VYTAUTAS MAGNUS UNIVERSITY AGRICULTURE ACADEMY

Accounting and Finance for Business

14th international scientific conference

ACCOUNTING AND FINANCE FOR BUSINESS 2024: TOWARDS SUSTAINABILITY

14-15th November 2024,
Vytautas Magnus University
Agriculture Academy
Lithuania

PROGRAMME AND ABSTRACTS

Kaunas, 2024

The Conference is organised by:

Faculty of Bioeconomy Development of Vytautas Magnus University Agriculture Academy.

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Programme compiled by:
Erika Besusparienė, Jūratė Savickienė, Asta Bendoraitytė

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Dear participants and guests of the conference,

Welcome to the 14th International Scientific Conference "Accounting and Finance for Business 2024: Towards Sustainability". This conference is a platform to explore innovative ideas, discuss sustainability-oriented trends and address emerging challenges in accounting and finance.

We are delighted and proud to have representatives from academic and scientific institutions from several European countries. We also extend a warm welcome to participants from various institutions within Lithuania. Your participation in the conference reflects our shared commitment to strengthening partnerships between academia, business, public sector and consulting institutions. We are confident that the presentations of research results will accelerate the collaboration and mutual understanding.

In 2024, the landscape of finance and accounting is changing significantly, driven by an urgent focus on sustainability and the digital transformation of business processes. Stakeholders are increasingly demanding transparency, reliability and comparability in environmental, social and governance (ESG) reporting. Conference discussions will address these challenges and explore the evolving role of green finance in unlocking the potential for sustainable growth. As companies strive to balance profitability and responsibility, it is critical for companies, especially SMEs, to understand how green initiatives impact stock market reactions and business performance.

Investors today, particularly those who prioritise social responsibility, are placing increasing value on non-financial information disclosed by companies. These investors recognise that socially responsible companies can add value through expected cash flows, reduced risk and lower cost of capital. The conference provides a platform for discussion and research on the principles and practices of ESG disclosure to help companies manage sustainability risks and seize new opportunities.

We wish you all a productive conference with inspiring presentations, insightful discussions and strengthened partnerships that will pave the way for further progress in finance, accounting and sustainable business practices.

On behalf of Scientific and Organising Committee
Prof. Dr. Vilija Aleknevičienė
Assoc. Prof. Dr. Erika Besusparienė

Conference PROGRAMME

THURSDAY, 14TH NOVEMBER

8.30–9.00	Registration of Participants
9.00–9.15	Opening Ceremony
9.15–11.15	Plenary Session
11.15–12.00	Break
12.00–13.30	Session I: Business Finance
13.30–13.45	Break
13.45–15.30	Session I: Business Finance

FRIDAY, 15TH NOVEMBER

8.30–9.00	Registration of Participants
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9.10–11.15	Panel Presentations and Discussion: Linking Sustainability Policy to Future Finance and Accounting
11.15–12:00	Break
12.00–13.45	Session II: Accounting and Auditing
13.45–14.00	Break
14.00–15.15	Session III: Corporate Governance

THURSDAY, 14TH NOVEMBER

Plenary Session

9:15–11:15 (EET)

Chairpersons — *Assoc. Prof. Dr. Erika Besusparienė*
PhD student Monika Bielskienė

Invited Keynote Speakers

GIUSEPPE GALLOPPO
Italy

NORA MARIJA LAURINAITYTĖ
Lithuania

NADIA ALBU
Romania

ZHELYO ZHELEV
Bulgaria

9.15–9.45	**GIUSEPPE GALLOPPO** Tuscia University of Viterbo, University of Rome Tor Vergata (Italy) **Green Initiatives and Stock Market Reaction of Italian SMEs**
9.45–10.15	**NORA MARIJA LAURINAITYTĖ** Lithuanian Green Finance Institute, Vilnius University (Lithuania) **Unlocking the Potential of Green Finance**
10.15–10.45	**NADIA ALBU** Bucharest University of Economic Studies (Romania) **Professionalization of Accountants in a Post-communist Setting**
10.45–11.15	**ZHELYO ZHELEV** D. A. Tsenov Academy of Economics (Bulgaria) **Taxpayer Behaviour in the Context of Digital Business Processes**
11.15–12.00	**Break**

Business Finance

12.00–15.30 (EET)

Chairpersons *Assoc. Prof. Dr. Jurgita Baranauskienė*
Lect. Jevgenija Furgasė

Aušrinė Lakštutienė, Audrius Kabašinskas, Kristina Šutienė (Lithuania) ASSESSMENT OF THE IMPACT OF COVID-19 AND RUSSIAN-UKRAINIAN WAR RISKS ON PENSION FUNDS PERFORMANCE: A CASE STUDY OF LITHUANIA
Lina Sinevičienė (Lithuania) INVESTIGATION OF CORPORATE ENVIRONMENTAL PROTECTION INVESTMENTS AND THEIR DETERMINANTS IN A VOLATILE ECONOMIC ENVIRONMENT
Karlis Ketners (Lithuania), Aleksis Jarockis (Latvia) PERFORMANCE-BASED BUDGETING AS A TOOL FOR INFORMED DECISION-MAKING IN LATVIA: LINKING SUSTAINABILITY POLICY TO THE FINANCE
Inguna Leibus, Gunita Mazure (Latvia) ASSESSMENT OF THE THREAT TO THE OPERATION OF AGRICULTURAL COOPERATIVES IN LATVIA USING FINANCIAL ANALYSIS
Vilija Aleknevičienė, Algirdas Justinas Staugaitis, Rugilė Gudaitienė, Asta Bendoraitytė (Lithuania) WHAT IMPACT DO THE UNCERTAINTIES HAVE ON THE INTERCONNECTIVITY BETWEEN THE GREEN BOND AND CONVENTIONAL MARKETS BEFORE AND DURING THE WAR IN UKRAINE?
Rasa Norvaišienė, Jurgita Stankevičienė (Lithuania) FINANCIAL FLEXIBILITY OF THE BALTIC STATES LISTED COMPANIES AND ITS IMPACT ON INVESTMENTS AND THEIR EFFICIENCY
13.30–13.45 Break
Rosita Šiaulytė, Aušrinė Lakštutienė (Lithuania) INNOVATIVE FINANCIAL SERVICES: REDEFINING PROFITS IN TRADITIONAL FINANCE
Vilija Aleknevičienė, Raimonda Vilutytė (Lithuania) HOW DOES STOCK MARKET REACT TO THE ANNOUNCEMENT OF GREEN BOND ISSUE? EVIDENCE FROM NORDIC COUNTRIES

