Annals of Spiru Haret University.
Economic Series
Since 2000
ISSN:2393-1795 ISSN-L:2068-6900

Issue 4/2019

FOREWORD

How to cite: GURGU, E. (2019). "Foreword." *Annals of Spiru Haret University. Economic Series, 19*(4), 15-23, doi: https://doi.org/10.26458/1940

In their article called ***The New Economy Drivers and Disrupters Report. Tracking the Forces Threatening the World's Hottest Economies*** published in *Bloomberg Businessweek* in October 29, 2019, authors Tom Orlik, Scott Johnson and Alex Tanzi say that "twenty years ago, China's economy was a tenth the size of the United States. In 2019, it is two-thirds as big. In 2039, on the current trajectory, it will be more than 10% bigger. India will have leapfrogged Japan and Germany to claim the No. 3 spot in the global rankings. Vietnam will be closing in on the top 20.

Disruptive forces are sweeping the global economy. Populist regimes are throwing out the policy rulebook. Protectionism is deadening the trade flows that drove China's rise. Automation and the digital economy are boosting productivity for some, eroding old sources of advantage for others. The threat of climate change looms.

The path to prosperity followed by such success stories as Korea and Japan is increasingly hard to follow.

From Beijing to Brasilia, getting the right mix of smart investment, skilled workforce, innovation capacity and effective governance in place is already tough to do. Combating disruptive forces – which, from protectionism to climate change, threaten an outsize impact on low- and middle-income economies – adds to the challenge."

The same Report says that "the origins of many of the changes sweeping the global economy can be traced to two sources: trade and technology.

Trade is a driver of prosperity. Trade without agreement on the rules of the game, and without compensation for losers, has resulted in a protectionist backlash that is anything but. Bloomberg Economics estimates that the cost of the U.S.-China trade war could reach $1.2 trillion by 2021, with the impact spread across the Asian supply chain. Brexit and U.S. threats of tariffs on auto imports add to the price tag.

Automation is delivering advances in productivity and profits at the expense of increased job insecurity. McKinsey Global Institute estimate that by 2030, some 14% of the global workforce – 375 million workers – may have to find new occupations.

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Rapid progress in artificial intelligence and machine learning, increasing the range of tasks that can be automated while reducing the cost, could push that number even higher”.

The *Bloomberg Businessweek* article says also that “driven by rapid reductions in the cost of the communication, the digital economy holds out the promise of dramatic increases in productivity. Globally, close to four billion people are connected to the internet. In high-income markets, four out of five are online. In developing economies, internet use is at 45% and rising rapidly. The economic impact is far-reaching. Digital platforms such as China’s Taobao connect entrepreneurs to new customers, empowering both sides of the transaction with a high degree of transparency. A massive increase in data flows is driving what international economist Richard Baldwin calls the “third unbundling,” with the potential for more services to be outsourced across borders, as with manufacturing”.

Regarding climate calamity, the same article written by Tom Orlik, Scott Johnson and Alex Tanzi say that “inward-looking leaders are ill-placed to confront an additional systemic risk: climate change. The consequence of temperatures 1°C above pre-industrial levels are already evident. Extreme weather events, from floods in Thailand to category-five storms battering the U.S., are wreaking havoc on housing, infrastructure and supply chains. Insurance losses have risen fivefold since the 1980s.

As temperatures continue to move higher, the economic impacts will be wide-ranging. Uncertainty about climate risks and the impact of mitigation measures creates a disincentive for businesses to invest. Higher temperatures reduce labour productivity. The need for climate adaptation diverts resources away from more productive uses. And while the transition to a low-carbon economy brings new opportunities, a trade-off between emissions and growth may be tough to avoid.”

Larry Elliott, the Economics editor from *The Guardian* wrote an article on 25th of September 2019 about the ***Global Recession That Is a Serious Danger in 2020***. “Weaker growth in both advanced and developing countries means the possibility of a global recession in 2020 and is a clear and present danger, the UN has warned. In a flagship report, the UN’s trade and development body, *UNCTAD*, said 2019 will endure the weakest expansion in a decade and there was a risk of the slowdown turning into outright contraction next year.

The UN also said that warning lights were flashing around trade wars, currency gyrations, the possibility of a no-deal Brexit and movements in long-term interest rates but there was little sign that policymakers were prepared for the coming storm”.

The annual trade and development report said finance ministries and central banks should end their "obsession with stock prices, quarterly earnings and investor confidence" and instead focus on job creation, boosting wages and increasing public investment."

