

## XVII ASECU Conference

"Post-COVID19 in SEE and Black Sea Region  
Responses towards SDGs"

# Book of Abstracts

13-14 September 2021

University of Belgrade, Faculty of Economics





17<sup>th</sup> ASECU Conference  
“Post-COVID19 in SEE  
and Black Sea Region –  
Responses towards SDGs”

Belgrade, 13-14. September 2021.

Publisher

**Centar za izdavačku delatnost Ekonomskog fakulteta u Beogradu  
(University of Belgrade, Faculty of Economics - Publishing Centre)**

Kamenička 6, tel. fax. + 381 11

E-mail: cid@ekof.bg.ac.rs

Dean of the Faculty of Economics

**prof. Žaklina Stojanović**

Editors of the Conference Book of Abstracts

**prof. Žaklina Stojanović**

**Dejan Molnar**

Cover Design

**Centre for corporate relations**

**Faculty of Economics, University of Belgrade**

Printing

**JP „Službeni glasnik”, Belgrade**

Circulation

**100 copies**

Published

**2022.**

**ISBN: 978-86-403-1736-8**

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## FOREWORD

In honour of its twenty-fifth anniversary, ASECU organizes its 17th Conference “Post-COVID19 in SEE and Black Sea Region – Responses towards SDGs”. The aim of the Association is to promote the interests of the Economic Universities of South and Eastern Europe and of the Black Sea Region, which are public, recognized or financed by the state of origin. The specific activities are connected with promotion of cooperation between economic universities, faculties and departments, both inside and outside the countries referred to in the Association, in the field of research for the benefit of the economy, the society, peace and the cultural development. The Association was founded in 1996.<sup>1</sup>

The COVID19 crisis accelerated a procedure of structural transformations towards a new economic/social environment which needs to be further explored. The governments all over the world, exposed to huge external shocks, are ultimately forced to build up a resilient and sustainable economic/social system capable of answering different challenges. Furthermore, the risk that the COVID19 pandemic will push countries further back from SDGs 2030 is evident. The aim of the Conference is to understand various aspects of the pandemic crisis in the South and East European Countries (SEE) and the Black Sea Region and the overall influence of the crisis on economic and social systems.

The Conference is hosted by the Faculty of Economics, University of Belgrade – Serbia. The University of Belgrade, Faculty of Economics belongs to the group of faculties within the University of Belgrade, which is ranked among the best in Central and Eastern Europe. From its foundation in 1937 the Faculty of Economics has successfully connected and harmonized higher education in the field of economics, business management and statistics with modern requirements of the economy and society, keeping pace with all important achievements in economics.<sup>2</sup>

The Conference brought together leading experts both from CEE countries and Black Sea Region and around the world. Both empirical and methodological research papers are included in the Conference programme. The main topics covered by the Conference programme are: COVID-19 and SDGs: policy and responses, the macroeconomic impact of COVID-19: national, sectoral, and regional effects, income inequality and welfare state during and after COVID-19, financial impact on firms and markets, post COVID-19 and New Green Deal, as well as socioeconomic changes and resilience.

The outcome of the discussions contribute to scientific and policy debate in the region regarding the open Post-COVID19 questions and challenges.

**The Scientific Committee**

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1 Information about the ASECU can be found at <http://www.asecu.gr/index-en.html>

2 Information about the Faculty can be found at <http://www.ekof.bg.ac.rs>

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# The Keynote Session



**Prof. Robert H. Wade**

London School of Economics and Political Science, UK

**“POLITICS OF CLIMATE CHANGE”**

Professor of Political Economy and Development within the Department of International Development, LSE. Educated Washington DC, New Zealand, Sussex University. Worked at Institute of Development Studies, Sussex, 1972-95, World Bank, 1984-88, Princeton Woodrow Wilson School 1989/90, MIT Sloan School 1992, Brown University 1996-2000. Fellow of Institute for Advanced Study, Princeton 1992/93, Russell Sage Foundation 1997/98, Institute for Advanced Study, Berlin 2000/01. Author of *Irrigation and Politics in South Korea* (1982), *Village Republics: The Economic Conditions of Collective Action*

*in India* (1988, 1994, 2007), *Governing the Market: Economic Theory and the Role of Government in East Asia's Industrialization* (1990, 2004). Latter won American Political Science Association's award for Best Book in Political Economy, 1989-91. Awarded Leontief Prize for Advancing the Frontiers of Economic Thought, 2008. Recent writing on the continuing relevance of the “developed/developing” country distinction, and on new thinking about “state intervention” in the economy. Expertise: WTO, IMF, World Bank, Economic Growth, Inequality, Globalisation, International Environmental Politics.

**Dr Richard Grieveson**

Vienna Institute for International Economic Studies, Austria

**“NO QUICK RECOVERY IN SIGHT, WITH CORONAVIRUS RISKS  
LOOMING LARGE - ECONOMIC ANALYSIS AND OUTLOOK  
FOR CENTRAL, EAST AND SOUTHEAST EUROPE”**

Richard Grieveson is Deputy Director at the Vienna Institute for International Economic Studies (WIIW) and Research Associate at the Diplomatic Academy of Vienna. He specialises in the economies of Central, East and Southeast Europe, with a particular focus on Turkey and the Western Balkans. In addition he works on economic history and European integration.

He holds degrees from the universities of Cambridge, Vienna and Birkbeck. Previously he worked as a Director in the Emerging Europe Sovereigns team at Fitch Ratings and Regional Manager in the Europe team at the Economist Intelligence Unit. Expertise: macroeconomic analysis, migration, sovereign risk, economic history, European integration, Western Balkans.



# Plenary Session



**Panagiotis Tsitsoglou**

Aristotle University of Thessaloniki, Greece  
E-mail: patsitso@econ.auth.gr

**Grigoris Zarotiadis**

Aristotle University of Thessaloniki, Greece

## IN SEARCH OF COMMERCIAL DIPLOMACY (CD)

**Abstract.** Commercial Diplomacy (CD) - one main strand of Economic Diplomacy (ED) - provides means for governments to promote international competitiveness and thereby economic growth. Governments, in order to achieve an increase in exports or inward/outward foreign investment, practice CD, through the provision of reliable foreign intelligence to firms, in order for the latter to encounter uncertainty as far as their internationalization endeavor is concerned and through communication that their economy is a reliable partner in international trade, so as to enhance its credibility. Therefore, recognizing the relevance of CD, this paper's contribution to the existing literature is twofold. Starting from ED, we proceed to micro and

macro analysis of the concept with respect to mobility of goods, services and capital, providing specific examples of practicing ED. Following, we specify the realm of the activity of CD, concluding to a definition of the relevant concept. Afterwards, based on a systematic literature review of CD, we determine specific dimensions of the latter meaning cognitive and political, - in which activities of CD may be integrated - and finally, based on specific instruments of CD, meaning tools of practicing CD, we introduce potential variables, relevant for the quantification of the dimensions above.

**Keywords.** Economic Diplomacy; Commercial Diplomacy; Dimensions; Variables

**Alexandra R. Harrington**

Albany Law School/Center for Global Governance &amp; Emerging Law, NY, US

E-mail: arharrington@gmail.com

## PANDEMIC RESPONSES AND SDG 16: LESSONS FROM THE SEE AND BLACK SEA REGION

**Introduction.** This paper will analyse the ways in which countries in the SEE and Black Sea Region addressed – and continue to address – Covid-19 through the lens of compliance with the Sustainable Development Goals (SDGs) overall and particularly SDG 16 in terms of institutions. To date, much of the analysis undertaken regarding the SDGs and Covid-19 responses has, understandably, related to SDG 3, with additional focus on issues such as education in SDG 4 and gender impacts in SDG 5. However, Covid-19 responses, themselves products of institutions, have had and continue to have durable impacts on the ways in which national institutions function, particularly in terms of critical issues for the SEE and Black Sea Region such as environmental impact assessments. The hypothesis of this paper is that Covid-19 responses have impacted the achievement of SDG 16 and related SDGs in both positive and negative ways and that these impacts must be analysed in order to understand the further steps needed to achieve these SDGs in the Region by 2030. This is the first such study to be undertaken from a legal lens and will contribute to knowledge of the topic in an interdisciplinary way.

**Methodology.** The methodology for this paper will involve reviewing the laws, policies and regulations enacted by governments – and, where applicable sub-national political units – in response to the Covid-19 pandemic to determine the ways in which they im-

acted on achievement of SDG 16. In addition, filings from each country to international organizations, such as Voluntary National Reviews for the SDGs and Nationally Determined Contributions under the UNFCCC Paris Agreement, will be reviewed and incorporated into the analysis. Each country will be analysed separately, and then discernible trends from within the country and between countries in the SEE and Black Sea Region will be addressed.

**Findings.** The research for this paper is ongoing and to date there are no finalized findings to share. However, when completed, the research will highlight the ways in which responses to the Covid-19 pandemic have directly impacted the ability of countries in the SEE and Black Sea Region to achieve SDG 16 as it relates to institutions. Since institutions are the primary means through which to accomplish the SDGs and post-pandemic recovery, these findings are critical for current and future policy-making and implementation.

**Conclusion.** As previously noted above, the research for this paper is ongoing. However, the conclusions will be distinctly valuable at the theoretical level and at the practical level, and will provide unique insight into how governance tools such as the SDGs function during times of crisis.

**Keywords.** Law; SDG 16; Institutions; Pandemic Responses; Governance.

**Masayuki Susai**

University of Nagasaki, Japan

**Leonid Nakov**

“Ss. Cyril and Methodius University” in Skopje, North Macedonia

E-mail: Leonid.Nakov@eccf.ukim.edu.mk

## **MANAGING DYNAMIC EMPLOYEE CAPABILITIES IN FUNCTION OF ROLE-BASED ENGAGEMENT: COMPARATIVE ANALYSES OF EUROPEAN UNION AND JAPANESE EXPERIENCE IN TIMES OF COVID19**

**Abstract.** Contemporary tendencies of building – up and further sustain a competitive advantage at businesses of all types have focused their predominant attention at shifting the core managerial focus from resource-based view, to competence-based and especially to capabilities-based view, with a prior developmental goal at establishing an integrative, inter-related and dynamic features within the very process of capabilities development.

Nowadays, majority of national economies are consistently suffering from the overall scope of consequences, not only the health ones, which Covid19 has introduced, which substantially impacted towards introducing a supra-national, wide-ranging response, initiated by the World economic Forum (WEF) in the light of the ‘Great Reset Initiative’ (WEF, January, 2021), which pays increased attention to a more inclusive, resilient, fair and sustainable economic and social development. In the area of business development, it is evident (McKinsey Global Survey, April, 2021) that building-up new work-force skills highly related to sustainable capabilities, indicated by the fact that, for 69% of businesses, skills building are of more prevalent importance, compared to the period prior to the pandemic.

Managerial attempts at advanced national economies, such as European Union coun-

tries and Japan, in Covid19 period have been and still remain, to a great extent, placed at increasing the proportion of business that beat and outperform market expectation (varying from Q2/2020 to Q1/2021 from 32-45% compared prior to the pandemic, with increasing tendency), and particularly at decreasing the proportion of national businesses that underperform market expectation (varying in the period Q2/2020 to Q1/2021 from 20-34% compared prior to the pandemic, with decreasing tendency). Having in mind that the degree and diversity of market expectation in the pandemic aftermath have shifted towards dynamic and inter-functional capabilities character, business decision-makers are increasingly adopting various, distinctive dynamic capabilities frameworks, in function of their sustained integration with other 2 elements of competitive advantage, i.e. overall resources and strategy.

If we clearly identify that, according to the Bloomberg Resilient National Score Ranking (November, 2020), Japan has been ranked as number 2 world-wide (after New Zealand), and in the first 10, 3 are from European, i.e. Scandinavian countries, and inter-combine it with the expected slowing down of the Covid19, starting from the Q4 of 2021, we assume that change-oriented managers would increasingly focus at role-based modality of

employee engagement, as a managerial instrument that measured the overall engagement in accordance with the job, organization, manager and co-workers. Dynamic managerial analyzes, through the Role-based engagement scale (RBES), would be illustrated from business practices of selected EU countries, on one hand, and Japan, on the

other hand, in order to identify the key comparable national strengths and opportunities which would foster the future national developmental pathways for increasing the level of competitive advantage of their businesses, both nationally and internationally.

**Keywords.** Dynamic capabilities, Role-based engagement, Covid19 pandemic.

## Antigoni Papadimitriou

University of Verona, Italy

E-mail: antigoni.papadimitriou1@gmail.com

# LOOKING GOOD OR DOING GOOD? SOUTH AND EAST EUROPEAN COUNTRIES AND THE BLACK SEA REGION UNIVERSITIES' RESPONSE AS IT RELATES TO THEIR COMMUNITY DEVELOPMENT ACTIONS TRANSLATED TO 3 P'S FOR A "BETTER SOCIETY" DURING A CRISIS

**Introduction.** University mission statements inform the public about the purpose of the university, which consists of the creation and dissemination of knowledge as well as their distinct public responsibility. This so-called 'third mission' of universities is related to civic and community engagement. With the Covid-19 pandemic having severely interrupted most human interactions as well as having changed how we think about connecting with communities, it is crucial to understand the ways in which universities voice their 'third mission' and contribute to the public good.

In September 2015, world leaders at the United Nations unanimously adopted a new global development agenda, Transforming Our World: The 2030 Agenda for Sustainable Development, one of the most ambitious and important global agreements in recent history. The agenda, which came into effect on 1 January 2016 with the 17 Sustainable Development Goals (SDGs) at its core, guide to tackle the world's most pressing challenges including ending poverty and bringing economic prosperity, social inclusion, environmental sustainability, and peace to all countries and all people by 2030. There is already a strong interest in, and response to, the SDGs by governments, businesses, and organizations in most countries. The SDGs set out a vision for a better world that relies on cooperation and interdependence (Owen, 2017).

Additionally, The *Times Higher Education* Impact Rankings using range of performance metrics developed the global performance tables that assess universities against the United Nations' Sustainable Development Goals (SDGs). The Impact Ranking use carefully calibrated indicators to provide comprehensive and balanced comparison across four broad areas: research, stewardship, outreach and teaching. There are several critiques about the Goals and how universities might support them for the public good (Hickel, 2015; Neubauer et al. 2017).

Despite this criticism, universities around the globe support in their capacity the 17 SDGs. In the 2021 Impact Rankings edition, the overall ranking includes 1,117 universities from 94 countries/regions. Advocates of university community engagement (Bloomfield, 2005; Furco, 2010; Holland, 1999, 2006; Kellogg Commission, 1999) argue that it is one approach institutions can use to fulfill their public-oriented missions, increase financial support, and improve their public relations and reputation/prestige. Engagement cuts across and connects different university functions and embraces the processes and values of a civil democracy (Alter, 2005; Boyer, 1996; Fitzgerald et al., 2012; Holland, 2005). Furthermore, engagement has been shown to enrich student learning and citizenship (Bringle and Steinberg, 2010; Furco, 2010; Holland, 2005; Howe et al., 2014), improve faculty members' teaching ability

(Blakey et al., 2015), increase trust, openness, and investment (Bruning et al., 2006), build relationships and the capacity of individuals and organizations to achieve desired goals (El Ansari and Phillips, 2004) and promote greater understanding of diversity and societal problems among all involved (Stukas and Dunlap, 2002).

At present, there are several universities (over 100) from the South and East European Countries (SEE) and the Black Sea Region that have participated in the Impact Ranking and they are SDGs supporters. In this backdrop, the aim of this paper is to identify the universities that participated in the Higher Education Impact Rankings in the most recent available data (July 2021). To examine their characteristics (public/private, urban/peripheral, size) and to present similarities and differences of the 17 SDGs among the countries and the universities **translated into 3 P's (people, planet and prosperity)** framework reflecting the 17 SDGs as appeared in the THE Impact Rankings.

