

The role of pension funds as sustainable institutional investors: An empirical analysis of their influence on the capital market

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Abstract

Today's financial market conditions require sustainable investment practices. However, for better functioning of the financial system, it must be considered which financial players can have positive effect. The pension funds, as the major institutional investors, are one of the most important players in the global capital markets. Their investment behavior is mainly determined by the economic conditions and circumstances. Nevertheless, their status as the key drivers of the global market is indisputable. Therefore, this paper aims to provide an analysis of the impact of the assets of the pension funds on the capital market. In the study, an economic model has been created, where the dependent variable is the market capitalization as a percentage of GDP and the independent variables are the pension fund assets as a percentage of GDP, GDP per capita growth and inflation. The results showed statistically significant independent variables, where the assets of the pension funds have a positive effect on market capitalization, while market capitalization has a positive effect on GDP per capita growth. This paper also includes supplementary descriptive analysis of pension funds' investment activities in sustainable projects. Sustainable investment has proven to provide long-term positive effect on the financial returns. Nevertheless, in the current, competitive financial markets, aligning the investment goals of the investors with their values can contribute to the development of new technologies, while reducing the negative effect on the environment and at the same time promoting social responsibility. Global challenges regarding the climate change, inequality and the rapid pace of technological development can be addressed through modernized efforts and new strategic approached. In this context, sustainable investments can be directed towards these global challenges, hence, with generating better environmental outcomes.

Keywords: investment, pension funds, capital market, sustainable investment, institutional investors

Stip, North Macedonia

To: prof. **Mila Mitreva**

Date: April 3, 2023

ACCEPTANCE LETTER

MICEB 2023

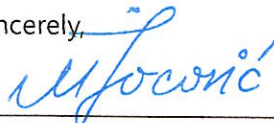
Dear professor **Mitreva**,

We would like to inform you that your abstract entitled "*The role of pension funds as sustainable institutional investors: An empirical analysis of their influence on the capital market*" has been accepted for participation in the *1st Montenegrin International Conference on Economics & Business (MICEB)* which will be held in *Avala Resort & Villas in Budva (Montenegro)* from *25th to 27th of May 2023*. The Abstract book from the conference will be published by the conference date.

If you would like to book **accommodation** at **Avala Resort & Villas** (conference venue), at special prices for conference participants, please follow the link - <https://miceb.me/accommodation>.

The detailed program of the conference will be published by May 15, 2023.

Sincerely,



Prof. **Mijat Jocović**, President
Organizing Committee
MICEB

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MICEB
Montenegrin International
Conference on Economics
& Business



CONFERENCE AGENDA

25th - 27th May
2023

SUSTAINABLE DEVELOPMENT: Transition to GREEN ECONOMY
AVALA Resort & Villas / Budva, Montenegro

Thursday, 25th May

18:00 – 18:15 **OPENING CEREMONY**

Prof. **Mijat JOCOVIĆ**, Dean, Faculty of Economics, University of Montenegro
Ms. **Oana Cristina POPA**, EU Ambassador to Montenegro

18:15 – 18:30 **Janez ŠKRABEC**, CEO, Riko d.o.o., Ljubljana, Slovenia

18:30 – 20:00 **PLENARY SESSION – *Transition to a green economy: benefits, challenges and risks***

Moderator: Prof. **Maja BAČOVIĆ**, Full Professor, Faculty of Economics, University of Montenegro
Prof. **Roy THURIK**, Emeritus Professor, Erasmus School of Economics, Rotterdam
Dr. **Megan BOWMAN**, Associate Professor, King's College London
Dr. **Dritan ABAZOVIĆ**, Prime Minister of Montenegro
Nikola ROVČANIN, CEO, Elektroprivreda Crne Gore
Dr. **Jaromir PEKLO**, Managing Partner, Chayton Capital
MSc **Remon ZAKARIA**, Head of EBRD Montenegro

20:00 **WELCOME RECEPTION** (String Quartet, Musical Academy, University of Montenegro)

Friday, 26th May

10:00 – 12:00 **LECTURES & DISCUSSIONS**

10:00 – 10:50 ***Performance of the Montenegrin economy: issues and perspectives***

