



# Book of Abstracts

THE 10<sup>th</sup> INTERNATIONAL SCIENTIFIC CONFERENCE

## IFRS: GLOBAL RULES & LOCAL USE - BEYOND THE NUMBERS

organised by

School of Business Administration at Anglo-American University and  
Department of International Business at Metropolitan University Prague

6–7 October 2022



# BOOK OF ABSTRACTS

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## Content

<i>Tomáš ADAM, Jan BĚLKA, Hana DITTRICHOVÁ, Martin HLŮŽE, Jakub MATĚJŮ, Jiří SCHWARZ</i> NOWCASTING HOUSEHOLD CONSUMPTION USING CARD PAYMENTS DATA.....	7
<i>Martina BEDNÁŘOVÁ</i> THE DIGITAL SINGLE MARKET AND THE SUSTAINABLE DEVELOPMENT OF THE EUROPEAN UNION: A LITERATURE SEARCH AS A BASIS FOR FUTURE RESEARCH.....	8
<i>Anna BIAŁEK-JAWORSKA, Renata KARKOWSKA</i> THE DETERMINANTS OF TAX BASE EROSION: EVIDENCE FROM THE BANKING SECTOR IN POLAND.....	9
<i>Patrik BUDSKÝ</i> HOMOGENEITY OF INDUSTRY AGGREGATES AND AGGREGATORS BASED ON BUSINESS MODELS.....	10
<i>Helena FIALOVÁ, Jan FIALA, Alžběta ZÍKOVÁ</i> MISERY INDEX RESPECTED AND REFUSED.....	11
<i>Lukasz FURMAN, Anna HAŃCZYK</i> SELECTED ASPECTS OF CAPITAL TAXATION IN POLISH COMPANIES.....	12
<i>Dmitry GANZHA</i> THE EFFECT OF COVID-19 ON CASHLESS PAYMENTS.....	13
<i>Jaroslav HALÍK</i> THE IMPACT OF INTERNATIONAL VALUE-ADDING CHAINS ON MANAGING CENTRAL AND EASTERN EUROPEAN COMPANIES.....	14
<i>Adrian ISIP</i> THE PROVISION OF ACCOUNTING SERVICES IN TIMES OF COVID-19 PANDEMIC.....	15
<i>Petr JAKUBIK, Saida TELEU</i> CREDIT LOSS MODELLING FROM A TOP-DOWN STRESS TESTING PERSPECTIVE FOR A SMALL OPEN ECONOMY.....	16
<i>Lea JANČIČKOVÁ, Renáta PAKŠIOVÁ</i> RESEARCH AND DEVELOPMENT IN ACCOUNTING UNITS REPORTING ACCORDING TO IFRS IN THE SLOVAK REPUBLIC.....	17
<i>Eva JANČÍKOVÁ</i> CURRENT TRENDS IN CASH MANAGEMENT AND CASH POOLING.....	18
<i>Petra JÍLKOVÁ, Ladislava KNIHOVÁ</i> ESG FACTORS IN SUSTAINABILITY REPORTING AS A COMPETITIVE ADVANTAGE.....	19
<i>Irena JINDŘICHOVSKÁ, Dana KUBÍČKOVÁ, Marie FIŠEROVÁ</i> REFLECTIONS OF INSTITUTIONAL LEGITIMACY IN THE CZECH ACCOUNTING PROFESSION.....	20
<i>Rainald KASPRIK</i> IFRS 13 METHOD 1: PROBABILISTIC FOUNDATION FOR THE DERIVATION OF CERTAINTY EQUIVALENTS.....	21

<i>Jiří KAŠNÝ, Radka MacGREGOR PELIKÁNOVÁ</i> CODES OF ETHICS FOR ACCOUNTANTS – PREFERENCES AND TRENDS IMPLIED BY A CENTURY-LONG PRACTICE.....	22
<i>Alexey LITVINENKO</i> COMPARATIVE ANALYSIS OF THE ACCRUAL-BASED AND CASH-BASED CREDIT RISK MODELS.....	23
<i>Robert Kenyon MacGREGOR, Meruyert ZHEKEBAYEVA</i> CODE OF ETHIC AS MORAL SWORD OR MORAL SHILED – PFIZER CASE STUDY.....	24
<i>Gabriele MEISSNER</i> A CASE STUDY IN FAILURE OF GERMAN AND EU CAPITAL MARKET SUPERVISORY SYSTEMS – THE WIRECARD CASE.....	25
<i>Pompei MITITEAN, Vasile Daniel CARDOŞ</i> THE IMPACT BOARD OF DIRECTOR CHARACTERISTICS ON ENVIRONMENTAL PERFORMANCE – EVIDENCE FROM ENERGY INDUSTRY.....	26
<i>David John MUIR</i> WHY IS NET PRESENT VALUE SO HARD TO EVALUATE?.....	27
<i>Sára OKLEŠŤKOVÁ</i> RESEARCH OF START-UP FUNDING BY BUSINESS ANGELS IN CZECH REPUBLIC: A LITERATURE REVIEW.....	28
<i>Lukas OTAVA, Jean KALLENBURG</i> FAIR VALUE MODEL EFFICIENCY IN EMERGING VS ESTABLISHED ECONOMIES (IAS 40) .....	29
<i>Slavibor PETRŽÍLKA</i> IMPACT OF COVID-19 PANDEMIC ON GASTRONOMY INDUSTRY IN CR & CEE.....	30
<i>Barbora PTOŠKOVÁ, Zdeněk TOUŠEK, Dirk BEYER</i> COMPARISON OF IMPACT OF THE CORPORATE INCOME TAX RATE ON COUNTRY'S ECONOMIC GROWTH IN THE CZECH REPUBLIC AND BELGIUM.....	31
<i>Dilshod PULATOV, Sergey VORONIN, Otabekov OTAJON</i> IMPACT OF TRADE POLICY LIBERALIZATION ON CHEMICAL INDUSTRY: CASE STUDY OF UZBEKISTAN.....	32
<i>Florina-Nicoleta SĂRMAŞ, Vasile Daniel CARDOŞ, Pompei MITITEAN</i> CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE RELATIONSHIP – EVIDENCE FROM ENERGY AND HEALTHCARE SECTOR.....	33
<i>Renáta STANLEY, Zuzana KUBAŠČÍKOVÁ</i> ANALYSIS OF THE PRESERVATION OF THE DOUBLE-ENTRY BOOKKEEPING PRINCIPLE IN THE REPORTING OF DATA IN THE FINANCIAL STATEMENTS OF THE SLOVAK REPUBLIC.....	34
<i>Dominik STROUKAL</i> DARK FINANCES: BOOKKEEPING ON THE DARK WEB.....	35
<i>Josef ŠÍMA, Abdel Moughit JAZOULI</i> WHY SHOULD REGULATORS CARE ABOUT CULTURE? THE CASE OF ANTICORRUPTION POLICIES.....	36

