



Mic 2018

Management International Conference

Managing Global Diversities

Abstracts of the Joint International Conference Organised by

- University of Primorska, Faculty of Management, Slovenia
- Lomonosov Moscow State University, Moscow School of Economics, Russian Federation
- Juraj Dobrila University of Pula, Faculty of Economics and Tourism 'Dr. Mijo Mirković,' Croatia
- Association for the Study of East European Economies and Cultures, USA
- Society for the Study of Emerging Markets, USA

Bled, Slovenia • 30 May–2 June 2018

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Bled, Slovenia | 30 May–2 June 2018

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Conference Organisers

The conference is organised by five partner institutions:

University of Primorska, Faculty of Management (Slovenia) is a higher education institution for education and research in the fields of social sciences and business management. The Faculty offers undergraduate study programmes in Management, master study programmes in Management, Economics and Finance, and Law for Management, interdisciplinary master study programmes in Sustainable Development Management, Political Science, and Innovation and Entrepreneurship, and doctoral study programme in Management. Beside the study programs leading to a degree the Faculty also offers modules for groups or in-company training from the field of social sciences and business management with interdisciplinary links to economic, business, legal, organisational and behavioural sciences.

Lomonosov Moscow State University, Moscow School of Economics (Russian Federation) was founded on April 29, 2004. The mission of Moscow School of Economics is to train highly-qualified specialists who possess profound knowledge of the Russian economy, who are well-acquainted with the ideas and achievements of contemporary schools of economics, who work effectively in highly competitive environments including federal and regional governmental bodies, finance and business companies, the sphere of research and higher education.

Juraj Dobrila University of Pula, Faculty of Economics and Tourism 'Dr. Mijo Mirković' (Croatia) offers all levels of higher education: from undergraduate and graduate studies to postgraduate specialist and doctoral programmes of study. Scientific activities of Faculty includes research in the field of social sciences and organisation of international conferences as well as publishing of international scientific journal *Economic Research* referred in most important scientific databases. In 2015 Faculty of Economics and Tourism 'Dr. Mijo Mirković' started publishing another international scientific journal, *Review of Innovation and Competitiveness*.

Association for the Study of East European Economies and Cultures (USA) publishes *Eastern Europe Economics*, which focuses on original research on the newly emerging economies of Central and Eastern Europe, with coverage of the ongoing processes of transition to market economics in different countries, their integration into the broader European and global economies, and the ramifications of the 2008–9 financial crisis.

Society for the Study of Emerging Markets (USA) was founded to promote research and publication about emerging market economies and to provide a way for academics, policy makers, and members of the business community to exchange views and share information and research about emerging markets. The Society sponsors the journal *Emerging Markets Finance and Trade* (EMFT), which is recognized worldwide for the quality and timeliness of the research on emerging markets that it publishes. The Society also cooperates with its regional affiliates and allied organisations in other countries to promote its objectives, and holds international meetings and conferences that are devoted to issues relevant to emerging markets, many organised in cooperation with leading universities and research institutions as well as with regional partners.

Welcome Address by the Organisers

We have great pleasure and honour in welcoming you to Bled, Slovenia, to participate in the Management International Conference (MIC) 2018.

The traditional MIC Conference is organised as a Joint International Conference. The participating institutions are University of Primorska, Faculty of Management (Slovenia), Lomonosov Moscow State University, Moscow School of Economics (Russian Federation), Juraj Dobrila University of Pula, Faculty of Economics and Tourism 'Dr. Mijo Mirković' (Croatia), Association for the Study of East European Economies and Cultures (USA) and Society for the Study of Emerging Markets (USA).

We are hosting a special event at the MIC 2018 – the BIFOCAIps international conference, entitled Policy Development of Factories of the Future in the Alpine Space Area. We are pleased to welcome the BIFOCAIps attendees and invite both MIC and BIFOCAIps participants to attend all the events announced in the joint conference programme.

We would like to extend a sincere appreciation to all the participants and presenters for their contributions and participation. This year we received 183 submissions and selected the best 135 papers from authors from 27 countries, and the total number of participants will reach 185 (together with panel discussions and workshops).

All abstracts of papers are included in the Book of Abstracts. Authors are invited to submit full papers to the MIC 2018 Conference Proceedings or to the MIC Special Issues, organised by the MIC supporting journals. The list of the MIC supporting journals is published at the conference's website.