The UNCTAD report claims that: "A spluttering north, a general slowdown in the south and rising levels of debt everywhere are hanging over the global economy: these combined with increased market volatility, a fractured multilateral system and mounting uncertainty, are framing the immediate policy challenge." It said the global economy remained fragile even though the financial crisis ended a decade ago, and called for a fundamental rethink of a "business as usual" model that had saddled the developing world with record levels of debt.

The Report also said: "The macro-economic policy stance adopted to date has been lopsided and insufficiently co-ordinated to give a sustained boost to aggregate demand, with adjustments left to the vagaries of the market through a mixture of cost-cutting and liberalisation measures. Ephemeral growth spurts and financial volatility have been the predictable results."

Global growth will fall from 3% in 2018 to 2.3% this year – its weakest since the 1.7% contraction in 2009, according to the report. Several big emerging countries were already in recession and some advanced economies, including Germany and the UK, were dangerously close to one.

Central banks, including the US Federal Reserve and the European Central Bank, have recently announced interest cuts in an attempt to stimulate activity but the UN report was pessimistic about the chances of success.

"The slowdown in growth in all the major developed economies, including the US, confirms that relying on easy monetary policy and asset price rises to stimulate demand produces, at best, ephemeral growth, while tax cuts for corporations and wealthy individuals fail to trigger productive investment."

Unconventional monetary measures – such as negative interest rates and creating money through quantitative easing – remained the go-to policies for addressing weaknesses in the global economy even though they have had a weak record since the financial crisis.

Trade growth was expected to slow sharply this year as a result of a slump in global demand and the protectionist measures announced by Donald Trump. The UN stressed the need to look beyond the short-term threat of recession to deeper and long-running threats. "Beyond the immediate risks that could stall the global economy are a series of macrostructural challenges that predate the global financial crisis and have gone largely unattended since then," the report said.

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It added that four issues stood out due to their high degree of interdependence: the smaller share of the economy's proceeds going to labour; the erosion of public spending; the weakening of investment; and the unsustainable increases in carbon dioxide in the atmosphere.

It continued: "Climate protection requires a massive new wave of investment, reinventing energy and other carbon-emitting sectors. New low-carbon technologies must be created, installed and maintained on a global scale."

The report also highlighted increased green investment, which it said would be a significant source of income and jobs. "Recent discussions call this strategy the *Green New Deal*, recalling the 1930s New Deal, which tackled unemployment and low wages, the predatory nature of finance, infrastructure gaps and regional inequalities, in the context of recovering from the Great Depression."

On the 16th of October 2019, Moody's chief economist also says that 'awfully high' risks of a global recession in the next 12-18 months. Avoiding a recession requires many factors to "stick to script" at the same time, says Mark Zandi, chief economist of Moody's Analytics. "That includes U.S. President Donald Trump not escalating the tariff war with China, the U.K. finding a resolution to Brexit and central banks continuing their monetary stimulus", he says.

The International Monetary Fund, in its *World Economic Outlook* report released on October 2019, cut its forecast for global growth once again.

"I think high, uncomfortably high," he told CNBC's "Squawk Box Asia" when asked about the chances of a global economic recession.

Other economists appeared less worried about a recession, but shared Zandi's sentiment that growth would continue to weaken. Eswar Prasad, a professor at Cornell University, said consumer spending has helped support growth in several economies – even as momentum falters in other sectors. But that's not sustainable, he added. "Consumers and households cannot be counted on to keep growth going. So, really, the key is to come up with a set of policies that are going to spur a revival of business and consumer confidence, and end up boosting investments," he told CNBC's "Street Signs Asia" on October 2019.

On October 2019, the International Monetary Fund made a downward revision to global growth. In its World Economic Outlook report, the IMF forecast that the global economy will grow 3% this year and 3.4% in 2020. That's lower than the 3.2% and 3.5% – for 2019 and 2020, respectively – that the fund projected in July. The fund blamed the "subdued growth" partly on rising trade barriers and heightened geopolitical tensions, and called for a "balanced" way to fend off those risks.

"Monetary policy cannot be the only game in town and should be coupled with fiscal support where fiscal space is available and where policy is not already too expansionary," the IMF said.

Zandi agreed that governments should increase spending to support the economy, but said many major economies would not go down that route.

He explained that with the two major political factions in the U.S. battling an impeachment inquiry into Trump, it doesn't seem likely that Congress would pass any plans to cut taxes. In Europe, Germany may have fiscal space to spend but the government could find it hard to do so legislatively, he said. "This doesn't lend confidence. The central banks are running out of room, we need fiscal policymakers to step up but I don't think, at this point, it's clear where the political will for doing that is going to come from," he said.