<i>Erginbay UGURLU, Irena JINDŘICHOVSKÁ</i> INFLATION IN THE CZECH REPUBLIC AND TURKEY .....	37
<i>Alexandru URECHE</i> THE ROLE OF THIRD SECTOR ORGANIZATIONS IN CREATING COLLABORATIVE SOCIO-ECONOMIC DEVELOPMENT FRAMEWORKS IN RURAL AREAS.....	38
<i>Alžběta ZÍKOVÁ, Jitka VESELÁ</i> RUNS AND VARIANCE RATIO TESTS TO VERIFY THE STOCK MARKET DEVELOPMENT.....	39
<i>Jakub ŽOFČÁK, Josef ŠÍMA, Aleš ROD</i> ANALYSIS OF THE IMPACT OF THE GAMBLING BAN IN PRAGUE.....	40

## NOWCASTING HOUSEHOLD CONSUMPTION USING CARD PAYMENTS DATA

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**Abstract:** We use Mastercard card payments data to nowcast Czech retail sales and sales in services. We show that the index built from card payments data tracks surprisingly well the official retail sales data by the Czech Statistical Office released more than a month later. We further show that the card payments data not only helps in backcasting Czech retail sales after the end of the month, but also provides valuable information for the nowcast as soon as only three weeks into the ongoing month. This is roughly seven weeks ahead of the official CZSO release. To illustrate the usefulness of our method, we show that we would be able to nowcast, with a reasonable accuracy, the sharp drop in retail sales at the outbreak of the first covid-19 wave in Czechia in April 2020. Well before the first partial quantification of the impact was released by the Czech Statistical Office.

JEL Codes: E21, E27.

**Keywords:** Household consumption, nowcasting, retail sales, transactional data

## **THE DIGITAL SINGLE MARKET AND THE SUSTAINABLE DEVELOPMENT OF THE EUROPEAN UNION: A LITERATURE SEARCH AS A BASIS FOR FUTURE RESEARCH**

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**Abstract:** This paper deals with a currently very interesting topic, namely the Digital Single Market and the sustainable development of the European Union (EU). This topic offers space for exploration, especially as digitalisation is now an inherent part of all of us. The Digital Single Market is the European Union's own strategy for the digitalisation of Europe, and the aim is for people and businesses to have the best possible conditions for doing business, studying, living, etc. The main aim of this paper was to present a literature search in the field of Digital Single Market and sustainable development of the European Union. The data and information obtained will serve as a basis for further research in this area.

**Keywords:** Digital single market, sustainability, sustainable development, digitalisation, European Union



## **THE DETERMINANTS OF TAX BASE EROSION: EVIDENCE FROM THE BANKING SECTOR IN POLAND**

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**Abstract:** This study offers one of the first investigations into the effects of increased tax transparency on the tax planning behaviour of banks in Poland – one of the Central and Eastern European banking sectors. We use bank-level tax data on passive income transfers to non-residents and financial data retrieved from the Orbis database for empirical analysis from 2012 to 2019. We note that international tax differences cause a geographical distribution of profits in banks, with low-tax jurisdictions attracting disproportionately high profits. Our results show different tax responses in banks with varying sizes of assets and credit risks taken. Furthermore, we find significant tax regulatory and macroeconomic drivers in the reported profit shifting of banks. Finally, the results confirm the effectiveness of current forms of information exchange in the fight against international tax evasion.

**Keywords:** profit shifting, banking, tax regulatory, tax havens, tax avoidance

## **HOMOGENEITY OF INDUSTRY AGGREGATES AND AGGREGATORS BASED ON BUSINESS MODELS**

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**Abstract:** This paper examines the homogeneity of the first-order sector aggregates of the Global Industry Classification Standard (GICS), which was developed in 1999 by MSCI and Standard & Poor's with classification based on business models. Descriptive statistics methods were used to examine the homogeneity of each of the 11 sectors recognised by GICS at the first level and the 10 defined business model groups. The two groupings were then compared. The test was performed on the components of the S&P 500 index using market capitalization.

