



**Pandemic shock
and its consequences
for business and the economy**

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Wydawnictwo Wyższej Szkoły Bankowej w Poznaniu
ul. Powstańców Wielkopolskich 5, 61-895 Poznań
tel. 61 655 33 99, 61 655 32 48
e-mail: wydawnictwo@wsb.poznan.pl
www.wydawnictwo.wsb.poznan.pl

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PLENARY LECTURES

What is actually “new” in the “new normal”? A strategic roadmap for navigating wickedness at the intersection of business, society and policy

Mattevez Raskovic

Victoria University of Wellington

Abstract

The term the “new normal” has often been described in relation to how the pandemic has changed the competitive landscape for business and provided new strategic challenges for managers and organisations (i.e., Mike Hitt in *Journal of Management Studies* and *Journal of World Business*, Peter Buckley in *Journal of International Business* etc.). But what is truly theoretically “new” in this “new normal,” as many argue that VUCA conditions are nothing new. At the same time, it remains to be seen which changes will actually be lasting, beyond the immediate effects of the pandemic. This invited panel lecture will systemise the key features of a possible “new normal” and relate them to the concept of non-ergodicity and a general theory of wickedness. It will present key types of meta-capabilities (i.e., lateral thinking, peripheral vision and dynamic systems thinking) for bouncing beyond adversity, as a distinct type of resilience. It will aim to sketch out an agenda for policymakers and researchers seeking to navigate a post-pandemic landscape.

Keywords: pandemic, VUCA framework, wicked problems

*Business Continuity Planning and Management:
a life jacket in the COVID-19 storm?*

Paola Bongini¹, Małgorzata Iwanicz-Drozdowska², Caterina Liberati¹

¹University of Milan-Bicocca, Italy

²Warsaw School of Economics, Poland

Abstract

Tail events by their nature occur with very low frequency and therefore are often regarded as an element of surprise. However, business continuity management (BCM) as a part of enterprise risk management (ERM) should prevent businesses from disruption in the case of such events. In this paper we investigate if businesses of different size were ready to withstand the consequences of the outbreak of global SARS-CoV-2 pandemic in 2020. To this aim we analyze the results of a global survey conducted during a period of major lockdown (April-May 2020) applying Multiple Correspondence Analysis (MCA) and clustering. Our findings indicate that the financial sector was the best prepared for tail events which may be attributed to regulations enforced for most financial institutions. While about a half of businesses did not have business continuity plan (BCP), having it helped adjust efficiently to new conditions.

Keywords: business continuity planning, business continuity management, pandemic

Przemysław Zbierowski

King's College London, University of Economics in Katowice

Abstract

Entrepreneurs were among the people that were the most severely hit by the COVID-19 pandemic. Not only they experienced the stress and worries about their and their families' health, but also they faced reduced income and threat of losing their businesses so closely intertwined with their lives. In the global research on a sample of 5363 entrepreneurs from 26 countries covering 74% of the world's GDP and 56% of the world's population we aim at learning how the entrepreneurs were affected by the pandemic, how they reacted and where do various reactions lead them further. Specifically, we try to answer following questions: How can entrepreneurs safeguard their wellbeing, creativity and vitality during crises? How can they use their psychological resources to do this? What role do country- and firm-level adversity play?

Apart from presenting how the pandemic shock and entrepreneurs' reactions differ by country, we study how adversity may trigger entrepreneur agility (flexible and adaptive action consisting of opportunity agility and planning agility) as a crisis response strategy. This may enable entrepreneurs to adapt positively to adversity protecting their wellbeing. We also find that more severe national lockdowns enhance the adversity that entrepreneurs encounter in their businesses and diminish their wellbeing. Entrepreneurs who combine opportunity agility with planning agility experience higher hedonic and eudaimonic well-being. Yet engaging planning agility enhances distress. We also find that entrepreneurs' pre-pandemic psychological well-being (PWB) acts as a protective psychological resource cushioning the impact of the pandemic on their subjective vitality and creativity. PWB is a particularly critical resource for those entrepreneurs who are most negatively affected by the pandemic, i.e., who face most uncertainty in the pandemic.

Keywords: pandemic, entrepreneurs, psychological wellbeing, psychological resources

Reconstructing the Entrepreneurial Landscape

Robert Newbery

Northumbria University, UK

Abstract

Prior to the pandemic, a place-led perspective of entrepreneurial development was important, given developing narratives around entrepreneurial ecosystems, contexts and the design of entrepreneurial institutions. In a post-pandemic world filled with local responses to crisis and often problematic implementation of national policy, a place-led view of entrepreneurship has arguably become a necessity.

Drawing from a new edited book that explores Entrepreneurial Place Leadership, in this keynote Professor Newbery will explore how the complex entrepreneurial landscape may be reconstructed following the crisis. Here we will take a journey through locations imbued with entrepreneurial meaning: looking at how they are created, maintained, exploited and amplified to generate future value. Examples provided by international scholars provide guidance, as we journey through a heterogeneous entrepreneurial landscape of individual dwellings, communities and planned settlements.

We will reflect upon the contribution of these examples to academic theory and make policy and practice recommendations on how to cultivate the correct conditions for a future entrepreneurial landscape.

Keywords: entrepreneurial place leadership, entrepreneurial ecosystem, entrepreneurial landscape, entrepreneurial community, entrepreneurial support organisation, policy implementation

ENTREPRENEURSHIP, INNOVATION AND THE PANDEMIC

Ewa Kiczmachowska

Kozminski University, Poland

Abstract

COVID-19 pandemic has impacted our world in multiple ways. One of the most affected industries was tourism, where the operations were limited or even suspended for considerable periods of time due to lockdowns and various restrictions. Peer-to-peer accommodation, as alternative to hotel services, has been undoubtedly impacted by the anti-COVID-19 restrictions imposed by the governments.

This research was aimed at examining the impact of COVID-19 pandemic on peer-to-peer accommodation in Poland. The data on total revenue, occupancy rate and average daily rate (ADR) of Airbnb listings in Warsaw and Krakow were analysed to reveal the impact of the pandemic on the performance of properties offered through Airbnb website. The comparisons between professional and non-professional Airbnb hosts and by property type were also made to verify the differences between the groups. The data in the research covered in total 67 months: Aug. 2015 – Feb. 2021, however the main analysis concentrated on Mar. 2019 – Feb. 2020 for pre-COVID-19 period and Mar. 2020 – Feb. 2021 for COVID-19 period. The source of the data was AirDNA company, the world's leading provider of short-term vacation rental data and analytics.

Data analysis of 23 334 properties revealed considerable drops in the performance indicators in COVID-19 period (Mar. 2020 – Feb. 2021) compared to similar 12-month pre-COVID-19 period (Mar. 2019 – Feb. 2020). Total revenue decreased by as much as –59,1%, average occupancy rate dropped by –41,3% and ADR dropped by –21,2%. Monthly average of number of properties active decreased by –20,4%, which indicates, that the hosts were mostly keeping the properties on offer despite the fact that they were not able to rent them (except for business trips, which were allowed for most of the time), but also some new properties appeared. In terms of city specifics, Warsaw, as more business-oriented location, suffered less, as the total revenue for the city decreased by –54,0% compared to –62,5% for Krakow. As it comes to property type, the dominant property type (entire home / apartment) dropped in total revenue by 58,4%, while other property types' decreases were higher, between –62,4% and –66,2%. Multi-unit (professional) hosts suffered less than single-unit (non-professional) hosts, their total revenue decreased by –57,7% vs –67,7% in case of single-unit hosts. The worst month in terms of total revenue was Nov. 2020, when the total monthly revenue dropped by –77,2% in comparison to Nov. 2019 and fell below Nov. 2016 results.

Keywords: peer-to-peer accommodation, Airbnb, COVID-19, revenue, occupancy rate

*The response of Hungarian SMEs to the COVID-19 pandemic:
a Resilience Adaption Model*

Timothy Benjamin Gittins, Gergely Freész, Loretta Huszák

Corvinus University Budapest

Abstract

The COVID-19 pandemic has resulted in unprecedented uncertainty for small and medium sized enterprises (SMEs) which typically do not possess structured crisis response plans associated with larger counterparts. Crisis management plans also tend to focus on recovery from single event crises such as earthquakes or hurricanes. Moreover, in an era of intensified economic globalisation, crises tend to acquire a 'transboundary' nature whereby their international effects may be transmitted by global supply chain disruption for example. COVID-19 however arguably represents a departure from notions of a single event crisis in that it is continuous in nature since its emergence in Spring 2020. While vaccinations have to a large extent alleviated initially harsh economic conditions, there is no sign of substantial abatement of the pandemic thereby strengthening a sense of permanence of new operation conditions and a need for businesses to continually adapt to them.

There is also a dearth of extant research on crisis management in SMEs. Furthermore, resilience which may be defined in a business related context as a means of adapting to radically altered operating conditions has also received scant attention. The aim of this study is therefore to assess resilience based responses adopted by SMEs in different industrial sectors in Hungary as a globally integrated medium sized economy. With research on business related response of SMEs to the pandemic in the CEE (Central and Eastern Europe) region also relatively scarce, a qualitative approach was applied to 22 SME managers in Hungary through a series of narrative-based interviews. Research was conducted in October 2020 focusing on the initial response to the pandemic when it emerged in the previous Spring and plans for long term adaptation. Consequently, a resilience adaption model was identified whereby six resilience modes were classified based on SME managerial response to continuing pandemic driven uncertainty. Firms were classified as adopting either 'reactive' or 'coping' responses. In the former case response modes of retrenchment and acknowledgement were identified in the short term, and innovation and continuity in the longer term. 'Coping' firms demonstrated improvisational responses in the short term and perseverance based responses in the longer term. On this basis, reactive firms assume a generally more structured approach to pandemic conditions than coping based counterparts, some of which are located in economically vulnerable sectors such as tourism. The study therefore presents a formative contribution to literature on the effect of COVID-19 on SMEs in the CEE region.

Keywords: Resilience Adaption, COVID-19, Hungary, SMEs

*Between passive survival and proactive avoidance –
post-pandemic adjustment strategies of B2C service SMEs*

Beata Stępień, Justyna Światowiec-Szczepańska

Poznan University of Economics and Business, Poland

Abstract

The impact of the COVID-19 pandemic on business was significant, albeit varied. While IT companies, many pharmaceutical companies, and those producing equipment and supplies to fight the pandemic appear to have been the beneficiaries of the disaster those providing services in the B2C sector experienced severe lockdown-related constraints and were forced to close, minimize or entirely change their operations.

The research problem analysed in this paper is the impact of proactive and reactive actions of small and medium-sized service firms on their survival during the COVID-19 pandemic. In particular, we analyse how the use of public aid and the avoidance of restrictions impacted adjustment strategies and survival outcomes.

This paper uses Qualitative Comparative Analysis (QCA) to study pandemic strategies of companies. The application of this method allows to present a broad palette of non-linear interdependencies between the applied measures and their outcomes.

The study found that successful adjustment strategies were contained in a spectrum of proactive actions combined with the circumvention of restrictions and the use of public aid. Strategies on the verge of survival and development were characterised by passivity: mainly the use of reactive moves.

Keywords: COVID-19, pandemic, SME, survival, adjustment strategies, public aid, restrictions avoidance, grey economy

Jan Rymarczyk

WSB University in Poznań, Poland

Abstract

The purpose of this article is to investigate the impact of the breakthrough digital Blockchain technology on the fight against the COVID-19 pandemics. The first part of the article is devoted to the characteristics of Blockchain, the mechanism of its functioning, development of this technology and its special features, which constitute the advantage of this technology over traditional methods of collecting and transferring data, communicating with participants in the given system and concluding transactions.

The second part of the paper is devoted to analyzing the impact of Blockchain on the management of medical records, managing the supply chain of drugs and medical equipment and the implementation of smart contracts in medicine and health insurance. The author presents the thesis about the extremely positive, mainly potential impact of Blockchain on the effectiveness of the health service and consequently combating COVID-19 and other possible pandemics. The article is conceptual in nature and based on desk research and the author's own predictive thoughts.

Keywords: COVID-19, Blockchain, supply chain, smart contracts

Reactions of family businesses on initial effects of pandemic shock

Robert Zajkowski, Ada Domańska, Beata Żukowska, Agnieszka Gryglicka

Maria Curie-Skłodowska University in Lublin, Poland

Abstract

Theoretical background: Family businesses are unique group of enterprises in which family relationships play a vital role in determining its economic and non-economic orientation. There is stressed in the literature that family firms are long-term oriented and demonstrate their continuity, futurity and perseverance. The COVID-19 pandemic has affected family businesses twofold: as a biomedical threat to the family system and as an enterprise threat to the business system. It is argued that the pandemic shock, with its social and economic consequences, poses crucial challenges for family firms. Crises may emerge in the private context as well as in the entrepreneurial sphere. As was demonstrated, external shocks to both the family and the business trigger the dramatic evolution of the family firm context, as well as of priorities and routines. This observed changes should be reflected in reactions of family businesses facing negative impact of COVID-19 pandemic.

We formulated the purpose of our research as: which reactions were taken by family businesses facing detrimental influence of pandemic crisis.

The data were collected from April 2020 to May 2020 via mail survey. According to the presented situation overview it was the period of the lock-down restrictions (so called "The Great Lockdown"). The list of family businesses was created by searching the media, national registers and by checking the family business forums, foundations websites etc. Totally 8 428 questionnaires to potential representatives of family businesses were sent. Finally 272 (3.2%) business entities answered. In this group we isolated 201 (2.4%) family firms. As a method of family firms extraction we used self-classification of the businesses to this group, it means that representatives of businesses declared whether their business is family firm or not. It should be mentioned that business entities in the sample did not answer to all questions or in some cases they got answer – "not applicable". We have decided to use partly fulfilled questionnaires with missing data. To confirm our hypothesis we have calculated relevant logit regression models.

