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THE NEW CONSUMER TRENDS AND THE NEED TO REDEFINE THE HOTEL PRODUCT IN THE POST-COVID-19 ERA

G. PISTIKOU* K. MARINAKOS** A. PAPAIOANNOU***

Abstract

Unprecedented global travel and home restrictions have caused the world's most severe economic upheaval since World War II, with international travel bans affecting more than 90% of the population. The present research helps to redefine the hotel product and restart strategies that could be exploited in the post-Covid-19 era. For the qualitative research that was carried out, the method of triangulation was followed. Parallel use of the literature review, the semi-structured in-depth interviews and the focus groups. The focus groups consist of owners and managers of hotel businesses. The findings can help to create a basic plan to redefine the product portfolio, strategic marketing goals and target groups of hotel businesses with ultimate goal the effectively restarting of tourism market.

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1. Introduction

In the first months of the emergency associated with the rapid spread of the Covid-19 epidemic, attention was focused on the financial crisis produced by the paralysis of the hotel industry. The priority is undoubtedly the survival of hotel businesses and this is very natural since tourism activity has paid the highest price due to the dramatic effects of the pandemic on health (Skare et al., 2021; Nkengasong, 2020). Under these circumstances, the orientation of all tourism professionals focuses directly on development-related demands, on the part of the government, financial instruments to support lost income for all companies in the organized tourism sector (Qui et al., 2020).

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This is a perfectly legal approach, because it reflects the need to ensure the living conditions of companies, in view of the dramatic reduction of the total turnover of hotel companies and an unprecedented financial hemorrhage (Skare et al., 2021). However, since the first outbreak of the Covid-19 pandemic, hotel managers and executives have begun to wonder about possible marketing strategies to be implemented to address the biggest crisis in the history of the hotel industry (OECD, 2020), taking into account not only the immediate effects but also the possible adverse scenarios that may arise in the coming months (or years).

Taking into account the dramatic impact that the “Phenomenon Covid-19” will have on consumer behaviour (OECD, 2020), a systematic reflection has been created on the reactions that hotel managers are already presenting at this time and the developments that will take place in the coming months. Firstly, with emphasis on the literature review, we estimate that it is possible to draw up some useful guidelines for decision-making orientation, as any wrong decisions of those called upon to make choices could have a dramatic impact on the viability of their business. For example, lack of resources could lead to a conservative attitude “to save the hotelier, that he can be saved”, but at the same time it is clear that without a “prevention” approach, able to monitor the few opportunities that are still accessible (Hoque et al., 2020), will lead to a stalemate due to the health emergency being a priority.

To draw up a first draft of guidelines, some ideas from the literature review and research will be reported. Expert research reveals some best practices, which have already been activated or announced by dynamic and innovative companies and can make a significant contribution to the original draft guidelines. In fact, many conceptual models are constructed in terms of “normality” and thus often reveal their narrow boundaries. Greater attention needs to be paid on reality, especially in cases of crisis such as the Covid-19 pandemic, which is able to offer great ideas for scholars to enrich and renew their theoretical tools (Peters et al., 2020). It is likely that in the near future there will be no shortage of structured scientific knowledge to guarantee a more solid theoretical basis for this type of reflection, but at present it is imperative to make an effort to carefully approach the best ideas that practice can offer for the development of a first systematization of knowledge on the subject.

A necessary first step is to detect developments in consumer behaviour (Kaushal & Srivastava, 2021), which is always the starting point for any strategic elaboration. The following is an analysis of the guidelines that hotel companies could adopt to manage the restart phase in terms of strategies (location and target choices) in conjunction with marketing policies. The research will

end with some ideas on possible policy actions that the institutions could take to support industry companies, not only to end the financial crisis associated with cash flow depletion, but also to encourage faster restart strategies.

Taking into consideration, the tourism supply chain, which brings together businesses of a very different nature, it is not possible to capture a detailed picture of the phenomenon. Therefore, the level of analysis will be limited to estimates that may have general value for all sectors of tourism, however, the prevailing perspective will be companies involved in the production of tourism offer and especially in accommodation.

2. New consumer trends and hotel product

2.1. Trends and directions for consumers

The hallmark of the Covid-19 state of emergency is its global character, and even the countries least affected by the virus have suffered the consequences of the collapse of international relations and the closure of national borders. These consequences have resulted in a paralysis of the global tourism sector, forcing potential travellers to abandon any holiday program (Senbeto & Hon, 2020). In this sense, the analyses developed by some researchers in relation to other health crisis experiences (see for example Bronner & de Hoog, 2012) can provide useful information.

Thanks to this study, it is possible to identify some trends in consumption behaviours that affect the tourism industry. A first interesting element that emerges is the survival of a strong desire for vacation. Recent research by Izea (2020) shows that restrictive measures could lead to an increase in consumers seeking future vacations. The survey found that 55% of U.S. consumers who typically travel five or more times a year say they “can” or “probably” buy a future vacation while in their homes during the Coronavirus epidemic (McKinsey & Company, 2020). Also, the experience of squeezing social relations has increased the desire for leisure and entertainment in other countries (Italy, France, etc.). 70% of Italians and 75% of French, after the restriction, are ready to return to travel, leisure, cultural visits and in strict compliance with hygiene and health regulations (McKinsey & Company, 2021; Baroni, 2020).

Health and Safety is a top priority, not only during the acute phase of the crisis, but also in the post-Covid-19 era. Visitors will continue to consider it a key condition, especially in relation to destinations such as Greece that was most affected by the epidemic and therefore, concerns will be increased and feelings of uncertainty of travellers (Baker, 2015; Novelli et al., 2018).

As noted in other health crises, these are risks that have a perceived dimension far greater than the real one and can cause, at an economic level, more extensive and lasting damage than those resulting directly from the epidemic (Rittichainuwat & Chakraborty, 2009).

The desire for tourism, associated with limited financial resources that could lead to the recovery of flows faster than tourism spending, as has already happened with the recent economic crises. Thus, visitors are likely to tend to favour the cheapest offers and choose the services that are considered necessary and compatible with their own income constraints. This attitude generally translates into a reduction in the average length of stay and the advantage provided to the less expensive services, with a relative emphasis on discount policies (Campos-Soria et al., 2015).

Concerns about the financial future are particularly acute, according to a recent survey in the United States, which recorded an expectation of a drop in income in 32% of respondents, compared with 10% who said they expected an increase. Pessimism inevitably limits the tendency to travel (McKinsey & Company, 2021, 2020). However, the impact on family income is not homogeneous, because while some categories have serious consequences, others have emerged from the crisis with less significant losses (people with fixed incomes, entrepreneurs in non-closing sectors, etc.) Therefore, there are different categories of tourists. For example, the PwC Greece survey (2020) shows that 51% of respondents do not consider discounts or special offers crucial to buying a ticket, while 87% say they are willing to pay an extra amount for additional services, such as the ability to skip the queue.

Not all tourist categories will have the same readiness to react after the crisis. Based on past experience, the most prepared will be the “repeat visitors”, who tend to more easily overcome the sense of uncertainty and fear that spreads after an event of this magnitude (Fuchs & Reichel, 2011; Rittichainuwat & Chakraborty, 2009; Chew & Jahari, 2014). They are better prepared to restore confidence in the destination even in the months immediately following the “disaster” (Ritiche et al., 2010). Specifically, one of the most durable and ready to react parts after a crisis are travels for reasons of family closeness, (VFR - Visiting Friends and Relatives). In the SARS crises of 2003, the bird flu of 2005 and the economic downturn of 2008, while the market stopped, there was an increase in this type of flows (Senbeto & Hon, 2020), which can play an important role in a restart phase of a destination (Backer & Ritchie, 2017).

Finally, the high social impact of the emergency brings cultural changes in consumers (Accenture, 2020), who become more careful in their purchases, trying to reduce food waste and reward special offers for better sustainability. In

addition, more attention is paid to “local” values, which is expressed both in the choice of products purchased by consumers (local handicrafts are preferred) and in the choice of channels (local shops are preferred). With this in mind, some argue that the state of emergency Covid-19 can help speed up the process of transition to sustainable consumption models (Cohen, 2020; Sarkis et al., 2020).

2.2. Specific hotel marketing strategies

In such a period, with turnover kept to a minimum for most of the season, many hotels could be tempted to relax their focus on the market and shift their focus to economic and financial variables. However, marketing is now more than ever, the decisive lever to overcome the crisis. Attention must be multiplied because any mistakes can have a deadly impact on the precarious budget balance.

The new reality imposes new approaches that will contribute to a more human-centered strategy, promoting sustainability and improving the emotional, financial and physical well-being of customers (Anderson & Ostrom, 2015). Emphasis is placed on the precaution, flexibility and security that lead to the development of tourism recovery strategies with a focus on consumer well-being. These strategies can both enhance the resilience of the tourism sector in the face of impending challenges and meet both the ethical and social responsibilities of hostels (Ritchie & Jiang, 2019).

Prediction. Faced with uncertainty, hotel companies could adopt a wait-and-see attitude towards active marketing tactics, but this could be dangerous as it could confuse customers. It is therefore legitimate, after a deep pandemic crisis, for hotel companies to seek to promote strong messages by proposing immediate solutions to the most recurring doubts, based on customer requests and guarantees, whenever possible, for the best business standards (Raki et al., 2021). So, it may be useful for hotel businesses to take advantage of the opportunities provided by 'smart work' to keep customer support active through all available communication channels (website, social media, call center, messaging etc.).