**Keywords:** Categorization, grouping, sectors, business models, sample homogeneity

## **MISERY INDEX RESPECTED AND REFUSED**

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**Abstract:** Arthur Okun developed an indicator measuring poverty. His misery index is the country's unweighted sum of the annual inflation rate and the unemployment rate. The indicator can be simply computed but this simplicity leads to problematic conclusions when comparing indicators in different years and even more in different countries. The misery index includes two main economic indicators that everybody understands and that may strongly influence the life of an ordinary person, which are reasons, why it is still alive and attracts the attention mainly of politicians.

**Keywords:** GDP, inflation rate, misery index, the unemployment rate

## **SELECTED ASPECTS OF CAPITAL TAXATION IN POLISH COMPANIES**

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Abstract: Managing a company creates a lot of opportunities, but also responsibilities. A prerequisite for this is that the capital is available to develop the company. Each entrepreneur decides on the source of capital and forms his own capital by reducing or increasing it, which is related to the regulation of income taxes for companies and individuals. The purpose of this article is to explain the issue of the equity of enterprises and their nature and function. Analysis of the literature and the legal instruments has positively confirmed the hypothesis that the taxation of capital transactions related to the capital of companies is complex and burdens both the company and its shareholders and shareholders.

Keywords: equity, capital taxation, polish companies, taxes

## THE EFFECT OF COVID-19 ON CASHLESS PAYMENTS

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**Abstract:** The outbreak of the novel corona virus (COVID-19) has impacted the whole world. In an effort to stop the virus' spread, governments enforced regulations requiring face masks and social isolation, promoted social seclusion, hand-washing, and other hygienic measures to tackle the pandemic. People's movement and consumption were significantly reduced as a result of government-imposed lockdowns, with internet purchasing or e-commerce overtaking in-store purchases in a noticeable way. Most importantly, people's expenditure habits during times of restrictions and lockdowns seem to reduce overall desire to conduct cash transactions. Cashless transactions became the most preferred option for daily payment due to its convenience prevention from getting contacted with others and thus being infected. These factors have an impact on future intentions to eliminate cash payments once the pandemic ends as well as the choice of payment method. Even after some years with the pandemic, people continue using digital cashless payment for their daily transactions. This study has investigated the impact of the corona virus on consumer demand for cash and cashless payments during the COVID-19 crisis as well as after the lift of corona measures and lockdowns. This study has used convenience sampling method to select respondents from the overall population consisting of significant number of respondents from 20 European nations. A multiple regression analysis was utilized to assess the intention of the customer for using the digital transaction for payment. After analyzing the results, it has found out that there is a significant correlation among the intention of adopting cashless payment systems with the restrictions imposed during the pandemic. Customers prefer cashless transactions when there is a higher danger of infection while handling cash. The outcomes of this study will help stakeholders and governments to make good policy for using cashless digital payment systems for the customers to make the payment process easier and smoother.

**Keywords:** cashless transactions, payment methods, COVID-19 pandemic, consumer preference, cash

## **THE IMPACT OF INTERNATIONAL VALUE-ADDING CHAINS ON MANAGING CENTRAL AND EASTERN EUROPEAN COMPANIES**

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**Abstract:** The article analyzes the process of companies' internationalization, their role in global value-adding chains, new types of supplier-distributor relations, and the ways of managing flows of goods, services and money by Central and Eastern European companies. Based on numerous interviews, domestic and foreign publications, databases, and company websites, the author formulates a set of key management elements that are to be implemented by CEE companies to gain success in the global marketplace. The recommendations cover the areas of a company's process management, supply-chain management, customer relationship management, marketing management, and financial management. Special attention is also paid to building corporate structures using offshoring and transfer pricing principles. Practical examples, collected during the long-term pedagogical and research work of the author, complement the text.

**Keywords:** value-adding chain, supplier-distributor relation, Central Eastern Europe

## THE PROVISION OF ACCOUNTING SERVICES IN TIMES OF COVID-19 PANDEMIC

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**Abstract:** Accounting plays a key role within the business since it provides financial and non-financial information about the past, present and estimates for the future. In case of small and medium-sized enterprises, outsourcing of accounting is very common. In times of crisis, characterized by uncertainty, social and economic imbalances, the information need frequency increases for all stakeholders. Updated information and consultations with the experts are needed in order to make fast and good decisions to ensure the business continuity. This paper investigates the changes that occurred in the provision of accounting services because of COVID-19 outbreak. We employed a qualitative approach using the theory of change as theoretical framework, accounting services market under COVID -19 pandemic as context and semi-structured interviews as research method. The results showed that COVID -19 pandemic put high pressure on companies and people to adapt to the new reality and overcome their resistance to change. We found that digital transformation was accelerated; the importance of accountants as advisors increased a lot; the loss of staff and the need to reduce the costs forced some companies to choose outsourcing; digital delivery of services was predominant; most clients submitted documents in digital format and had instant access to information; most accounting firms implemented remote and hybrid work for their employees; some companies in order to survive reinvented their business with the help of external accountants. The main contribution of our study was to show the impact of COVID -19 pandemic on the provision of accounting services by highlighting the major changes experienced by accounting firms and their clients.

**Keywords:** accounting information, business resilience, COVID-19 pandemic, outsourcing decision, remote work

## **CREDIT LOSS MODELLING FROM A TOP-DOWN STRESS TESTING PERSPECTIVE FOR A SMALL OPEN ECONOMY**

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**Abstract:** IFRS 9 is a principle-based accounting, and bank have numerous implementation choices in terms of discretion. This brings significant modelling challenges, complexity, and therefore model risk. The objective of the paper is to present a loan-based model that captures the migration of individual exposures over time. This model is designed to suite to IFRS 9 compatible estimation in top-down solvency stress tests. In contrast to most European regulators, we apply “one-factor representation” of the transition matrix employing bank-level granular data. Furthermore, our model takes explicit account of model uncertainty to eliminate misreporting incentives, which focuses on point-in-time risk measurement. Although, the model is estimated for the Maltese economy, the key conclusions and methods are valid to any economy with the described features and data availability.