We have identify five aspects of COVID-19 impact of the family businesses, i.e. changes of employees, predicted changes of employees, next 2-3 months, changes of revenues, predicted changes of revenues and assessment of probability of survival. Our models shows that family businesses forced to current reduce staff, have taken such reactions as sending part of employee on non-pay vacation, reduction of remunerations, shift workers to remote work and tape from liquid finance resources to cover unexpected lack of financing. Revenue drop due to pandemic has forced family firms to reduce remunerations, stop of credit and leasing instalment payments and postpone repayment of the liability. If the family business has considered redundancy of employment in month to come, they are more keen to activate liquid finance resources and liquidate less effective areas of functioning. Lower assessment of potential survival was connected with reduction of less effective areas of functioning, stop of credit and leasing instalment payments, and postpone repayment of the liability, repayment of the non-crucial assets and redundancy or abandonment of investments.

Presented findings are discovered on relatively limited sample of family businesses. Additionally, reactions are affected by Polish circumstances. We are aware that perception of various condition are changed in time and our results requires confirmations by other researchers.

Keywords: family businesses, COVID-19 crisis, "ad hoc" solutions, crisis cope

*How Metropolitan Entrepreneurs Survive the COVID-19 Pandemic:
Evidence from Moscow*

Vasiliy Anikin

HSE University, Russian Federation; IS FCTAS RAS, Russian Federation

Abstract

The present research aims to assess how deeply COVID-19 affected Moscow entrepreneurs in 2020. We surveyed 603 entrepreneurs and 600 employees representing the industrial structure of Moscow in May-June 2020. Drawing from these data, we primarily focused on the pre-entrepreneurial experience as the crucial determinant of the impact of COVID-19. The existing literature focuses on structural factors, like industry and integration with ICT. However, the pre-entrepreneurial experience of entrepreneurs remained undervalued. We tend to fill in this gap, showing that past individual experience of entrepreneurs might be a stumbling block in the explanation of successful adaptation to black-swan uncertainty, such as COVID-19. We showed that corporate workers who were able to convert their skills, experience and networks into entrepreneurship capital appeared to be more resistant to crisis, regardless of whether they left the industry or not. Accounting for the past individual experience made it possible to explain why some entrepreneurs successfully overcome shocks such as COVID-19 in metropolitan areas that severely suffered from lockdown. Speaking of policy implications, we believe that entrepreneurship policy should primarily target well-established professionals, and to a lesser extent, people that are only at the beginning of their career while facilitating entrepreneurship activity in times of uncertainty.

Keywords: COVID-19, uncertainty, entrepreneurship, human capital, spin-off, mobility

*The impact of COVID-19 pandemic on export activity
of Polish exporting firms.*

Nelly Daszkiewicz, Aleksandra Kordalska, Magdalena Olczyk, Michał Pietrzak

Gdańsk University of Technology, Poland

Abstract

Much has been written so far on how COVID-19 pandemic has changed behavior of firms. Scholars generally agree that COVID-19 pandemic had a negative impact on global economic activity and global supply chains. Even though various impacts of COVID-19 pandemic have affected both larger and smaller firms, the effect on SMEs is especially severe, because of higher levels of vulnerability and lower resilience related to their size.

It has been already proved that on the supply side enterprises have faced logistical issues due to the disruption of transportation and labor shortages. In turn, on the demand side, they met significant demand decline substantially due to lockdowns, a fall of consumer confidence and the shutting down of a number of GVCs in affected industries. On the other hand, there is much evidence in literature that smaller firms are more flexible and adaptable to changing external conditions than their larger counterparts.

The aim of the article is to analyze the impact of coronavirus disease (COVID-19) on export activity of Polish exporters. Moreover, we focus on identifying factors crucial for increasing export sales of Polish exporters.

The article is based on a review of the subject literature, its analysis and the results of research conducted so far in this field. In the empirical part, the survey on the sample of 189 production enterprises from Poland was performed. The collected data made it possible to check the dependence between the level of export and selected determinants by means of statistical tests.

The received results show that the size of firm, its territorial scope, the share of foreign ownership in assets and market diversification strategy had a significant impact on the level of export sales. Calculations were done with the use of STATA Software.

This paper contributes to the literature on economic consequences of the COVID-19 pandemic.

Keywords: Internationalization, export, COVID-19 pandemic, SMEs

Marta Kluzek

Poznań University of Economics and Business, Poland

Abstract

Theoretical background: The global SARS-CoV-2 virus epidemic is affecting everyone, directly or indirectly. In order to mitigate the negative economic outcome of the restrictions introduced in order to limit the spread of the virus, most countries have introduced a number of solutions enabling enterprises to survive and maintain employment. Poland has also implemented a whole range of instruments aimed at supporting enterprises and people who have lost their livelihood.

Purpose of the article: The aim of the paper is a review of selected support instruments for enterprises from the SME group and to determine the degree of their use. Research was carried out to verify the hypothesis that these instruments played a significant role in the survival of enterprises, however, their lump sum nature meant that the aid was not adequate to the needs at a micro-economic level.

Research methods: Six instruments were subjected to evaluation, i.e. the standstill benefit, exemption from ZUS (Zakład Ubezpieczeń Społecznych) [equivalent of Social Security Office in Poland] fees, low-interest loans from the Labour Fund for micro-enterprises, partial financing of business and partial financing of salary costs, as well as a financial subsidy – used by 157 SMEs up to November 30, 2020.

Main findings: State aid was necessary to maintain satisfactory financial conditions of enterprises and jobs. The fragmentation of instruments and the chaos associated with their introduction and then improvement in subsequent shields should be critically assessed. Therefore, entrepreneurs had to spend a lot of time analysing the regulations, conditions that they must meet, and contact many institutions that were responsible for the implementation of the aid, as the presented ones do not exhaust the aid solutions provided for entrepreneurs. For many of them, it was so difficult that in the face of financial collapse, they were forced to seek, often for a fee, help at external entities. The results confirm that the state aid granted in many cases made it possible for the enterprise to survive, however some of those examined benefited from the aid meeting formal conditions, but from an economic point of view, this support was not justified.

Keywords: coronavirus; pandemic; public aid; support instruments

*Unintended consequences in the age of the COVID-19 pandemic:
The role of cluster organizations in building economic resilience*

Dominika Kuberska

University of Warmia and Mazury in Olsztyn, Poland

Abstract

Cluster organizations have been embedded in the economic ecosystem for more or less three decades. Throughout these years their emergence, development but also, in some cases, their collapse have been influenced by various, more or less favorable, cluster policy initiatives. Initially, their main role was to foster cooperation between business, academia, and the state. Building linkages between the three elements is particularly significant for countries on their path to become more innovative – Poland among them.

Historically, Poland quite early and eagerly introduced policy tools to support cluster organizations but since then it has followed an uneven approach to their recognition and support as elements of the innovation ecosystem (especially at the regional level). Today, the number of active cluster organizations does not come close to the historic peak. Many ceased their activities leaving only the most resilient cluster organizations behind which aim to bring value added to the economic ecosystem. Their activities have recently been shaped by the COVID-19 pandemic and, therefore, unprecedented conditions. Disruptions have occurred in many industries and economic resilience of companies in cluster organizations was put to a test.

With the above in mind, the paper addresses the issue of the role which cluster organizations have played during the COVID-19 pandemic. In particular, it analyzes the scope of initiatives undertaken by them which were, directly or indirectly, aimed at building economic resilience of their members – clearly an unintended consequence from the point of view of their original aims and roles in the economic ecosystem. The results of the study derive from 15 interviews with cluster managers in Poland which were conducted in mid-2021.

Cluster organizations in Poland, whose initial role was to serve as platforms of cooperation between the elements of the triple helix, have employed fairly similar but non-identical approach to addressing the issues brought about by the COVID-19 pandemic. Overall, their activities took different forms whose scope can be associated with cluster organization's stage of development as well as certain external circumstances. Through the study the author identified different degrees of the depth and width of their engagement.

Keywords: cluster, cluster organization, resilience, COVID-19, Poland

*Coopetition as an entrepreneurial strategy during the COVID-19 pandemic:
evidence from the wine industry*

James Crick¹, David Crick²

¹ Loughborough University, UK

² University of Ottawa, Canada

Abstract

Coopetition is a fundamental entrepreneurial strategy that surrounds owner-managers cooperating with their competitors for mutually-beneficial outcomes. It is “a paradoxical relationship between two or more actors, regardless of whether they are involved in horizontal or vertical relationships, simultaneously in cooperative and competitive interactions” (Bengtsson & Kock, 2014, p. 180). Firms (small and large – across different sectors and countries) have been cooperating with their competitors in response to the COVID-19 pandemic. This includes rival pharmaceutical manufactures working together to develop a “safe” vaccine, as well as restaurants cooperating with their competitors to survive during these challenging times.

Nevertheless, coopetition has typically been examined in comparatively “stable” business environments, as opposed to during large-scale. However, since the COVID-19 pandemic has imposed countless health, economic, and social challenges across the world, it is likely that many entrepreneurs have needed to manage their day-to-day and long-term activities differently due to the volatility of the ever-changing world. Consequently, guided by resource-based theory, including its stakeholder themes, the objective of this current study is to explore how wine producers have managed coopetition activities across product-market strategies during the COVID-19 pandemic. This is important because new insights emerge regarding how coopetition can assist decision-makers to boost their performance during unstable settings, alongside some of the downsides of these inter-firm networks.

Twenty semi-structured interviews were undertaken with owner-managers in the American wine sector. Wine producers (including those in the United States) have been active in coopetition-oriented behaviours for many years, making this population ideal for this current investigation. Qualitative insights were collected from key decision-makers in various states, possessing a mixture of profiles, including their age, size, and export intensities. The interview data were “manually-coded” for pre-determined themes that related to the research objective and underpinning theory. Moreover, the constant comparison technique was utilised to ensure that “theoretical saturation” had been reached.

Two core issues emerged: first, as noted by interviewees, coopetition has been a performance-enhancing entrepreneurial strategy during the COVID-19 pandemic. By way of illustration, to varying degrees, owner-managers argued that by collaborating with their industry rivals, they could obtain new resources and capabilities to invest into their short-term and long-term ventures (like new product-markets). Second, all interviewees indicated (to different extents) that coopetition is a competitive and cooperative entrepreneurial strategy. This meant that there are pertinent drawbacks associated with these inter-firm networks (especially during times of crisis). These surrounded there

being a “diminishing-returns effect” at play, in which if entrepreneurs engage in excessive-levels of these activities, their performance can suffer. This can drive tensions (like conflict) between cooperation partners if these strategies are mismanaged.

Keywords: cooperation, COVID-19, entrepreneurship

*Wage Cuts, Operating Hours, Deferred Payments, Innovation and Sales Performance
as Predictors of SMEs' Cash Flow: A COVID-19 Inquiry*

Adah-Kole Emmanuel Onjewu¹, Salima Paul², Yong Wang¹

¹ University of Wolverhampton, UK

² University of Plymouth, UK

Abstract

Although recent literature has examined a range of measures adopted by small firms to navigate the COVID-19 turbulence, there is a shortage of evidence on how crisis-time governance and performance management practices affect small firms' sales and cash flow. Thus, based on the technological, organisational and environmental perspective, this inquiry investigates the crisis measures, sales and cash flow of 528 small and medium sized entities in Morocco. Novel links between (1) aggregate wage cuts, (2) variable operating hours, (3) deferred payment to suppliers, (4) deferred payment to tax authorities and (5) sales performance are developed and tested. A further link between sales performance and cash flow is also examined and the analysis is performed using a non-linear structural equation modelling technique. The path analysis shows that while there is a significant association between the four antecedents and sales performance, only variable operating hours have a positive effect. In turn, sales performance increases cash flow and this relationship is substantially strengthened by both e-commerce and innovation activities. For completeness, the study also undertakes a multi group analysis of manufacturing, retail and service firms in the sample, and the path coefficients suggest significant differences in the moderating effect of e-commerce adoption. Theoretically, the measurement and analysis of deferred payments to suppliers paves the way for future studies to espouse the real options theory in managers' trade credit behaviour. The results from the moderation analysis also advance the complementary assets view and set a precedent for exploring the effect of other technological capabilities in the link between sales performance and cash flow. Practically, to supplement tax deferrals, it is argued that debt and equity support measures are needed to boost the sales performance and cash flow of Moroccan SMEs.