Flexibility. The prohibition on travel and activities causes a wave of cancellations and suspensions of reservations, within the limits allowed by the current regulations (Cohen, 2020). In such a climate the hotel managers are called upon to make decisions about the attitude towards the customers. On the one hand, the full or partial repayment of the advances collected may jeopardize an already burdened financial situation of the companies. On the other hand, any resistance on this front risk having a very negative impact on the company's image (Gössling, et al., 2020). One way out of this dilemma could be to avoid financial bleeding with solutions that make it possible to postpone

the use of the service, through vouchers or special coupons. Similar flexibility could prove useful in supporting new sales with packages that allow for a hassle-free release up to a few days before use.

Security. Every possible reopening strategy of a hotel is linked to the ability to simultaneously guarantee its customers maximum health conditions (FCO, 2020). This is an obvious but not trivial matter, as holidays are inherently linked to the concept of freedom. Therefore, hotel companies are invited to make a creative effort to reconsider the experience they offer to their customers with innovative services. Where the weaknesses imposed by the circumstances, with the help of digital technology, can be turned into a new interesting experience for the customers.

Sustainability of destinations. The issue of sustainability has always been a major concern for those involved in tourism development, which has intensified following the deep pandemic crisis and changes in consumer preferences for more eco-friendly destinations and outdoor activities, giving this dimension a whole new perspective (Cohen, 2020). In fact, we are leading an era in which bid models need to be reviewed in order to guide customers' preferences for solutions that are more responsive for the landscape, the environment and local communities.

Coordination. Awareness of the territorial nature of the tourism phenomenon is now unavoidable and the destination is often the real field of competitiveness (Burkle, 2006). However, this awareness is not always reflected in the attitudes of managers, who continue to experience the relationship with their local colleagues on an exclusively competitive level. The emergency caused by the pandemic should lead to a qualitative leap, as it is clear that the resumption of individual business activities inevitably goes beyond of destinations (Cohen, 2020). Tourists will be very careful about the guarantees that each destination can provide. In this sense, an orientation towards cooperation and coordination between local businesses and development agencies is now imperative as a crucial competitive variable.

3. Research methodology

In the present study, qualitative research was chosen, because we are mainly interested in the in-depth analysis and interpretation of the findings, events and behavioural experiences of the object under study. Quantitative surveys are usually carried out in tourism surveys, but the use of qualitative surveys is also considered minor. In fact, according to the international literature, there is a very large number of quality description articles that focused, on

a case-by-case basis, on defining the economic effects of tourism, evaluating tourist flows, creating segmentation strategies and developing psychometric scales (Oppedijk, et al., 1986; Uysal & Crompton 1985, Pearce 1982; Archer & Owen, 1971).

In addition, because the aim of the present survey we study in depth a dynamic phenomenon, such as the crisis (which mutates due to the intense changes of the pandemic, but also the formation of a model for dealing with similar crises). We used the method of triangulation, [literature review, semi-structured in-depth interviews and focus groups (Focus groups)]. Regarding the literature review, emphasis has been placed on recent studies on the subject. For group interviews there was the option of using the Delphi technique or Focus groups. The two techniques have similar characteristics and the common feature is the required consent of the participants (McKenna, 1994). In the case of Delphi, the consensus is reached through successive sessions and the completion of successive questionnaires while in the case of the focus groups the consensus is reached through lists which are constantly shrinking until the team comes up with a commonly accepted list. For this reason, focus groups can sometimes be less time consuming as it is not surprising that consensus can be reached even in the first session if the list compiled by the facilitator is well structured (Fink et al., 1984). In the present case, the focus group technique was chosen, mainly due to time constraints. In particular, in terms of conducting in-depth semi-structured interviews, which were conducted with hotel business owners and executives from different geographical units, different types of accommodation and different types of destinations (mountain, urban, island), the aim was to utilize, understand and interpret of “team dynamics”. Some of the most important factors that were taken into account were: their physical and individual characteristics participants, their demographic characteristics, the degree of cohesion of the group, the homogeneity-heterogeneity combinations of the group to certain characteristics, the power relations that exist between them, and the degree of participation of the group members in the processes of interaction and organized discussion. Two consecutive interviews were conducted, which proved to be sufficient to finalize the commonly accepted questions asked by the focus group members. The questions raised by the focus group addressed the following key issues: a) the desire for holidays, b) security, c) models of differentiation, d) prevention, e) flexibility, f) sustainability and g) cooperation between actors.

4. Findings

4.1. Old and new goals

In addition to reviewing the priorities of their strategies, companies are called upon to verify their goals, especially immediately after an emergency. Based on the information gathered, it seems important to seek the return of “loyal tourists”, as they are more willing to overcome the prejudices that have arisen during the epidemic, which often goes beyond the simple assessment of objective risks. The relationship created between these “repeat” tourists and the reference structures reaches such a degree of intimacy that it allows to overcome the difference usually associated with the simple supplier-customer relationship. These customers can represent the ideal target for market reactivation, as they will respond more quickly to any calls. To facilitate their timely response, it may be appropriate to use targeted invitations with emotional involvement. Added to boosting the loyalty of regular customers, operators will have to look for new goals. Specifically, it would be advisable to focus on local tourists in areas closer or in the same area (where the reference structure is located) as much as on their needs. The local tourist is probably driven by the desire for free time despite the interest to discover the area, has a more realistic approach oriented towards a proper quality-price balance, is able to manage his time more flexibly (EU Joint Research Center, 2020) and therefore probably estimates the availability of open packages with few restrictions. In some cases, the local tourist moves more easily with the family and may also involve relatives (VFR - Visiting Friends and Relatives), who, as mentioned above, represent a high-potential department at the time of the transition immediately after the crisis.

4.2. Specific hotel marketing policies

4.2.1. Product policies

The main challenge that concerns not only the hotels but the whole tourism sector is the “product review”. A process that partly depends on strict legal regulations and the creativity of companies, which must try to find original solutions to make their proposal more attractive in the market. The first commitment, at least for hotel managers, concerns the “safety” of guests and their equipment with structural interventions and the implementation of health and safety protocols (FCO, 2020). The real challenge is the ability to combine the terms of the maximum health guarantee with an encouraging and satisfying

tourist experience, avoiding ending up with a “holiday product” similar to a “hospital product”. The measures taken are quite standard (social distances in public areas, remote booking procedures, protocols for staff to ensure hygiene and safety, etc.). It is up to companies to try to mediate between these rules and the continuous attention to improving the tourist experience.

Another important aspect is the type of service sales that could guarantee maximum flexibility to users. This is, after all, the path chosen by various sectors in the various stages of the tourism supply chain. For example, the company B&B Hotels Italia has launched the offer Stay Flexi, allowing one to change the dates of stay up to 24 hours before the day of arrival, by issuing a coupon of the corresponding value and valid for 12 months from the date of first booking (Izea, 2020).

4.2.2 The pricing

The issue of pricing is core. A large number of consumers will make much more careful use of part of their holiday income, with a consequent preference for offers with a high value for money. This assessment could lead hotel companies to adopt an aggressive pricing policy, in an effort to stimulate and curb the share of demand that is more resilient to price fluctuations, trying to achieve a state of economic or at least financial equilibrium in as soon as possible. However, such an approach could lead to price competition, which could have deadly effects on the industry at such a sensitive time. Especially in an industry such as hotels, where the presence of digital intermediaries is strong, conditions of price transparency are easily achieved and in fact, in a very short time, a “domino” phenomenon could be caused, with the collapse of already very low margins profit, which would lead in serious business difficulties (Quarato, 2020).

Apart from price transparency, another factor that having a very negative impact is the cost structure rigidity that characterizes most companies in the tourism supply chain. They are characterized by high investments in infrastructure and intensive work models, with high investment and operating costs. Therefore, achieving a high financial result (peak) is a necessary condition to avoid a deep crisis, which could also have significant consequences for the survival of the company.

Except that, it must be said that the production capacity of individual structures (hotels, restaurants, recreation areas, etc.) will be greatly reduced due to social distance measures, which require a significant reduction in the size of users, while at the same time the precautions to be taken to ensure the safety of visitors will have a negative impact on fixed and variable costs (Quarato,

2020). Therefore, in order to create a desired “profit”, hotel companies will have to raise prices by making customers to help “cover” the inevitable increase in costs associated with the need to comply with regulatory restrictions on health safety.

Therefore, managing between aggressive pricing policies aimed at recovering demand and the needs of financial equilibrium and traditional revenue management systems could prove dangerous and could push companies to excessive discounts intended to prove less effective. the completely new phenomenon (BCG, 2020). Therefore, there is a need to restructure these systems, but in the short term this challenge may not be very fruitful, given the lack of data, as well as the conditions of discontinuity and unpredictability that characterize demand.

The most effective strategy may be to invest in direct customer relationship management, using all available channels to collect instant feedback from customers. This approach, however, could make it easier to segment the market, helping to facilitate the identification of certain groups of customers who might be less price-sensitive, preferring to orient their choices on the basis of complementary services, capable of provide adequate answers to their expectations regarding security guarantees and flexibility.

4.2.3. Contact

As other crises have taught us, financial and organizational difficulties, critical health issues and exclusion of activities should not lead to a suspension of communication, which plays a fundamental role during and after such periods of pandemic crisis (Walters & Mair, 2012). The confusion that arises in crisis situations requires decisive action to neutralize the climate of uncertainty and doubt that determines the choices of potential customers. Communication must move both cognitively, ensuring timely and clear information. Emotionally, conveying positive emotions that protect the unified values of destinations and tourist facilities, limiting the negative emotions that inevitably arise in similar situations (Chew & Jahari, 2014).

It is necessary to avoid underestimating problems that are often done through a very dynamic communication and optimism that does not take into account the objective difficulties that exist and may tend to cover the crisis (Ritchie et al., 2010). On the contrary, the public must be “involved” in the awareness of the difficulties of the moment and in the process of restarting, to make it feel part of a complex problem whose participation in this case acquires moral value. We must work to enhance the brand awareness of the hotel, promoting the connection of the business brand with positive values such as safety, reliability, sustainability and respect for the environment.

