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Abstract book

**Samantha PRINSLOO, Candice WALKER, Lise BOTHA,
Juan-Pierre BRUWER, Yolande SMIT**

**The Influence of Combined Assurance Initiatives on
the Efficiency of Risk Management in Retail Small
and Very Small Enterprises in Bellville, South
Africa (Journal Article)**

AJBEA Volume 2, December 2016, // 63-81, 2015, ISSN 1726-9699.

According to the South African Small Business Act No. 102 of 1996 Small Medium and Micro Enterprises (SMMEs) are regarded as separate small business entities owned by one or more owners; operating in various sectors of the national economy. SMMEs play a significant role in contributing to the South African economy, particularly by means of providing employment opportunities and assisting in the equal distribution of wealth. Albeit the latter prior research reveals that 80% of SMMEs do not survive beyond their first five years of existence. Plausible reasons for the latter include the

influence of micro-economic factors and macro-economic factors; resulting in direct, inevitable risks being placed on the overall existence of SMMEs. In order to identify and manage these risks, SMMEs need to make use of adequate risk management strategies. More often than not a risk management strategy should eliminate and/or mitigate risks and provide reasonable assurance that business objectives will be achieved in the foreseeable future. To assist in the attainment of the latter, combined assurance initiatives should be used since it is believed to enhance both the understanding and treatment of risks; providing management with optimum assurance that its relevant objectives will be met in the foreseeable future. Stemming from the above, the perception was formulated that SMMEs do not have adequate risk management strategies in place due to the lack of combined assurance initiatives. This research study consisted of survey research whereby 30 questionnaires were collected from SMME management (i.e. owners and/or managers) all of whom had to adhere to a strict set of delineation criteria. It was found that SMMEs make use of semi-formal risk management strategies to mitigate and/or eliminate risks which are somewhat effective, but applicable risks are not optimally managed due to a lack of ample combined assurance initiatives.

Zoltan VAJNA

LEAN Tools in the IT Sector (Journal Article)

AJBEA Volume 2, December 2016, // 82-89, 2015, ISSN 1726-9699.

Nowadays the LEAN tools with their proven efficiency are indispensable parts of the production management. I think there is no producing enterprise that cannot utilize a wide variety of these LEAN tools. The question now is how these tools can support companies in increasing the efficiency of their supporting IT processes. In this study I will demonstrate how these well-known LEAN tools from production management can be used in IT management to create more cost-effective, efficient and transparent solutions during the IT system development and IT operation activities. I will show respectively without attempting to be comprehensive the most important tools of the LEAN management and I will analyse how these tools can be used

in the IT sector. At the end of this study I will demonstrate what the IT managers think about the practical use of these tools.

Britta BOLZERN-KONRAD, Carolin EGGER, Erika SUMILO

**Competence Utilization for Innovation Capabilities -
A Question of Trust? (Journal Article)**

AJBEA Volume 2, December 2016, // 90-104, 2015, ISSN 1726-9699.

The purpose of this paper is to show how trust as an organizational value contributes to employee competence utilization in the case of innovation capability. Thus, it is the objective of this paper to analyze the positive impacts, but also potential limits of trust in business management. The research paper uses two different quantitative empirical studies drawn from German and Austrian mid-sized companies to empirically test this interrelation. As a result, the paper determines particular aspects of trust such as accountability, shared norms and the ability to take responsibility to be interrelated with the usage of employee competences and underlines a positive

connection between product innovation performance and trust. However, the trust concept needs enriching elements to be balanced towards a feeling of mutual reliance and support creativity instead; inclusions of bridging social capital, elements of distrust and a pioneering spirit are to be mentioned here.

Joseph BESONG BESONG

**Stress and Time Management Settings in University
of Maroua, Cameroon (Journal Article)**

AJBEA Volume 2, December 2016, // 105-110, 2015, ISSN

1726-9699.

The aim of this paper is to examine stress and time in educational management in Maroua University. These two phenomena are profound in educational issues in Cameroon due to the complex administration or management. Education comprised of diversity of activities ranging from administration, discipline, teaching, evaluation and learning. Each of these activities requires time schedule to avoid stress in the face of pressure. Administration requires planning,

organizing, controlling, commanding, coordinating, reporting and budgeting. Each of these managing variables requires time, just as discipline, teaching, evaluation and learning should need. The situation may be affected by higher authority interference and cause a rush thus affecting every schedule in the system on this note, it is necessary that every administrator on management cadre should develop a list of activities such as admissions, examinations, sports, vacations and other ceremonies which requires his attention on daily, weekly, or monthly bases and there after allocate in a tentative fashion the most appropriate times for dealing with such activities. Some profile recommendations are: strict adhering to schedules to avoid overlapping or prolongation to other programs; the schedules should be pasted or placed at a convenient point in the office for reference to avoid forgetfulness: as an administrator, time should be allocated for meeting or consulting with visitors and subordinates; he should delegate functions to his accredited subordinates to crave chance or time for essential duty; he should review the school or organization programs on daily, weekly or monthly bases the degree to which his administration goals have been attained and he (i.e. administrator) should crave time for rest i.e. holidays, relaxation and various forms of physical exercises to revitalizes the body for subsequent activities. The

paper recommends planning which is vital in management to avoid time waste which is scarce and organizing to avoid repetition and also derailed. Hence, a healthy climate may encourage staff participation in decision making, program, daily routines to avoid time constraint and stress, which by-products are hypertension, insomnia and poor or unsuccessful accomplishment of education programs in Maroua University in particularly and nation wide in general.

Emil NYERKI, Robert LIPPERT, Emil NYERKI Jr.