Keywords: wages cuts, operating hours; sales performance; cash flow; e-commerce; technology-organisational-environment framework

*Clusters of Creative Industry in Slovakia and impact of Pandemic COVID-19
on its activity and innovation*

Denisa Gajdova

University of Economics, Bratislava, Slovak Republic

Abstract

Clusters are usually perceived as an extremely important regional factor of the economy, which supports the inflow of foreign direct investment, creates an environment conducive to innovation and knowledge creation (therefore, regions with strong clusters are considered innovative leaders). Clusters in the creative industry are the subject of our research in this paper, while we tried to examine the innovative potential of clusters in the creative industry and the impact of the current pandemic COVID-19 on this fact in Slovakia. Innovation, entrepreneurship and the cultural and creative sectors are topics mutually influencing each other and contributing to the further development of societies and regions in the World. The impact of innovation is a crucial element in cultural and creative sectors development. That is why, the social innovation potential requires much more attention. The cultural and creative sectors and their economic potential has been increasingly recognised by European policy-makers, that is reason of its acceptance when preparing entrepreneurship or innovation strategies, or in implementing them, with the aim of the better use of the cultural and creative sectors for resolving both the economic and social issues of Europe. Cluster helps to increase specialization, encourages governments to invest in the industry and the region at the same time. In our survey, we focused on the identification of clusters in the field of cultural and creative industries, using the basic research methods and available resources in the Slovak Republic. The size of the city is a significant factor in the location of companies in the cultural and creative industries, with the vast majority concentrated in the capital of the Slovak Republic, Bratislava, where clusters of all sectors can be found. The most significant concentration of companies in Bratislava is in the field of Fashion Design, Music, Visual and Performing Arts and Video, Film and Photography. Other cities with a higher concentration (over 10%) are Košice, Žilina, Nitra. A slightly smaller application of the creative industry can be found in Trenčín, Trnava and Prešov. In terms of areas, there is the greatest potential for clustering in the fields of film, television, video, radio and photography, with a slightly lower representation in the areas of design and fashion and advertising and marketing. To a large extent, the pandemic caused a reduction, possibly even a several-month closure of companies operating in the creative industries. At a time when the pandemic is not over, creative industries need to innovate more and more, with digitization and the use of online space becoming one of the most effective tools

Keywords: innovation, cultural clusters, creative industry

**COVID-19 CONSEQUENCES
FOR INTERNATIONAL BUSINESS**

*Impacts of COVID-19 Pandemic on International Trade in 2020:
the Case of Poland*

Joanna Brzyska, Izabela Szamrej-Baran

University of Szczecin, Poland

Abstract

The year 2020 was a very unique time in international trade. The outbreak of the COVID-19 pandemic had a very large impact on global flows. The objective of this paper was to present and evaluate the impact of the COVID-19 pandemic on international trade.

For this study, a descriptive research method has been adopted (in particular dynamics and trend analyses). The study was conducted for the quarters of the years 2005–2020. In the third part of the paper on medical supplies related to COVID-19, monthly data from the Eurostat database were used and then converted to quarterly data. The sources of data presented in this paper were: WTO database, OECD. Stat database, Statistics Poland database and Eurostat database. Data were collected for Poland against the background of the world and selected countries.

In the first half of 2020, there were very large drops in world trade, as well as in Poland. Decreases in Poland were even greater than the world average. In subsequent quarters despite the emergence of the second wave of the pandemic, international trade experienced a gradual recovery, so did Polish exports. Drops in exports turned out to be smaller than first expected. Turnover in 2020, though, was lower than in 2019. There were changes in the sectoral structure of the trade. The importance of COVID-19 related medical goods increased significantly, in particular: oxygen therapy apparatus, test kits and protective garments. It is expected that these trends will continue, because the fight against the pandemic is still ongoing.

This paper contributes to international economics literature by analyzing the impact of COVID-19 pandemic on international trade trends.

Keywords: COVID-19 pandemic, coronavirus, international trade, exports, imports, Poland

Does firm and managerial experience matter for exporting?

Andrzej Cieřlik

University of Warsaw, Poland

Abstract

The main goal of this paper is to study empirically the importance of experience of top managers and firm experience for export performance, having controlled for a number of individual characteristics. The empirical analysis is based on the probit model, applied to the 2020 edition of the BEEPS firm level survey. Our estimation results obtained for the whole sample of firms indicate that managerial and firm experience (measured in terms of firms' age) can increase the probability of direct exporting, but is not statistically significant for indirect exporting. Moreover, according to our results managerial experience is more important for direct exporting of all analyzed countries, while firm experience is important only in the case of Southern European countries. We also analyze the importance of interaction between experience of managers and experience of firms. The estimates of this interaction variable are positive and significant at 1% level. We conclude, that only the combination of managerial and firm experience can have a positive and significant effect for direct exporting. This relationship is more pronounced in the case of EU members. In our analysis we also use a set of control variables. We find that the probability of direct exporting is positively related to productivity, firm size and various forms of innovation activities. The estimations show that higher level of internationalization is positively associated with direct exporting. It also appears the higher cost of exporting can discourage more direct than indirect exporting.

Keywords: post-communist countries, EU members, firm and managerial experience, firm export performance, probit model

Taras Danko

National Technical University "Kharkiv Polytechnic Institute", Ukraine

Abstract

During the last decade, the Fourth Industrial Revolution's exponential disruptions were steadily undermining the mainstream approaches to international business. However, it was the coronavirus crisis that revealed the critical organizational tensions and fragility of dominant international business models employed by traditional MNCs.

Eventually, global unicorns and MNCs, that embraced the Fourth Industrial Revolution's unprecedented challenges, both in terms of business value and global sustainability, prior to pandemic, turned out to be more resilient and competitive in 2020-21. That can be explained by their gained higher cognitive capability to percept significant environmental shifts as well as their adequate innovative capacity.

In this context, the research objectives are to identify and justify the International Business 4.0 conceptual framework that emerges nowadays in the response to the Fourth Industrial Revolution's challenges amplified by the coronavirus pandemic.

Based on the literature review of the Fourth Industrial Revolution implications for international business, the attributes of the International Business 4.0 framework are determined. Further, the set of public MNCs that demonstrate the Fourth Industrial Revolution awareness is identified and their performance through the pandemic period is assessed. The better-performing MNCs are suggested as the cases for the in-depth analysis of the International Business 4.0 theoretical framework.

International Business 4.0 can be viewed as a paradigm of a multinational firm's internalization of a critical set of capabilities to survive, leverage, and capitalize on continuous volatile, unpredictable, and accelerating technological disruptions.

Among the features of International Business 4.0, the most evident are corporate future thinking, digitalization, agility, resilient organizational development, strategic innovation, industry 4.0 based operations, shared value business models, value chains 4.0 orchestration on a global scale.

Keywords: International Business 4.0, Fourth Industrial Revolution, organizational resilience, capabilities, technological disruptions

Impact of COVID-19 on transfer pricing in Poland

Mieszko Łukaszewicz

WSB University in Poznań, Poland

Abstract

Domestic entities conducting transactions with affiliated parties, especially foreign ones, are obliged to prepare transfer pricing dossier after they exceed the statutory threshold. The main goal is to show that such transactions are carried out under the same market conditions.

Coronavirus pandemic could cause changes in the economic conditions of those transactions. Frequently, the prices must have been changed, there was no possibility to obtain appropriate documents, additionally, also the market conditions could have changed which created difficulties in preparing any benchmark.

Preparing transfer pricing dossier in such circumstances can be problematic. Therefore, Polish legislator introduced certain changes in order to facilitate their preparation in 2020.

Additionally, OECD published guidelines for taxpayers and tax administrations clarifying how to prepare transfer pricing documentation.

Further changes within transfer pricing documentation are brought by a significant revision of tax legislation, commonly known as “Polish Order” (*Polski Ład*) which was developed and which enters into force during pandemic (1 January 2021).

The main goal of this paper is the analysis of solutions adopted by Polish legislator and OECD recommendations with regard to their practical use in transfer pricing.

Despite numerous problems with preparing the transfer pricing dossier, there are few scientific studies on that subject matter, which confirms the thesis of an innovative character of this research.

The paper implements the methodology usually used in legal domain: dogmatic – consisting in analysing the sources of legislation along with the analysis of the case law and opinions of the tax authorities, evolutionary – presenting the occurring changes in legal provisions in a specified time-range (here: during pandemic) and legal-comparative – confronting national solutions with OECD recommendations.

The aim of the research is to analyse the suitability of solutions, regarding the transfer pricing documentation, adopted due to COVID-19, in tax and legal practice which leads to the conclusion that a part of the adopted solutions meets the expectations of tax law practitioners.

Keywords: transfer pricing dossier, transfer pricing, income taxes, international income taxation

*What happens after manufacturing offshoring and global sourcing?
Insights for post-COVID era from Polish companies*

Michał Młody¹, Luciano Fratocchi²

¹ Poznań University of Economics and Business, Poland;

² University of L'Aquila, Italy

Abstract

Several scholars have recently pointed out that COVID-19 pandemics will act as a trigger to reconfigure Global Value Chains. More specifically, it has been hypothesized they will evolve, at least partially, toward Regional Value Chains. Therefore, an increasing number of companies would implement back- and near-reshoring strategies (generally referred as reshoring), that is relocate production activities either at the home country or at the home region.

Based on this scenario, it becomes critical to analyze drivers, enabling factors and barriers may boost and or hinder such relocation strategies. While such a type of evidence are generally available for US and Western European companies, they are quite scarce in the case of Central and Eastern European companies. Moreover, scholars generally focus their attention on offshoring and reshoring of (either in-sourced or out-sourced) production activities. However, COVID-19 pandemics is more likely to impact also on purchasing activities, that is on previous global sourcing strategies.

Based on such research gaps, the proposed paper focus on Polish companies belonging to two manufacturing meta-sectors, namely the fashion and the electro-mechanical one. Based on a in-depth survey of 602 questionnaires the following four research questions have been investigated:

RQ1. Did Polish manufacturing companies implement offshoring strategies?

RQ2. Did Polish manufacturing companies implement global sourcing strategies?

RQ3. Did Polish offshoring manufacturing companies implement relocations of second degree?

RQ4. Did Polish global sourcing companies revise their purchasing strategies?

Collected data shed new light on the investigated phenomena (offshoring, global sourcing and reshoring); among them it emerges that Polish companies rarely offshored their production activities in both the investigated industries. This is mainly explained by concerns in terms of reduced responsiveness, higher coordination and quality appraisal costs and patriotism. On the contrary, investigated companies largely implemented global sourcing strategies (around 80% of total sample).

A further interesting finding emerged when considering the post-offshoring phase. More specifically, while fashion companies preferred to back-shore, mechanical ones decided to relocate in a second host country. Finally, relocation of supply activities were more highly diffused among Polish companies, with around 13% of them relocating to home country supplier.

Keywords: offshoring, global sourcing, back-shoring, near-reshoring, reshoring

*Pandemic's influence on transport services for trade –
The perspective of Polish exporters*

Joanna Kos-Łabędowicz

University of Economics in Katowice, Poland

Abstract

The impact of the COVID-19 pandemic on the economy and international trade is difficult to assess unequivocally. Measures aimed at limiting the spread of the pandemic, reassessment of consumer needs, and supply difficulties had a diverse impact on individual industries. Research on the potential impact of a pandemic and the strength of its impact on exporters' activities is in line with current trends and needs of both companies themselves and decision-makers at local and national levels. To meet these needs, a survey using the CATI method was conducted in July 2021 on a representative (in terms of employment size and nature of business) sample of 350 Polish exporters. The research focused on a number of issues, such as the assessment of the impact of the pandemic on export activity, the situation of the company, the problems encountered or the preventive measures taken. Due to the broadness of the issues investigated, the aim of this study is to identify problems related to transport services for export operations. The data from the primary research was subjected to statistical analysis. The vast majority of respondents indicated that the increase in transport costs hindered their export activities to some extent – only about 15% of respondents declared no impact of the increase in transport costs on their export activities. Among companies exporting finished and semi-finished goods or components, more than half reported transport delays occurring while undertaking export activities. The overwhelming majority of delays were recorded during the initial period of the pandemic, nevertheless, a number of exporters (mainly from the automotive industry) declared that delays persisted until the time when the survey was conducted (summer 2021). Exporters indicated the need for quarantine compliance, additional safeguards, or reduced availability of transport modes as the most common reasons for occurring delays. The preliminary results are largely consistent with the problems identified by other researchers regarding transport handling and supply chain disruptions caused by the COVID-19 pandemic.

Keywords: trade, export, pandemic, transport service

*Containment measures and spillover effects in COVID times:
A global study on business confidence*

Paula Margaretic¹, Diego Finchelstein², Agustin Sotelo³

¹ University of Adolfo Ibañez, Chile;

² University of San Andres, Argentine Republic;

³ University of San Andres, Argentine Republic

Abstract

In this paper we take a global perspective to assess the impact of the exogenous COVID pandemic shock on business confidence. Through a quantitative analysis of 43 emerging and advanced economies over the period from January 2018 to December 2020, we provide a novel investigation of a unique worldwide event, in contrast to the most frequent exogenous shocks, which typically have a more limited local or regional scope.

We proxy business expectations with the business confidence indicator or BCI. First, we find that the containment measures for the COVID pandemic have negatively affected business confidence, with the compulsory policies having a greater negative effect on BCI than the voluntary ones. Second, we find positive spillover effects on the local BCIs from the containment measures implemented in neighbouring countries. This suggests that business people are not against compulsory measures per se, but rather that they are less inclined to assume the costs of these. Third, we find that while the severity of the containment measures has been greater in emerging countries, the negative impact on BCI of these containment measures has been larger in advanced economies.

Keywords: business confidence, containment measures, spillover effects

The impact of COVID-19 on competitiveness in Hungary: A Closer Observation

Qondeni Brenda Nxumalo, Mahlatse Ruphus Mabebe, Mchwengiseni Wiseman Msomi

Corvinus University of Budapest, Hungary

Abstract

On, 11 March 2020 the World Health Organization declared COVID-19 as a pandemic and various countries adopted risk-mitigating measures such as lockdowns, quarantines, and curfews. Lockdown is an unknown phenomenon as the risk-mitigating measure to prevent the spread of the pandemic, diverse views exist towards its effects on the economy. However, it is indisputable that the COVID-19 pandemic has imposed an additional burden on the competitiveness of the industries in the Central and Eastern European (CEE) region. We can use the determinants of competitiveness to achieve our goal to assess competitiveness. The aim of this study is to evaluate the impact that the COVID-19 pandemic had on key industries. The study will make use of Regression Discontinuity Design (RDD) method to determine the partial effect of the COVID-19 pandemic on competitiveness. RDD is a research design and consist of the score (COVID-19 cases), treatment (competitiveness), and the cut-off (official time in which COVID-19 entered). The RDD will make use of non-experimental strategies to analyze the exogenous effects. The treatment is assigned to all values of the score that are above the cut-off, and not to those below the cut-off. This method investigates the effects of COVID-19 around its thresholds, that is, at a significant time stage of pandemic. It is of paramount importance to measure the impact of COVID-19 at the threshold because we need to understand its intrinsic effects. A fall of a continuous trend of the treatment variable after the cut-off will tells us that there is a negative effect, and a jump in a trend signals a positive effect. Focusing our analysis on observations near the cut-off provides a rich knowledge about the effects of COVID-19 on competitiveness. After applying point estimations, we obtain the right and the left intercepts, and the RD estimator(s) is the difference between the two intercepts. This tells us by how much competitiveness decrease or increase in association with the magnitude of COVID-19 cases. A major advantage is that the findings of the RD design can be validated for falsification. Therefore, the study further contributes to addressing the knowledge gap and attempt to provide empirical recommendations.