At the same time, it is necessary to devote significant resources to service communication, investing in customer service, providing all the necessary information to remove the often uncertainty regarding cancellation and refund policy, with polite invitations to postpone the trip instead of canceling. without imposing, in the event of customer refusal, excessive resistance that could prove extremely counterproductive. This direction requires a communication that passes through the official communication channels of the hotel. Extensive lockdown has produced a further virtualization of communication, with a significant increase in time spent navigating the digital environment (Izea, 2020), for which the care of the website, social pages and instant messaging applications become vital. Companies should devote resources to this, but there is a risk for skills gap that could be dangerous to its viability. In this sense, the e-learning training activities implemented by many hotel companies could be an excellent opportunity, capable of producing positive results, contributing to the spread of a larger digital culture in the industry.

It is understandable that in such cases advertising costs are not a basic condition for the survival of the business. However, especially in the resumption phase, advertising investment opportunities need to be carefully evaluated, as at the moment the productivity of this type of investment could be less costly, as through a smaller number of media and social networking increase the effectiveness of messages. By channeling such messages into digital media, we could reach customers directly, reducing their commercial dependence on the mediation of tour operators.

Mediation channels can also be involved in a transformation process. It is therefore an opportunity for local businesses, as well as individual businesses, to penetrate the digital tourism market, making effective use of the available Communication Tools, possibly enhancing them, with a small investment in online advertising. Website, social media, email and even phone apps can be a distribution vehicle, very important in this transitional period, for local tourism and hotel businesses, to promote the services of hotel businesses. Of course, to take advantage of this opportunity requires a precautionary approach on the part of industry and hotel business, which must develop skills and resources to achieve an adequate result, taking advantage of all the possibilities that technologies and methods digital marketing offer. This is undoubtedly a demanding challenge that not all hotel companies will be able to manage effectively, but they can play a crucial role in restoring the oxygen that businesses lack due to the financial marginalization of their activities, which in any other case would be “suffocated” by the combination of the negative effect of an expected price competition and the excessive impact of the intermediaries' commissions.

5. Conclusions - suggestions

Proposed estimates show that even in this time of deep crisis there is room for maneuver provided to tourism companies to undertake a possible rejuvenation strategy. It is a space that requires immediate response, so it will be necessary to immediately develop every available resource and possibly skills that not all entrepreneurs are able to mobilize at the moment.

As a result, many hotel operators may fail in this effort, forcing them to suspend their own operations, with obvious implications for industry in the area of employment but also on financial level. This happens in every crisis. Hotel businesses in such crises are under a lot of stress that forces them to prove that they can overcome new obstacles. Some manage to make a leap in quality and come out stronger than before. Others because they do not have the structural financial and management assets to establish the necessary innovation processes, they maybe fail to overcome obstacles.

However, the final result does not depend solely on the capacity of the hotels. The government and local authorities can play a decisive role in creating better conditions, with the aim of tangible support for the efforts of private actors. However, special measures are needed to offset the turnover deficit and cash flows that make it difficult even for the most compact hotel business. Any restart strategy is based primarily on trying to overcome the present moment, winning the first substantial challenge for survival. As far as the investment's fields need to review the strategies and marketing mix.

Another way, in addition to direct business support, is to create “tools” to support and stimulate demand, such as the so-called “holiday vouchers”. The aim of this initiative is to restore the market by focusing on those segments of the market that are experiencing difficulties (the measure should be aimed at people with reduced incomes). It would also be advisable to provide support for specific marketing activities that can assist hotel businesses in their strategic efforts. For example, in terms of specific interventions in communication tools and campaigns in the digital sector, but also in the adaptation of health and social security structures, facilitating both direct investments and those which aimed at staff training. In this way, the current pandemic crisis could be exploited to make a qualitative leap across the national tourism system.

The last front on which government agencies can intervene to encourage the efforts of hotel businesses and tourism is managing and developing destinations, by creating the ideal conditions and the appropriate institutional framework. All these efforts risk being thwarted if the destinations are not able to integrate them into a common vision for higher safety guarantees for tourists,

taking into account their current expectations. In this sense, it is not enough to propose advertising campaigns for the destination or to monitor the implementation of security measures.

We need a qualitative leap that leads to better coordination of local resources where all actors are called upon to make a coherent and collaborative contribution. Only if this challenge is met with the appropriate response of all stakeholders, it will be possible to lay the foundations for a real resumption of the hotel business and the tourism market, with positive results that will last for a long time.

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PRODUCTIVITY IN THE NEW ECONOMY: AN EMPIRICAL ANALYSIS

A. ADAMOPOULOS*

Abstract

This empirical study investigates the relationship among information technology, research and development expenditures and productivity index for 23 developed countries over the period 2005-2020. The methodology of this study focuses on panel data analysis. Therefore, a panel system equations model is estimated in order to define the direct and indirect effects of productivity index and R&D expenditures on information and communication technology. Finally, Dumitrescu-Hurlin panel causality tests indicated that there is a bilateral causality between information technology and productivity, also a bilateral causality between R&D expenditures and information technology, while there is a unidirectional causality between productivity and R&D expenditures with direction from productivity to R&D expenditures.

JEL Classification: C3, O3

Keywords: Productivity, R&D, Information technology, Panel causality tests.

1. Introduction

The term “new economy” has many connotations. Most commonly it refers to that branch of the economy that develops, produces, and applies Internet-based information technologies, the so-called Internet economy (Ehrke, 2000). The main characteristic of the new economy is that high productivity growth sustains high non-inflationary economic growth (Bassanini et al, 2000). The “New Economy” refers to the rapid improvements and spread in the use of information and communication technology (ICT), based on computers, software, and communications systems.

Initially, the term was used by the U.S. Federal Reserve Board Chairman Alan Greenspan at his speech during the U.S. Congress in July 1996. He countered the assumption that price stability is endangered when the unemployment rate falls under 6%. Price stability could be maintained even at a far lower rate of joblessness. The chief reason for the productivity gains is to be found not in tighter international competition but above all in advances within the realm of

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information technology: *“Our nation has been experiencing a higher growth rate of productivity in recent years. The dramatic improvement in computing power and communication and information technology appears to have been a major force behind this beneficial trend”* (Greenspan, 1999).

In the second half of the 1990s the US economy experienced a period of sustained productivity growth. Various authors like Oliner & Sichel (2000), Jorgenson *et al* (2002) argued that this can be equally ascribed to capital deepening and total factor productivity (TFP) growth, both affected, at least partially, by massive investment in information and communication technologies (ICT). Oliner & Sichel (2000) revealed that computer capital outlays from 1996 to 1999 contributed up to 24% of the general growth in labor productivity. On the whole, the increased use of IT capital (computers, software, and communication equipment) in the second half of the 1990s accounted for 48-74% of the acceleration in productivity gains of 1.06 percentage points.

The higher labour productivity is not due to bigger firms, or better managers industries), but it is the result of greater competition and much more flexible labor practices. Specifically, the higher productivity depends on the ability of managers to introduce new and improved products much faster than abroad and the ability of engineers to invent new and more efficient ways of making and designing products. The productivity-slowdown puzzle of the 1980s evolved into the Solow paradox of the early 1990s: *“Computers were everywhere except in the productivity statistics”*. The answer, of course, was that computers were not everywhere in the United States at the time was writing to make a significant difference in its productivity and growth statistics.

The widespread use of the new technology also led to more widespread changes in business organization in the United States than elsewhere in the form of new production methods and human resource management practices, new types of relationships with suppliers and customers, and new forms of finance and compensation. It also led to new business strategies and synergies, such as spreading the scope of the enterprise through mergers and acquisitions and streamlining their operations to best utilize their core competencies (Salvatore, 2003).

The New Economy has spread much faster in the United States than abroad not only because the United States is at the frontier in the development and production of ICT, but also because it is the nation where ICT has permeated more sectors of the economy. The greater use of the new technologies has been stimulated by the more rapid globalization of the US economy and by the fact that the US economy has the most liberalized and restructured economy among the G-7 countries (Salvatore, 2003).

A rapid increase of labour productivity and capital stocks accelerated the

evolution of information technology in the last decades worldly. The outbreak of high technology is highly due to the discovery of “Internet” with unlimited facilities in communication services and in industrial production. Furthermore, the improvement of educational systems by using modern pedagogical methods of learning and training in conjunction with new technological applications contributed to the flowering of culture and economic growth. The State Aid for research and development encouraged the evolution of information technology and science simultaneously in most of European Union member countries and United States of America.

Pieri et al (2018) investigated the channels of transmission through which R&D and ICT affect productivity for a large sample of OECD countries over the period 1973-2007. These are technological change, technical efficiency, input accumulation and spillovers. Pieri et al (2018) confirmed that information and communication technology (ICT) reduce production inefficiency effectively, while R&D encourage the rapid increase of technological change and knowledge spillovers in industrial sector and contribute to total productivity growth and boost technological investments in domestic economy.

This empirical study attempts to examine the interrelation between productivity, technology and innovation applying panel data analysis. The main model hypothesis of this study supposes that productivity and innovation (R&D) accelerate information and communication technology (ICT) for 23 developed countries over the period 2005-2020.

The remainder of the paper proceeds as follows: Section 2 analyses the methodology of empirical study, while section 3 presents the empirical results and finally section 4 provides the conclusions of this paper.

2. Data and Methodology

2.1. Data analysis

In this empirical research panel two-stage least squares method is applied in order to examine the interrelation among productivity, information technology and innovation. For this purpose a structural system equation model is estimated and some basic diagnostic tests are examined for reliability and statistical significance and especially autocorrelation and normality tests.