**Producing Just Papers or Creating Added Value?
Snap-Shot about Quality Systems at Hungarian
SMEs(Journal Article)**

*AJBEA Volume 2, December 2016, // 111-118, 2015, ISSN
1726-9699.*

In this paper, a short historical review and the research results are presented, which are focused on the quality management systems used by the Hungarian SME's. The research was based on an original empirical survey, conducted using a random sample of fifty managers

from small and medium sized Hungarian enterprises. All of them use certified quality management systems. The paper presents their current state in the light of their responses, under several aspects. In conclusion, suggestions are given for the problems, such as measurement, development, and education on the research topic.

**Luis Enrique IBARRA MORALES, Jesús VELÁZQUEZ,
Lourdes PARTIDA, Cinthia FRANCO**

Quality Service and its Relation with Global Satisfaction in Fast Food Consumers. A Case Study (Journal Article)

AJBEA Volume 2, December 2016, // 119-128, 2015, ISSN 1726-9699.

The present study analyzes the quality service perception and its relation with the satisfaction for the fast food consumers of hamburgers' sector of the chain Burger King in Hermosillo, Sonora. By the application of Servperf of Cronin and Taylor methodology and a data regression method, through the coefficient of determination

(R²) was determined that the independent variables explain the variability or variance of 82.9% in consumer satisfaction and that the explanatory variable which has the most influence in absolute value over the explained variable is reliability, due to its standardized beta is 0.301, being the highest score among the variables. To achieve the objective of this study, a quantitative and correlation investigation was designed, where data was collected from a survey structured by five dimensions, measured by 22 items. It was applied to a random and representative sample of 385 consumers, with a 95% level confidence and a $\pm 5\%$ of permissible error. An inferential statistical analysis allowed observing a positive relation between consumers' satisfaction level and quality service. The results showed that Servperf is a valid instrument with psychometric characteristics of high reliability that makes it appropriate to measure quality service. The same way, it was observed an index of service global satisfaction of 69.27%, which according to the scale used implies clients are satisfied with the received service.

Florian PHILIPP

**Are Housing Markets Decoupled? A Case Study of
Residential Real Estate Affordability in
Austria (Journal Article)**

*AJBEA Volume 2, December 2016, // 129-139, 2015, ISSN
1726-9699.*

Real estate arguably forms the most important asset to most households and the basis for their wealth. Around this context a model has been set up testing the relative affordability of real estate for the median household in Austria and the consequences of lower borrowing costs between 2004 and 2013 by vintage year. In this paper the hypothesis that the significant decline in base interest rates is not sufficient to offset the relative affordability loss caused by declining net household incomes and the simultaneous increase of real estate prices. To test this hypothesis a model has been set up comparing two different Housing Affordability Indices – one including and one excluding financing effects, having been compared via a multi factor model. Based on this calculation the author finds decreased base interest rates to offset relative affordability losses by only approximately 50%, verifying the hypothesis. The paper therefore

argues for a potential decoupling of the residential housing market in Austria.

Sunday S. AKPAN, Isaac A. AYANDELE

**Remodeling Strategic Staff Safety and Security Risks
Management in Nigerian Tertiary
Institutions(Journal Article)**

*AJBEA Volume 2, December 2016, // 150-165, 2015, ISSN
1726-9699.*

This paper examined safety and security risk management in tertiary institutions in Nigeria. The frequent attacks at workplace, especially schools, have placed safety and security in the front burner of discussion in both business and political circles. This therefore, forms the imperative for the conduct of this study. The work adopted a cross sectional survey research design and collected data from respondents who are security personnel of the University of Uyo. Analysis of data was done with simple percentage statistics while the research hypotheses were tested with mean and simple regression and

correlation statistics. The findings of the study revealed that assassination, kidnappings and bombings were principal risk incidents threatening the safety and security of staff in University of Uyo. A significant positive relationship was found between the funding of security management and workers' performance. It was discovered specifically that employment screening, regular training of security personnel, regular safety and security meetings and strategic security policy formation were the main strategies for managing safety and security in University of Uyo. The paper concluded that safety and security management and control involves every worker (management and staff) of University of Uyo. It was recommended, among others, that management should be more committed to safety and security management in the University by means of making safety and security issues an integral part of University's strategic plan and also by adopting the management line model – one form of management structure-where safety and security are located, with other general management responsibilities. This way, the resurgent cases of kidnapping, hired assassination, etc. would be reduced if not completely eradicated in the University.

Nadejda SERDIUC, Hanen KHEMAKHEM

**The Impact of SOX Adoption on the Compensation of
Non-US Companies' Boards: The Case of Canadian
Companies (Journal Article)**

*AJBEA Volume 2, December 2016, // 182-188, 2015, ISSN
1726-9699.*

The purpose of this article is to study the relationship between the adoption of the Sarbanes-Oxley Act (SOX) and the compensation of the board of directors of Canadian companies listed on US stock markets. The SOX act, promulgated on 30 July 2002 and the rules adopted by the Securities and Exchange Commission (SEC) require, among furthermore, a majority of independent directors on boards. The literature focuses on two main differences between US companies and Canadian companies: more concentrated ownership and the smaller market capitalization of Canadian companies. Therefore, a consistent application of SOX on all the companies that differ at the base, in their size and structure, may have a different impact on the costs of compliance. Using a sample of 17 Canadian companies listed on US stock exchanges from 2001 to 2004, our analysis show that there is a link between the adoption of SOX and the increased in the cash

compensation of the board of directors. The results also show that the effect of SOX is different depending on the company's size.

