

THE IMPACT OF THE ECONOMIC AND FINANCIAL STABILITY ON INVESTMENTS, INNOVATION PROCESS AND ENTREPRENEURIAL ACTIVITY IN THE EU (ISIHA)

Goal of the project

The aim of the project is to analyze the relationship between economic and financial stability on the one hand, and investment, innovation and entrepreneurship on the other hand, with a focus on the EU countries. The purpose is to see how the degradation of macroeconomic conditions and firms' access to finance influence their investment behavior and the entrepreneurial activity. For this purpose we use firm-level statistics (AMADEUS database) and perform sectorial comparison at EU level.

Short description of the projects

The economic and financial stability plays an important role in promoting investment, in influencing the entrepreneurs' decisions and in enhancing the national innovativeness capacity. These aspects, extremely important for the European strategy for economic recovery and job creation are not sufficiently explored in the literature, while their empirical investigation is practically inexistent.

Project implemented by

Politehnica University of Timisoara

Implementation period

01.10.2015 – 30.09.2017

Main activities

1. We develop the research on three directions:

- analyze the link between stability and investments, considering the sectorial particularities of the investments' determinants, using FDI and firm-level data.
- investigate the role of the stability in enhancing the national innovativeness capacity.
- explore the relationship between the economic stability and the entrepreneurial activity, to see which are the economic sectors where the entrepreneurial decision is sensitive to the evolution of the macroeconomic fundamentals.

2. Manipulation of AMADEUS statistics for firms' financial statements

3. Econometric analyses and generation of results

4. Dissemination of results in international conference

5. Collaboration with international researcher and research stages for young researchers involved in the project

6. Publication of empirical findings in high-ranked journals

Results

Publications:

- Albulescu, C.T., Oros, C. and Tiwari, A.K. (2017). Is there any convergence in health expenditures across EU countries? *Economics Bulletin*, 37(3), 2095-2101.
- Albulescu, C.T., Aubin, C. and Goyeau, D. (2017). Stock prices, inflation and inflation uncertainty in the U.S.: Testing the long-run relationship considering Dow Jones sector indexes, *Applied Economics*, 49(18), 1794-1807.
- Albulescu, C.T., Miclea, S., Suci, S.S., and Tamasila, M. (2017). Firm-level investment in extractive industries from CEE countries: the role of macroeconomic uncertainty and internal conditions, *Eurasian Business Review*, <https://doi.org/10.1007/s40821-017-0079-3>.
- Albulescu, C.T. and Ionescu, A.M. (2017). The long-run impact of monetary policy uncertainty and banking stability on inward FDI in EU countries, *Research in International Business and Finance*, <https://doi.org/10.1016/j.ribaf.2017.07.133>.
- Albulescu, C.T. and Tiwari, A.K. (2017). Unemployment persistence in EU countries: new evidence using bounded unit root tests, *Applied Economics Letters*, <https://doi.org/10.1080/13504851.2017.1368979>.

Research Stages:

Șerban Miclea (Université de Poitiers, CRIEF)

Claudiu Albulescu (Université d'Orleans, LEO)

Applicability and transferability of the results

The findings have practical implications for investment and financial managers of companies operating in different economic fields. The results have also practical implication for fiscal and monetary authorities, helping them to identify the elements that enhance the investment and the entrepreneurial activity, in order to sustain the economic growth and job creation. Further, relying on a sectorial analysis, the findings give a complete understanding about the determinants of investment and entrepreneurship, specific to each industry.

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Research Centre

Engineering and Management Research Centre

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