Our deepest gratitude goes to Keynote Speakers, Dr. Peter Orazem (Iowa State University, USA) and Dr. Marjan Svetličič (University of Ljubljana, Slovenia).

Our warm welcomes go also to the editors of the supporting journals, participating at the Editors' Panel, workshop organisers and to students participating at the Doctoral Students' Workshop.

Last but not least, we extend our sincere thanks to everybody who participated in the programme boards and organisation of the MIC 2018. We wish each of you a very successful conference.

Dr. Matjaž Nahtigal
Dr. Suzana Laporšek
Conference Chairs

Conference Aims and Subject Areas

The main title of the MIC 2018 is Managing Global Diversities. The processes of globalization in the area of international trade, international finance, international labour and environmental standards are at the crossroads. In the present institutional arrangement the current processes of globalization leave behind large parts of the population, workers, entrepreneurs, local and regional communities not only in the developing, but also in the developed parts of the world. The main challenge and the main theme of the conference is therefore, how to address the persistent global imbalances and how to manage global and regional diversities in such a way to secure more inclusive and more sustainable socio-economic development in the future.

The varieties and diversities of institutional models, suitable to the potential and comparative advantages of different regions and countries around the world, can offer more balanced, inclusive and sustainable development in the future. It can address the problem of persistent structural imbalances of the world economy. Global markets do not presuppose identical institutional and policy arrangements in all the diverse member states and their regions around the world. Different institutional arrangements stem from different traditions and decision-making processes. The world trade regime should not stall further development of various institutional arrangements. The international regulatory framework in trade, finance, investments and other areas is not necessarily incompatible with the diverse institutional structures of the member states. Its main goal is to prevent global race to the bottom in labor, tax, social and environmental standards.

BIFOCAlps: Policy Development of Factories of the Future in the Alpine Space Area

BIFOCAlps International Conference is organised as a parallel conference to the MIC 2018. BIFOCAlps and MIC participants are welcome to attend all the events announced in the joint conference programme.

Thematic event on policy development will take place in Bled (Slovenia) where all relevant stakeholders, especially decision makers will be involved in order to discuss policy strategies and motivation tools for SMEs to join digitalization processes in FoF (Roundtable 1) as well as competences/skills of the employees which FoF will require in the future (Roundtable 2).

BIFOCAlps project is tackling a common challenge to many Alpine Space (AS) regions; due to globalisation, many enterprises in manufacturing sector are not as competitive as anticipated on global markets, resulting in increased levels of unemployment, abandoned facilities and remaining plants that need new products and new processes. On the other hand, AS area can pride itself with a strong R&D sector and knowledge of Industry 4.0 and Factory of the Future (FoF) technologies.

BIFOCAlps main objective is to boost collaboration and synergies among main actors of the AS innovation system for a sustainable, smart and competitive development of the manufacturing value chain towards the FoF. The main outputs will be (1) a map of the sector on a transnational level, to understand existing and potential best practices, technologies and competences along the value chain; (2) a validated methodology for enhancing FoF long-term sustainability through innovation and knowledge transfer among business, academic and policy actors, and (3) guidelines of strategic actions for influencing policy agenda based on the impact indicator system, to monitor and allow evaluation of performance in line with harmonisation of S3.

PPs and target groups are relevant stakeholders in the field of Industry 4.0 and FoF, which are involved in the policy-making, in the FoF research field and directly in manufacturing value chain, hence mostly participate and benefit from project activities and outputs. The innovative approach integrates a 'bifocal' view (considering both up- and down-stream value chain) and the transversal competences of the business, research and policy actors at transnational level. It will allow to gather best case scenarios of the AS and to integrate and implement them in the validated methodology, which will build on previous results and will be transferable at cross-national and cross-sectoral level, aiming to connect value chain and boost competitiveness of the whole AS in the long term.

Project title: Boosting innovation in factory of the future value chain in the Alps

Lead partner: Pordenone Technology Centre (Italy)

Project partners: University of Udine (Italy), Fraunhofer Austria Research GmbH (Austria), Technology Park Ljubljana Ltd. (Slovenia), National Research Council of Italy (Italy), Vorarlberg University of Applied Sciences (Austria), Soča Valley Development Centre (Slovenia), bwcon GmbH (Germany), Italian-German Chamber of Commerce Munich-Stuttgart (Germany), Grenoble Institute of Technology (France), ViaMéca (France)

Total project duration: 1 November 2016–31 October 2018

Total project costs: 1.619.240 EUR

Web Page: www.alpine-space.eu/projects/bifocalps/en/home

This project is co-financed by the European Regional Development Fund through the Interreg Alpine Space programme.