Susanna MINDER, Signe BALINA

**Human Resource Management's Marketing Approach
and Its Contribution Towards Employee-
Satisfaction (Journal Article)**

*AJBEA Volume 2, December 2016, // 194-204, 2015, ISSN
1726-9699.*

In times when organizations in Germany are confronted with a constant change-dynamic regarding their working conditions managers understand that human resources are an important driving factor for the overall company's performance. The attractiveness of an organization towards potential and actual employees is therefore an issue which is of broad interest for general management as it plays an increasing role to reach company's aims. Necessary for creating such an attractiveness as employer are the establishment of substantiated processes of acquiring and retaining employees. The objective of this

paper is to assess whether the application of a company's human resource management's marketing approach has an impact on employee satisfaction. Concerning the research methods causal modelling and triangulation of research are used. Quantitative research is applied. Results show that the better a company's human resource management's marketing approach in terms of its quality and performance is, the higher is the employees' perception about their employer's organization as well as the overall employees' satisfaction. Findings also reveal a significant positive relationship between a high quality of human resource management's marketing approach and employee satisfaction. Furthermore, a positive relation between a high performance of human resource management's marketing approach and the classification of a company's brand awareness on the labor market as well as a company's classification into an employer of choice is found. Thus, it can be concluded that human resource management's marketing approach is a viable process in the realm of human resource management to steer a company's success through a focus on employee satisfaction.

Athanasios VASILOPOULOS

**Linear and Non-Linear Regression: Powerful and
Very Important Forecasting Methods (Journal
Article)**

*AJBEA Volume 2, December 2016, // 205-228, 2015, ISSN
1726-9699.*

Regression Analysis is at the center of almost every Forecasting technique, yet few people are comfortable with the Regression methodology. We hope to improve the level of comfort with this article. In this article we briefly discuss the theory behind the methodology and then outline a step-by-step procedure, which will allow almost everyone to construct a Regression Forecasting function for both the linear and some non-linear cases. Also discussed, in addition to the model construction mentioned above, is model testing (to establish significance) and the procedure by which the Final Regression equation is derived and retained to be used as the Forecasting equation. Hand solutions are derived for some small-sample problems (for both the linear and non-linear cases) and their solutions are compared to the MINITAB-derived solutions to establish

confidence in the statistical tool, which can be used exclusively for larger problems.

Almaree KEMP, Anthea BOWMAN, Berenice BLOM, Charl VISSER, Danelle BERGOER, Dominique FULLARD, Geraldine MOSES, Sheri-Lee BROWN, Johan BORNMAN, Juan-Pierré BRUWER

The Usefulness of Cash Budgets in Micro, Very Small and Small Retail Enterprises Operating in the Cape Metropolis (Journal Article)

AJBEA Volume 2, December 2016, // 1-12, 2015, ISSN 1726-9699.

The concept of Small Medium and Micro Enterprises (SMMEs) were introduced by the South African government by way of the Small Business Act No. 102 of 1996. Here SMMEs are defined as small business entities that are managed by one or more owner(s) while operating in any sector or sub-sector of the national economy. The

main roles of SMMEs are to alleviate poverty, reduce unemployment and uplift the South African economy. South African SMMEs are responsible for employing more than half of the national workforce and are believed to contribute up to 34.8% towards the national Gross Domestic Product. Unfortunately an estimated 80% of South African SMMEs fail within their first 5 years of existence; particularly due to the realisation of micro economics factors and macro economic factors. Included in micro economics factors which influence SMMEs is the utilisation of formal financial performance measures. For this research study the main objective of this paper was to establish the extent to which cash budgets (a formal financial performance measure) assist SMME leaders to make sound business decisions in the Cape Metropolis. The study was descriptive in nature and quantitative research methods were used to collect data from 51 SMME leaders. All respondents had to adhere to a set of pre-determined delineation criteria. From the analysed data it is evident that SMME leaders (managers and/or owners) regard cash budgets as important to make sound business decisions however, respondents made limited use thereof.

Mukhtaruddin, Ririn Oktarina, Relasari, Abukosim

Firm and Auditor Characteristics, and Audit Report Lag in Manufacturing Companies Listed on Indonesia Stock Exchange during 2008-2012 (Journal Article)

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One of the qualitative characteristics of financial reporting is relevant. Its manifestation can be seen from the timeliness of reporting. Timeliness could be judged from the audit report lag, which is the length of time from the end of company's fiscal year to the date of auditor's report. This research aims to empirically examine the influence of firm size, operation complexity, auditor quality, and auditor's opinion on audit report lag of manufacturing companies listed in Indonesia Stock Exchange. The population of this research consists of manufacturing companies, listed on Indonesia Stock Exchange from 2008 to 2012 as many as 111 companies with the research's sample of 65 companies or 325 observational data, which were selected by purposive sampling method. The data are secondary data obtained from Indonesia Stock Exchange. The research proves

that simultaneously, all variables significantly influence the audit report lag. Subsequently in partial, variables ‘firm size’, ‘auditor’s opinion’ have a significant and positive effect on audit report lag, the ‘auditor quality’ has a significant and negative effect on audit report lag, while the variable ‘operation complexity’ has no significant effect on audit report lag. The coefficient of determination (R²) in this study was 0.192 or 19.2 % and the remaining 80.8 % is influenced by other factors that were not examined.

Nicola ZECH

**The Role of Stakeholder Relationship Management
Crisis Management Processes within the Hotel
Industry in a Tourism Context (Journal Article)**

AJBEA Volume 2, December 2016, // 27-37, 2015, ISSN 1726-9699.

Rates of worldwide environmental, social, technological and other crises are perceived to be constantly increasing - if nothing else due to almost instant broadcasting by media and internet. The Tourism

Industry is especially vulnerable to such crises as numerous Stakeholder Groups on the one hand and large numbers of travelers on the other hand are or might be affected. Therefore, Tourism Industry Stakeholder Groups claims regarding transparency can't be denied. This Research Paper focuses on Crisis Management processes from the aspect of the Hotel Industry in a Tourism Context considering a variety of Tourism Market Players. Theoretical foundations combined with empirical research reveal prerequisites, Status Quo as well as opportunities and challenges towards an integrated Crisis Management Model. Finally, key success factors for a Stakeholder Relationship Management based approach are introduced.

