

## FOREWORD

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The global economy of mid-2019 is a fragile one and needs urgent cooperation, OECD analysts said in *OECD Economic Outlook* issued in May 2019. Trade and policy uncertainties could significantly harm the world economy during this year and would further contribute to the growing division of people.

Trade and investment have slowed drastically, especially in Europe and Asia. The confidence of companies and consumers has slowed down. In response, financial conditions have relaxed as the central banks have moved towards a more coherent monetary situation. Tax policy has provided incentives only in a few countries.

At the same time, low unemployment and a slight increase in wages in major economies continue to support income and household consumption. Overall, however, trade pressures have an increasing effect and the decline in global growth is expected to reach only 3.2% this year, before reaching 3.4% in 2020, far below the registered growth in the last three decades or even between 2017-18.

The increase in commercial investment will decrease to only 1¾% per year in 2019-20, from around 3½% per annum between 2017-18. However, services that are less subject to trade problems and where most of the jobs are located remain well positioned. At the same time, economic growth has weakened in most advanced economies, especially in those where trade and manufacturing play an important role, such as Germany and Japan, with GDP growth expected to be below 1% in both countries this year. Instead, the United States of America have maintained their momentum due to considerable tax support, though declining. Divergence is also visible in emerging economies, Argentina and Turkey are struggling to recover from the recession, while India and others benefit from lighter financial conditions and, in some cases, fiscal or quasi-fiscal support.

The global economy remains largely dependent on continued political support. Ten years after the financial crisis, inflation is still low, interest rates – short and long term – are historically low, and public debt, except for a few cases, is much

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higher. With a few exceptions, emerging economies have kept large buffers. In short, the central banks have barely normalized the monetary policy stance, and their support remains essential.

Looking ahead, trade pressures not only affect the short-term outlook, but also the medium-term outlook, urging government action to revive economic growth. In this context, governments are urged to use all of their policy instruments. Reforms are also needed to take advantage of the benefits of digitization for all. Digital technologies change how companies produce goods and services, innovate and interact with other businesses, workers, consumers and governments. These technologies offer a huge potential for growth in company productivity and in living standards.

Labour productivity has slowed drastically in all OECD countries over the past decades, and only a small portion of “superstar firms” are digitized. Poor growth in productivity has led to a sluggish wage increase, and routine tasks by low-skilled and skilled workers are increasingly automated. These tendencies have far-reaching implications on living standards and social inclusion.

Governments and companies need to implement a range of policies to promote effective and inclusive digital change. Using the benefits of digitization requires changes in business practices, work organization and the composition of skills involving a large reallocation of resources within and between firms and industries. These changes may require time and involve transitional adjustment costs that can be painful for vulnerable groups.

Therefore, a series of reforms are needed: education to enhance people’s cognitive skills; training to raise technical and managerial skills; companies’ access to financing capacities for investment in intangible assets and research and development, especially in equity; the evolution of competition policy to adapt the regulatory environment to changes in business models created by digital transformation and to ensure an efficient reallocation of resources. If governments and companies take steps to address these shortcomings, the adoption of digital technologies and gains from digitization could ultimately be at the level of the expectations.

In 2019, some global growth reduction risks have materialized, as commercial uncertainty and policies have weakened confidence in businesses and households. Economic growth is meant to remain unchanged as commercial tensions persist while helping to divide people. Governments can and should act together to restore sustainable growth.

Against the backdrop of these global economic upheavals in mid-2019, our authors try to help, argue, or solve some of these issues through their scientific papers.

In her article called *Key Factors for the Successful Implementation of the National Innovation Policy: The Case of Lithuania*, Vita Juckneviene from Lithuania talks about innovations that play a crucial role in the economic growth in modern countries. It requires the technological progress and smart people as two main resources, needed for the actors in the national innovation system. Results of the national innovation system depend on the national innovation policy: its goals and priorities set in the agenda, policy formulation and adoption, its implementation process and its correction after the evaluation. But despite of the same stages of the public policy cycle, some countries implement the successful innovation policy (gain competitive advantage and the economic-social benefit from it) and some countries struggle (they try to catch-up other countries in the field of innovations).

Lithuania as a small developed country in the EU has made a huge progress in terms of economics, social and technological advantage. However, despite of declared goals of innovation policy and the priorities in national strategies, governmental funding, promotion and support, the national progress in innovations in Lithuania still remains low. Therefore, stimulus and barriers for the successful implementation of Lithuanian innovation policy should be identified and analysed, looking for problems and possible solutions.

This paper aims to explain main theoretical implications about the successful implementation of innovation policy and to reveal how it is reflected in the case of national innovation policy in Lithuania. Scientific methods of the literature analysis, document analysis, secondary data analysis, summarizing, and interpretation are used in the research.