Interreg
Alpine Space



BIFOCAlps

European Regional Development Fund

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Alen Ježovnik, University of Primorska Press, Slovenia

Financial Markets, Institutions and Instruments

Thursday, 31 May 2018 • 11.30–13.00 • Arnold 2

Session Chair: Igor Stubelj

Delta Coefficient of the Floating-Strike Lookback Call Option

Ewa Dziawgo, Nicolaus Copernicus University in Toruń, Poland

Keywords: risk management, financial instruments, option

[Abstract](#)

Application of Artificial Neural Network in Risk Management

Roman Kachalov, Yulia Sleptsova, and Yan Shokin,

Dubna State University, Russian Federation

Keywords: enterprise risk management, artificial neural networks

[Abstract](#)

Implementation of the Risk Premium Model for the Required Return of Equity Estimation

Igor Stubelj and Suzana Laporšek,

University of Primorska, Slovenia

Keywords: cost of capital, Capital asset pricing model – CAPM, Risk premium model, required rate of return

[Abstract](#)

Strategies for Managing Risk and Diversification in a Passive Investment Perspective by the Use of Selected ETFs Listed on the Italian Stock Exchange

Massimiliano Kaucic and Giorgio Valentinuz,

University of Trieste, Italy

Keywords: risk-based strategy, diversification distribution, multi-asset allocation, ETF portfolios

[Abstract](#)

Study of Performance Comparison Between Islamic and Conventional Banking in Syria

Faeyzh Barhoom, Kaposvár University, Hungary

Keywords: Islamic banks, conventional banks, Syrian crisis, performances of banks

[Abstract](#)

Financial Conditions and Monetary Policy in Uruguay: An MS-VAR Approach

Elizabeth Bucacos, Banco Central del Uruguay, Uruguay

Keywords: switching-regression models, investment, financial markets and the macroeconomy, Uruguay

[Abstract](#)

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Strategies for Managing Risk and Diversification in a Passive Investment Perspective by the Use of Selected ETFs Listed on the Italian Stock Exchange

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After the recent financial and economic crises, the passive investment instruments increased a lot. Some practitioner research points out a very impressive growth in the next few years for this asset class, with a double volume managed in comparison to 2016 (see, for instance, EY 2017). At the same time, two main shortcomings of the traditional mean-variance portfolio theory arose in managing the different sources of risk of the investment process adequately. From one hand, relying on the estimates of expected returns, the optimal portfolio may be highly unstable, from the other hand this approach tends to provide solutions excessively concentrated on few assets, thus failing in diversifying risks. Consequently, alternative portfolio designs based on risk control and different definitions of diversification to reduce drawdowns in returns have received considerable attention in the literature. In particular, the risk parity (Roncalli, 2013) and maximum diversification (Choueifaty and Coignard, 2008) approaches adopted the so-called nominal diversification. The former synthesises the risk characteristics of individual assets and the diversification distribution among portfolio constituents by adjusting the weights so that all assets equally contribute to portfolio risk; the latter maximises the volatility reducing the effect of correlations. Instead, Partovi and Caputo (2004) and Meucci *et al.* (2015) introduce diversification strategies based on the notion of risk factors that drive portfolio returns. In this case, the original portfolio is transformed into a diversification distribution of independent factors that are successively converted into a single linearly scaled summary measure.

Both the expected growth in demand for ETFs from investment industry and the new portfolio optimisation approaches developed to handle risks and diversification motivate our interests in exploring the effectiveness and profitability of risk-based ETF portfolios.

The empirical analysis uses a dataset of about two hundred ETFs listed on the Italian Stock Exchange representing some of the major financial asset classes. The power of the considered diversification strategies is assessed by comparing the risk-return characteristics in terms of Sharpe ratios, drawdowns, tail behaviour and turnover as in Kind and Poonia (2015). Furthermore, by the findings in du Plessis, and van Rensburg (2017) for equity portfolios, we analyse if the ETF portfolio diversification level can be used as a predictor of future portfolio risk.

Keywords: risk-based strategy, diversification distribution, multi-asset allocation, ETF portfolios

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