Juan-Pierre BRUWER, Yolande SMIT

Accounting Information Systems - A Value-Adding Phenomenon or a Mere Trend? The Situation in Small and Medium Financial Service Organizations in the Cape Metropolis (Journal Article)

AJBEA Volume 2, December 2016, // 38-52, 2015, ISSN 1726-9699.

Small Medium and Micro Enterprises (SMMEs) are of grave importance to the South African economy as they are legally obliged to support in the alleviation of poverty, the diminution of unemployment and the equal dissemination of wealth throughout the country. Despite the importance of these entities, prior research suggests that these entities are not mainly sustainable as between 70% and 80% of South African SMMEs fail after being in operation for five years. More often than not the latter dispensation is believed to stem from the realization of risks which, in turn, is cultivated by the ineffective management of economic factors. Among the economic factors which have a direct influence on the existence of South African SMMEs is the effectiveness of accounting information system(s). Here it is argued that a small organization is more likely to attain sustainability if its accounting information system(s) provide relevant, reliable and recent information, to management, for better business-related decision making. From a SMME dispensation, prior research justifies that accounting information systems can be regarded as critical 'decision-making-tools'. In fundamental nature, this research study was conducted to determine the actual value which utilized accounting information systems add to South African SMMEs. This research study was descriptive in nature and fell within the positivistic

research paradigm. Data were purposively collected from 32 SMME owners and/or managers, in the Cape Metropolis, who had to adhere to strict delineation criteria. It was found that although SMMEs have informally implemented accounting information systems, they add extreme value to SMME leaders when having to make sound business decisions.

Peter BONA, Robert LIPPERT

What Do Companies in the Processing Industry do in Order to Achieve Success? (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699.

Borders of countries and continents have become more and more blurred by now, while distances have turned out to be less important. Markets of continents or countries are not separated anymore therefore competition between companies has gotten fiercer and much faster than earlier. What kind of instruments may companies in the

processing industry use to maintain their existence and to remain competitive in the fragile system following the economic crisis in 2008? This research aims at finding out how the effects of components belonging to the concept of strategic management system influence outstanding achievement and success. It primarily analyses, in what ways instruments considered being the most determinative, i.e. strategic a structural success factors affect the processing industry. In order to do that the research defines the factors having an influence. Thereafter it explains successful operation of companies with factors emerging via the use of regression models. It uses the balance scorecard as a tool for success criteria describing success. The research tackles the issue of sustainability with a high priority in this system as a success component: the fifth perspective among the other four classic ones. Thus the results of the research will show how strategic and structural success factors can make a company successful and the satisfaction of which groups of interest they affect the most.

Simona VINEREAN, Iuliana CETINA, Luigi DUMITRESCU

Modeling Employee Satisfaction in Relation to CSR Practices and Attraction and Retention of Top Talent (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

In today's economy, companies must work harder than ever to attract, retain and motivate talented employees in order to foster employee satisfaction, and in order to do so, CSR practices can provide a strategic tool. A green company no longer denotes solely the promotion of green products or reduction of energy consumption, as it has to incorporate proactive and innovative means of tracking sustainability while involving employees in such corporate behavior. This paper highlights an empirical study of responses from 10 multinational companies regarding their corporate social responsibility initiatives as a way to attract and retain good employees, while providing an appropriate environment for employee satisfaction, by constructing a structural equation model meant to expand HR literature and provide direct implications for organizations.

Alin OPREANA

**Segmentation of Employee Perceptions in Relation to
Corporate Social Responsibility Practices (Journal
Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699.

Sustainability is changing the competitive landscape and reshaping the opportunities and threats that companies face. However, for companies to become green they need employees to develop, believe and engage with these initiatives. To achieve success with sustainable practices, companies can use internal marketing which is based on the satisfaction of employees as a premise to achieve the retention and attraction of top talent that will lead to corporate success. It is estimated that the internal customer satisfaction and loyalty contribute to satisfying the external customers, leading ultimately to a company's profit maximization. In this paper I explore the impact of companies' sustainability efforts among their employees. More specifically, we examine the results of an online survey conducted on

employees of 10 multinational companies regarding the implementation of green internal marketing and corporate social responsibility to enhance their satisfaction at work.

Sounieng VONGKHAMCHANH, Emanoil MUSCALU

The Factors Influencing Academic Affairs Services Management at the National University of Laos and Lucian Blaga University of Sibiu, Romania (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

This research aims are to investigate the attitude levels of staff's and students' on the motivation, effectiveness towards the academic affairs services management at the faculty of Economics and Business Management, DongDok campus in the National University of Laos, and the faculty of Economic Sciences and faculty of Sciences, Sibiu campus in Lucian Blaga University of Sibiu, Romania. There were 220 participants, five groups; presidents, deans, heads of departments,

lecturers and students. The five-point Likert scale rating questionnaires were used to collect data. The SPSS version 20 was used to perform the needed analysis for reaching the proposed aims. In this regard, univariate and bivariate statistics were computed; Pearson Chi-Square Test, ANOVA, scale reliability and validity analysis were undertaken. The research goals are to improve the academic affairs services management systems in the two mentioned universities. Therefore, the results advised the university committee boards, the governments, the national, international donors, curriculum developers, staff and students to use them for the educational purposes.

Anca SERBAN, Emanoil MUSCALU

**A Model for Implementing HR'S Strategic
Role (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-

9699

Understanding HR deliverables is an essential process for acknowledging its important role in driving organizational performance, in contrast with its traditionally elusive role. An organization can quantify the HR's overall strategic impact by finding the proper ways for measuring its impact on the success drivers. This paper aims to identify and describe the steps needed in order to implement HR's strategic role. The article reviews the relevant literature regarding the integration of HR into business performance measurement and suggests some guidelines for creating a HR scorecard.