**Keywords:** expected credit loss, stress testing, transition matrix, IFRS 9, COVID-19



## **RESEARCH AND DEVELOPMENT IN ACCOUNTING UNITS REPORTING ACCORDING TO IFRS IN THE SLOVAK REPUBLIC**

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**Abstract:** Different accounting of expenses for research and development can have a different impact on the presentation of the results of the companies' activities, also concerning the results of management and the property value. Slovak legislation allows to capitalize costs that were spent on research and development on account 012 – Capitalized development costs, when they meet the conditions for assessing their results as long-term intangible assets. According to international accounting standards IAS 38, the result of research is not recognized as an asset aide directly to the costs of the current period and is deducted from the economic result for the current accounting period. Development is handled depending on the nature of the development results. When reporting according to IFRS, the accounting of research and development costs has a significant impact on the economic result of the current period. The aim of the contribution is a quantitative analysis of the reporting of research and development carried out by business accounting units in the Slovak Republic, which report their accounting/financial information according to IFRS for the years 2015 to 2020 and at the same time apply the super deduction of income tax for research and development.

**Keywords:** research, development, super deduction, reporting, IFRS

## CURRENT TRENDS IN CASH MANAGEMENT AND CASH POOLING

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**Abstract:** In recent years companies worldwide have to face challenges due to changes in global economics and in market stability. The cash management and cash pooling can be supported by new techniques and standards in payment processing. The aim of the paper is to present current trends in cash management and cash pooling. Commercial banks are offering new sophisticated banking products to improve the efficiency of their client's cash management. We used classical scientific methods due to the descriptive character of the paper. We used the method of structured observation, determining the different types of cash pooling and definition of general and essential information about the best solutions for effective financing of companies.

**Keywords:** Cash management, cash pooling, payment processing

## **ESG FACTORS IN SUSTAINABILITY REPORTING AS A COMPETITIVE ADVANTAGE**

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**Abstract:** Along with integrated reporting, sustainability reports have been an essential part of corporate reporting for many years; however, the modern form of publishing this information is delineated by 2016. The information contained therein is an indispensable guide for investors in particular. At the same time, sustainability reports are part of the corporate image, covering relevant and comprehensible topics to various stakeholder groups. This paper aims to assess the potential of ESG factors and related metrics to influence the perception of companies in terms of their competitiveness by analysing a selected sample of sustainability reports of business entities operating in different sectors. The findings from a conceptual content analysis of a research sample of sustainability reports will provide topical data for assessing congruence with expected preconditions for successful corporate governance in this area. Consequently, in the context of the growing public interest in sustainability issues, the increasing frequency of keywords associated with ESG factors and metrics over time can serve as an indicator that a company is on the right track to gaining a competitive advantage. The findings from the content analysis of the sustainability reports of selected companies show that ESG factors and relevant metrics are increasingly used by companies. The use of standardised indicators over a longer time contributes to the easier comprehension and greater value of these reports for the needs of investors and other stakeholders. The engagement of companies in this area is therefore a positive signal for a successful sustainable entrepreneurship with a significant competitive advantage.

**Keywords:** competitive advantage, CSR - Corporate Social Responsibility, ESG factors, integrated reporting, sustainability reports

## REFLECTIONS OF INSTITUTIONAL LEGITIMACY IN THE CZECH ACCOUNTING PROFESSION

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### **Abstract:**

**Idea:** Institutional legitimacy is a suitable theoretical framework for research in social sciences. It is also frequently used in accounting research.

**Data and Tools:** In this research we perform analysis of responses of representatives of Czech accounting profession to issues of new requirements on the accounting profession and current issues brought by recent pandemic. The research is structured according to three levels of legitimacy theory identified by Suchman, 1995 and DiMaggio, Powel, 2000.

**What's new:** We assessed the features concerning normative and mimetic isomorphism that are relevant in Czech conditions because of special cultural aspects and historical development.

**Contribution:** Czech accounting profession in spite of having important economic reasons to use the accounting information embedded in financial statements productively for effectively running the companies often concentrates on tax minimization pursuing the requirements of their clients.

**Limitations and further research:** Our findings may be distorted, because of small size of our sample and because of condition in which the research has been conducted even though we have tried to use the information constructively and avoid misinterpretations. Further exploration is needed.

**Keywords:** accounting profession, institutional legitimacy, isomorphism, tax optimization.

## **IFRS 13 METHOD 1: PROBABILISTIC FOUNDATION FOR THE DERIVATION OF CERTAINTY EQUIVALENTS**

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**Abstract:** IFRS 13 “Fair Value Measurement” defines various techniques for deriving the fair value a stand-alone asset or liability or a group of assets, as well as a group of liabilities or a group of assets and liabilities (e.g., a cash generating unit or a business). In this paper a methodology is presented which is to complement method 1 of the present value techniques within the field of income approach. The methodology allows to scrutinize the calculation results of method 1 through comparing the derived adjusted expected cash flows with the corresponding risk acceptance when regarding the derived value as resulting from a Value at Risk-calculation. This gives an objective basis for defining the Certainty Equivalent of the uncertain cash flows and, therefore, an objective basis for calculating the fair value. Further, the results of scrutinizing reveal the necessary risk premium depending on the deciders risk acceptance of accepting unfavourable outcomes with a certain probability.