**Data Collection and Analysis.** The study begins with the identification of universities from participating in the Higher Education Impact Rankings. Then it uses a desk survey (secondary data sources such as literature review to develop codes to operationalize the terms 3 P's (**people, planet and prosperity**)).

**Findings.** First, I will present the 17 SDGs for higher education. Then will use descriptive characteristics (size, location, public/private) to present the universities in the region that are currently appearing in the 2021 The Impact Ranking. Then I will present data related to **3 P's (people, planet and prosperity)** framework reflecting the 17 SDGs. The study will conclude by providing a discussion related to 3 P's and the university effort to support their local and regional communities.

**Keywords.** 3 P's; Community Development; Crisis.



# PARALLEL SESSION I



**Sasho Kjosev**

Faculty of Economics  
University Ss. Cyril and Methodius in Skopje, North Macedonia  
E-mail: saso.kosev@eccf.ukim.edu.mk

**Martin Noveski**

Budget and Funds Department  
Ministry of Finance, Skopje, North Macedonia

**Nina Mojsova – Kjoseva**

Sparkasse Bank Makedonija AD, Skopje, North Macedonia

## STRATEGIC DEVELOPMENT PLANNING FOR POST-COVID SOCIO-ECONOMIC DEVELOPMENT

**Abstract.** According to many, COVID-19 pandemics caused the largest and most severe global economic crisis since the Great Depression, resulting in rapid increase of unemployment and huge reduction of output. In order to offset the downwards economic pressure and prevent further job losses, governments worldwide undertook massive economic recovery programs. As to this point, the Government of the Republic of North Macedonia adopted five packages of economic measures worth around 1.2 billion euros. Given the already tight fiscal space, it led to an increase of the public debt for more than 10 percentage points in 2020, breaking through the 60% debt-to-GDP ratio ceiling.

COVID-19 crisis emphasized again the importance of strategic planning, as a tool for effective risk management and sustainable development. In this regard, the paper shall provide answers to the question why post-covid societies need adequate strategic sustainable development planning and will propose new approach in building institutional (Agency for macroeconomic models and economic policy analysis) and methodological foundations (Social Accounting Matrix and macroeconomic modelling) for strategic sustainable development planning in North Macedonia.

**Keywords.** Strategic Planning; Development; Post-Covid.

### Saša Randelović

University of Belgrade – Faculty of Economics, Serbia  
E-mail: sasa.randjelovic@ekof.bg.ac.rs

### Svetozar Tanasković

University of Belgrade – Faculty of Economics, Serbia

## SOCIOECONOMIC DETERMINANTS OF COVID-19 VACCINE ACCEPTANCE

**Abstract.** Using municipal-level data on the COVID-19 vaccination rate in Serbia, we evaluate the relative impact of socioeconomic variables on vaccination uptake. Vaccine acceptance rises with the average level of education (especially in the female population), age and employment, while being negatively linked to religiosity and the share of rural population. We also find some evidence on the positive impact of trust in government. Our evaluated model based on the “standardized beta method” shows that education

level has the single largest impact, shaping around 37% of (explained) variation in the vaccination rate, a rise in the share of people with higher degree by 1% being associated with an increase in vaccination rate by 0.36%. Age of population explains 21%, urban-rural divide 13% and religiosity 11% of variation in vaccine acceptance, while other factors shape the remaining fraction.

**Keywords.** COVID-19; Vaccination; Socioeconomic determinants; Serbia.

**Prodromos Prodromidis**

Centre for Planning &amp; Economic Research (KEPE)

Athens, Greece

E:mail: pjprodr@kepe.gr

**ECONOMIC OUTPUT AND HUMAN LOSSES ACROSS THE EU  
AND NEIGHBORING STATES DURING THE PANDEMIC**

**Abstract.** The paper looks into Eurostat's economic output and mortality statistics covering the EU's 27 member states and six neighboring countries (Iceland, Norway, the United Kingdom, Switzerland, Albania, and Serbia) during 2020 and the first quarter of 2021. Thus, across a policy mosaic, it identifies the dominant reaction to (or the dominant impact of) the SARS-CoV-2 pandemic, along with occasional deviations from it. Nearly all deviations occurred in a long geographic zone, while the four most populous EU member states, along with six other EU member-states, did not (or were not able to) shift from the low output-high mortality

situation for nearly a year. The econometric analysis reveals country-specific effects. In most countries these varied from one quarter to the next during the pandemic. However, in some countries they are consistently associated with higher output and lower mortality or with lower output and much lower mortality. These findings, along with findings and lessons from the rest of the world, will have to be looked at in order to identify paradigms, good practices, and develop superior responses in case they are needed in the future.

**Keywords.** GDP; Number of deaths; Covid-19 pandemic; Spatial patterns; Europe.

### **Natalija Kokolek**

University of Zagreb, Faculty of Economics & Business, Croatia  
E-mail: [nkokolek@gmail.com](mailto:nkokolek@gmail.com)

### **Kosjenka Dumančić**

University of Zagreb, Faculty of Economics & Business, Croatia

### **Zoran Wittine**

University of Zagreb, Faculty of Economics & Business, Croatia

### **Božidar Jaković**

University of Zagreb, Faculty of Economics & Business, Croatia

## **AGILITY AS A KEY FACTOR FOR DIGITAL TRANSFORMATION IN TIMES OF CRISIS - LEGAL AND ECONOMIC PERSPECTIVE**

**Abstract.** Agility, as the main ability of a modern organization in the 21st century, is the organizational propensity and the ability to react quickly to the changes in the external environment. It has become a necessity in the age of digital business organizations. Agility is one of the six basic factors that companies should develop when facing the process of digital transformation that is necessary for all organizations, especially in the times of crisis. The ability to adapt should follow the given legal framework or consider the possibilities of adaptation and/or introduction of a new legal framework for doing business

in the new circumstances. The paper will provide insight into the ability to apply new technologies in order to digital transform private and public enterprises in Croatia. In that regard authors conducted the primary research on the sample of medium and large enterprises in the Republic of Croatia. The findings show that companies from the private sector are more agile than companies from the public sector due to their flexibility and less formal approach to changes.

**Keywords.** Agility; Digital Transformation; Private Enterprises; Public Enterprises; Croatia.

**Katerina Lyrودي**

Hellenic Open University, Patra, Greece  
 Email: lyrkat@gmail.com

**Thomas Chatzigagios**

University of Macedonia, Thessaloniki, Greece

## DOES INNOVATION LEAD TO GROWTH? A SDG OF THE COMPANIES IN THE BLACK SEA MARKETS BEFORE AND AFTER THE COVID-19

**Abstract.** Based on the agenda 2030 for a healthier, safer and more prosperous world, there were proposed 17 sustainable development goals (SDGs) with economic, social and environmental dimensions. One of those goals, actually number 8, is about “promoting sustained, inclusive and sustainable economic growth”. One of the factors promoting economic growth is innovation for the economy as a whole and for the various corporations.

During the last decades the economy in the most developed countries has been transformed to a knowledge economy from a production one. Griliches (1984), Sher and Yang (2005) and Cho and Pucik (2005) are some of the studies that have been used as a proxy for innovation for the companies’ expenditures in research and development (R&D) and the intangible assets of the underlying company. The intangible assets are immaterial assets that in the past were not reported in the balance sheet, but now they are reported and can be knowledge, information, creativity and inventions as intellectual capital or knowledge capital of the company.

Idris (2003) stated that intellectual property assets are a “power tool” for economic growth that has not been exploited to its maximum limit yet. There are several definitions for intellectual property or intellectual capital in the pertinent literature [Sitar and Vasic (2004)]. In general, these terms are used interchangeably. Therefore, the existence of intangible assets in a company indicates that it pursues a level of innovation and

the higher innovation a company has, the more competitive advantages and the higher potential for survival and growth in the future globalized markets.

Mauboussin and Kawaja (1999) found that the value of a company is the present value of all the future free cash flows it will generate. Therefore, as a company has more innovation, this will imply that it has more intangible assets and R & D investments (expenditures), so there should be a higher company value and higher future cash flows.

Our objective in this paper is first to discuss some legal aspects on the tax and accounting laws regarding the intangible assets and the R&D expenses of a company and second to examine the research question whether the existence of more innovation proxied by intangible assets or/and by the R&D investments in a company leads to an increasing market value, better performance and future growth in the years before and after the Covid-19. The focus of this study are the companies of the Black Sea countries: Bulgaria, Georgia, Romania, Russia, Turkey and Ukraine. From a preliminary examination of the data which is obtained from the Thomson EIKON database, we found that the research and development expenses are not reported for most of the Bulgarian and the Russian companies and for very few of the Romanian and Turkish ones and there is no data at all for the listed companies of the Georgian and the Ukrainian markets. Hence, we limit our investigation on the four markets out of

the six, specifically on the companies listed in the stock markets of Bulgaria, Romania, Russia and Turkey. For the examination of the testable hypotheses we use correlation and panel data regression analysis. The results we will obtain will shed more light on this issue and will help the practitioners to plan their

strategy accordingly and the academicians to learn more about this intricate relationship especially in the framework of developing economies.

**Keywords.** Research & Innovations; Intellectual Property; Company Value.



**Ana Aleksić Mirić**

University of Belgrade, Faculty of economics, Serbia  
E-mail: ana.aleksic@ekof.bg.ac.rs

**Biljana Bogičević Milikić**

University of Belgrade, Faculty of economics, Serbia

**Nebojša Janićijević**

University of Belgrade, Faculty of economics, Serbia

## **ORGANISATIONAL RESILIENCE DURING THE CRISIS CAUSED BY THE COVID-19 PANDEMIC IN THE REPUBLIC OF SERBIA: EXPERIENCES AND RECOMMENDATIONS FOR THE FUTURE**

**Abstract.** COVID-19 pandemic had a deeply disturbing impact on organizations in different sectors around the world, forcing them to quickly adapt and find new, flexible forms of organising and functioning in order to achieve their goals and social roles, while simultaneously enabling the required level of employee and client protection. The main organizational challenges included (1) fast organizational redesign through reconsidering high and low priority tasks and critical roles and key positions, job redesign, regrouping units and cross-functional teams, developing effective decision-making under various scenarios, introducing flexible and remote work options and redefining mechanisms to coordinate and control the activities of different units, as well as (2) new focus in people management by ensuring effective communication with employees, organising safe work environment for employees who cannot work remotely, preparing for increased absenteeism (due to school and other forms of quarantine), responding effectively to the increased stress burden on employees and life-work imbalance, preparing temporary succession plans for key executives and critical roles; also, introducing new leadership styles, providing necessary trainings and regular payroll payments, etc. Individual, as well as organisational ability to overcome obsta-

cles, to adapt positively and to bounce back from adversity became one of the qualities that make a difference. This quality is defined as “resilience”. The term resilience has been applied in recent years at individual, group, organizational, interorganizational and societal level as to address the ability to cope with often sudden and dramatic changes while maintaining positive adjustment under pressure and capacity to learn and to act upon a call.

Driven by the idea to identify, describe, explain, and systematize the effects of COVID-19 pandemic impact on managing organizations and people, we designed a research using a questionnaire with 2 171 answers collected from the end of March till the beginning of May 2021, during the pandemic and overlapping changes that kept bringing to the forefront the question “Are we to adopt “the new normal” ?

The main idea of this paper is to explore organisational resilience during the crisis caused by the COVID- 19 pandemic in the Republic of Serbia and to discover the most effective organisational responses that best served organisations, employees and the community. The basic assumption is that organisations in various sectors have adapted to work in pandemics by changing the standard task design, organisational structures,

systems, routines, HRM policies and practices. This organisational change was forced by an external threat to people's lives, under the pressure of emergency reaction and without prior preparation, and to the best of our knowledge, it differs from the previously developed and accepted models of organisational change during the crisis. We question if organisational resilience is an important

organisational quality in the enduring crisis, how organisational resilience is interrelated with other organisational qualities and explain how firms can develop capacity for resilience as a part of preparation strategy for future unpredictable crisis.

**Keywords.** Crisis; Changes; Organisational resilience; "The New Normal"; Serbia.

**Eirini Ozouni**

Aristotle University of Thessaloniki, Greece  
E-mail: ozouni@econ.auth.gr

**Domna Lyratzopoulou**

Aristotle University of Thessaloniki, Greece

## **COVID19 AND EU STRUCTURAL ECONOMIC DIFFERENCES. COULD EU POLICY MEASURES MINIMIZE THE EXISTING ECONOMIC DIVERGENCE DUE TO AN EXOGENOUS SHOCK IN THE EU ECONOMY?**

**Abstract.** The Corona Crisis hits the European countries under great differentiation. The South European Countries such as Greece and Spain, have not yet fully recovered from the previous systemic crisis of 2008. Covid19 crisis affecting initially employment gives a rise in one more deep global recession due to a supply shock. Despite the fact that this crisis has a larger geographical scale, affecting also developed countries, the structural differences among the EU economies, the uneven negative effects of the 2008 crisis as well as different coping policies intensify the economic divergence.

The present paper, presents a comparative analysis in the macroeconomic indexes in selected EU countries performed during the two recent crises (2008, Covid 2020) and proceeds with the main economic effects for mainly two different country groups: α) northern EU developed countries and the

southern EU countries, affected mostly by the Crisis of 2008.

Main macroeconomic indicators will be analyzed during the period before and after the two economic recessions depicting the development of growth, employment conditions, unemployment, fiscal balance, debt sustainability and external competitiveness of the two country groups. Finally the response measures among the countries will be presented, under the common EU response.

Has the EU managed to cope with previous economic consequences in such a way that prevents the increase of income disparities among the two country groups enhanced now by an exogenous shock that was implemented 10 years after? Did the success of response measures and lessons learned in both crises minimize the long – term socio-economic differences among the EU countries?

**Keywords.** Covid-19; Divergence; EU; Economic Crisis.



# PARALLEL SESSION II



**Funda H. Sezgin**

Istanbul University-Cerrahpaşa, Turkey  
E-mail: hfundasezgin@yahoo.com

**Yilmaz Bayar**

Bandirma Onyeddi Eylul University, Turkey

## THE IMPACT OF COVID-19 PANDEMIC ON STOCK MARKETS: EVIDENCE FROM BORSA ISTANBUL

**Introduction.** The COVID-19 emerged in China and swiftly spread around the world. The ongoing COVID-19 pandemic has had many social and economic negative implications at household, business, and government levels for the countries. In this research, we focus on the influence of COVID-19 on stock markets, because the COVID-19 raised the uncertainty in financial markets and most of the firms made record losses resulting from the measures in combat with the pandemic. Also, the scholars also have revealed that COVID-19 pandemic negatively affected the stock markets and raised the financial market risk and uncertainty (e.g. see Bahrini and Filfilan, 2020; Liu et al., 2020; Ashraf, 2020). The study analyzed the impact of COVID-19 on Borsa Istanbul 100 index during the period March 13, 2020-April 30, 2021 and aims to make a contribution to the relevant empirical literature using a more robust cointegration test.

**Methodology.** The influence of COVID-19 pandemic on Borsa Istanbul stock market during the period March 13, 2020-April 30, 2021 was analyzed by way of Bayer and Hanck (2013) cointegration analysis through statistical packages of Eviews 11.0 and STATA 16.0. The COVID-19 was proxied by COVID-19 cases and Borsa Istanbul was proxied by the Borsa Istanbul 100 index. The COVID-19 data was provided by the World Health Organization (2021) and data of Bor-

sa Istanbul 100 index was provided from the database of Borsa Istanbul.

In the econometric analysis, first the stationarity of the series was analyzed by the ADF (Augmented Dickey-Fuller) unit root test of Dickey and Fuller (1981) Phillips-Perron unit root test of Phillips and Perron (1988). Then the presence of cointegration relationship between two series was investigated by Bayer and Hanck (2013) cointegration test and the cointegration coefficients were estimated by way of FMOLS (Fully Modified Ordinary Least Squares) estimator. Lastly, the short-run interaction between two series was analyzed by vector error correction model.