Alin OPREANA

**A New Approach of Investment for the Future
Economic Policies (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-

9699

The investment takes the form of sums of money spent for the acquisition of capital goods, changes in business inventories, and the purchases of new residential housing that are not currently consumed, but will be used in the future for the growth of the wealth. The work covered by this study aims to identify the model that presents, in the best possible way, the method of investment's calculation and to determine the factors of influence. In the first part, the investment is analyzed as a linear function dependent on the interest rate; and the second part implies a new model for determining long-term investments.

Simona VINEREAN

Analysis of European Union Economy in Terms of GDP Components (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-

9699

The impact of the crises on national economies represented a subject of analysis and interest for a wide variety of research studies. Thus, starting from the GDP composition, the present research exhibits an analysis of the impact of European economies, at an EU level, of the events that followed the crisis of 2007 – 2008. Firstly, the research highlighted the existence of two groups of countries in 2012 in European Union, namely segments that were compiled in relation to the structure of the GDP’s components. In the second stage of the research, a factor analysis was performed on the resulted segments, that showed that the economies of cluster A are based more on personal consumption compared to the economies of cluster B, and in terms of government consumption, the situation is reversed. Thus, between the two groups of countries, a different approach regarding the role of

fiscal policy in the economy can be noted, with a greater emphasis on savings in cluster B. Moreover, besides the two groups of countries resulted, Ireland and Luxembourg stood out because these two countries did not fit in either of the resulted segments and their economies are based, to a large extent, on the positive balance of the external balance.

Andreea TRÎMBIȚAȘ

The International Monetary System in the Context of the Actual Financial Crisis. Change Proposals(Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699.

The International Monetary System (I.M.S.) has a crucial role in economy, representing the frame for a sustainable development of the economic relationships

between states, while contributing at the progress of the world's economies. Nowadays, this system confronts large difficulties, as a consequence of the lack of financial disciplinary instruments, meant at regulation and coordination. The actual economic-financial crisis proved the limits of the present I.M.S., reason why it is now under "reconstruction". In this direction, there is a series of reforms that can be implemented, so that the new architecture of the system is much more solid.

Nelu Eugen POPESCU

Entrepreneurship – Some General Knowledge (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

The aim of this article is to provide some general information about entrepreneurship and some insights on the early theories about it. A brief overview of the main entrepreneurship measurement

programme will provide some facts about the evolution of the entrepreneurial activity in Romania in the last few years.

Wei-Bin ZHANG

Human Capital, Wealth, and Renewable Resources (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

This paper studies dynamic interdependence among physical capital, resource and human capital. We integrate the Solow one-sector growth, Uzawa-Lucas two-sector and some neoclassical growth models with renewable resource models. The economic system consists of the households, production sector, resource sector and education sector. We take account of three ways of improving human capital: Arrow's learning by producing (Arrow, 1962), Uzawa's learning by education (Uzawa, 1965), and Zhang's learning by consuming (Zhang, 2007). The model describes a dynamic

interdependence among wealth accumulation, human capital accumulation, resource change, and division of labor under perfect competition. We simulate the model to demonstrate existence of equilibrium points and motion of the dynamic system. We also examine effects of changes in the productivity of the resource sector, the utilization efficiency of human capital, the propensity to receive education, and the propensity to save upon dynamic paths of the system.

Mehdi MONADJEMI, John LODEWIJKS

Post Inflation Targeting Monetary Policy: A Study of Britain, Japan and the United States (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

There is now considerable disquiet about the appropriate monetary strategy that central banks should follow in the aftermath of the global financial crisis. Several influential commentators have

called for the abandonment of inflation targeting. Empirical research examining three major economies demonstrates that inflation targeting was effective prior to the crisis and a more flexible form of targeting may still be appropriate after the crisis.

Abdullah Ibrahim NAZAL

Evaluate Local Private Companies Developing Strategy to Solve Crises (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

This study concentrated on local private companies' evaluation to solve crises. It explains the factors that have an effect on these companies' success by developing strategies, establishing general budget supporting up their conditions, fair dealing with tax and clear corporate responsibility duties. The companies that get government support may reach their aims of solving the crises or may develop trickeries to get unfair profits besides government support which

increases depression. The researcher suggests the use of three tables which will be presented in this study, as models to evaluate the fair general budget policies, the ability of local private companies to get support, and also to evaluate the sharing between companies and government. These tables are important and need to be monitored and can provide direction for companies to a condition which is to cover citizens' need locally, at appropriate prices, at a suitable time and place. On another hand, a figure displayed in this research can be used to watch a company's reaction in crises.

Abdullahi Olabode ABDULKADRI

**Achieving the Renewable Energy Target for
Jamaica (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

The high cost of energy in Jamaica, one of the highest in the Caribbean region, is usually cited as a hindrance to industrial

development and efficiency, especially in the manufacturing sector. High energy cost is also considered to be a national energy security issue and the government is taking steps to ensure adequate supply of energy at affordable prices. In the current National Development Plan, the government has set a target for renewable energy sources to supply 20% of the country's energy need by the year 2030. Using a linear programming model of energy planning, we examine how realistically this target could be achieved. Our findings indicate that the 20% renewable energy target is technically achievable with the optimal plan showing a mixture of wind power, hydropower and bagasse power but no solar power. However, when the timeline for investment in new generating capacities that will ensure the attainment of the target is considered, it becomes highly improbable that the target will be met. This study fills the gap that exists in evidence-based analysis of energy policy in Jamaica.