Jurgita Baranauskienė (Lithuania)
ASSESSMENT OF PPP PROJECTS IN THE LIGHT OF SUSTAINABILITY

Pre-recorded presentations

Greta Keliuotytė-Staniulėnienė, Joana Mačėnaitė (Lithuania)
ASSESSMENT OF THE IMPACT OF A FIRM'S ESG PROFILE ON FIRM'S FINANCIAL PERFORMANCE AND STOCK PRICE RESILIENCE

Vlada Vitunskienė (Lithuania)
GOVERNMENT-FUNDED AGRIBUSINESSES: EMPIRICAL EVIDENCE TO WHAT EXTENT IS FARMING SUPPORTED IN LITHUANIA

Jūratė Savickienė, Daiva Silkauskienė (Lithuania)
DEVELOPING A MODEL FOR DIAGNOSING FINANCIAL DISTRESS IN COMMERCIAL TRADE COMPANIES

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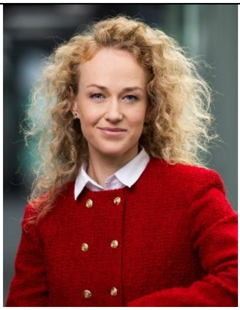
FRIDAY, 15TH NOVEMBER

PANEL PRESENTATIONS AND DISCUSSION

Linking Sustainability Policy to Future Finance and Accounting

9.10–11.15 (EET)

Moderator *Prof. Dr. Vilija Aleknevičienė*

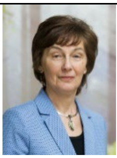
9.10–9.35	**GIEDRĖ PADAIGIENĖ** Swedbank, AB (Lithuania) **Green Financing and The Impact of Sustainability Requirements on Access to Bank Loans**	
9.35–10.00	**RONALDAS KUBILIUS** UAB „PricewaterhouseCoopers“ (Lithuania) **Challenges for the Business Sustainability Disclosures**	
10.00–10.25	**VILIJA ALEKNEVIČIENĖ** Vytautas Magnus University (Lithuania) **Impact on Corporate Social Responsibility on the Cost of Debt Capital: Experience of Scandinavian Countries**	

10.25–11.15	**Panel Discussion**

Key issues for discussion:

- Companies face significant challenges in collecting accurate sustainability data necessary for reporting due to the complexity of information across diverse operations. Resource constraints and the need to ensure transparency complicate the process of preparation of reliable sustainability disclosures. How do companies deal with the need of efficient collecting of accurate sustainability data?
- Quality of sustainability disclosures may influence the accessibility to various forms of capital and the costs of capital, as investors and lenders add ESG criteria into their decision-making processes. How much sustainability disclosures impact access to different types of debt capital?

Moderator:

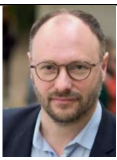


Prof. Dr. Vilija Aleknevičienė, Chair of the Accounting and Finance Masters's Degree Programme Committee, VMU Agriculture Academy Faculty of Bioeconomy Development.

Panel members:

Giedrė Padaigienė. Head of Swedbank AB's business clients' sustainability in Lithuania.

Ronaldas Kubilius. Leads the ESG team and is part of the Tax & Legal Services team in PwC Lithuania.



Dr. Bart Henssen. Head of the Center for Sustainable Entrepreneurship in Belgium.

Silva Katutytė. Managing Director at UAB Randers Reb International and PhD student at VMU Agricultural Academy Faculty of Bioeconomy Development.

11.15–12.00	**Break**

Accounting and Auditing

12.00–13.45 (EET)

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Lect. Asta Bendoraitytė

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Corporate Governance

14.00–15.15 (EET)

Chairpersons	*Assoc. Prof. Dr. Dalia Juočiūnienė* *Part. Assoc. Prof. Silva Katutytė*

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ASSESSMENT OF THE IMPACT OF COVID-19 AND RUSSIAN-UKRAINIAN WAR RISKS ON PENSION FUNDS PERFORMANCE: A CASE STUDY OF LITHUANIA

Aušrinė Lakštutienė[1*], Audrius Kabašinskas[2], Kristina Šutienė[3]

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Since 2019, Lithuanian pension funds (PFs) have even experienced two short-term shocks: COVID-19 pandemic and Russian-Ukrainian war, what has had a detrimental impact on PFs results. Scientific discussions and questions arise about the balance between regulatory intervention and allowing professional pension fund managers to make short-term decisions for safeguarding fund assets against substantial losses. Therefore, the purpose of this study is to assess the performance of PFs influenced by COVID-19 and Russian-Ukrainian war risks. To understand how market risk changes due to COVID-19 and Russian-Ukrainian war estimated correlation in four time windows 120 days each. Also, in this research analyzed how to measure performance of Lithuanian II pillar PFs using benchmark. The performance of PFs was analyzed by using two benchmarks “MSCI world index” and “BB EURO 1–5yr bond index”. The study considers a range of risk measures such as own performance measures mainly based on Sharpe ratio, also Recovery time, Downside deviation, and performance measures based on market or benchmark.

Findings suggest that all PFs demonstrated a growth with a varying slope until COVID-19 crisis, during which the funds have experienced a maximum drawdown ranging from 8.7% to 31.01%. The results have shown that depending on the time periods, the estimated performance measures may correlate to the different extent. The performance of PFs varied slightly depending on the time period, but all funds eventually recovered to or exceeded their pre-crisis values. Regardless of the manager, PFs performance was similar, especially for younger age groups, raising questions about the uniqueness of their investment strategies. During both the COVID-19 period and the Russian-Ukrainian war, fund returns were homogenous across managers, suggesting a uniform asset composition that explains their similar performance during these shocks.

Keywords: Pension funds, COVID-19, Russian-Ukrainian war, Risk.

JEL classifications: G01, G23.

INVESTIGATION OF CORPORATE ENVIRONMENTAL PROTECTION INVESTMENTS AND THEIR DETERMINANTS IN A VOLATILE ECONOMIC ENVIRONMENT

Lina Sinevičienė[1*]

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With the rapid development of industry, production, transport, and various technologies, the emission of harmful substances into the environment is unstoppably increasing and the greenhouse effect is being caused. Corporate environmental protection investments are especially important in solving environmental issues in this context.