The system equation model has the following general form:

$$ICT_t = c_1 + c_2 RD_t + c_3 PROD_{t-1} + c_4 ICT_{t-1} + u_{1t} \quad (1a)$$

$$RD_t = c_5 + c_6 ICT_{t-1} + c_7 RD_{t-2} + u_{2t} \quad (1b)$$

$$PROD_t = c_8 + c_9 ICT_{t-3} + c_{10} RD_{t-2} + c_{11} PROD_{t-2} + u_{3t} \quad (1c)$$

where:

ICT = information and communication technology

PROD = productivity

RD = research and development

t = time trend

u = residuals

c_1, \dots, c_{11} = estimated coefficients

Following the studies of Dinopoulos & Thompson (1998), Bassanini et al. (2000) Venturini (2009), Ugur et al (2016), the variable of productivity (PROD) is measured by productivity index, while the variable of innovation (RD) is expressed by research and development expenditures as percentage of GDP. Gross domestic expenditures on research and development (R&D), expressed as a percent of GDP. They include both capital and current expenditures in the four main sectors: Business enterprise, government, higher education and private non-profit. R&D covers basic research, applied research and experimental development.

The variable of technology growth (ICT) is denoted by information and communication technology services exports. Information and communication technology service exports include computer and communications services (telecommunications and postal and courier services) and information services (computer data and news-related service transactions) (World Bank database, <https://data.worldbank.org>).

The graphs of examined variables are presented in Figures 1, 2 and 3.

Figure 1: Information & communication technology

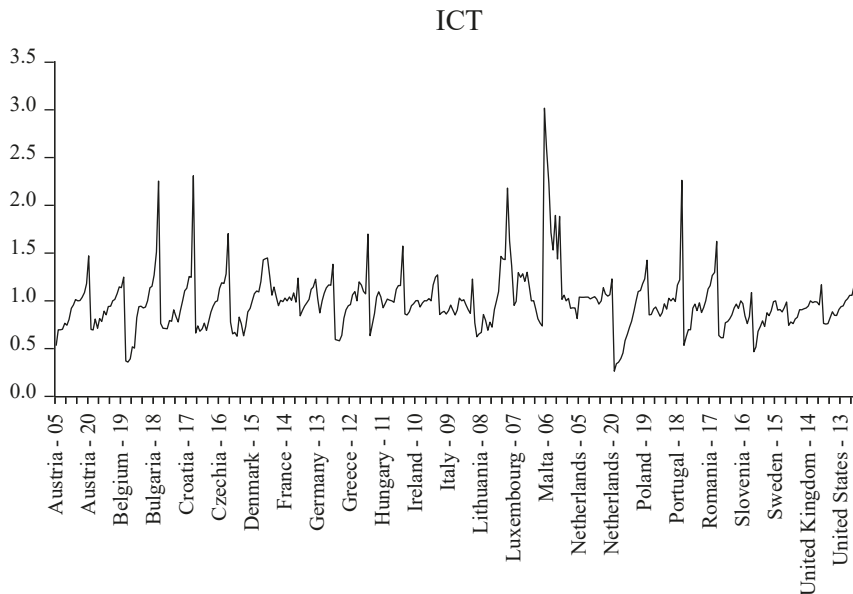


Figure 2: Research & development expenditures

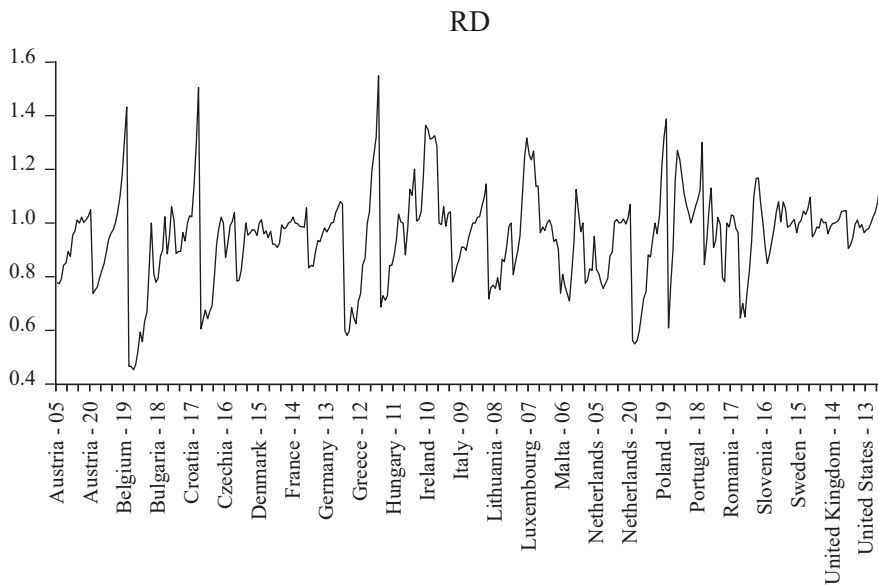
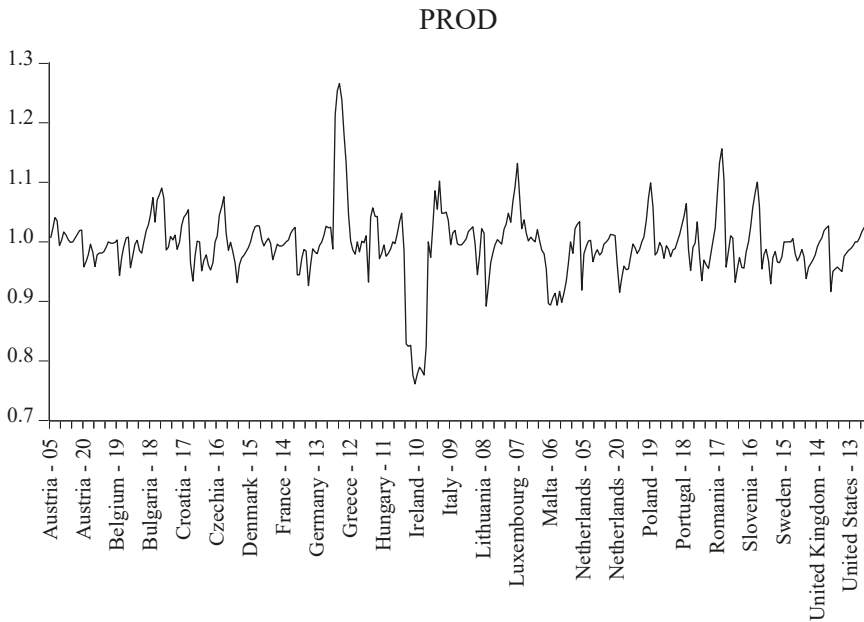


Figure 3: Productivity index

In this empirical study annual data are used for 23 developed countries covering the time period from 2005 to 2020, regarding 2015 as a constant year. The data sample is referred to 23 developed countries such as Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Sweden, United Kingdom and United States of America. The statistical data variables are obtained from statistical database of European Committee Economic and Financial Affairs (AMECO, 2020) and World Bank (World Development Indicators online database, <https://data.worldbank.org>). The Eviews 10.0 (2017) software conducts the relative econometric tests.

Figure 4: Information & communication technology (ICT) 2019-2020

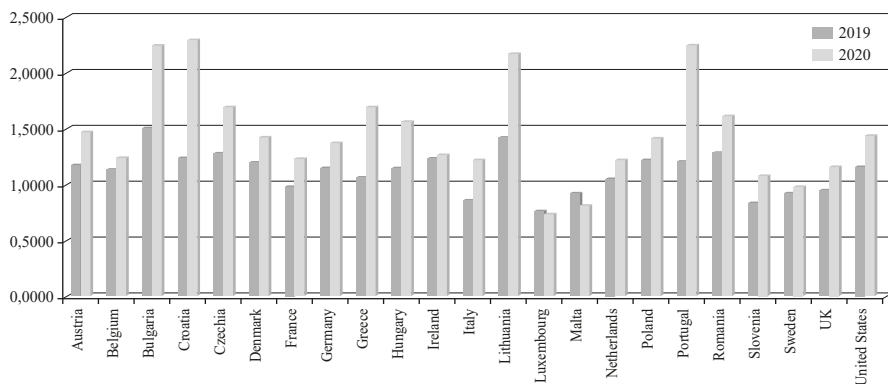


Figure 5: R&D expenditures (RD) 2019-2020

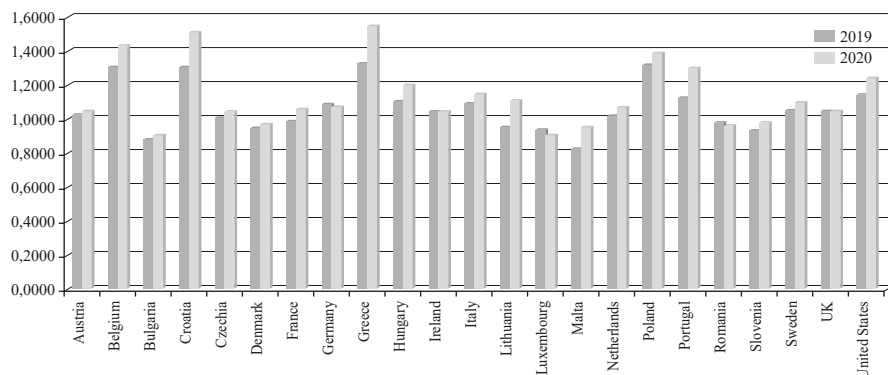
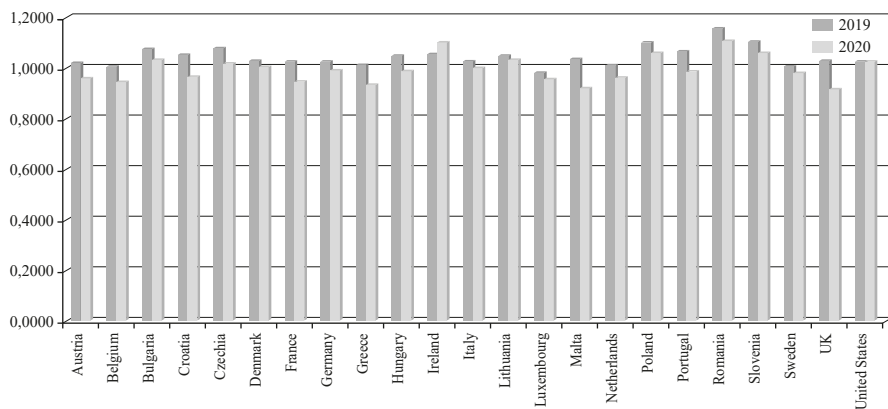


Figure 6: Productivity index 2019-2020



As we can infer from these figures a rapid increase in information technology and R&D expenditures, but also a rapid decrease in productivity index is highlighted in 2020 for all countries as a consequence of the pandemic crisis (COVID-19). Bulgaria, Croatia, Portugal, and Lithuania were at the forefront of information technology increase in European Union in the last years, while Luxembourg and Malta were the last of the remaining European Union member countries. Also, Belgium, Croatia, Greece, Portugal and Poland were at the forefront of R&D expenditures growth in European Union in the last years in conjunction with United States of America, while Bulgaria, Luxembourg and Malta were the last of the remaining European Union member countries.

