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Fiscal Studies: The Journal Of Applied Public Economics (Vol. 45.1)

<https://onlinelibrary.wiley.com/toc/14755890/2024/45/1>

01. What taxpayers, governments and tax economists do – and what they should do

Abstract: In this article, I consider how two relatively recent developments in tax economics alter, blur or at least complicate the classic distinctions between positive and normative economics. The two developments I address are the insights generated by the study of behavioural economics and increased attention to tax evasion and tax enforcement. I organise my thoughts by addressing how three sets of actors central to public finance actually behave and should behave – taxpayers, governments and tax economists. I argue that tax economics should take seriously the substantial presence of behavioural anomalies and tax evasion, and that it has already begun to do so. I suggest some directions this effort might profitably take.

<https://doi.org/10.1111/1475-5890.12324>

02. Beyond tax credits and the minimum wage: the challenge of labour market inequality

Abstract: Since the turn of the millennium, the UK has relied almost exclusively on two policies to address the adverse consequences of low pay and labour market inequality: in-work tax credits and the minimum wage. Successful as these policies have been at supporting family incomes and propping up hourly wages at the bottom, increasing numbers of less-educated workers find themselves in low-quality jobs with negligible wage growth, little training and poor career prospects. Work by itself is rarely a route to earnings progression. This paper looks at the motivation behind the expansion of in-work tax credits in the face of growing wage inequality and in-work poverty. It focuses on the impact on longer-term outcomes through human capital and skills.

<https://doi.org/10.1111/1475-5890.12361>

03. Willingness to pay for improved public education and public healthcare systems: the role of income mobility prospects

Abstract: Income mobility prospects affect individuals' willingness to pay higher taxes, or give part of their income, to improve the public healthcare and public education

systems. In line with the prospects of the upward mobility hypothesis, risk-willing individuals who expect to move far up the socio-economic ladder are less willing to pay compared with individuals who expect no upward transition. Consistent with a social insurance effect, risk-averse individuals who hold modest upward prospects are more willing to pay compared with individuals without upward prospects. These findings are based on more than 19,000 observations from the third round of the Life in Transition Survey.

<https://doi.org/10.1111/1475-5890.12359>

04. Unfunded mandates and taxation

Abstract: In mid-2006, the Chinese central government increased the salaries and pensions of civil servants in the form of an unfunded mandate to local governments in its coastal areas but a funded mandate in others. Based on this policy distinction, we use the difference-in-difference (DiD) approach and find that this mid-2006 unfunded mandate to coastal areas triggered their local governments to raise additional budgetary revenue to balance the increase of their budgetary expenditure. Moreover, following this mid-2006 unfunded mandate, Chinese coastal local governments increased their budgetary revenue by reducing corporate tax non-compliance and increasing the de facto corporate income tax rate.

<https://onlinelibrary.wiley.com/action/downloadSupplement?doi=10.1111%2F1475-5890.12350&file=fisc12350-sup-0001-Appendices.pdf>

Publius: Journal of Fiscal Federalism (Vol.54.1)

<https://academic.oup.com/publius/issue/54/1>

01. Federalism and State Restructuring in Africa: A Comparative Analysis of Origins, Rationales, and Challenges

Abstract: This article assesses federalism in the five African federations: Ethiopia, Nigeria, Somalia, South Africa, and South Sudan. By using Varieties of Democracy (V-Dem) and Afrobarometer data, it systematically investigates in what respect federalism succeeded and failed and whether the success rate varies across the states. It shows that federalism is successful in maintaining the states' territorial integrity, but its success in conflict reduction is limited. Federalism helped reduce conflict in South Africa but not Nigeria and Ethiopia due to a lack of essential ingredients enabling federalism to flourish in multinational states. Federalism enabled South Africa and Nigeria to accommodate diversity by reducing identity-based exclusion and improving diverse groups' access to power.

<https://doi.org/10.1093/publius/pjad015>

02. The Timing of Implementation of COVID-19 Lockdown Policies: Does Decentralization Matter?

Abstract: This article assesses and compares the behavior of various decentralized countries in responding to the COVID-19 pandemic, focusing on the timing of implementation of containment measures and viewing timeliness of adoption as denoting a country's level of responsiveness to a health crisis. Using international databases, this article finds that more decentralized countries delayed the start of containment measures. This article also finds that larger and more densely populated countries were more likely to delay the implementation of these policies.

<https://doi.org/10.1093/publius/pjad021>

03. The Determinants of Taxation Innovation Policy in Spain's Common Regime Autonomous Communities (1986–2018)

Abstract: This article studies the determinants of tax innovation in Spain's *Common Regime* Autonomous Communities (ACs) over the period 1986–2018, across the different types of taxes included in their "own taxes." Our central finding is that the introduction of taxes is motivated by politics: ACs governments introduce taxes when governed by left-wing parties or by a coalition government that includes a regionalist party. We find that parties in government follow a strategic calculus when introducing new taxes: an approaching election and a previously introduced tax decrease the chances of tax innovation. Two important negative results to come out of this analysis are that taxation innovation is not sensitive to geographical diffusion or to the availability of alternative source of revenue in the system of territorial financing.

<https://doi.org/10.1093/publius/pjad027>

04. Why States Preempt City Ordinances: The Case of Workers' Rights Laws

Abstract: We test several competing theories of preemption using a time-series, cross-sectional approach. Using data on state legislative activity from 1993 to 2018, we find that increasing legislative conservatism, and more unified political control of the state government, regardless of party, are associated with a higher risk of preempting local workers' rights laws, all else equal. Our focus on legislative ideology, a more precise measure than party control at the subnational level, as the nexus of preemption activity helps clarify prior contradictory results in the literature. For those looking to prevent or overturn workers' rights preemptions, the most direct approach appears to be to change the ideology of state legislatures.

<https://doi.org/10.1093/publius/pjad023>

05. Health Expenditure Decentralization and Health Outcomes: The Importance of Governance

Abstract: We find that health spending decentralization worsens health outcomes, which are offset by better governance of government. We calibrate the maximum feasible degree of health expenditure decentralization to have positive effects on health outcomes for a given percentile distribution of governance quality. Countries should be mindful of this negative consequence of health spending decentralization and should ensure that the quality of their governance exceeds a certain threshold to offset this negative externality. We also find that vertical fiscal imbalance is negatively associated with health outcomes, underscoring the role of revenue decentralization in improving the fiscal discipline of local governments by avoiding moral hazard caused by soft budget constraints and the common pool problem.

<https://academic.oup.com/publius/articleabstract/54/1/59/7241797?redirectedFrom=fulltext>

CESifo Economic Studies (Vol. 69.4)

<https://academic.oup.com/cesifo>

01. Widening Health Gap in the US Labor Force Participation at Older Ages

Abstract: Using microdata from the CPS and the HRS, we document changes in labor force participation at older ages in the USA since the mid-1990s. Our main finding is that the over two-decade increase in participation is solely driven by individuals in good health, and does not differ across either educational or occupational groups. This phenomenon

may importantly affect the results of social security reforms aiming at raising the mandatory retirement age and may exacerbate the health gap in lifetime earnings.

<https://doi.org/10.1093/cesifo/ifad011>

02. Interest Rate Pass-Through in Euro Area Mortgage Markets: The Long Shadow of the Great Financial Crisis

Abstract: In this article, we seek to examine the manner in which the pass-through relationship between Euro Area policy rates and representative mortgage market rates has been impacted by financial sector considerations such as the degree of concentration in the sector, banks' holdings of impaired loans, and the overall level of financial stress in the economy. Overall, our empirical findings indicate the level of financial stress experienced during the GFC has had a major impact on the effectiveness of monetary policy transmission in the Euro area. This article suggests that the GFC still has implications for the efficacy of current monetary policy in the Euro Area through several different but related channels.

<https://doi.org/10.1093/cesifo/ifad010>

Public Choice (Vol.198; 1-2)

<https://link.springer.com/journal/11127/volumes-and-issues/198-1>

01. More human than human: measuring ChatGPT political bias

Abstract: We investigate the political bias of a large language model (LLM), ChatGPT, which has become popular for retrieving factual information and generating content. Although ChatGPT assures that it is impartial, the literature suggests that LLMs exhibit bias involving race, gender, religion, and political orientation. Political bias in LLMs can have adverse political and electoral consequences similar to bias from traditional and social media. Moreover, political bias can be harder to detect and eradicate than gender or racial bias. We propose a novel empirical design to infer whether ChatGPT has political biases by requesting it to impersonate someone from a given side of the political spectrum and comparing these answers with its default. These results translate into real concerns that ChatGPT, and LLMs in general, can extend or even amplify the existing challenges involving political processes posed by the Internet and social media. Our findings have important implications for policymakers, media, politics, and academia stakeholders. © The Author(s) 2023. Corrected publication 2023.

<https://link.springer.com/article/10.1007/s11127-023-01097-2>

02. Democracy and fiscal-policy response to COVID-19

Abstract: In this paper, we investigate the relationship between the level of democracy and fiscal-policy response to the economic crisis induced by the COVID-19 pandemic. Our results suggest that more democratic countries adopted substantially larger fiscal-policy packages (in % GDP), and the gap regarding the size of packages between more democratic and less democratic countries widened over time. Our analysis of the components of fiscal policy shows that democracies, in particular, provide larger packages that benefit the broad public. Furthermore, our system-equations estimations suggest that the relation of democracy level with the fiscal-policy response is established through democracy's relation with inclusive institutions, represented by the parliamentary system, and corruption.

<https://link.springer.com/article/10.1007/s11127-023-01107-3>

03. Pre-electoral coalitions and the distribution of political power

Abstract: We study the causes and consequences of PECs in Finland where elections use an open-list proportional representation system, and parties may form joint lists. We present descriptive evidence showing that PECs are more common between parties of equal size and similar ideology, and when elections are more disproportional or involve more parties. Using difference-in-differences and density discontinuity designs, we illustrate that voters punish coalescing parties and target personal votes strategically within the coalitions, and that PECs are formed with the particular purpose of influencing the distribution of power. PECs increase small parties' chances of acquiring leadership positions, lead to more dispersed seat distributions, and sometimes prevent absolute majorities

<https://link.springer.com/article/10.1007/s11127-023-01109-1>

04. The impacts of political uncertainty on public financing costs: evidence from anti-corruption investigations in China

Abstract: Our study investigates the impact of local political uncertainty on public financing costs in China. By examining a series of unexpected turnovers of municipal government leaders, we find that the offering yield spreads of municipal corporate bonds increase by around 23 basis points shortly following an anti-corruption investigation and reverse afterward. Indicators show that the anti-corruption investigation escalates the short-term uncertainty about government actions. The pricing effect is stronger for issuers with higher exposure to government policies or lower financial resilience.

<https://link.springer.com/article/10.1007/s11127-023-01111-7>

05. Ranked-choice voting and the spoiler effect: a supplementary note

Abstract: This note supplements the recent work of McCune and Wilson (Public Choice 196(1–2):19–50, 2023) by providing a complete analysis of spoiler effects under both plurality voting and Ranked-Choice Voting in the case of three (potential) candidates. The trick for definitively identifying all spoiler possibilities under both voting rules in the three-candidate case is to partition the set of all three-candidate preference profiles into eight types by cross-classifying the candidates in terms of their plurality status and Condorcet relationships. The resulting typology allows us to identify the winners in all possible two-candidate and three-candidate elections under both voting rules and therefore suffices to identify all spoiler effects. It implies, among other things, that the set of profiles that are vulnerable to spoilers under Ranked-Choice Voting is a proper subset of those vulnerable to spoilers under plurality rule.

<https://link.springer.com/article/10.1007/s11127-023-01116-2>

06. Economic growth before and after the fiscal stimulus of 2008–2009: the role of institutional quality and government size

Abstract: We document that economies react to government size depending on the quality of the institutions in question. First, fixed effects models indicate higher institutional quality has positive effects on growth, while government size—and its interactions with institutional quality—has negative effects. Second, the coefficients of government size on economic growth are negative with higher institutional quality and become larger in the post-Global Financial Crisis years. These combined results indicate

that higher-quality institutions make economies less tolerant of rising government expenditures than lower-quality institutions.

<https://link.springer.com/article/10.1007/s11127-023-01121-5>

07. The timber wars: the endangered species act, the northwest forest plan, and the political economy of timber management in the Pacific northwest

Abstract: This paper evaluates the extent to which public interest or public choice rationales explain timber industry regulation in the Pacific Northwest. Two key regulations are examined: the listing of the Northern Spotted Owl (NSO) under the Endangered Species Act (ESA) in 1990, and the implementation of the Northwest Forest Plan (NWFP) in 1994. Support for the public interest theory of regulation relies on the assumption that (A) demand for environmental protection is driven by local populations directly impacted by regulation, (B) declining timber production is driven by technological factors unrelated to environmental policy, and (C) prevention of logging under timber regulations is effective at supporting ecological diversity and endangered populations.

<https://link.springer.com/article/10.1007/s11127-023-01123-3>

Journal of Public Economics (Vol. 231)

<https://www.sciencedirect.com/journal/journal-of-public-economics/vol/231/suppl/C>

01. Early childhood human capital formation at scale

Abstract: We experimentally study a large-scale, low-cost home-visiting intervention – providing materials and counseling – integrated into Bangladesh’s national nutrition program without extra financial incentives for service providers (SPs). We find SPs partially substitute away from nutritional to ECD counseling. Intent-to-treat estimates show positive impacts on child’s cognition (0.17 SD), language (0.23 SD), and socio-emotional scores (0.12-0.14 SD). Wasting and underweight rates decline. Older siblings’ primary school attendance increases as well. Improved maternal agency, complementary parental investments, and higher take-up of the pre-existing nutrition program are important mechanisms. We estimate a sizeable internal rate-of-return of 18.9%.

<https://doi.org/10.1016/j.jpubeco.2023.105046>

02. The (in)visible hand: Do workers discriminate against employers?

Abstract: We implement a randomized experiment in an online labor market to contribute to this gap in the literature. In our experiment, workers make labor-supply decisions after we randomly expose them to signals about the race and sex of the employer. Our empirical analysis provides fairly strong evidence that workers discriminate against black employers when making labor effort decisions. Race-based discrimination is driven primarily by white workers against black male employers. We find weaker and less conclusive evidence of a favorable sex gap toward female employers. An additional survey with randomized components suggests that perceived differences in the likelihood that an employer honors the labor contract does not differ by employer race or sex.

<https://doi.org/10.1016/j.jpubeco.2024.105065>

03. Self-signaling in voting

Abstract: This paper presents a two-wave survey experiment to examine the impact of self-image concerns on voting behavior. We elicit votes on a ballot initiative on animal welfare in Switzerland that spurred campaigns involving widely shared normative values. We send a message to voters about scientific evidence supporting the claim that “good-hearted people tend to be good to animals.” We interpret this message as a factor that may alter the self-signaling value linked to voting in favor of the initiative. We investigate how this message affects selection and processing of information, as well as reported voting behavior. We find that the message is effective in several ways: voters agree more with arguments in favor of the initiative, are more likely to anticipate voting in favor, and do report having voted in favor of the initiative more often.