The research aim is to identify factors promoting corporate investments in environmental protection in a volatile economic environment.

The research methodology. In the study, analysis and synthesis of scientific literature is performed in order to determine the main determinants of companies' environmental investments. In order to evaluate the relationship between companies' environmental investments and their main determinants, the evaluation of the trends and correlation analysis is carried out. The research sample is European Union countries data from 2010 until 2021.

The research results showed that the main factors that may affect business environmental investment could be classified into two broad categories: political–regulatory factors and economic–financial factors. The main determinants are environmental taxes, corporate liquidity, electricity price uncertainty, energy consumption, public support, public education, inflation, GDP growth, CO2 emissions, financial sector development, stock market development, interest rate, and corporate sales turnover.

Promoting the growth of pollution-reducing investments is important, however, it is important to emphasize that it is still not clear whether these investments pay off and lead to the more sustainable development of EU countries, and what the unstable economic environment impacts on these investments in the long run.

Keywords: Environmental protection investments, sustainability, volatile economic environment.

JEL classifications: E22, E32, Q56.

PERFORMANCE-BASED BUDGETING AS A TOOL FOR INFORMED DECISION-MAKING IN LATVIA: LINKING SUSTAINABILITY POLICY TO THE FINANCE

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Latvia has made significant strides in aligning its public finance with sustainability principles in recent years. Latvia is implementing the UN Sustainable Development Goals by integrating them into the Sustainable Development Strategy of Latvia 2030 and National Development Plan for 2021-2027. Strategy 2030 identifies key focus areas such as science and innovation, modernisation of governance, and reducing inequalities. This research explores the potential of performance-based budgeting (PBB) to link sustainability policy to future finance and accounting practices in Latvia. PBB is an approach that seeks to enhance decision-making by connecting budget allocations to performance outcomes. The main challenge is the integration of sustainability policy objectives into budgetary processes, ensuring the monitoring and evaluation of performance metrics related to the expenditures and the reporting system ensuring accountability. Enhancing transparency and accountability by implementing the PBB provides a framework for tracking and reporting on the outcomes of budgetary decisions. The changes in the budget legislation of Latvia and OECD countries were also studied using retrospective and comparative analysis. Based on the current experience of OECD countries, recommendations for potential reforms included the creation of the linkage between sustainable national development goals and budget strategy documents based on medium-term timeframes and improving communication between the government and civil society. The practical significance of the research is related to creating a budget reform programme and appropriate reporting and monitoring system for Latvian public sector organisations.

Keywords: Sustainability policy, accountability, performance-based budgeting, budget policy.

JEL classifications: H61; H83.

ASSESSMENT OF THE THREAT TO THE OPERATION OF AGRICULTURAL COOPERATIVES IN LATVIA USING FINANCIAL ANALYSIS

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The aim of the study is to evaluate the most important operational threats of agricultural cooperatives using the financial evaluation system. Data from the financial statements of cooperative societies (CS) are used for the evaluation, using the methodology developed by the German Cooperative Support Fund. The results of the analysis make it possible to detect threats to the operation of the CS in a timely manner and to decide on the necessary preventive measures to support the CS in order to ensure the continuity of its operation.

The analysis system includes five groups of indicators, which are evaluated according to the degree of threat. Two indicators show the most significant threat: 1) the proportion of equity capital is less than 10% of the total capital or 2) the profitability of equity capital is negative and exceeds 20%. The profitability of equity is calculated as the ratio of gross profit to equity. Exceeding the critical limits of other financial indicators, i.e. receivables turnover exceeds 60 days, collateral liquidity is less than 50%, staff costs or interest costs exceed 70% of the gross profit are considered to be a lesser threat to the operation of the CS. A group of qualitative indicators is also evaluated, which includes the evaluation of management activities and accounting policies. Each of these factors alone does not pose a significant threat. The threat occurs when the critical limits of the three indicators are exceeded.

The results of the study show that 15 of the 54 analyzed CS can be found to be at risk of future operations. The most common threat is the share of equity capital (11 CS) and profitability of equity capital (11 CS). The CS should evaluate the possibility of either 1) increasing the share capital, 2) creating reserves from profit in the most successful years of operation or 3) increasing the gross profit, i.e. by increasing the net sales and reducing the cost of production of the products sold or the services provided in order to prevent threats to the operation.

Keywords: agricultural cooperatives, operational threat, financial analysis.
JEL classifications: Q13, Q14.

WHAT IMPACT DO THE UNCERTAINTIES HAVE ON THE INTERCONNECTIVITY BETWEEN THE GREEN BOND AND CONVENTIONAL MARKETS BEFORE AND DURING THE WAR IN UKRAINE?

Vilija Aleknevičienė[1], Algirdas Justinas Staugaitis[2]*, Rugilė Gudaitienė[3], Asta Bendoraitytė[4]

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Global financial markets are affected by economic crises, financial instability, and geopolitical unrest, which also affect strategic choices of portfolio investors.

The aim of research is to assess the impact of uncertainties on the interconnectivity between the green bond and conventional financial markets before and after the Russian-Ukrainian war.

Time series analysis is applied for the study: vector autoregression (VAR) models to assess the overall interconnectivity between financial markets and dynamic model averaging (DMA) to assess the impact of uncertainties.

The findings revealed that the overall spillover index between the analysed financial markets increased during the war. The green bond market also became a transmitter of shocks. With the outbreak of the war, uncertainty grew and had a significant impact on overall spillover; however, the geopolitical risk and volatility (VIX) indices had a negative impact on interconnectivity.

The study provides more insights into the interdependence of green and conventional financial markets during the crisis periods, the impact of uncertainties on this interdependence, and how these relationships change during the crisis. The results have significant implications for global investment choices and risk management for investors holding significant positions in the green bond market.

Keywords: green bond market, conventional financial markets, interconnectivity, uncertainties.

JEL classifications: G01, G11, G15 .

FINANCIAL FLEXIBILITY OF THE BALTIC STATES LISTED COMPANIES AND ITS IMPACT ON INVESTMENTS AND THEIR EFFICIENCY

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Under conditions of today's rapidly changing, highly uncertain external environment, companies face increasing challenges, which lead to the need to secure financial flexibility. The aim of this study is to examine the impact of financial flexibility of companies on investments and their efficiency both during the periods of crisis and periods of economic growth.