**Findings.** The cointegration analysis revealed a negative impact of COVID-19 new cases on the Borsa Istanbul-100 index in compatible with the theoretical considerations and findings of a limited number of studies. A 1% increase in COVID-19 new cases led to a 9.4% decrease in the Borsa Istanbul 100 index. Furthermore, the error correction term was found to be significant and negative. In other words, it denoted that the error correction mechanism worked and the 41.5% of the short run deviations between two series were eliminated and the series converged towards long term equilibrium values again. The short term coefficient was found to be higher than the long term coefficient. So, the impact of COVID-19 on Borsa Istanbul 100

index was revealed to be higher in the short term than the one of long term.

**Conclusion.** The study revealed a negative impact of COVID-19 on Borsa Istanbul proxied by the Borsa Istanbul 100 index in both short and long run in compatible with theoretical

and empirical findings. In this sense, a rapid vaccination would play an important role in eliminating the negative economic effects of COVID-19.

**Keywords.** COVID-19 Pandemic; Stock Markets; Borsa Istanbul; Time Series Analysis.



**Evgenios Gakias**

National and Kapodistrian University of Athens, Greece

**Ioannis Katsampoxakis**

University of the Aegean, Greece

**Apostolos G. Christopoulos**

University of the Aegean and the Hellenic Open University

E-mail: axristop@gmail.com

## THE EFFECT OF THE ECB UNCONVENTIONAL MONETARY POLICIES ON THE CAPITAL STRUCTURE AND THE PROFITABILITY OF THE LISTED FIRMS IN THE ATHENS STOCK EXCHANGE

**Abstract.** The scope of this paper is to examine the transformation of the capital structure and the profitability during the economic crisis in Greece and other European states. Of course an important goal of this research is to find out which variables had the major influence on the formation of the capital structure. Our sample includes 49 firms with complete data for the period 2006-2019 from all sectors except those subject to supervisory restrictions such as banks and insurance companies.

A panel data analysis is applied combining stratified observations with chronological data and four linear models are developed with four different dependent variables, the EPS (earnings per share), ROE (return on equity), ROA (return on assets) and TOBIN's Q. The independent variables are the Debt-to-Equity Ratio, the change of asset logarithm, the ECB's delta of the asset logarithm, the yield of the 10y Greek Bond and a dummy variable.

From the regressions we find various relationships between variables, presenting either a positive or negative effect on the firms for the given period. The earnings per share

(EPS) variable shows a negative relationship with the debt-to-equity ratio (DER) and the yield of the 10-year Greek bond while delta of the corporate assets log shows a positive effect with the relevant ECB delta.

Regarding the return on equity (ROE) we find a negative relationship with the debt-to-equity ratio (DER) as well as with the return of the 10-year Greek bond but a positive relationship with the delta of the corporate asset delta and the ECB's delta. For Return on Assets (ROA) there is a negative relationship with the debt-to-equity ratio and the 10-year bond yield. The other two independent variables are statistically insignificant. The TOBIN's Q had a negative relationship with the debt-to-equity ratio and the ten-year bond yield but a positive relationship with the corporate asset delta and the ECB's delta. The findings of this research are interesting for the policy makers, especially in turmoil periods as we provide information for the major factors that affect the capital structure of listed firms.

**Keywords.** Capital Structure; Crisis; Transformation; Greece.

**Darko Tipurić**

University of Zagreb, Faculty of Economics & Business, Croatia  
E-mail: dtipuric@efzg.hr

**Lana Cindrić**

University of Zagreb, Faculty of Economics & Business, Croatia

**Radoslav Barišić**

University of Zagreb, Faculty of Economics & Business, Croatia

## **CORPORATE BOARDS IN TIMES OF CRISIS: RECONSIDERING THE ROLE OF BOARD CHAIR**

**Introduction.** More than ever companies need resilient boards capable of coping with business uncertainty and crises. In this era of increased shareholder scrutiny, the role of the board chair has become more complex and demanding. Recent literature in the field calls for more initiatives to understand how board leadership influences boardroom processes, and consequently performance outcomes (Krause, 2017; Banarje, 2020). Literature suggests that board chairs have an important role in influencing director behavior (Levrau & Van den Berghe, 2013; Bezemer, Nicholson & Pugliese, 2018). Serving as role models, their actions indicate a level of commitment expected from other directors. In line with that, it is argued that competent chairs can encourage members to increase their level of involvement in board activities (Gabrielsson, Huse & Minichilli, 2007). Similarly, Huse, et al. (2005) noted that observing and being led by a competent chair will lead to an increase in director work enthusiasm. Regardless of the increasing interest in boardroom leadership, empirical evidence on this topic remains scant. This study aims to contribute to the existing knowledge in the field by providing a more comprehensive understanding of how board chairs competencies contribute to board working styles and performance under crisis. For that purpose, two research questions were examined: (1) what are the

key competencies of successful board chairs operating in times of crisis, and (2) how are these competencies related to board working practices.

**Methodology.** The study is based on a qualitative research design. Qualitative data on board working practices and chair competencies came from narratives of board members in large Croatian companies (collected through semi-structured in-depth interviews). Respondents' statements were recorded and transcribed to NVivo software for qualitative data analysis. Analysis was based on the in vivo coding technique which allowed the development of categories and concepts that provided meaningful explanations for the studied phenomenon.

**Findings.** First, our analysis enabled us to identify several categories of chair competencies and personality traits crucial for successfully leading the board in times of crisis: (1) industry experience, (2) problem solving skills, (3) ability to motivate, (4) communication skills, (5) and acting in a professional manner. Next, our findings provide insight into how chairs use these competencies to influence board working practices. As our findings further indicate, successful chairs use these competencies to create a formalized framework for group discussions. With that, they are in a position to influence dis-

cussion effectiveness (in terms of its constructiveness) and determine the overall level of meeting quality.

**Conclusion.** This study adds to a growing body of literature questioning the role of board leadership in building successful boards by providing insightful and novel findings from the continental corporate governance system. Our results provide valuable implications for both scholars and practitioners interested in improving board working prac-

tices. A promising avenue for future studies is to focus on different aspects of boardroom leadership that remain understudied such as power relations and emotions. To conclude, we adhere to calls for more behavior-oriented studies based on different theoretical lenses to further advance our understanding of what makes corporate boards effective.

**Keywords.** Corporate Governance; Board Effectiveness; Board Leadership.

**Vassilis Polimenis**

Financial Engineering and FinTech Expert, Wharton Finance  
E-mail: polimenis@yahoo.com

## FINTECH AND SUSTAINABILITY: INCREASING ACCESS TO BANKING FOR UNBANKED POPULATIONS

**Abstract.** It is no secret that **Income inequality** is on the rise. According to the UN the richest 10 percent in the world control up to 40 percent of the global income whereas the poorest 10 percent only earn somewhere between 2 to 7 percent. If we also take into account population growth inequality in developing countries, income inequality is projected to increase by 11 percent.

Advancing financial inclusion will enhance economic growth by a) promoting entrepreneurial activities b) encouraging saving behaviour, and c) helping households manage financial risks.

**Financial inclusion** is sometimes described as simple access to financial services. In reality though, a more meaningful view of financial inclusion should go beyond simple access to banking and financial services, and address issues such as a) cost and ease of access, b) interest rates charged on loans, and c) quality of services offered.

**Technology-enabled financial innovations, or fintech, can transcend barriers to financial inclusion** and lower the costs that traditional modes of transaction have imposed on a global scale. In particular, a significant target group for emerging Fintech solutions is to provide cheaper access through products better tailored to the needs of excluded individuals. Decentralised and

disintermediated banking delivery through tech-based platforms will expand coverage beyond what physical, brick-and-mortar institutions can provide.

Another significant development is the anticipated rapid development of **central bank digital currencies [CBDC]** in parallel co-existence with fiat-backed private money around the globe. Even though views differ wildly, some analysts actually anticipate that in the end original Cryptocurrencies may end-up having marginal presence as payment instruments when compared with CBDCs. At the moment though, cryptocurrencies enjoy significant publicity but mainly as speculative assets since a lot needs to be improved before they may be broadly used for payments.

**Conclusion.** It is anticipated that the ongoing payments revolution based on cryptocurrencies, blockchain and central bank digital currencies will promote financial inclusion among consumers, merchants and sectors that currently lack easy and cost effective access to banking and financial services. However, this will be a difficult shift with many unanticipated issues and prerequisites for digitalisation that will need to be resolved before wide consumer adoption is ensured.

**Keywords.** Fintech; Crisis; Sustainability.

**Sanja Sever Mališ**

University of Zagreb - Faculty of Economics and Business, Croatia

Email: ssever@net.efzg.hr

**REPORTING ON MATERIALITY LEVELS IN  
FINANCIAL STATEMENTS AUDITING**

**Abstract.** For financial statements to be a quality basis for decision-making, their reality and objectivity must be unquestionable. The opinion on the reality and objectivity of the financial statements is expressed by the independent external auditor in the independent auditor's report. Given that the report is intended for external users, it has been standardized. However, there have been numerous criticisms of the audit profession that such a report does not provide sufficient information to users. As a result, there has been a change in the regulatory framework in which new elements are added to the independent auditor's report. Among other things, the auditor is required to report on materiality level for public interest entities according to the EU Regulation. Due to its inherent limitations, a materiality level is defined as the level of error that the auditor is ready to accept without affecting their opinion. In theory, materiality level reporting should contribute to less information asymmetry and increase the quality of financial reporting and auditing. However, the effects of the materiality level disclosure in the independent auditor's report to the quality of the financial statements audit is still an unex-

plored area. In this sense, the paper presents a critical analysis of literature review about the materiality level disclosure in the independent auditor's report on the audit quality. In order to analyze materiality levels, applied by the auditors in Croatia, an independent auditor's reports were analyzed on the sample of issuers on the Zagreb Stock Exchange. In other words, independent auditors' reports for 108 issuers whose financial statements are available on the Zagreb Stock Exchange were reviewed. The results showed that reporting on materiality levels have a positive effect on the quality of financial statements auditing. However, the format of reporting on the materiality levels in the independent auditor's report differ among the audit firms. In addition, there is a significant portion of independent auditor's reports that do not report in detail about the materiality level used in financial statements auditing. In that sense, research result showed that there is a plenty of space for auditor reporting improvements in accordance with the EU regulations.

**Keywords.** Financial Statements Audit; Independent Auditor's Report; Reporting on Materiality Levels; Quality of Audit.

### **Juliana Imeraj**

“Aleksander Moisiu” Durres University, Albania  
E-mail: julianaimeraj@uamd.edu.al

### **Elfrida Taraku**

“Aleksander Moisiu” Durres University, Albania

### **Malvina Ymeraj**

Specialist, “Eurosig sh.a”, Albania

### **Luljeta Gjoni**

“Aleksander Moisiu” Durres University, Albania

## **FINANCIAL PERFORMANCE OF INSURANCE COMPANIES IN ALBANIA - BEFORE AND AFTER COVID-19**

**Abstract.** The aim of the paper is to analyze the financial performance of Insurance Companies in Albania as they are considered very important financial institutions in mitigating risks for individuals and businesses, especially at times of financial crisis, natural disasters and epidemic situations as demonstrated in the latest Covid-19 pandemic.

Our study includes only non-life insurance companies that have been operating in Albania before and after Covid 19 in order to make some comparisons between two periods of time.

The data is collected from the supervision reports of the Financial Supervisory Authority and the audited financial statements of the insurance companies which are published on their web sites.

The comparisons between two periods for the eight non-life insurance companies

are carried out through analysing different indicators such as gross premiums written, gross claims paid and different types of ratios derived from financial data obtained by the financial statements.

The activity of insurance companies was assessed using financial ratios such as Profit margin (PM), Return on assets (ROA) and Return on equity (ROE) and comparisons were made between two periods.

Based on results we were able to understand how Covid-19 and the devastating earthquakes that Albania experienced by the end of year 2019 has affected the performance of insurance companies in Albania. Study results have also shown which insurance have been performing better compared before and after Covid-19 pandemic.

**Keywords.** Non-life Insurance Companies; Financial Ratios; Gross Premiums; Albania.

**Alma Zisi**

“Aleksander Moisiu” Durres University, Albania  
E-mail: alma\_zisi@yahoo.com

**Bitila Shosha**

“Aleksander Moisiu” Durres University, Albania

**Flora Merko**

“Aleksander Moisiu” Durres University, Albania

**Armela Anamali**

“Aleksander Moisiu” Durres University, Albania

## IMPACT OF COVID-19 ON FOREIGN DIRECT INVESTMENT: ALBANIA CASE

**Abstract.** With the spread of the Coronavirus (Covid-19) all countries and the world quickly faced a health emergency. All countries knelt before this virus and no one knew exactly what consequences they would face. After a while, we all realized that the pandemic was affecting all economic sectors around the world.

The impact of Covid-19 was estimated in a global world for foreign direct investment (FDI) according to a UNCTAD report, May 2020, the estimate of the total value of FDI globally for 2020 is revalued by 30% and 40% compared with previous years. The decline in foreign direct investment flows was reaching its lowest levels since the 2008 financial crisis.

Albania also faced the consequences of the Coronavirus pandemic (Covid-19).

Many sectors of the economy such as tourism, and other related sectors such as, hotel, transport, crafts, small businesses, faced significant declines and consequently lower profits. As a result of the pandemic, the FDI flow fell significantly during 2020. Referring to data from the Bank of Albania, for the period January - June 2020, there is a decrease of about 17% in FDI inflows, compared to a year ago.

This paper will analyze the impact of the Coronavirus (Covid-19) pandemic on FDI in Albania, the difficulties faced by investors and the prospects of foreign direct investment in the future.

**Keywords.** Covid-19; Economic Growth; Albania.

**Enida Zhugri (Istrefi)**

“Aleksander Moisiu” Durres University, Albania

Email: enidaistrefi@uamd.edu.al

## THE MACROECONOMIC IMPACT OF COVID-19 ON ALBANIAN ECONOMY: THE EFFECT OF EXCHANGE RATE VOLATILITY

**Abstract.** Exchange rates in many developing countries have fluctuated sharply in recent decades, prompting a continuing interest in identifying the factors that have led to these movements. The exchange rate is closely related to the level of production and economic development in the country. A devaluation of the domestic currency facilitates the growth of exports of domestic goods and services by making our goods cheaper in foreign markets and reduces the demand for imported goods in the country. While the strengthening of the domestic currency certainly has the opposite effect, as it makes exports more expensive, import products become more competitive and this will also affect the deepening of the country's trade deficit. In a country with a small and open econo-

my such as Albania, the exchange rate of the local currency plays an important role in the level of prices, in the level of productivity, in the volume of foreign assets in the country as well as in attracting investments. According to researchers, exchange rate stability helps the country's financial stability. The study of exchange rate behavior is the object of our study, in terms of the impact that exchange rate fluctuations have on the economy. This means the impact it brings in the fluctuation of some economic factors with which it has a statistically significant relationship, as well as the economic performance of the business sector operating in international markets including the period 2015 - 2020.

**Keywords.** Exchange Rate Volatility, Macroeconomic Development, Imports, Exports.



# PARALLEL SESSION III



**Leonidas Vatikiotis**

Open University of Cyprus  
E-mail: leonidas.vatikiotis@gmail.com

**Grigoris Zarotiadis**

Aristotle's University of Thessaloniki, School of Economics, Greece.

## **PRIVATIZATION THROUGH CONCESSION: THE PERIL TO PUBLIC INTEREST FROM THE CONCESSION OF 'EGNATIA MOTORWAY'**

**Abstract.** The present paper focuses on the financial and developmental effects of privatization of public infrastructures through concession through the case study of 'Egnatia Motorway' connecting the western Greek port of Igoumenitsa till the Greek Turkish borders in Thrace.