Keywords: competitiveness, COVID-19, industries production, Regression Discontinuity Design

The Interplay of E-commerce, Resilience and Exports in the Context of COVID-19

Adah Onjewu¹, Sundas Hussain², Mohamed Haddoud³,

¹ Wolverhampton University,

² Nottingham Trent University;

³ Liverpool John Moores University;

Abstract

Scholars have extolled e-commerce as a pathway for boosting firm performance in the unique circumstances of COVID-19. Hence, to add crisis time evidence to the body of work, this inquiry interrogates 208 small manufacturing firms in Italy by examining the effect of e-commerce on (1) resilience, (2) direct exports and (3) indirect exports. The path analysis from structural equation modelling shows that while e-commerce has an insignificant impact on direct and indirect exports, it significantly increases resilience which, in turn, accelerates direct exports. However, resilience is found to have a non-significant relationship with indirect exporting. Furthermore, held as a constant, firm size demonstrates a significant and positive effect on direct and indirect exports. These fresh findings prompt implications for understanding the correlates of e-commerce, resilience and export behaviour. Practically, there are salient insights for stakeholders engaged in reviving small manufacturers' exports for a speedy post COVID-19 recovery in Italy.

Keywords: E-Commerce, resilience, direct exports, indirect exports, SMEs; COVID-19

Aleksandra Szarek-Piaskowska, Mariusz-Jan Radło

Warsaw School of Economics, Poland

Abstract

The pandemic shock caused by COVID-19 has triggered a wave of interventions involving various solutions such as social distancing, periodic closures of borders to the population movement or to the flow of goods, etc. The above restrictions have had a significant impact on international trade flows and competitiveness in foreign trade. The article attempts to assess how the above-mentioned determinants have influenced the competitiveness of Polish exports of goods. For this purpose, the literature has been reviewed and empirical studies have been conducted on the impact of the pandemic shock on the export of goods from Poland according to purpose (intermediate, capital and consumer goods) compared to other EU countries, the development of exports of various types of goods and changes in the revealed comparative advantages in Polish foreign trade by industries during the COVID-19 pandemic.

The results of research indicate a relatively high resilience of Polish economy to the pandemic shock. This was confirmed in particular by the relatively quick recovery of exports in the months after the pandemic shock and the downturn in foreign trade in March and April 2020 and the significantly better results of Polish exports of goods in the second half of 2020 and in the first half of 2021 than for the entire European Union. The rapid recovery of exports of intermediate goods from Poland confirms, in turn, the strong position of the country in global value chains. The food processing industries in Poland turned out to be the most resilient to the pandemic shock – they were not affected by the decline in trade in spring 2020, and some industrial sectors suffered the most from the outbreak of the COVID-19 pandemic. It is worth emphasizing, however, that in the first months of 2021, almost all industries recorded a dynamic increase in exports compared to the period before the pandemic. The outbreak of the COVID-19 pandemic did not cause any significant changes in the revealed comparative advantages in Polish foreign trade.

Keywords: pandemic shock, Polish export of goods according to purpose, Polish export of goods according to industries, revealed comparative advantages (RCAs)

*International trade between China and the US
during the pandemics. Implications for global economy*

Kazimierz Starzyk

WSB University in Poznań, Poland

Abstract

The subject of the study (paper) is the issue of trade relations between China and the United States in connection with the effects of the COVID-19 pandemic on these economies and international trade. The aim is to present the current situation of China-United States trade against the background of its mutual importance, bearing in mind the leading position of these countries in international trade and their key role in the world economy. In this context, the years 2019-2021 were taken as the basic period of analysis, taking into account the implications of the COVID-19 pandemic and the China – US trade war for further globalization of the world economy.

On the basis of statistical analysis and taking into account elements of mutual trade policy, the factors and conditions for the further development of trade relations between China and the United States were presented, while considering the changing pattern of the world economy under the influence of the pandemic, analyzed in the light of the International economics. To this end, the international economic and political conditions overlapping with the pandemic period and the situation in mutual trade in the pre-pandemic period were characterized. At the heart of this issue is the bilateral trade balance and its impact on international payment disequilibrium, as well as its relationship to the trade war between the two countries.

The subject matter of analysis is mainly trade in commodities. Some American and WTO sources were used as a basis for statistical analysis. To define the theoretical background, the author also refers to his own publications including the issue of international payment disequilibrium. In the empirical layer, mainly the analytical-descriptive method was used, but also the normative one, when the author expresses evaluative opinions. The comparative method was also used in view of the shifts taking place in the world economy as a result of the development of the Chinese economy and its economic relations with the American. Starting from the assumption of the dependence between the Chinese economy and politics, tools specific to the analysis of international political relations were also used.

The study, against the background of introductory remarks on the course of the pandemic and its effects on international trade and the world economy, presents the volume and dynamics of the China – United States trade turnover with particular emphasis on the years 2019-2021, discusses the trade balance and the factors shaping it in the long term. The author emphasizes its growing imbalance in favor of China as a source of international payment disequilibrium and the China – United States trade war. Next, the commodity structure of the trade and its potentially further dynamics were characterized in the light of mutual benefits and negative factors that may occur in the current decade as a result of the pandemic and the trade war. In this context, the China-US trade and economic

agreement, concluded in February 2020, which is the institutional basis for trade in the era of the pandemic and the trade war, were characterized.

The conclusion identifies the factors and conditions for the further development of China – United States trade relations.

Keywords: International trade, World economy, Trade policy, International payment disequilibrium, Trade war

*Top management teams agile approaches during COVID-19 crises
in selected firms from emerging markets*

Emil Velinov¹, Vincent Montenero², Dagmar Skokanova³, Cristina Cazorzi⁴

¹ Skoda Auto University, Czech Republic

² MAIS Prague

⁴ Whirlpool

Abstract

Our research examines the level of responsiveness top management teams in selected emerging markets have shown to deal with the challenges posed by the COVID-19 pandemic. Throughout this period, especially during the first months, it would have been impossible to set up a minimum level of service for customers without significantly modifying the way companies operate and the way top managers make their decisions. Using semi-structured interviews for data collection, we show the extent to which firms changed their behaviors and adopted new processes in response to the crisis. Furthermore, we discuss the differences between this emergency construct and the implementation of various agile concepts within companies.

This paper shows the results of the emergency situation creating optimal conditions for the change to go beyond what was predicted by the agile approaches. But the question remains if the managerial changes implemented in the immediate crisis situation can be sustained over time and if their maintenance requires the creation of a new agile management approach that would be closer to, perhaps, a permanent crisis.

Keywords: top management teams, agile approach, COVID-19, emerging market firms

FINANCE AND THE EFFECTS OF THE PANDEMIC

Asset impairment in the energy sector

Anna Białek-Jaworska

University of Warsaw, Poland

Abstract

This study evaluates the potential indicators of asset impairments using an international sample of 5 countries Russia, Poland, France, Italy and Germany, in 2018-2020, based on quarterly data retrieved from the Orbis database. We estimate a panel tobit model using STATA software. We analyse the companies that follow International Financial Reporting Standards and compare them with the total sample containing private firms that use local accounting regulations.

The lockdowns to contain the COVID-19 outbreak in Europe have a profound impact on European power market: a reduction in electricity demand between 17-27%, following a considerable decline in economic activity and 46-64% fall in wholesale energy prices across major European markets in April 2020 y/y. Public support in a form of a temporary prohibition to disconnect residential and SMEs for non-payment of electricity bills has been introduced by national authorities. National authorities decided to introduce public support in a form of payment arrangements and deferrals for a larger amount of customers, temporary suspension of disconnection because of unpaid bills, and, moreover, a moratorium on energy bills—in France and Italy. Besides, in France additional staff have been mobilized to help find solutions adapted to vulnerable customers. Therefore, we focus on pandemic-shock impact on the receivable accounts impairment in energy sector.

Empirical findings suggest that debt pressure is significantly related to assets impairment. Less legal enforcement in Russia has an attenuating effect on a debt pressure indicator to understate receivable accounts impairment. Energy companies with a higher increase in market valuation, more trade credit liabilities, a greater increase in cash flows from operations are more likely to recognize an impairment of receivables (to smooth income). In contrast, in Russia, energy companies with higher growth of revenues, more profitable (with higher ROCE), and those that increased long term debt experienced impairment losses with lower probability.

Keywords: assets impairment, doubtful accounts, income smoothing, big bath, energy industry

*Stock market reaction on COVID-19 in the light of data reporting.
Case of Poland, Turkey and USA*

Monika Bolek, Cezary Bolek

University of Lodz, Poland

Abstract

The influence of COVID-19 on rates of return on chosen stock markets represented by WIG in Poland, XU100 in Turkey and S&P500 in the USA is analyzed in this paper in the light of data reporting. The moments when reporting principles regarding the number of new cases were changed are recognized and the market's reaction on such incidents is analyzed. Different methods of correlation, most suitable for this kind of survey are applied. The results indicate that before the change in the COVID-19 reporting principles the reaction of markets was not significantly related to number of reported cases, but after the incidents that happened in all countries taken into consideration the results are quite significant for all markets. Moreover it can be stated that Polish and Turkish exchanges behaved according to the expectations with negative reaction on new cases indicating, that the incidents had a positive influence on rates of return on these markets but in the USA the reaction was reversed, indicating the negative repercussions.

Keywords: COVID-19 cases, market rates of return, reaction

*The day of the week anomaly in the light of the COVID-19 pandemic
based on chosen OMX indices*

Monika Bolek¹, Agata Gniadkowska-Szymańska¹, Katerina Lyroudi²

¹ University of Lodz, Poland;

² Hellenic Open University, Greece

Abstract

The aim of the article is to analyze COVID-19 number of cases presentation in relation to the behavior of the stock markets represented by S&P500 in the USA, BIST100 in Turkey and WIG in Poland. In these three cases specific days were identified, when a change in reporting practice occurred and could have influenced the market reaction. Authors hypothesize that the change in COVID-19 data reporting rules influenced the reaction of markets. Different correlation coefficients with markets' response lags and assessment of the differences between the correlations in the periods before and after the breakthrough dates were tested. The results confirm the thesis that the moment when the issues of reporting COVID-19 cases were made public influenced markets' reaction. In Poland, the change in reaction of market was not so obvious compared to the US and Turkish markets. In Turkey, before the breakthrough date, a significant negative correlation was observed with one week lag and after the breakthrough date, the reaction became immediate. In the US before the breakthrough date, a negative correlation was observed, and after that date, the response changed to a positive. Moreover the dichotomous correlation gives better results for moving averages of COVID-19 cases in US and Turkey.

Keywords: COVID-19, market efficiency, day of a week anomaly

Ariana Paola Cortés Ángel, Mustafa Hakan Eratalay

University of Tartu, Estonia

Abstract

In this paper, we analyse the dynamic partial correlation network, of the constituent stocks of S&P Europe 350. We focus on global parameters as radius, which is rarely used in financial networks literature, along with the diameter and distance parameters. These parameters are useful to deduce the force that an economic instability should exert to trigger a cascade effect on the network. We hone the boundaries of the strength that a shock should exert to trigger a cascade effect with the mentioned global parameters. We also calculate the local parameters such as degree, closeness, betweenness, eigenvector and harmonic centralities to gauge the importance of the companies regarding different aspects, like the strength of the relationships with their neighbourhood and their location in the network. By introducing the skeleton concept of a dynamic network, we detected the stability of relations among constituents, and we noticed an important increase in these stable connections during the COVID-19 pandemic. In addition, a homophilic profile was carried out, which is quite new in the financial networks literature. From this profile, we found highly homophilic relationships among companies, considering firms by country and industry.

Keywords: financial networks, centralities, homophily, multivariate GARCH, COVID-19

Renata Karkowska

University of Warsaw, Poland

Abstract

Last evidence emphasize that economic effect of the COVID-19 pandemic resulted in changed credit standards and reduced demand for loans. Nevertheless, this phenomenon is not confirmed in all markets. The aim of the article is to verify the research question: how the COVID-19 pandemic affects bank's lending activity in European countries. The analysis has been extended by the importance of bank-specific and macroeconomic factors. The survey is conducted on 621 commercial banks from European countries, using data from the period 2018Q3–2021Q1. The study contributes to the ongoing discussion on customized modifications to business models appears to be the most promising strategy for sustainably increasing lending during and after COVID-19 pandemic.

Keywords: banking, lending activities, COVID-19, bank capitalization, European sector

The dynamics of short-term ETF flows and returns on precious metals ETFs

Patrycja Kiryluk

University of Gdańsk, Poland

Abstract

Four alternative hypotheses are tested, including the price pressure hypothesis, information hypothesis, feedback trading hypothesis, and smoothing hypothesis.