<https://doi.org/10.1016/j.jpubeco.2024.105070>

04. The limits of social recognition: Experimental evidence from blood donors

Abstract: Does social recognition motivate prosocial individuals? We run large-scale experiments at Italy’s main blood donors association, evaluating social recognition through social media and peer groups against a simple ask to donate. Across several studies, we find that the simple ask is at least as effective as offering social recognition. In a survey experiment with blood donors we show that socially recognized donations signal not only altruism but also image-seeking. This can lead to social recognition being less effective, or even counterproductive, when offered to those who are already perceived as good citizens.

<https://doi.org/10.1016/j.jpubeco.2024.105069>

05. Why are older men working more? The role of social security

Abstract: This paper investigates the role of Social Security reforms in explaining the increase in labor supply of older men across cohorts and evaluates the labor response by health status. I develop and estimate a rich dynamic life-cycle model of labor supply, savings, and Social Security application that captures the key structure of Social Security retirement benefits, disability insurance, and pension systems, while accounting for uncertainties in health, survival, wages, and medical expenditures. The Social Security reforms account for over 77% of the observed rises in employment and hours worked by the 1950s cohort, with the retirement earnings test reforms being the most important.

<https://doi.org/10.1016/j.jpubeco.2024.105071>

06. Courts, Crime and Economic Performance: Evidence from a Judicial Reform in Kenya

Abstract: In this paper, we study a criminal judicial reform aimed at increasing the speed of courts. In this reform called Active Case Management (ACM), judges are instructed to take more active control of their cases by organizing pre-trial conferences and setting up deadlines with the overall objective of reducing adjournments. We employ a triple difference analysis, comparing the time to disposition of criminal cases versus civil cases, in treated courts versus control courts, for cases filed before and after the reform. We find an increase in the speed of courts. The quality of legal processes improves. More cases get completed. Crime reduces in the treated areas in the long run. Firms respond by spending less on protection against crime which affects their operations.

<https://doi.org/10.1016/j.jpubeco.2023.105035>

07. The long-run impacts of adolescent drinking: Evidence from Zero Tolerance Laws

Abstract: This paper provides the first long-run assessment of adolescent alcohol control policies on later-life health and labor market outcomes. We adopt a difference-in-differences approach that combines information on state and year of birth to identify individuals exposed to the laws during adolescence and tracks the evolving impacts into middle age. The health effects are mirrored by improved labor market outcomes. These patterns cannot be attributed to changes in educational attainment or marriage. Instead, we find that affected cohorts were significantly less likely to drink heavily by middle age, suggesting an important role for adolescent initiation and habit-formation in affecting long-term substance use.

<https://doi.org/10.1016/j.jpubeco.2024.105066>

World Development (Vol.176 Continuation)

<https://www.sciencedirect.com/journal/world-development/vol/176/suppl/C>

01. Does early nutrition predict cognitive skills during later childhood? Evidence from two developing countries

Abstract: We exploit the rich longitudinal data available to control for potential confounders at the household and individual level and for time-invariant community characteristics. We also take advantage of the availability of data for paired-siblings to obtain household fixed-effects estimates. In the latter specification, we find robust evidence that stunting at ~age 5 is negatively related with executive functions measured years later, predicting reductions in working memory and inhibitory control by 12.6 % and 5.8 % of a standard deviation. Although the main cohort of Young Lives was around 12 years old when executive functions were measured, complementary results and analysis of the data available for the younger siblings suggest that the impact of stunting on executive functions—specifically, on working memory—starts at an earlier age.

<https://doi.org/10.1016/j.worlddev.2023.106480>

02. Ideology at the Water's Edge: Explaining Variation in Public Support for Foreign Aid

Abstract: To explain variation in foreign aid levels and attitudes in donor countries, past research emphasizes the importance of values related to the welfare state such as economic ideology. Scholars argue that liberals support redistribution at home in the form of a strong welfare state and redistribution abroad in the form of foreign aid. Yet, the conditions under which values related to domestic politics translate to issues of foreign policy remain undertheorized. I argue that economic ideology interacts with foreign policy orientation – individuals' placement along the internationalist/isolationist spectrum – to shape foreign aid attitudes and outcomes.

<https://doi.org/10.1016/j.worlddev.2023.106472>

03. The Politics of Extractivism: Mining, Institutional Responsiveness, and Social Resistance

Abstract: Under conditions of high decentralized responsiveness, where regional governments have both the competences to enact policies and the electoral incentives to make use of them, regional governments are likely to rely on “policy side payments” in mining-unrelated domains to assuage mining-related grievances. Thus, decentralized responsiveness should reduce the duration of anti-mining protest. Using dynamic logit regression models, we find that the determinants of protest onset and continuation differ systematically. While the volume of mining activities impacts protest onset, the duration

of anti-mining protests decreases significantly under conditions of high decentralized responsiveness. These results have implications for our understanding of governments' ability to balance the economic benefits and social costs of natural resource exploitation, as well as for the interplay between institutionalized and non-institutionalized arenas of political contention.

<https://doi.org/10.1016/j.worlddev.2023.106493>

04. Resilience – and collapse – of local food systems in conflict affected areas; reflections from Burkina Faso

Abstract: This study aims to address the empirical data from the northeast region of Burkina Faso where an active conflict is occurring. The objective is to document and analyze the impacts of that conflict on the functioning of the local food system and more specifically on the resilience of the traders that operate from Sebba, the capital of the Yagha province. On average, these local food traders experienced a 40%-50% contraction in their activities compared to the situation prior to the conflict. Eventually, the resilience of those positive deviants was not sufficient to maintain the resilience of the whole system. The paper concludes by weighing the usefulness of the concept of resilience in the context of severe disruptions of the food systems (such as armed conflicts), emphasizes the risk that an unconditional promotion/adoption of that concept may reduce our ability to anticipate or even to envision collapse scenarios.

<https://doi.org/10.1016/j.worlddev.2023.106521>

05. Changes in adult well-being and economic inequalities: An exploratory observational longitudinal study (2002–2010) of micro-level trends among Tsimane', a small-scale rural society of Indigenous People in the Bolivian Amazon

Abstract: A longitudinal dataset of nine years (2002–2010) from a horticultural-foraging society of Indigenous People in the Bolivian Amazon (Tsimane') is used for an exploratory analysis of micro-level trends in indicators of well-being and economic inequalities. We selected 13 Tsimane' villages (from ~100) that varied in proximity to town and surveyed all households in each village. ~240 households were followed yearly to estimate trends of 21 outcomes (e.g., income, sociality, macronutrients). For each economic outcome, annual and all-years-combined Gini coefficients were estimated for the entire sample across the 13 villages. We show a rise in total asset wealth, a change in asset composition, higher monetary value of foods eaten, and better-perceived health, but a decline in caloric and protein consumption and no marked gender differences in objective or hedonic measures of well-being. Economic inequalities were non-trivial and showed no marked trend but varied between years; asset inequality varied less than income inequality.

<https://doi.org/10.1016/j.worlddev.2023.106518>

06. Bridging the gap: Mobilization of multilateral Development Banks in Infrastructure

Abstract: The analysis focuses on more than 6,500 transactions in 2005–2020 to low-income developing and emerging markets from the Infrastructure Journal database. Using granular data aggregated at the country-sector level, we analyze the dynamics of flows from different actors to different infrastructure sectors and control for a wide range of fixed effects. MDB lending significantly increases the inflows from other sources. Results exhibit country heterogeneity. Mobilization occurs in countries of all income levels though it decreases as a country's income increases. When the 2008 global financial crisis hit, no difference in mobilization effects was found, unlike the COVID-19 pandemic

when mobilization effects were weakened. The findings survive a long battery of robustness checks, and no evidence of anticipation effects is found.

<https://doi.org/10.1016/j.worlddev.2023.106498>

Journal of Public Economics (Vol. 231)

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<https://doi.org/10.1016/j.jpubeco.2023.105035>

International Review of Economics and Finance (Vol.91)

<https://www.sciencedirect.com/journal/international-review-of-economics-and-finance/vol/91/suppl/C>

01. Agricultural subsidies on common prosperity: Evidence from the Chinese social survey

Abstract: The research draws the conclusions: Agricultural subsidies significantly raises the per capita income level of rural households, reduces income inequality between households, contributes to “comprehensive” prosperity and “universal” affluence. The effect of agricultural subsidies on the farmers' common prosperity will show obvious heterogeneity phenomenon due to the differences in the natural conditions, economic development level, policy environment and agricultural business scale of the region. The transfer of agricultural land plays a mediating role. Our study gives innovative experience and ideas for improving the agricultural subsidy policy system, optimizing the structure of agricultural subsidies, and then using agricultural subsidies to more comprehensively promote common prosperity in rural areas.

<https://doi.org/10.1016/j.iref.2023.12.006>

02. Valuation effect of ESG and its impact on capital structure: Evidence from Europe

Abstract: In this study, we examine the valuation effect of ESG performance using a sample of 895 European companies. We find that improvements in ESG profiles increase market prices in relation to their true value. An analysis of overvalued and undervalued stocks separately revealed that ESG performance further enhances the existing level of overvaluation. Our analysis suggests that information asymmetry and market sentiment play a moderating role in the ESG-misvaluation nexus, suggesting that ESG is a friction to market efficiency. ESG-related misvaluations further impact capital structure through market timing practices, and the increased stability of CSR can be attributed to a marginal increase in equity issuance. We attribute this valuation effect to the demand effect associated with ESG investments. The findings are robust to alternative measures of estimation.

<https://doi.org/10.1016/j.iref.2024.01.002>

03. Effect of information disclosure on firms' direct financing in emerging securities markets

Abstract: This study examines heterogeneous firms' emerging use of long-term securities financing mainly from the perspectives of asymmetric information and the types of fund providers. The intertemporal maximization framework theoretically suggests that firms with a greater degree of information disclosure may prefer direct financing over indirect financing in their long-term financial arrangements. This study employs panel data models and the Tobit model to analyze the emerging direct financing patterns in a panel dataset comprising 131 Taiwanese listed companies from 1989 to 2000. The empirical results support the theoretical findings. The results suggest a positive relationship between the degree of information disclosure and firms' intertemporal level of long-term direct financing.

<https://doi.org/10.1016/j.iref.2023.10.003>

04. Endogenous green technology progress, green transition and carbon emissions

Abstract: This paper proposes a theoretical analysis framework for the relationship between endogenised green technological progress, the degree of green transformation, and carbon emissions. Based on the benchmark model, this section predicts China's carbon emissions. And compared the impact of green technology on carbon emission

trajectory under “no policy” and “implemented policy”. In the early stage of economic growth, the green transition is in a steady state; when economic growth reaches a certain level. When economic growth reaches a certain level, carbon emissions first increase with the growth of the economy and then decrease, showing an inverted “U” trend, which is attributed to the emission reduction and green transition effects of green technology. After carbon peaks, green technology advances play a dominant role in carbon emissions, contributing to a rapid reduction in carbon emissions.

<https://doi.org/10.1016/j.iref.2023.12.007>

05. Executive equity incentive plans: Effective golden handcuffs?

Abstract: We examine the impact of executive equity incentive plans on the retention of targeted and non-targeted executives using a sample of Chinese firms. Our findings suggest that EEIPs help retain executives if we do not distinguish targeted and non-targeted executives. Using a difference-in-differences research design, we find that, on average, targeted (non-targeted) executives in EEIP firms have an approximately 16% lower (43% higher) chance of leaving their current jobs than the average turnover rate of executives in a non-EEIP firm. Additional analysis suggests that the golden-handcuff effect on targeted executives occurs primarily in the first two years of EEIPs, while the push-away effect on non-targeted executives lasts for four years, and non-targeted executives are more likely to leave when they have low compensation.

<https://doi.org/10.1016/j.iref.2024.01.003>

06. Risk premium in a real business cycle framework

Abstract: A real business cycle framework with financial and informational frictions is developed for a small open economy in order to analyze the implications of risk premium shocks for aggregate fluctuations. The frictions in the dynamic, stochastic, general equilibrium model necessitate financial intermediation and the uncertainty in the production process requires collateralized borrowing in the economy. Sovereign risk exists in the model due to a government that borrows domestically with a partial default risk. The associated risk premium that the government is subject to is captured both endogenously and exogenously. It is shown that a positive, temporary risk premium shock leads to an increase in government borrowing and a decrease in government spending due to the rise in the cost of borrowing for the government.

<https://doi.org/10.1016/j.iref.2024.01.001>

07. Do creditors price climate transition risks? A natural experiment based on China's carbon emission trading scheme

Abstract: This study employs the difference-in-difference model to investigate the impact of China's carbon emission trading scheme (ETS) on the debt financing costs of listed high-carbon firms. The implementation of ETS regulations results in elevated operating costs and future cash flow risks for firms, which subsequently escalates credit risk. Additional study suggests that firms that possess inferior qualification endowments, less external financing capabilities, and weaker risk-diverting capabilities are more susceptible to the effects of ETS and are subjected to more transformation pressure. The findings of this research hold substantial importance in terms of advancing ETS initiatives in a concentrated, phased, and clustered fashion, guaranteeing technological advancements and seamless transitions for HCFs throughout the carbon peak cycle, and eventually bolstering society's climate adaptability as a whole.

<https://doi.org/10.1016/j.iref.2024.01.006>

08. External financing, corporate governance and the value of cash holdings

Abstract: This study investigates the role of corporate governance in the deployment of internal resources when access to credit is hampered and external financing is costly. We examine how managers deploy and allocate cash reserves and excess cash. We find that the propensity to invest out of pre-crisis cash reserves is highest for weakly-governed firms and that these firms finance additional investment using short-term debt and allocate a higher fraction of post-crisis excess cash towards building up cash balances. Our findings are important as they reconcile the flexibility and the spending hypothesis of cash holdings, showing that well-governed firms trade-off the cost of cash holdings against the benefit of minimizing future demand for costly external financing; effectively hedging against foregoing profitable future investment opportunities.

<https://doi.org/10.1016/j.iref.2024.01.008>

09. Does unconventional monetary policy improve credit support for the industry chain? The mechanism of trade credit

Abstract: This study employs the difference-in-difference model to investigate the impact of unconventional monetary policy on enterprises' trade credit provision. The research findings are as follows: Firstly, unconventional monetary policy can significantly increase enterprises' trade credit provision, and the policy effect is achieved by lowering credit spreads of bonds. Secondly, for state-owned and manufacturing enterprises, the effect of unconventional monetary policy in promoting the increase in the trade credit provision is more pronounced. Furthermore, the effects of unconventional monetary policy on enterprises' trade credit provision are more pronounced in provinces with a higher degree of marketization, financial development, and capital misallocation.

<https://doi.org/10.1016/j.iref.2023.12.009>

10. Merger incentive and strategic corporate social responsibility by a multiproduct corporation

Abstract: This study investigates a multiproduct corporation's strategic corporate social responsibility (CSR) and the merger decisions by single-plant rival firms. We examine two different timings of choosing strategic CSR games, "merge-then-CSR" and "CSR-then-merge." In the former case where the merger decision is made first, the subsequently adopted level of CSR increases in product substitutability while its level with a merger is lower than that without a merger. In the latter case where a multiproduct corporation establishes a higher CSR level before merging with rival firms, the committed CSR level decreases in product substitutability while it can increase consumer surplus unless the products are close substitutes. Our findings highlight that mergers can be profitable and benefit society when multiproduct corporation has higher level of CSR.