Elchin SULEYMANOV, Sabuhi YUSIFOV

**Problems Encountered during the Transition to
Market Economy in Azerbaijan and Solution
Attempts(Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

After re-gaining its independence on 18 October 1991, the Republic of Azerbaijan started the transformation to the market-based economy and the integration into the world economy. The country's oil and natural gas reserves have been considered the main source for financing a range of government programs for reforms. On the one hand, these reserves had to be used effectively; on the other hand, there was a huge demand for foreign investment for extraction. To this end, Azerbaijan has signed "Contract of the Century" in 1994. Although Azerbaijan has wide oil and natural gas reserves, it has faced a number of difficulties in its transition path. This study analyzes these problems and reforms for solving them. One of the types of the problems related to the economic structure of the former Soviet Union: disruption of the economic ties between the republics resulted in a decline of production, high levels of unemployment and prices and

consequently led to an economic recession in all of the republics. Another set of problems related to the lack of sufficient institutional bases to transform to the market economy. Moreover, internal conflicts between the political parties and groups for having authority as well as political chaos in the republic can be considered other serious problems during the transition period. Furthermore, Karabakh war and occupation of 20 percent of the Azerbaijani territory by the Armenian military forces had made the situation extremely complicated. Despite all of these extremes, Azerbaijan transformed to the marketbased economy decidedly and even became one of the fast growing countries of the world. Even in 2013, with the GDP growth rate of 5.6 percent, Azerbaijan was a leader among growing economies. In parallel with this significant economic development, there is still a need for some socio-economic and institutional reforms in order to get a well-functioning market-based economy in Azerbaijan.

Andrejs JAUNZEMS

Pretension Strategy in the Surviving Game (Journal Article)

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Presently, we cannot find the scientific analysis that clearly explains the deepest roots of global economical and moral crisis. Because of that many famous politicians, economists, sociologists denote the understanding of current situation as the most valuable attainment. Under traditional influence of the doctrine of spontaneous harmony of egoistic individual behavior many economists believe that competition and private property rights through the markets' price mechanism leads in the long run to the Pareto efficiency equilibrium. At the same time the social and economic reality categorically asks to ascertain the market failure and to revision the classical statements of microeconomics. The perfect competition market has lost its attributes due to dialectics of interactions of agents. The investigation of the interactions strategies of the individuals are based on the game theory, what also helps to understand the role of asymmetric information as a specific market failure factor. In the present paper the Martin Shubik

classical surviving game is analyzed and some statements of Herbert Gintis concerning this game are critically appraised. The solution of Martin Shubik game in the original geometrical form is offered. The problem of Martin Shubik "does the fittest necessary survive?" is transformed according the case of asymmetric information in problem "does the pretender survive?", for which the answer "if the agent is not the weakest, but he pretends to be the weakest, than this agent survives with high probability" is offered. The results of the present paper appear to be innovative, not discussed in literature available to the author of the present paper.

Alexander HARIN

**Partially Unforeseen Events. Corrections and
Correcting Formulae for Forecasts (Journal Article)**

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9699

A hypothesis of uncertain future was created and first applied in the field of utility and prospect theories. An extension of application of the hypothesis to the field of forecasting is considered in the article. The concept of inevitability of unforeseen events is a part of the hypothesis of uncertain future, namely of its first consequence. Partially unforeseen events and their role in forecasting are analyzed. Possible applications of the hypothesis in the field of forecasting are considered. Generally, preliminary preparations of forecast corrections are shown to be able, under specified conditions, to quicken the revisions of forecasts after partially unforeseen events have occurred. Particularly, correcting formulae for forecasts are proposed, including additive-multiplicative formulae. The hypothesis of uncertain future, its consequences and their possible applications are briefly reviewed.

Sergey MALAKHOV

Slutsky Equation and Negative Elasticity of Labor Supply: Behavioral Bias or Optimal Consumption-Leisure Choice? (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

One of the applications of the prospect theory is the behavioral phenomenon of the negative elasticity of the individual labor supply. This paper argues that the negative elasticity of labor supply can be understood better with the help of the interpretation of the Slutsky equation with regard to the common consumption-leisure choice. The interpretation of the Slutsky equation corresponds to the empirical evidence that leisure is a net complement for an important part of consumption

Mei-Yu LEE

The Effect of Nonzero Autocorrelation Coefficients on the Distributions of Durbin-Watson Test Estimator: Three Autoregressive Models (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

This paper investigates the effect of the nonzero autocorrelation coefficients on the sampling distributions of the Durbin-Watson test estimator in three time-series models that have different variance-covariance matrix assumption, separately. We show that the expected values and variances of the Durbin-Watson test estimator are slightly different, but the skewed and kurtosis coefficients are considerably different among three models. The shapes of four coefficients are similar between the Durbin-Watson model and our benchmark model, but are not the same with the autoregressive model cut by one-lagged period. Second, the large sample case shows that the three models have the same expected values, however, the autoregressive model cut by one-lagged period explores different shapes of variance, skewed and kurtosis coefficients from the other two models. This implies that the large samples lead to the same expected values, $2(1 - \rho_0)$, whatever the variance-covariance matrix of the errors is assumed. Finally, comparing with the two sample cases, the shape of each coefficient is almost the same, moreover, the autocorrelation coefficients are negatively related with expected values, are inverted-U related with variances, are cubic related with skewed coefficients, and are U related with kurtosis coefficients.

C-René DOMINIQUE, Luis Eduardo RIVERA-SOLIS

**On Market Economies: How Controllable Constructs
Become Complex (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

Since Léon Walras neoclassical economists hold an inalterable belief in a unique and stable equilibrium for the economic system which however remains to this day unobservable. Yet that belief is the corner stone of other theories such as the ‘Efficient Market Hypothesis’ as well as the philosophy of neo-liberalism, whose outcomes are also shown to be flawed by recent events. A modern market economy is obviously an input/output nonlinear controllable construct. However, this paper examines four such models of increasing complexity, including the affine nonlinear feedback H-control, to show that the ‘data requirement’ precludes all attempts at the empirical verification of the existence of a stable equilibrium. If equilibria of complex nonlinear deterministic systems are most likely

unstable, multiple or deterministically chaotic depending on their parameter values and uncertainties, then society should impose limits on the state space and focus on endurable patterns thrown-off by such systems.