MSc **Jakov MILATOVIĆ**, President of Montenegro, Guest Lecture
Moderator: Prof. **Gordana ĐUROVIĆ**, Full Professor, Faculty of Economics, University of Montenegro

10:50 – 11:40 ***Macroeconomic projections for Montenegro***

MSc **Velimir BOLE**, Economic Institute, Faculty of Law, University of Ljubljana, Guest Lecture
Moderator: Prof. **Janez PRAŠNIKAR**, Emeritus Professor, School of Economics and Business, University of Ljubljana

11:40 – 12:00 **Coffee break**

12:00 – 14:00 **PARALLEL SESSIONS** (Green Economy A-B, Economics, Business)

14:00 – 14:15 **CLOSING REMARKS**

17:30 **Departure to Tivat**

18:30 – 23:00 **Gala dinner Cruise – The Bay of Kotor**

Saturday, 27th May

10:00 – 11:00 **Budva Old Town Walking Tour**

PARALLEL SESSIONS

Session: **GREEN ECONOMY (A)**

Friday, 26th May, **12:00-14:00**

Moderators: Dr. **Emily BARRITT**, King's College London
Dr. **Tamara BACKOVIĆ**, Faculty of Economics, University of Montenegro

<p>Best practices of eco-innovation and circular economy implementation</p> <p>Maja KONEČNIK RUZZIER, Mitja RUZZIER, Jana HOJNIK, Boris SUČIĆ</p>	<p>Digitalization in Albanian agrotourism, new path to follow</p> <p>Irini GOGA, Ambra KRAJA</p>
<p>Unlocking the Socio-Economic Potential of Informal Waste Collectors through Circular Economy Development Policies</p> <p>Jelena J. STANKOVIĆ, Bojana NOVIĆEVIĆ-ČEČEVIĆ, Marina STANOJEVIĆ</p>	<p>Sustainable finance and the role of securities regulation in late transition economies</p> <p>Ljubica NIKOLIĆ, Predrag CVETKOVIĆ, Branko LJUTIĆ</p>
<p>State of the Carbon Risk in Financial Markets of Open Balkan</p> <p>Milica LATINOVIĆ, Slađana BENKOVIĆ, Veljko DMITROVIĆ</p>	<p>Significance and perspectives of circular economy development in Bosnia and Herzegovina</p> <p>Predrag MLINAREVIĆ, Nemanja ŠARENAC</p>
<p>Are Digital Transformation and Broadband Infrastructure enhancing Public Governance across the European Union? Potential benefits from advanced econometric approaches</p> <p>Alexandra-Mădălina ȚĂRAN, Nicoleta-Claudia MOLDOVAN, Lavinia-Daniela MIHIȚ, Oana-Ramona LOBONȚ</p>	<p>Financial Reporting for Sustainability Finance and Banking in Montenegro</p> <p>Radovan SAMARDŽIĆ, Zoran VUKOVIĆ, Branko LJUTIĆ</p>
<p>Prospects for ESG Assurance in Developing Countries: Case of the Republic of North Macedonia</p> <p>Atanasko ATANASOVSKI, Todor TOCEV</p>	<p>Mass Tourism: The Impact of Tourist Arrivals and Tourist Urbanism on Environment and Quality of Life</p> <p>Sergej GRIČAR, Violeta ŠUGAR</p>
<p>Uncovering Normalities in Time Series Econometrics for Sustainable Transition in Serbia and Slovenia</p> <p>Sergej GRIČAR, Nemanja LOJANICA, Štefan BOJNEC, Saša OBRADOVIĆ</p>	<p>Impact of sustainable urban mobility on the development of electromobility in cities</p> <p>Agnieszka POKORSKA</p>
<p>Green growth in the EU countries: an analysis of energy productivity</p> <p>Tomasz GRODZICKI</p>	<p>The Influence of Circular Economy on Sustainable Development: European and Serbian Experience</p> <p>Aleksandar VIĆENTIJEVIĆ, Miloš PAREŽANIN, Dragana KRAGULJ</p>
<p>Digitalization and innovation as a key factors of sustainable development</p> <p>Dejan MIKEREVIĆ</p>	<p>Mapping the Literature on Sustainable Digital Transformation in the Context of the Sustainable Development Goals</p> <p>Mario JADRIĆ, Tea MIJAČ, Maja ČUKUŠIĆ</p>
<p>Sustainability-oriented SMEs in Southeast Europe: barriers to sustainability implementation</p> <p>Maja IVANOVIĆ-ĐUKIĆ, Suzana STEFANOVIĆ, Tamara RAĐENOVIĆ, Miljana TALIC</p>	<p>Changes in the European Union households' consumption structure and the sustainable development</p> <p>Mateusz JANKIEWICZ</p>
<p>Assessing the size of the bioeconomy in Croatia</p> <p>Ivana RAŠIĆ</p>	<p>Financial viability of integrating storage capacity within a solar power plant</p> <p>Nikola MIŠNIĆ, Milorad JOVOVIĆ</p>