To achieve the research aim, we used data for the period of 2005 to 2023. Non-financial companies listed on the stock exchanges of the Baltic countries were included in the study. Financial flexibility was assessed using cash flexibility, debt capacity and capacity of operating cash flow generation. In the first part of the study, a comparative analysis of the financial flexibility of companies was carried out. In the second stage of the research, a regression analysis was performed to determine the impact of financial flexibility on the volume of investments and their efficiency.

The results indicate that the cash flexibility of companies has a statistically significant impact on their capital investments during the period of 2005 to 2023. However, the debt capacity does not have a significant impact on investments during this period. We found that the volume of capital investment was mostly affected by the capacity of operating cash flow generation, while cash flexibility and debt capacity did not have any significant impact during the crisis periods. Both during the period of 2005 to 2023, as well as in crisis years, the debt capacity and the capacity of operating cash flow generation had a statistically significant positive impact on the efficiency of investments.

The obtained results led to the conclusion that financial flexibility significantly affects the investment volume countries not only during the crisis periods. This financial characteristic of companies also has a significant impact on the efficiency of investments both during the crisis periods and when the conditions of external economic environment do not pose any significant challenges to the companies' activities.

Keywords: financial flexibility, cash flexibility, debt capacity, investment efficiency.

JEL classifications: D25, G31, G32.

INNOVATIVE FINANCIAL SERVICES: REDEFINING PROFITS IN TRADITIONAL FINANCE

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The research investigates the impact of innovative financial services, particularly those arising from the integration of financial technology (FinTech), on the profitability of traditional banks. The study aims to disclose how the rapid digitalization of financial services is redefining profit structures within traditional financial institutions in EU countries.

The methodology of this study is the evaluation of the impact of innovative financial services on bank profitability. Original regression models have been developed, considering the innovative financial services identified by various authors, in addition to the main internal factors of influence on bank performance. The methodology follows a systematic sequence: EU countries have been classified according to the Digital Economy and Society Index (DESI), data on innovative financial services have been collected, period and sample have been defined. Trends in profitability, innovative financial services and internal bank factors have been then assessed using descriptive statistical analysis. The study uses multiple linear regression models to analyze the relationships between these variables, providing insights into how innovative financial services affect banks' profitability metrics, in particular return on assets (ROA) and return on equity (ROE).

The findings reveal that the adoption of innovative digital financial services significantly enhances banking accessibility, with most transactions executed seamlessly through digital devices. This shift has substantially improved banks' profitability, particularly through effective utilization of mobile and online banking services, which demonstrate a strong positive correlation with both ROA and ROE. On the other hand, the research suggests that maintaining a high number of physical branches makes a minimal contribution to profitability.

In conclusion, this research emphasizes the need for traditional banks to prioritize innovative financial services to redefine profit structures and ensure sustained profitability in an increasingly competitive landscape.

Keywords: FinTech, finance services, innovative.

JEL classifications: G2.

HOW DOES STOCK MARKET REACT TO THE ANNOUNCEMENT OF GREEN BOND ISSUE? EVIDENCE FROM NORDIC COUNTRIES

Vilija Aleknevičienė[1*], Raimonda Vilutytė[2]

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[2]*Vytautas Magnus University, Lithuania*, *r.vilutyte@gmail.com*

Green bond issue is a signal to a stock market that is interpreted by shareholders differently: as positive for eco-friendly investors and as negative for traditional investors. The study aims to assess the short-term stock market reaction to the announcement of green bond issues in Nordic public companies and to determine whether the characteristics of green bond issues and issuers are significant determinants of stock cumulative abnormal return (CAR).

Total sample is 197 green bond issues during 2017–2024. Sweden has the highest number of green bond issues (60.9%). Denmark and Finland have a very similar share of 20.3% and 18.8% respectively. Stock market reaction is assessed by applying an event study methodology. CAR dependence on characteristics of green bond issues and issuers is determined using a heteroskedasticity-corrected regression model.

The study revealed a negative stock market reaction to the announcement of green bond issues. Such reaction may not only be due to increased capital expenditures and financial risk, but also to the shift of investments from stocks to green bonds as the majority of green bond were issued during the COVID-19 pandemic and the Russian-Ukrainian war. Maturity, coupon rate, cancellation right, and issue amount are statistically significant determinants of CAR only for the companies operating in the industrial, utility, and telecommunication sectors and only in the shortest event window. Coupon rate and cancellation right are statistically significant in the longest event window. Issue amount is statistically significant in the longest event window, coupon rate and cancellation right – in the shortest and medium event windows analysing the CAR in banks and financial institutions. We also found different issuers' characteristics as determinants of CAR in these two categories of companies. The findings support short-term investors' behavior based on the signaling theory.

Keywords: green bond issue; stock market; cumulative abnormal return; characteristics of green bond issues; characteristics of green bond issuers.

JEL Codes: G10, G14.

ASSESSMENT OF PPP PROJECTS IN THE LIGHT OF SUSTAINABILITY

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The Sustainable Development Goals (SDGs) represent a global standard of sustainable development priorities and goals at economic, social, and environmental levels. Public Private Partnerships (PPP) in projects are increasingly gaining acceptance as an alternative to the traditional approaches of project funding based on public sources. PPP projects contribute to the implementation of the SDGs. Objective answers about investment alternatives can only be obtained by evaluating them from several perspectives and using several indicators rather than a single dominant one, i.e., by applying multi-criteria evaluation methods. The research problem stems from the diversity of impacts of PPP projects, the complexity of their identification, and the need for their comprehensive assessment.

Research aim is to develop a methodology for assessment of PPP projects in the light of the SDGs and to empirically test this methodology.

Research methods: synthesis of theoretical insights, situation modelling, logical analysis, case study, multi-criteria decision technique SAW (Simple Additive Weighting).

The main outcome of the research is the development of a methodology for the assessment of PPP projects in relation to the implementation of the SDGs, which includes four main steps: analysing the objectives and expected outcomes of the projects under assessment; identifying the impact of the project on the implementation of the SDGs; determining the significance of the impact of the project on the implementation of the SDGs; and combining the assessment indicators into a single aggregated indicator. Based on the developed methodology, an empirical study was conducted to assess few PPP investment ideas and to select the most efficient investment option in terms of sustainability.