**Keywords:** Present value techniques, risk-adjusted expected cash flows, Certainty Equivalent, probabilistic scenarios

## **CODES OF ETHICS FOR ACCOUNTANTS – PREFERENCES AND TRENDS IMPLIED BY A CENTURY-LONG PRACTICE**

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**Abstract:** Accounting has a history several thousands of years long, marked by Egyptians and Mesopotamian auditing systems, Phoenician trading, Greek philosophy, Roman organization and Christianity. Its modern era started one hundred years ago when there emerged the first Codes of Ethics for businesses. Indeed, they have evolved in parallel, while mutually influencing and reacting to crises, such as the current COVID-19 pandemic and the war in the Ukraine. Recently, the demand for sustainable and ethical behavior of businesses and transparent and consistent reporting about it has increased. A good orientation in and deeper understanding of the current interaction of the Codes of Ethics and accountant universes is integral for reporting, which is expected to go above and beyond law requirements. In order to appreciate this, it is necessary to dynamically explore points of intersections during the last hundred years and to imply from them trends perhaps indicative for the future. The data for it is to be extracted from the official database of the Codes of Ethics kept by the Illinois Institute of Technology by searching for Codes of Ethics related to accountants. In total, 10 such Codes of Ethics are selected and holistically explored by using an advanced content analysis based on key word frequency, LIWC and manual Delphi with Likert scaling regarding four key ethical principles. The yielded results are juxtaposed, critically compared, glossed and refreshed by complementary Socratic questioning. Preferences and trends emerge which provide interesting messages about accounting ethics and even about the ethical dimension of reporting in the third decade of the 21<sup>st</sup> century in general.

**Keywords:** Accounting, Code of Ethics, reports, sustainability

## COMPARATIVE ANALYSIS OF THE ACCRUAL-BASED AND CASH-BASED CREDIT RISK MODELS

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**Abstract:** The author of this research elaborates a comparative analysis of the cash-based credit risk model to the accrual-based credit risk model. The author applies it to the case of a manufacturing company and compares the effectiveness of probability of default determination by cash-based credit risk model to the accrual-based credit risk model. The author uses mixed research methods, combining quantitative calculations with analysis based on qualitative information. The author elaborates the cash-based credit risk model based on the Timothy Jury's template improved by the author. The accrual-based model chosen for the comparison and analysis is Altman's Z-Score model. The results of the study have shown that the cash-based model is more effective in determining credit risk and default probability. The cash-based model indicated a high risk default for the manufacturing company in years out of five years, while Altman's Z-Score showed the company to be in the moderate risk grey zone. The author suggests to the financial institutions, financial managers, and investors using cash-based credit risk model or the combination of it with the accrual-based model.

**Keywords:** accrual-based credit risk model, cash-based credit risk model, credit risk, probability of default, credit risk modelling

## **CODE OF ETHIC AS MORAL SWORD OR MORAL SHILED – PFIZER CASE STUDY**

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**Abstract:** The current set of crises magnify both pre-existing trends and issues. The pharmaceutical industry is expected to generate both wealth and ethical commitment and its top multinational companies are under a close scrutiny of the large public demanding their moral commitment and expecting to report about it honestly and transparently. Namely, Pfizer, Inc. is well known for its highly profitable business performance, its medicaments and vaccines saving lives, its extended portfolio of various pro-ethical and pro-sustainability declarations, including CSR and ESG reports ... and for its rather negative perception by external stakeholders. However, what is the fundamental standing of Pfizer, Inc. via its Code of Ethics and what its own employee thinks about it and in general? A multi-spectral two-step is to be employed. Namely, the holistic exploration of an advanced content analysis of the most recent Code of Ethics performed with key word frequency, LIWC and Delphi, and the questionnaire survey with Likert scaling by employees of Pfizer CZ offer interesting finding not only about the Code of Ethics of Pfizer Inc., but as well more generally about Pfizer, Codes of Ethics and even our current global society. Do we go for a moral sword or merely for a moral shield?

**Keywords:** Corporate Social Responsibility (CSR), Code of Ethics, Pfizer, sustainability



## **A CASE STUDY IN FAILURE OF GERMAN AND EU CAPITAL MARKET SUPERVISORY SYSTEMS – THE WIRECARD CASE**

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**Abstract:** This article discusses the consequences of the failures in one of the biggest fraud cases in Europe – Wirecard AG. Wirecard was a German company, an electronic payment provider. The firm was founded under a different name in the end of the nineties and a couple of years later acquired a failing company called Wirecard and then an almost bankrupt small bank which after the merger enabled them to have a banking license. From Wirecard the new firm took over the then CEO Markus Braun, who later hired the high-school drop-out Jan Maršalek as his personal assistant. Maršalek later took on the position of COO. Thus, the stage was set for one of the most ingenious and effective frauds ever seen in Europe.

What makes this case so remarkable is not that fraud was at the core of the business right from the beginning. But despite numerous red flags, all supervisory authorities failed to investigate what was going on in the firm. The auditors EY signed the reports without checking the truthfulness of the company's declarations for more than a decade, politicians enthusiastically endorsed Wirecard as the start of a German Silicon Valley, the BaFin (The German Federal Financial Supervisory Authority) instead of follow up reports about not-existing customers and non-existing cash in Asian trust accounts even issued a warrant against the FT journalist Dan McCrum accusing him of market manipulation and collaborating with short sellers. The German law enforcement didn't investigate the allegations against the firm but focused on the journalists, bloggers and some short sellers.