2.2. Methodology

Panel least squares method consists a new econometric method that is selected primarily for the estimation of linear equation models applying panel data analysis. Panel data analysis is used as an essential econometric method aiming to analyze two-dimensional typically cross sectional and longitudinal panel data. (Maddala, 1992). A simple panel data equation model has the following general form:

$$Y_{it} = \alpha + b X_{it} + e_{it} \quad (2)$$

Y = dependent variable, X = independent variable, a, b = coefficients, t = time trend, e= error term

Panel data regression models are separated mainly in fixed or random effects respectively based on the statistical significance associated with the exogeneity of the independent variables of the estimated panel model. Panel two-stage least squares method is a statistical technique that is mostly used in the analysis of structural system equations model. Comparatively it is regarded as an extension of the panel ordinary least squares method in conjunction with Monte Carlo simulation method (Seddigji et al., 2000).

Following the study of Shahbaz et al (2018), Dumitrescu & Hurlin (2012) adjusted Granger (1969) non-causality test for heterogeneous panels supposing fixed estimates in order to find out heterogeneous causal nexus between the examined variables of the panel model. Panel causality test is based on the estimation of the basic linear regression in the following general form:

$$y_{it} = a_i + \sum_{m=1}^M c_i^m y_{i,t-m} + \sum_{m=1}^M b_i^m x_{i,t-k} \quad (3)$$

In this linear regression y_{it} and x_{it} denote the stationary variables for N individuals and T periods.

The constant term a_i and the coefficient $b_i = (b_i^{(1)} \dots b_i^{(m)})$ are fixed related to time period dimension of panel. The autoregressive terms $b_i^{(m)}$ and $c_i^{(m)}$ supposed to differentiate across cross-sections.

The null hypothesis denotes the existence of homogeneous non-causality (HNC) between the examined variables while the alternative expresses the heterogeneous non-causality. Dumitrescu & Hurlin (2012) causality test is calculated by simply running standard Granger causality regressions for each cross-section individually. Then the average of the test statistics are estimated which are termed as W -bar statistic. The W -bar statistic is accounted as follows:

$$W_{N,T}^{(HNC)} = \frac{1}{2} \sum_i^N W_{i,T} \quad (4)$$

where $W_{i,T}$ are the Wald test statistics for each cross-section unit.

The null hypothesis of non-causality existence shows that each Wald statistic aggregates to a chi-squared distribution based on m degrees of freedom when $T \rightarrow \infty$. Dumitrescu & Hurlin (2012) indicate that the standardized version of this statistic, appropriately weighted in unbalanced panels, follows a standard normal distribution which is termed as Z -bar statistic. Z -bar statistic is an harmonized test statistic given as follows (Shahbaz et al., 2018)

$$\text{when } N, T \rightarrow \infty \quad Z_{N,T}^{(HNC)} = \sqrt{\frac{N}{2M}} (W_{N,T}^{(HNC)} - M) \quad (5a)$$

$$\text{for fixed } T \text{ samples } Z_{N,T}^{(HNC)} = \sqrt{\frac{N}{2K} \frac{T-2K-5}{T-K-3}} W_{N,T}^{(HNC)} - K \quad (5b)$$

3. Empirical results

Based on theoretical hypotheses of the system equation model we can infer that an increase of productivity and R&D cause a relative increase of information and communication technology. The reliability and the significance of the empirical results are dependent on the variables under estimation. The number of fitted time lags and the usage of first order autoregressive term were selected for better estimations results and for the existence of statistical significance in the estimated panel regression model (Table 1).

The panel regression model of this empirical research is consisted of three dependent variables (ICT_t , RD_t , $PROD_t$) and five independent variables (ICT_{t-1} , ICT_{t-3} , RD_{t-2} , $PROD_{t-1}$, $PROD_{t-2}$). The empirical results of panel two-stage least squares methods are summarized as follows:

$$ICT_t = -1.19 + 0.43 RD_t + 0.96 PROD_{t-1} + 0.85 ICT_{t-1} + u_{1t} \quad (6a)$$

$$RD_t = 0.22 + 0.14 ICT_{t-1} + 0.65 RD_{t-2} + u_{2t} \quad (6b)$$

$$PROD_t = 0.22 + 0.02 ICT_{t-3} + 0.03 RD_{t-2} + 0.71 PROD_{t-2} + u_{3t} \quad (6c)$$

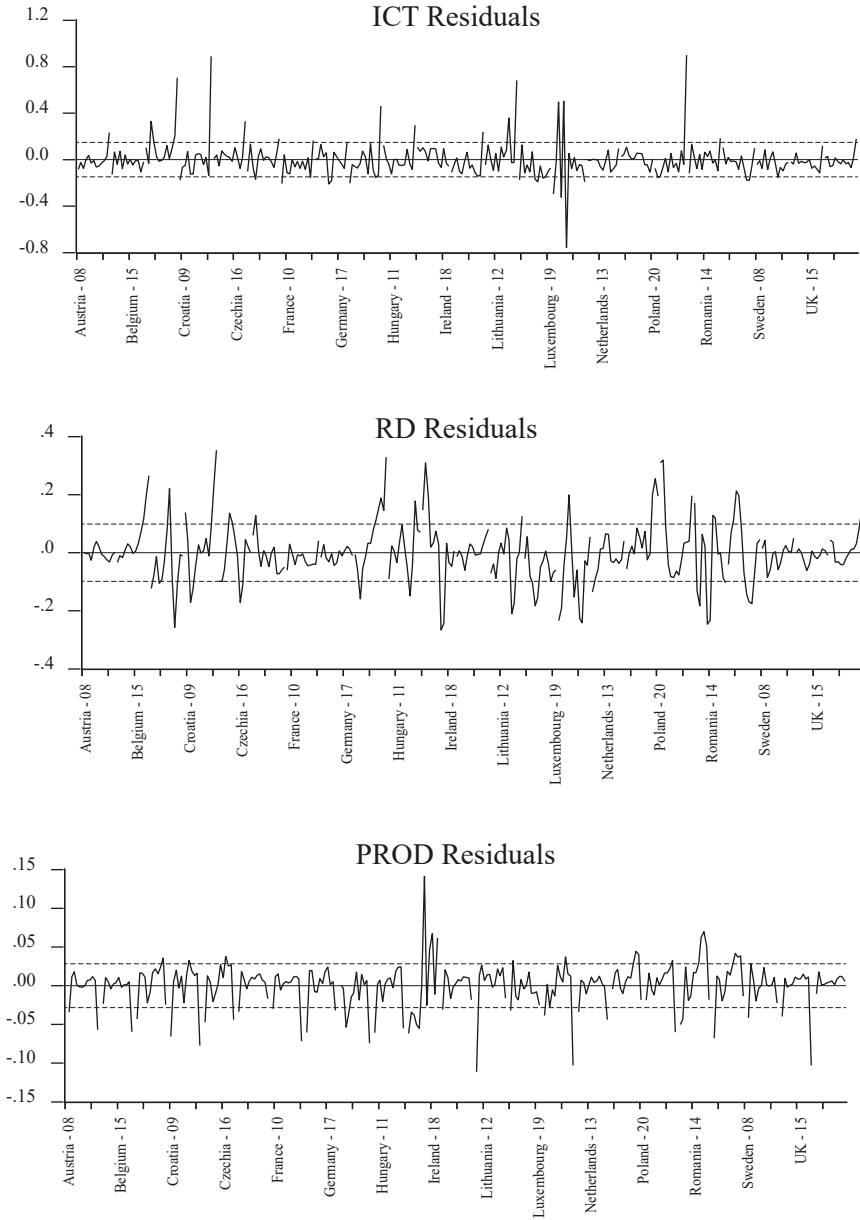
Table 1: Panel Two-Stage Least Squares Method

	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	-1.1966	0.2170	-5.5139	0.0000
C(2)	0.4376	0.1178	3.7131	0.0002
C(3)	0.9666	0.1867	5.1753	0.0000
C(4)	0.8502	0.0593	14.3274	0.0000
C(5)	0.2212	0.0450	4.9057	0.0000
C(6)	0.1457	0.0323	4.5035	0.0000
C(7)	0.6574	0.0574	13.0020	0.0000
C(8)	0.2266	0.0527	4.2994	0.0000
C(9)	0.0225	0.0107	2.0937	0.0372
C(10)	0.0346	0.0189	1.8265	0.0689
C(11)	0.7199	0.0481	14.9454	0.0000
Instrument Specification: C RD(-2) PROD(-1) PROD(-2) ICT(-1) ICT(-3)				
Equation: $ICT = C(1) + C(2) \times RD + C(3) \times PROD(-1) + C(4) \times ICT(-1)$				
R-squared	0.7131	Durbin-Watson stat		1.9468
Equation: $RD = C(5) + C(6) \times ICT(-1) + C(7) \times RD(-2)$				
R-squared	0.6607	Durbin-Watson stat		0.8721
Equation: $PROD = C(8) + C(9) \times ICT(-3) + C(10) \times RD(-2) + C(11) \times PROD(-2)$				
R-squared	0.5824	Durbin-Watson stat		1.1998

As we can infer from the empirical results, an increase of R&D per 1% causes a relative increase of information and communication technology per 0.43, an increase of productivity index per 1% causes a relative increase of information and communication technology per 0.96 (Equation 1). Also, an increase of information and communication technology per 1% causes a relative increase of R&D per 0.14 (Equation 2) and finally an increase of information and communication technology and R&D per 1% causes a relative increase of productivity index per 0.02 and 0.03 respectively (Equation 3).