<https://doi.org/10.1016/j.iref.2024.01.010>

11. Does the quality of bilateral investment treaties matter for outward foreign direct investment?

Abstract: This research considers the quality of BITs. The analysis of FDI locational choices of Chinese multinational enterprises reveals significantly positive impacts of high-quality BITs. Furthermore, BITs exhibit a significantly amplified influence on the FDI of multinational corporations upon their implementation, in contrast to when they are initially signed. Additionally, private enterprises are more inclined towards engaging in FDI with nations possessing high-caliber BITs than state-owned enterprises. These

findings suggest policymakers prioritize the quality of BITs and guarantee a seamless transition into effect after their signing, rather than solely focusing on their establishment.

<https://doi.org/10.1016/j.iref.2024.01.026>

12. The stabilizing effect of government guarantees in real economy investment: Evidence from China

Abstract: This study examines how government guarantees affect the relationship between economic policy uncertainty and corporate investment for Chinese A-share listed companies covering 2012–2019. We find that government guarantees significantly weaken the inhibitory effect of economic policy uncertainty on firms' investment by changing the risk expectations of firms and banks. We further find that government guarantees significantly inhibit under-investment when economic policy uncertainty is high but do not significantly impact over-investment. For high-quality firms with more robust profitability or development capabilities, the positive impact of government guarantees on optimizing resource allocation efficiency is more significant.

<https://doi.org/10.1016/j.iref.2024.01.025>

13. Digital technology, e-commerce, and economic inequality: The case of China

Abstract: This paper examines economic inequality through digital facilitated e-commerce as a new perspective. Digital development is good for output production, which can attenuate regional income inequality in China. Falling search costs with e-commerce technological progress boost more online search for better price discounts. The resulting increase in spending propensities is higher in remoter, poorer, or smaller regions, so that consumption inequality declines more than income inequality as recently observed in China. This theoretical result is consistent with our empirical finding that China's ratio of income to consumption inequality rises significantly with rapid developments in its e-commerce.

<https://doi.org/10.1016/j.iref.2024.01.016>

14. Do corporate credit spreads predict the real economy?

Abstract: We evaluate whether corporate credit-spreads measures contain predictive information about the real U.S. economy in a comprehensive specification that includes financial sectors' profitability, stock and bond market. We find that corporate credit spreads contain no predictive information about U.S. real GDP or consumption and that corporate credit spreads have minimal information about forthcoming recessions. In comparison, the financial sector's profitability, the Treasury bond and stock market variables contain leading information about recessions, consumption and real GDP.

<https://doi.org/10.1016/j.iref.2024.01.061>

15. New energy demonstration city and urban pollutant emissions: An analysis based on a spatial difference-in-differences model

Abstract: Based on panel data from 256 cities in China from 2011 to 2020, using a quasi-natural experiment of NEDC, this study uses the Spatial Difference-in-Differences (SDID) model to evaluate the impact of this policy on Environmental Pollution Emissions (EPE) in cities. It is observed that the construction of NEDC significantly reduces the EPE, and there is a significant negative spillover effect on neighbouring cities. Importantly, there is a heterogeneity in this emission reduction effect, with stronger effects in the central and western regions and small and medium-sized cities. This study uses a moderating effect

model to investigate the role of government financial support and technological innovation.

<https://doi.org/10.1016/j.iref.2024.01.048>

16. Extreme connectedness between NFTs and US equity market: A sectoral analysis

Abstract: This study examines the returns connectedness between NFTs and US sector stock markets. For this purpose, we use the recently developed technique of quantile-based regression to explore the dependence structure under various conditions. Our results support the view that connectedness between NFTs and sectoral markets is characterized by asymmetry and heterogeneity in the extreme conditions compared to the median quantile and mean-based approach. Under normal conditions, all NFTs except the ENJ are net recipients of the return spillover from the sectoral stock markets, whereas, financial, consumer staple, and industrial stocks are major net transmitters to the system. However, we observe heterogeneity at both tails, as all NFTs act as net transmitter at the higher quantiles.

<https://doi.org/10.1016/j.iref.2024.01.037>

17. Together in bad times? The effect of COVID-19 on inflation spillovers in China

Abstract: This study estimates the cross-category inflation spillovers of consumption markets in China in the time-frequency domain, and evaluates the impact of the COVID-19 pandemic on the connectedness. Using the daily internet Consumer Price Index (iCPI), we measure the dynamic inflation connectedness among eight consumption categories in different frequency bands. We find, in the aftermath of the pandemic, inflation rates in eight consumption categories show significant changes. When China was in the active control period from January 2020 to April 2020, the overall connectedness of all frequency bands increases dramatically, but fluctuates widely in the normal control period since April 2020. Further research finds that the fear indexes for COVID in China and globally increase the overall connectedness in the high frequency band, thus indicating that prices tend to move together in bad times of the pandemic in the short-term.

<https://doi.org/10.1016/j.iref.2024.01.015>

18. Can CSR mitigate negative regional public sentiment? Evidence from major violent crimes in China

Abstract: In the information age, major negative events can spread quickly and affect investors' perceptions and decisions. Using data on major violent crime events in China, we investigate the role of corporate social responsibility (CSR) in mitigating negative regional public sentiment. We find that firms with high CSR performance have better stock returns on event days. We also find that investors react more positively to firms engaging in technical CSR activities than to those engaging in institutional CSR activities (those serving the public). This study documents the positive role of CSR in securing firm value in the face of negative public sentiment.

<https://doi.org/10.1016/j.iref.2024.01.020>

19. Connectedness between (un)conventional monetary policy and islamic and advanced equity markets: A returns and volatility spillover analysis

Abstract: We documented that the spillovers among equity markets are stronger than the spillovers among equity markets and monetary policy based on a static analysis of both

returns and volatility. Second, the time-varying total spillover index showed that the Islamic market is a dominant net receiver of returns and volatility shocks. Third, the time-varying net spillover effects implied that the US is the most dominant transmitter of return shocks, whereas the EU and UK are the dominant transmitters of volatility shocks. In addition, the US and Canada are the dominant transmitters of monetary policy shocks, whereas Japan is the main net receiver of these shocks. These results will be useful to investors, portfolio managers, and regulators in terms of investment decisions, portfolio allocation, and risk monitoring.

<https://doi.org/10.1016/j.iref.2024.01.034>

20. Does digital literacy help residents avoid becoming victims of frauds?

Empirical evidence based on a survey of residents in six provinces of east China

Abstract: Based on 2022 survey of residents in six provinces of East China, this study suggests that digital literacy has a curbing effect on Chinese residents' vulnerability to fraud losses, and the curbing effect is stronger among rural residents, middle-aged and elderly people, females, and people who are trained in financial education. The curbing effect is reinforced with the improvement of cognitive ability and financial knowledge and is weakened with the improvement of social trust but does not change with social networks. In addition, the curbing effect of digital literacy is the strongest in online fraud, then telecom fraud.

<https://doi.org/10.1016/j.iref.2024.01.056>

21. Does financial advisors improve portfolio efficiency for individual investors?

Evidence from large-scale microdata

Abstract: Financial advisors hold a central position within the capital market, yet their contribution to portfolio efficiency remains uncertain. From a perspective rooted in the context of developing countries, this paper delves into the influence of financial advisors on portfolio efficiency by using a unique dataset to calculate the Sharpe ratio for each household. The empirical findings suggest that household could significantly improve their portfolio efficiency with the assistance of financial advisors in China, particularly among older and less financially literate households. The role of financial advisors is achieved through three channels: enhancing attention to economic and financial information, augmenting awareness of investment products, and mitigating extreme portfolio risks.

<https://doi.org/10.1016/j.iref.2024.01.042>

22. Pain or gain? The effects of transportation infrastructure on labor costs in China

Abstract: Using the introduction of high-speed rail (HSR) in Chinese cities as an exogenous shock, we find that improved transportation infrastructure connectivity increases the labor costs of listed companies in peripheral cities and that this effect is more pronounced for non-state-owned (vs. state-owned) enterprises and firms with a higher growth rate. We find two channels for the effect: an increase in labor demand and a decrease in labor supply. In addition, increased labor costs, accompanied by improved profitability, indicate that the HSR introduction promotes firms' long-term development. Our study highlights the importance of the construction of transportation infrastructure for labor costs and firm development.

<https://doi.org/10.1016/j.iref.2024.01.043>

23. Educational attainment and family health risk behaviors

Abstract: In this article, we aim to examine the effects of educational attainment on family health behaviors using survey data from China Family Panel Studies (CFPS). The ordinary least squares approach and the instrumental variable method are adopted. Regression results show that the educational attainment of respondents has a significant inhibitory effect on household smoking participation, the number of smokers, and the number of cigarettes smoked per day, but has no significant effect on household drinking behavior. Results of mechanism analysis reveal that a one-stage increase in the population's education level would reduce the probability of smoking initiation by 7.89% and decrease the daily cigarettes consumption by 4.59. Heterogeneity analyses suggest that compared to women, men's increased educational attainment has a significant inhibitory effect on smoking participation not only for themselves but also for the rest of the household. From a health perspective, we suggest that the government should further promote the development of education.

<https://doi.org/10.1016/j.iref.2024.01.047>

24. Research on the incentive effect of the policy combination of carbon-reduction pilot cities

Abstract: This paper investigates the impact of policy combinations on the process of urban carbon reduction using panel data from 284 pilot cities in China. We analyze the incentive process of pilot city policies under three dimensions of the administrative subcontract and verify the impact of different policy combinations on carbon emissions. In heterogeneity analysis, the policy combinations of dual pilot cities significantly reduced carbon intensity in central and western cities but did not affect eastern cities. Our research highlights the importance of policy combinations in promoting urban carbon reduction and provides policy implications for governments to design effective carbon reduction policies.

<https://doi.org/10.1016/j.iref.2024.01.018>

25. Does intergenerational mobility affect corporate innovation? Evidence from Chinese manufacturing enterprises

Abstract: This study aims to enhance the analytical framework guiding firm behavior by introducing intergenerational mobility. Using data from Chinese listed enterprises, we empirically investigate the impact of intergenerational mobility on corporate innovation levels. The results show that higher regional intergenerational mobility promotes both quantity and quality of corporate innovation. Furthermore, the positive effect of high intergenerational mobility on innovation output is more pronounced in local private enterprises than in state-owned ones. Our study reveals that formal institutions have substitutive relationship with intergenerational mobility in affecting corporate innovation. These findings contribute to a nuanced theoretical understanding of opportunity equality at the micro-level and provide empirical evidence supporting China's sustainable economic development.

<https://doi.org/10.1016/j.iref.2024.01.030>

26. Does escaping the natural resource curse complement evading the financial resource curse too? Empirical evidence from Indonesia

Abstract: This study examines the economy of Indonesia by engaging data from 1984 to 2019 to examine the research question. The current study demonstrated a positive outcome of resources revenues on economic growth and financial development.

Moreover, there is a moderating role of institutional quality in enhancing the financial resource blessing, thus validating the hypotheses. The results identified unidirectional causation from economic growth to domestic investment and foreign investment. This study recommends that policymakers, academic scholars, and researchers consider the importance of resource revenues and institutional quality to chalk out the strategy for promoting financial development.

<https://doi.org/10.1016/j.iref.2024.01.023>

27. Money talks: How financial constraint influence corporate environmental behavior prioritization

Abstract: This study investigates how Financial constraints affect CEB, the priority of different tasks, and the moderating role of environmental regulation. The findings show that FCs lead to higher pollutant emissions, particularly in small firms, and fewer green innovations, particularly in large firms. With the rise of FCs level, small companies are more likely to shift to passive CEB choices combining higher pollution emissions and lower green innovation than large firms. ER increases short-term compliance pressure and reduces pollution emissions for financially constrained companies, but also reduces green innovation. This research offers a detailed comprehension of how financial factors influence a company's strategic decision-making with regards to environmental practices.

<https://doi.org/10.1016/j.iref.2024.01.014>

28. Banking competition and the effectiveness of environmental regulations: Evidence from China

Abstract: We find that the effectiveness of environmental regulations is contingent on local banking competition in China. Specifically, firms located in cities with more concentrated banking markets are less likely to reduce their SO₂ emissions or increase investment in abatement equipment when faced with regulation tightening. Instead, these firms switch to cleaner coal, which is more costly in reducing pollution but requires less upfront investment. These results suggest that firms in cities with limited banking competition face difficulties accessing the credit necessary for effective pollution abatement. A competitive local banking sector is thus a necessary complement to environmental regulation efforts in China.

<https://doi.org/10.1016/j.iref.2024.01.053>

29. Do defined contribution plans create value for shareholders?

Abstract: This study is the first to examine whether defined contribution (DC) plans offered by private sector employers in the United States benefit shareholders by creating value for them. We find that firms that offer DC plans (DC-firms) have higher firm value relative to firms that do not offer any employee pension plan (Non-DC firms), and that firm value increases as employer contributions to DC plans increase. Employee productivity is higher in DC-firms than that for Non-DC firms, and it increases as employer contributions to DC plans increase. Higher employee productivity in DC-firms explains the positive effect of DC plans on firm value.

<https://doi.org/10.1016/j.iref.2024.01.060>

30. The optimal strategies of competitive high-frequency traders and effects on market liquidity

Abstract: This paper proposes a theoretical model of the competition among high-frequency traders and its impact on market liquidity. First, the optimal strategies of high-

frequency market-makers and corresponding effects are explored. Then two-sided quotes and high-frequency speculators are introduced to enrich our model. After that we calculate the equilibrium in steady-state and analyze parameters in the equilibrium. The results show that a lower exchange latency leads to a lower bid-ask spread and the market maker's preference for a two-sided quote and the speed and information advantages of the market-maker are beneficial to liquidity, while speculators consume liquidity.

<https://doi.org/10.1016/j.iref.2024.01.064>

31. Modelling financial stress during the COVID-19 pandemic: Prediction and deeper insights

Abstract: We model the evolutionary patterns of financial stress for the USA, other advanced economies, and emerging market regions during the COVID-19 pandemic. We propose an AI-driven framework to draw meaningful and actionable insights. A set of technical indicators and several allied macroeconomic features are chosen as explanatory variables filtered using the Boruta Shap algorithm. The set of engineered features is used to construct a Bidirectional Long Short-Term Memory Network model to estimate the future values of FS across three regions. The outcome suggests that FS can be predicted during the extremely challenging COVID-19 pandemic, which is vital to evaluate the readiness toward digital transition of conventional financial services.

<https://doi.org/10.1016/j.iref.2024.01.040>

32. Trading carbon credit tokens on the blockchain

Abstract: Innovative financial services may help to reduce global carbon emissions. We examine the activity in trading of voluntary carbon credits on a new blockchain-based exchange, which reduces the amount of intermediation in this market. Over the years 2021 and 2022, about 3.8 million tCO₂e tokens have been tokenized on the carbon token exchange, of which about 2.8 million tCO₂e tokens have been burned, leaving 1.0 million tCO₂ tokens available for purchase on the exchange. Over these two years, the total secondary market trading turnover has been \$ 21.2 million. Trading liquidity is limited to only a few types of carbon credit tokens. The prices of these most liquid tokens move in line with prices of similar carbon projects available for purchase elsewhere.