Session: **GREEN ECONOMY (B)**

Friday, 26th May, **12:00-14:00**

Moderators: Prof. **Saša POPOVIĆ**, Faculty of Economics, University of Montenegro
Dr. **Ana MUGOŠA**, Faculty of Economics, University of Montenegro

<p>Strengthening capacities for the efficient implementation of the ESG and sustainable finance policies Slađana SREDOJEVIĆ</p>	<p>Impact of tourism on CO2 emission: Evidence from Western Balkans Vesna KARADŽIĆ, Zdenka DRAGAŠEVIĆ, Julija CEROVIĆ SMOLOVIĆ, Tamara BACKOVIĆ</p>
<p>Innovative sustainable financial instruments Bojana OLGIC DRAŽENOVIC</p>	<p>Financial reporting for green finance in Bosnia and Hercegovina Edin GLOGIĆ</p>
<p>Localizing sustainable development goals (SDGs) in the Western Balkans green agenda context Gordana ĐUROVIĆ, Milica MUHADINOVIC, Petar RAIČEVIĆ</p>	<p>The contribution of financial tools to the development of entrepreneurship in lignite regions during the energy transition. The case of Megalopolis, Greece Ilias A. MAKRIS, Sotiris APOSTOLOPOULOS</p>
<p>Digitization of marketing channels in developing countries, as a step to create a sustainable economy Monika ARSOVA</p>	<p>Climate risks and vulnerability of the local economy of the city of Skopje Aleksandar NAUMOSKI</p>
<p>Interchange dynamics of world's green energy production and fossil fuels consumption Damir V. SINDIK, Vladimir KAŠĆELAN, Ljiljana KAŠĆELAN</p>	<p>Green Transition in the Vortex of Frequent Crises Dragan MIKEREVIĆ, Đoko MALEŠEVIĆ</p>
<p>ICT Dematerialization: Cluster Analysis Evidence Before and During the COVID-19 Pandemic Ljiljana KAŠĆELAN, Sunčica ROGIĆ VUKOVIĆ, Milena ĐUKANOVIĆ, Ivan MARTINOVIĆ, Vladimir ĐURIŠIĆ</p>	<p>Valuing Cryptocurrencies and NFTs as Intangible Assets: A Review of the Literature Miloš GRUJIĆ, Olja KNEŽEVIĆ</p>
<p>Green bonds volatility analysis: comparison with conventional bond market and energy market Jelena JOVOVIĆ, Saša POPOVIĆ</p>	<p>The impact of greenhouse gas emissions on GDP: empirical analysis of Germany Stevan ĐURIĆ, Tanja MIROTIĆ, Sofija SEKULIĆ, Dženana ĐURKOVIĆ</p>
<p>Green banking and sustainable development: the case of Montenegrin large legal entities Aleksandra JOVANOVIĆ, Ivan RADEVIĆ</p>	<p>The Risks and Consequences of Fraudulent Sustainability Reporting Savka VUČKOVIĆ MILUTINOVIĆ, Dejan MALINIĆ</p>
<p>Corporate governance and sustainability: theoretical approach and constraints for their implementation in the Western Balkan countries Mijat JOCOVIĆ, Ivana LJUTIĆ</p>	<p>Tandem solar power Plant business model in the context of the Maoche Coal Basin Development Investment Project Uladzimir BUTS</p>
<p>Assessment of Economic Damage Caused by Climate Change: Case of Montenegro Jasmina ČETKOVIĆ, Miloš ŽARKOVIĆ</p>	<p>Green financing in Western Balkan countries – challenges and limitations Jelena POLJAŠEVIĆ</p>
<p>The Ecological Footprint in context of Sustainable Finance Ana MUGOŠA, Saša POPOVIĆ, Jovo ATELJEVIĆ</p>	<p>The Impact of Cryptocurrencies on the Green Economy Saša VUJOŠEVIĆ, Milena LIPOVINA-BOŽOVIĆ</p>