Following an informative chronicle of the creation of the 'Egnatia Odos', in the second part of the manuscript we develop the theoretical framework of our analysis by studying the history and the effects of similar concession projects in Greece and abroad. Specifically, we make use of the Morandi Bridge in Genoa, the motorway around Strasbourg, the public roads in Croatia, as well as similar cases outside Europe and especially in Latin America.

In the main part of the study, we proceed with an in details analysis of the intended

35-years concession of 'Egnatia Odos' based on data from past years and official forecasts for the operation, maintenance and commercial exploitation of the specific public asset.

Our analysis reveals that avoiding the concession and sustaining the public management is in benefit of the public interest, the Greek society and economy. The data proves that public management will generate significantly higher profits for the State while keeping the toll charge at lower levels. At the same time, given the geo-economic significance of the motorway in the light of the collective management of the Balkans, controlling the specific asset is of exceptional national economic importance.

**Keywords.** Privatization vs Public Management; Concession of Public Infrastructures; Regional Development.

**Paskal Zhelev**

University of National and World Economy, Sofia, Bulgaria  
Email: pzhelev@unwe.bg

## TRADE COOPERATION AND PERFORMANCE IN THE BLACK SEA AREA PRIOR TO AND IN TIMES OF COVID-19

**Abstract.** The region of the Black Sea and its hinterlands historically has always had a huge geostrategic importance as a connecting link between Europe with Asia and the Middle East being a transit point for goods on global East-West and North-South trade routes. The countries from the Black Sea region are very different in terms of size, institutional characteristics, trade specialization and industrial development but what they all have in common is their high openness and dependence on foreign trade. External economic relations are playing an increasingly important role in the Black Sea states determining to a large extent the direction and rate of their development. At the same time those countries carry out only a small share of their foreign trade with each other despite being part of one geographical region. For countries with a rich history of various frozen and active conflicts, intensive mutual trade relations have an additional value of restoring trust and overcoming adversaries.

The COVID-19 pandemic triggered an unprecedented health and socio-economic crisis all around the world. To stop the spread of the virus, governments have taken a variety of restrictive measures which disrupted the international trade system. While the global trade rebound started already in the summer of 2020 the recovery is uneven both in terms of sectors and countries and regions.

The main objective of the paper is to provide a timely assessment of the developments

of the trade competitiveness and trade relations between the countries of the Black Sea region throughout the last decade. A special focus is set on the impact of the COVID-19 pandemic on their trade policies and trade performance.

The methodology applied is based on commonly accepted trade indicators, comparative and retrospective analysis. The indicators which are used in the study in order to assess the trade competitiveness of the Black Sea economies include: trade balance as a difference between exports (X) and imports (M), and X/M coverage ratio, export market shares, Revealed Comparative Advantage Index, intra-industry trade.

The findings reveal that the COVID-19 hit particularly hard the Black Sea countries. Intra-regional trade remains at a relatively low level signifying lack of significant regionalization in the Black Sea area. Furthermore, the majority of the countries have not managed to upgrade in a desirable way their export specialization throughout the last decade.

Some recommendations are presented to foster the intra-regional economic cooperation among the Black Sea countries. It is argued that higher trade integration could be the most effective strategy towards achieving long-term stability and resilience of the region.

**Keywords.** BSEC; Trade in Goods; Trade in Services; Regionalism; Competitiveness.

**Arjeta Hallunovi**

University Aleksander Moisiu Durres, Albania  
 E-mail: arjetahallunovi@yahoo.com

**Lindita Mukli**

University Aleksander Moisiu Durres, Albania

**Fatmira Prodani**

University Aleksander Moisiu Durres, Albania

**Denisa Merhadi**

University Aleksander Moisiu Durres, Albania

## CAUSES OF THE INFORMAL ECONOMY IN ALBANIA

**Abstract.** The topic of informal economy and its accompanying phenomena personified in corruption, bribery and other distortions that accompany this destructive economic and social phenomenon are almost daily topics in the media, in professional and political debates and in everyday conversations between ordinary people. It is worth noting the paradox that consists in the fact that the more it is debated about the phenomenon in question, not only does not weaken and eliminate but on the contrary gains even greater intensity.

In recent years researchers have shown interest in studying the informal economy in many countries. This has come about as a result of the causes and implications of policies related to the informal economy. The informal economy is difficult to measure as in nature it is a hidden economy.

The results show that the unemployment rate has a negative effect on the informal economy in Albania. This shows that the effect of unemployment income is greater than its replacement effect. In this study, the causes, factors and consequences of the informal economy are analyzed. It is shown that the informal economy has an impact on the distortion of a country's national statistics. After analyzing the tax system, informal

employment and the informal economy over the years, some recommendations have been made to reduce the distorting impact of the informal economy.

Social, political and institutional factors play a major role in the economic development of the country and economic growth in developing countries but also in developed ones. Informality, which is a symptom of deep institutional weaknesses, is one of the factors responsible for reducing investment and expenditure, increasing income inequality, reducing foreign direct investment, and allocating resources. Informality poses a threat to a country's economic growth as it reduces efficiency in the private and public sectors. It is one of the most important factors affecting the reduction of economic growth in many countries of the world. This is a common occurrence today in many developing countries and arises as a result of their poverty. Informality is bad, not because money and benefits change manually or because of participants' motives, but because it privatizes particular aspects of public life by creating various debates and problems.

**Keywords.** Corruption; Informal Sector; Informal Employment; Albania.

**Rovena Troplini**

University "Aleksandër Moisiu", Durrës, Albania  
E-mail: rovenatroplini@uamd.edu.al

**Ejona DUÇI**

University "Aleksandër Moisiu", Durrës, Albania

**Ada Aliaj**

University "Aleksandër Moisiu", Durrës, Albania

## INFORMAL ECONOMY AND ITS IMPACT ON ECONOMIC GROWTH AND DEFICIT BUDGET IN ALBANIA

**Introduction.** The purpose of this study was to analyze the impact of the informal economy on the economic growth of Albania. The reality is that far too many governments face difficulties in measuring informality. More accurate estimates of the informal economy can help make policies more effective and better targeted. We must better understand informality because growth depends on it.

**Methodology.** As methodology we have used a multiple regression analysis in which we have studied the influence of informal economy and budget deficit into Economic growth. We have analyzed secondary data obtained from different economic sources like IMF and World Bank. To conduct the study, data on the informal economy were obtained from the IMF, while data on economic growth and trade deficit were obtained from the World Bank database. Data were obtained for the period 1993-2017. We have generated as output coefficient of determination "R<sup>2</sup>" and adjusted R square to see

the effect of informal economy on economic growth and on budget deficit, the second output gaining into analyze is ANOVA table for hypothesis testing and the last output it was Coefficients Table which gives us the number of the model being reported. Through this table we obtained the regression equation and these estimates tell us about the relationship between the independent variables and the dependent variable.

**Findings.** The regression analysis shows that the informal economy affects economic growth while negatively affects the budget deficit. Despite this, budget deficit seems to have no significance to economic growth.

**Conclusion.** Taking into consideration that the informal economy is an important element in every economy, we have made this study to see the impact of the informal economy on economic growth and budget deficit.

**Keywords.** Informal Economy, Economic Growth, Budget Deficit, Albania.

## Svilen Kolev

University of National and World Economy, Sofia, Bulgaria  
Email: svilen\_k@hotmail.com

# THE EFFECTS OF COVID-19 ON UNEMPLOYMENT – THE CASE OF THE NETHERLANDS AND BULGARIA

**Introduction.** The motivation behind this research is based on the real-life implications of the global pandemic of COVID-19. As of the 24<sup>th</sup> of May 2021, there are above 167 million reported cases of COVID-19, 3.5 million reported COVID-19 related deaths worldwide and above 1.672 billion administered vaccine doses, according to Johns Hopkins Coronavirus Resource Center data.

Lockdowns have been introduced across Europe since March 2020 when the crisis started to unfold, closing down businesses temporarily. As a result, Eurostat reports a sharp spike of unemployment rate in both adult and youth population. As of the end of March 2021, the number of unemployed men and women in the EU was 15.520 million (7.3%), 2.019 million higher than the reported unemployment in March 2020 (6.4%).

**The purpose** of the paper is to present a comprehensive research on the COVID-19 effects on the unemployment levels in the Netherlands and in Bulgaria, with an accent on the applied economic policies aimed at mitigating the severe effects from the pandemic and at preserving jobs.

**The object** of the paper is the unemployment developments in regard of the COVID-19 pandemic.

**The subject** is the state and the effects from the COVID-19 on the unemployment in the Netherlands and in Bulgaria and on the economic policies aimed at preserving jobs in those two countries.

The answer of the following **research questions** should be sought:

1. How has an unexpected emergency like COVID-19 shaped unemployment policies in two European countries – the Netherlands and Bulgaria?

2. What kind of mechanisms the governments of the Netherlands and Bulgaria put in place to address unemployment caused by the COVID-19 crisis?

In the literature field, the number of researches about the effects from COVID-19 on jobs and reviews of economic policies by countries is continuously growing. This represents additional evidence for the relevance of the topic. The comparative study about two European countries – the Netherlands and Bulgaria, would **complement the existing research** in the field of COVID-19 responses and labour market developments in a pandemic.

**Methodology.** In order to achieve the objectives of the research, traditional methods like the historical method, the method of comparative analysis, induction and deduction, analysis and synthesis approach, as well as the systematic, the integration and the holistic approach and evaluation of information and data analysis are applied in the paper.

In a greater detail, **the methodology** in the paper includes:

- *Theoretical and methodological analysis*, aimed at highlighting the definition and concepts of unemployment;
- *Historical and logical approach* for outlining the common features, differences and new moments in terms of unemployment development in a crisis mode and in a pandemic;

- *Comparative analysis*, used to highlight similarities and differences between the labour market developments and government responses to COVID-19 in the Netherlands and Bulgaria;
- *Descriptive analysis* of the effects from COVID-19 on the unemployment in the Netherlands and Bulgaria and government policies;
- *Empirical analysis* of the evolution of the unemployment levels in the Netherlands and Bulgaria pre- and post-COVID-19;
- *Critical analysis* of the practical aspects of the government policies aimed at preserving job losses because of the COVID-19 pandemic and of the direction of possible future labour market developments in terms of the prospects for post-COVID-19 economic recovery, aimed at building of a resilient and sustainable economic and labour market environment;
- *Process tracing* for designing and enrichment the qualitative research.

The methodology and methods described above will serve as the backbone for answering the research questions.

Primary **data** will include Eutostat datasets, reports by the IMF, European Commission published documentation, and government issued documentation about budget expenditures and supportive measures.

**Findings.** The unemployment dynamics in the Netherlands and Bulgaria is analyzed and the government policy response in the two EU Member States is discussed. Specificities regarding observed effects from COVID-19 are described and decomposed.

Despite the projected economic recovery, according to the European Commission Spring 2021 Forecast, the unemployment rate in the Netherlands would gradually increase in the second half of 2021, peaking in the beginning of 2022. In contrast, albeit the unemployment rate in Bulgaria has increased significantly since the onset of the

COVID-19 pandemic, the EC forecasts that the unemployment rate in Bulgaria would decrease to 4.8% in 2021 from 5.1% in 2020 and to fall below its pre-crisis level of 4.2% in 2022. This would mean that the unemployment rate in Bulgaria could be lower than the rate in the Netherlands in 2022, which would happen for the first time, since 2000, when Eurostat began gathering statistical data for the labour market.

The measures were initially intended for a short period of time but, with the pandemic continuing, have been expanded and extended in stages through 2020 and into 2021. According to the estimates, discretionary fiscal support is budgeted to amount to 2.5% of the GDP of Bulgaria in both 2020 and 2021.

COVID-19-related support schemes in terms of expenditure. According to the calculations, based on the Netherlands Court of Audit (2021) data, the total amount of the ten biggest COVID-19-related support schemes in the Netherlands exceeds EUR 47 billion on average for both 2020 and 2021.

The amount for 2020 is EUR 21.78 billion, which represents approximately 2.7% of the Dutch GDP. As for 2021, the figure is EUR 25.24 billion. As of March 2021, the government forecast expenditure support to cost about 37.3 billion (or 4.5 percent of GDP) for the year as whole.

**Conclusion.** The economic background of the Netherlands and Bulgaria is explored, the mechanism behind how funds are obtained and distributed is described.

Overall, although the *governments'* spending increased, as the effects of the imposed lockdowns required a remedial support to a very large portion of each country's population, the expenditures aimed at mitigating the severe effects from the pandemic managed to preserve jobs.

The scope of the research is limited to the time of writing, which is May 2021, as the coronavirus crisis is still in place, new waves



lead to new lockdowns and the pace of vaccinations hasn't reached its peak yet.

The research and the detailed analysis in the paper complement studies in the field of assessing the effects from COVID-19, in

more general, and on the labour market, in more detail, by using comparative case study.

**Keywords.** Unemployment; Labour market; Fiscal policy; COVID-19 response.

**Flora Merko**

Aleksander Moisiu University, Durrës, Albania  
E-mail: floramerko@uamd.edu.al

**Llambi Prendi**

Aleksander Moisiu University, Durrës, Albania

**Fatma Trumçi**

Dealership Automotive Services, Economist, Durrës, Albania

**Alvina Gucaj**

Protik Innovation Center, Tirana, Albania

**Florjon Merko**

Ministry of Finance, General Directorate of Treasure, Tirana, Albania

## UNEMPLOYMENT AND ECONOMIC DEVELOPMENT (ALBANIAN CASE)

**Introduction.** Employment and unemployment have been considered for many years as one of the biggest problems and challenges of any society, especially of societies like our country, which has gone through a period of transition after the fall of the communist system. Tackling unemployment and employment is one of the challenges even in countries that are developed and have a stable and functional economy for even though the unemployment rate is small, it still causes problems. The transition from a fully centralized economy to a free market, as well as the political changes that took place after the 1990s, have been accompanied by significant changes in the labour market for Albania. It tends to change at a fast and continuous pace, so its study and further information and orientation are considered important, especially for youth as an age group that suffers more from the high unemployment level in Albania. Before the start of 2020, labour market data had shown marked improvement in outcomes since 2013. The employment rate for people aged 15-64 in Albania grew from 50% in 2013 to 59.5% in 2018, one of the highest in the Western Balkans. Despite these generally upward trends, unemployment remains high at more than 11%, recorded in mid-2019.

But, of course, COVID has increased unemployment levels (ETF 2021).

In this paper, we will try to give a complete overview of unemployment in Albania, analyze the rate of unemployment in our country by addressing the direct and indirect factors that cause it. Will also be analyzed, the impact and the connection between unemployment, poverty, and economic inequality. The effect of education on employment will be analyzed, as well as state policies to reduce the unemployment rate and alleviate poverty and economic inequality in our country.

The main research questions of the paper are related to: What is the role of the state in reducing high unemployment? What are the policies that should be undertaken to reduce unemployment? What policies would favour the promotion of employment? What is the role of education in human capital formation? Does it have an impact on increasing the income of employment? What are the biggest difficulties in the labour market in Albania and what should be done to overcome them? The “shock” of the Albanian economy by COVID-19, will there be consequences in the labour market?

**Methodology.** The data on the variables used in this study are taken from the World Development Indicators, the database of World Bank; Institute of Statistics of Albania, reports, and statistics; Bank of Albania. The time span of the data is from 2008 to 2018 (annual data). Are chosen data when the World Economic crisis began, until beginning the COVID-19 pandemic. The effect of the pandemic will analyse apart. We use the OLS method to study the connection and dependence between the variables. This quantitative method for regression analysis consists of quantitative time-series data (11 years).

The paper studies the relation between Unemployment (dependent variable) and GDP (independent variable), Poverty (dependent variable) and GDP (independent variable), and also Poverty (dependent variable) and Unemployment (independent variable).

**Findings.** In the paper, it was concluded that there is a strong correlation between different variables used, such as Unemployment and GDP, GDP and Poverty, and also between Unemployment and Poverty.