A Vector Autoregressive (VAR) model is used to analyse the relationships between each flows and returns.

As the limitation of the presented empirical research it should be pointed: all the hypotheses were not confirmed, but it was expected. There is a space for further research: during COVID-19 crisis, with expected and unexpected flows, in the overview with others ETF.

Keywords: Exchange Traded Funds, ETF, precious metals, passive investment

COVID-19 impact on the profitability of the EU27 banking sector

Peter Juhacs¹, Tahir Mammadov²

¹ Department of Finance, Corvinus University of Budapest, Hungary

² Doctoral School of Economics, Business and Informatics, Corvinus University of Budapest, Hungary

Abstract

Due to COVID-19, the economic activity decreased considerably all across Europe. Our paper reviews the various pandemic effects and changes in the European banking sector. Using a dataset merged from four different secondary databases, we created a panel of country-quarters with 513 items covering the period 2016 Q1 – 2020 Q4 covering the effects of the first wave of the pandemic. Correlation analysis revealed that during the pandemic, the connectedness of the banking system to the macroeconomy increased, and the open economies had a more stable banking system. The performance fluctuations on the national banking system level increased, and the banking performance got more closely linked to the quarterly GDP growth. COVID-19 had a significant adverse effect on the banking sector's profitability on top of the standard macroeconomic fallbacks. Data also underpin that the countries where citizens had stronger trust in their government (political system, legal system, police) suffered less due to the COVID-19 crisis than other EU27 members. High-trust EU27 countries lost less in GDP, import, export, and banking profitability during the first wave of the pandemic. Though, this might be partly also a result of some cultural characteristics linked to geography.

Keywords: pandemic, economic effect, ROE, financial sector, trust

*State Treasury guarantees as an anti-crisis instrument
during the COVID-19 pandemic*

Kamilla Marchewka-Bartkowiak

Poznań University of Economics and Business, Poland

Abstract

Guarantees are a financial instrument used in the State Treasury debt management of many countries, generating the so-called contingent liabilities. On the one hand, this solution makes it possible to reduce the amount of directly incurred public debt and fulfil the imposed legal budgetary rules; on the other hand, it has become a reason for concealing the liabilities of the State Treasury by excluding them from outside the public sector.

The aim of the article is to indicate the scale of use of the State Treasury guarantees in the scope of selected solutions across the EU and in Poland during the COVID-19 pandemic. The pandemic crisis has become a reason for increasing interest in State Treasury guarantees by public authorities, and thus increasing fiscal risk and the problem of "concealing" the debt.

The article uses the methods of literature, legal and statistical analysis.

As indicated in the conducted research, the application of the guarantees applies to anti-crisis solutions at both the EU and national levels. The Polish case should be considered special due to the scale of using State Treasury guarantees and their possible long-term financial consequences. The article also includes recommendations regarding the management of State Treasury guarantees, which may constitute the basis for the development of good practices and legislative changes in this area in the future.

Keywords: State Treasury guarantees, public debt, COVID-19

*Socially responsible banking in times of pandemic –
actions of Polish banks towards their stakeholders during the COVID-19 crisis*

Monika Marcinkowska

University of Lodz, Poland

Abstract

Based on A.B. Carroll's concept of the "Pyramid of Corporate Social Responsibility" we analyse the actions of Polish banks towards their stakeholders during the first year of the COVID-19 pandemic (in particular the first three months). Key stakeholder groups were considered: customers, employees, investors, society and the local community, health care, competitors, regulators and supervisors, and the environment. They were assessed within 4 types of responsibility to stakeholders distinguished by Carroll: economic, legal, ethical, and philanthropic. This analysis is the basis for assessing the level and dimensions of Polish banks' social responsibility and readiness to create relational capital. The article is based on a review of the literature and the content of websites and social media of banks, banking self-government (Polish Bank Association), as well as industry portals and press. The scope of the analysis included all Polish commercial banks (with a particular focus on banks listed on Warsaw Stock Exchange) and selected cooperative banks (all of listed on the Catalyst bond market, as well as several selected other banks).

The banks' reactions to the constraints and problems associated with the pandemic were quite varied. Some banks adapted quite quickly and were proactive in supporting their stakeholders from the beginning. Others followed in their footsteps only to some extent and with some delay. As a consequence, it can be pointed out that a large part of the banks fulfilled their responsibilities at all levels of the CSR Pyramid, but some were limited to the basic levels: economic and legal. Those banks that are involved in building good stakeholder relations, supporting social, environmental, and governance issues on a daily basis, also in COVID-19 time, maintained that direction and shone examples of commitment. Conversely, those banks that have so far focused mainly on their own performance and on their owners, also during the pandemic did not engage deeply with other stakeholders groups.

Keywords: banks, responsibility, CSR, relational capital, COVID-19

*Financial leverage model and regaining corporate creditworthiness
following the COVID-19 lockdown*

Jarosław Mielcarek

WSB University in Poznań, Poland

Abstract

The paper presents three research questions, formulated by means of the following inquiries:

- What are the changes that enable the enterprise to regain the ability to repay the loan?
- How to develop the negotiation matrix to settle new conditions of a loan repayment with the bank after the end of lockdown?
- What are the necessary changes of a loan agreement (loan restructuring), along the achievable changes in company's activities, for which the company regains its creditworthiness?

The main aim of the study is to develop a diagnosis of the company and establish the critical points defining its creditworthiness, and furthermore, basing on the negotiation matrix, which is indispensable for both the company and the bank to reach the agreement regarding the loan restructuring.

In the paper the financial leverage model was used. It is a mathematical and financial characteristic of an enterprise in which the core independent variable is the Degree of Financial Leverage (DFL). Parameters of that model, assumptions concerning their initial values, independent and dependent variables and critical points set an initial state of the model, its final state and processes occurring in the transition from one state to the other. Critical points were determined by the intersection points of a DFL function and the functions of creditworthiness and the ability to pay the interest. The foundations used to create the negotiation matrix are the functions of the minimal decline of variable costs, required to regain creditworthiness. Their independent variable is the sales revenue increase rate. Three models were subjected to the analysis – model no. 1 with the increase of sales revenue and the decline of variable costs; model no. 2 without the decline of variable costs and model no. 3 with the increase of sales and prices, along with the rise of variable costs despite the implementation of cost restructuring.

Regaining creditworthiness requires a lot of effort from the company to increase the sales, restructure the costs and the loan as a result of the negotiation of a loan contract, all at the same time. A negotiation matrix was developed which presents the critical points in regaining the creditworthiness. In three models for various levels of relation between capital instalments and depreciation and respectively for the forecasted levels of the sales revenues increase, maximum results of restructuring the costs, zero decline of variable costs, the increase of prices and variable costs despite costs being restructured, the scenarios of renegotiations of a loan agreement were computer-generated. Among those scenarios, the infeasible ones were also found, which actually banks might prefer.

The implemented research tools can be utilised in a practical diagnosis of the company's situation and thus support its management. Computer-generated scenarios of regaining creditworthiness and the negotiation matrices developed on that basis can be the tool facilitating the dialogue with a bank to restructure the loan.

Keywords: creditworthiness, financial leverage model, Degree of Financial Leverage function, negotiation matrix, COVID-19 pandemic

Can green bonds be used to hedge against the risk of stock prices?

Arkadiusz Orzechowski

Warsaw School of Economics, Poland

Abstract

Relationship between financial instruments has been extensively investigated by many researchers. A very careful analysis in this respect has been carried out to determine transmission mechanisms between different markets. The mechanisms themselves have been analyzed both in developed and developing countries. Over the past few years a spate of research findings has proved a growing interest in the co-movements between quotes of green bonds and stocks' prices. The aim of the study is to explore the existence of "the causality effect" between S&P Green Bonds Index and indices of major stock exchanges in the pre-pandemic and pandemic era. The methodology is based on the VAR/VEC models. Findings reveal the evidence of asymmetric spillovers among S&P Green Bonds Index and selected stock market's indices.

Keywords: green bonds, VAR/VEC models, causality effect

*Assessment of changes in the cooperative banking sector initiated
in the pandemic period*

Ewa Nastarowicz

University of Lodz, Poland

Abstract

The article is devoted to changes in the cooperative banking sector that have occurred since the outbreak of the pandemic. At the beginning, the historical conditions of the functioning of cooperative banks and the specificity of their operations were presented. The particular emphasis was put on their local character. There were also indicated the factors influencing the activities of these entities on the Polish market. The further part of the article characterizes the impact of the COVID-19 pandemic on the economy and its effects on the banking sector. Factors that had both direct and indirect impact on entities operating in the banking sector were identified. Then, an analysis was made of changes in the functioning of cooperative banks on the Polish market in 2020-2021. It was noticed e.g. decline in opinions about banks and the activity of cooperative bank customers decreased by 25% in the first year of the pandemic. Larger cooperative banks performed better during the pandemic, while small banks recorded a large drop in profitability and some of them suffered losses in 2020. A comparative analysis of changes in cooperative banking and commercial banking gave the basis to conclude that there were similar changes, the difference was mainly in their size. The article also indicates the potential directions of development of the cooperative banking sector.

Keywords: cooperative banks, pandemics, distribution channels, banking products

*The impact of the COVID-19 pandemic on the finances of the local government –
a case study of a tourist commune*

Radosław Sobko

University of Szczecin, Poland

Abstract

The outbreak of the COVID-19 pandemic in 2020 turned out to be something that no country was prepared for. The vision of the unlimited spread of infections has forced governments to make drastic decisions related to the introduction of the so-called lockdown, which, depending on the adopted assumptions, was aimed at reducing interpersonal contacts to a minimum. The consequence was a partial or even complete freezing of the activities of certain sectors of the economy. Poland, like most EU countries, temporarily closed tourism, which turned out to be one of the branches of GDP hardest hit by the pandemic. This had a particularly negative impact on the communes most dependent on tourism, losing the possibility of obtaining budget revenues at the current level. In this context, the government decided to support only mountain tourist communes, dividing PLN 1 billion from the Local Investments Fund among more than 200 entities. The argumentation of the lack of support, e.g. for coastal municipalities, was the seasonality of tourism in these local governments, which meant that they were to feel the winter-autumn lockdown to a lesser extent. The question then arises whether the pandemic really affected the finances of mountain communes relatively more strongly? The study decided to verify this problem, which resulted in the formulation of a research question in the form of: Did the lockdown related to the pandemic in 2020 affect the financial condition of a typically seaside tourist commune of Mielno and a typically mountain tourist commune of Karpacz? The main hypothesis was verified, according to which lockdown had a greater negative impact on the finances of the Karpacz commune. An auxiliary hypothesis was also analyzed, assuming that lockdown determined a common phenomenon for both types of municipalities, which was a significant reduction in budget expenditure.

The aim of the study was to analyze the impact of the pandemic on the finances of a typical seaside and mountain tourist commune in Poland. The results of the study made it possible to achieve the goal and positively verify both hypotheses. The work uses the index method, the method of descriptive statistics and the method of the least squares. The work was created with the use of a wide range of literature on the subject, while the source of secondary data were reports on the implementation of local government budgets. The subject of the study was a typical seaside tourist commune – Mielno and a mountain commune – Karpacz. The units represent the desired features: tourism specialization, the use of different natural values of the sea and mountains, as well as a very similar number of inhabitants ensuring relative comparability. The time range of the study covered 11 records, i.e. the years 2010-2020.

Keywords: local government finance, COVID-19 pandemic, tourism

*Impact of COVID-19 Pandemic on Local Finance and Development Strategies.
Case of Urban and Rural Areas in the Mazovia Region*

Ewelina Szczech-Pietkiewicz, Mariusz-Jan Radło, Marta Mackiewicz

Warsaw School of Economics, Poland

Abstract

The paper aims to investigate the economic consequences of the COVID-19 pandemic through the prism of local finances in the Mazovia region. The rationale for this research comes from the observation that lockdown and a reduced economic activity affect revenues of local budgets. Thus, a question arises about the effect of decreased local budgets on local expenditure and the implementation of development strategies. The method applied was a survey carried out on a sample consisting of all the local administrative units (LAU) in the region. The results show that the "scissors effect" of rising expenditure and falling revenues applies to all the LAU. The analysis provides evidence that the characteristics of urban and rural LAU have consequences not only for their resilience against the COVID-19 pandemic but influence their strategies and actions adopted in response to the crisis.

Keywords: COVID-19, local government, local budget, local development

*The security and stability of household financial well-being
during a COVID-19 pandemic*

Beata Świecka

University of Szczecin, Poland

Abstract

Household financial security, consumer protection is nowadays the most important component of economic security, safety financial consumer life and the main foundation of broadly understood national protection. The aim of the study is to assess the security and stability of personal finances and the financial well-being of Polish households.

This study focuses on objective measures of financial security of financial well-being. This study uses nationwide databases dedicated to households. Through the analysis, it is intended to assess the factors affecting financial security and stability and to determine the relationship between adverse financial well-being.

During the COVID-19 pandemic, it became clear how important it is to keep households financially secure. It is recognized that this area requires in-depth research showing the importance of factors influencing the financial security and financial well-being of Polish households. Polish households will be surveyed first, and then it is planned to extend the survey to other countries.