Keywords: Public-private partnership (PPP), Sustainable Development Goals (SDGs), Multi-criteria assessment method; Investment assessment.

JEL classifications: G31, H43.

ASSESSMENT OF THE IMPACT OF A FIRM'S ESG PROFILE ON FIRM'S FINANCIAL PERFORMANCE AND STOCK PRICE RESILIENCE

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The impact of a firm's ESG profile on its financial performance and stock price resilience is increasingly analysed in scientific literature. Even though academic research provides evidence of the higher resilience of ESG stocks as well as of the better financial performance of firms with high ESG scores, the most recent studies, analysing periods of increased uncertainty in recent years, reveal mixed, sometimes ambiguous results. Therefore, the aim of this research is to evaluate the impact of a firm's ESG profile on a firm's financial performance and stock price resilience using the latest available data covering recent periods of increased uncertainty and a cross-sectoral approach.

To reach this aim, based on the data of the Nasdaq Nordic market, the statistical analysis and cross-sectoral comparison of stock return volatility (standard deviation) are being conducted and panel regression models evaluating the impact of the ESG profile on a firm's financial performance (expressed by ROE, ROA) and stock price resilience (expressed by stock return volatility) are being constructed (the period from 2012 to 2022 is analysed). Large-cap firms that (i) have an ESG score and (ii) have been listed since at least 2012 are selected for this study (the sample consists of 90 firms).

The results of the research revealed that the firms with high ESG scores appeared to be more resilient (the effect of a firm's ESG profile on its financial performance and stock price resilience is positive); however, the strength of this effect depends on the time horizon and sector. These results can be useful for companies in the process of ESG strategy development and adjustment, as well as for investors seeking to make not only profitable but also sustainable investment decisions.

Keywords: sustainable investing, stock price resilience, financial performance, ESG profile.

JEL classifications: G3, G11, G12, Q56.

GOVERNMENT-FUNDED AGRIBUSINESSES: EMPIRICAL EVIDENCE TO WHAT EXTENT IS FARMING SUPPORTED IN LITHUANIA

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The empirical analysis on the effectiveness of the subsidies to farms following the Common Agricultural Policy (CAP) was carried out for this presentation. The aim of this analysis was to explore to what an extent agribusiness in Lithuania are supported by the government and the differences in the effectiveness of this support among the farms. The study evaluated the extent to which current subsidies increased the revenue generated from core business operations, the impact of current subsidies on profitability, and the extent to which investment subsidies have affected the investment capacity of farms, focusing on the differences among them regarding their size and farming conditions. To achieve these goals three indicators such as the nominal protection coefficient (NPC), return on assets (ROA) and the share of subsidies for investments in gross capital formation were respectively used. The effect of subsidies is measured as the difference between the values of each indicator calculated "with subsidies" (reflecting the actual situation) and "without subsidies" (simulation). Aggregated data from the Lithuanian Farm accountancy data network (FADN) survey in 2020-2022 were used for the analysis.

It was found that current subsidies increased farm total revenue generated from market transactions the most in medium-sized farms (45-50% in farms from 20 to 50 ha), and least in small farms (up to 10 ha) and large farms from 150 ha (10% and 14%, respectively). In addition, this effect is significantly higher in organic farms and farms located in areas with natural or other specific constraints (90% and 45%, respectively). In terms of the impact on the profitability, current subsidies increased the ROA by 10-15 percentage points in medium-sized farms (20-100 ha) and in organic farms as well. Meanwhile, this impact is much smaller on farms up to 10 ha and large on farms from 150 ha (pp. +3 and +6, respectively). Farms with 10-30 ha had the highest contribution of investment subsidies to gross capital formation (about 65% of total investment), as well as very small farms (up to 50%), while in large farms this indicator reached only about 2 %. Thus, the effectiveness of CAP support varies greatly between farms, which means a distortion of the competitive conditions from an economic point of view.

Keywords: agribusinesses, current subsidies, investment subsidies, nominal protection coefficient, return on assets.

JEL classifications: Q12, Q14, Q18.

DEVELOPING A MODEL FOR DIAGNOSING FINANCIAL DISTRESS IN COMMERCIAL TRADE COMPANIES

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Early diagnosis of financial distress enables companies to respond swiftly, minimising negative consequences and preventing long-term issues and eventual business failure. Early identification of financial distress is therefore vital in ensuring the stability and sustainable growth of businesses. The analysis of the models and indicators for diagnosing financial distress shows that their reliability raises a series of doubts. It largely depends on the specificity of the data used at the companies operating in the respective sector.

The aim of this study is to develop scientifically based model for diagnosing financial distress of the companies operating in the commercial trade sector.

The scientific literature analysis and synthesis were used to identify the strengths and weaknesses of the models for diagnosing financial distress and the key indicators used. The method of induction and logical analysis were employed in the verification of applicability of the developed model for diagnosing financial distress in the companies concerned.

A logistic regression model is constructed to diagnose the probability of financial distress at companies operating in the commercial trade sector three years before financial distress is actually detected.

The results of the research have shown that the developed logistic regression model is applicable to the identification of financial distress in companies operating in the commercial trade sector. The data for different periods analyzed have shown high level of accuracy of the model enabling the identification of the companies that have experienced financial distress. The model enables the accurate diagnosis of financial distress three years before financial distress is actually detected.

Keywords: financial distress, diagnosing of financial distress, probability of financial distress, model.

JEL classifications: G39, L21, M14, M41, M48.

TAXATION OF LITHUANIAN RESIDENTS' INCOME AS AN ASSUMPTION FOR ENSURING SUSTAINABLE MOVEMENT OF LABOR

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The aim of research is to determine whether differences in income taxation in Lithuania does not discriminate between citizens of different countries and do not prevent the harmonious movement of labor.

The comparison and case study methods were used for the purpose realization of the work. There were created Lithuanian and non-Lithuanian residents' profiles identified income sources and their combinations. 24 independent case study options were formed. For each of them, the payable taxes were calculated, and the tax burden was equalized.

The statement regarding the differences in income taxation between Lithuanian and EU citizens living in Lithuania has not been confirmed. For those receiving employment income or income from active commercial activities in the country, the same tax rates are applied. For them, the effective income tax rate is 17.84 percent when the income is derived from activities for which an individual activity certificate has been issued. For income earned under a business license, the effective tax rate is 19.99 percent. However, for non-EU citizens with a work visa in Lithuania who receive income related to employment, the difference in their income taxation from the effective income base is 6.98 percent lower.