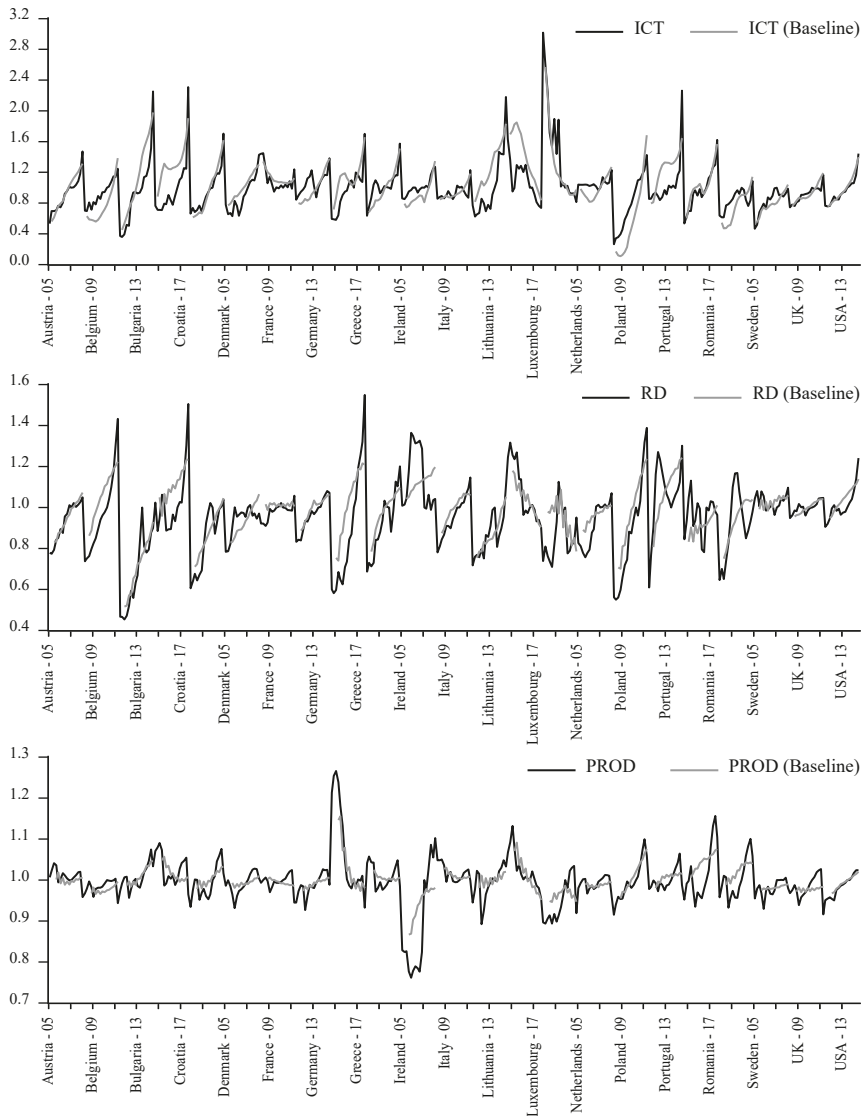
Also, examining the structural system equations model for statistical significance, we can conclude that there aren't any statistical problems due to the lower probabilities of 5% level of significance. Furthermore, the coefficient of determination is high enough in all estimated regressions and is close to unity, so the system equations model is statistical reliable and very well adjusted to reality. The empirical results related to the normality test of residuals indicated that the residuals are normally distributed as it is obvious from the relative graphs of estimated residuals of panel regression model (Figure 7).

Figure 7: Graphs of residuals



Then a panel simulation model with Monte Carlo simulation method is estimated in order to make sensitivity analysis. The empirical results indicated that the panel system equations model is very well simulated, since the simulated values of dependent variables are very close to their real values (Figure 8).

Figure 8: Monte Carlo panel simulation model

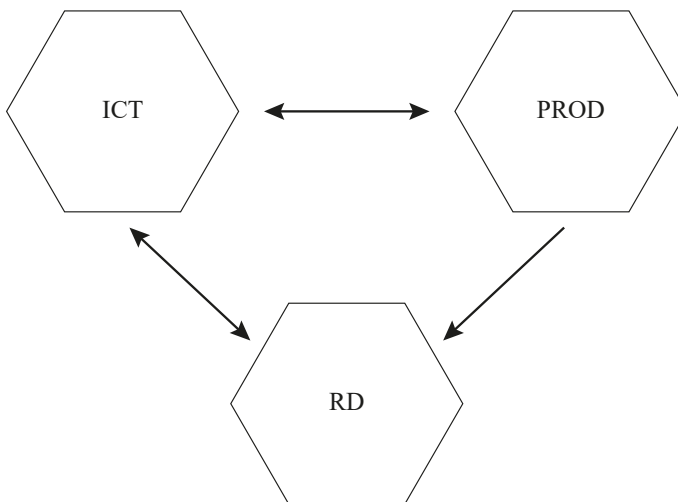


Finally, panel causality tests are examined in order to define the causal relations between the examined variables of the estimated panel regression model. Pairwise Dumitrescu-Hurlin panel causality tests indicated that there is a bilateral causality between information & communication technology and productivity, but also there is a bilateral causality between R&D expenditures and information & communication technology, while there is a unidirectional causality between productivity and R&D expenditures with direction from productivity to R&D expenditures (Table 2, Figure 9).

Table 2: Pairwise Dumitrescu-Hurlin Panel Causality Tests

Null hypothesis	W-stat	Zbar-stat	[Prob]	Causal Relation
PROD does not homogeneously cause ICT	2.2618	2.5589	[0.0105]	PROD ↔ ICT
ICT does not homogeneously cause PROD	1.9662	1.8465	[0.0648]	
RD does not homogeneously cause ICT	3.1672	4.7410	[2e-06]	ICT ↔ RD
ICT does not homogeneously cause RD	2.1747	2.3490	[0.0188]	
RD does not homogeneously cause PROD	1.2386	0.0932	[0.9257]	PROD → RD
PROD does not homogeneously cause RD	1.8934	1.6711	[0.0947]	

Figure 9: Causal relations



4. Conclusions

In this study an effort was made in order to examine the causal relationship among productivity index, research & development expenditures and information & communication technology for 23 developed countries, using annual data covering the period from 2005 to 2020. The empirical methodology focuses on panel data analysis for better statistical estimations. For this purpose, a structural system equations model is estimated with a panel two-stage least squares method in order to define the direct and indirect relationship between the examined variables, while Monte Carlo simulation method is applied in order to make simulation policies.

The empirical results indicated that research & development expenditures and productivity index have a positive and direct effect on information and communication technology. Finally, Dumitrescu-Hurlin panel causality tests found that there is a bilateral causality between information technology and productivity, also a bilateral causality between R&D and information technology, while there is a unidirectional causality between productivity and R&D expenditures with direction from productivity to R&D expenditures.

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WAIT AWAY, WAIT FOR AWAY OF TRUST LAW

A. MANIATIS*

Abstract

The testamentary trust, enabling a natural person to confirm his power towards his descendants, through the scheme of heir (child) and beneficiary (grandchild, including the unconceived one), has been historically completed by the living trust. Besides, in the nineteenth century the monopolistic business of trust was born out of practice in the USA, like the cooperatives in the UK. As a counterbalance, rules against unfair competition were adopted, initially in the USA, whilst later France made use of the phenomenon of normative exorbitance, in form of regulatory administrative acts. Although the law of living trusts has not enjoyed the universal diffusion of the comparable branch of cooperative law, it has recently gained territory, being combined with new concepts, such as legal entities (quasi legal persons). To sum up, trust law is particularly related to quasi-persons, natural or legal, and to people who have not yet been biologically conceived, institutionalizing the phenomenon of uncertainty in law and implicating the application of adapted public mechanisms, such as the realism of tax law through the approach to legal entities.

JEL Classification: K

Keywords: Antitrust law, Normative exorbitance, Quasi-persons, Trust law, Uncertainty.

1. Introduction

The current research focuses on trust, which is a multifaced phenomenon.

First of all, it is about confidence between acting persons, which exists in legal relations, especially in contracts. Although usually it is not highlighted as a general principle of law, it is strictly related to various principles and concepts, such as the classical principle of good faith.

Second, the trust constitutes a form of union of enterprises, which essentially is based on this principle of contract law. If one can see the potential role of contract law, including its “good faith” doctrine, as a compliance device serving to symbolize, build and internalize a culture of trust in any routine interaction, this is also the case in the especially complex contractual interactions entailed by corporations (Buksan, 2006). The trust as an institution of

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Corporate Law is a group of companies which, although retaining their legal autonomy, are controlled by a parent company.