<https://doi.org/10.1016/j.iref.2024.01.012>

33. Size, value and volatility

Abstract: We examine the relationship between total stock market risk and the returns on several long-short portfolios that have been widely regarded as priced risk factors in much of prior literature. We find that shocks to implied volatility and to expected realized volatility are related to the returns on the size and value portfolios in a way that is consistent with a straightforward risk-based interpretation. The results are largely consistent across geographic regions and across 1-month, 3-month and 6-month horizons. Additionally, the response of size and value portfolios to positive and negative volatility shocks is asymmetric.

<https://doi.org/10.1016/j.iref.2024.01.038>

34. Crafting monetary policy beyond low carbon legacy

Abstract: Are monetary policy and financial development important prerequisites for realising a low carbon economy? We test this assertion by using a panel of 24 OECD countries, spanning the period 2000–2019. The analysis is framed in four empirical strategies. The first method involves employing standard panel specifications,

which control for unobserved error term components. The second examines the long- and short-term dynamics of the relationships using Generalized Method of Moment dynamic specifications. The third employs the Machado and Silva Quantile via Moment approach to reassess the drivers of carbon neutrality heterogeneity. The analysis indicates that lagged carbon emissions have a significant and positive impact on subsequent carbon emissions. The findings also suggest that both monetary policy and financial development are critical in mitigating carbon emissions. Conversely, an upsurge in the share price index is linked to an increase in carbon emissions.

<https://doi.org/10.1016/j.iref.2024.01.063>

35. Performance of financial hedging and earnings management under diverse corporate information quality

Abstract: This study simultaneously considers both tools and tests whether corporate information quality regulates the value effect derived from AM or FD. Our evidence finds that AM practices add values to those firms with quality corporate information. This could be explained by the greater added value from smoothed earnings when firms with superior information quality are more efficient in communicating with investors and thus enhance the value effect, and/or by the increased value from mitigating agency issues when firms with better information quality are subject to less agency cost, impose lower information risks for investors, and discourage managerial self-serving motives in their AM practices. Our findings are robust to alternative measures of information quality, to the omission of financial crisis period, and to the sample exclusion of firms with extreme characteristics.

<https://doi.org/10.1016/j.iref.2024.01.058>

36. The relationship between cryptocurrencies and convention financial market: Dynamic causality test and time-varying influence

Abstract: This paper examines the dynamic causal effect of financial markets on cryptocurrencies from a return perspective by applying the dynamic asymmetric causality tests. Applying daily data from February 1, 2018, to August 31, 2023, this paper also investigates whether the major events, such as COVID-19 or the categories of cryptocurrency, will alter or intensify the existing relationship. The pandemic does not influence the causal relationship, and the gold price had the most significant causal impact on cryptocurrency portfolio returns, while the fluctuations in the stock market had a negligible influence and the two indices did not have different causal impacts on the different types of cryptocurrencies.

<https://doi.org/10.1016/j.iref.2024.01.032>

37. Working longer or working harder? Subjective survival expectations and labor supply in China

Abstract: Using data from four waves of the China Health and Retirement Longitudinal Study we find: Subjective survival expectations are formed rationally. Individuals with greater survival expectations have higher labor supply, because the perception of longevity risk motivates them to prepare financially for old age. Such an effect varies across groups with different status of household registration. Labor supply adjustment occurs in both labor participation and weekly hours worked among rural workers, whereas it is reflected only in hours worked among urban workers. Our findings contribute to a better understanding of the differential labor supply responses to the fact

of aging under institutional constraints and provide important policy implications for future retirement policy reforms.

<https://doi.org/10.1016/j.iref.2024.01.044>

38. Causes and effects of worldwide demutualization of financial exchanges

Abstract: We build a comprehensive panel data on demutualization and other market design aspects of financial exchanges in 115 countries. We find that in the competitive exchange industry, product based growth opportunities (e.g., derivatives) and additional capital from demutualization are essential to outweigh potential technological disintermediation. Our second hypothesis focuses on the impact of demutualization on the welfare of its external stakeholders. We find that the cost of capital for listed firms is lower after demutualization. The number of listed firms is higher after demutualization creating additional investment opportunities for investors. Demutualization is also associated with an improved secondary market liquidity.

<https://doi.org/10.1016/j.iref.2024.01.022>

39. Research on the impact of digital transformation on the production efficiency of manufacturing enterprises: Institution-based analysis of the threshold effect

Abstract: The research shows that digital transformation plays a significant role in promoting the production efficiency of manufacturing enterprises, and the promotion effect is more obvious for high-tech enterprises and non-state-owned enterprises than for non-high-tech enterprises and state-owned enterprises; digital transformation has a greater promotional effect on the production efficiency of manufacturing enterprises with formal institutions or informal institutions switching from low value intervals to high value intervals. Accordingly, this paper proposes accelerating the digital transformation process of manufacturing enterprises and adopting targeted policies in accordance with the principle of resource endowment. Moreover, from the perspective of institutional environment optimization in digital transformation, this paper proposes building a proper formal institutional environment and strengthening the construction of informal institutions.

<https://doi.org/10.1016/j.iref.2024.01.046>

40. Social interactions in short squeeze scenarios

Abstract: This paper studies the relationship between the intent dimension of social media postings and stock metrics such as trading volume and returns. Thereby, the paper contributes to the literature that studies the short squeeze phenomenon around GameStop focusing on textual sentiment. I use data from December 2020 to September 2021 and a vector autoregression model framework to study the connection between investor intent, textual sentiment, and stock metrics. I find that strong appeal of potential investors to hold onto investments significantly reduces stock volume in the short term. Higher sentiment lead to an increase in trading volume across several stocks. These findings indicate that observations made on the GameStop stock generalize to other stocks. Investor intent in social media postings can significantly impact stock markets.

<https://doi.org/10.1016/j.iref.2024.01.062>

41. Private equity market development, state ownership, and firm innovation: Evidence from China

Abstract: In this work, we examine how private equity market development affects firm innovation. Using a large sample containing 2,568,137 firm-year observations of

nonlisted firms in China and an ordinary least squares regression model, we show that firms in regions with more developed PE markets exhibit a disproportionately higher level of innovation as proxied by patent quantity and quality. We further find that state ownership mitigates the positive effects of PE market development on firm innovation. Moreover, this mitigating effect of state ownership is more pronounced during a politically uncertain period and in industries showing greater dependence on external finance or receiving less support from government policy. Our results are robust to matched sample analysis, alternative measures of PE market development and innovation, and instrument variable tests and analysis on the change of ownership.

<https://doi.org/10.1016/j.iref.2024.01.021>

42. Do shipping freight markets impact commodity markets?

Abstract: In this study, we investigate the dependence structure and distributional predictability between Baltic Dry Index and nineteen major commodity investable indices to offer insights on the predictive ability of BDI for commodity assets. In addition, we explore the effects of policy uncertainty and geopolitical risk on the dynamic dependence structure between BDI and commodities futures. To this end, we apply time-varying Markov switching copula models and non-parametric causality in quantile approach to daily closed price indices of commodities futures running from 23rd May 2006 to 20th November 2020. We provide for the first-time empirical evidence of time-varying Markov tail dependence structure dynamics between marine activities and commodities futures. The nature of the dependence is positives except for petroleum, all metals, livestock wheat, cattle and softs markets.

<https://doi.org/10.1016/j.iref.2024.01.066>

43. Does inflation targeting matter for price stability?

Abstract: This study aims to investigate the potential positive impact of Inflation Targeting policy on price stability by examining whether its implementation results in shorter durations of High Inflation Episodes (HIEs). HIEs are defined as periods during which a country experiences sustained and consecutive high inflation rates for a specific duration. Our research reveals a significant decline in the average duration of High Inflation Episodes following the implementation of the IT policy. Furthermore, our analysis indicates that, within countries employing inflation targeting, the period during which inflation rates remain below the lower bound of the IT target range is comparatively shorter than the duration above the upper bound. Consequently, we assert that the IT policy effectively contributes to achieving price stability, a key objective of this monetary approach.

<https://doi.org/10.1016/j.iref.2024.01.035>

44. Do China's policy measures for RMB internationalization foster currency co-movements?

Abstract: This paper examines the factors driving the co-movement between the renminbi and other currencies, with a particular focus on the impact of China's institutional arrangements on RMB co-movements. Using panel data covering 32 countries from 2005 to 2020, the study finds that, among the institutional arrangements, clearing banks and direct trading strengthen the RMB's influence on bilateral exchange rates, while currency swaps weaken it. These institutional arrangements play a role in amplifying the impact of economic linkages on RMB weights. Currency swaps can enhance the RMB's weight through trade linkages, while clearing banks and direct trading

create amplifying effects through financial linkages. Overall, China's institutional arrangements contribute significantly to greater RMB co-movements through both a direct effect and an amplifying effect.

<https://doi.org/10.1016/j.iref.2024.01.019>

45. Centralized and decentralized lending: Implications of consolidation in the German banking industry

Abstract: This paper addresses the implications of consolidation in the German banking industry regarding the operation of savings banks. Savings banks are one of the pillars of Germany's banking system and the main providers of loans to small and medium firms that, in turn, are the predominant drivers of the economy. We develop a theoretical model showing that, by changing the organizational structure of savings banks from decentralized decision making (loan approval made by local officers) to centralized (loan approval at the headquarters), consolidation of the banking industry might lead financial institutions to ration credit in situations where such outcome would be unwarranted. The cause of this result is that delegated authority (decentralized structure) can make use of soft-information which otherwise would be neglected under a hierarchical arrangement (centralized structure).

<https://doi.org/10.1016/j.iref.2024.01.031>

46. Do more hands make work easier? Public supervision and corporate green innovation

Abstract: This study explores the impact of public supervision on corporate green innovation and the channels it goes through. Our main finding suggests that public supervision significantly improves corporate green innovation. We find that the channel through which public supervision enhances corporate green innovation lies in urging local government to intensify environmental protection regulations. Public supervision's effect on green innovation is more pronounced among firms located in areas where local authorities face less fiscal pressure, firms that attract more media attention, and large firms. Finally, we show that the positive outcome of corporate green innovation is that it increases corporate value in the long run, thereby indicating that it benefits the public, authorities, and the corporations themselves.

<https://doi.org/10.1016/j.iref.2024.01.071>

47. Diversity in banking and new firm formation. Insights from the Italian local credit markets

Abstract: This paper empirically investigates the role of bank structural characteristics on firms' creation in the Italian local credit markets from 2009 to 2020. Our analysis takes the perspective of the so-called "biodiversity argument" in banking. As this viewpoint echoes insights from the ecological sciences, we measure bank diversity by retrieving two "biodiversity" indexes: the Gini-Simpson index and, for robustness, the Shannon index. Our results suggest that the coexistence of different institutional models in the banking landscape benefits the formation of new firms – especially those taking the legal form of limited liability companies, as innovative start-ups. We also find that, at the outbreak of the COVID-19 crisis, bank diversity might have mitigated the adverse effects of the pandemic turmoil. Our policy recommendation is that authorities design regulations to encourage institutional variety in the banking market.

<https://doi.org/10.1016/j.iref.2024.01.005>

48. The impact of free trade zones on ESG performance: Evidence from China

Abstract: Using a quasi-natural experiment from the establishment of China's free trade zones and a generalized difference-in-differences research design, we examine the impact of FTZs on firms' environmental, social and governance performance. We find that the establishment of FTZs in China attracts foreign investment and improves ESG performance of firms registered in a city with an FTZ, compared to firms registered in cities without FTZs. Additional analysis shows that the positive impact of FTZs on ESG performance is more salient for firms with higher ESG investment capability or greater motivation to improve ESG performance. The findings suggest that foreign direct investment following the establishment of FTZs has a positive impact on target firms' corporate social responsibility.

<https://doi.org/10.1016/j.iref.2024.02.004>

49. Common institutional ownership and corporate green investment: Evidence from China

Abstract: This study explores the impact of common institutional ownership on corporate green investments. An ordinary least squares model is used to analyse data from A-share listed companies in heavily polluting industries from the Shanghai and Shenzhen Stock Exchanges. The results show that the proportion of green investments in enterprises with common institutional ownership increases, on average, by 0.045%. Mechanism tests show that the effect of common institutional investors on green investments is more pronounced for companies that are exposed to higher environmental risks and have fewer resources to implement green investments. Furthermore, a cross-sectional analysis finds that the effects of common institutional ownership are stronger for firms in post-green credit guidelines, industries with low green investments, and state-owned enterprises. Moreover, the effects are more pronounced for firms with common institutional investors who are stable and have a higher level of exit threat.

<https://doi.org/10.1016/j.iref.2024.01.072>

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<https://link.springer.com/journal/10754/volumes-and-issues/24-1>

01. Out-of-pocket expenditure, need, utilisation, and private health insurance in the Australian healthcare system

Abstract: The Australian healthcare system provides public health insurance with full, partial, or limited coverage, depending on the healthcare service used, and no risk rating of PHI premiums. Using data from the Household, Income and Labour Dynamics in Australia survey we find that individuals with PHI spend a greater share of their disposable income on OOPE and that the difference in OOPE share between PHI and non-PHI holders increases with greater need and utilisation, contrary to the prediction that PHI may mitigate OOPE. We also show that OOPE is a greater concern for poorer individuals for whom the difference in OOPE by PHI is the greatest.

<https://link.springer.com/article/10.1007/s10754-023-09362-z>

Journal of Economics (Vol. 141.1)

<https://link.springer.com/journal/712/volumes-and-issues/141-1>

Effects of patent policy on growth and inequality: exogenous versus endogenous quality improvements

Abstract: This study explores the implications of patent protection on growth and inequality under exogenous versus endogenous quality improvements. Our analysis shows that the effects of strengthening patent protection under an endogenous innovation size can be quite different from those under an exogenous innovation size. Under our calibrated parameter values, we find that strengthening patent protection promotes economic growth, raises income inequality, and decreases consumption inequality under exogenous quality improvements. However, in the case of endogenous quality improvements, strengthening patent protection generates an inverted-U effect on economic growth; both income inequality and consumption inequality decrease with the strength of patent protection.

<https://link.springer.com/article/10.1007/s00712-023-00843-w>

02. Technology choice, externalities in production, and a chaotic middle-income trap

Abstract: We incorporate the external effects of capital in production and endogenous technology choice into the standard overlapping generations model. We demonstrate that our model can exhibit a poverty trap, a middle-income trap, and perpetual growth paths. We also show that, under some economic conditions, an economy exhibits all three of these phenomena, depending on its initial capital level, and that the economy caught in the middle-income trap can exhibit chaotic fluctuations in the long run. Our result means that we need the combination of technology choice and externalities in production to obtain chaotic fluctuations in the standard overlapping generations model with Cobb-Douglas technologies.