Keywords: Household Financial Security, Household Financial Stability, of Household Financial Well-Being, Household Finance, Personal Finance

*Predicting Distress in US High Yield Mutual Funds
before and during the COVID-19 Pandemic*

Richard Van Horne, Katarzyna Perez, Lukasz Szymczyk

Poznan University of Economics and Business, Poland

Abstract

Potential liquidity risk in the underlying portfolios of US high yield mutual funds can be successfully identified with the use of lagged effects and serial correlation models (Van Horne, 2016). The results of such a liquidity risk analysis could be used by the analyst to identify ahead of time funds that may be of heightened risk of potential liquidity problems. In this research, based on data on US mutual funds from Morningstar Direct database, we apply a serial correlation model with an AR(1) process as well as the lagged effects model to measure two proxies for liquidity risk for each US high yield mutual fund in our fund universe, in order to identify funds at particular risk for portfolio illiquidity since the beginning of COVID-19 pandemic. We also examine the relationship between fund liquidity risk measures and fund return, controlling for interest rate risk and credit risk and other market risks. Theoretically, funds with heightened liquidity risk should have higher historical returns (adjusted for interest rate risk and credit risk) to compensate investors for borne risk. But we find no discernable relationship between elevated liquidity risk in high yield bond mutual funds and fund return or fund Alpha. Due to the unusual market conditions and special Fed actions during the COVID-19 pandemic, funds seems to exhibit higher levels of liquidity risk in the COVID-era than in previous recent periods. Investors should deploy liquidity risk measuring tools and should avoid funds with suspected less-liquid portfolio holdings in the absence of higher returns for the risk. To the best of our knowledge this is the one of the first attempts to analyze liquidity risk in mutual funds during ongoing pandemic in the literature. We hope our results will be informative for the potential mutual fund investors and mutual funds themselves, not only the US ones

Keywords: liquidity risk, high yield, Alpha, risk factors

From disintermediation to social distance

Krzysztof Waliszewski¹, Jan Krzysztof Solarz²

¹ Poznań University of Economics and Business, Poland

² WSB University in Warsaw, Poland

Abstract

Institutional experiences of disintermediation to individual-level social distancing, can shape individual beliefs, risk attitudes, and choices for years to come. This reaction to past experiences (disintermediation) is long-lasting though it decays over time as individuals accumulate new experiences. We argue that experience-based learning is broadly applicable to COVID-19 pandemic shock. Different generation can disagree about the outlook for waves of COVID-19 pandemic shock as their different past experiences lead them to form different beliefs.

The alternation of endogenous and exogenous approaches to COVID-19 has been perpetuated in the title of our study, which highlights the process of moving from a natural monopoly in banking to a social distance in alternative and finance. In the first part, we remind you how successive financial crises crushed the banks' natural monopoly on direct contact with customers. In the second part, we show how artificial intelligence penetrates people and enforces self-confidence. Social distancing is ubiquitous in times of trust in social media. In conclusion, we show that the COVID-19 pandemic did not cause, but only exposed the scale of the social distance to traditional banking.

Keywords: financial disintermediation; pandemic COVID-19, social distance

MACRO AND MICROECONOMIC CONSEQUENCES OF THE PANDEMIC

*Poland in the context of the macroeconomic ranking of European Union countries
in the face of the coronavirus*

Paweł Błaszczuk

Poznan University of Economics and Business, Poland

Abstract

The main purpose of the article is to assess the macroeconomic situation in Poland against the background of the ranking of European Union countries in the face of the crisis caused by the SARS-COV-2 coronavirus. For research purposes, including the preparation of the ranking, a multi-factor comprehensive index of macroeconomic condition (IMC) in various variants was proposed. The basis for the construction of the measure is the misery index. In this case, its methodology has been developed and qualitatively adjusted so that it is more adequate to contemporary global economic conditions. The spatial scope of the study covers the 27 current EU Member States, with particular emphasis on Poland. The time range relates mainly to 2020. For comparative purposes, the period of several previous years is also taken into account.

The study consists of three main parts. The first provides an outline of the discussion on the index macroeconomic assessment of the economy. In particular, reference was made to synthetic measures, including the aforementioned misery index. The second part of the study presents the research methodology based on the modified version of misery index and using the multidimensional comparative analysis tool. As a consequence, the IMC was constructed in several variants. In the third part, the Polish economy was assessed against the background of the ranking of European Union countries with the use of the developed analysis tool.

The research results indicate that the macroeconomic condition of all EU countries in 2020 deteriorated compared to the previous year. Some countries have felt the macroeconomic effects of the coronavirus more negatively than others. Against this background, Poland fares better than the EU27 average. It is i.a. merit of the expansive economic policy (fiscal and monetary) conducted at that time. While positively assessing the anti-crisis economic policy from the current short-term perspective, one should be aware that the economic effects of the coronavirus itself, as well as the highly expansionary monetary and fiscal policy, will have long-term consequences. The challenge of the economic authorities will be to skilfully plan activities in the long term, within the framework of the stabilization and post-crisis policy.

Keywords: misery index, crisis, coronavirus, macroeconomic ranking

*Which strategy is better? A comparison of the Pandemic impact
and economic policies of the EU and EAEU*

Ilya Bolotov

Prague University of Economics and Business, Czech Republic

Abstract

Since 2019 COVID-19 has been a part of everyday life of all people in the world, significantly undermining economic activity in at best selected industries. To fight the pandemic, both the EU countries introduced strict lockdown and eventually proceeded to near-compulsory vaccination of their populations, enduring a severe recession. The neighbouring former USSR countries' approach was much more lax requiring only voluntary vaccination which lead to worse vital statistics but somewhat smaller economic woes.

The research goal of this paper is, using general comparison and a panel VAR and DPD models, to quantify the effects on internal and external balance and economic policies of both the EU (27) and EAEU (5) countries in relative terms.

The internal and external balance are defined with the help of extended "magic squares" and economic policy as fiscal and monetary policy indicators – in the logic of Mundell's effective market classification. The respective country groups were selected for their comparable size (over 440 and 180 million people), similar integration type (common market), significant in-group heterogeneity (compare Germany and Latvia or Russia and Armenia), same type of political (republic, although not all are perfect democracies) and legal system (civil law) and at least partially comparable culture and languages. The paper findings should help shed more light on the impacts of the Pandemic on the European continent and efforts to mitigate its adverse economic effects.

Keywords: COVID-19, internal balance, external balance, fiscal policy, economic policy

Determinants of excess household savings during COVID-19 pandemic

Jakub Borowski, Krystian Jaworski

Warsaw School of Economics, Poland

Abstract

We identify the determinants of excess household savings in 2020 in 16 European Union (EU) member states. We show that higher severity of COVID-19 pandemic determined either by the intensity of government restrictions or number of COVID-19-related deaths led to higher excess savings. Such savings also rise with GDP per capita and financial support for households and enterprises provided by the government. Further, savings culture as well as personality traits that support compliance with pandemic-related restrictions and help cope with the hardship of the pandemic have positive impact on excess savings. Our results show that common pandemic shock may lead to discrepancies in excess savings in affected countries and their volatility depends largely on government response in form of imposed restrictions as well as financial support for households and enterprises. Therefore, strong fiscal support during the pandemic can be likened to sowing the seeds for post-pandemic recovery as savings accumulated during pandemic shock may be used to finance the pent-up demand. This, in turn, suggests that fiscal responses during the pandemic may act as a significant driver of post-pandemic business cycle (de)synchronization among EU member states and, more importantly, euro area countries.

Keywords: pandemics, household savings, fiscal policy response

The impact of COVID-19 on migratory flows in Europe

Judyta Cabańska

Poznań University of Economics and Business, Poland

Abstract

The outbreak of the COVID-19 virus has quickly escalated into a global pandemic, resulting in crisis that affects people worldwide. The measures taken by Member States heavily implicated restrictions on individual mobility and basic rights. The overcoming of the global crisis is the justification of such measures, but it is worth to examine how do these steps shape future migration and asylum policies. Since the migration crisis of 2015, the number of arrivals and composition of flows have changed significantly. The pandemic has produced divergent reactions from Member States. COVID-19 is already having a significant impact on migration and asylum policies.

The aim of the paper is to indicate impact of COVID-19 on migratory flows in Europe. The author will analyse current migration situation in Europe. Moreover, author will discuss the future of the migration and asylum policy in the European Union.

Keywords: migration, asylum, European Union

The impact of COVID-19 on EU-China trade patterns

Dominika Choroś-Mrozowska

Cracow University of Economics, Poland

Abstract

As a result of the COVID-19 pandemic the world has experienced a significant decline in foreign trade, reductions in industrial production, services and foreign investment. It can also be expected that the pandemic has contributed in changing the geographical structure of world trade, including trade between individual EU countries and China. This article therefore aims to analyze the impact of the pandemic on patterns of EU-China trade. The aim of the research is to answer the question whether the European Union countries noted the strengthening of the competitive advantage in trade with the PRC in any of the 21 HS sectors by increasing the value of the normalized revealed comparative advantage index (NRCA). Due to the fact that the NRCA analysis showed a large number of observations in which the NRCA values for exports oscillate close to zero (the neutral sphere), the Chebyshev's inequality was used in the research. It allowed to select the most outstanding observations for NRCAs that exceed ± 2 standard deviations from the mean. The analysis was carried out for the years 2015 to 2020, with particular emphasis on the year 2020, when the first effects of the COVID-19 pandemic were recorded. Thereby this study provides a comprehensive analysis of China's trade patterns with the 27 member states of the EU, using Chebyshev's inequality and the NRCA index, which up until now have not been used to analyse of the effects of the COVID-19 pandemic.

The analysis reveals that the pandemic did not result in any decline in EU-China trade. In fact, global trade rose in 2020 with most of the 27 EU countries recording increases in both imports and exports. There were also no significant changes in the structure of the distribution of comparative advantage. However, in contrast to the previously analysed period, in 2020 the NRCA index shows a flatter distribution. This suggests that most of EU countries with the highest comparative advantages actually observed reductions in them

Keywords: COVID-19, international trade, import, export, normalized revealed comparative advantage

*Propensity for Saving and Consumption During the Period of Pandemic in Poland.
Findings Based on the Consumer Tendency Survey*

Jacek Jankiewicz

Poznań University of Economics and Business, Poland

Abstract

The aim of this paper is to analyse changes in the propensity to consume and to save in Polish households by means of qualitative indicators of consumer sentiment during the period of COVID-19 pandemic. The available data from consumer surveys (CS) made it possible to observe the evolution in attitudes over the course of more than 20 years in Poland including the period of whole 2000 and the first quarter of 2021. The presented results includes also analysis of the changes in the level of household uncertainty, which can be observed in the assessments and forecasts of both their own financial situation and the country's economic condition. To obtain the results and to draw conclusions method of simple regression function was used as well as chosen measures of elasticities, including the income elasticity of consumption and the income elasticity of savings.

During whole chosen period the propensity for consumption measured with the help of CS data was lower than the propensity for saving. A marked increase in the tendency for saving ratio was caused by the growing uncertainty resulting from the global financial crisis of 2008-2009. Very similar situation appeared during pandemic period. A marked increase in the dS/dY ratio was caused by the growing uncertainty resulting from the situation that was new and developed globally. The tendency to save increased for precautionary reasons and the phenomenon occurred on a larger scale than during great crisis in 2008.

As a supplementary the elasticity of substitution consumption and saving also was inspected. During the beginning of the period accepted for analysis (2000-2008) the desire to save dominated slightly over the desire to consume. This state remained at a similar level until the great crisis in 2008 which has contributed to a substantial increase in the propensity for saving. Very similar shift occurred during pandemic period. This research is one of first attempts to analyse households' perception of the impact of the pandemic and their reaction to new circumstances compared to perception of the great crisis from years 2008-2009.

Keywords: Propensity for Saving, consumption, COVID-19, uncertainty

*SARS-coV-2, COVID-19. How the pandemic has affected indebtedness
of the Polish society*

Robert Jeżewski

Foundation Pro Economico Bono, Poland

Abstract

Unforeseen and sudden events occurring in life cause it to reformat and change by 180 degrees, which entails destabilization of both private and professional life. Such events can be an accident, illness, death, an element or a pandemic ...

In the 21st century, such an unexpected event, the occurrence of force majeure, was the outbreak of the pandemic caused by the SARS-coV-2 coronavirus and finally the COVID-19 disease, which many people fell ill with and which still affects hundreds of thousands of people around the world. In addition to the health aspect, there is also an economic aspect, because the introduction of a sanitary regime to protect against the spread of the disease also causes side effects, such as the closure of many industries and sectors of the economy. This, in turn, affects the employed society in these areas, which is also part of the banking system, or more precisely, of the credit system. Lockdown and the inability to earn money do not release you from the obligatory monthly loan instalments.

The aim of this study is to show that the outbreak of the pandemic has led to the development of the saving habit among indebted people. Of course, this is not a habit of saving understood as learned, but a habit of "forced saving", which is a consequence of actions related to limiting the spread of the coronavirus as force majeure.

Due to the introduction of the sanitary regime, the entire hotel, catering and restaurant industry was closed, which in turn made it impossible to use its range of services. As a result, funds that could be allocated to expenses related to going to a restaurant, ordering food or leaving, remained at home.

The hypothesis put forward in the article is as follows: under the influence of force majeure, which in this case is the outbreak of a pandemic, the phenomenon of the so-called forced saving, which is independent of the economic habits of saving a person who, due to force majeure, succumbs to the above-mentioned phenomenon. Due to force majeure, the habit of accumulating savings, the so-called forced saving and it is caused by the inability to spend the funds accumulated for another purpose.

The research method used is that of direct observation. The development of the indebtedness of Poles was observed on the basis of data published by the Economic Information Bureau, the Credit Information Bureau and the National Debt Register from the period before the outbreak of the pandemic to the period in which the pandemic flourished (second wave of contagions).

The results of the research confirmed the thesis. During the pandemic, the phenomenon of the so-called forced saving, which consisted in setting aside free funds and allocating them to pay off outstanding liabilities.