Ensuring the movement in the free labor force in the EU are mean of implementing sustainable development. Ensuring the movement in the free labor force in the EU are mean of implementing sustainable development. The study showed how labor market equality is ensured - for citizens of EU countries receiving income in Lithuania, the tax base does not pose an obstacle to exercise the right to practice a profession, except for non-permanent residents from non-EU countries working in the country under a work visa.

Keywords: taxation income, tax burden, sustainable development.

JEL classifications: M41, H24, J79.

PERSPECTIVES ON THE INTEGRATION OF THE TIME-DRIVEN ACTIVITY-BASED (TDABC) COSTING SYSTEM IN ACCOUNTING SERVICES COMPANIES

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The aim of the research is to evaluate whether the TDABC model is suitable for companies that provide accounting services. While TDABC has been widely adopted in other service sectors, it has not yet been applied to accounting service firms.

In evaluating the perspectives of the TDABC model for accounting service firms, the study first examines the assumptions behind the emergence of modern costing models, their calculation methodologies, advantages, and disadvantages. Based on the theoretical findings, the TDABC model is practically applied in a service firm that manages accounting for nineteen different companies. Insights regarding the model's applicability are presented. The research methods used in this study include the analysis of scientific literature and various international articles, the systematization and comparison of information, as well as a case study analysis.

A case study demonstrates that the application of TDABC in a company is successful and offers more advantages than disadvantages. Therefore, the main conclusion is that TDABC is suitable for accounting service companies to improve their performance and profitability. The TDABC model helps companies properly allocate indirect costs among different clients and provides meaningful profitability analysis.

However, the model can be challenging to implement in certain accounting service firms with complex processes, where consulting services are prioritized, as it is difficult to formulate time equations.

Keywords: TDABC, accounting, indirect costs.

JEL classifications: M41.

THE ROLE OF AUDITING IN THE SUSTAINABILITY OF BUSINESS PROCESSES

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The purpose of the present study is to investigate the role of auditing in the sustainability of business processes by analyzing data from the management reports of several large companies. The main questions we address are how auditing affects the identification of risks, the optimization of processes and the long-term sustainability of organizations.

The research methodology, which is robust and based on the analysis of secondary data collected from selected companies' publicly available annual reports in various sectors, ensures the reliability of the study's findings. The study employs both quantitative and qualitative methods to analyze the information, providing a comprehensive understanding of the role of auditing in business sustainability. A comparative analysis of the results of the internal and external audit reports was made, identifying the key indicators for the sustainability of business processes. Regression analysis was also used to assess the relationship between the audit and key sustainability indicators such as performance, risk and long-term stability.

The main findings show that companies with more rigorous and well-structured audit practices demonstrate better risk management results and business process sustainability. Clear trends related to improving internal processes, reducing financial and operational risks, and increasing resource efficiency were found. Companies that actively engage independent external auditors have performed significantly better than those that rely solely on internal audit procedures.

The research findings show that auditing plays a critical role in ensuring the sustainability of business processes. Audit practices, by proactively identifying weaknesses in organizational processes, not only help companies identify areas for improvement, but also assist in building strategies for long-term growth and stability. This proactive role of auditing is a key practical benefit for companies.

Keywords: corporate sustainability; risk management; internal and external audit; optimization of business processes; long-term stability.

JEL classifications: M21; M42; O32; Q01.

THE IMPACT OF THE ACCOUNTING AND TAXATION ENVIRONMENT ON LITHUANIA INTERNATIONAL TRADE

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The present research aimed to test the impact of the accounting and tax environment on international trade using the gravity model in the case of Lithuania. Various researches discuss that the accounting and taxation environment is important for business development in a country. Also, international trade is growing in a global world and here business faces some risks when searching for new markets to export goods. Wrong decisions in international trade can lead to a lost of financial resources for business. For this actuality, we wanted to find out what is the impact of the accounting and taxation environment on international trade.

The methodology we have used includes the gravity model, which allows us to measure different factors that influence international trade. In the present research, we use traditional variables such as gross domestic products (GDP), population size, distance, and membership in the European Union (EU), as well as specific variables such as – application of international financial reporting standards (IFRS), sustainable development goals (SDG) index, corporate tax rate, and international trade tax. Our research is based on data for 2018–2022 collected from the Lithuanian official statistics, the World Bank, the Centre d'Études Prospectives et d'Informations Internationales (CEPII), the Tax Foundation, the IFRS Foundation, and the Sustainable Development Report portal.

The main results of the research methodology developed highlight several important aspects. First, from the perspective of accounting and tax discipline, we can discuss how important the accounting and taxation regulary environment in countries is for global business development. Second, it allows companies to analyse and select the right market to export their products and reduce financial risk. Third, it provides insights for policymakers who seek to increase international trade by creating more attractive country environments for business through accounting and tax regulation. The present research opens new discussions in this area for future research.

Keywords: accounting, taxation, international trade, gravity model.

JEL classifications: M4, H25, P45.

TRENDS AND CHALLENGES IN PUBLIC FINANCE OF GEORGIA

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This study analyzes the trends and challenges within Georgia's public finance sector, using comprehensive data from the National Statistical Office of Georgia. Over the past decade, fiscal policies in Georgia have aimed to achieve sustainable economic growth while maintaining fiscal discipline. This paper examines key components of public finances, including government revenues, expenditures, and debt management, with a focus on the impact of external shocks, such as the COVID-19 pandemic and global economic fluctuations, on the country's fiscal balance.

Utilizing time-series data from 2010 to 2023, we assess revenue generation strategies, tax performance, and the structure of public expenditures, highlighting the shifts towards social spending, capital investment, and the increasing role of external financial assistance. Special attention is given to the fiscal decentralization process and its implications for local governance and public service delivery. Furthermore, the study investigates the alignment of Georgia's fiscal policies with international standards, such as the EU integration process and the IMF's fiscal frameworks.

Our findings suggest that while Georgia has made significant progress in modernizing its public financial management system, challenges remain in ensuring transparency, addressing fiscal risks, and fostering long-term sustainability, particularly in the areas of public debt management and revenue mobilization. Recommendations for enhancing fiscal transparency and efficiency in public spending are provided, drawing on international best practices and Georgia's unique socio-economic context.

