

Financial Management and Risk Analysis Strategies for Business Sustainability

Joaquín Enríquez-Díaz
University of A Coruña, Spain

Laura Castro-Santos
University of A Coruña, Spain

Félix Puime-Guillén
University of A Coruña, Spain



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Begoña Álvarez García, University of A Coruña, Spain

Financial decisions are present in everyone's daily life. However, citizens do not always have sufficient knowledge to understand the consequences of their decisions and the risks taken. The lack of financial literacy can contribute, along with other factors, to making wrong financial decisions. This is why financial education becomes a key element to achieve a more sustainable and egalitarian future. This research presents a practical experience intended to foster financial education among high school students. The experience consisted in providing training workshops about financial topics, specifically adapted to the students' needs. The students' level of financial knowledge was evaluated and also their level of satisfaction with the experience. Results showed a high level of satisfaction and a significant improvement in their level of knowledge. The research also helped to identify the students' socio-demographic characteristics that explain the differences in their level of financial culture and their capacity for improvement.

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Raisa Pérez-Vas, University of Vigo, Spain

The objective of this chapter is to analyze the methodology for evaluating investment projects through real options. The limitations of traditional models based on cash flows and the current environment that presents constant changes and high uncertainty have led to a new field of research, real options. The valuation of investment projects carries inherent decision-making, where the best options for the company are analyzed, the real options providing a decision flexibility that classic models do not provide. This chapter contains the most important theoretical framework, where the beginnings of this methodology, the most important types of options, and the methodology for their evaluation are discussed, as well as two practical examples for a better understanding of this methodology.

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Esin Cumhuri Yalçın, Kırklareli University, Turkey

In this chapter, the VaR of the MSCI emerging market index (MSCI-EMI) developed by Morgan Stanley Capital International (MSCI) is estimated using linear, nonlinear time series and ANN. In this context, the aim of the study is to estimate the VaR exceedance of the MSCI-EMI as a global financial risk indicator compared with traditional time series methods and ANN. In addition, the most effective method on this index is determined by statistical information criteria, and the comparative evaluation of the model selection criteria is carried out. The period of analysis is between December 1987-April 2020 with monthly frequency and VaR exceedance obtained with ARMA-GARCH, TGARCH, EGARCH, GJR, and ANN models. Confidence levels of models, VaR exceedance, and Kupeic statistics are obtained. VaR exceedances are examined through the superior model.

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Sofía Louise Martínez-Martínez, University of Malaga, Spain
Julio Diéguez Soto, University of Malaga, Spain

Innovation is an essential aspect for the sustainable development of small and medium-sized enterprises (SMEs). Defining formulas to encourage innovation is therefore crucial. Financial literacy is an area of growing interest in both theory and practice and its relationship with innovation performance has been little studied. This chapter examines the importance of financial literacy for business innovation and the effect that risk-taking has on this relationship. Using a quantitative approach, 309 Spanish SMEs of different sectors are analysed. A mediation analysis shows both a direct and an indirect positive effect on innovation. Thus, this chapter brings insights, developing the existing literature of SMEs. So, it contributes to broaden the scope of the innovation and therefore the sustainable development of these firms. Practical implications are presented for four differentiated areas, which may enhance the sustainable development of SMEs: business management, entrepreneurship, public policies, and university.

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Universities are experiencing a transition to sustainable universities, as addressing environmental concerns has become a cornerstone for the governance of higher education institutions. As responsible for the formation of decision-makers and because of its duty with the society, these institutions must be

in line with the current society. This chapter deals with the implementation of sustainable procedures and initiatives in a concrete university: the Universidade da Coruña in Spain. Great efforts have been done regarding raising awareness on environmental issues and the implementation of sustainable procedures, even with limited economic resources. As a result, this university is very well positioned in international rankings and has great potential in the field of sustainable development.

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Sandra Lizzeth Hernández-Zelaya, Pontifical University of Salamanca, Spain

Fernando Reyes-Reina, Pontifical University of Salamanca, Spain

María Elena Rodríguez Benito, Pontifical University of Salamanca, Spain

The pairing of sustainability and marketing has been around for several decades and has opened new standards in management and marketing. The main objective of this chapter is trifold: First, to shed some light on the distinctions between sustainability marketing and analogous terms; second, to review some of the criticisms that have arisen (i.e., greenwashing or green marketing myopia); finally, the authors offer a broader term for the marketing and sustainability link. The chapter will review the evolution of these concepts and present future directions of the sustainability and marketing linkage. Taking as a starting point theories that propose a new relationship between society and companies (civil economy, corporate citizenship) and the new paradigm of marketing, the authors also put forth a wholesome concept: civic marketing. This concept balances the two objectives expected in a marketing approach: positive business results and customer satisfaction in a sustainable economy.

