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MECHANISMS OF GOVERNANCE OF SUSTAINBLE DEVELOPMENT

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Abstract:

In this paper we incorporate the interdisciplinary New Institutional and Transaction Costs Economics (combining Economics, Organization, Law, Sociology, Behavioural and Political Sciences), and suggest a framework for analyzing the mechanisms of governance of sustainable development. Our new approach takes into account the role of specific institutional environment; and the behavioural characteristics of individual agents (personal preferences, bounded rationality, tendency for opportunism, trust, risk aversion); and the transaction costs associated with the various forms of governance; and the critical factors of economic activity and exchanges (such as appropriability, frequency, uncertainty, and asset specificity of transactions); and the comparative efficiency of market, private, public and hybrid modes; and the potential of production structures for adaptation; and the comparative efficiency of alternative modes for public intervention. Agricultural sector is used to illustrate that new approach and support with examples.

Keywords: institutions, market, private, public and hybrid modes; agrarian sustainability

JEL Classification: D02, D23, O13, O17, Q01, Q12, Q18, Q13, Q56, L14, L22

MEASURING PERSISTENCE ON CONSUMPTION IN PORTUGAL

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Abstract:

The paper deals with the detection and measurement of the level of persistence on aggregate private consumption in Portugal, USA, European Union and EuroZone as well as on some categories of aggregate consumption in Portugal. By the use of a non-parametric methodology applied to monthly data (1992-2007) it is concluded that aggregate consumption in Europe (both European Union and Euro Zone) is more persistent than in the USA and in Portugal. In particular, the relatively lower degree of persistence shown by the consumption in Portugal can be beneficial for the effectiveness of the countercyclical fiscal and monetary policies that are currently being implemented to overcome the current economic crisis. Our results also suggest that consumption of durables is less persistent, also being more volatile. This result is important in the explanation of the severity of the current economic crisis in Portugal.

Keywords: Consumption, Persistence, Portugal

JEL Classification: C14, C22, E21

SOME ONTOLOGICAL ISSUES OF THE REA FRAMEWORK IN RELATION TO ENTERPRISE BUSINESS PROCESS

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Abstract:
The aim of the paper is to describe using REA framework to model enterprise planning not only at the operational level but also at the policy level. Using policy level enlarges the possibility of the models on the base of the REA framework because the policy level in this way represents metalevel of the model. The policy level of the REA framework itself is comprised both of the entities related by typification, grouping and policy relationships and of the Commitment entity with the fulfilment relationship. This entity may be viewed as either a sub layer or a middle layer of the REA framework. The Commitment entity belongs to the fundamental entities of the policy level but has some specifications that are expressed by the fulfilment relationship. This many-to-many relationship forms the link to the operational level. In the paper we discuss the problem and suggest some solution that moves the Commitment entity closer to the typification and grouping semantic abstractions.

Keywords: REA ontology, enterprise business process, semantic abstractions

JEL Classification: L15, L23, M11, O21

AN UPDATE OF THE FRANCHISEE MOTIVATIONS: A STUDY IN SPAIN

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Abstract:
This paper presents an empirical study of the motives for acquiring a franchise, based on a sample of franchisees operating in the Spanish market. The results are compared with the obtained in the previous studies. Although this topic has been studied previously, the spectacular progress of franchises throughout the world in the last decade may have changed franchisees' opinions about their motives. This manuscript establishes an update of motivational incentives for individuals to enter franchising from the previous studies. The results provide the following ranking: (1) Proven business format, (2) Start-up support, (3) Established name, (4) Training provided, (5) Faster development, and (6) Ongoing support. This study and the previous literature suggest there is a limited group of motives involved in the franchisee decision, but the ranking varies from study to study. It shows a different ranking of motives for selection of a franchisee from previous studies.

Keywords: franchising system, franchisee decision, motivation, incentives.

JEL Classification: L26, M12, M51, M54.

THE EVOLUTION OF REAL GDP PER CAPITA IN DEVELOPED COUNTRIES

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Abstract:

The growth rate of real GDP per capita is represented as a sum of two components – a monotonically decreasing economic trend and fluctuations related to the change in some specific age population. The economic trend is modeled by an inverse function of real GDP per capita with a constant numerator. Statistical analysis data from 19 selected OECD countries for the period between 1950 and 2007 shows a very weak linear trend in the annual increment of GDP per capita for the largest economies: the USA, Japan, France, and Italy. The UK, Australia, and Canada show a larger positive linear trend in annual increments. The fluctuations around relevant mean increments are characterized by practically normal distribution (with Levy tails). Developing countries demonstrate annual GDP per capita increments far below those for the studied developed economies. This indicates an underperformance in spite of large relative growth rates.