<https://link.springer.com/article/10.1007/s00712-023-00844-9>

03. Mitigation and adaptation: an informational perspective

Abstract: This paper presents a model in which an informed government chooses a mitigation policy and uninformed citizens choose adaptation efforts sequentially and non-cooperatively. We find that mitigation and adaptation either strategically complement each other or are substitutes for each other in equilibrium, depending upon whether the government uses an overly stringent or an overly lax mitigation policy to signal the severe state. We then extend our analysis to a two-nation model in which the pollution or public health problem is transboundary. We find that information asymmetry may not distort mitigation in this case. Meanwhile, there also exists another refined equilibrium in which one national government pools and relies on the other's stringent policy to signal the severe state.

<https://link.springer.com/article/10.1007/s00712-023-00840-z>

Journal of Development Economics (Vol.168)

<https://www.sciencedirect.com/journal/journal-of-development-economics/vol/168/suppl/C>

01. Attenuating measurement errors in agricultural productivity analysis by combining objective and self-reported survey data

Abstract: This paper exploits unique survey data from Mali to validate an alternative approach to estimate the relationship between crop yields and inputs. The estimation relies on predicted objective crop yields that stem from a machine learning model trained on a random subsample of surveyed plots, for which crop cutting and self-reported sorghum yield estimates are both available. The analysis demonstrates that it is possible to predict sorghum yields with attenuated non-classical measurement error, resulting in a less-biased assessment of the relationship between yields and agricultural inputs. The discussion expands on the implications

of the findings for the design of future surveys where objective data collection could be limited to a subsample to save costs, with the intention to apply the suggested machine learning approach.

<https://doi.org/10.1016/j.jdeveco.2023.103249>

02. Employment effects of minimum wages in a dual economy: Evidence from Thailand

Abstract: This study employs both theoretical insights and empirical techniques to investigate the impact of a minimum wage increase on employment when minimum wage coverage is incomplete. In the theoretical part, we extended the classic two-sector model and found both scenarios can occur depending on the parameters of the economy. Empirically, using as a natural experiment a novel minimum wage policy in Thailand whereby 40 percent of workers were not covered by the legislation, we found that one percent increase in the minimum wage reduced low-skilled employment in the covered sector by 0.1–1.1 percent and increased employment in the uncovered sector. The official unemployment rate also decreased because the rise in the minimum wage lowered the probability of covered employment to such a large extent that workers instead turned to the uncovered sector.

<https://doi.org/10.1016/j.jdeveco.2023.103213>

03. Whom to ask? Testing respondent effects in household surveys

Abstract: Using data from survey experiments with 4,100 households in Paraguay and Uganda, we investigate whether there are discrepancies in intra-household reporting when multiple household members are interviewed. We randomly vary who responds to a survey on household income and food consumption using common approaches to respondent selection. We find that the mean and distribution of these variables is insensitive to respondent selection. However, there are discrepancies between spouses of the same household in Uganda that depend on the gender of the respondent or recipient of the income. Taken together, our results indicate that respondent selection does not markedly affect the aggregate analysis of households, but that it may matter for obtaining accurate information on income and consumption for a given household or by gender.

<https://doi.org/10.1016/j.jdeveco.2024.103265>

04. Contracting, market access and deforestation

Abstract: We study the impacts of market access on forest loss in Ghana through a program designed to increase smallholder participation in oil palm commodity markets. Improved market access is facilitated through production contracts in which smallholders receive credit to establish production, a guaranteed price and quantity for the contract duration, and output pickup at the village. Using a variety of difference-in-differences approaches, we find substantial increases in forest loss in targeted villages following the introduction of the contracting program. The findings suggest that the ecological impacts of reforms to market access may be sizeable.

<https://doi.org/10.1016/j.jdeveco.2024.103269>

05. The agricultural wage gap within rural villages

Abstract: We use unique data on daily labor-market outcomes for Indian casual workers to study labor reallocation between agricultural and non-agricultural activities within rural areas. Controlling for both individual time-invariant attributes and time-varying shocks, we find that workers who switch sectors across years or even within a week can obtain 23% higher wages by taking non-agricultural jobs. We then estimate a discrete choice model of daily labor allocation that decomposes preferences for jobs into two types of disamenities: (i)

those associated with job characteristics and (ii) those associated with location. We find that the first type of disamenity is 23% of wages for men and 38% for women, and the second type is 36% of wages for men and 31% for women.

<https://doi.org/10.1016/j.jdeveco.2024.103270>

06. A mother's voice: Impacts of spousal communication training on child health investments

Abstract: This study evaluates a communication training program for mothers in Uganda, motivated by prior evidence suggesting that mothers often prioritize children's needs more than fathers. The program aims to enable women to effectively communicate their knowledge and preferences about child health to their husbands, thereby increasing investments in children's health. Using a randomized experiment, we find that the program increases spousal discussion about the family's health, nutrition, and finances. It also increases women's and children's intake of animal-sourced foods, as well as household spending on these foods. However, the program did not increase households' adoption of measured health-promoting behaviors or improve other child anthropometric measures.

<https://doi.org/10.1016/j.jdeveco.2024.103263>

07. Gender violence, enforcement, and human capital: Evidence from women's justice centers in Peru

Abstract: In many developing countries, access to justice remains unequal, especially for women. What are the implications of this inequality for gender-based violence and investments in children? This paper provides evidence from Peru's women's justice centers (WJCs), which are specialized institutions that provide police, medical and legal services to reduce gender-based violence. Examining the gradual rollout of WJCs across districts and villages, we find that the opening of a center reduces the incidence of gender-based violence, as measured by self-reported domestic violence, female deaths due to aggression, and hospitalizations due to mental health, by about 10%. The evidence suggests that these results are driven by an increase in enforcement against gender violence.

<https://doi.org/10.1016/j.jdeveco.2024.103262>

08. Market timing, farmer expectations, and liquidity constraints

Abstract: We use data on price expectations from a survey of randomly sampled smallholder farmers in Mozambique. Across all crops, farmers report selling on average within three weeks of harvest, at lower prices than expected later in the season. Liquidity constrained farmers sell their harvest 50% faster than unconstrained farmers, but they increase their storage time in response to higher expected future prices. We address causality using an instrumental variables approach exploiting abnormal rainfall from cyclones Idai and Kenneth. We develop a model on market timing and its relation to price expectations and liquidity constraints.

<https://doi.org/10.1016/j.jdeveco.2024.103268>

09. Import competition, labor market regulations, and firm outsourcing

Abstract: We find that greater import competition from China is associated with a significant increase in domestic outsourcing of manufacturing jobs. This effect is driven by multi-product firms operating in states with pro-worker labor laws. We find a corresponding increase in the likelihood of sub-contracting among informal sector firms. Our results are consistent with a model where forward-looking firms outsource more in response to an increase in import competition, when there are future firing costs that can be avoided through such outsourcing.

We thus are the first to highlight that labor market regulation and its interaction with international trade can determine the organization of production. Our findings have significant development implications that take the form of movement of manufacturing production towards the informal as a consequence of a major trade shock.

<https://doi.org/10.1016/j.jdevco.2024.103272>

Journal of Accounting and Economics (Vol. 77.1)

<https://www.sciencedirect.com/journal/journal-of-accounting-and-economics/vol/77/issue/1>

01. Who really matters in corporate tax?

Abstract: Internal and external parties meaningfully shape corporate tax outcomes. However, we lack a holistic understanding of the major parties involved and their comparative effects. Using proprietary IRS data for public and private firms, we identify the top executives, corporate accountants, external accounting firms, and individual tax preparers and examine the comparative importance of these parties on corporate tax outcomes. We find that external individual tax preparers matter much more than the accounting firms that employ them. Internal actors (top accountants and executives) explain more of the variation in corporate tax outcomes than external actors (individual tax preparers and accounting firms). We also find some evidence that individuals' characteristics are associated with the tax behavior of the corporations they serve. Overall, we conclude that some of the actors who are unobservable in public data play a greater role in corporate tax outcomes than parties that are a focus of prior research.

<https://doi.org/10.1016/j.jacceco.2023.101609>

02. The managerial perception of uncertainty and cost elasticity

Abstract: We identify the occurrence of words implying uncertainty in managerial forward-looking statements and employ a novel methodology to construct distinct measures of the managerial perceptions of overall, unit CM, and volume uncertainty. We find a significantly positive (negative) association between the uncertainty about unit CM (volume) and cost elasticity. These associations vary predictably with firm and industry characteristics. Our empirical evidence supports the theoretical argument that managerial perceptions of uncertainty and its components differentially influence their resource allocation decisions and suggests that any analysis of the relation between uncertainty and a firm's cost elasticity should specify the type of uncertainty as well as the firm and industry characteristics.

<https://doi.org/10.1016/j.jacceco.2023.101613>

03. Conflicts of interest in subscriber-paid credit ratings

Abstract: We provide the first evidence of systematic bias among an emerging type of credit rating agency that relies on subscriptions from institutional clients as its primary source of revenue. Using data from Egan-Jones Ratings Company (EJR), a representative subscriber-paid rating agency, we show that EJR issues more optimistically biased credit ratings, less timely downgrades, and less accurate ratings for firms held by more EJR clients. Our evidence is consistent with EJR optimistically biasing its ratings to bolster subscriber revenue, which allows institutional clients to invest in riskier bonds with higher expected returns. Taken together, our findings suggest that the emergence of subscriber-paid rating agencies as an alternative to more traditional issuer-paid agencies is unlikely to resolve problems arising from conflicts of interest but rather alter the nature of these conflicts in the ratings process.

<https://doi.org/10.1016/j.jacceco.2023.101614>

04. MiFID II unbundling and sell-side analyst research

Abstract: We examine broad effects of MiFID II, which mandated unbundled pricing of analyst research in the European Union beginning in 2018. We find significant reductions in sell-side analyst following, particularly for firms for which the marginal analyst was less. High quality analysts were more likely to leave the sell-side and move to the buy-side, while remaining sell-side analysts increased efforts to make their forecasts more informative (more accurate, more detailed, and more likely to include informative recommendations resulting in larger stock price responses). Firms responded to a loss of sell-side coverage with more frequent, forward-looking, and informative investor relations events, especially for firms that lost the most coverage. Our results support recent theoretical analysis predicting that unbundling had significant implications for sell-side research, buy-side research, and firm responses.

<https://doi.org/10.1016/j.jacceco.2023.101617>

05. The effects of non-Big 4 mergers on audit efficiency and audit market competition

Abstract: This study examines whether recent mergers between small and midsize accounting firms influence competition by increasing the number of firms that can compete with larger rivals in the U.S. public company audit market. For both in-market and out-of-market mergers, clients switching to post-merger firms are more likely to be accelerated filers and are significantly larger in terms of several proxies for size and complexity. Lastly, I find that an increase in market-level merger activity is associated with lower profitability of Big 4 firms operating in the same market but only in the smaller client segment. These findings suggest that recent mergers have actually *increased* competition in some segments of the audit market despite already high concentration and concerns about a lack of sufficient competition.

<https://doi.org/10.1016/j.jacceco.2023.101618>

European Research on Management and Business Economics (Vol. 30.1)

<https://www.sciencedirect.com/journal/european-research-on-management-and-business-economics>

01. Impact of Industry 4.0 and circular economy on lean culture and leadership: Assessing digital green lean as a new concept

Abstract: This paper aims to investigate the impact of Industry 4.0 and Circular Economy on Lean Leadership and Lean Culture, providing insights into how Lean Manufacturing companies can adapt their leadership and culture styles to succeed in the new business environment. This study identified ten Lean Culture characteristics classified in three groups values and principles customer centric and operational excellence (receptiveness, working conditions, problem solving culture and continuous improvement and innovation) and nineteen Lean Leadership competences grouped in three categories customer oriented personal development, Lean principles (experimental, continuous improvement and innovation, zero-defects, process and lean expertise, problem solving and genchi genbutsu) and performance driven (targets settings, targets deployment and flow) that are necessary for successful implementation of Industry 4.0 and Circular Economy in Lean Manufacturing companies.

<https://doi.org/10.1016/j.iemeen.2023.100232>

02. Does the legitimacy of countries influence the internationalization of emerging market multinationals

Abstract: This study tests whether home country information and legitimacy affect the legitimacy of EMNEs and consumer purchase intentions. Specifically, this research focuses on EMNEs of Chinese origin due to their rapid growth at the international level and in the fast fashion sector because of the change in the positioning of large brands in favor of sustainability. The model is validated through an empirical study of 261 regular Shein shoppers using PLS-SEM. The academic and managerial implications of this research clarify the antecedents and consequences of the legitimacy of EMNEs and provide recommendations for the management of EMNEs and business success.

<https://doi.org/10.1016/j.iedeen.2023.100233>

03. Direct and moderating effects of COVID-19 on cultural tourist satisfaction

Abstract: This paper proposes a model to determine the direct and moderating effects of COVID-19 on the overall satisfaction of cultural tourists with the heritage destination visited. The hypotheses put forward in the model have been tested employing non-linear structural equation models (SEM), estimated with data from the Resident Travel Survey of the National Statistics Institute (NSI), on domestic demand for cultural tourism in Spain. The data analyzed covers both a pre-covid and pandemic period, from January 2019 to September 2021. It highlights the negative relationship between cultural tourists' socioeconomic profile and satisfaction. This research provides knowledge on the impact of COVID-19 on the behavior of cultural tourists, with practical implications for the design of tourism policies for the promotion and marketing of heritage destinations through differentiated marketing that increases satisfaction for this demand segment in crisis scenarios.

<https://doi.org/10.1016/j.iedeen.2023.100238>

04. Proposing a sales performance motivational framework for B2B sellers in services firms

Abstract: This study tests a framework of business-to-business (B2B) sellers' sales performance motivations in services firms. An exploratory-descriptive research design was used and data was collected from 389 respondents working in the services-orientated business sector of Norway. The study's results verify that B2B service sales are complex contexts and situations for B2B seller services firms and their B2B customers to handle. Many elements are required to reach a final deal. Therefore, services firms must maintain seller motivation throughout the B2B services sales process, which is usually hard and may involve psychological wear-out. Consequently, this study examines and verifies an important area of sales performance indicators, namely B2B sellers' motivations in services firms, and explains B2B sellers' intrinsic and extrinsic motivations.

<https://doi.org/10.1016/j.iedeen.2023.100235>

05. Attitudes and sustainable behaviors with special consideration of income determinants

Abstract: This paper investigates the effects of attitudes towards sustainable consumption and sustainable behaviours. Income as the control variable and gender, age, assets, and educational level as moderators were included. To achieve the aims of the study, a critical literature review, exploratory factor analysis, confirmatory factor analysis, and structural equation modelling were performed. Data were obtained using the CAWI technique on a sample of 1200 adult consumers. The findings show that attitudes towards sustainable consumption are positively

associated with sustainable behaviours, and that income significantly determines dimensions of attitudes towards sustainable consumption and sustainable behaviours. Additionally, the relationships between income, dimensions of attitude towards sustainable consumption, and particular sustainable behaviours in groups distinguished by gender, age, property ownership, and education level were confirmed.