Keywords: SARS-coV-2, COVID-19, forced savings, habits, pandemics

*Sectoral changes of employment in Poland during the COVID-19 pandemic period:
Are reallocation shock effects applicable?*

Eugeniusz Kwiatkowski, Agata Szymańska

University of Lodz, Poland

Abstract

The subject of this study is to analyze changes in employment in 20 sections of economic activity in Poland during the COVID-19 pandemic. The pandemic period is considered as a negative administrative and economic shock that involves adjustments in the labor market, including changes in employment. The main aim of the study is to determine the tendencies of changes in employment in individual sections of economic activity, described in the Polish PKD-2007 classification (European NaceRev2), in the pandemic year 2020 in comparison to the changes of employment in the pre-pandemic period. That analysis is fundamental to identify groups of sections with a particular impact of the pandemic shock on employment changes – i.e., increasing, decreasing and stable sections. Statistics of Poland and Eurostat are the main sources of data. The data used are based on annual and quarterly frequencies and cover period from 2015 to 2021.

The analysis of the data indicates that the pandemic shock has involved an increase in employment in transport and storage, financial and insurance activities, professional, scientific and technical activities, other service activities and agriculture, forestry, hunting and fishing, while a decrease in employment in accommodation and food service activities, wholesale and retail trade with repair of motor vehicles and motorcycles, manufacturing and real estate services.

The observed changes in employment are explained by the trends in changes of gross value added in individual areas of economic activity and the elasticity of employment with respect to the gross value added which vary across the sections of economic activity. These changes in employment have led to a significant evolution in the sectoral structure of employment in Poland, indicating a significant role of the reallocation shock during the pandemic period.

Keywords: employment, COVID-19 pandemic, gross value added, sections of economic activity, NaceRev2, Poland

*Impact of the SARS coV2 pandemic on the functioning and effectiveness
of air transport models*

Adriana Łukaszewicz

Kozminski University, Poland

Abstract

The aim of this study is to analyze the directions of changes brought about by the pandemic for the functioning of the aviation business, in particular for the models of air transport organization: Hub-and-Spoke and Point-to-Point. This analysis will be carried out by presenting functioning models and their characteristics, comparing the effectiveness of models in pandemic conditions, the functioning of the aviation market since the outbreak of the pandemic and the revival pattern of air transport in 2021, technological changes in aviation and changes in the operational profile of airlines and their partial redirection to cargo services.

The analysis ends with an assessment of the rationality of the decision to build an air hub, which is the Central Transportation Hub in Poland, in the context of changes brought about by the pandemic for the aviation industry.

The research methods used in the study were the analysis of available literature sources, reports, data obtained from the websites of specialized industries or airlines.

The conclusions from the analysis show the turbulences that are currently taking place in the functioning of the entire aviation industry, including the functioning of air transport models. Although the changes we are witnessing are still in the process, there are some trends that speak more for the development of the Point-to-Point model than the Hub-and-Spoke model. Hub operators are still looking for a new hub concept to limit the losses they have suffered as a result of the pandemic. Technological changes in the production of aircraft, which make it possible to make intercontinental flights without stopovers, pose an additional threat to hubs. This threat, not related to the pandemic, is an additional risk factor for the functioning of the Hub-and-Spoke model.

The results of the analysis show that the CTH project in the Hub-and-Spoke model appears to be highly risky from the business point of view and carries a high risk of failure.

Keywords: Pandemics, model hub-and-spoke, model point-to-point, aviation, CPK

Precautionary principle and evidence based policy in times of COVID-19

Grzegorz Malinowski

Kozminski University, Poland

Abstract

Actions of decision-makers during the COVID-19 epidemic prove that precautionary principle is a useful and valuable instrument for supporting decisions. The experience of a pandemic, associated with the need to justify drastic preventive actions, neutralizes a large part of the arguments critical of the precautionary principle. At the same time, the same research material enables new conclusions to be drawn about the practical application of the precautionary principle.

Keywords: economic policy, precautionary principle

*Public and private preferences with respect to COVID pandemic –
what health and economic results tell us?*

Piotr Maszczyk, Maria Lissowska

Warsaw School of Economics, Poland

Abstract

The principal tool to limit the death rate during COVID pandemic in 2020/21, were different measures to increase social distancing, up to lockdown of the entire economy.

Thus, the results of lockdown should be double: improvement of protection against COVID pandemic, but, in parallel, shrinking of the economic activity. However, the available data show that the parallelism of those results as to selected group of European countries was at least partial.

The first reflection on this is why lockdown was introduced in almost all European countries. For this the state of health sector should be taken into account. We have taken some parameters of the state of health sector particularly relevant for curing coronavirus patients: the number of nurses to the whole population and the frequency of tomographic equipment in hospitals related to the number of populations, as a proxy for respirators COVID patients care. This equipment is weak in the majority of Eastern countries and also in some Southern European countries. Thus the strategy of lockdown could be reasonable as a temporary solution in all countries, but in particular in those with insufficient level of public medical care.

However, the public long-term strategy of low investment in health services resulting in those deficiencies seemed to be in line with the preferences of the population of those countries. ESS shows that the preferences of the countries of Eastern and Central Europe, and also of Southern Europe are very much for individual wealth and much less for social solidarity. Thus, support of the population for low taxes and low investment expenditures for public health service contributed to the number of deaths in those countries.

As to the factors impacting respect of lockdowns one of them could be particularly low trust in politicians in both regions of EU. Another factor pushing people to work and not stay idle in the period of lockdown was a broad layer of poor people and high income differentiation. Poor people without sufficient savings and often excluded from scarce unemployment benefits (in precarious work places) had to breach lockdown rules just to live, especially if not trusting for help decided by the politicians.

So previous public choices, especially in Eastern and Central European countries (for low investment in health and limited social protection), even if supported by the voters, made necessary hard lockdowns to at least temporarily protect underperforming health system, which anyway contributed to death score.

Keywords: COVID pandemic, social preferences

*Analysis of the scale of excessive deaths in the countries of Eastern Europe
and the former USSR*

Radosław Murkowski

University of Economics in Katowice, Poland

Abstract

The course of the COVID-19 epidemic was different in many countries, both in terms of the territorial scope, duration and scale of the epidemic. Measuring the scale of an epidemic directly by analysing only directly reported COVID-19 deaths is often very difficult due to the fact that official statistics can underestimate the total death toll of a pandemic. Therefore, in the study, the level of excessive mortality was analysed in detail, regardless of the cause, trying to measure both the direct and indirect impact of the epidemic on the number of deaths in individual European countries. By modelling the time series with seasonality, the expected "normal" – weekly or monthly – death rates were estimated as if the epidemic had not happened. These results were compared in the period from January 2020 to June 2021 with the observed mortality for around 100 countries around the world – estimating the number of excessive deaths on their basis, regardless of the cause. Then these results were compared with the official statistics of reported deaths due to COVID-19, determining the degree of diagnosis of the epidemic in individual countries. The study identified countries for which the statistics of reported deaths due to COVID-19 significantly deviated from the estimated excess number of deaths in the model. It can even be said that some countries – mainly in Eastern Europe and / or once part of the USSR – were "blind" to the spread of the coronavirus epidemic during the period under study.

Keywords: COVID-19, mortality, excessive deaths, pandemics, modelling time series

*The World Capital Flows Dynamics as a Push Factor of the Capital Flows
in the V4 Countries. Some Conclusions for Post Pandemic Era.*

Janusz Sawicki

Poland

Abstract

The medium size open economies, like the V4 countries, are interrelated with the external world through commercial and financial relations. In this paper we analyse the EMU and the OECD countries net capital flows viewed as push factors for the V4 economies current account and cross-border flows. The impact of these push factors on the V4 net capital flows is examined by reviewing the existence of cointegration between external and the V4's variables. Thereafter we establish, using ARLD model, the existence of cointegration between countries net capital flows – current account and net cross-border flows as independent variables and push factors as fix regressors – and GDP as a dependent variable.

We obtained results in the long period 1995-2019 as well as in the two shorter periods 1996-2008 and 2009 -2019. Both, in the long term as well as in the two analysed sub-periods, in all V4 countries there was a cause-and-effect relationship between GDP and the net inflow of foreign capital. The level of cointegration varied. The long run relationships which existed between capital flows and GDP could prevail after the present crisis. Preserving these relationships after 2021 may be accommodating for the restoration of sustainable development, providing the balance of payments dynamics recorded until 2020 is maintained. On the other hand maintaining former net growth of cross-border flows may have a different impact in the V4 GDP dynamics.

Keywords: capital flows, financial stability, Visegrad economies

*The public procurement market behavior in Poland in the period
of the COVID-19 pandemic*

Wacława Starzyńska¹, Renata Tubisz²

¹ State Vocational University in Włocławek, Poland

² National Appeals Chamber, Poland

Abstract

The COVID-19 crisis is having a serious impact on the economy and business. In these circumstances public procurement market can play even greater importance than usual. Purpose: The aim of the paper is an attempt to study changes in quantity and value of realized public contracts during the emergency period connected with the COVID-19 pandemic. Special attention is paid to legal situation which has been directly related to the relaxed regulatory framework adopted by the Polish authorities to speed up procedures of purchasing of COVID of products within the healthcare market.

Review of the existing legislation concerning public procurement, with special focus on comparison between so called Old and New Public Procurement Law and statistical analysis of the data coming from annual reports of the Public Procurement Office for time period 2019 -2021.

The empirical study suggests that during the crisis the number and volume of public contracts are declining in 2020, however the scale of decrease is lower in case of public procurement published in the EU Tenders Electronic Daily comparing with the smaller value contracts published in Bulletin of Public Procurement. Analysis of quarterly data in 2021 proved that in the third quarter situation is slowly improving. Interesting conclusion may be drawn from the relatively comparison between the competition indicator for the years 2018-2020. An average number of offers per one bid increased from 2.24 in 2018 to 2.78 in 2020.

There is a lack of similar investigations in the Polish and the European literature while many of them are dedicated to the regulatory framework of public procurement.

Keywords: public procurement market, public procurement law, COVID-19

*The influence of anti-crisis instruments
on the functioning of economic entities in Poland*

Magdalena Stawicka, Piotr Białow

Wroclaw University of Economics and Business, Poland

Abstract

Due to the spreading Pandemic SARS-COV-2 in the first quarter of 2020, the process of introducing restrictions that affected most of the sectors of the Polish economy began in the Polish economy. Social isolation, change in consumer behavior, cancelling orders by contractors and many other situations have led to reducing sales revenues for many enterprises. The purpose of this study is to identify formal-legal methods of counteracting the effects of COVID-19 pandemic in the form of anti-crisis instruments. The second important goal is to assess the effectiveness of introduced tools for enterprises. The key part of the presented considerations is the outline of the test approach used, including a discussion on the obtained results. The article has two main research methods – surveys and literature review. Due to the specificity of issues, the review of the literature concerned a large part of the review of implemented legal regulations. It seems that the exact inventory of the introduced anti-crisis instruments may be utilitarian for the purposes of making decisions in the future. The results of the surveys, described in the text, indicate a relatively high efficiency of state action and show that the introduced anti-crisis instruments in a large part can be considered as quite effective.

Keywords: pandemics, anti-crises shield, state policy, state aid

*Methodological challenges of forecasting air mobility
in the light of COVID-19 pandemic*

Agata Surówka

Rzeszow University of Technology, Poland

Abstract

As of December 2019, the COVID-19 virus spread rapidly around the world to become global. Pandemic with approximately 50 million infected people and over 1.3 million deaths (as of November 7, 2020). This coronavirus has come as a shock to the world economy of an unprecedented scale, which has caused rapid changes in quantitative data characterizing air mobility in Poland. Due to the fact that the process of forecasting takes into account the course of the phenomenon in the past and on this basis we make its predictions for the future, the appearance of a pandemic also caused numerous problems related to forecasting the course of the analyzed phenomenon in the future using the existing research tools. With the above in mind, the paper focuses mainly on the identification and discussion of these problems. Due to the assumed goal, it has been divided into two parts. The first describes the impact of the COVID-19 pandemic on air mobility. The second one presents practical problems (along with proposing solutions) related to forecasting selected indicators characterizing air traffic in Poland in the light of the pandemic. Finally, specific solutions were proposed.

Keywords: forecasting, air mobility, COVID-19, quantitative methods, air transport

*Stabilisation policy during COVID-19 pandemic
and its macroeconomic consequences in Poland*

Zuzanna Urbanowicz, Ryszard Barczyk

Poznań University of Economics and Business, Poland

Abstract

The first COVID-19 infections appeared in the Polish economy at the beginning of March 2020, and their multifaceted consequences play a special role in the economic sphere. Although the genesis of these processes results from biological and medical conditions, stabilization measures taken in these conditions should be consistent with the impact of economic changes generated by economic factors and require the use of rapid and adequate fiscal and monetary tools.

The aim of this paper is to analyse and evaluate the fiscal and monetary tools used in the Polish economy to stabilize the macroeconomic situation in the period of the occurrence of coronavirus, i.e. in the period from March 2020 to the present. The analysis will focus on the phenomena and processes occurring in the real and nominal spheres of the Polish economy, in particular the cyclical fluctuations in GDP, investment, consumption, unemployment, as well as inflationary changes and disturbances in the state budget.

The study consists of two parts, and the first of them will discuss the objectives and stabilization tools used in market economies, and consisting in Poland of the so-called anti-crisis shields. The second part is an empirical analysis of the macroeconomic consequences of these measures in the conditions of limiting the amplitude of cyclical fluctuations, the ascent of unemployment and inflation and the deepening of difficulties in the area of the state budget.