This paper contributes to the ongoing discourse on public finance management in transition economies and provides critical insights for policymakers, researchers, and international stakeholders invested in Georgia's fiscal trajectory.

Keywords: Public finances, fiscal policy, government revenue.

JEL classifications: E6.

E-COMMERCE ACCOUNTING CHALLENGES AND DIGITAL SOLUTIONS: THE CASE OF LITHUANIA

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E-commerce, one of the fastest-growing business sectors both in Lithuania and globally, poses complex accounting and tax challenges. It is important to identify which digital technologies are or can be applied to address these challenges and to determine which areas require improvement. This study examines the challenges faced in e-commerce accounting and how digital technologies can help solve them in Lithuania.

The study applies methods such as related scientific literature analysis, interviews, and case studies. Interviews with accounting companies highlighted the practical challenges of e-commerce accounting in Lithuania. A case study of Lithuanian accounting software examined which digital solutions are applied to tackle e-commerce accounting challenges.

The study revealed that the main accounting challenges in Lithuania's e-commerce are related to the different value-added tax (VAT) rates when trading in various countries, real-time inventory tracking, revenue recognition in multi-channel sales, accounting for various payment methods and currencies, and integrating and aligning different e-commerce platforms. Accounting software in Lithuania provides digital solutions like application programming interface (API) solutions, synchronization of data with trading portals, and importing large volumes of reports. However, most existing solutions are expensive and require customization, limiting their accessibility to smaller businesses.

In Lithuania's e-commerce sector, more accessible and universal solutions must be developed. There is a need for standardized reports from trading platforms, improved capabilities for data import and exchange, and the integration of artificial intelligence (AI) for accounting data processing. These solutions would help ensure more accurate and efficient accounting, positively impacting business process efficiency and overall competitiveness.

Keywords: e-commerce, accounting software, inventory tracking.

JEL classifications: M41, L81, O33.

THE CHANGE IN THE ACCOUNTING PROFESSION DUE TO DIGITAL TRANSFORMATION: THE IMPORTANCE OF HIGHER EDUCATION

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Rapid development of information technologies results in new challenges regarding the accountant profession—especially the ways digitalisation affects accountants' tasks and roles.

The purpose of this study is to assess how digitalisation has changed the role of the accountant and to explain how higher education can assist in providing new abilities.

A survey in Lithuania was performed. In total, 32 persons working in the accounting field were surveyed. Analysis of results includes a t-test, factorised boxplot analysis, and regression analysis.

The findings revealed that there is evidence for a shift in the accounting profession—most notably, accountants require additional skills, especially in areas such as registration of transactions and cost allocation using automated processes and artificial intelligence for scanning mistakes and avoiding repetitive tasks. Thus, additional knowledge regarding automation and artificial intelligence is required to maintain efficiency and competitiveness in the labour market. Another important finding is that respondents show high interest in learning new knowledge regarding automation and artificial intelligence.

The results have significant implications, as the higher education system could provide more means to provide, improve, or refresh knowledge regarding automating processes, analysing data, and using artificial tools to cope with the challenges associated with digitalisation in accounting activities.

Keywords: accounting digitalisation, automation of accounting, artificial intelligence, accountant role.

JEL classifications: M41, M49.

ACTIVITY COSTS – A FACTOR FOR SUSTAINABLE DEVELOPMENT OF AGRARIAN ENTERPRISES

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The current research is aimed at reporting the costs of activities - crop and animal breeding, and auxiliary activities.

Plant growing is one of the main activities of agriculture. A feature is that in a number of crops, both the main and additional products are produced simultaneously, or several main products are produced. Animal husbandry is the main specific agricultural activity, characterized by the use of live animals - long-term and short-term biological assets.

In agricultural cooperatives, in addition to the main crop and animal breeding activities, auxiliary activities can also be organized. These are activities that support core activities through specialized services. What is special about their activity is that they are created mainly to provide services and only in limited cases create tangible output (for example, in the repair shop spare parts or business equipment are produced).

For the purposes of the present study, methods of induction and deduction, and calculation methods were used. Fundamental interpretations of International Standard 41 Agriculture and National Accounting Standard 41 Agriculture are studied.

After a review of specialized literature, it can be summarized that for the accountability of agrarian enterprises it is necessary to refine the conceptual apparatus, for example, agricultural activity, biological assets, agricultural production, biological transformation and others. The basis for evaluating biological assets is also important.

There is a need to introduce a unified system of indicators, allowing comparability of the disclosed information.

In order to achieve sustainable development of the activity of agricultural enterprises, a detailed knowledge of the technological process is necessary. The refined conceptual apparatus will allow expediency in accounting for activity costs.

Keywords: Activity costs, agricultural enterprises, International Accounting Standard 41 Agriculture, National Accounting Standard 41 Agriculture.

JEL classifications: Q15, M40.

FINANCIAL REPORTING AND TRANSPARENCY IN GEORGIA'S EDUCATION SECTOR

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This study explores the transparency and financial reporting practices within educational institutions in Georgia, examining how these practices influence the alignment between educational outcomes and employment market demands. The primary research question is: How do financial reporting and transparency in Georgia's educational sector impact the effectiveness of educational programs in preparing students for the labor market?

Using an online questionnaire, data were collected from 300 respondents, including financial officers, administrators, recent graduates, and employers across various sectors. The study employed a mixed-methods approach, combining quantitative analysis through a regression model with qualitative insights from structured interviews.

The findings reveal significant relationships between transparent financial reporting practices and the perceived quality of education. Notably, institutions with robust financial reporting and transparency are more likely to adjust their curricula to better meet market demands, thereby enhancing graduates' employability. Additionally, stakeholders reported that transparent financial practices increase trust in educational institutions, which positively correlates with graduates' preparedness for the job market.

These results underscore the importance of adopting comprehensive financial reporting and transparency practices in educational institutions. Such practices not only improve institutional credibility but also ensure that educational programs are aligned with labor market needs, ultimately benefiting both students and employers.

Keywords: financial reporting, transparency, education sector, employment market, Georgia, curriculum alignment.

JEL classifications: I21, M41, J24.