Keywords: economic development, economic trend, business cycle, GDP per capita

JEL Classification: E32, O11, O57

MODELING THE EFFECT OF BELIEF REVISIONS ON THE SUCCESS OF CO-BRANDING

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Abstract:

This paper provides a normative guideline regarding the successful formation of co-branding alliances for both academic researchers and practitioners. We use the expectancy-value model to quantify the mechanism of belief revision in co-branding. Starting from this, an existing mathematical model is adapted in order to investigate (1) the influence of belief revisions on the necessary condition of a successful co-branding alliance (i.e., a sufficient amount of required expansion for the partnering brands) and (2) the existence of an ideal situation that ensures the success. The resulting propositions show that belief revisions can affect a brand's intention with respect to a co-branding partnership. A simulation study demonstrates that an ideal situation exists when the partnering brands are similar in the magnitude of customers' belief revision, brand reputation, and customer loyalty. The present paper advances existing knowledge by relating the success of co-branding partnerships to consumer evaluations. Managerial implications and future research directions are also discussed.

Keywords: Belief revision, success of co-branding, consumer evaluations, mathematical modelling in marketing

JEL Classification: M31

SKILLS FOR TOURIST SERVICES

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Abstract:

Tourism is traditionally seen as a labour intensive industry, which employs large numbers of labour with relatively low levels of human capital. Tourism employment encompasses employment in such diverse sectors as accommodation, catering, attractions, airlines, souvenir shops, tour operation and travel agencies, transportation and so on. The different sectors of tourism are associated with wide range of occupations with diversity in human capital requirements.

The success of tourist destinations is strongly influenced by the quality of their human resources. An important part of the tourist experience comes from the human element, the quality of service, the attitude, responsiveness and helpfulness of the staff adds value to the whole tourist product.

Only competent and motivated employees can deliver high-quality tourism service and achieve competitive advantage for their firms and tourist destinations.

According to these facts, our paper will examine the major characteristics of tourism employment. It will also present a direct marketing research in a travel agency regarding the level of performance for the agency employees. It will study the relationship between the performance of the travel agency and the skills of its employees. Finally, some conclusions and practical solution will be presented with the purpose of raising the level of the human resource abilities and performance.

Key words: tourism, employment, skills, marketing, research

JEL Classification: L83, O14

TOWARDS A GENERAL THEORY OF LIQUIDITY PREFERENCE

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Abstract:

A general theory of liquidity is proposed. The major hypothesis advanced in the paper is that individuals do face borrowing restrictions in capital markets. The value of portfolios combining risky assets and cash balances is then related to the price assigned in some market of deposit insurance, and is accordingly characterised by a method suggested by actuarial researchers — and commonly used by insurers and reinsurers. It is demonstrated that in this way, macroeconomics, financial economics and actuarial sciences fuse together in a unified theoretical framework, which can be applied as an alternative to the utility maximisation approach. Episodes of liquidity crises, which lack an explanation under classic economic theory, are meaningful within the new theoretical setting.

Keywords: Liquidity preference, Economic capital, Deposit insurance, Money demand, Monetary equilibrium, Quantity theory

JEL Classification: G11, G12, G3

ALGORITHM FOR PAYOFF CALCULATION FOR OPTION TRADING STRATEGIES USING VECTOR TERMINOLOGY

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Abstract:
The aim of this paper is to develop an algorithm for calculating and plotting payoff of option strategies for a portfolio of path independent vanilla and exotic options. A general algorithm for calculating the vector matrix for any arbitrary combination strategy is also developed for some of the commonly option trading strategies.

Keywords: option trading strategy, payoff, vector, vanilla and exotic option.