Professor **Esref Savaş Başı** from the Faculty of Economics and Administrative Sciences, Banking and Finance Department, Hitit University, Turkey, in his article named *Firm Valuation Concept and Discounted Cash Flow Method: A Comparison of Stock Markets* is talking about company (or firm) valuation as an evaluation process of a company to appreciate the value of a company's right in this company or business. There are two objective and subjective aspects of value. The subjective value is the value determined by individuals and desires. For example, it is a subjective decision that the investor assesses the competitor over the normal to be monopoly in the market. The objective value is the value determined by the cost and benefits of the goods and services.

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Although there are many performance measures that measure company success, none is as comprehensive as value. There is a strong and linear relationship between a company's market value and its discounted cash flows. Because earnings are used to generate the income statement, they cannot be used to measure cash flows.

Firm valuation means seeking the goal of the firm which is listing it on the Stock Exchange. Real value of the firm can be calculated with different methodologies. These methods are related to future expectations or background of the firm's financial data. Discounted Cash Flow (DCF) Method is one of the firm valuation methods used all around the world and it is accepted by the experts.

Market value is also used for comparison and performance measurement purposes. Valuation of a company's future expectations, current status, mergers or acquisitions is extremely important. Even the firm value can be used to compare the capital markets of countries. In the presented study, capital markets and total market values of selected countries are compared. The increase in the share price increases the market value of the company. Therefore, the aim of the firms should be to increase the shareholder value or to take decisions to increase the stock price.

**Babajide Oyewo** and **Solabomi Ajibolade** from the Department of Accounting, University of Lagos, Nigeria, in their paper called *Does the Use of Strategic Management Accounting Techniques Creates and Sustains Competitive Advantage? Some Empirical Evidence* tells us that this study examined the extent to which the usage of strategic management accounting (SMA) techniques such as customer accounting and competitor accounting can create and sustain competitive advantage, with a focus on the manufacturing sector in Nigeria. Data obtained from the annual reports of fifty-six (56) publicly-quoted companies covering a 10-year period (2008-2017) were analysed using descriptive statistics, cluster analysis, cross tabulation, Chi-square test of association, and discriminant analysis. Whereas the frequency of high-adopters of customer-based and competitor-focused techniques was less than those of low-adopters, the adoption rate of SMA was noted to be generally moderate. Further, the usage of SMA positively and significantly impact competitive advantage. The observation that intense users of SMA were able to consistently outperform competitors at both the industry- and sector-level in the long-term supports the conclusion that, to a large extent, SMA usage can both create and sustain competitive advantage. Seeing that it is not the mere adoption of SMA that sustains competitive advantage but its intense usage, organisations seeking strategies to improve their competitiveness may consider the rigorous application of SMA.

The paper named *A Review of Employees' Job Satisfaction and Its Affect on Their Retention* and written by **Ikechukwu Emmanuel Irabor** from Agho Clinic, Benin City, Edo State, Nigeria and **Ugo Chuks Okolie** from Chartered Institute of Personnel Management of Nigeria are telling us that learning about factors that influence staff retention and ways of improving can help organizations avoid the inconvenience of high attrition. The employee's job satisfaction and retention are the main factors for the success and survival of any firm. No one can measure the level of satisfaction an individual gets while he performs his work. But there are factors which directly or indirectly affect the satisfaction level of employees at workplace. Companies that build work environments that attract, motivate, and retain talented employees will be better positioned to succeed in today's competitive business world that demands quality and cost-efficiency. The main challenges that organizations are facing today is not only managing its human resources but also satisfying and retaining them. Securing and retaining skilled workforce play an important role for any organization, because the knowledge and skills of employees have become highly essential in gaining competitive advantage in today's business environment. Thus, the objective of this paper was to examine the factors which affect the job satisfaction of employees. In the same time, the objective of this paper was to determine the affect of job satisfaction on employees' retention and suggest recommendations on possible ways to improve employees' retention. Also, another objective is the essential of having a retention strategy, which is based on a well enunciated human resource management system, was emphasized.

An exciting work is also about *Health, Like a Strategic National Resource* of the spouses **Alexandru Mihai Ștefănescu** and **Alexandra Rodica Ștefănescu** from Bucharest University of Economic Studies Bucharest, written together with **Larisa Mihoreanu** from ANIMA Clinic Bucharest. The work is addressed to health that has always been the most valuable and beautiful gift that nature offered to humans. Unfortunately, nowadays, people value and desire more wealth than health; often they remain indifferent to the degradation of their own health. Only in the face of serious diagnoses people start appreciating their true wealth – the health. The allopathic medicine has no giant power, as it sometimes treats symptoms and diseases instead of illnesses' fundamental causes.

Education, the other field, revealing the horizon of knowledge, provides creative alternatives for spending revenue in favour of healthy individuals and socially robust development. The purpose remains the same: use both complex

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potentials and opportunities to increase motivation, accomplish the joy of life and fulfil the desires to build wellbeing. The link between health and education has complex links and hidden mechanisms waiting to be explored and used in favour of all.

