

# Conference Program



Kavala Institute of Technology,  
Department of Accountancy, Greece

Istanbul University,  
Department of Economics, Turkey

5<sup>th</sup> International Conference

‘The Economies of Balkan and Eastern Europe Countries  
in the changed World’

EBEEC 2013

Istanbul, Turkey

May 9-12, 2013

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| <b>THURSDAY, May 9</b> |
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**8:30-9:30**

**Registration**

**9:30**

**Opening Ceremony and welcome speeches**

**Rector Yunus Söylet**, Istanbul University, Beyazit, Turkey.

**Dean Halis Yunus Ersöz**, Istanbul University, Beyazit, Turkey.

**Ongan Serdar**, Istanbul University, Beyazit, Turkey.

**Karasavoglou Anastasios**, Kavala Institute of Technology, Greece.

**10:00-11:00**

**Chairman: Ongan Serdar**, Istanbul University, Beyazit, Turkey.

**Keynote Speakers:**

**(a) Professor George Petrakos**, University of Thessaly, Greece / Director, South and East European Development Center Department of Planning and Regional Development

*“Two decades of integration and structural change in the Balkans and Eastern European Countries: An assessment”*

**(b) Associate Professor Nurcan Özgür**, Istanbul University, Turkey

*“Continuity and change in the Economies of Balkan and Eastern European Countries”*

**11:00-11:30**

**Coffee break**

**11:30-13:30**

**Session I: International Economic-Globalization**

**Chairmen: Constantinos Katrakilidis / Murat Sadiku** - Aristotle University of Thessaloniki, Greece / South East European University, FYROM

- 1) **Maria Eleni Voutsas, George Borovas, Nikos Fotopoulos** - Department of Economics University of Thessaly, Greece / University of Western Macedonia, Greece / University of Western Macedonia, Greece, *“The Role of the Bretton Woods Institutions in Shaping and Spreading Education Policies”*.
- 2) **Miroljub Shukarov, Hristina Cipusheva** - South East European University, FYROM, *“You have to run, stay still” (J. Stiglitz)*.
- 3) **Elena Spasova** - New Bulgarian University, Bulgaria, *“Exchange rate regimes in the new member states as factors for balance of payments sustainability. The case of Bulgaria”*.

**S A T U R D A Y , M A Y 1 1**

**9:00-10:30**

**Session I: Monetary Policy-Finance-Banking**

**Chairmen: Ramona Rupeika-Apoga / Pavlos Delias** - University of Latvia, Latvia / Kavala Institute of Technology, Greece

- 1) **Şeref Bozoklu, Veli Yılancı** - Istanbul University, Turkey / Sakarya University, Turkey, “*Testing the rational bubbles in the stock markets of Balkan and eastern Europe economies: a fractional integration approach*”.
- 2) **Goran Petrevski, Biljana Petrevska** - SS Cyril and Methodius University in Skopje, FYROM / Goce Delcev University in Stip, FYROM, “*Modelling money demand in the FYR of Macedonia*”.
- 3) **Rufi Osmani, Jeton Mazllami, Izet Zeqiri, Brikend Aziri** - SEEU, FYROM, “*Opportunities for the SME cooperation with PPP: with special emphasis to the republic of Macedonia*”.
- 4) **Konstantinos Liapis, Dimitrios Kantianis, Christos Galanos** - Panteion University, Greece, “*Commercial real property investments under debt crisis economic conditions*”.
- 5) **Blazej Lepczynski, Marta Penczar** - University of Gdansk, Poland, “*Growth, profitability and capital adequacy of banking sectors in CEE in the light of global financial crisis*”.
- 6) **Tamás Bognár** - Széchenyi István University Győr, Hungary, “*Operative regression or strategic thinking-a crisis that leads to innovation or stagnation*”.