Unemployment can have a devastating impact, both on a family and on the overall economy. Loss of revenue has an immediate effect on reducing consumer spending.

The economic crisis as a result of COVID-19 brought major consequences on the level of unemployment, leaving many individuals unemployed. A high level of unemployment leads to increased poverty, thus quite well emphasizing the connection between rising unemployment and the poverty it causes.

**Conclusion.** Even though the number of educated individuals is increasing there is a mismatch between supply and demand for well-educated human capital. The labour market in Albania is unstructured and not well segmented. In Albania having a job is very difficult which is related to the business environment that is dominated mainly by SMEs. The minimum wage in Albania is quite low compared not only to European countries but also to the Balkans.

Government policies should support with funding, local producers being able to measure the effects of business development, which lead to increased domestic production, employment, further economic growth, and macroeconomic stability of our country.

**Keywords.** Labour market; Macroeconomic Policy; Unemployment; Poverty; Economic Inequality.



# PARALLEL SESSION IV



**Dorđe Mitrović**

University of Belgrade - Faculty of Economics, Serbia  
E-mail: dorde.mitrovic@ekof.bg.ac.rs

**Emilija Manić**

University of Belgrade - Faculty of Economics, Serbia

## GREEN REGIONAL DEVELOPMENT FACTORS IN SERBIA: THE CURRENT STATE AND DIFFERENCES

**Abstract.** Economic and social development usually is accompanied by some negative ecological effects, such as environmental pollution and resource consumption. Because of that, sustainable and green development must become the key elements of every national development agenda. At the same time, the focus of future country development should be based on balanced regional development which should take into consideration the green economy concept.

Having in mind that there are wide regional development disparities in Serbia considering economic, social, and environmental aspects, as well as significant environmental problems, a national development strategy should be founded on the green regional development analysis. Such analysis ought to show all the factors that vary throughout the Serbian territory. In this way it indicates the

main causes of unbalanced development and reveal the general ways for the closing of the gap between counties.

The Data Envelopment Analysis was applied to measure the green development efficiency and regional differences of 25 counties in Serbia. A set of ecological, economic, and social factors were considered and certain sub-indexes were calculated. These results were used for the final composite index calculation which shows the implementation and the efficiency of the green economy concept in Serbia at the regional level. The results of this analysis provides useful information for the creators of public policies in Serbia, especially for those in the field of industrial policy.

**Keywords.** DEA; Sustainability; Green Development; National Development Agenda.

**Odysseas Kopsidas**

Aristotle University of Thessaloniki, Greece

E-mail: odykopsi@yahoo.gr

**SOCIOECONOMIC EVALUATION OF THE WILLINGNESS TO PAY THE TAX OBLIGATION FOR ENVIRONMENTAL REHABILITATION PROJECTS IN THREE CITIES IN GREECE**

**Introduction.** The purpose of this study is to determine the willingness to fulfil the tax obligation (Willingness to pay - WTP) of the inhabitants of the coastal areas for the restoration of the marine environment as a function of a series of forecast variables and the construction of appropriate models for each case in three coastal cities: Thessaloniki, Volos and Piraeus.

**Methodology.** To investigate the willingness of citizens to pay (Willingness to pay - WTP), three random samples are taken from each city (Thessaloniki, Volos, Piraeus), where respondents were asked to fill out questionnaires. The samples are random passers-by in the respective coastal zones and the questionnaire was distributed on the spot on printed paper, enabling the respondent to fill in closed and open-ended answers at the facilitator's discretion. Eighty (80) people from all age groups, of different educational levels and of both sexes from each city were asked to fill in the respective questionnaires. The main question asked to each respondent is the amount of money they are willing to pay each month to fund projects to restore their city's marine environment. They were also asked about the condition of the nearby beach, the sea and their distance from the coastal zone.

**Findings.** An immediate assessment is that respondents in Volos are willing to pay more for the environmental recovery of their area,

while respondents in Thessaloniki are less willing to pay for the environmental rehabilitation of the sea. Three models of multiple linear regression are used taking into account the independent variable 'Willingness to pay - WTP' as a dependent variable and all other variables as independent. In each case (bay) an equation is modeled.

**Conclusion.** One conclusion is that the continuing deterioration of the environmental situation of the three major maritime regions of Greece cannot be ignored. Respondents living by the sea say they will pay higher for the restoration of the environment. The different parameters that affect the willingness of the respondents to pay in each case reflect the very different situation and the different living conditions in each city, resulting in different needs for the local population. Even the errors are independent of each other and not self-correlated as checked with the Durbin-Watson Statistics statistic, while multicollinearity does not appear, i.e. there is no high correlation between the independent variables. The data follow the normal distribution. This study, which examines three coastal areas of Greece, could be part of a broader environmental protection plan, which should be supported by every citizen, as well as by the public administration and local authorities.

**Keywords.** WTP; Restoration; Taxation; Public Good; Environmental Good.



## Žaklina Stojanović

University of Belgrade - Faculty of Economics, Serbia  
 Email: zaklina.stojanovic@ekof.bg.ac.rs

# BEYOND GENERIC CONCEPT - SUSTAINANALYTICS FOR AGRICULTURE

**Introduction.** Sustainability as a phenomena has gain in importance. However, it still takes on different meanings in spite of the fact that different actions have been taken on the global level to improve common understanding of the phenomena and its statistics. In the 1970s sustainability was observed mostly by different economic indicators related to capability of firms for long run efficiency and profitability. Nowadays it is far away from a simple definition which includes only the economic interests of farms. Using a holistic approach, sustainability takes into account different opportunity costs related to environmental and social aspects of doing business in agriculture. Even highly exploited in the literature, this phenomena still misses the adequate instruments/indicators that can be easily observed. Therefore, the sustainability concept should be supported by adequate sustainalytics - indicators of sustainability based on the triple bottom line (TBL) - economic, environmental and social. The indicators should be easily measured both at micro and macro level.

**Assessment.** The sustainability assessment is challenged by multiple dimensions. Among them, diversity of actors involved and the lack of a shared methodology are considered as the most important (Galli et al, 2014). The paper explores different systems of sustainability indicators specifically designed for agriculture. Particular attention is paid to The Global Strategy to improve Agricultural and Rural Statistics (World Bank, FAO & UN, 2011), SAFA Guidelines (Sustainability Assessments Food and Agriculture Systems,

FAO, 2014), Local vs Global Food Chain Assessment (Brunori et al, 2016) and Assessment of Social, Economic and Environmental Impacts of FQS (Bellasen et al, 2019).

**Sustainalytics in the raspberry sector in Serbia.** Due to its high market share, global recognition and competitiveness, the raspberry production is considered as the most important among all agricultural activities in Serbia. This sector shows high potential for fresh and high value-added market development (traditional food and organic production). Raspberry sector significantly contributes total agricultural export from Serbia. The export markets are the EU and global market. It brings a lot of activities “around the agriculture” in rural areas - storage facilities, packaging, transportation, trade, and marketing. Analysis of this sector also includes different ethical, environmental and social aspects particularly relevant for the western regions in Serbia (Sumadija and Western Serbia District). Finally, the sector in the focus generates a significant contribution to farm income at the local level.

**The research methods and results.** The multi-criteria assessment is applied to explain sustainability of the raspberry sector in Serbia. Organic vs Conventional production are compared. Totally 12 systematic indicators, with key level of the supply chain, are included into analysis. The lowest levels of indicators were noticed in the area of social sustainability, following by environmental indicators. Particular problem was noticed in the area of bargaining power (social as-

pect related to the food chain organization). Advantages are identified in different aspects of both organic and conventional raspberry production. Sustainability simply has to be measured using as many as possible quanti-

tative indicators related to the triple bottom line. Further improvements in data collection and analysis are requested.

**Keywords.** Sustainability; TBL; Agriculture; Sustain analytics.

**Desislava Stoilova**

South-West University "Neofit Rilski", Blagoevgrad, Bulgaria  
Email: dstoilova@swu.bg

## THE IMPACT OF COVID-19 PANDEMIC ON LOCAL GOVERNMENT INVESTMENTS: EVIDENCE FROM THE CENTRAL AND EASTERN EUROPE

**Introduction.** The academic literature reveals that well-designed public investments accelerate economic growth, create long-term economic and social benefits, as well as positive spillover effects in the economy. Municipal investment spending, as part of the investment activity of the public sector, is an important factor for local economic development. Therefore, the current study on the dynamics of investment in the local public sector in the period 2010 - 2020 aims to present the main challenges and achievements in financing local economic development in ten EU member states located in Central and Eastern Europe (CEE), namely Bulgaria, Romania, Hungary, Poland, Czech Republic, Slovakia, Slovenia, Latvia, Lithuania and Estonia. The analysis is focused on the impact of COVID-19 pandemic and respective counter-measures on the local government investments.

**Methodology.** The methods used are descriptive and comparative analysis on the main indicators of investment activity at the local level. The analysis is focused on the following indicators: municipal capital expenditures per capita, relative shares of local government investments, respectively, of the gross domestic product of the country, of the total amount of investments in the public sector and of the total municipal expenditures. Regressions on panel data are used to study the

impact of local governments' financial autonomy on local investment spending. The study uses the database of Eurostat.

**Findings.** The results of the study show that COVID-19 pandemic and respective counter-measures hampered the financial autonomy of local governments in the EU member states located in the region of the Central and Eastern Europe (CEE). Despite the positive trend of dynamic growth of municipal investment expenditures, some of the CEE countries retain comparatively centralized models of financing and implementation of public investments. The regression analysis reveals a positive relationship between the financial autonomy of local governments and investment activity at the local level.

**Conclusion.** The COVID-19 pandemic and respective counter-measures increased the centralization of the public sector and hampered the financial autonomy of local governments in the CEE countries. The empirical results proved the positive effects on local investments exerted by the financial autonomy of the local governments. Hence, a gradual decentralization of public sector investments is needed in order to increase municipal investment spending and support local economic development in the CEE countries.

**Keywords.** Covid-19; Local Government Investments; CEE.

### **Blerim Kola**

Aleksander Moisiu University, Durrës, Albania  
E-mail: blekola@yahoo.com

### **Jehona Gjermizi**

Kolegji Universitar “Logos”

## **IMPACT OF COVID 19 PANDEMIC ON THE ALBANIAN ECONOMY: A REVIEW OF MACROECONOMIC INDICATORS**

**Abstract.** The Covid 19 pandemic had a significant impact on many aspects of life around the world. It completely changed many aspects of social and business life. Mainly the economy turns out to be one of the most affected areas not only in our country, but in the whole globe. This article brings an overview of macroeconomic indicators and the consequences that left the Coronavirus pandemic in the Albanian economy.

The Covid 19 pandemic that is still going on has diverted the budget in two aspects: that of health and that of business support. In this paper we aim to show through figures the burden of this pandemic in the economy and to bring some recommendations to alleviate this burden by considering the best international practices in its financial management.

**Keywords.** Macroeconomic indicators; Covid 19 pandemic; Albania.

**Lazareva Natalia Vladimirovna**

St. Petersburg State Economic University, Russia

## RISKS OF SUSTAINABLE DEVELOPMENT OF TERRITORIES

**Annotation.** The risks of achieving the global sustainable development goals (SDGs) have been investigated. The detailed definition of sustainable development of the territory, which reasonably reacts to risks, has been transformed. It is proposed to take into account the influence of risks when calculating the aggregate indicator of sustainable development of the territory.

**Objectives.** The strategic goal of the study is to identify risk groups that have a significant impact on the sustainable development of territories.

**Research questions.** What risks affect the achievement of the goals of sustainable development of territories? Is it necessary to take into account the impact of risks when calculating the aggregate indicator of sustainable development of territories?

**Theoretical basis.** Covid, as a global force majeure phenomenon, has created the preconditions for the rejection of the consistent achievement of sustainable development goals 2030 and identified significant groups of risks due to various directions of the emergence of threats. The resulting uncertainty, under the influence of risk, can lead to instability and uncontrollability in achieving the set goals. The UN states have adopted the plan Transforming our world: the 2030 Agenda for Sustainable Development. It is based on 17 social, economic and environmental goals of sustainable develop-

ment, the achievement of which is subject to risks. Sustainable development of a territory is a coordinated integrated development of territories, a balanced coordination of environmental, social, economic changes for the benefit of current and future human needs, without damage to natural resources, living standards and well-being of the population, taking into account the economic potential of the territory and business communities carrying out in it the boundaries of the activity.

**Methodology.** Used theoretical and empirical methods of scientific research, such as induction and deduction, analysis and synthesis, observation and comparison, experiment, which made it possible to achieve the strategic goal of the study.

**Results.** Significant risks, with their high probability of occurrence and the degree of significant impact on the sustainable development of territories, were grouped into two groups: internal and external, which made it possible to take into account their impact on the aggregate indicator of sustainable development of the territory. The latter is the sum of the products of the estimated values of the obtained results of achieving sustainable development goals by their weight values, which must be adjusted for the influence of significant risks.

**Keywords.** Sustainable Development; Territory; Risks; Goals; Indicator.

**Tomasz Grodzicki**

Nicolaus Copernicus University in Toruń, Poland

E-mail: tomasz.grodzicki@umk.pl

**FOSTERING SDG9 AND POSSIBLE COVID-19 IMPLICATIONS:  
AN EVIDENCE FROM THE VISEGRAD GROUP COUNTRIES**

**Introduction.** The EU has created a sustainable development package for the 2030 Agenda for Sustainable Development. This Agenda is mainly devoted to the so-called Sustainable Development Goals (SDGs). One of the seventeen SDGs is to build resilient and sustainable infrastructure through promoting inclusive and sustainable industrialisation and fostering technological progress and innovation. This goal aims at finding successful solutions to social, economic and environmental challenges such as ending poverty and improving standards of living of all people. This goal is measured by eight separate indicators including: air emission intensity from industry, CO<sub>2</sub> emissions, collective transport modes in total passenger land transport, gross domestic expenditure on R&D, high-speed internet coverage, patent applications to the European Patent Office, R&D personnel, rail and inland waterways activity in total freight transport, tertiary educational attainment. The aim of this research is to find out the performance of the Visegrad Group Countries relative to the EU average regarding SDG9: industry, innovation and infrastructure measures.

**Methodology.** This research applies both: (1) literature review on particular issues related to SDG9 and the COVID-19 consequences on industry, innovation and infrastructure in the Visegrad Group Countries and (2) data analysis on key figures concerning SDG9: gross domestic expenditure on R&D as [% of GDP], R&D personnel [% of active population], patent applications to the European Patent Office [per 1000 inhabitants], share of

buses and trains in total passenger transport [% of inland passenger-km], share of rail and inland waterways in total freight transport [% of freight tonne-km], air emission intensity from industry [g/€ CLV], tertiary educational attainment [% of population 25 to 34], average CO<sub>2</sub> emissions from new passenger cars [CO<sub>2</sub> / km], share of households with high-speed internet connection [% of households]

**Findings.** Analysing innovation, industry and infrastructure as SDG 9 in the Visegrad countries, one may note that in most of the indicators they fall behind the EU average so they do need to make a significant effort towards (at least) catching up with the EU27, especially to: (1) reduce Air and CO<sub>2</sub> emissions, (2) increase: gross domestic expenditure on R&D, patent applications to the European Patent Office, R&D personnel, high-speed internet coverage, share of land transport and inland waterways activities.

Moreover, COVID-19 have impacted SDG9 in the Visegrad Group countries in the following ways:

- forced numerous SMEs to close their businesses
- supported firms to implement innovations connected with COVID-19 (mainly biotechnological and pharmaceutical ones)
- fostered the development of broadband network to improve distance learning and working
- developed and expanded delivery activities (online shopping)

**Conclusion.** SDGs have been set to improve the quality of life of human being on the planet. Albeit that there is a common will in fulfilling agenda 2030, the economic measures of particular statistics show that more effort is needed.