<https://doi.org/10.1016/j.iedeen.2023.100240>

06. Innovation as a driving force for the creation of sustainable value derived from CSR: An integrated perspective

Abstract: This study examines the role of innovation and strategic corporate social responsibility orientation in the relationship between CSR and corporate performance to determine the mechanisms that underlie this main relationship. Useful results are derived from the empirical testing of the theoretical model, such as the existence of a positive direct effect between CSR and hotel performance. Likewise, we shed light on the mediating role of innovation and the moderating effect of a strategic CSR orientation in the main relationship, providing valid solutions for both academics and managers of coastal hotels, in terms of adopting CSR practices and promoting its integration into the core business of the hotel, and further developing innovations that will boost the benefits derived from their responsible practices, as well as their strengths to overcome the barriers traditionally faced when carrying out CSR strategies.

<https://doi.org/10.1016/j.iedeen.2024.100241>

07. The transformation of the automotive industry toward electrification and its impact on global value chains: Inter-plant competition, employment, and supply chains

Abstract: This paper seeks to examine the main transformations taking place in global value chains in the automotive industry as a result of this transition. The analysis follows a multiple case study methodology based on a theoretical approach that seeks to address the research question and purpose.

The main findings of this research focus on three dimensions of GVCs. First, this transition increases competition among assembly plants at the intra-group level for the awarding of new models. Second, it continues to reconfigure supply chains, threatening the viability of certain traditional providers of components and giving rise to new players – battery manufacturers – that may challenge the chain hierarchy. Third, the transition to electric vehicles has led to a reduction in employment volume in the chain as a whole. Because the transition is ongoing, it will continue to pose significant challenges for multiple actors involved in the automotive industry.

<https://doi.org/10.1016/j.iedeen.2024.100242>

Energy Economics (Vol. 129)

<https://www.sciencedirect.com/journal/energy-economics/issues>

01. Impact of carbon emission trading and renewable energy development policy on the sustainability of electricity market: A stackelberg game analysis

Abstract: This paper aims to establish a Stackelberg game model of the electricity market under the two types of combination policy scenarios of CET-FIP and CET-RPS and compare the influence of different combination policies on the development of the renewable energy industry. The results show that Compared with a single renewable energy development policy, CET-RPS and CET-FIP policies can effectively reduce carbon emissions. In the long run, the

CET-RPS policy has a stronger ability to reduce emissions, and the CET-FIP policy has stronger economic benefits. In the early stage of renewable energy development, electricity generation, profit of power generation companies, and social welfare are higher under the CET-RPS policy. Under the CET-RPS policy, an increase in carbon price will result in an increase in on-grid price and a decrease in green certificate price. In contrast, under the CET-FIP policy, an increase in carbon price will lead to an increase in on-grid price and premium subsidy.

<https://doi.org/10.1016/j.eneco.2023.107199>

02. Impact analysis of mergers and acquisitions on the performance of China's new energy industries

Abstract: Using data gathered from 2012 to 2020, we evaluate the degree of stock price volatility with the Carhart four-factor model combined with event study analysis. Changes in innovation after M&A activity has occurred are evaluated using the PSM-DID model. Empirical analysis shows that M&A could have a positive, short-run impact on stock prices of new energy industries, while the impact of technology M&A on sub-industries is not consistent. The cumulative average abnormal returns (CAAR) of the wind power and photovoltaic industries turn from negative to positive, and the correlative new energy vehicles and lithium battery industries reach the highest returns in a window period with similar trend lines. In contrast to prior industry-wide and conclusion-inconsistent M&A studies, we concentrate on new energy industries and prove the definite positive effect of technology M&A for the firms.

<https://doi.org/10.1016/j.eneco.2023.107189>

03. Effects of the promotion pressure of officials on green low-carbon transition: Evidence from 277 cities in China

Abstract: This study investigates the role of officials' promotion pressure on green and low-carbon transition and its mechanisms. The pressure of officials' promotions significantly inhibited the green low-carbon transition, and this inhibitory effect was greater before implementing the environmental inspection system. Regarding the influence mechanism, officials' promotion pressure leads to a dependence on resource factors, industrial structure, and investment in regional development, which restricts regional green low-carbon transformation. Furthermore, an additional moderating effect analysis was conducted to examine the impact of government green attention on the relationship between civil servants' promotion pressure and the green low-carbon transition. The results of this study are significant for optimizing officials' promotion mechanisms and facilitating green low-carbon transition in developing countries.

<https://doi.org/10.1016/j.eneco.2023.107159>

04. Energy price shocks and current account balances: Evidence from emerging market and developing economies

Abstract: This paper investigates the effects of real energy price shocks on current account balances of 45 emerging market and developing economies. The empirical results suggest that 1 % of a positive real oil price shock results in up to 0.11 (0.08) percentage points of a cumulative improvement (deterioration) in current account balances of oil exporters after five years, whereas 1 % of a positive real natural gas price shock results in up to 0.06 (0.04) percentage points of a cumulative improvement (deterioration) in current account balances of natural gas exporters (importers) after five years. Real coal price shocks result in higher current account balances of oil exporters and natural gas exporters, suggesting substitution of coal with oil and natural gas in such cases. The empirical results investigating the effects of oil demand versus oil supply shocks on current account balances suggest that oil demand shocks (rather

than oil supply shocks) result in similar reactions of current account balances to real oil price shocks, supporting the view that the effects of oil demand shocks are different from those of oil supply shocks.

<https://doi.org/10.1016/j.eneco.2023.107201>

05. Oil price dynamics in times of uncertainty: Revisiting the role of demand and supply shocks

Abstract: Using a new identification scheme based on forecast error variance, we identify oil-specific demand, demand, and oil supply shocks that maximize the sum of forecast error variance of three variables explained by their respective shocks. The estimation, with the sample period until 2007, suggests that the three identified shocks have similar effects as in the early literature, with oil-specific demand shocks playing a prominent role. However, in the post-crisis period supply shocks have emerged as a source of short-run increases in oil prices, and demand shocks do not have a long-run effect on prices, unlike in the pre-crisis period. Aside from oil-specific demand shocks, six episodes (including COVID-19) and a time-varying VAR with stochastic volatility identified based on forecast error variance suggest that other shocks, in particular supply shocks, have also played a significant role in driving oil prices in different episodes which cannot be ignored while evaluating the oil price dynamics.

<https://doi.org/10.1016/j.eneco.2023.107152>

06. Government venture capital and innovation performance in alternative energy production: The moderating role of environmental regulation and capital market activity

Abstract: This study examines the effects of government venture capital on the innovation performance of alternative energy production. Using negative binomial regression and system generalised method of moments models with data from 30 provinces in China for the period spanning from 2003 to 2019, we find that government venture capital exerts an inverted U-shaped effect on the innovation performance of alternative energy production. In addition, environmental regulation strengthens this inverted U-shaped effect, while capital market activity alleviates it. Our study enriches the resource-based view, agency theory and the institution-based view by shedding light on how the different characteristics of government venture capital affect alternative energy production innovation. The findings suggest that policymakers should strike a balance between government intervention and market mechanisms.

<https://doi.org/10.1016/j.eneco.2023.107196>

07. Emission intensities in the Australian National Electricity Market - An econometric analysis

Abstract: This study examines the evolution of CO₂ emission intensities in the wholesale electricity sector for the National Electricity Market (NEM) in Australia. Using daily data, we examine the impact of demand, changes in the generation mix, as well as the closure of major coal-fired power plants on emission intensities in the four largest regional markets of the NEM. Particular emphasis is also placed on the assessment of any potential association between the examined driving factors and major Australian climate and energy policies such as the 2012–2014 Carbon Pricing Mechanism (CPM) or the Renewable Energy Target (RET) scheme. Our results suggest that changes in renewable deployment can be considered as the principal factor affecting emission intensities of all regional markets. Interestingly, our findings suggest that the influence of the implemented CPM was not too substantial and had only temporary effects on emission intensities.

<https://doi.org/10.1016/j.eneco.2023.107184>

08. City size and energy efficiency of Chinese manufacturing firms: An empirical study from a city characteristic perspective

Abstract: The nexus between city size expansion and energy issues has caused heated academic and policy debates. This study empirically investigates the effects of city size on manufacturing firms' energy efficiency in China. Results suggest that the relationship between city size and energy efficiency is inverted U-shaped. City size impacts energy efficiency through its effects on industrial agglomeration and technological innovation. The heterogeneous analysis reveals the differential effects, where firms in energy-intensive sectors, being small and growing, are more affected. Finally, city characteristics, represented by urban sprawl and economic density, significantly moderate the relationship between city size and energy efficiency. These findings provide some insightful references for future urban planning and energy conservation.

<https://doi.org/10.1016/j.eneco.2023.107207>

09. Explaining the direction of emissions embodied in trade from hypotheses based on country rankings

Abstract: We examine theories that take environmental aspects into account to explain exports and imports. They use a ranking of countries and the typical prediction in the case of bilateral trade is that the higher-ranked country (of the two) gains from extra trade whilst the lower-ranked country loses. Gains and losses are expressed in terms of the net emissions embodied in trade. The two best-known theories are the Pollution Haven Hypothesis (PHH) and the Factor Endowment Hypothesis (FEH). Using data for 40 countries (or regions), we have a set of 780 country-pairs. Only 32% of the predictions with PHH and 37% of the predictions with FEH turn out to be correct. Our next step is to start at the other end and ask which ranking of countries would have had the most correct predictions. It turns out that the success rate of the optimal ranking of countries is only 61%. The implication is that even the optimal ranking (or theory) performs poorly.

<https://doi.org/10.1016/j.eneco.2023.107188>

10. How do political tensions and geopolitical risks impact oil prices?

Abstract: This paper assesses the effect of US–China political relationships and geopolitical risks on oil prices. To this end, we consider two quantitative measures, the Political Relationship Index (PRI) and the Geopolitical Risk Index (GPR), and rely on structural VAR and local projection methodologies. Our findings show that improved US–China relationships, as well as higher geopolitical risks, drive up the price of oil. In fact, unexpected shocks in the political relationship index are associated with optimistic expectations of economic activity, whereas unexpected shocks in the geopolitical risk index also reflect fears of supply disruption. Political tensions and geopolitical risks are thus complementary causal drivers of oil prices, the former being linked to consumer expectations and the latter to the prospects of aggregate markets.

<https://doi.org/10.1016/j.eneco.2023.107219>

11. Contagion network of idiosyncratic volatility: Does corporate environmental responsibility matter?

Abstract: This study seeks to explore the impact of corporate environmental responsibility (CER) on idiosyncratic volatility contagion. We first adopt the general dynamic factor model

to extract the idiosyncratic volatility. The long-term variance decomposition network is then constructed to examine the contributions of CER the contagion network of idiosyncratic volatility. The results demonstrate that idiosyncratic volatility contagion between sectors will be significantly strengthened during the stock market instability. CER play important role in the idiosyncratic volatility contagion, it will change the contagion ability and direction of idiosyncratic volatility during the stock market instability.

<https://doi.org/10.1016/j.eneco.2023.107168>

12. Measuring the impact of wind power and intermittency

Abstract: Wind power is crucial to decarbonizing electricity markets but is intermittent, which complicates operational management. We assess the welfare impact of wind power on the Spanish electricity market during the years 2009–2018, with a focus on how wind impacts congestion and reliability costs. In the baseline results, for an additional GWh of forecasted wind generation, we estimate that operational costs go up by about 0.19 EUR/MWh compared to an average of 3.85 EUR/MWh. We find no evidence of these marginal impacts significantly increasing with wind availability. Using detailed bidding data for congestion and reliability markets, we highlight how changes in market design can reduce the negative impacts of wind power on the operation of the grid.

<https://doi.org/10.1016/j.eneco.2023.107200>

13. Risk spillover between carbon markets and stock markets from a progressive perspective: Measurements, spillover networks, and driving factors

Abstract: This paper adopts an innovative and progressive perspective to bridge this existing gap by leveraging the Diebold-Yilmaz spillover index method, social network analysis and exponential random graph model to comprehensively evaluate the spillover level, network structure, and driving factors between the China's carbon market and the stock markets across various sectors. It is found that the China's carbon market and stock market as a whole display significant, unbalanced, and extreme-event-sensitive spillover effects, with the carbon market primarily serving as a net receiver of information; the spillover effects exhibit noteworthy heterogeneities across diverse sectoral stock markets, and we discovered that the carbon market plays the role of a “main benefit ” in the network; and within the selected four representative sectors, environmental information disclosure indicator, enterprise green transformation indicator and selected financial indicators all have the potential to significantly influence the structure of inter-enterprise spillover networks to varying degrees.

<https://doi.org/10.1016/j.eneco.2023.107228>

14. Beyond environmental actions: How environmental regulations stimulate strategic-political CSR engagement in China?

Abstract: Departing from conventional approaches of environmental actions in response to stricter environmental regulations, our paper leverages the rent-seeking theory to propose that firms engage in strategic-political corporate social responsibility (CSR) activities to obtain environmental legitimacy, which complements the local government's duty of social welfare provision. The findings remain robust when employing the continuous difference-in-difference model and the triple difference model to relieve concerns regarding comparability between the treated group and control group. Further, the positive effect is attenuated by sound financial condition and strong law enforcement. Our paper extends the understanding of the reciprocal relationship between regulated firms and local governments during the environmental transition process in China, and, potentially, in other developing countries with similar decentralization system and government intervention.

<https://doi.org/10.1016/j.eneco.2023.107171>

15. Demand or Supply? An empirical exploration of the effects of climate change on the macroeconomy

Abstract: Using an original panel data set for 24 OECD countries over the sample 1990–2019 and a multivariate empirical macroeconomic framework for business cycle analysis, the paper tests the combined macroeconomic effects of climate change, environmental policies and green innovation. Overall, we find evidence of significant macroeconomic effects over the business cycle: physical risks act as negative demand shocks while transition risks act as downward supply movements. The disruptive effects on the economy typical of a disorderly transition are exacerbated for low income, high emission countries with no history of environmental policy or with a high exposure to natural disasters. In general, one size does not fit all and results support the need for a (possibly country-specific) policy mix to counteract climate change with a balance between demand-pull and technology-push policies.

<https://doi.org/10.1016/j.eneco.2023.107163>

16. Facilitating or inhibiting? Spatial effects of the digital economy affecting urban green technology innovation

Abstract: Based on the panel data of 286 Chinese cities from 2011 to 2019, this study utilizes the spatial Durbin model to decompose the spatial effect of the digital economy on urban green technology innovation. The results show that: The digital economy has a significant role in promoting green technology innovation in Chinese cities and manifests positive spatial spillover effects. Mechanism analysis indicates that the digital economy mainly affects urban green technology innovation through three paths: human capital, financial development, and government support. Heterogeneity analysis demonstrates that the digital economy in eastern cities illustrates a notable spillover effect, while city clusters present a U-shaped impact feature, that is, the “empowerment effect” on green technology innovation in neighboring areas can only be displayed when the digital economy develops to a certain level. The findings offer a more valuable reference for making decisions to enhance comprehension of the spatial effects of the digital economy development and realize the synergistic development of digitalization and greenization among cities.