Session: **ECONOMICS**
 Friday, 26th May, **12:00-14:00**

Moderators: Prof. **Vesna KARADŽIĆ**, Faculty of Economics, University of Montenegro
 Prof. **Nikola MILOVIĆ**, Faculty of Economics, University of Montenegro

<p>Artificial intelligence: Fundamental challenge for democratic society Miomir JAKŠIĆ</p>	<p>Natural resources rents and GDP growth in CEE – borrowing against the future Nikola MARTINOVIĆ, Nikola MILOVIĆ, Bojan PEJOVIĆ</p>
<p>Legal framework for economic development between the requirements of sustainability and the process of digitalization Mateja DUROVIĆ</p>	<p>The role of pension funds as sustainable institutional investors: An empirical analysis of their influence on the capital market Mila MITREVA</p>
<p>Foreign Direct Investment, Sustainable Growth and Bilateral Investment Treaties Predrag BJELIĆ, Radovan KASTRATOVIĆ, Miloš RAJKOVIĆ</p>	<p>Output and productivity growth in Montenegro from 2007 to 2021: sectoral approach Maja BAČOVIĆ</p>
<p>Bibliometric Analysis of Anti-Corruption Academic Literature in South-East European Region (2017-2022) Ivan PAVIĆ, Nikša ALFIREVIĆ, Damir PIPLICA</p>	<p>The transition of Montenegrin economy – 25 years later: How to achieve sustainable growth Milivoje RADOVIĆ, Nemanja POPOVIĆ, Jovan ĐURAŠKOVIĆ, Milena KONATAR</p>
<p>Challenges of New Geopolitical Perspectives for Economic Policy Aleksandra PRAŠČEVIĆ</p>	<p>Inclusive and sustainable industrial development of Serbia Milena LUTOVAC ĐAKOVIĆ, Miloš D. LUTOVAC</p>
<p>Rural Development and Poverty Evaluation in Shkodra Region Ambra KRAJA, Irini GOGA</p>	<p>The effect of oil and electricity import on current account deficit: an analysis on Western Balkan countries Maja IVANOVIĆ, Mira RADUNOVIĆ</p>
<p>Why green tax reform was not implemented in Slovenia? Some policy implications for the Western Balkan countries Aleksandar KEŠELJEVIĆ, Matjaž KOMAN, Milan LAKIĆEVIĆ</p>	<p>Is it possible to divorce entrepreneurial activity from fiscal policy in EU countries? Oana-Ramona LOBONȚ, Florin COSTEA, Alexandra-Mădălina ȚĂRAN, Sorana VĂTAVU</p>
<p>Environmental Taxation in the Republic of North Macedonia – issues and perspectives Vladimir FILIPOVSKI</p>	<p>Innovation as a Driver of Economic Growth: Evidence from European Countries Milena LIPOVINA-BOŽOVIĆ, Bojan PEJOVIĆ, Bojana FEMIĆ-RADOSAVOVIĆ</p>
<p>The impact of Covid 19 pandemic on the world tourism Branislav DUDIĆ, Alexandra MITTELMAN Velibor SPALEVIĆ, Goran ŠKATARIĆ</p>	<p>Is any adjustment of the research response on the health expenditure efficiency and economic growth relationship in EU countries? Alexandra-Mădălina ȚĂRAN, Oana-Ramona LOBONȚ, Magda-Mihaela LUCA, Bianca DRAGOȘ</p>