Sergey MALAKHOV

**Willingness to Overpay for Insurance and for
Consumer Credit: Search and Risk Behavior Under
Price Dispersion (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

When income growth under price dispersion reduces the time of search and raises prices of purchases, the increase in purchase price can be presented as the increase in the willingness to pay for insurance or the willingness to pay for consumer credit. The optimal consumer decision represents the trade-off between the propensity to search for beneficial insurance or consumer credit, and marginal savings on insurance policy or consumer credit. Under price dispersion the

indirect utility function takes the form of cubic parabola, where the risk aversion behavior ends at the saddle point of the comprehensive insurance or the complete consumer credit. The comparative static analysis of the saddle point of the utility function discovers the ambiguity of the departure from risk-neutrality. This ambiguity can produce the ordinary risk seeking behavior as well as mathematical catastrophes of Veblen-effect's imprudence and over prudence of family altruism. The comeback to risk aversion is also ambiguous and it results either in increasing or in decreasing relative risk aversion. The paper argues that the decreasing relative risk aversion comes to the optimum quantity of money.

Abel OUKO, Cheruiyot W. KIPKOECH, Emily KIRIMI

**Effects of Measurement Errors on Population
Estimates from Samples Generated from a Stratified
Population through Systematic Sampling
Technique (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-

9699

In various surveys, presence of measurement errors has led to misleading results in estimation of various population parameters. This study indicates the effects of measurement errors on estimates of population total and population variance when samples are drawn using systematic sampling technique from a stratified population. A finite population was generated through simulation. The population was then stratified into four strata followed by generation of ten samples in each of them using systematic sampling technique. In each stratum a sample was picked at random. The findings of this work indicated that systematic errors affected the accuracy of the estimates by overestimating both the population total and the population variance. Random errors only added variability to the data but their effect on the estimates of the population total and population variance was not that profound.

Krzysztof DRACHAL

Cointegration of Property Prices in Poland (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

This paper presents the analysis of cointegration between offer prices and transactional prices on both primary and secondary local real estate markets. 17 Polish biggest cities are considered and the period between 2006 and 2013. Generally, it is found that primary and secondary markets are not cointegrated.

Onur TUTULMAZ, Burcu DOĞAN

Investment under Financial Liberalization: Post 1980 Turkey Case (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

In the history of the modern state of Turkey many policies have been developed and applied in order to transform ineffective economy to a dynamic and steady one. The liberal policies have been effectively applied except for war periods. The main activity of liberal policies in Turkey's economy was conducted on January 24, 1980 with some important structural adjustment decisions. These decisions aimed to integrate the economy with the global system by applying global economic order that widely adopted all over the world. The decisions aimed also to activate a financial liberalization in the country. Financial liberalization generally includes the principles related to the removing the pressure on the interest rate, currency control and investment mobility. More liberalization steps came in 1989 aiming to increase the investment and growth. Foreign Direct Investment (FDI) was seen important for that purposes. However, short term capital flows, having been more effective in real investments than FDI, have led to several negative effects in this period. In the study some of the drawbacks of that process of financial liberalization have been discussed. The relation between FDI and Gross Domestic Product in the financial liberalization process has been tested with econometric implementation. Econometric estimation has been applied for this

purpose to test this relationship for post 1980 era for Turkey as a developing country.

**Ramzi FARHANI, Ghrissi MHAMDI, Abdelkader AGUIR,
Mounir SMIDA**

**Effect of Financial Liberalization on the Probability
of Occurrence of Banking Crises (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

This study examines the relationship between financial liberalization and the advent probability of banking crises because of institutional quality. We used a logit panel data for a sample of fifty developing countries during the period (1990-2014). The results show that there is a positive relationship between financial liberalization and banking crises and the strengthening of institutional quality overcomes the problem of banking crises.

**David REVILLA, Adelaido GARCÍA-ÁNDRES, Isaac
SÁNCHEZ-JUÁREZ**

**Identification of Key Productive Sectors in the
Mexican Economy (Journal Article)**

*AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-
9699*

This article focuses on identifying what are the key sectors with high potential for drag induced investment in the Mexican economy, also characterizes the sectors according to their hierarchy, impact and degree of articulation. To achieve this the input-output matrix national 2003 was used (disaggregated into 20 sectors and 79 sub-sectors), provided by the official government agency responsible for generating statistical information, which applied the traditional method of calculation of multipliers which takes into account both relations hierarchical such as circular between the productive sectors of Rasmussen (1956). The originality of the work lies in the application of the social networks theory to determine (García, Morillas and

Ramos 2005, 2008): a) total effects, b) immediate effects, and c) mediative effects of sectors and thus have a full diagnosis of key sectors of the economy under study. In general, the findings indicate that for the promotion of growth and productive development, efforts should focus on manufacturing industries, which means to apply an active industrial policy.

Khatai ALIYEV, Elchin SULEYMANOV

Macroeconomic Analysis and Graphical Interpretation of Azerbaijan Economy in 1991-2012 (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

The aim of this research is to analyze macroeconomic performance and discuss transition indicators in Azerbaijan economy for 1991-2012. After regaining independence in 1991, Azerbaijan implemented economic transition process toward market economy. In the first years of independence, serious economic recession was

observed. However, after 1995, the restructuring of the economy started. In this sense, signing the "Contract of the Century" was a turning point toward oil based high speed economic growth or oil boom period. Thus, by opening "Baku-Tbilisi-Ceyhan" pipeline in 2005, Azerbaijan's macroeconomic indicators experienced considerable growth for the following years. On the other hand, Azerbaijan officially declared the end of economic transition process in its economy in 2009. In this paper, the authors discuss the political-economic and economic process in the whole period as well as analyze the macroeconomic performance with and without oil & gas contribution. In addition, the authors question what would happen if economic transition period ended in Azerbaijan's economy. It is concluded that oil & gas production has a serious impact over macroeconomic indicators and transition indicators, and for Azerbaijan it implies only a partly end of economic transition, though not completely.