Further research on innovation, industry and infrastructure in the EU will:

(1) include a wider range of indicators than only those supported by the SDGs (e.g. eco-innovation),

(2) be an attempt to create a synthetic measure and proceed with spatial analysis of this SDG 9, focus on regional dimension, e.g. NUTS 2 regions

(3) implement indicators of the COVID-19 effects on the SDG9

**Keywords.** Visegrad Group Countries (V4); Industry; Innovation; Infrastructure; Sustainable Development Goals (SDGs); COVID-19.





# PARALLEL SESSION V

ASECU-Youth Papers nominated for  
TSEKOURAS PRIZE FOR YOUNG ECONOMISTS



**Konstantinos Bakri**

Athens University of Economics and Business, Greece  
E-mail: konbakri@outlook.com

## **THE ECONOMICS OF NEW ENTERPRISES, THE NUMBER OF BUSINESSES AND ECONOMIC GROWTH ACROSS THE EU DURING 2008-2017**

**Abstract.** The paper looks into five measures of entrepreneurship – namely, the birth rate of enterprises, the death rate of enterprises, the number of 3-year-old enterprises, the employment share of five-year-old enterprises, the average size of five-year-old enterprises- across the European Union from 2008 to 2017. It also econometrically analyses the growth rates in the number of businesses and of the Gross Domestic Product in each EU member-state during 2008-2017 and compares their long-run trends. Noting a good

number of similarities, it makes a number of potentially useful recommendations on the basis of the findings emanating from the birth and death rates of enterprises and the other statistics in order to enhance business participation (hence, competition) and economic performance across the EU and beyond.

**Keywords.** New Enterprises; Business population growth; GDP growth, European Union.

## Milena Balanova

Rostov State University of Economics, Rostov-on-Don, Russia

E-mail: milena\_27@list.ru

# STATE REGULATION OF PLATFORM COMPANIES IN CHINA AND RUSSIA

**Abstract.** This article makes a brief overview of the current situation of the digital economy and platform market in two developing countries with high engagement of the government in large business – China and Russia. The paper provides a comparative analysis of platform companies' activities regulated by the state in China and Russia. It contains qualitative research applying methods of synthesis, a case study, a qualitative

comparison and statistical data analysis. The work ends with the main benefits of the policy each country follows, which may serve as best practices used by other developing countries in the future in the context of the digital economy.

**Keywords.** Platform companies; Regulatory policy; Taxation; Digital economy; China; Russia.

**Nikolay Boshnakov**

University of National and World Economy, Sofia, Bulgaria

E-mail: nboshnakov\_19160107@unwe.bg

## **ECONOMIC CONSEQUENCES OF COVID-19 LOCKDOWN IN THE MAJOR SERVICES SECTORS: AN OVERVIEW FOR SELECTED SEE COUNTRIES**

**Abstract.** The common expectations for the Covid-19 pandemic lockdown were to generate a substantial economic fallout in South East European economies in the second quarter of 2020 and beyond. This paper is motivated by recent analyses of international institutions e.g. OECD, IMF, The World Bank etc., concerning the economic slowdown of the world economy – globally and in some regions. Except for some general macroeconomic forecasts, there is rarely a quantitative assessment of the expected economic effects, especially concerning particular economic sectors within regions. The paper presents quantitative results about the dynamics of some short-term indicators for selected services sectors of several South East European countries in the first two quarters of 2020.

The main statement here is that the lockdown effects of the Covid-19 pandemic are quite uneven among the SEE economies, and at the same time, the most affected are the services sectors in the majority of SEE countries. Using Eurostat data, a suggested descriptive analysis is focused on the accommodation and food service activities; information and communications sector; retail sector, including food-beverages-tobacco and automotive fuel subsectors. The study is conducted as a cross-country comparative analysis of sectoral monthly dynamics of chosen indicators in selected SEE countries for the period January 2019 – May/June 2020.

**Keywords.** Comparative analysis; Covid-19; Services sectors; South East Europe; Turnover dynamics.

**Ivana Kaftandzieva**

University of Ss. Cyril and Methodius, Faculty of Economy – Skopje, North Macedonia  
E-mail: ivanakaftandzieva@yahoo.com

## **KURT LEWIN'S CHANGE MANAGEMENT MODEL IMPLEMENTED IN TEXTILE INDUSTRY IN NORTH MACEDONIA**

**Abstract.** Change is crucial for organizations in the fast-growing, highly competitive business environment. Theories of change describe the effectiveness which organizations are able to modify their strategies, processes, and structures with. The concept of “change management” is a familiar one in most businesses today. But how businesses manage change and how successful they are at it varies enormously depending on the nature of the business, the change and how well the people involved understand the change process. The aim of this paper is to examine the three stages of Lewin's model: unfreezing, movement, and refreezing and to detect the possibilities for its implementation in the textile industry in North Macedonia. The textile industry is one of the most important industries in North Macedonia in building the GDP, by the number of companies and people employed. With a long, rich tradition in clothing and textiles, this sector is one of the largest industries in Macedonia and

it constitutes approximately one fifth of the total Macedonian annual export. Because of the great importance for the overall economic performance and external position of the country, this industry is particularly interesting to explore and research. Lewin's model of change could be applied in order to overcome the detected weaknesses of this industry: availability of the labor force and the poor working conditions. Lewin's change theory represents a very simple and practical model for understanding the change process. For Lewin, the process of change entails creating the perception that a change is needed, then moving toward the new, desired level of behavior and finally, solidifying that new behavior as the norm. The model is still widely used within different types of organizations and industries and serves as the basis for many modern change models.

**Keywords.** Change management; Employee involvement; Lewin's change theory; Textile industry.

**Ana-Maria Pricop**

Alexandru Ioan Cuza University of Iași, Romania

E-mail: pricopanamaria59@gmail.com

## THE EVOLUTION OF SOUTH-EASTERN EUROPEAN COUNTRIES IN-BETWEEN CRISES

**Abstract.** This article starts from the assumption that as time passes, countries become more prepared for a financial crisis. To test this hypothesis, this paper focuses on the years preceding two global economic crises - 2006 (for 2007-2008 GFC) and 2019 (for 2020 GFC). As we are still in the COVID-19 period, data and studies on this topic are scarce and still at their very beginning. In

the article, we propose a statistical analysis of different variables (eg. GDP, unemployment rate) for the countries in South and Eastern Europe for the years mentioned previously. Thereby, this paper can serve as a basis for predicting the end of the economic crisis we are currently undergoing.

**Keywords.** Financial crisis; GDP; Statistical models; Unemployment rate.

**Miltiadis Theofanis**

Aristotle University of Thessaloniki, Greece

Email: miltiadistheof@gmail.com

**REVIEWING THE STRATEGIC ROLE OF THE PORT OF THESSALONIKI FOR THE ECONOMIC DEVELOPMENT IN SOUTH-EASTERN EUROPE**

**Abstract.** The port of Thessaloniki is a multipurpose international port that handles all kinds of cargo traffic and hosts all types of passenger movements. It is the second biggest port in Greece in terms of total throughput, while it is the major port as regards the dry bulk cargoes. Regional ports, as infrastructure in regions, influence transport and regional development policies and planning. Among the various types of transport infrastructure, ports are considered as particularly strategic because of the increasing importance of maritime transport in connecting territories. The study estimates the potential added value that the investments create in terms of brand awareness of the port, ser-

vices provided but also the improvement of the railroad network. Furthermore, the strategic alliances with neighboring countries are evaluated such as the cooperation with Northern Macedonia after the Agreement of Prespes. Finally, a general strategic approach is presented and proposed based on three cores; port bound strategy, beyond the port strategy and management strategy, in order to transform the port of Thessaloniki, from a regional port to a regional leader in the South-Eastern Europe.

**Keywords.** Port; Economic development; Bulk cargo; Balkan area; Rail- Road network; Strategic decisions; Competitive ports; Employment; Dry port; Beyond the port.



**Alena Zharova**

Russian customs academy, Lubertsy, Russian Federation  
E-mail: a.zharova@customs-academy.ru

**Maria Bastrakova**

Russian customs academy, Lubertsy, Russian Federation  
E-mail: m.a.bastrakova@mail.ru

## **CUSTOMS MEASURES ENSURING NATIONAL SECURITY AND SUPPORTING RUSSIAN ECONOMY DURING THE WORLD PANDEMIC**

**Abstract.** Under the current circumstances of the world pandemic the matters of Customs regulations of foreign trade become one of the determinants as it comes to the competitiveness of national economies and national security. This paper observes tariff and non-tariff measures, recommended by the World Customs Organization and applied in Russian Federation during the pandemic while estimating means of automated

customs clearance system - submission of advance information, automated declaration processing and clearance, using the Risk management system. All of these measures are now being used for enhancing and managing international trade during the Covid-19 pandemic.

**Keywords.** Customs regulation; International trade; The Covid-19 pandemic; Customs payments; Risk management system.



# PARALLEL SESSION VI



**Tomoko Oikawa**

Kemmy Business School, University of Limerick, Ireland  
E-mail: tomoko.oikawa@ul.ie

## WHAT LOCALISM OR LOCALISATION IS? FOR REGIONAL REGENERATION TOWARDS SUSTAINABILITY

**Objectives with introduction.** In this paper the author will take a view that even after the pandemic and for possible such pandemic in future, local people and community remain to be the salient features of the foundation of socioeconomic structure.

Localism and/or localisation and regional regeneration or development with sustainability has been major concerns for politicians, policy makers as well as local community activists, but from a distinctive perspective. Accordingly, its interpretation is various. Localism is originally a key word of geography. In actuality, it has got a political connotation, which may have become the main focus on argument. Now the idea of localism and localisation may be gathering momentum during and after the pandemics in the midst of the increasing economic globalisation. In this paper I will explore through literature review how localism and/or localisation are interpreted, and how they are related to regional regeneration/development towards sustainability.

We have realised that local people and community are the foundation of socioeconomic structure. They are the source of resilience to socioeconomic changes. The communities reap the benefits of “going local” in four key spending categories: goods, service, energy and finance....Local businesses give more to charity, adapt more easily to rising labour and environmental standards, and produce more wealth (Shuman, 2007).

From this perspective above, this paper will review literature to examine localism and localisation in terms of conceptualization in relation to regional regeneration with sustainability.

**Research question.** A lot of studies have been carried out in relation to localism and/or localisation. Their interpretations and approaches are various, but roughly divided into two categories: institution-based and local community-based. In fact, the idea of localism and/or localisation are developing by the increasing pace of economic globalisation and the pandemics perhaps. The paper examines how localism and/or localisation are approached and conceptualised in the literature and in some case studies exemplified.

**Theoretical framework.** Institutional theory and a theory of community-based development.

**Methodology.** Systematic literature review method is employed and some case studies are used to exemplify the actuality.

**Results.** Localism is conceived as a process to localisation. Conceptualisation of localism is various and localisation as well. It depends on what they focus on. However, community-based localism and/or localisation would get further importance in consolidation for regional socioeconomic development with sustainability. Unsurprisingly, for part of their theories they are in common with anti-globalisation, developing the local economy to self-reliance. Some literature admitted degrowth. Literature review and exemplified case studies may suggest that for localism and/or localisation, both institutions and local community function as a kind of symbiosis.

**Keywords.** Localism, Community-based development, Sustainability.

**Dejan Molnar**

University of Belgrade – Faculty of Economics, Serbia  
E-mail: dejan.molnar@ekof.bg.ac.rs

**Svetozar Tanasković**

University of Belgrade – Faculty of Economics, Serbia

## OVERVIEW OF NON-EPIDEMIOLOGICAL FACTORS FOR COVID-19 STRINGENCY MEASURES: A CROSS - COUNTRY EVIDENCE

**Introduction.** The paper starts from the fact that one of the basic measures in the fight against the COVID-19 pandemic was “lock-down”, which was applied by almost all countries of the world. However, the policy of closure, i.e. the stringency of the measures against coronavirus, was not the same - in some countries they were more severe, while in some more relaxed measures were applied. The aim of this paper is to consider the non-epidemiological factors that influenced stringency measures. The initial assumption is that non-epidemiological factors significantly determined the level of stringency measures. The results of the research should indicate the extent to which factors that are not directly related to the pandemic have influenced the severity of the closure measures.

**Methodology.** The sample consists of 143 countries for which it was possible to form a set of appropriate variables. Containment and health index u Q2 is used as a dependent variable in the model. It is the index that combines ‘lockdown’ restrictions and closures with measures such as testing policy and contact tracing, short term investment in healthcare, as well investments in vaccines. It is calculated using all ordinal containment and closure policy indicators and health system policy indicators. Explanatory variables used in the model are a cumulative number of deaths per million inhabitants in Q2, GDP per capita (constant prices, PPP, 2017 international dollars), current health expenditure (% of GDP), population-weighted exposure to ambient PM2.5 pollution, political regime,

population density and population ages 65 and above (as a percentage of the total population).

A cross section regression is applied, using ordinary least squares (OLS) estimating method.

**Findings.** Preliminary results we get in our cross-section model shows as expected that positive and statistically significant coefficient stays with our control variable of cumulative number of deaths per million inhabitants in Q2 (more deaths per million people, stricter measures). We discovered that a positive relationship is present also for the level of GDP per capita (richer the country, stricter the measures) and PM2.5 pollution (higher the air pollution, stricter the measures). Opposite to this, the amount of expenditure on health and the extent of political freedom seems to be negatively related to the level of health and containment measures.

**Conclusion.** Understanding the determinants of lockdown severity is probably as important as the effects of the lockdown on economy. This work contributes to the research on the factors that explain why some countries have been less rigorous in the first wave of the pandemic. Initial findings suggest that beside epidemiological factors, institutional elements like the level of political freedom may influence the lockdown measures intensity.

**Keywords.** Stringency measures, COVID-19, Non-epidemiological factors, OLS.

**Sabrina Kalinkova**

University of National and World Economy – Sofia, Bulgaria  
E-mail: s.kalinkova@unwe.bg

## THE COVID-19 CRISIS AND BULGARIAN ECONOMY

**Introduction.** The economic development of each country is directly dependent on the action of many exogenous factors that have different strengths and directions of influence. At present, the COVID-19 crisis stands out as a major factor influencing the socio-economic development of countries worldwide. The present study covers the national economic system of Bulgaria, deepening its scope. The research will be based on the basic economic laws related to the assessment of the efficiency of the functioning and development of the branches individually and the economy as a whole. The main research hypothesis, which is set in the study, is that at present there is an impact of the COVID-19 crisis on the sectors of the Bulgarian economy, which will find its even stronger impact in the future.

**Methodology.** The study is based on a comparative analysis between the results of the economic development of the country in the period 2007 - 2020. The main idea of this scope is to assess the changes in economic

results during and after the economic crisis of 2008 and during COVID- 19 crisis.

**Findings.** There are differences between the economic development of Bulgaria during the economic crisis of 2008 and the crisis with COVID-19. The main differences are related to the presentation of the economic sectors of the country - the useful result created by them and the efficiency of their functioning.

**Conclusion.** The study of the consequences that occurred after the COVID-19 crisis currently provides only partial information about the economic development of Bulgaria. On the one hand, it should be noted the need for future similar research to enrich the picture of the consequences of the crisis. On the other hand, it is necessary to take a serious look at the current consequences, which show that this crisis has nothing to do with the past.

**Keywords.** Crisis; Economic development; Measuring effectiveness.

## Ela Golemi

University “Aleksandër Moisiu” Durrës , Albania  
E-mail: golemiela31@yahoo.com

# ESTIMATING THE DRIVERS OF DE-EUROIZATION IN ALBANIA

**Abstract.** Albania is actually experiencing a high level of financial euroization, i.e. a currency substitution phenomenon, or the public’s preference to keep a considerable part of its assets and liabilities in foreign currency. The presence of financial euroization in the economy has potentially adverse effects on macroeconomic policies and the stability of the financial system. When it lasts for a long period, the difficulties in dealing with the phenomenon become bigger.