**Session II: Business**

**Chairmen: Radmila Jablan Stefanović / Efsthios Dimitriadis** - University of Belgrade, Serbia / Kavala Institute of Technology, Greece

- 1) **Petra Platz** - Széchenyi István University, Doctoral School of Regional and Economics Sciences, Hungary, “*Innovative citizens in an innovative society*”.
- 2) **Konstantinos Rotsios, Nikolaos Sklavounos, Yannis Hajidimitriou** - University of Macedonia, Greece, “*Trust and knowledge transfer in international joint ventures: the case of four Greek IJVs*”.
- 3) **Spyros Vassiliadis** - Thessaloniki Institute of Technology, Greece, “*The Greek family businesses and the succession problem*”.
- 4) **Viktória Stifter** - Széchenyi István University Regional and Economical Doctoral School, Hungary, “*The role of emotional intelligence in knowledge management*”.
- 5) **Anisa Bello, Philip Papadopoulos** - Perrotis College - American Farm School, Greece, “*Structure and Agency in Entrepreneurial intention in the Midst of Crisis: Understanding the profiles of aspiring Greek small entrepreneurs*”.

**Session III: Accounting- Auditing**

**Chairmen: Nicos Sykianakis / Marietta Janowicz-Lomott** - Piraeus Institute of Technology, Greece / Gdansk University, Poland

- 1) **Algis Zvirblis, Antanas Buracas** - Lithuanian University of Educational Sciences, Lithuania, “*Multi-aspect Assessment of Auditing Services Quality of Companies' Financial Statements*”.
- 2) **Ksenija Dencic-Mihajlov, Dejan Spasic** - University of Nis, Serbia, “*Transparency of financial reporting in Serbia-regulatory framework and reporting practices*”.

# BOOK OF ABSTRACTS



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## MODELLING MONEY DEMAND IN THE FYR OF MACEDONIA

*Goran Petrevski<sup>1</sup>, Biljana Petrevska<sup>2</sup>*

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### ABSTRACT

The empirical analysis of money demand seems to be of crucial importance for checking the existence of a stable relationship between money and prices as a prerequisite of attaching a greater role for monetary aggregates in the conduct of monetary policy. This paper provides for an empirical analysis of the demand for narrow money in the FYR of Macedonia. Specifically, the paper deals with the following issues: the empirical modelling of the demand for money in the long-run, the short-run dynamics of money, and the stability of the demand for money.

The empirical analysis of the demand for money in the FYR of Macedonia covers the period from the first quarter of 1994 up to the last quarter of 2012. We work with quarterly values of the following variables: narrow money as represented by the monetary aggregate M1 (comprising cash plus sight deposits), real Gross Domestic Product, and nominal interest rate on 3-month time deposits, denominated in domestic currency.

We employ the Vector Error Correction Model (VECM) where we first check for the long-run relationship between the variables and then we investigate the short-run dynamics. As part of the estimation strategy, we first run a series of unit root test, which shows that narrow money, GDP and interest rates are non-stationary. Then, we proceed by testing for the presence of cointegration between these three variables by means of the Johansen maximum likelihood approach. In order to determine the number of cointegrating vectors, we employed the two alternative test statistics: the trace of the stochastic matrix and the maximum eigenvalue. Based on both tests we can conclude that there is cointegration relationship between the variables of interest.

Hence, the cointegrating vector can be interpreted as a money demand function, where money holdings are positively related to real income and negatively associated with the short run interest rate. As for the economic importance of the obtained coefficients, it can be seen that income elasticity is much lower than unity, i.e. it is closer to 0.5. This result may reflect the fact that we model the demand for narrow money, which serves for transaction purposes and not as an asset, so that economic agents tend to economise with money holdings. This finding is further confirmed by the pretty high coefficient before the interest rate, which is in line with the interest semi-elasticity usually found in other countries with less developed financial systems. As for the short-run dynamics, the results suggest very slow adjustment of the demand for money towards its long-run equilibrium level. Finally, we estimate the recursive coefficients before real income and nominal interest rates and find that they remain quite stable over time. Therefore, we take this exercise as evidence in favour of the stability of the demand for money.

### KEY WORDS

Money demand, Vector error correction model, Cointegration