That being said about the current state and prospects of the world economy, the authors of our journal seem to be seeing some of these major changes in the world economy and trying to raise some questions, find solutions or warn through the topics of their current articles.

In the article called *The Influence of Cloud Technology in Transforming Accounting Practices*, the authors, Maria ANDRONIE and Luminița IONESCU, are discussing about *cloud technology* which is one of the most important developments in information technology in the past decade, with significant consequences over the financial reporting for businesses and individuals, as well. It is considered to be indispensable to accountants in the near future and will improve the accuracy of financial information and the business strategy. The most recent developments tend to confirm that cloud computing or cloud technology in accountancy has been transformative in how accountants work on daily basis with their clients and how they communicate the fiscal information to the tax authorities. The aim of the paper was to present some particular aspects of cloud technology in accounting, and how cloud accounting platform could provide an accurate and comprehensive dataset in financial reporting.

The authors Velimir DEDIĆ, Svetlana ANĐELIĆ, Marko RANKOVIĆ, Branislav MITIĆ in their article named *E-education in Academic Environment* examined the major features of e-learning systems used by higher education institutions. Short historical overview provided the necessary perspectives and introduced the subjects of distance learning and e-learning. Major system features were further analysed and concepts of content personalization and system standardization were given as technical constructs. Elements of further possibilities were displayed at the conclusion of the paper.

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The two authors, Festus OSAYANDE and Ugo Chuks OKOLIE that wrote the interesting study called *Person-job fit and employee engagement in Edo State secretariat, Benin city* say that, in the last four decades, person-job fit, person-organization fit, job related attitudes and behaviours have remained topics of considerable interest in the fields of human resource management, organizational behaviour and industrial psychology. Person-job fit, which is the match between the individual's knowledge, skills and abilities and the demands of the job, positively contributes to organizational attitudes and behaviour such as job satisfaction, job performance, employee's commitment, display of organizational citizenship behaviour and employee's engagement. The study therefore seeks to explore the nitty-gritty of person-job fit and its effect on employee engagement in Edo State Secretariat, Benin City using survey research method. Non-probabilistic sampling techniques comprising of purposeful and convenience techniques were used to elicit information via questionnaire from 250 respondents. Data collected were analysed using descriptive statistics, correlation and linear regression analysis with the aid of Statistical Package for Social Science (SPSS) version 17. The results of the study showed that there is significant relationship between person-job fit and employee engagement. As predicted, the study also revealed that person-job fit exerts a positive and statistically significant effect on employee engagement. Thus, the study recommends among others that management should emphasize the suitability between job characteristics and employees ability to perform the job. This will go a long way to help employees recognize the similarity among them and thus exchange positive and supportive attitudes and behaviours.

In the fourth article called *Does Taxation Has Impact on Investment? An Empirical Response from Co-Integration Analysis*, the author Tajudeen Adejare ADEGBITE is telling us that the study examined the effect of taxation on investment in Nigeria from 1970 to 2018. Relevant secondary data were obtained from Central Bank of Nigeria (CBN) Statistical Bulletins and Federal Inland Revenue Services Bulletin from 1970 to 2018. Regression analysis technique, Units root test, Johansen co-integration, Vector Error-Correction Model, and Granger causality tests were employed to determine the long run relationship and causality links among the variables. Results showed that PPT and Value added tax had positive significant impact on INV both in the short run and in the long run, while Company income tax, and Custom and Excise duties impacted INV negatively. It is concluded that all components of taxes had positive significant impact on investment in Nigeria except corporate income tax. Corporate income tax had negative significant impact on investment both in the short run and in the long run.