JEL-Classification: C63, C88, C02, G00

SOME REMARKS ON THE EFFECTS OF ACTIVE LABOUR MARKET POLICIES IN POST-TRANSITION

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Abstract:
Social cohesion is the principal goal behind active labour market policies (ALMPs), including those financed at supra-national level, like the European Social Fund. In this paper we use NUTS4 level data on the local labour market dynamics in an attempt to verify direct and indirect effects of ALMPs. We use data for 2000-2007 for Poland, while this period comprised both stark increases and reductions in the unemployment rates. Over this time also the financing of ALMPs has been increased considerably, transforming both to higher intensity of ALMPs (wider coverage) and higher extensiveness of these activities (increase in per treatment cost). At the same time, these trends have transmitted into local context with highly heterogeneous composition of instruments used and actual coverage rates and costs. We implement seemingly unrelated regressions (SURE) approach to inquire the effects of ALMPs on inflows and outflows rates among Polish local labour markets.

Key words: unemployment dynamics, unemployment convergence, SURE, transition

JEL Codes: J64, E24, P21

CARRY TRADE FUNDAMENTALS
AND THE FINANCIAL CRISIS 2007-2010

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Abstract:

This paper takes the form of an event study surrounding the current financial crisis. It proposes a theoretical relationship which can be used to model traditional carry trade crosses on a daily return basis as a negative function of equity returns and a positive function of market volatility. In order to test this theory, an Arbitrage Pricing Theory framework is adopted which is used to estimate the factor betas of carry trade crosses with respect to equity returns and market volatility. It is shown how the variation in the currency crosses explained by the functional relationship as well as the estimated factor betas have increased significantly in relation to the financial crisis. The results indicate that low yielding currencies (the JPY and CHF) can be successfully modelled as a negative function of equity returns and a positive function of volatility in the market. The results furthermore underpin studies that have shown how carry trading activity is highly sensitive towards sudden sparks of volatility and risk aversion, and thus how carry trade fundamentals are time varying.

Keywords: International finance, carry trading, financial crisis, currencies,

JEL Classification: F3, F31, G15

PUBLIC SPENDING AND REGIONAL CONVERGENCE IN ITALY

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Abstract:

This paper examines the relationship between public spending and regional growth in Italy in the period 1996-2007. The main results suggest that, in the period examined, a phase of σ and β-convergence in productivity took place. Despite the profound regional disparities existing in Italy, the allocation of public spending calculated in per capita terms has favoured the most developed regions. When the entire sample of twenty regions is considered, no correlation between capital expenditure and productive growth is found. When the sample is split into Northern and Southern regions, differences in the links between public spending and productivity growth can be noted, however: only in the first group of regions, in fact, a significant, positive relationship between expenditure for development and growth can be found.

Keywords: Italy, regional convergence, development policy, public spending.

JEL Classification: 018, R 38, R 58.

**European Research Centre of Managerial Studies in Business Administration
and Spiru Haret University announce:**

The 3rd International Conference on
„Further Challenges for a Competitive Management"
Craiova, Romania, 23- 24 October 2009

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We are kindly invited to participate in **The 3rd International Conference on „Further Challenges for a Competitive Management"** held in **Craiova, Romania** from 23 to 24 October 2009.

This International Conference aims to promote new thinking on how institutions and institutional change can be analysed and measured and how their impact and aggregate economic performance can be evaluated. *The Program Committee* seeks contributions, which **topics** include, but are not limited to:
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All the other *papers submitted and presented* at the works of the Conference will be published in a **Special Issue** of Journal of Applied Economic Sciences - **Further Challenges for a Competitive Management** after peer reviewing.

IMPORTANT DATES:

July 25th, 2009 – Deadline for payments
August 15, 2009 - Final paper submission deadline
October 23-24th, 2009 - Conference

Instructions for Authors

The abstract should be send till June 1st, 2009, via e-mail, at the corresponding address of the conference (office_conference@yahoo.com). The abstracts of the accepted paper will be published in a volume which will be distributed among participants at the conference. The abstract should be written with Times New Roman, size 11 pt., normal, line spacing: single and it will be of approximately 500 – 700 words, no more than 1 page.

Authors should submit **final paper** in English up to 8 A4 pages, using the paper format indicated in MS Word Sample. Authors must also indicate the Conference area to which the paper is submitted. The paper must be carefully checked for correct grammar and spelling.

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AUCO Czech Economic Review

The 660-year-old Charles University in Prague is now undertaking a new publication venture by re-launching a journal *AUCO Czech Economic Review.*

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Submissions

Submissions to AUCO Czech Economic Review are welcome. The paper must be an original unpublished work written in English (consistent British or American), not under consideration by other journals. Instruction for authors is available on journal web-site.

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