

**WEST UNIVERSITY OF TIMIȘOARA**  
**FINANCE FIELD**

**SUMMARY OF THE HABILITATION THESIS**

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## SUMMARY

This habilitation thesis aims to trace and synthesize the main contributions made in the research area, as well as in the teaching and professional career, after obtaining the title of PhD in Economics, the field of Finance, according to the Order of the Ministry of Education, Research, Youth and Sport no. 4698/14.08.2009, with the thesis “The financial Information System of the Company”, Scientific supervisor: Prof. Horia Dumitru CRISTEA, PhD, publicly defended on the 29<sup>th</sup> of May 2009, in a public session at the Faculty of Economics and Business Administration of the West University of Timișoara. Moreover, this thesis sets out to underline the future prospects for the development of research, teaching and professional activity for the upcoming period. It is worth mentioning that since obtaining my PhD degree, I have worked at the West University of Timișoara, at the Faculty of Economics and Business Administration, Department of Finance (now the Department of *Finance, Information Systems and Business Modeling*), going through the usual stages of a teaching career, from assistant to lecturer and then to associate professor, by also undertaking administrative responsibilities as well as activities in research teams and projects.

This habilitation thesis summarizes the main research directions addressed during my career, focusing on different facets of sustainability, which is widely used in the existing literature. The research endeavors pursued after acquiring the PhD degree resulted in a number of 5 articles published in indexed journals such as Web of Science (SSCI, SCIE) with positive impact factor and Absolute Influence Score (AIS) null, 8 other articles published in the Proceedings of Web of Science (WoS) indexed conference volumes and around 25 articles published in recognized journals in the country and abroad, or presented and/or included in volumes of international conferences.

This thesis consists of two parts:

- I. The first one is dedicated to the didactic, professional and especially research achievements obtained so far, with details of the most significant studies carried out in the field of economic sustainability.
- II. The second part includes some of the main research and professional development directions targeted for the upcoming years.

The first part, which represents the most significant part of this paper, traces the concept of economic sustainability and its implications at both the macroeconomic and microeconomic

levels. It brings together some of the studies carried out since the submission of the PhD thesis and highlights the most significant research achievements of recent years. The structure of this part is designed on four levels, which reflect the main research directions.

The first chapter, and indeed **the first research direction, aims to clarify the concept of economic sustainability in a globalized world.** The first sub-chapter introduces the concept of sustainability, with a focus on economic sustainability and its dimensions, emphasizing the importance of transition measures towards the green economy, socio-economic policies based on sustainable principles and support for investments in green technologies, as well as towards the promotion of social equity. Within this context, we emphasize the need for education and research in this area to achieve the desired developments.

The second sub-chapter presents several concerns I have had regarding the paradigm shift in the perception of productivity and economic growth: the limitation of these concepts in traditional approaches, which are often in conflict with the sustainable approach of modern economies. The research that we have conducted and disseminated through the publication of scientific articles since 2015 has aimed to present the traditional approach to economic growth through productivity, as it is perceived in the classical or business literature, as well as to present an alternative approach that puts the concept of serviceability at the center of the analysis. Such an approach makes economic actions more responsible, especially in the long term, which better serves the concept of sustainable economic growth.

The review of the existing approaches in the literature has led us to subchapter 1.3 which presents the conceptual changes necessary for the relevant analysis of sustainable economies. The contributions made in terms of the conducted research have been reflected in the paper *Generalizing Productivity and Service Stake. A Heterodox Widened Approach (Jivan&Năchescu, 2017)*, which offers a heterodox framework for models and analysis of service-stability in various ways different from the more usual alternatives that are more appropriate to the deeper sense of value creation that has been conceived in genuine liberalism. The new conceptual approaches that have been provided, after a careful and in-depth analysis of the existing conceptual frameworks, have led to a delimitation of the usual productivity approach (which strictly considers the immediate interest of the economic agent) and the service-led approach, whereby the immediate benefit is complemented by the social or environmental impact.

From the theoretical level, the obtained results were extended by detailing some of the aspects and modeling them mathematically, which led to the creation of a dynamic model,

created for a competitive market, in which co-production with the customer is also involved. This approach is aligned with the need for systemic balance and sustainability.

The second chapter of the thesis examines **economic sustainability at the macroeconomic level and in line with public policies that can enhance the conditions for achieving sustainability** or, on the contrary, undermine the chances of sustainability. The first part of this chapter looks at the macroeconomic framework within which sustainable developments are pursued, Moreover, it outlines the main elements through which governments can support sustainable economic development. The public policies that are created and implemented are those through which the government intervenes. Our research concerns have focused on two types of such public policies, those in the health sector and those with a strong populist character.

Public health policies and the way they have affected the economic sustainability of the health system in Romania have been the subject of several studies (the published article benefiting from a significant number of citations in the literature). Although the research undertaken (described in subchapter 2.2. of this thesis) is not exhaustive and will be further developed in the coming period, it emphasizes the fact that public policies in this area should aim at regulating costs, making the use of public resources transparent and establishing frameworks for a better use of a mix between the public and private health sector.