DIGITAL ACCOUNTABILITY OF HUMANITARIAN NGOS: COMPARATIVE ANALYZING OF THEIR WEBSITES

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Analysis of the scientific literature revealed that digital transformation provides new opportunities for nongovernmental organizations (NGOs) to increase the transparency, efficiency, and reach of their activities. Using digital tools, NGOs can better manage resources, strengthen relationships with society, and transparently disclose important information about finances, projects, and achievements. Websites, as digital tools, have been found to be an important means of ensuring accountability and transparency, allowing effective communication with society. However, the analysis of scientific literature not only highlights the opportunities offered by digital transformation for the NGOs' sector, but also highlights the need to actively implement digitalization to meet the increasing expectations of society in terms of accountability and transparency.

The aim is to investigate the level of digital accountability of NGOs by analyzing their websites.

During empirical research, the websites of the seven largest humanitarian NGOs selected in Lithuania were analyzed using the content analysis method. On the basis of these results, the digital accountability index of each NGO was determined.

The level of digital accountability of the largest humanitarian NGOs in Lithuania was established to be average. Although certain components of accountability, such as accessibility and mission clarity, are well implemented, gaps are observed in the areas of management transparency and financial disclosure. These shortcomings undermine the ability of NGOs that use digital tools to provide complete transparency and openness, which is necessary to maintain the trust of stakeholders. In the future, it would be useful to expand the research sample and include the analysis of NGOs' internal digital accountability.

Keywords: nongovernmental organizations, accountability, digital transformation.

JEL classifications: M41, L31.

WHAT INFLUENCES THE CHOICE OF BALTIC PUBLIC COMPANIES TO DECLARE CSR REPORTING STANDARDS?

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In recent years, there has been a growing emphasis among companies on corporate social responsibility (CSR) and its disclosure. They apply various standards for this purpose. The CSR disclosure practice differs across countries with some companies openly declaring CSR reporting standards, while others do not. Stakeholders need insights into the traits of companies that choose to disclose CSR reporting standards.

This research seeks to identify the factors that influence public companies in the Baltic region to declare CSR reporting standards.

The study measures the decision of Baltic public companies to declare CSR reporting standards. Data on these decisions is gathered through a content analysis of non-financial reports of companies. Independent variables include company visibility, financial performance, and market expectations, with the data sourced from the Bloomberg database. Logistic regression models are employed for the analysis.

The results of the study showed that only half of the companies disclosed their CSR reporting standards. Estonian companies preferred GRI standards, while Lithuanian companies favoured both GRI and UNGC. Due to the limited sample size of Latvian public companies, with only two included in the analysis, drawing meaningful conclusions regarding their CSR reporting preferences is not feasible. Larger companies, those in "heavy industry," and companies with higher earnings per share but lower return on assets and capital expenditures were more likely to declare CSR standards. Market expectations had no influence on the choice of CSR standards. However, companies using GRI standards shared similar traits with age and market expectations also playing a role – particularly younger and higher market-value. These findings align with legitimacy, stakeholder, and signalling theories, and provide several implications. Investors are encouraged to prioritize transparency in CSR reporting, regulators should consider standard usage trends, policymakers should address CSR disclosure in smaller companies, and industry-specific factors could prompt managers to reconsider their approach to CSR reporting.

Keywords: CSR reporting standards, declaration of standards, factors of standards' declaration, GRI standards.

JEL classifications: G39, L21, M14, M41, M48.

ROLE OF RETAIL BUSINESS FOR SUSTAINABLE CONSUMPTION: FINANCIAL ANALYSIS OF FRUIT AND VEGETABLE PURCHASES IN BULGARIA

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This study was conducted to systematically review the marketing activities of retail businesses to engage consumers in sustainable consumption. Retail companies occupy a key position in shaping the sustainability of food systems. This position is determined by their bargaining power and the intersection between other actors in supply chains.

The main goal of the present study is to interpret strategic decisions of companies from the retail business to promote the choice of sustainable products and on this basis to make a financial analysis of the volume of fruit and vegetable sales in Bulgaria, deriving existing dependencies and formulate corresponding inferences.

Within the framework of the research, a horizontal (trend) financial analysis is conducted – to study the dynamics of the volume of fruit and vegetable purchases, as well as to carry out a vertical (structural) financial analysis of the highlighted indicator. In fulfillment of the research goal set in this way to analyze the emerging dependencies, hypotheses were formulated and tested using the method of linear regression and correlation with the help of statistical software - IBM SPSS Statistics.

The results obtained in the context of the present study allow to reach the conclusion that the companies from the retail business make a significant marketing intervention in terms of the commitment of consumers to sustainable consumption, by establishing the trends in the change in the volume of purchases of fruits and vegetables in Bulgaria. A discussion of the findings leads to the formulation of relevant conclusions.

Keywords: sustainable consumption, retail business, sustainable consumption of fruits and vegetables, financial analysis.

JEL classifications: Q01, Q56.

THE IMPACT OF INCOME TAX REFORM ON COMPANY PROFIT DISTRIBUTION: THE CASE OF ESTONIA

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The impact of income tax on profit distribution decisions is largely related to how dividends and capital gains are taxed and what are the income tax rates applied to capital gains and dividend payments. Estonia has a different corporate income tax system than most other countries - profits are taxed only at the moment of their distribution. The aim of the research is to find out to what extent the tax reform in Estonia in 2018 has affected the payment of dividends. Since then, regular dividend payments have been subject to a reduced rate of 14/86.

Micro-level quantitative data obtained from the business register and the registers of the Tax and Customs Board were used. The panel data included 4474 companies, which is 25% of the total number. Data on decisions to distribute profits as dividends were obtained from questionnaire survey; responses were validated through interviews with company representatives. The results of the document analysis collected from the registers were linked to the results of the survey. Descriptive statistics methods were used for analysis.

The results reveal that Estonian companies mostly do not distribute profits regularly and do not make regular dividend payments. Of 17.9 thousand registered companies, 4474 companies have distributed profits as dividends. Approximately 1/5 of the companies that have paid dividends made payments only in the last years of the observed period (2015–2021). After the introduction of a reduced income tax rate in 2018, both the distribution of profits as dividends and the regularity of distribution of profits as dividends increased. On the other hand, the change in taxation has led to more sophisticated tax calculations.

In summary, it can be concluded that the reform of the reduced tax rate on regularly distributed profits had an impact on companies' profit distribution decisions, but its extent is not very large based on the number of companies that actually distributed profits.

Keywords: dividend tax reform, profit distribution decisions, dividend payouts.

JEL classifications: G35, G38.

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