The case illustrates how white-collar criminals still consider Germany as a relatively safe haven for their illegal activities. Money laundering is common, and supervisory authorities either don't have enough competencies or are absurdly understaffed and underfunded. Germany meanwhile released some new laws, but critics still consider them as not good enough, especially the enforcement lacks budget and manpower. The article follows these open questions: what needs to be done to better prevent white collar-crime – not only in Germany but also integrated into EU supervisory systems.

The case is open, litigation is ongoing. Prosecution just charged Markus Braun with balance sheet manipulation, fraud and other crimes. Maršalek was more or less let go and was seen in Moscow. Even though he probably was the mastermind of the fraud, German law enforcement only released an international warrant when he was gone and it was too late.

**Keywords:** Capital markets, auditors, supervisory authorities, white collar-crime, Wirecard

## **THE IMPACT BOARD OF DIRECTOR CHARACTERISTICS ON ENVIRONMENTAL PERFORMANCE – EVIDENCE FROM ENERGY INDUSTRY**

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**Abstract:** The purpose of this study is to examine the impact of board size, board gender diversity, board independence, and CEO duality on environmental performance of companies in the energy industry. Data were collected from the Thomson Reuters database for a sample of 1.446 companies during the period 2017-2021, for which the data present social and environmental aspects at the end of 2021. The SPSS statistical program was used to run the regression models for the selected sample. We find that board size and gender diversity of the board increase environmental performance and its individual scores represented by resource use, emissions, and innovation. The results reveal that board independence has a negative and significant impact on environmental performance and two individual scores represented by resource use and emission, but at an insignificant level, while for the innovation score, a positive and significant impact was identified. This study complements and supports the existing literature on the relationship between corporate governance and environmental performance for the energy sector. The study has practical implications for investors in their decision making and for board members.

**Keywords:** corporate governance, board characteristics, environmental performance, energy industry

## WHY IS NET PRESENT VALUE SO HARD TO EVALUATE?

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**Abstract:** The advent of the Internet has held great promise for investors wishing to engage in the investment research. Much information has been placed on the internet to assist in the pursuit of this end. However, consolidation of information services and actual information available beyond generic information has become increasingly costly, and often, in order to maintain a proper portfolio, the costs seem to have offset the benefits from engaging in investment exercises by the individual investor. This relates to the timeliness and usefulness of accounting information currently provided by current practice.

The research quest is: What services are necessary for an individual investor to maintain a portfolio, and are these available without considerable cost?

The paper will survey existing information available on the internet and compare to the professional services used primarily by institutional investors. The paper will also touch on the role of institutional investors in the market.

**Keywords:** research, accounting information, net tangible worth, goodwill

## **RESEARCH OF START-UP FUNDING BY BUSINESS ANGELS IN CZECH REPUBLIC: A LITERATURE REVIEW**

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**Abstract:** This paper focuses on research of start-up companies in Czech Republic. The aim is to create a review study that summarizes the existing empirical research in the area of financing start-ups by business angels. The reason for choosing this topic is, that start-ups as a source of macroeconomic development within SMEs in the Czech Republic is under-researched and the aim of this review is to find a research gap. This article uses the methodology of systematic literature review. The results show that there is a lack of connection between business angels in the Czech Republic. The sector is still evolving very rapidly and there is an increasing number of start-ups looking for funding for their businesses.

**Keywords:** Venture Capital, Private Equity, Business Angels, Start-up, Czech Republic

## **FAIR VALUE MODEL EFFICIENCY IN EMERGING VS ESTABLISHED ECONOMIES (IAS 40)**

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**Abstract:** International accounting standards (IAS) No. 40 (Investment Property) allows companies to choose between the fair value model or the historical cost model for investment property accounting. The objectives which have been clearly stated in the Regulation (EC) 1606/2002, are intended to foster the harmonization of financial information within the capital markets that are given out by the issuers of securities (publicly traded companies). These efforts are in place to lower costs of capital, increase cross-border investments and achieve overall macroeconomic goals. The accounting objective is to increase comparability and transparency between markets, allowing investors to make informed decisions. However, questions and skepticism still remain about the decision usefulness of the two methods (fair value model, cost model) in IAS 40. The following paper will provide an analysis of the decision usefulness of the fair value model in emerging economies, emphasizing themes including i) manipulation of earnings management; ii) inefficiency in estimating fair values; and iii) the efficient markets hypothesis (EMH). Methodology includes the leveraging of empirical research to identify themes and inefficiencies within emerging economies currently operating under the fair value model. Finally, the paper will conclude that the fair value model of accounting for investment properties is less efficient in emerging economies.

**Keywords:** accounting, cost model, emerging economies, fair value model, valuation

## **IMPACT OF COVID-19 PANDEMIC ON GASTRONOMY INDUSTRY IN CR & CEE**

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**Abstract:** The COVID-19 pandemic is not only a health crisis, but also a phenomenon that has changed the functioning of the economy and society. Gastronomy is among the sectors with the most significant impacts. During the pandemic, industry experienced the restrictions from total shut down, permission only for delivery services, and limited access. Together with unprecedented inflation is very difficult to estimate the pace of recovery. The paper aims to find the answers to how the pandemic changed consumers' behaviour, the changes in restaurants business models, and the impact on the industry in the longer horizon. The research methodology is based on the analysis of data from the statistical reports of the Czech Statistical Office, the Ministry of Health of the Czech Republic, the Stringency index and mobility big data (Google COVID-19 Community Mobility Reports, 2021). We use questionnaire surveys to research consumer behaviour.