The developments of various economies under the impact of different political contexts have led us to address the issue of populist policies and attempt to test their harmful impact on economic sustainability. Subchapter 2.3 of this paper, highlights the conclusions we have drawn on responsible governance and the sustainability of populist public policies, with a particular focus on the wage-led growth strategy applied by Romania since January 2017 (as concretized in the article Responsible Governance and the Sustainability of Populist Public Policies. The Implications of Wage-Led Growth Strategy in Romania, published as a co-author in 2020). The study revealed that, in the case of Romania, populist public policies, such as the one that aimed strictly at increasing public sector wages, led to distortions in the labor market and, although they achieved the highest economic growth in the EU immediately after the measures were implemented, they generated significant costs in terms of Romania's economic sustainability.

An important research topic that we have addressed and discussed in chapter three, is **the role of capital markets in ensuring economic sustainability**. The concern with the performance of capital markets, the way they manifest themselves under the impact of various factors, as well as the anomalies specific to this type of market, is highlighted by the studies

undertaken and disseminated at various conferences, as well as by the publication of studies, three of which are detailed in subchapters 3.2, 3.3 and 3.4.

The (Shannonian) entropy transfer can be used to describe the functional links between financial markets, to detect different types of asymmetries in the interaction between two systems and, consequently, to distinguish between the driving and response forces in such interactions. This is one of the published studies that we turn to in sub-section 3.2, illustrating an application for a group of six Central and Eastern European markets. The results show that, for a period between 2001 and 2012, these markets are dominated in terms of net inflows by the WIG and S&P 500 indices. The study highlights the performance of individual portfolios that mimic the index structure as well as a global portfolio with weights based on individual net inflows. We believe that the results of this study are relevant because they highlight the asymmetric nature of market interactions.

Another factor that impacts the performance and sustainable development of the capital market is the rule of law, which we have focused on in an extensive study presented in sub-section 3.3. We observed that Rule of law has a significant positive impact on market capitalization: firstly, the financial market developments are non-linearly affected by economic growth, secondly, there is a bivalent relationship of support and competition between the segments of the financial sector, and last but not least, for the countries with weak financial systems, substantial foreign capital inflows have a dampening effect on local financial markets. These findings may contribute to optimizing public policies.

Another facet of the research on the sustainability of capital market development is related to capital market anomalies. Our studies on this issue have focused on calendar anomalies (in sub-section 3.4), with a particular focus on CEE countries.

Firstly, the compilation of a table with the main empirical studies that have addressed calendar anomalies in selected stock markets in CEE is essential in order to establish a benchmark. In the presented study, four calendar anomalies, namely day of the week, turn of the month, month of the year and holiday effects are tested for eight CEE countries from 2008 to 2019, and compared with the results for three developed stock markets. Garch (1,1) models with dummy variables are used to test the consequences for the dynamics of stock market returns. The results confirm that investors in developed markets are more rational and less anchored in past experiences that may have generated higher seasonal returns, while investors in CEE markets tend to be subject to exogenous influences and more vulnerable to behavioral contagion. It is also implied that market mechanisms are rational, but investors may act

irrationally. If calendar anomalies trigger market manipulation or speculation, then the effects on returns are more pronounced.

**The last line of research is a microeconomic one, which focuses on the role of corporate governance in ensuring economic sustainability.** The role of corporate governance has been a theme that I have explored in various smaller studies as well as in my postdoctoral research program. The last chapter of this habilitation thesis presents the analyses carried out from a conceptual point of view but also a particularization of the role of corporate governance in the performance of insurance, reinsurance and retirement funds companies.

The research presented in Chapter 4, aims to assess the influence of board characteristics and ownership concentration on key outcomes (operating income and financial performance) and on the size/capacity of European companies active in insurance, reinsurance and retirement funds (excluding mandatory social insurance). The methodological approach consists of two advanced econometric procedures (applied to data collected for 6096 firms in the industry from the Orbis database). These methods capture an integrative approach to measure the interaction between board characteristics, ownership concentration and outcomes (turnover, return on assets and return on equity) and capacity (total assets) of the firm, through robust regression with Huber and biweight iterations (RREG) and Gaussian and Mixed-Markov graphical models (GGM and MGM, respectively).

The three hypotheses tested were partially fulfilled (There is a direct and favorable impact of management, shareholders and ownership concentration on the performance of European insurance companies; There is a direct and favorable impact of management, shareholders and ownership concentration on the size of European insurance companies; There are general interconnections between management, shareholders, ownership concentration performance and the size of European insurance companies). We have been able to highlight new insights on the features of corporate governance that are needed in order to enhance the performance and capacity of companies in this area, as well as on the policy measures that need to be designed, adopted and implemented by companies in this area to increase their sustainability.

The second part of the habilitation thesis includes *some reflections on the achievements so far and the professional career development plan, structured on the main fields of activity, namely teaching activity, research activity and professional activity and connecting with the social environment - economic in which I operate*. For each of these, I highlight the main directions that I have pursued since obtaining my doctorate degree in

economics until now (with the marking of some achievements that we consider relevant for the course so far) and then, we present the proposed development objectives for future years.