechow scores show that the slightly shorted companies' financial statements turned out to be more likely to be manipulated than the heavily shorted companies.. Additionally, the Benford's Law tests exposed more cases of financial statement fraud indications for some fiscal years over others.

KEYWORDS Financial Statement Fraud; Fraud Analytics; Forensic Accounting

JEL M41

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