The need to control and reduce the levels of euroization in Albania is a priority task for national policymakers in Albania, and has been recommended by the European Commission, the European Central Bank and the International Monetary Fund (in the document *Economic and Reform Program 2020-2024*).

In this context, the study seeks to explore the drivers for de-euroization in Albania, based on developments in banks’ balance sheets and the experiences of other countries. Reducing the level of euroization to zero is an unrealistic objective but, on the other hand, undertaking intense actions aimed at a rapid outcome could be associated with significant costs. The realistic objective of this phenomenon reflects its complexity and the approach to it must be comprehensive. Previous studies that focus on Albania provide only an analytical discussion of the phenomenon of euroization, while coming short of empirical

findings on de-euroization. Hence, this study aims to contribute to the global literature.

The main research question of *this* study is: **What would be the appropriate level of financial euroization in Albania that should serve as an anchor for the de-euroization process?**

The first step toward addressing the main question will lie in documenting trends in credit and deposits in the Albanian banking sector, using data from the Bank of Albania between 2000 and 2015, exploring in detail the factors that have led to the current *level* of financial euroization in the country. Then will be analyzed financial dollarization and de-dollarization in economies similar to the Albanian, to identify the factors that have led to de-dollarization in such economies. I will focus on the most striking and arguably successful experience with de-dollarizing from very high and persistent levels. An econometric approach will be used to model de-euroization dynamics and to identify the factors that have boosted the de-euroization process. It will permit a capture of (i) the dynamics of credit and deposit euroization; (ii) the simultaneous determination of credit and deposit euroization; and (iii) the response to the exogenous factors that are demand or supply shifters.

**Keywords.** De-euroization; Financial system , Systemic risk.



**Denisova Irina**

Rostov State Economic University Rostov-on-Don, Russia  
E-mail: denis8663@mail.ru

**Rukina Svetlana**

Rostov State Economic University, Rostov-on-Don, Russia

**Samoylova Karina**

Rostov State Economic University, Rostov-on-Don, Russia

**Takmazyan Aida**

Rostov State Economic University, Rostov-on-Don, Russia

## **REGIONAL DEVELOPMENT BUDGETS AS A TOOL FOR IMPLEMENTING INVESTMENT POLICY IN THE CONTEXT OF POST-CORONAVIRUS INFECTION**

**Introduction.** Purpose of the study is to substantiate the need to justify the development budget as an independent monetary fund that contributes to the achievement of the effectiveness of the investment policy of the region in conditions of post-coronavirus infection.

**Methods.** Application of a systematic approach, logical-semantic and comparative analysis of theoretical and practical materials made it possible to study measures of state support for investment activities. The work is based on the works of domestic and foreign scientists dedicated to the issues of state support for investment activities, as well as open data from public authorities and administration.

**Results and novelty.** The necessity of forming a development budget in the Russian regions as an independent monetary fund as part of the consolidated budget of a constituent entity of the Russian Federation has been substantiated. The proposed approach differs from modern practice, when the development budget is considered only from the standpoint of using budget funds for capital expenditures. An analysis of the sources of financing for investments in fixed assets

showed that they are carried out mainly at the expense of enterprises' own funds, and budget funds are extremely unevenly distributed. The constituent entities of the Russian Federation strive to create comfortable conditions for attracting investments using a variety of instruments, including tax ones. It was revealed that tax benefits provided by the sub-federal government within the framework of tax powers are limited by the legislation on taxes and fees. The assessment of the effectiveness of tax expenditures is carried out on the basis of the methodology of the Ministry of Finance of the Russian Federation. In the case of low budgetary efficiency, tax incentives are canceled. In order for the development budget to function as a tool for the implementation of regional investment policy, it is necessary to consolidate its status legislatively, expand the tax independence of the regions and maintain the stability of tax legislation. The novelty of the study lies in the systematic presentation of the regional development budget based on the analysis of the content of its components.

**Keywords.** Investments; Forms of state support; Tax incentives; Tax expenditures; Economic growth; Employment recovery.

### Zoica Kokaveshi (Zharkalli)

University Aleksander Moisiu Durrës, Albania

E-mail: zoica\_zh@hotmail.com

### Servete Gruda

University Aleksander Moisiu Durrës, Albania

## WHAT ARE THE MAIN FACTORS OF A COUNTRY'S COMPETITIVENESS? ANALYSIS OF COMPETITION INDICATORS FOR ALBANIA AND THE REGION

**Abstract.** The existence of competitive markets in an economy is a necessary condition for its growth and development. Developed countries have long benefited from market opening while developing countries face many difficulties in achieving high levels of competition. Competition, according to the OECD, is related to the degree to which a country, in terms of free and fair trade, produces goods and services that meet the standards of international markets, while maintaining and increasing the real incomes of its citizens in the long run. Competition relates to productivity, to the actions that firms, industry, the region and governments must take to stimulate sustainable productivity growth. Improving human, capital and natural resources, Innovation and technology, as well as the organizational behaviour of firms, are some of the ways to increase productivity and consequently competition.

Albania and other countries in the region, as they aspire to join the EU, cannot be spectators of the latest developments in the world economy, so they must analyse the available resources and ways to use them in order to increase competitiveness at the regional level and beyond.

In this paper we aim to provide an analysis of competition indicators in recent years, comparing the situation of the Albanian economy with the countries of the region. The focus will be on identifying those factors that can be used positively to improve the situation in which the Albanian economy finds itself, including shortcomings and challenges. By analysing the available data, it will be aimed to reach valid conclusions and recommendations for building strategic plans for the future.

**Keywords.** Competition; Productivity; Opening of markets.

**Nazlı Yılmaz**

Anadolu University Eskişehir, Turkey  
E-mail: nazli\_yilmaz@hotmail.com

## HOW IS THE COVID 19 PANDEMIC MANAGED IN TURKEY?

**Abstract.** COVID-19 is the disease caused by a new coronavirus called SARS-CoV-2. The World Health Organization (WHO) first learned of this new virus on December 31, 2019, after a series of reports of “viral pneumonia” cases in Wuhan, People’s Republic of China. WHO named this disease as a pandemic as the virus started to be effective worldwide. As of 21 April 2021, there have been 142.557.268 confirmed cases of COVID-19, including 3.037.398 deaths, reported to WHO.

Despite the emergence of the Covid 19 pandemic as a global problem, struggles continued nationally. Especially in the period when the epidemic first appeared, countries retreated into themselves by closing their border gates. States have taken a series of measures in this regard. Various measures such as the imposition of a curfew for citizens or total lock down, restriction of domestic and international travel, preventing people from gathering in crowded environments, suspension of education at schools and transition to distance schooling, social distance rules, and the obligation to wear masks have been implemented worldwide. In this period, international organizations, especially WHO, could not operate beyond keeping statistics and initiate a global initiative.

First Covid-19 case in Turkey was announced by the Ministry of Health on March

11<sup>th</sup>, 2020. The first death due to the virus in the country occurred on March 15<sup>th</sup>, 2020. From March 2020 to today Turkey has also taken various measures like the rest of the World for the health of citizens in this process which brought many limitations on fundamental rights and freedoms; judicial and administrative actions were taken against those who violated the restrictions imposed. In this context, bars, nightclubs, theaters, cinemas, restaurants, cafes, baths, gymnasiums, etc. closed; scientific, cultural, artistic, and similar meetings at national and international level delayed; curfews imposed for those over 65 and under 20 and those with chronic illnesses; general curfews applied on weekends; There have been restrictions such as the abolition of intercity travels. Despite the measures taken, as of 21 April 2021, there have been 4.446.591 confirmed cases of COVID-19, including 36.975 deaths in Turkey. With 61.967 new cases Turkey took first place in Europe, and second place in the world.

From March 2020 to today Turkey has faced several problems during the pandemic. This paper will be about the management process of pandemic and the measures taken in Turkey. The measures will be assessed in the legal framework.

**Keywords.** Covid-19; Pandemic; Turkey; Curfew restrictions; legitimacy.

**Samrat Ray**

Peter the Great Saint Petersburg Polytechnic University, St Petersburg, Russia

E-mail: samratray@rocketmail.com

**THINKING DIFFERENTLY IN A WORLD OF CHAOS AND DISRUPTION DURING COVID-19: EMOTIONAL PRO-POOR MARKETING AND ITS SOCIAL EFFECTS ON ECONOMICS OF BRAND POSITIONING**

**Introduction.** Poverty has never been the same before with widespread hunger, unemployment and rising curves of inequality. In changing plethora of disruptive innovation trends where big firms too have struggled to bring forward novel ways to integrate fast moving innovative structures to sustain brands; economics of scale is fast depleting and requires newer dimensions of loyalty and transformative practices amidst rising tensions and global warfare to combat emergencies in healthcare sustainability. The Adam Smith propounded invisible hand paradox is not working well with the changing faces of the virus disrupting and making academicians volatile in pursuit of resilience and sustainability functionality amidst scarcity and regrets globally. In such scenario it is imperative to bring in coordinated effects of multidisciplinary studies encompassing various critical pathways to help provide homogeneity in research and development across various peripherals of activity. After the great depression which shook the mightiest American economy there have been many ages of changing innovative practices and crisis points wherein newer technologies took over to stabilize the global economic order. Post 1970 saw the rise of post modernist functionalities which saw the integration of the digital age with various economic bubbles which shook the foundations of economy and development across national borders. The housing bubble and the 2008 crash of Lehman Brothers saw economists struggle with various models and intrinsic economic

forces wherein newer open ended innovation channels tried to foster new energy into the system of global financial structures. Whereas the balance of payments showed not a favorable face in face of rising inflation; the recent Covid-19 pandemic saw rising tensions across various peripherals of economic indicators. In such chaotic circumstances already burdened by the rising prices and consumer complexity, brand managers struggled once again to bring in fostered responses to fight crises and maintain their brand equity amidst the collapse of economic orders of the day. With the post 1990 showing liberal free markets taking the new change on its shoulders, behavioral economics showed new promises with prospect theory and regret theory trying to understand financial compulsions and decision making. Why do we buy? What can we buy if we are to leave behind a certain product which is costly? These are certain mental accounting maths which are prerogative to economists to judge and marketers to strategize while pricing during crisis situations. With rising unemployment in India with 13% at a moving average according to CMIE studies which showed bleaker dimensions in rising poverty in rural regions where basic necessities are not met human actions are often guided by regrets and fear of the same. Indian government NSS data showed a still grimmer projection of negative growth during the next fiscal year with rising inflation and uncontrolled unemployment rise wherein migration and disruptive logistics will still ruin the prospects of

harvesting season detrimental to livelihood of absolute poverty embodiments. To better understand strategy of brands it is therefore better to analyze and evaluate ground situations so that strategists and policymakers can align brand story with consumption deficit and consumer scarcity foundations. There are in fact a lot of research work done in global context on emotional marketing, sensory discourses as well as neuromarketing to try to strengthen brand equity, but very few have taken into account poverty dialect and how marketing principles can be more responsible and socially relevant during crisis points in poorer countries where the bottom of the pyramid statistical figure is in large numbers. To better strategize marketing strength during crises like Covid-19, it is essential to bring in human choices under various descriptive systems to bring in agility to the brand positioning agenda. Loomes as well as Sugden tried to analyze human regrets with their regret theory wherein human regrets were evaluated to understand rationality and fear out of regrets in various situations. In crisis points such regrets increase in dimensions with both internal prejudices and external deficits which leads to various psychological compulsions like fear, depressive attitudes. This in turn affects the rational decision making of economic buying and selling. Marketers need to evaluate such circumstances and bring in agility to design thinking in brand allocations. Indian brands according the Global brand study 2021 have shown rise in 21% in emotion led advertising aligning to social choices wherein brands portrayed concerns to sanitation and cleanliness wherein smaller brands to joined the bandwagon with 35% according to Ogilvy study which showed jump in profits for year ending 2020. Such regrets are higher during crisis (Swaminathan 2021) with increased fluctuations in moods which give rise to obstructive economic decisions and complex

behavioral heuristics (Kahneman 2005). Such regrets evaluation shows rising tendencies to fail but reaching peak within few months and subsequent decrease with changing situations with changing nudges in ambiances and decreased agility in mental accounting process (Thaler 2001). The five sense concept of sensory marketing with brands like Singapore Airlines in brand economy study 2019 showed increased loyalty to brand agility and equity during various crisis with applied olfaction. Similar tendencies were shown to increase brand visibility with studying eye tracking and applied sensory behaviors to marketing strategy in a CBS study done with neuromarketing think-tank body. Krishna 2006 responded with increased vigor about haptic responses and integrating the five senses into marketing innovation. Dual process theory propounded by Kahneman shows subsequent duality in decision making under both controlled and automatic response situations. Wherein Covid situation is highly controlled externally by situations unforeseen choices become more restrictive with psychological negativity paradox bringing in deficit in budget allocation.

**Methodology.** This research work is done in conjunction with the changing variants and phases in pandemic waves brought about by restrictive measures in national regions. This work utilizes Cati research methodology including semi structured interviews across wider geography encompassing both urban and rural regions where diversity is a type of rational thought. The methodology is intended to create error minimizing technique in judgmental deduction based on various cases from Indian regions where there lies heterogeneity in selection of sample size ranging around 1700 to 2000 which is quite big including both salaried and daily wage employees who faced maximum stress during the pandemic. We have tried to bring in multifaceted structured analysis in both

controlled and natural circumstances taking in view human complexity in decision making and rationality in unbiased and biased situations. The research also tried to analyze choices of consumers in restrictive situations to better understand trends and tendencies of consumer behavior wherein main concern is scarcity and restrictive ambiances.

**Findings.** The research bridged the gap between technological infusion in marketing economics with traditional hierarchical study which portrays that brands need to move away from excessive technological budgeting to a more sustained and emotion led business philosophy during crisis so large in dimension like Covid-19 which accounted for millions of deaths and unemployment shooting up leaving human despair and suffering at a record high numbers. Wherein various big firms irrespective of their big budgets too have been wiped out due to non innovative practices; it is essential to learn from extraordinary circumstances to rise to occasions wherein emotional intelligence and subsequent marketing tendencies can create difference in attitude. Analysis showed propensity to consume at natural ambiances but with restriction and control external to thought process, regrets were seen which affected consumption pattern. The subsequent nudges underlying economic decision mapping was finalized with retrospective analytics showing diversity in thought process requiring experiential marketing strategy allocations.

**Conclusion.** We definitely have to understand that Covid-19 is an extraordinary circum-

stance which requires out of the box creativity to sustain and maintain brand vibrancy. During the crisis even bigger brands have failed to show up to the promise of aligning to customer preferences wherein they were stuck with traditional age old technological innovation and big scale revenue allocation without desiring to innovate with time. Though recent technological disruption like AI, IOT as well as Big data analytics have been successful in mapping human trends and brain activities through advanced neuromarketing devices; usage of various medical devices during crisis still looms ethical considerations at large wherein human consumption may be at higher risk than other times wherein brand agility is questioned and social development and welfare activities remains a wider gap in practice. In such situations, the sensory effect of haptic marketing with aesthetics of neurological best practices will try to bridge the gaps during crisis with an agile resilient marketing strategy imbued for poverty reduction at first stage with social responsibility and growth infusion with ambidexterity in practice. Though field experimentation is quite challenging during health emergencies, the study done under stricter conditions gauged the very essence of technological backwardness and brought in the necessity of aligning human choices and developmental economic foundations to marketing in a bolder perspective.