Keywords: pandemics, stabilisation, monetary policy, fiscal policy

Robert Wojciech Włodarczyk

Cracow University of Economics, Poland

Abstract

Inflationary processes in many medium and highly developed economies have recently intensified. Many economists and experts try to link this phenomenon with the COVID-19 pandemic. Results are, however, mixed. A predominant view is that pandemics, differently than military conflicts, are not behind price rises. However, in the face of a relatively long period of low interest rates following the last financial and economic crises, and extended by the pandemic, fears about price stability have appeared in many economies. The wider critique of the central banks addresses delays on the one hand, and overreactions to the outcome of the economic crises of 2007-2009 on the other hand.

The objective of the paper is to assess the impact of COVID-19 pandemics on inflation acceleration in selected European economies. To realize this objective critical literature review as well as statistical analyses were applied.

The rising inflation is becoming a problem not only to central banks that conduct monetary policy and take care of price stability but also to governments which aim to sustain high rate of economic growth. First two decades of XXI century have been marked by stable prices and decline in perceptions of inflation as a macroeconomic problem. It seems that recent events are forcing us to revise these views and look at this adverse phenomenon again.

The contribution of this study consists most of all in aiming to assess the extent to what currently rising inflation results from COVID-19 pandemic and to what extent from excessive easing of monetary policy undertaken by many central banks as well as rising prices of important energy resources on international markets.

Keywords: inflation, monetary policy, pandemics

*Quantification of selected life quality indicators
in selected EU countries in the time of pandemic*

Grażyna Zofia Wolska

Nicolaus Copernicus University in Toruń, Poland

Abstract

The concept of „ quality of life” is being defined in various contexts and for various fields of science. In case of social sciences, including economics, indicators of life quality are based on key individual and social criteria that allow both an individual and society at large to assess their state of existence. This assessment is directly linked with judgement of socio-economic determinants of society’s life and allows to evaluate socio-economic situation of each country.

This paper deals with analysis and assessment of life quality in selected EU countries from Central and Eastern Europe. The analysis period covers years 2015-2019 as the following year 2020 has gone down in history of the world as a unique period dominated by fight with COVID-19 pandemic and its consequences. The aim of this study is to analyse, compare and contrast selected life quality indicators for Poland, Czech Republic, Slovakia and Lithuania against those of other EU countries as well as to undertake an attempt to assess pandemic’s consequences in terms of quality of life.

Keywords: quality of life, indicators of life quality, COVID-19, pandemics

CHALLENGES TO BUSINESS MANAGEMENT STEMMING FROM THE PANDEMIC

*Workplace health promotion in times of a COVID-19 pandemic –
the current state of knowledge and the new reality*

Agata Basińska-Zych, Agnieszka Springer

WSB University in Poznań, Poland

Abstract

Recognizing the specific health needs of an employee in times of a COVID-19 pandemic, who is exposed to severe stress related to the health safety, employment stability, the need for dynamic development of digital competences, implementing remote work or other redundant workloads, employers try to redefine their activities in the field of protection and promotion of health of their employees.

The topic of health promotion at work has been present in organizational activities for many years. At the beginning, it focused on tasks resulting from the obligations of employers imposed by legal regulations and mainly concerned health protection and safety -obligatory actions, and only later was extended to include other activities in the field of employee health promotion -optional actions.

However, the growing interest in health at work has not been sufficiently supported by scientific research in this field, and particular shortcomings can be observed in the context of measuring the effectiveness of workplace health promotion interventions (WHPIs). Although the measurement of the effectiveness of the implemented workplace health promotion programs (WHPPs) is carried out in an incomplete and incidental manner, the experiences carried out before the pandemic allow to identify the key individual and organizational outcomes, as well as the conditions that must be met by WHPPs in order to achieve these effects.

The main purpose of this research is to modify the Sorensen et al.'s integrated model of workplace health protection and promotion (Sorensen et al., 2016), taking into account the determinants of the impact of the COVID-19. In addition, the aim of the paper is to translate the conclusions of the literature review in the field of WHPPs into the special requirements of the pandemic times, in which concern for the health of employees becomes one of the most important activities in the area of HR.

The methodology of the research is based on a systematic review of the literature in two areas: 1) research results devoted to workplace health promotion interventions in enterprises in the period before and during the COVID-19, and 2) experiences and conclusions from business reports on employee well-being and health promotion in pandemic. As a result, 260 papers (2000-2020) and 54 papers (2020-2021) from the SCOPUS database and 12 industry reports (2020-2021) published by consulting companies were used.

The paper attempts to answer the question to what extent knowledge from previous experiences in the field of employee health promotion is useful for designing WHPPs during the pandemic. For this purpose, the specific needs of employees and conditions for the functioning of the organization during a pandemic were identified. The key conclusions from the article lead to the indication of proposed changes and expansion of the Sorensen et al.'s model, so that the process of implementing WHPPs is adequate to the requirements of the environment.

The modified model has theoretical and practical value. The guidance provided in the model will enable employers to implement WHPPs more effectively during pandemic, thereby creating more safe and healthy workplace during and after the pandemic.

Keywords: workplace health promotion, workplace health promotion program, employees health and wellbeing, COVID-19, enterprises

*Identification of human resource risk by managers
and employees through the lens of the COVID-19 pandemic*

Marcin Gołembski, Beata Skowron-Mielnik, Grzegorz Wojtkowiak

Poznań University of Economics and Business, Poland

Abstract

This paper addresses the issue of HR risk management in the face of the pandemic and the development of remote working. The research problem being identified is whether the pandemic situation gives rise to new areas of HR risk and whether the experiences of this period should influence the way risk is managed in the future. The main purpose of the paper is to identify the gap between the risks indicated by managers at the beginning of the pandemic and some selected actual challenges. The HR risk area chosen is remote working. The text includes both a literature review and the authors' own study consisting of two parts. The first one deals directly with how companies manage risk. The study used a descriptive form that was completed by managers in the first half of 2020. The second part of the study was conducted using the CAWI method and concerned the evaluation of remote working from the perspective of employees. The particular value of combining these surveys is the possibility to compare risk management with the actual risk. External reports were also used to comment on the results.

Keywords: remote work, human resources risk management.

The paper has been prepared as part of the project entitled 'Tools for managing teams of employees in conditions of forced remote working based on technological solutions of economy 4.0' financed within the Regional Initiative for Excellence programme of the of the Ministry of Science and Higher Education, years 2019-2022; project No. 004/RID/2018/19; funding amount PLN 3m.

Working from home: occupations and performance, results from Hungary

Bence Kiss-Dobronyi, Márton Szekeres

Corvinus University of Budapest, Hungary

Abstract

In the world of strict measures against the COVID-19 pandemic including stay-at-home orders and lockdowns, working from home is part of the solutions to keep the economy running. In this paper we construct a simple measure of working from home potential using Skills Panorama data and test its relevance on novel survey data from Hungary. Furthermore, we propose that even if working from home is possible, due to adverse factors it might not be the same in terms of performance as working under normal conditions. We present evidence from a sample of employees with tertiary education that this is indeed the case, highlighting the positive effect of previous remote work experience and the impact of changes in tasks to be done.

Keywords: working from home, remote work, Hungary

*Sustainable consumer, sustainable consumption –
are we heading towards new premiumization in the post-pandemic world?*

Michał Jan Lutostański, Małgorzata Bombol

Warsaw School of Economics, Poland

Abstract

The concept of sustainability is nothing new because the literature discourse has been present for more than a decade. More and more research indicates that the consumers declare many positive attitudes towards that phenomenon. On the other hand, their real purchase behaviour often diverge from the declarations. The time of COVID-19 pandemic has strengthened this phenomenon even more. Therefore, marketers try to regard the preferences and needs oriented towards sustainability in a getaway manner – via the creation of a new premiumization. Building brands and products of a premium category in the eyes of consumers, so far, had been based on cultural codes related to exclusivity and luxury. From the beginning of 2020, a decline in sales on the FMCG market has been observed while the phenomenon of building own brands has intensified, whereby many of them rely on communicating chosen aspects of sustainability. One of the examples is the change of a long-term Nespresso communication platform “What else” with George Clooney into “The choice we make”.

The objective of the paper is to indicate, by means of own research, that the companies must re-evaluate the increasing awareness of consumers whose value systems evolved under the influence of pandemic. Moreover, the conducted research proves that currently a generation rebellion of consumers takes place. Those consumers, in their choices, significantly deviate from typical purchase behaviour of a decade ago. Brand communication is not limited to highlighting sustainable goals and fitting them into an operating model in a full and reliable manner. It also concerns avoiding the risk of such phenomena as “greenwashing” and “rebelwashing”. As the report “Humans Attack!” (2019) by Kantar shows, 28% of Polish people believe that it is the brands that should help prevent a climate disaster. The changes of the world and our climate guide the brands into complementing a brand ambition model by additional elements beyond the tension between the needs and a market offer, the emotional and functional benefit or a categorical goal. A greater purpose should be an additional element, which involves the trademark beyond its category and has a positive impact on the world. Nike can be an example of such actions as beyond the aim in a category (find the sportsperson within yourself “Just do it”) it developed a higher purpose: a fight for minority rights. Another example is BNP, building its communication platform with a tagline “the bank for a changing world” and involving many elements of sustainability, inter alia, ecology, poverty or gender equality. These brands and trademarks satisfy not only the needs of consumers but at the same time they also try improve the world, therefore, they can become a new premium category in which the dedicated consumers will be willing to spend more of their financial resources during one purchase. However, it requires changing not only the goals of brands and trademarks but also their target groups, sensitive to sustainable objectives.

The paper shows the results of Authors’ own research and segmentation of sustainable consumers in terms of searching for new models of brand premiumization.

Keywords: new premium, sustainability, sustainable consumer, consumer behaviour

The effects of burnout during the COVID-19 Pandemic

Elizaveta Pechkovskaya

Lomonosov Moscow State University, Russian Federation

Abstract

The purpose of the study is to review the level of development of professional burnout, its consequences and the possibility of eliminating the consequences of burnout by the organization.

The review article considers impact of pandemic for employees. The SARS pandemic has had a strong impact on the economies of all countries. After the transfer of the disease by employees, the working capacity changes, emotional instability is activated, which affects not only an individual, but is also transmitted to other employees. The consequences of coronavirus include professional burnout, which in 2019 was recognized as a disease by the World Health Organization. At the moment, it is possible to single out a pandemic not only of coronavirus, but also of burnout which the cause of economic crises in companies.

In order to solve the tasks of maintaining and increasing efficiency, supporting employee motivation, it is recommended to introduce psychological counseling and support to employees in the HR department, who will control not only the general climate within working groups, but also monitoring, prevention, and in some cases, treatment of occupational diseases, which will reduce the cost of replacing disabled personnel.

Key words: professional burnout, remote working, COVID-19, employee

*Psychological well-being as a condition for the readiness of university teachers
for organizational changes*

Emil Velinov¹, Oksana Isaeva², Svetlana Savinova²

¹Skoda Auto University, Czech Republic

²Higher School of Economics Nizhny Novgorod, Russian Federation

Abstract

The article presents the results of the study of the features of the psychological well-being of teachers of Russian universities as a condition for their psychological readiness for organizational changes.

The study involved teachers (101 people; 12.9% men, 87.1% women) of management, economics, psychology, pedagogy, law aged 22 to 62 years.

In the course of the study, the psychodiagnostic technique "Readiness for organizational changes" by D. Holt in the adaptation of E. Naumtseva, the Method of assessing the psychological well-being of K. Riff in the adaptation of Troshihina E., Zhukovskaya L. were used.

The results of the study showed a high level of awareness of teachers about the upcoming changes – the introduction of distance online learning: 92% of respondents understand the content and essence of the changes. The attitude of teachers to changes is rather negative: 80.2% of teachers have a negative attitude to the changes introduced. About a third of teachers (28.7%) do not want to participate in innovations and support them, and 27.7% – take a neutral position in this matter. At the same time, the level of own knowledge for the introduction of innovations is estimated by teachers as more than sufficient (only 7.9–12.9% are not confident in their abilities to ensure innovations).

Personal attitude to innovations directly depends on the level of psychological well-being of the teacher. The willingness of university professors to support leadership in the implementation of organizational changes and the willingness to implement the proposed innovations are also related to the characteristics of psychological well-being.

The study showed the existence of a relationship between the level of psychological well-being and the readiness of university teachers for organizational changes. The level of psychological well-being can act as a predictor of the readiness of university teachers to innovations.

Keywords: psychological well-being, readiness for organizational changes, university teachers

Tiia Vissak¹, A. F. M. Jalal Ahamed²

¹University Of Tartu, Estonia

²University of Skövde, Sweden

Abstract

Although organizations are, in general, prepared to cope with more regular market- or general environment-related uncertainties, they may experience problems in dealing with episodic uncertainties emerging due to infrequent and unexpected, but high-impact events. The COVID-19 pandemic represents such an event as it is extraordinary and unpredictable and, at the same time, it influences the whole society and economy.

Resilience has been perceived as “a key organisational capability for sustainability in the current turbulent environment” (Beech et al. 2020, p. 161). As “Resilience is something that can be learned, built on, and improved” (Stoltz 2004, p. 18), it is important to find out how firms have managed to cope with the COVID-19 crisis as this could also help other firms during the current but also future crises.

This paper aims to find out how five case firms from Bangladesh (all specialized in woven and/or knit products) reacted to the COVID-19 pandemic. It concludes that these firms were not prepared enough, and mostly they experienced negative impacts (increased costs, fluctuating orders, increased delivery times etc.). However, the pandemic also led to some positive changes: especially, increased productivity and value added, but also faster digitalization and paying more attention to creating and maintaining long-term relationships with customers and suppliers. Moreover, the respondents understood that they should be better prepared for potential future crises and thus, their firms' resilience should increase.

Keywords: resilience, COVID-19, crisis, case study