The American nation's first trust, the Standard Oil Trust, was created in 1882, much later than the emergence of the first cooperative which is held as the archetype case of the current model of cooperatives (Maniatis, 2021). The Rochdale Society of Equitable Pioneers – which was registered on 24 October 1844 and opened its first store on 21 December of the same year in Rochdale, near Manchester, is almost universally regarded as the first structured manifestation of that kind of business organization which the title and substance of “cooperative” have been referred to until today (Fici, 2013). By 1898, 82 trusts with a total capitalization of \$1.2 billion had been formed in the USA.

Besides, the Sherman Antitrust Act has been the first legislation enacted by the USA Congress, in 1890, to curb concentrations of power that interfere with trade and reduce economic competition. That law, which was named for Senator John Sherman of Ohio, is the basic one in American legal order against restrictions on competition and it was completed by other acts, from 1914 and on. The start had been made for the adoption of laws on the protection of free competition in other countries.

Standard persuaded shareholders in various companies to give their shares to a board of trustees in exchange for certificates guaranteeing them the payment of dividends. Therefore, that organ achieved the administration of various companies at the same time, which were normally supposed to be in competition with each other. In late July 1911, Standard, which was endowed with a monopoly in oil market, announced its plan for dissolution, being imposed by judicial sentences, and divided into several different entities.

Third, the trust is a kind of property being subject to a specific regime of private law, with a third person as a beneficiary.

The current research initially focuses on a preliminary matter, consisting in economic aspects of wars and in relevant innovations.

Then, it makes a reference to the general phenomenon of exorbitant rules, which has been applicable *inter alia* to cope with monopolistic trusts.

Afterwards, it introduces to inheritance law on trusts and tackles with some generic institutions of civil law and more widely of the entire legal system, such as persons and embryos, let alone in the current era of new biomedical technologies and bioethical questions.

This approach from the general to the specific goes on, with a reference to the current legal regime of trust law, beyond civil code norms.

Furthermore, it analyzes some mainstreaming findings of the completed analysis.

Finally, it ends up to critical remarks on trusts, with emphasis on comparative law and current economic tendencies.

2. Historical roots of trust law and wars

The trust is an institution which is endowed with a protracted tradition. Roman law had a concept of the trust, called “fideicommissum”, in terms of testamentary trusts. In other terms, the trust made by last will dispositions was available whilst the version of the “inter vivos” (living) trusts, which apply while the creator lives, was inexistent. That alternative was created by later common law jurisdictions. It was associated to the tendency of men leaving their own country for a Crusade to leave their fortune to a manager for the period of their absence. In that sense, the law of trusts first developed in the 12th century under the jurisdiction of the King of England. The English common law developed from ancient Roman law which regarded property as an indivisible entity – whoever owned legal title owned all law and privileges (Hersch, 2016).

So, the war is proved to be a factor for adaptation to the new military and social context, if not for innovation. The Crusades were a series of religious wars in the medieval period whilst the first Crusaders had various incentives, such as religious salvation, feudal obligations, opportunities for renown, and economic or political advantage. In other words, economic motivation was not irrelevant to this synthetic phenomenon related mainly to the Catholic Church.

It is also notable that the war is not a common phenomenon in its conventional form of physical violence but also in other forms. This is the case of economic wars in international relations, mainly among neighboring countries.

Trade wars are irrational and the vast majority of economists would agree with this assessment and hence favor free trade (Tsaousi, 2018). But, even if irrational, trade wars still persist, as it the case of the war which is related to Smoot Hawley Act of 1930, an American statute that significantly hiked American tariffs at the beginning of the Great Depression. Another research has highlighted the concept of economic war in the post-depression era, as the political regime of the Republic of Zambia proceeded to various radical actions in the First Republic (1964-1972), mainly during the 1969 pivotal year (Maniatis, 2019).

3. The exorbitant regime in law (public-private dichotomy)

The legal regime which has an exorbitant content vis-à-vis the mainstreaming normativity is considered as very useful. Historically, there is a link between exorbitance and political power. More precisely, the exorbitant

character of rules constitutes the political translation of the superiority of that power. It is to signalize that as far as the French doctrine is concerned, experts in civil law, including Professor Emmanuel Gaillard, have tried to make it clear that the attachment of public law to power as well as of private law to the autonomy of individual will is too simple. In other words, the following position is valid: *‘One and the same science applies to public law and private law’*.

This approach is not an invention of nowadays, but it has been highlighted since longtime. It is notable that already a great expert in civil law, Gaston-Morand, who was a Professor of the University of Montpellier and elaborated not only civil law but also other disciplines, focused on particular aspects of administrative law. After World War I he formulated a notable opinion on trust. He noticed that the American institution of trust, which was at the stage of emerging in Europe, was in need of new concepts to cope with, which consisted in regulatory administrative acts. It is about an approach of the private law doctrine on the notion of enterprise, in the matter of administrative law, which could be held as all-time classic, given that even a new trend, such as cryptocurrency was initially examined from the point of view of tax law (Maniatis, 2018). According to public law scholars, such as François Blanc, the exorbitance means ‘the power of command’. That French Professor signalizes that it is about a reality in all forms of social organization, exemplified by family, associations and companies.

4. The inheritance trust in civil law (heir-beneficiary dichotomy)

Although the testamentary trust belongs to inheritance law, it is not assimilated to the inheritance. In the Greek Civil Code, Chapter 14 is thoroughly dedicated to this traditional form of trust. According to article 1923, the person who makes his will (testator) may oblige his heir to deliver after a certain event or point in time the inheritance which he acquired or a percentage of it to another person (testamentary beneficiary).

In other words, the trust enables the testator to define not only his heir but also his prospective heir, who will acquire his inheritance later, as a general rule when the initial heir dies. In that way, the beneficiary will be transformed into testator’s universal successor and automatically the owner of the mobile things belonging to him.

Not only is the beneficiary institutionalized, but he is a privileged person in legal terms, given that he will gain that fortune without any obligation to transfer it to another person, namely to a second-rank beneficiary. This disposition blocks an excessive power of the testator as for the legal status of his property after death.

In the ancient Greek philosophy, the man was held to be endowed with a triple crown in his home, as follows:

- a. despotic authority over his entire family,
- b. conjugal authority over his wife, and finally
- c. paternal authority over his children.

The current law gives the man or the woman the right to define his heir and also an eventual beneficiary, who will be as a general rule his grandchild, but a limit is definitely imposed. The privilege of the trustee within the inheritance trust could also be interpreted as a ban of the “patriarchal” power of the man or of the “matriarchal” power of the woman over the entire group of descendants. In other words, the trust results informally from the background of the paternal or the maternal authority of the testator but that power may not be promoted in time and also in rank, namely in form of patriarchal or matriarchal authority.

This restriction is also comparable to the fact that in case of an inexistent or invalid will, the intestate provisions of civil law apply, so that the next of kin inherit. The last rank of eventual heir is occupied by the State, which is present not only in public law but also in private law, investing economic interests and expecting promotion of its fund. The aforementioned position on the scientific unity is once again confirmed.

Article 1924 has a rather impressionist content, given that it enables the testator to improvise and essentially prophesize his biological succession from human beings that have yet to be conceived. It cites that if the testator settled an heir who had not yet been conceived at the time of his death, the settled person is considered a beneficiary.

This disposition is valid without prejudice to article 1711 section b of the Civil Code, which is an emblematic disposition of the new trend, consisting in the branch of biolaw. The bioethics-centered disposition mentions that the child born after posthumous artificial insemination can become an heir. Time of induction of the inheritance is the time of death of the person being inherited.

It results that person-centered branches of civil law, such as family law and inheritance law, are extremely hierarchical. Above all, a hierarchical approach is applicable to the natural person, whose status is fully regulated. In a parallel way, the human embryo has a *sui generis* legal status, which is imperfect and transient, compared to the mainstreaming case of natural person. Last but not least, the “not yet conceived” is not a mere fiction of scholars but a phenomenon related to adapted legal rules, such as the ones of trust inheritance or, the last decades, the more promising ones of biolaw on posthumous artificial insemination, which consists in programmed reproduction of human orphans, endowed with full inheritance rights, namely of heir instead of beneficiary. In

a similar way, article 1924 extends its rule to the similar case of a legal person which had not been created yet, at the time of testator's death.

Besides, as long as the testamentary trust consists in real estate, according to article 1193 of the Civil Code the beneficiary must make a declaration of acceptance of the trust and transfer it to the transfer office of the district of the property.

Finally, according to article 1937, until the inheritance is induced to the beneficiary, the heir exercises the inheritance actions and manages it. Towards the beneficiary he is responsible for all the diligence he shows in his own affairs.

Disposition of the objects of the inheritance, if the testator did not specify otherwise, is forgiven only when required by the rules of ordinary management or in case the beneficiary has given his consent or in the case of article 1939, consisting in heir's freedom of management, granted by the testator. Any other disposition becomes void as soon as the induction is made to the beneficiary. It results a kind of legal uncertainty, with economic impacts.

5. Trust law (normativity-discipline dichotomy)

Corporate trust is a common phenomenon which must comply with the relevant rules of competition law, into which has been incorporated antitrust law. Greece is end owed with law 146/1914 on unfair competition, which is an exact translation of the corresponding German law. However, it does not regulate the other version of trust, at least in an ad hoc way. This abstention is very common in the countries of continental Europe ("civil law" countries).

From the English-language term "trust", just like many other ones, a Grecized word has derived. It is about the form "trust" in Greek letters (τραστ). However, the scientific name of this phenomenon is an originally Greek word, consisting in "empistevma" (εμπίστευμα). In inheritance law, there is no use of that expression, as the word "katapistevma" (καταπίστευμα) has been fully consecrated. This word emerged in 1840 and is regarded as the result of adaptation of the Greek language to the neo-Latin word "fideicommissum" (Babiniotis, 2002). It is also notable that the term "empistevma" has been traditionally omitted in dictionaries, such as the precited one. In conclusion, the correlation between the versions of trust becomes difficult.