**Keywords.** Emotional Marketing; Covid-19; Behavioral economics; Poverty; National Policy.

**Arjeta Hallunovi**

University Aleksander Moisiu Durres, Albania

E-mail: arjetahallunovi@yahoo.com

**INNOVATION IN BUSINESSES**

**Abstract.** Research in the field of innovation in Albania is difficult and often the efforts invested in this aspect have been experimental and do not go deep into the problem. In this paper we will find a description and reference of the history of innovation, its definition, combination of various dimensions in the literature as well as its determinants studied up to today. In the paper, an analytical review was made which was necessary to identify and evaluate the contribution of the literature realized so far. The main purpose of this study is to enrich the literature in the Albanian language, as in terms of innovation there were many problems in finding detailed or accurate information. The study in this aspect tries to have theoretical depth, producing new and systematized knowledge based on careful literature review and rigorous data analysis. This study aims at a systematic literature review in order to consolidate the concept of innovation in a less developed field and without a strong research base in the Albanian language. Innovation has been treated as the new industrial revolution and as an alternative way to set in motion economies that are experiencing a slowdown in their growth. It represents the new paradigm according to which the use of

existing technologies in different ways and the engagement of new technologies enable the creation of a new economy and new opportunities for development. The study confirms the positive relationship between innovation and performance, so innovative firms actually have better performance. The overall market orientation process takes place in parallel with organizational learning and capacity building. Responsibilities, as components of market orientation, prove to be good determinants of innovation and strong performance, despite the weaker effect it has on innovation rather than performance. In other words, it means the ability to recognize market information from consumers, competitors and other operators is responding properly by giving them new products and services. Also, it is noted that although it is not a new phenomenon, it has only received due attention in recent years. It was noticed that in recent years there has been an increase in socio-scientific publications focused on innovation. In general, the innovation and the impact it has brought to the economy and not only, have been studied mainly by those of the social sciences.

**Keywords.** Innovation; Process; Phenomenon; Performance; Technology.

**Nevila Mehmetaj**

University Luigj Gurakuqi, Shkoder, Albania

E-mail: nevila.mehmetaj@unishk.edu.al

## COVID-19, EFFECT OF MACROECONOMIC VARIABLES ON GDP, ALBANIA CASE STUDY

**Introduction.** Coronavirus pandemic (Covid-19), has spread rapidly around the world and shocked the world economies during the year 2020 and beginning of 2021. To prevent the life-threatening consequences of COVID-19, and the potential for medical systems to be overwhelmed as a result of the pandemic, extremely restrictive measures: such as city lock-downs, and closures of stores, factories, offices, schools, travel bans to places, etc. have been implemented in many countries. These measures have been effective in suppressing the spread of COVID-19 to a certain extent; however, they have had a significant negative impact on the economy. The

output growth of the world in terms of real gross domestic product was 3.3% in 2020, declining from 2.8% in 2019. Albania as most of the world countries has had dynamic macroeconomic changes in most of its economic sectors. The pandemic situation has changed the impact of the main economy sectors on the country's GDP. Therefore it is the objective of this study to analyze the effect of pandemic situations on the relationship between the main economic sectors' macroeconomic variables on the country's GDP.

**Keywords.** Covid-19; GDP; Macroeconomic variables.



**Thomai Mpaltzi**

Aristotle University of Thessaloniki, Greece  
 Email: tmpaltzi@jour.auth.gr

**Thomai Voulgari**

Aristotle University of Thessaloniki, Greece

**Antonis Skamnakis**

Aristotle University of Thessaloniki, Greece

## FORMS OF ALTERNATIVE TOURISM IN GREECE IN A POST-COVID-19 ERA AND EXPOSURE THROUGH SOCIAL MEDIA: ANALYSIS OF FACEBOOK REACTIONS THROUGH NEWS MEDIA PAGES

**Abstract.** Greece's tourism industry has been hit hard by COVID-19 pandemic and restrictions on movement. While all forms of tourism have dramatically interrupted, at the same time the tourism sector globally experiencing a significant transformation (Higgins-Desbiolles, 2018b). According to the World Travel & Tourism Council's

(WTTC's) annual Economic Impact Report (EIR) for 2020, the Greek tourism sector's contribution to Gross domestic product (GDP) decreased a shockingly 61.1%. Coronavirus pandemic has been described as "infodemic" emerging fields of research and causing political distinction between the political parties. Social media are acknowledged as a critical factor in the development of positive attitudes by showing COVID Free and safest tourist destinations. As noted by Gosling et al. (2011), behavioural views of personality are formed and affected by symbolic interactions from online social networks.

The purpose of this study is to analyze data collected from Facebook posts and their reactions related to publications of Greek tourist destinations by international news

media. Tian et al. (2017) observed that Facebook reactions and comments provide the opportunity for analyzing social factors that influence behaviour.

Specifically, we examine Facebook pages internationally recognized for their media coverage sites such as the Guardian and the BBC during the period of July 2021, which is considered to be the peak season for tourism in Greece. Our research focuses on social giant Facebook and reactions of the public as it allows us to understand in which ways tourists became aware of changes taking place in the tourism market place in the post-COVID era (Cohen, 2020).

According to our first findings, social media has influenced personality aspects as personal motivations in general and especially tourists motivations. Through the recurrent promotion of alternative tourists destinations as "free covid" destinations, more and more tourists are pushed to consume different attributes destinations.

**Keywords.** Forms of alternative tourism; Facebook reactions; COVID-19; impact of platforms; Greece.

**Shqipe Xhaferri**

University "Aleksandër Moisiu" Durrës, Albania,  
E-mail: shqipexhaferri@uamd.edu.al

**Albana Demi (Mosh)**

University "Aleksandër Moisiu" Durrës, Albania

**Flutra Domi**

University "Aleksandër Moisiu" Durrës, Albania

## TOURISM INDUSTRY IN ALBANIA BEFORE AND DURING COVID 19

**Introduction.** The purpose of this research study is to show the importance of the tourism industry in Albania, considering the fact that Albania is a beautiful and attractive country. It has a wide range of historical, cultural and natural attractions that constitute a great interest for international tourists. Albania is crossed by a coastline with a length of 362 km and has inherited 2000 objects declared cultural monuments, three of which are world heritage of humanity protected by UNESCO (Butrint, Berat and Gjirokastra). In this respect, Albania is a unique country in its kind and offers a very wide range of investment opportunities in the field of tourism.

The main objective of the work is to present in detail if the changes of fiscal legislation and technology are known by the managers and how these changes affect the quality of service, as well as to the customers themselves.

Research questions: Is the tourism industry in Albania conditioned by fiscal changes? How did the changes before and during COVID 19 pandemic affect the tourism industry in Albania?

**Methodology.** The performance of the consolidated fiscal indicators for 2010 - 2020 was reviewed, which reflects the performance of revenue collection and realization of expenditures during the pandemic period and fiscal facilities, in postponing the collection or raising some taxes. The preliminary performance also reflects the increase in spending on assistance to businesses and individuals affected during the pandemic period and

the progress of investments within the Government's priorities.

To realize this study was used a methodology of a combination of primary data with the secondary ones and the data are provided from the official publications of the Albanian public institutions. Also in this study the comparative method and data processing is done by the authors in order to identify the effect that fiscal changes have on the tourism industry.

**Findings.** Depending on the type of tourism that a country has the potential to develop, such as coastal tourism, green, etc., its real impact on a country's GDP can be calculated. The United Nations World Tourism Organization (UNWTO) regarding the contribution of tourism to GDP states shows that this contribution is different in different countries, depending on the stage of economic development in which each of them is located. Due to the data processed by the authors, it is noticed that the period of the pandemic significantly reduced the revenues in the state budget.

**Conclusion.** Considering the COVID 19 Pandemic time in Albania, we can say that the tourism industry must create sustainable reserves for its proper functioning. Establishment of a structure that will strictly and from time to time monitor the fulfillment of tourism standards.

**Keywords.** COVID 19; Revenue; Tourism; GDP; Fiscal legislation.

**Yilmaz Bayar**

Bandirma Onyedi Eylul University, Turkey  
 Email: yilmazbayar@yahoo.com

**Funda H. Sezgin**

Istanbul University-Cerrahpaşa, Turkey

## THE IMPACT OF COVID-19 PANDEMIC ON TOURISM SECTOR: EVIDENCE FROM BORSA ISTANBUL TOURISM SECTOR INDEX

**Introduction.** The COVID-19 pandemic has almost brought economic activities to a standstill, because the countries have generally imposed lockdowns, closed all businesses except the ones meeting the basic living needs, and heavily restricted the international flights to combat the pandemic. Travel and tourism sectors have been among the most seriously affected sectors by the aforementioned measures. In this research, the influence of COVID-19 on the tourism sector proxied by Borsa Istanbul tourism sector index during the period March 13, 2020-April 30, 2021 was analyzed by way of Bayer and Hanck (2013) cointegration analysis.

In this research, we focus on the influence of COVID-19 on the tourism sector, because tourism and travel firms have been the ones most affected by COVID-19 pandemic. Also, the scholars have revealed that COVID-19 pandemic has negatively affected the tourism sector (e.g. see Jaipuria et al., 2020; Uğur and Akbıyık, 202; Skare et al., 2021).

The study analyzed the impact of COVID-19 on the tourism sector proxied by the Borsa Istanbul tourism sector index during the period March 13, 2020-April 30, 2021 and targets to make a contribution to the related literature given the limited literature.

**Methodology.** The influence of COVID-19 pandemic on the tourism sector during the period March 13, 2020-April 30, 2021 was analyzed with Bayer and Hanck (2013) cointegration analysis through statistical

packages of Eviews 11.0 and Stata 16.0. The COVID-19 was proxied by COVID-19 cases and the tourism sector was proxied by the Borsa Istanbul tourism sector index. The COVID-19 data was provided by the World Health Organization (2021) and data of the Borsa Istanbul tourism sector index was provided from the database of Borsa Istanbul.

In the econometric analysis, first the stationarity of the series was analyzed by ADF (Augmented Dickey-Fuller) unit root test of Dickey and Fuller (1981) Phillips-Perron unit root test of Phillips and Perron (1988). Then the presence of cointegration relationship between two series was investigated by Bayer and Hanck (2013) cointegration test and the cointegration coefficients were estimated by way of FMOLS (Fully Modified Ordinary Least Squares) estimator. Lastly, the short-run interaction between two series was analyzed by vector error correction model.

**Findings.** The cointegration analysis revealed a negative impact of COVID-19 new cases on Borsa Istanbul tourism sector index incompatible with the theoretical considerations and findings of a limited number of studies. A 1% increase in COVID-19 new cases led to a 6.3% decrease in the Borsa Istanbul tourism sector index. Furthermore, the error correction term was found to be negative and significant. In other words, it denoted that the error correction mechanism worked and the 48.4% of the short run deviations between two series were eliminated and the series

converged towards long term equilibrium values again.

**Conclusion.** The study revealed a negative impact of COVID-19 on the tourism sector proxied by the Borsa Istanbul tourism sector index in both short and long run in compatible with theoretical and empirical findings.

In this sense, the tourism sector should be among the first sectors to be supported for its survival.

**Keywords.** COVID-19 Pandemic; Tourism Sector; Borsa Istanbul Tourism Sector Index; Time Series Analysis.

**Ahmed Chemseddine Bouarar**

University of Medea, Medea, Algeria  
 E-mail: shemseddine26000@gmail.com

**Karolina Stojczew**

Wrocław University of Economics and Business, Poland

**Kamel Mouloudj**

University of Medea, Medea, Algeria

## THE HOSPITALITY INDUSTRY'S DIGITAL TRANSFORMATION AND COVID-19 CRISIS IN POLAND

**Introduction.** COVID-19 crisis has affected many sectors in nearly every country (Bouarar et al., 2020). However, the degree of harm it is inflicting differs from one sector to another (Mouloudj et al., 2020). Accordingly, the negative impact differed in stages of COVID-19 crisis, place, and from one industry to another. From the first moments of the spread of COVID-19, researchers were quick to study its impacts on the tourism industry (Bouarar et al., 2020; Madani et al., 2020; Stojczew, 2021). Therefore, companies were quick to find solutions in order to reduce losses. Digital transformation was one of the practical solutions to this crisis. The impacts of digital transformation on organizational and business performance (Chen et al., 2016; Mubarak et al., 2019; Popović-Pantić et al., 2019; Sousa-Zomer et al., 2020), labour market (Dengler & Matthes, 2018), formal and informal organizational structures (Bonanomi et al., 2020), brand promotion and positioning (Melović et al., 2020) have been widely discussed in the literature. However, little research focuses on digital transformation in the context of COVID-19 pandemic (eg. Ahmad et al., 2021; Gabryelczyk, 2020; Kudyba, 2020; Soto-Acosta, 2020; Winarsih et al., 2021).

Based on the above, we try through our research paper to answer the following questions: Q1: Why digital transformation in the

hospitality industry? Q2: What is the impact of adopting digital transformation on hospitality business performance? Q3: How has the COVID-19 pandemic impacted the hospitality industry's digital transformation in Poland? Q4: What are the challenges of adopting the hospitality industry's digital transformation during the COVID-19 pandemic in Poland? Therefore, the aim of our study is: (1) Identifying the compelling reasons, motivations and incentives to adopt digital transformation in the hospitality industry; (2) Shedding the light on the impact of adopting digital transformation on hospitality business performance; (3) Determining the impact of COVID-19 pandemic on hospitality industry's digital transformation in Poland; and (4) Identifying the main challenges and obstacles that could stymied hospitality industry's digital transformation during the COVID-19 pandemic in Poland.

**Methodology.** The research methods include the critical review of existing literature. The scale of the analysis was of an international level, with special focus on the Polish model. Toward this end, reports and data provided by the Organisation for Economic Co-operation and Development (OECD), Digital Poland Foundation (Fundacja Digital Poland), and the World Health Organization (WHO) have been analyzed, as well as studies con-

ducted and published on both digital transformation and COVID-19 crisis.

**Findings.** The results show that successful digital transformation can speed up the pace of innovation, increase productivity, improve customer's experiences and satisfaction, reduce costs, and improve business performance. We think that these results will help to illuminate the complex issue of how to set an effective digital transformation.

**Conclusion.** We found that there are several factors that stimulate organizations to urgently adopt digital transformation during the COVID-19 crisis, among these factors for instance management support, technology infrastructure, globalization, the increasing usage of smart devices, rivalry pressure, and customer awareness. The results also revealed that Major barriers to digital transformation in the context of COVID-19 include

lack of knowledge, lack of digital expertise, poor digital leadership, resistance to change, inflexible culture, unclear vision and objective, lack of collaboration and alignment.

Finally, we hope that the study findings may help managers and decision makers to design effective programs, policies, and strategies that would illuminate and pave the way for firms to adopt digital transformation. Hence, we believe that it would be beneficial for futures studies to address the following topics, (1) challenges of implementation of hospitality industry's digital transformation strategy during the COVID-19 crisis, impact of digital transformation on the automotive industry; supply chain performance; or technology entrepreneurship in the post COVID-19 era, and determinants of adoption digital transformation in healthcare.

**Keywords.** COVID-19; Digital; Hospitality; Industry 4.0; Innovation; Performance.

CIP - Каталогизacija u publikaciji  
Narodna biblioteka Srbije, Beograd

616.98:578.834]:338(048)(0.034.2)  
502.131.1(048)(0.034.2)

ASSOCIATION of South Eastern Europe Economic Universities.  
Conference (17 ; 2021 ; Beograd)

Post-COVID19 in SEE and Black sea region [Elektronski izvor] : responses towards SDGs / 17th ASECU [ Association of South Eastern Europe Economic Universities] conference, Belgrade, 13-14. September 2021. ; [organizer] ASECU ; [editors Žaklina Stojanović, Dejan Molnar]. - Beograd : Centar za izdavačku delatnost Ekonomskog fakulteta u Beogradu = University of Belgrade, Faculty of economics - Publishing centre, 2022 (Beograd : Službeni glasnik). - 1 elektronski optički disk (CD-ROM) : tekst ; 12 cm

Sistemski zahtevi: nisu navedeni. - Nasl. s naslovnog ekrana. - Tiraž 100

ISBN 978-86-403-1736-8

a) Ковид 19 -- Пандемија -- Економски аспект -- Апстракт  
б) Одрживи развој -- Апстракт

COBISS.SR-ID 66498825