**Keywords:** Gastronomy industry, COVID-19, Czech Republic, consumer's behaviour

## COMPARISON OF IMPACT OF THE CORPORATE INCOME TAX RATE ON COUNTRY'S ECONOMIC GROWTH IN THE CZECH REPUBLIC AND BELGIUM

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**Abstract:** The main aim of the study was to determine the significant influence of the different corporate income tax rates in the Czech Republic and Belgium to the country's GDP from 2018 to 2020. The study consists of literature review and empirical research. The method used in the empirical research is comparison. The main data sources are specialized publications and mainly statistical offices and OECD statistical reports. It was observed that even if Belgium has a higher corporate income tax rate of 29,58%, respectively 25%, the part of the revenues generated from corporate income tax are not significantly higher than in the Czech Republic. The difference in percentage which represents part of the country's GDP never exceeds 1%, usually the difference between the part of the GDP in the Czech Republic and Belgium is approximately 0,5%, therefore it can be concluded that the corporate income tax rate has a significant impact on GDP, however it is influenced by other factors and the higher corporate income tax rate is not linear with higher GDP.

**Keywords:** corporate income, GDP, tax burden

## **IMPACT OF TRADE POLICY LIBERALIZATION ON CHEMICAL INDUSTRY: CASE STUDY OF UZBEKISTAN**

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**Abstract:** This paper is mainly concentrated on Uzbekistan's accession process to the World Trade Organization and recent reforms in country's foreign trade policy. By employing the partial equilibrium model, it pays special attention to the chemical industry trade. Moreover, expected changes in imports of chemicals, budget revenues and consumer welfare also revealed in the paper. Specifically, two scenarios, namely abolition of country specific discrimination practices in imports or mere tariff reduction, are considered. Results show that in the former case, budget revenues will grow considerably, imports and consumer welfare will decrease, while in the latter case imports of chemical products and consumer welfare will slightly increase and budget revenues will decline. It is concluded that in the former case, the negative effect will be outweighed by creating a fairer and more competitive environment, since removing discrimination practices such as import-specific excise taxes and exemptions on import duties payments for state companies stabilizes balance of resource allocation within and among industries.

**Keywords:** international trade, WTO, chemical products, trade barriers, Uzbekistan



## **CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE RELATIONSHIP – EVIDENCE FROM ENERGY AND HEALTHCARE SECTOR**

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**Abstract:** This paper assesses the possibility of a relationship between corporate governance mechanisms and financial performance for the companies from energy and healthcare industry. The sample consists of 1.116 companies and the data was collected from Refinitiv Eikon Database for the 2018-2021 period. The SPSS statistical program was used to run the regression model to the selected sample. The results obtained are mixed. Financial performance was measured using return on assets (ROA), return on equity (ROE) and earnings per share (EPS) as metrics. Board size (BZ), existence of audit committee (AC), CEO duality (CEO), meeting frequency (BM), gender diversity (BG), and board independence (BI) was the corporate governance metrics used. Board size has a negative impact on return of assets while on earnings per share the impact is inversely but insignificant. CEO duality has a positive impact on return of assets while on return of assets the impact is positive but insignificant. Our results contribute to the existence literature, may help the third parties to better understand the correlations between corporate governance mechanism and performance of the energy and the healthcare sector.

**Keywords:** corporate governance, financial performance, energy and healthcare sector

## **ANALYSIS OF THE PRESERVATION OF THE DOUBLE-ENTRY BOOKKEEPING PRINCIPLE IN THE REPORTING OF DATA IN THE FINANCIAL STATEMENTS OF THE SLOVAK REPUBLIC**

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**Abstract:** The double-entry bookkeeping principle is the basic accounting system worldwide. Although double-entry accounting has been around for centuries, the evolution of this system is still being developed and refined. The basic principle of double-entry accounting is based on the fact that each financial transaction is recorded in two different accounts to ensure the relationship of the balance sheet equation  $\text{Assets} = \text{Equity} + \text{Liabilities}$ . In addition to the evolution of the double-entry bookkeeping system, in recent years we have also experienced an increase in digitalization in all processes in the private or business sphere. Accounting is adapting to this trend by introducing electronic processing and storage of documents. The aim of this paper is to describe the development of double-entry bookkeeping, to highlight its basic principles, point out and the process of electronification in Slovak Republic and to analyse the preservation of the balance principle in the reporting of data in the financial statements on a selected sample of accounting entities in the Slovak Republic.

**Keywords:** double-entry bookkeeping, accounts, financial statements, electronic accounting record, Register of financial statements

## **DARK FINANCES: BOOKKEEPING ON THE DARK WEB**

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**Abstract:** Finance on the Dark Web is not chaotic, but it has order, even though it is not under the power of government-enforced rules. In addition to ethical rules, the Dark Web's selling points known as Dark Markets operate on a set of rules that allow disputes between users to be adjudicated. The second set of rules are innovations in institutions of alternative dispute mechanisms, because people need to resolve disputes between equals even in an anonymous setting. The third set are technological innovations due to the profit motive that allow Dark Markets to survive and finally a set of voluntary rules, including accounting, that improve users' use of services on the Dark Web. We specifically look into the last part and ask 500 sellers on the Dark Web and ask them set of questions about accounting. It turns out that accounting principles are used by virtually all sellers on the Dark Web, mainly to control their own profits and to better track volatile Bitcoin prices. Accounting is also used without government coercion, but in the case of the Dark Web it is exclusively single-entry accounting.