Ion-Iulian MARINESCU, Alexandra HOROBET

Rules and Discretion in Monetary Policy: Is the Response of the Stock Market Rational? (Journal Article)

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

We investigate the effects of the monetary policy conduct on the domestic capital market for a sample of developed countries where the capital market plays a significant role in the economy. We break down the policy rate innovations in rules-based and discretionary components in order to determine the degree of prudence in the monetary policy conduct and we study their accounts with respect to capital market rationality. The rules-based component is determined using an interpolated vanilla Taylor-rule policy rate at the event date and the discretionary component is obtained by subtracting the rules-based rate from the target monetary policy rate innovation. Using an event study approach, we analyze the impact of monetary policy components on the returns of the stock market and we determine that the conduct of the monetary policy can cause irrational responses of the capital market. More than that, we show, for the analyzed

countries, that if the general level of discretion in the monetary policy is high the response of the stock market becomes increasingly erratic, indicating that forward guidance may help reduce uncertainty on capital markets.

Sergey MALAKHOV

**Propensity to Search: Common, Leisure, and Labor
Models of Consumer Behavior (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-9699

The analysis of the propensity to search specifies the “common” or the ordinary model of consumer behavior based on the synthesis of the neoclassical approach with satisficing concept, and “leisure” and “labor” models of behavior that represent different combinations of conspicuous consumption, leisure, and labor. While the “common model” of behavior demonstrates a moderate propensity to search, “leisure” and “labor” models of consumer behavior exhibit vigorous

propensities to search that results in purchase of unnecessary items and therefore in overconsumption. This trend is also presented in home production where vigorous propensity to search takes the form of the vigorous propensity to produce at home. The analysis of trends in allocation of time provides grounds for the assumption that men have more accentuated propensity to search and to produce at home than women that results in overconsumption of unnecessary items.

Alin OPREANA, Simona VINEREAN

**Analysis of the Economic Research Context after the
Outbreak of the Economic Crisis of 2007-
2009(Journal Article)**

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In this paper it, we have conducted a factor analysis which implied determining the international research directions that have characterized the period following the outbreak of the crisis in 2007 and 2008-2011. In this research, we used secondary data that were

extracted from 342 articles, which were based on 665 individual researches. Following this research, we have identified three main research in the macroeconomic areas which explained 56% of all the analyzed research. Also, the results showed the trends in macroeconomic research after the start of the crisis in 2007.

Frank LORNE, Sneh SHAH

Price Reversal Pattern of ARV Drugs: A Transaction-Cost Approach Digression (Journal Article)

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A price reversal pattern of ARV drugs was noted across lower and middle income countries in that the lower-income countries have higher prices relative to higher-income countries based on a 2008-2009 Summary Report by World Health Organization. The transaction costs affecting AVR drug pricing can be broadly classified into two kinds: One between the final users and the opinion/knowledge experts, and

the other between the opinion/knowledge experts and the manufacturers. Economist's version of price discrimination needs to be modified by including transaction costs. Transaction costs also point to institution creditability factors that will affect NGO procurement.

**Rossanto Dwi HANDOYO, Mansor JUSOH, Mohd. Azlan
SHAH ZAIDI**

**Impact of Monetary Policy and Fiscal Policy on
Indonesian Stock Market (Journal Article)**

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This paper attempts to investigate the effect of fiscal and monetary policy on Indonesian Stock price as well as main sectors stock price such as agricultural, mining, manufacture, and financial sector indexes. We consider the world oil price as a foreign variable that will influence domestic economy as in regular small open economy model. In this paper, we employ the Monte Carlo algorithm

to Near-SVAR models (If some of the VAR equations have regressors not included in the others). We find that there is a positive stock price response to monetary policy shock both aggregated and sectoral stock price. In term of interaction between fiscal policy shock and stock market, we find that all sectors respond negative relationship. From this empirical finding, fiscal policy crowd out private sector activity in market, thus, its effect will be impotent in economy. We also provide the evidence that not only both policies are able to influence the stock price individually, but also the interaction between monetary and fiscal policy is important in explaining stock market performance.

Ibrahima Amadou DIALLO

**Exchange Rate Volatility and Investment: A Panel
Data Cointegration Approach (Journal Article)**

AJBEA Volume 2, December 2016, // 53-61, 2015, ISSN 1726-

9699

This paper examines the link between real exchange rate volatility and domestic investment by using panel data cointegration techniques. We study the empirical connection between real effective exchange rate volatility and investment for 51 developing countries (23 low-income and 28 middle-income countries). The theoretical relationship between investment and real exchange rate volatility predicts that the effects of exchange rate uncertainty on profits are ambiguous. The empirical results illustrate that real effective exchange rate volatility has a strong negative impact on investment. This outcome is robust in low income and middle income countries, and by using an alternative measurement of exchange rate volatility.

Krzysztof DRACHAL

**The Structural Stability of a One-Day Risk Premium
in View of the Recent Financial Crisis (Journal
Article)**

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9699

The aim of this research is to analyze a short-term risk premium in Poland between 2005 and 2015. In particular one-day periods are considered. It is studied whether the same GARCH type model can be applied for the whole period, or whether the estimated parameters differ significantly for selected sub-periods.

Alin OPREANA

A New Perspective of Investment Modelling at the European Union Level (Journal Article)

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The study that represents the subject of this paper follows the analysis of the investment function and the influencing factors at the European Union level. The research has, as a starting point, the hypothesis that there is a negative relationship between the European Union investments and tax rates. For verifying this hypothesis, the structural equation modeling is used (SEM), and the same technique is

applied in the second part of the research, which will track the development of the investments' model at the European Union level. The results will highlight the relationships that are established between specific variables that characterize the volume of investments.

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Official address:

811 03 Staromestska,

Bratislava - Slovakia

Email: editor@skaponline.com