Session: **BUSINESS**
 Friday, 26th May, **12:00-14:00**

Moderators: Prof. **Boban MELOVIĆ**, Faculty of Economics, University of Montenegro
 Prof. **Ljiljana KAŠČELAN**, Faculty of Economics, University of Montenegro

<p><i>Is Productivity and Innovation Paradox leading to Sustainability Paradox?</i> Maja LEVI JAKŠIĆ</p>	<p><i>Leadership in the Era of Digital Transformation and Disruptive Innovations</i> Dušan MARKOVIĆ, Ana ĐUROVIĆ</p>
<p><i>Hindered Contact Center Performance of Regional Energy Company Following Outsourcing Hints</i> Andrija RAŽNATOVIĆ</p>	<p><i>Strategic Management Tools and Governance in Small and Medium Enterprises (SMEs)</i> Ana Marija ALFIREVIĆ, Sabina ĐONLAGIĆ ALIBEGOVIĆ, Darko RENDULIĆ</p>
<p><i>An Overview of Organizational Support from Healthcare Professionals during the Pandemic Process</i> Candide ÇULHAOĞLU ULUDAĞ, Mehmet Emin BAYNAZOĞLU</p>	<p><i>Twinning Entrepreneurship and Digitalisation: Do we have a winner? A panel threshold regression analysis in EU countries</i> Ana-Cristina NICOLESCU, Oana-Ramona LOBONȚ, Sorana VĂTAVU, Emilia BOZGA</p>
<p><i>Analysing Differences In Attitudes Regarding The Use Of The Internet: Empirical Study From Serbia</i> Zoran DRAŠKOVIĆ, Đorđe ČELIĆ, Viktorija PETROV, Slavica MITROVIĆ VELJKOVIĆ</p>	<p><i>Do investment incentives matter in MNEs location choices? Evidence from SEZs in Poland</i> Tomasz DOROŻYŃSKI</p>
<p><i>The factors that affect the growth of SME-s in Albania</i> Ortis HODA, Ermira QOSJA</p>	<p><i>Neuromarketing and Consumer Behavior: Marketing Managers vs Consumers in buying Green Products</i> Boban MELOVIĆ, Jurica PAVIČIĆ</p>
<p><i>Application of IT Tools in Management Reporting</i> Mirjana TODOROVIĆ, Milan ČUPIĆ</p>	<p><i>Consumers Purchasing Behaviour as Fundament to Circular Economy Adoption – an Empirical Research from Montenegro</i> Dragana ĆIROVIĆ, Boban MELOVIĆ, Marina DABIĆ</p>
<p><i>Analysis of the management style in the healthcare institution</i> Slavica MITROVIĆ VELJKOVIĆ, Predrag VIDICKI, Olga IVETIĆ, Aleksandra PERIĆ</p>	<p><i>Internationalization as comparative advantage for Higher Education Institutions – the case of Montenegro</i> Filip PETROVIĆ, Danijela JAČIMOVIĆ, João CORREIA LEITÃO, Julija CEROVIĆ SMOLOVIĆ</p>
<p><i>Impacts of Organisational Maturity on Document Management System Use – Case Analysis</i> Sandra JORDAN, Samo BOBEK, Vujica LAZOVIĆ, Sunčica ROGIĆ VUKOVIĆ, Simona STERNAD -ZABUKOVŠEK</p>	<p><i>Financial distress prediction: empirical evidence from Montenegrin electric power companies</i> Milan LAKIĆEVIĆ, Milica VUKČEVIĆ</p>
<p><i>Perceived advertising value of media for driving sustainable demand in emerging adults</i> Tamara JOVANOVA APASIEVA, Mila MITREVA, Monika ARSOVA</p>	<p><i>Audit firms and non- financial information assurance: Evidence from Montenegro</i> Tanja LAKOVIĆ, Milica VUKČEVIĆ</p>
<p><i>The importance of training on interculturality of employees in the tourism sector</i> Jelena VUJADINOVIĆ</p>	