**Keywords:** Accounting, black market, bookkeeping, Dark Web, Dark Markets

## WHY SHOULD REGULATORS CARE ABOUT CULTURE? THE CASE OF ANTICORRUPTION POLICIES

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**Abstract:** This paper focuses on the reasons behind the success and failure of anti-corruption policies. By reviewing several case-studies it arrives at the conclusion that vast resources have been spent on this effort without achieving the expected results. Hence, the logical conclusion of suspecting issues with the identification of the problem, the methodology of studies, and the recommended policies. The paper discusses the shortcomings of the currently dominant economics of corruption and the resulting policy recommendations. It arrives at the conclusion that cultural differences—in the shared beliefs and ideas concerning concepts of property, rule of law, and role of the state—are the missing part of the puzzle. We also propose a way for culture could be included in further research and conclude with a call for the necessity of paying attention to the cultural uniqueness of each society and for less generalizations in policy design.

**Keywords:** corruption, culture, economic development

## INFLATION IN THE CZECH REPUBLIC AND TURKEY

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### **Abstract:**

**Idea:** Using time series analysis, we explore the inflation in two countries during the period of the recent economic slowdown. Inflation is one of the negative features of the economic cycle. High inflation is accompanying an economic slowdown because of the rising prices of goods and services make it difficult for economic actors to pursue their entrepreneurial activities, because volatile prices fail to perform their usual signalling role.

**Data:** Open-source data from World Bank and OECD, some data from Czech national bank and Czech statistical office, Statistical office of Turkey and Turkish central bank

**Tools:** Firstly, we explore the current economic slowdown and its influence using monthly data and leading and lagging indicators.

**What's new:** Prices are rising rapidly. Rising prices are not an effect of economic growth but rather a sign of wrong monetary policy. Inflation occurs due to some major macroeconomic pressures, for example, rising energy prices, rising prices of commodities or boom in real estate market. Inflation is also frequently accompanied by disbalances in the country's monetary policy.

**Contribution:** This paper explores the inflation in a European country - which has joined the EU and an Asian country - Turkey, which attempts to become a member of the EU. We wish to determine the depth of the crisis and possible length of recovery, Furthermore, we also try to investigate similarities of the current inflationary pressure to the one in preceding crises – the financial crisis and covid crisis. We also address the role of fiscal policy in mitigating the economic crisis.

**Keywords:** Inflation, economic cycle, deterioration of monetary policy, commodities prices, energy prices

## **THE ROLE OF THIRD SECTOR ORGANIZATIONS IN CREATING COLLABORATIVE SOCIO-ECONOMIC DEVELOPMENT FRAMEWORKS IN RURAL AREAS**

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**Abstract:** “Third sector organizations” (TSOs) include a range of organizations that are neither public sector nor private sector. These organizations are increasingly contributing to community socio-economic development, and foster sustainability by providing goods and/or services to local people. The purpose of this paper is to explore how TSOs engage in various socio-economic **endeavours** of different magnitudes, with the purpose of devoting a large share of their resources to long-term sustainable development of their localities. Our findings are based on case studies of TSOs operating in rural Romania and illustrate how these organizations’ goals are deeply embedded in the community’s history, and its long-term future development plans. Based on the intertwined nature of our findings, we argue that TSOs encourage social mobility, foster social innovation, and contribute to integrated socio-economic development of their communities. One important aspect of our research targets constitutes preventing rural migration from poor, to richer {urban} areas, and curbing legal emigration, which leads to a dangerous trend in depopulation of Eastern European Countries.

**Keywords:** Accounting technologies, exogenous interventions, social innovation, social mobility, third sector organizations

## **RUNS AND VARIANCE RATIO TESTS TO VERIFY THE STOCK MARKET DEVELOPMENT**

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**Abstract:** The Wald–Wolfowitz runs test and the variance ratio test are commonly used tests of the random walk process. This paper deals with testing the weak form of the efficient market hypothesis (EMH) using daily data on the development of indices representing selected stock markets for the period 2001-2021, which was further divided into shorter periods. The Efficient Market Hypothesis (EMH) assumes that stock prices take the random walk and that it is impossible to achieve above-average returns in such markets. The British, American, Japanese and Chinese stock markets were chosen for the study.

The evidence to date on market efficiency is mixed. The tested weak form of the efficient market hypothesis based on the random walk model was rejected for the majority of periods and markets. Most frequently, a weak form of market efficiency was discovered in the Chinese and Japanese markets in all periods under review. During the COVID-19 period, the British, American, Japanese and Chinese markets showed signs of a weak form of efficiency according to the runs or variance ratio test. It can be concluded that the market efficiency is not stable over time in the individual markets examined.

JEL Classification: G14, G15, C58

**Keywords:** Efficient Market Hypothesis, runs test, stock market, variance ratio test

## ANALYSIS OF THE IMPACT OF THE GAMBLING BAN IN PRAGUE

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**Abstract:** The trend of the last few years regarding gambling in the Czech Republic is a rapid and significant decline in the supply of land-based gambling venues. In addition to the COVID-19 pandemic (and related lockdowns), legislative changes, the development of online gambling and public demand for restrictions on this business within municipalities are contributing to this trend. Municipalities are motivated on the one hand by the demand of their constituents and on the other hand by tax revenues from gambling in their territory, while these revenues can also offset some local impacts (negative externalities). This paper presents a prediction of lost tax revenues from gambling in the City of Prague, which banned technical games and, to a large extent, live gaming on 1st of January 2021, and an analysis of the impact of these policies.

**Keywords:** addiction, externalities, gambling, impact analysis, policy analysis



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