Besides, there are the following three models for taxation of trusts (Georgiadis, 2020):

- a. Opacity, according to which the trust itself is subject to taxation. Consequently, the trust, the settlor and the beneficiary may be taxed for their profits coming from the trust.
- b. Transparency, based on taxation directly at the level of the entitled persons.

c. Hybrid model, which includes the taxation transparency in some cases and the opacity in other ones.

More precisely, article 2 of the Code on Income Taxation (law 4172/2013 as it is in vigor) has adopted the novelty of ‘legal entities’, which has been literally repeated in article 3 of the Code on Tax Procedure (law 4174/2013). It defines them as follows: *“any form of corporate or non-corporate organization and of a for-profit or non-profit nature that is not a natural or legal person, such as mainly a cooperative, organization, offshore company, any form of private investment company, any form of testamentary trust (‘katapistevma’) or trust (‘empistevma’) or any form of a similar nature, any form of foundation or association or any form of a similar nature, any form of personal enterprise or any entity of a personal nature, any form of joint enterprise, any form of company for the management of capital or fortune or will or inheritance or legacy or donation, any form of joint venture, any form of civil law company, joint-stock or invisible companies, civil law societies”*.

Those legal entities, including trusts, are subject to the income tax on legal persons and legal entities. It results that this Code takes an approach to trusts as untransparent entities, in contraposition to the previous Code (Law 2238/1994), according to which they were approached as untransparent entities.

Besides the regulation in that current Code, on incomes coming from trusts is applicable the Tax Code on Inheritance, Donation and Parental Allowance. This is valid as long as the trust on the matter is used as a means of transfer of fortune from the settlor to the beneficiary for a gratuitous reason.

Many countries have regulated the non-corporate institution of trust as a discipline, characterized by a triangular relation among the persons involved. At first, there is the settlor, also called grantor, which creates the trust on his own initiative, in a unilateral way, through a declaration of will having the specific nature of legal action, usually in form either of donation or of will (testament). However, a trust may also result from a judicial decision, when a tribunal orders that creation.

The settlor appoints the trustee, who otherwise is judicially appointed. He has the faculty to select himself as a trustee or as a beneficiary whilst this is not possible with an inheritance, because a person cannot inherit something he or she already owns and is also unable to inherit something after death (John, 2022). Anyway, those two properties may coincide in his person, if he benefits from the profits of the trust but has indicated some other persons as beneficiaries after his death.

The trustee is the person that acquires the settlor’s fortune. He has to make a distinction between his normal property and the trust property, to avoid any

confusion. He has a duty of accountability for his mission before the beneficiary. Frequently, banks or companies being specialized in management of property are appointed as trustees.

Furthermore, the beneficiary is the natural or legal person, or even the legal entity, which is regarded as the beneficial (or equitable) owner of the trust property. He is endowed with the equitable ownership against the legal ownership of the trustee. He has various rights, such as the right to follow the trust property and also to ask for the replacement of the trustee.

It is to signalize that a fourth figure is likely, the protector, in an express inter vivos trust. This person has the competence to exert a control over the trustee, usually including the authority to dismiss him and appoint another. The jurisprudence has not yet clarified whether the protector, whose emergence in trust law is comparatively new, has fiduciary duties or not whilst undoubtedly the trustee has fiduciary responsibilities.

The trust has been limited down to the common legal systems, such as those of Commonwealth or the USA. Even under those law systems, that notion has been approached in very different ways.

It is also notable that Cyprus, which is one of the very few countries that have ratified (with law 15 (III) 2017) the Hague Convention on the Law Applicable to Trusts and on their Recognition, or Hague Trust Convention which entered into force on 1 January 1992, put the step forward in trust law through the adoption of (amending) law 20 (1) 2012. That law which amends the ‘basic law’ on international trusts 69(I) of 1992, aimed at facilitating the establishment of trusts by non-residents of the Republic of Cyprus whilst already in this country there was a big number of trusts, implicating large turnovers for local lawyers acting as trustees. The new dispositions place Cyprus a leading polity with the European Union and furthermore promotes its position in the trust market, worldwide.

Finally, a few civil law countries have developed recently the tendency to institutionalize non-corporate trusts. For instance, France introduced a similar, Roman-law-based device, called “fiducie”, through the adoption of law 2007-211, amended in 2009. However French cooking has led to the emergence of a contractual relationship, unlike the archetype of trust.

6. Findings discussion

From the current research it results that the trust is essentially a general legal principle, which is especially applicable in the mission of some professionals, enacting the role of fiduciary, namely of a person that acts in the best

interest of another person. This is the case of a typical figure of civil law, such as the attorney who is a fiduciary to his client, being subject to disciplinary and penal control on the matter. Furthermore, the lawyer enacts a key role in trust law, mainly as a potential trustee.

It is also notable that the trust continues to have an experimental character, promoting various innovations in the entire legal system. For instance, it has been traditionally related to the doctrinal fiction of quasi-persons. In principle, this is the case of civil law, as far as the legal status of embryo is concerned. Article 38 of the Greek Civil Code cites that “*In terms of the rights attributed to him, the fetus is considered born if he is born alive*”.

A similar development has recently taken place in the field of administrative law, with the introduction of a new category, close to legal persons. It is about the group of entities called with the neologism “legal entities”, characterized by the doctrine as “quasi legal persons” (Panagopoulos, 2018). This innovation exemplifies the legal realism, which is an emblematic, anti-formalist principle of tax law against tax evasion and tax avoidance.

Last but not least, England created the living version of the institution of non-corporate trust, completing the puzzle of trust law, whose testamentary version has its roots in Roman law and survives in current mainstreaming law, as it is the case of Civil Codes.

The UK is the homeland of two forms of legal persons or legal entities of private law, consisting in trusts and cooperatives. Unlike cooperatives, which have been a very big success story worldwide with massive participation of cooperators, living trusts have not enjoyed a universal diffusion in legal terms. For a century now, cooperatives have been constitutionally enshrined in many countries whilst living trusts keep having a rather marginal recognition in legal orders of civil law countries.

7. Conclusion

The current paper ends up to the following critical remarks:

a. A singularity of opposing, almost homonym branches: trust law - antitrust law

The trust has been a source of inspiration for various specific institutions of private law, related to entrepreneurship. This is the case of trust as monopolistic business, whilst anti-trust law was later created in commercial law. In that way, a unique phenomenon has emerged, consisting in the coexistence of two different branches of law, with almost the same name, the first one with

a positive formulation (trust law) and the second one with just the opposite formulation (antitrust law).

b. A trend of liberalization of corporate trusts and non-corporate trusts

The general trend for both types of trusts has evolved into the liberalization and the promotion of their legal regime. As far as corporate trusts are concerned, there was a traditional dichotomy in energy law, between petroleum market and electricity market. The oil sector has been subject to free competition, leading to the creation of antitrust law, with the emblematic American case of Standard Oil Trust. Just the opposite, the electricity sector was until a few decades ago a legal monopoly of the States involved (Meilhaud, 2011). Besides, competition law has permitted vertical collaboration between operators located at different levels of the economic process (Maniatis, 2022). Vertical restrictions of competition, after having been condemned almost as severely as the horizontal restrictions, have long been considered pro-competitive in many cases (Vogel, 2004). The instability of economic theory, exemplified by the approach of verticality, made the law react. The law has adapted by adopting very general laws in the field of competition (more general than elsewhere), by giving a large place (larger than elsewhere) to case law and by resorting more and more frequently (more frequently than elsewhere) to ‘soft law’, made up of notices and guidelines, which have the advantage of not binding the authorities that adopt them and of being modifiable at any time (Vogel, 2004). This modern tendency is in contraposition of the aforementioned use of normative exorbitance to cope with the American institution of trusts. Even living trusts are nowadays more welcome, as it is the case of the diffusion and modernization of trust law in many countries.

c. Emergence of the legal concept of uncertainty, related *inter alia* to trusts

The current research has highlighted the fact that uncertainty has been a multifaceted phenomenon which seriously concerned law, much before the pandemic of Covid-19 which implicated the need of normative measures particularly in some sensitive domains, such as tourism (Pellier, 2020). For instance, this is the case of testamentary trust, which enables the testator to define even a “yet to be conceived” as beneficiary whilst in general there is an uncertain situation in case of unauthorized transfer of trust property by the heir to a person other than the beneficiary. In a comparable way, uncertainty has been produced by instability in the field of economics, as for the legislative policy on competition, mainly the vertical one. As a counterweight to uncertainty, the State

has been led to various innovations, such as the use of soft law in the matter of competition and the concept of legal entities in tax law.

d. Distance relations promoting legal and economic innovation

Being at a distance, either physical or sectorial, generates innovation. This is the case of trust law, with the crusaders waiting away from England to accomplish their military mission and resume their financial activities. As far as the current trust is concerned, it has been significantly promoted by innovative institutions, such as the figure of protector, and new rules adapted to the context of globalization, as it is the case of 1992 law on international trusts, especially as amended by the 2012 law, in the legal order of Cyprus. This member of Commonwealth has attempted to gain a comparative advantage in international economy, already through its recognition as a traditional power offering a flag of convenience to non-Cypriot shipping enterprises, away from the “genuine link doctrine”. The last decades, various economic institutions, such as trusts and flags of convenience, have inverted the methodology but not the process of distant investments: owners wait for a way of management of their property whilst they are not located away from their homeland but away from the new centers of economic operations, exemplified by new sovereign countries, like Cyprus.

It results the following diachronic concept of asset management: ‘Wait away, wait for a way’...

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AIMS AND SCOPE

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