An interesting paper is called *Climate Change and Its Interaction with Natural, Economic and Social Processes* and is written by two kindred professors, **Lucian Octavian Dragomir** from Banat University of Agricultural Sciences and Veterinary Medicine “King Michael I of Romania” from Timisoara, Department of Sustainable Development and Environmental Engineering and **Robert Gabriel Dragomir** from “Spiru Haret” University, Faculty of Economic Sciences Campulung. From this work we find out that human-made GHGs work against us when they trap too much sunlight and block outward radiation. Scientists worry that the accumulation of these gases in the atmosphere has changed and will continue to change the climate. Potential climate risks include more severe weather patterns; hobbled ecosystems, with less biodiversity; changes in patterns of drought and flood, with less potable water; inundation of coastal areas from rising sea levels; and a greater spread of infectious diseases such as malaria, yellow fever, and cholera. On the plus side, climate change might benefit agriculture and forestry in certain locations by increasing productivity as a result of longer growing seasons and increased fertilization. Although climate change is not the same as day-to-day or even year-to-year fluctuations in the weather, the nature of these fluctuations could be altered by climate change.

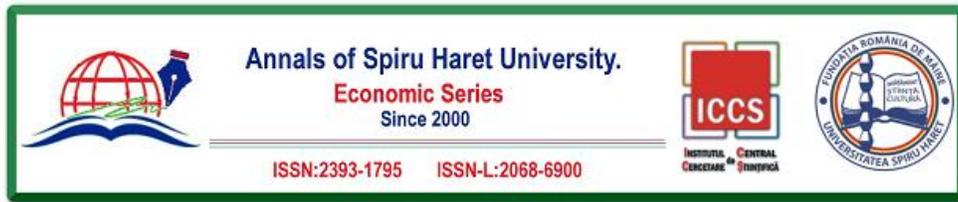
**Cordelia Onyinyechi Omodero**, from Department of Accounting, College of Management Sciences, Michael Okpara University of Agriculture, Umudike, Umuahia, Abia State, Nigeria, in her paper entitled *A Relative Assessment of the Contributions of Agriculture, Oil and Non-Oil Tax Revenues to Nigeria's Economic Expansion*, is talking about the decline in oil prices globally that has led to diversification of economy in most oil enriched countries. In Nigeria, more attention is given to agriculture and non-tax revenue sources to ensure that the country overcomes a mono-economy syndrome which has affected the nation in the past. This study assesses the contributions of agriculture, oil and non-oil tax revenue to economic expansion in Nigeria using data that cover a period from 1981 to 2017. The regression results indicate that oil revenue has a significant negative impact on economic growth which is represented by gross domestic product. On the contrary, the study finds evidence that agriculture and non-oil tax revenue have a robust significant and positive influence on economic growth. Therefore, the

study suggests that tax administration in Nigeria should be more business-growth conscious and that agriculture should be given a boost by creating an enabling environment that could attract foreign direct investments in the agricultural sector. The study also recommends that oil revenues should be utilized for reinvestments into other sectors of the economy.

Associate professor **Sadagat Ahmadova** from The Department of World Economy, Baku State University, Azerbaijan, in her scientific paper called ***The Role of Agrarian Reforms in the Socio-Economic Development of Nakhchivan Autonomous Republic*** is telling us that after independence of this state, her article was devoted to carrying out appropriate reforms to ensure the development of agriculture, which is one of the key areas of the economy of the Nakhchivan Autonomous Republic. It was noted that the leadership of the autonomous republic at the same time, and then the country's leadership, was instructed to issue the necessary orders for the development of the agrarian sector and the fulfilment of the tasks arising from these orders. In addition, the role of the agrarian sector in ensuring socio-economic development was justified, and the corresponding statistical indicators are reflected in the article. It has been shown that food security is the key to agrarian reform, which is to restrict imports by stimulating domestic production and, above all, production-driven production.

The last paper is written by student **Aydan Abdullayeva** from Azerbaijan State Oil and Industry University. The paper entitled ***Impact of Artificial Intelligence on Agricultural, Healthcare and Logistics Industries*** is a qualitative research study that was conducted to illustrate the relationships between Artificial Intelligence (AI) and non-tech businesses. AI is a broad branch of computer science. In information technology, the intelligent machine is a compliant and logical agent that recognizes its environment and takes full advantage of opportunities to achieve something. This paper provides detailed examples using AI outside of IT. The main method which is used for this research is literary analysis. The article consists of explanations about artificial intelligence in general, its impacts on logistics and transportation, agriculture and healthcare industries. Moreover, in this article, the methods used to leverage the developments of aforementioned industries are also mentioned and discussed.

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.



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

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

# **ACADEMIA PAPERS**