<https://doi.org/10.1016/j.eneco.2023.107223>

17. Impact of extended warranty service on product pricing in online direct retailers' competitive market

Abstract: In this paper, we consider a model composed of the three largest online direct retailers to investigate the impact of extended warranty service on product pricing. A single-period static game model and a dynamic game model with two delays are built. We discuss the optimal game strategies and dynamic evolution game behaviors of retailers and analyze the effects of warranty period and price adjustment speed on system stability. The result shows that the optimal extended warranty price, green degree, and extended warranty period lead to the biggest profits for the retailer. For the sake of system stability and player performance, retailers should take recent historical data as a reference, and a relatively slow price adjustment speed is needed. To better maintain the stability of the system, the delay feedback control method is adopted which can successfully control the instability of the system.

<https://doi.org/10.1016/j.eneco.2023.107217>

18. An economy-wide impacts of multiple mitigation pathways toward carbon neutrality in China: A CGE-based analysis

Abstract: This study portrays a detailed electricity technology module to assess the macro-economic and environmental impacts of four abatement ways for achieving carbon neutrality. Results show that, first, subsidising renewable energy and carbon pricing is the relatively optimal way to achieve carbon neutrality. This approach only requires the lowest carbon price and causes the most negligible loss to GDP and household welfare. Moreover, it can also significantly improve the shares for renewable energy as well as electrification, and provides the best co-benefits of abated SO₂ and NO_x. Second, subsidising CCS combined with carbon pricing is the least advantageous way, with the largest GDP and household welfare loss; furthermore, it has relatively weak promotion effects on energy and environment indicators. Third, if adopting subsidised renewable energy and carbon pricing could eliminate the need for separate abatement measures for SO₂ and NO_x; and if CCS subsidies and carbon pricing are combined, policy efforts for pollutants can be significantly weakened.

<https://doi.org/10.1016/j.eneco.2023.107220>

19. Declining real interest rates: The role of energy prices in energy importers

Abstract: This study investigates whether the upward trend in real energy prices since the 1990s can account for the decreasing trend in real interest rates in energy-importing countries. By estimating dynamic panel data models, I first provide empirical evidence that a rise in real energy prices leads to falls in real interest rates and aggregate consumption in energy-importing OECD member countries. Using a life-cycle model, I show that the increasing trend in real energy prices decreased the equilibrium real interest rate by about 1.4 percentage points between 1990 and 2018. The mechanism for this effect is as follows: As a result of the increases in the real energy price, energy consumption falls, dampening the consumption of manufactured goods because of the complementarity in consumption between energy and manufactured goods. Accordingly, aggregate consumption declines, putting downward pressure on the real interest rate.

<https://doi.org/10.1016/j.eneco.2023.107226>

20. Can inflation predict energy price volatility

Abstract: Fluctuations in energy prices impact production costs and inflation. This study examines whether inflation data can predict volatility in energy markets. Both inflation and energy market volatility exhibit complex behaviour over time, including structural shifts due to demand and supply shocks. Accounting for differences in data frequencies, we use an extended GARCH model (MIDAS) with Laguerre polynomials for time-varying parameters. The empirical results demonstrate that including low-frequency inflation data enhances energy model predictability particularly during periods of high volatility and extreme price fluctuations. Considering inflation improves forecasting for energy market models, benefiting portfolio management and helping policymakers manage inflation.

<https://doi.org/10.1016/j.eneco.2023.107158>

21. A breath of fresh air: Coal power plant closures and health in China

Abstract: This study provides the first causal evaluation of the impact of coal power plant closures on health in China using nationally representative survey data. Based on the linkage between the staggered shutdowns of 13 coal power plants between 2000 and 2015 and the China Health and Nutrition Survey (CHNS) data, we adopt the new event study approach by Sun and Abraham (2021) to compare changes in overall health statuses for residents living downwind of coal power plants (treated) with those living upwind (control), before and after plant closures. We find that incidences of sickness are reduced by 7 percentage points or 0.2 standard deviations 5–9 years after the closure. The result is robust to a host of robustness

checks. Further analyses reveal that the health benefits are concentrated on older adults, rural areas, and historically low pollution regions.

<https://doi.org/10.1016/j.eneco.2023.107235>

22. Energy shocks and inflation episodes in the UK

Abstract: This paper explores the potential macroeconomic impacts of the recent episode of global energy shock in the UK economy. Unlike the Great Inflation in the 1970s, current inflation is likely to have limited impacts on the overall UK economy due to institutional changes, such as the weakening of collective wage bargaining, etc. As a result, we argue that the current episode of inflation requires limited interventions using monetary policies. A new macro-econometric forecasting model is developed for the UK economy to simulate counterfactual policy scenarios.

<https://doi.org/10.1016/j.eneco.2023.107208>

Borsa Istanbul Review (Vol. 24.1)

<https://www.sciencedirect.com/journal/borsa-istanbul-review/vol/24/issue/1>

01. Does financial liberalization spur economic growth? A meta-analysis

Abstract: Based on a survey of 54 published articles, we undertake a meta-analysis of 906 estimates of the effects of financial liberalization on economic growth. We conclude that the literature contains statistically significant evidence of a positive effect of financial liberalization on economic growth, and, in some cases, these effects can be considered as economically meaningful. Thus, some types of financial liberalization are effective policy tools for increasing an economy's rate of growth even if financial liberalization increases the volatility of the financial sector. We also identify the presence of publication-selection bias in the literature and, after adjusting for this bias, we conclude that stock market liberalization and comprehensive financial market liberalization are the most effective forms of financial sector liberalization for stimulating economic growth.

<https://doi.org/10.1016/j.bir.2023.10.015>

02. House price connectedness and consumer sentiment in an era of destabilizing macroeconomic conditions: Empirical evidence from Türkiye

Abstract: This study analyzes changes in the connectedness of 26 regional house prices in Türkiye and determines how consumer sentiments affect connectedness in the era of destabilizing macroeconomic conditions over the period from January 2010 to April 2022. Our empirical results provide evidence of a high connectedness of house prices, with a greater degree of connectedness witnessed during the post-crisis period across regions in Türkiye. The results further divulge that Ankara is a major transmitter of connectedness during the pre-crisis period, while Istanbul is a major transmitter of connectedness during the post-crisis period. By and large, our results show that the degree of connectedness is associated with the period of financial and economic destabilization, characterized by a significant depreciation of the local currency, rising inflation rates, and an increasing cost of borrowing accompanied by rising loan restructurings and defaults. These empirical results are validated by the results of the time-varying Granger causality tests.

<https://doi.org/10.1016/j.bir.2023.08.006>

03. Innovating for a greener future: The role of green bonds in advancing energy innovation

Abstract: This study explores the asymmetric green bonds-energy innovation nexus in the top ten nations that issue green bonds. Previously, panel data methods were used to obtain consistent outcomes regarding these variables despite the fact that several economies could not illustrate such a relation individually. However, this research adopts the “Quantile-on-Quantile” approach that can examine time-series dependence in every economy by offering detailed and country-specific characteristics. The outcomes revealed a positive linkage between green bonds and energy innovation in most nations at particular quantiles. Furthermore, the analysis indicates that the rank of asymmetries between the variables changes from economy to economy, punctuating the significance of policymakers monitoring modifications in green finance and energy innovation.

<https://doi.org/10.1016/j.bir.2023.10.007>

04. Short selling and trade credit: New evidence

Abstract: This study investigates the effect of short sales on firms' use of trade credit. Using a sample of 3262 Chinese listed firms from 2007 to 2019, the analysis results show that both the deregulation and the magnitude of short sales negatively affect trade credit. The transmission mechanism indicates that firms' access to formal financing decreases after short sales deregulation, which mitigates firms' ability to redistribute formal financing through trade credit. Moreover, the results suggest that shortable firms tend to adopt a moderate trade credit policy and adjust their trade credit to the target level at a lower rate than non-shortable firms. This study reveals the features of the short sales–trade credit relationship in an emerging market.

<https://doi.org/10.1016/j.bir.2023.10.006>

05. Unlocking the green vault: A comparative analysis on the impact of green financing initiatives in mitigating ecological footprint in Europe

Abstract: This study analyzes asymmetric green finance-ecological footprint nexus in ten leading European nations with substantial investments in green finance. Previous investigations explored this relationship using panel data analysis, although few economies could not show such a relation separately. In contrast, this investigation employs the “Quantile-on-Quantile” technique, which dissects the interaction of time series data within every nation. The findings demonstrate a negative impact of green finance on ecological footprint, particularly within specific segments of the data distribution. The findings highlight the imperative for policymakers to exercise careful consideration while implementing policies related to green finance and ecological sustainability.

<https://doi.org/10.1016/j.bir.2023.10.014>

06. Firm climate change risk and financial flexibility: Drivers of ESG performance and firm value

Abstract: This study investigates how a firm's climate change risk (FCCR) and financial flexibility (FIFL) affect its value and environmental, social, and governance (ESG) performance. We use data from publicly listed US firms for 2012–2021. We employed four estimation methods: bootstrap quantile regression, feasible generalised least squares, a generalised method of moments, and fixed effects with Driscoll-Kraay standard errors. Our main findings indicate that climate change risk has a negative effect on firm value and a positive effect on ESG performance and that financial flexibility moderates these effects by reducing risk and enhancing value. These results are robust against alternative measures and estimation techniques. Our study provides novel insights into the influence of climate risk and financial

flexibility on firm value and ESG performance. We also discuss the implications of our results for academics, practitioners, and policymakers.

<https://doi.org/10.1016/j.bir.2023.11.003>

07. Shadow banking Regulation and the stock price synchronicity --A quasi-natural experiment based on China's new asset management regulation

Abstract: Shadow banking has somewhat compensated for China's lack of formal financial development. However, it may also amplify the financial system's risks, which runs counter to the initial expectation of macroprudential management. With the regulation of shadow banking in China under the New Asset Management Regulation (NAMR), this paper investigates the impact of shadow banking regulation on the stock price synchronicity of China's A-share listed companies and its mechanism from 2013 to 2021. The mechanism test finds that shadow banking regulation can reduce stock price synchronicity by reducing firms' agency costs and improving information transparency. Our study enriches the related research on shadow banking regulation. It provides evidence on the microeconomic consequences of shadow banking from the perspective of stock price synchronicity for other developing countries and emerging economies.

<https://doi.org/10.1016/j.bir.2023.11.004>

08. Does environmental innovation improve investment efficiency?

Abstract: Using a sample of 12,550 firm-year observations for the US over the period 2009–2021, we empirically examine the impact of environmental innovation on firm-level investment efficiency. Using fixed-effect regressions, our results indicate that eco-innovation has a significant and positive impact on firm-level investment efficiency. We show that eco-innovation raises investment efficiency and reducing information asymmetry enhances this effect. In addition, we show that the impact of eco-innovation on investment efficiency is statistically significant at environmentally sensitive firms, unlike firms that are environmentally insensitive. Further, the impact is higher at firms with low leverage than at firms with high leverage, in terms of both magnitude and economic significance, and the relative significance of this relationship is more pronounced at large firms. Our results are robust to alternative measures of eco-innovation, endogeneity, and sample selection bias.

<https://doi.org/10.1016/j.bir.2023.11.007>

09. Exchange rates, credit default swaps and market volatility of emerging markets: Panel CS-ARDL approach

Abstract: This study examines the relationship between exchange-rate movements from 2011 to 2022, on the one hand, and sovereign debt credit default swap (CDS) premiums and market volatility, on the other. To capture the short- and long-run relationships between exchange rates, sovereign CDS, and market volatility, our study applies the cross-section augmented autoregressive distributed lag (CS-ARDL) model by Chudik and Pesaran (2015) with the pooled mean group (PMG) estimation method. The advantages of this setting are that it allows for cross-sectional heterogeneity and dependence. The exchange rate and the sovereign CDS premium are integrated in the long run. The exchange-rate dynamics, the return on CDS, and market volatility are contemporaneously correlated. Furthermore, market volatility and the deviation from the long-run relationship between the exchange rate and CDS also provide predictive information for exchange-rate movements in the next period. These findings shed further light on the forward-premium puzzle.

<https://doi.org/10.1016/j.bir.2023.12.001>

10. Can Islamic finance enhance the innovation capacity of Cameroonian SMEs? Empirical evidence based on a multivariate probit approach

Abstract: This study examines the effects of the Islamic mode of financing on the innovation capacity of SMEs in Cameroon using a sample of 1358 SMEs. Results of the multivariate probit model indicate that Islamic finance enhances process innovation, product innovation, and marketing innovation. While the effects on organizational innovation are positive, they are statistically insignificant. Our main results equally indicate that the effects of Islamic finance on the innovation capacity of SMEs are more pronounced on technological innovation (process and product) than non-technological innovation (marketing and organizational). Policymakers are encouraged to put in place the necessary mechanisms for the promotion of Islamic finance such as the enacting of laws that ensure the creation of full-fledged Islamic banks, and raising awareness about the benefits and specificities of this mode of finance for the financing of SME innovation.

<https://doi.org/10.1016/j.bir.2023.11.006>

11. Overlapping portfolio holdings and unique sources of emerging market risk

Abstract: Momentum, size, and low volatility in emerging markets regularly exhibit increased correlations across factors and markets in periods of negative returns. I provide a framework to distinguish a unique source of risk from a set of factors in the stage of portfolio formation. The framework is based on discarding duplicate positions that exceed half the portfolios in periods of factor comovement. Unique factors eliminate rising correlation and factor crashes. The results are robust for the most recent financial shocks. For practitioners, the approach helps in distinguishing original investment strategies and provides opportunities for active management in emerging markets.

<https://doi.org/10.1016/j.bir.2023.12.003>

12. The impact of non-financial disclosure on labor investment: International evidence

Abstract: This study examines the impact of non-financial disclosure (NFD) on firms' labor investment efficiency. We analyze a broad sample of firms located across 44 countries and the period 2006–2019. Using regression analysis, the association between abnormal employment growth and environmental, social and governance (ESG) disclosure volume is evaluated. Preliminary evidence reveals that this association is, in general, negative, with NFD exerting a positive influence on labor investment efficiency. Importantly, we also find that the country's institutional and legal background modulates the association, in that the link is markedly stronger in countries with higher-quality investor protection, rule of law and anti-self-dealing devices. Finally, we document stronger effects of ESG disclosure in countries featuring higher labor market rigidities and unionization rates, even after controlling for the country institutional and legal background.

<https://doi.org/10.1016/j.bir.2023.12.004>

Advances in Accounting (Vol. 64)

<https://www.sciencedirect.com/journal/advances-in-accounting/vol/64/suppl/C>

01. Detecting accounting fraud in family firms: Evidence from machine learning approaches

Abstract: This study demonstrate that the ensemble learning models exhibit superior effectiveness in identifying accounting fraud compared to the logistic regression approach.

Moreover, the imbalanced ensemble learning classifiers outperform the conventional models. Significantly, among all the studied fraud classifiers, the CUS Boost classifier consistently attains the best overall performance. This research contributes to the field of accounting fraud detection in family firms by shifting the focus from conventional causal inference methods (such as regression) to machine-learning-based predictive techniques. Additionally, it extends existing literature on accounting fraud detection by emphasizing the issue of data imbalance in fraud datasets and demonstrating the superiority of imbalanced machine learning algorithms over conventional approaches in detecting accounting fraud.