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In the article called *Inventory Control Management and Revenue Generating Capabilities of Oil and Gas Drilling Firms in Nigeria*, the authors, Fineboy Ikechi JOSEPH, Cordelia Onyinyechi OMODERO, Uzochi Chinkata OKEZIE, are talking about the critical role of effective inventory control that has been much emphasized in the oil and gas industry which is subdivided into upstream and downstream sectors with drilling activities falling within the upstream subsector. In light of this development, the study investigates effective inventory control and effective drilling activities of oil and gas drilling firms as well as its relationship with revenue generating capabilities of oil drilling firms in Nigeria. Simple random sampling technique was adopted. Presentation and analyses of primary data collected with questionnaires and testing of the hypotheses were done using percentage and Spearman's Rank correlation coefficient. The results from the tests with the use of SPSS show positive and significant correlation between ineffective inventory management and downtime in the operations of oil and gas drilling with a correlation value of 0.682 with p-value = 0.001 < 0.05, which implies that there is 68% relationship between ineffective management and downtime drilling. There is a significant correlation between incessant downtime in operations of oil and gas drilling firms and their income level owing to poorly managed inventory control with a correlation coefficient value of 0.788 with p-value = 0.000 < 0.05, which implies that there is 79% relationship between income (profit) level and downtime in drilling operations. Incessant downtime in drilling operations of oil and gas firms as a result of poor inventory control management has significant difference with termination of contract of oil drilling firms with the result of the F-cal value as 344.632 while F tabulated value as 3.901 leading to rejection of hull hypothesis. Based on the findings, it was recommended that oil drilling firms should strengthen their inventory management system for effective and timely work delivery in order to avert downtime, loss of income and termination of contracts. Finally, members of staff of oil and gas drilling firms in inventory units should be trained and retrained on regular basis to embrace technological changes in inventory management to improve their performances which would in turn strengthen the inventory management of such firms.

The next article is written by a master degree student called Ioan Aurelian STĂNESCU and it is about *The Strategy of Promoting and Selling Medicines on the Romanian Market*. The author has been choosing this subject as it is a core part of the pharmaceutical companies' business strategy for promoting medicines. Regarding the importance of the research theme and the business environment, it is crucial that anyone connected to this business should realize the importance of

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organization, details, good deployment and impact of each event. In this respect, marketing can be seen as a true system of economic activities related to the programming of products and services that have the role of satisfying the requirements of current and potential consumers considerably, but is also linked to prices, promotion and distribution products or services.

Taking into consideration the importance that marketing has within the pharmaceutical field and the huge budgets that medical and pharmaceutical companies spend for the events organized in this domain, the author considered that a company which is able to have a new approach and a new vision for the organization of events and sharing medical education to doctors and medical information to patients will have a bigger success.

The article called *The Role of Customer Satisfaction in Increasing Sales in the Service Sector* is written by a the master degree author named *Nicat HACIYEV*. The paper's aim is to explain the role of customer satisfaction in service sector, especially in hotel and bank industries and the ways in which customer satisfaction can be measured and increased. Customer satisfaction is the key factor that determines the future sales of the company. This paper provides detailed information on how customer satisfaction affects and can be increased in bank and hotel industries. In order to explain it, the paper contains information about SERVQUAL Method for explaining customer expectations in five measurements such as reliability, responsiveness, assurance, empathy and tangibles; and 5 Gaps regarding hotel industry and Service Profit Chain for bank industry. The study supports that understanding customers, having an individual approach to each of them, keeping good relationships with them and keeping customer satisfaction in high level increase sales.

This issue of the journal ends with an interesting case study called *An Analysis of Innovation and Cultural Diversity in the Challenges and Perspectives of Local Companies' Development: An Example of Azerbaijan* written by Mahammad JABRAYILOV. The article says that the role of innovation is crucial for countries and businesses to gain competitive advantage. The key to success in the competitive process is to have a culture of innovation. The purpose of the study is to identify the link between innovation and cultural diversity in company management, which is one of the most important sources of competitive advantage, and to explore the role they play in company management. In this regards, a comprehensive review of innovation, cultural diversity and organizational culture has been conducted and links were established. The study concludes that innovation and cultural diversity have a major impact on innovation in companies and services. The study seeks to provide a

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comprehensive overview of the role of local innovation companies in the development challenges and perspectives, while providing insights into the concepts of innovation and cultural diversity. Research work can be considered as a good source for experts, researchers, and scientists working in this field.

We hope that our journal issue caught your attention and made you read it. Also, we strongly believe that all the articles are interesting and deserve to be appropriated by those who are interested in understanding the specific issues of the global economy.

If you liked our articles please visit our website at **http://anale-economie.spiruharet.ro/**. If you want to write an article in our journal, we are waiting you to expose your ideas in new studies published by us.

Finally, hoping that you found interesting Issue 4/2019, I strongly invite you to address your comments and suggestions at *ashues@spiruharet.ro* and, of course, to submit your own paper via online submission system, using the following link: **http://anale.spiruharet.ro/index.php/economics/login**.

Research is the breath of the future. Let's shape the world together!

Associate Professor Elena GURGU, Ph.D.
Deputy Chief Editor

ACADEMIA PAPERS