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Eloi Jorge, Universidade de Vigo, Spain

Carlos Herves-Beloso, Universidade de Vigo, Spain

Antonio Monteiro Oliveira, ISCAP, Polytechnic of Porto, Portugal

The focus on sustainability is one of the different strategies adopted by companies looking for arguments for their differentiation from other competitors. Implementing this concept in the wine industry implies environmental soundness, social equity, and economic feasibility since when pursuing sustainable development, these companies are protecting the identity of their terroirs. Nevertheless, this is not an easy task because companies have to face several potential barriers to the adoption of sustainable practices. Thus, the objective of this chapter is to introduce the entrepreneurial ecosystem approach (EEA) as an instrument to help to understand and identify the mechanisms to remove the barriers to the adoption of sustainable practices in the wine industry, preparing the ground for a more detailed investigation to assess the effective implementation of the EEA.

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Sara Santos, Polytechnic Institute of Cávado and Ave, Portugal

Teresa Dieguez, Polytechnic Institute of Cávado and Ave, Portugal

Innovation is crucial for business in order to meet consumers' needs and stakeholders' expectations. Innovation emerges as a must for all activity sectors, including the textile industry. Change can be an opportunity for organizations that present competitive advantages and new solutions. However, not all changes are directly visible, and innovation by nature is impossible to quantify and measure. This intangibility requires tools to help managers monitor the results of their investment. The present study applies the Innovation Scoring 1.0, a Portuguese tool for companies to self-evaluate in what concerns innovation, efficiency, and profitability improvement. It is structured in three main sections: literature review, case study, and conclusions. The study showed that a company may improve its results through open innovation, being leadership, and organizational culture determinants in the process.

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Sinem Ates, Yalova University, Turkey

This chapter examines the role of the institutional environment in the adoption of GRI-based sustainability reporting in emerging markets. Panel data analysis of the relevant data of firms from 20 emerging markets provides evidence that environmental, social, and governance performance, financial structure, and cultural dimensions are the institutional drivers of corporate social responsibility disclosure which was measured by publishing a GRI-based sustainability report. Overall findings of the study show that strategic decisions regarding CSR disclosure of companies are shaped by the institutional context in which they operate.

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Barbara Bradač Hojnik, Faculty of Economics and Business, University of Maribor, Slovenia

This chapter provides an overview of the topic circular economy from a European perspective. It focuses on the actual implementation of circular models and processes. Although the European Commission has been trying to address the issue for years and provides many measures, the results of different indicators show a lack of implementation. Therefore, the main challenge of the next stage of development of Circular Economy 4.0 is to develop an inclusive system that involves all relevant stakeholders. This is because only through the efforts of limited groups of stakeholders (e.g., companies), the concept cannot be fully implemented in practice. Instead, the circular economy must become part of the broader culture, the way of thinking and acting of all stakeholders involved. This issue represents the main challenges for the next 10-year period in Europe.

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Mirela Panait, Petroleum-Gas University of Ploiesti, Romania & Institute of National Economy, Romanian Academy, Romania
Razvan Ionescu, Independent Researcher, Romania
Irina Gabriela Radulescu, Petroleum-Gas University of Ploiesti, Romania
Husam Rjoub, Cyprus International University, Cyprus

The challenges generated by climate change have led to a greater involvement of companies in promoting the principles of sustainable development, one of the tools used being social responsibility programs. International organizations have launched various initiatives or principles to support companies in this complex process of transition to the green economy. The authors focused their analysis on the involvement of stock exchanges in the process of promotion of corporate social responsibility. The objective of this chapter is to identify the main tools used by stock exchanges in order to model the behavior of listed companies. In particular, the activity of the Bucharest Stock Exchange was analyzed. Even if it is an emerging market, the efforts made by this stock exchange and the results obtained can be used as a benchmark by stock exchanges in the region.

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David Cordal-Iglesias, University of A Coruña, Spain

Begoña Álvarez García, University of A Coruña, Spain

Laura Castro-Santos, University of A Coruña, Spain

The aim of this chapter is to examine the offshore wind as a pillar for a new sustainable business. In this context, the chapter firstly analyses the significance of renewable energies. Secondly, it analyses several types of offshore renewable energies, the state of offshore wind energy in Europe, and the projections of offshore wind in the world. Thirdly, it presents an overview of the levelized cost of energy (LCOE), comparing its value for different energy technologies. Moreover, a new concept, called SCOE, is introduced to incorporate society in the LCOE equation. Finally, conclusions talk about the importance of choosing a sustainable way of generating electricity in our future.

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