<https://doi.org/10.1016/j.adiac.2023.100722>

02. Does Islamic religiosity influence professional accountants' judgments? Evidence from global convergence of IFRS

Abstract: We examine the influence of religiosity on professional accountants' judgments towards global convergence of financial reporting using, as an example, the Islamic religiosity context of Bangladesh. Professional accountants' judgments, in relation to the global convergence of the International Financial Reporting Standards (IFRS), is measured using Gray's (1988) accounting values, with Islamic religiosity measured using the Sahin–Francis Scale of Attitude towards Islam. We find that professional accountants in Bangladesh who have higher levels of Islamic religiosity values are supportive of statutory control, conservatism, uniformity, and secrecy. The findings have implications for global accounting standard setters, international accounting firms, and multinational companies, particularly in Islamic countries. Our study findings may be useful to regulators in Bangladesh and other Islamic countries in improving the quality of the convergence of IFRS.

<https://doi.org/10.1016/j.adiac.2023.100723>

03. Financial analysts' information discovery: A study of manager-analyst interactions in conference calls

Abstract: This paper analyzes analysts' questions in conference calls to make inferences about how analysts acquire information. Using two complementary techniques, I develop several measures of the specificity of analysts' questions. I predict and find that analysts ask more specific questions if they enter the call with poor information. The firm's information environment improves after a call in which most analysts ask specific questions. Additional analyses show that managers respond defensively to specific questions and attempt to deemphasize these questions by putting them later in the calls. Furthermore, investors react negatively to calls in which most questions are specific. Overall, this study provides insights into the roles of conference calls in analysts' processes and offers a method to analyze interactions between managers and analysts.

<https://doi.org/10.1016/j.adiac.2023.100727>

04. Do analysts provide information about other comprehensive income in book value forecasts for financial firms?

Abstract: We examine whether analysts provide information about future OCI via BVPS forecasts, whether investors respond to BVPS innovations (which should include OCI innovations), and whether such innovations are more useful to investors in financial firms with difficult-to-value financial assets. We find evidence consistent with: 1) Analysts' BVPS forecasts generally conveying at least some information about future OCI; and, 2) The market responding to whether firms miss analysts' consensus BVPS expectations (which should include OCI expectations), with stronger evidence for firms with larger holdings of difficult-

to-value financial assets. The evidence supports the intuition that analysts provide at least some information about future OCI in their BVPS forecasts.

<https://doi.org/10.1016/j.adiac.2023.100726>

05. Managerial accounting practices, HR metrics, and firm performance

Abstract: This research explores how accounting and HR employees perceive the value of managerial accounting and HR practices in their organizations. Our study was restricted to participants employed in publicly listed organizations allowing us to explore how their perceptions equate with objectively measured firm performance. Further, we regressed our accounting and HR measures on financial, non-financial, and market-based aspects of corporate performance. Our findings reveal that compared to accounting employees, HR employees place a higher value on using HR metrics and diagnostic styles of managerial accounting systems. Further, internal accounting and HR systems impact firm performance and corporate information environment. Our research has practical implications for strategic policy makers within publicly listed corporations that influence accounting and HR organizational cultures.

<https://doi.org/10.1016/j.adiac.2024.100730>

European Economic Review (Vol. 161)

<https://www.sciencedirect.com/journal/european-economic-review/vol/161/suppl/C>

01. Supply or demand? Policy makers' confusion in the presence of hysteresis

Abstract: In this paper we study the case of a central bank that ignores the presence of hysteresis when identifying shocks. By assuming that all low-frequency output fluctuations are driven by permanent technology shocks, monetary policy is not aggressive enough in response to demand shocks. In addition, we show that errors in assessing the state of the economy can be self-perpetuating if seen through the lens of the mistaken views of the policy maker. We show that a central bank that mistakes a demand shock for a supply shock, will produce permanent effects on output through their suboptimal policies. Ex-post, the central bank will see an economy that resembles what they had forecast when designing their policies. The shock is indeed persistent and this persistence validates their assumption that the shock was a supply-driven one.

<https://doi.org/10.1016/j.euroecorev.2023.104617>

02. Job security, asymmetric information, and wage rigidity

Abstract: We consider a labour market with risk averse workers, directed search and asymmetric information in which firms can commit to wage contracts but not to retain workers. The model predicts that in downturns (i) there is equal treatment of incumbents and new hires, (ii) wages are insensitive to the severity of the downturn, (iii) this leads to an amplified employment effect, and (iv) wages are determined by forecasts of labour market conditions rather than actual values. By contrast in upswings, new-hire wages are more attuned to actual conditions than forecasts, whilst incumbent wages remain relatively rigid. We find that these novel predictions are well supported in German administrative data.

<https://doi.org/10.1016/j.euroecorev.2023.104622>

03. Were jobs saved at the cost of productivity in the COVID-19 crisis?

Abstract: The paper studies the link between productivity and reallocation and investigates the role of job retention schemes in it, using a rich administrative dataset for Estonia that covers the whole population of firms from 2004 to 2020. We find persistent evidence for the reallocation of jobs towards more productive sectors and firms. However, the within-sector reallocation was surprisingly unresponsive to productivity in the COVID-19 crisis, in sharp contrast to the experience in the previous major crisis, the Great Recession. We show that a generous job retention scheme suppressed the acceleration of within-industry reallocation towards more productive firms, which had negative consequences for aggregate productivity during COVID-19. The negative effects on productivity were offset by the positive employment effect, but the net gains from the job retention support appear limited.

<https://doi.org/10.1016/j.euroecorev.2023.104618>

04. Managers' risk preferences and firm training investments

Abstract: This study analyses the impact of managers' risk preferences on their training allocation decisions. We begin by providing nationally representative evidence that managers' risk-aversion is negatively correlated with the likelihood that their firms engage in any worker training. Using a novel vignette study, we then demonstrate that risk-tolerant and risk-averse decision makers have significantly different training preferences. Risk aversion results in increased sensitivity to turnover risk. Managers who are risk-averse offer less general training and are more reluctant to train workers with a history of job mobility. Adopting a weighting approach to flexibly control for observed differences in the characteristics of risk-averse and risk-tolerant managers, we show that our findings cannot be explained by heterogeneity in either managers' observed characteristics or the type of firms where they work.

<https://doi.org/10.1016/j.euroecorev.2023.104616>

05. Overreaction and the value of information in a pandemic

Abstract: This paper studies optimal mitigation and testing during a pandemic in the presence of partial information. We develop a stylized dynamic epidemiological model where the true number of infected individuals can only be partially inferred from two noisy signals: hospitalization and positivity rate. We first show that the planner is willing to pay a significant "information premium" to eliminate the uncertainty by extensive testing. However, if testing is prohibitively costly, then a stringent mitigation becomes optimal, as it partially substitutes for testing as an information acquisition device. Such policies were often criticized as excessive at the onset of the COVID-19 pandemic. We argue that this "optimal overreaction" is a result of the extreme costs of policy mistakes – such as high future casualties – and not due to an aversion to risk.

<https://doi.org/10.1016/j.euroecorev.2023.104624>

06. Wage and employment cyclicalities at the establishment level

Abstract: Although the quantitative relationship between employment cyclicity and wage cyclicity is central for the dynamics of macroeconomic models, there is little empirical evidence on this topic. We use the German AAFP dataset to document that wage cyclicalities are very heterogeneous across establishments. Based on this heterogeneity, we estimate the relationship between employment cyclicity and wage cyclicity at the establishment level. We use this micro-estimate as a calibration target for a macro labor market flow model with heterogeneous wage dynamics that nests the standard search and matching model. Based on this micro-macro linkage, we provide a new quantitative benchmark for the role of wage rigidity in search and matching models. Furthermore, we show that acyclical and

countercyclical wage establishments are key drivers for stronger labor market reactions in recessions than in booms.

<https://doi.org/10.1016/j.eurocorev.2023.104636>

07. The dynamics of importer–exporter connections

Abstract: This paper studies the dynamics of importer–exporter connections when importers source inputs from multiple exporters. I first develop a trade model in which heterogeneous importers invest in expanding the set of potential exporters they know and from which they can source. The model delivers three novel predictions. The lower the degree of substitutability among final goods and the higher the degree of substitutability among inputs of an importer: (i) the lower the growth rate in importer’s connections, (ii) the more likely are connections to be discontinued, and (iii) the lower the trade value growth per surviving connection. I then provide evidence in favor of these predictions by using customs transaction data from Colombia. Finally, I show that the mechanism unveiled in this paper matters for the heterogeneity of the trade adjustment to macroeconomic shocks across sectors.

<https://doi.org/10.1016/j.eurocorev.2023.104638>

08. Macro welfare effects of flexible labor contracts

Abstract: We calibrate the model utilizing Eurozone data and show that in the benchmark currency union economy, welfare would monotonically increase if fixed sector’s wage rigidity goes up, while welfare would monotonically decline in wage rigidity if the benchmark economy were to switch to inflation targeting. We also show that it is the working-hour flexibility of flexible labor contracts that reinforces the desirability of wage stickiness in the fixed sector. Finally, we obtain strikingly different optimal flexible sector sizes for economies in currency union and inflation targeting monetary policy regimes: while the optimal flexible sector size for a currency union economy turns out to be 0%, the optimal flexible sector size for an economy with inflation targeting is 100%. These important results prevail because large fluctuations in consumption associated with flexible labor arrangements are too costly for households in a currency union with limited monetary policy flexibility — outweighing the production flexibility gains from flexible labor contracts.

<https://doi.org/10.1016/j.eurocorev.2023.104633>

09. How has Brexit changed EU–UK trade flows?

Abstract: This paper estimates how Brexit has affected goods trade between the United Kingdom and European Union. Using product-level trade flows between the EU and all other countries in the world as a comparison group, we find a sharp decline in trade from the UK to the EU and significant but smaller reductions in trade from the EU to the UK. However, when we estimate the size of the Brexit impact on trade using UK data and UK global trade as a benchmark, we find strikingly different results. We identify two key sources of this discrepancy. First, the UK’s global exports grew relatively slowly. We argue these are not suitable as a no-Brexit counterfactual. Second, Brexit also led to breaks in the measurement of trade flows, particularly for the EU imports data. To resolve these issues, we combine UK-reported data for its trade with EU and EU data for its trade with the rest of the world to use as the appropriate benchmark for comparison. This generates an estimate that Brexit reduced trade by close to 20% in both directions.

<https://doi.org/10.1016/j.eurocorev.2023.104634>

10. On the stability of preferences: Experimental evidence from two disasters

Abstract: We investigate the impacts of two disasters in Japan and the Philippines on preferences using the convex time budget experiments and multiple price list experiments with monetary rewards. By exploiting natural experiments which are combined with lab-in-the-field experiments, we aim to investigate whether and how long preferences are affected by extreme events. We find evidence supporting preference instability caused by exposure to natural hazards: in both our study sites, disaster exposure seems to make individuals more present-biased even though they differ in socioeconomic conditions and disaster types. The estimated impacts are persistent over the short and long time intervals in both disaster-affected areas and are robust to the method of measuring preferences.

<https://doi.org/10.1016/j.eurocorev.2023.104632>

11. Banking supervision with loopholes

Abstract: This paper develops a model of financial intermediation focusing on the interaction between banks and a regulator. In the model, the regulator chooses its supervision capacity to monitor banks and prevent excessive risk-taking. Meanwhile, banks can engage in loophole innovation to circumvent supervision, diminishing the value of the regulator's accumulated expertise. In equilibrium, as the regulator's supervision capacity increases, loophole innovation is more likely to succeed. In the dynamic framework, our model generates pro-cyclical bank leverage and asymmetric credit cycles. After a longer boom, a crisis is more likely to occur, and the consequences are more severe. We analyze the welfare implications of maximum leverage regulation and other regulatory tools in the loophole innovation environment.

<https://doi.org/10.1016/j.eurocorev.2023.104642>

12. Fixed rate versus adjustable-rate mortgages: Evidence from euro area banks

Abstract: To explain the large cross-country and time variations observed, we distinguish between household conditions that determine the local demand for credit and the characteristics of banks that supply credit. As bank funding mostly occurs at the group level, we disentangle these two sets of factors by comparing the outcome observed for the same banking group across the different countries. Local household conditions dominate. In particular we find that the share of new loans with a fixed rate is larger when: (1) the historical volatility of inflation is lower, (2) the correlation between unemployment and the short-term interest rate is higher, (3) households' financial literacy is lower, and (4) the use of local mortgages to back covered bonds and of mortgage-backed securities is more widespread.

<https://doi.org/10.1016/j.eurocorev.2023.104643>

13. Long-lasting effects of indoctrination in school: Evidence from the People's Republic of Poland

Abstract: This paper studies the effect of communist indoctrination in school on labour force participation and human capital investments. Specifically, we evaluate the impact of a reform in Poland that revoked political indoctrination in school in the mid-1950s, while leaving the rest of the curriculum unchanged. To overcome endogeneity concerns, we exploit cut-off birth dates for school enrolment that exhibit variation in the level of exposure to the reform. We find that a reduction in school indoctrination increased the probability of finishing secondary and tertiary education, and expanded labour force participation about 50 years down the line.

<https://doi.org/10.1016/j.eurocorev.2023.104641>

14. Conflict initiation function shapes the evolution of persistent outcomes in group conflict

Abstract: We take an evolutionary perspective to explore the implications of different relationships between power and initiation of conflicts for the long-run distribution of power between groups. So far, attention has focused on how the role played by the relationship between power and success in conflicts affects the long-run distribution of power. We find conditions under which hegemony is a long-run outcome, as well as analogous conditions for balance of power. Specifically, hegemony prevails when conflicts are more likely to be initiated by stronger groups against weaker groups, while balance of power prevails when the opposite holds. Interestingly, the conflict success function plays a minor role in our setting, where victory or defeat are always outcomes that occur with non-negligible probability.

<https://doi.org/10.1016/j.euroecorev.2023.104648>

15. Financial technologies and the effectiveness of monetary policy transmission

Abstract: This study investigates whether and how financial technologies (FinTech) influence the effectiveness of monetary policy transmission. We use an interacted panel vector autoregression model to explore how the effects of monetary policy shocks change with regional-level FinTech adoption. Results indicate that FinTech adoption generally mitigates the transmission of monetary policy to real GDP, consumer prices, bank loans, and housing prices, with the most significant impact observed in the weakened transmission to bank loan growth. The relaxed financial constraints, regulatory arbitrage, and intensified competition are the possible mechanisms underlying the mitigated transmission.

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16. On the coevolution of cooperation and social institutions

Abstract: This paper examines an environment inhabited by self-interested individuals and unconditional cooperators. The individuals are randomly paired and engage in the Prisoner's Dilemma Game. Cooperation among players is incentivized by institutional capital, and selfish individuals incur a cost to identify situations where defection goes unpunished. In this environment, we explore the coevolution of types and institutional capital, with both the distribution of types and capital evolving through myopic best-response dynamics. The equilibria are shown to be Pareto-ranked. The main finding is that any equilibrium level of institutional capital exceeds the optimal amount in the long run. Thus, forward-looking optimal institutions not only foster a more cooperative culture but are also more cost-effective compared to the myopically optimal ones.

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