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Editorial Comments

The first edition of **International Journal of Business and Economic Development (IJBED)**, volume 1, issue 1, contains eleven scholarly articles conforming to the principal objective of the journal – dissemination of knowledge- applied and theoretical. There is an interesting mix of papers- some of them contain socially sensitive issues and are worth more exhaustive investigation while some are emerging concerns globally. The inputs and findings provided by the authors will be found thought provoking to academics and professionals alike for further research and also for strategy development. The editorial board is thankful to the contributors for the faith they have placed in the journal and would like to request them to encourage their colleagues, friends and scholar students to use the journal as a platform to publish their research work so as to benefit the wider public.

The opening article addresses the highly sensitive and tricky issue of the level of tax rates that a government should impose on the tax paying population of a country and its businesses. That there exists a close relationship between taxes and economic growth (and development) has long been recognised and as such has been seen to be, almost universally, politically explosive. The last presidential election in the USA has shown how socially divisive tax proposals can be when it is a question of raising taxes, particularly on the high income brackets. Not surprisingly, there has been a huge interest to research the area to find out the correlation characteristics between the two variables .Two schools of thought have emerged – one, the traditional school, suggesting a negative relationship and the other, a more recent, the modern school, a positive one. In the present article, **“Do taxes generate more economic development? Evidence from income’s groups and OECD countries”**, the authors **Hakim et al.** have examined both the schools using data from 52 countries using the World Bank classification of countries by income, namely, Low , Lower middle, Upper middle, and High for the period 2003 – 2009. The OECD countries were also included to strengthen the conclusions for the high income group of countries. Their analysis shows the validity of the modern schools contention in the case of high income countries but presents a rather blurred scenario for the others thereby creating ground for countries in the respective groups to re-examine whether the tax rates are optimum or not and whether a ‘two-way tax policy’ would be an attractive proposition. While these are interesting propositions, the governments in power have to be doubly sure before bills are presented in their parliaments. As noted above, the issue has capacity to invite socially non-cohesive forces. There is still another dimension to all this and that has critical implications. That concerns the issue of entrepreneurship – the factor of production in short supply everywhere but more so in developing countries. To create more of entrepreneurship and thereby reduce the burden of unemployment in such societies, raising tax rates on the wealthy should take care that business incentives are kept on the right gradient. Accordingly, it is not that straight forward a solution as it would seem to be in the first instance. The social inequality syndrome is , perhaps, a reality that developing countries have to live with- the incidence only to be reduced as they pass on to higher income groups and their governments are able to develop more sophisticated policies and inequality reducing programmes as more revenues are generated with higher levels of income. The issues are serious enough not to be trifled with.

The second article delves into the extensively researched and marketers' favourite-consumer behaviour and the context is consumer attitude toward technology in retail banking involving the spread of banking technologies such as ATMs, cell phone banking, electronic funds transfer at point of sale (EFTPoS). It has been suggested that generally speaking, stable market conditions, as evidenced in developed countries, help the growth of the financial services sector and in that environment of certainty, the uptake of the technologies as above would happen smoothly. But how do consumers behave in developing countries, particularly those with volatile environment? And what happens to the uptake of the technologies? In the present work, **"Technology readiness and EFTPoS usage in Zimbabwe"** the author, **Shambare**, notes that despite being a highly unstable and insecure economy, electronic banking culture has not suffered any setback in Zimbabwe. Indeed, it has been fast catching up. And that goes to show that consumers have been keen to adopt the technologies. In trying to explain this apparent contradiction, the author used the questionnaire survey method and collected data from a sample comprising "...homogeneous group of university students." from a Zimbabwean university in Harare, the technological readiness attitudinal factors influencing adoption behaviour being - optimism, innovativeness, discomfort and insecurity in the usage of technology. Interestingly, ".the results conform to previous studies." carried out in the context of developed countries. "...regardless of the market dynamics at play.....technology readiness remains an important indicator of technology usage..." and "...the more technologically the consumers are, the more likely they will use a technology more frequently and regularly " and also a different mix of technologies, the author notes. The study has great implications for marketers in the development of strategies .But , as the author notes, further research from more heterogeneous groups are required before making any generalisations .

As the title suggests, the next paper **"Impact of moral reasoning on law and ethical decision-making: A comparative study on business majors at higher learning institutions in the Klang Valley"** by **Sivanandan et al.** examines the highly sensitive issue surrounding law and ethics the non observance of which can only weaken the social fabric of a society and its eventual decadence. Starting with the late 1960s, public approval of one time great institutions has shown a continuously declining trend in the USA. With the events historically as important as the Vietnam War, Watergate scandal and others of similar proportions, there has been a long deterioration of trust in large corporations, US Congress, and even their Supreme Court and this has been well documented by consulting organisations like Yankelovich Monitor, Harris Poll and others. Dow Chemical's manufacture of napalm and its use in Vietnam led to large scale protests by American university students. And then there have been the cases of the likes of Enron and Arthur Andersen that have cast a long shadow of doubt on their image and have caused the severance of public trust in them more permanent. The recent Mori poll in the UK only confirmed this trend , showing the severity of the issue (not even a third said 'yes' when asked about if they had any trust in business leaders. Politicians fared even worse). Based on scenarios like these, the authors speculate "Thus, one starts to ponder if the emergence and escalating number of corporate scandals could be due to the lack of moral reasoning and moral values amongst business people thus leading to decisions that are against the law and ethical norms". They have, thus, interestingly cast their eyes on students doing business majors in higher learning centers many of whom are going to bear the responsibilities of business in the public sector or private but who are still developing their personality traits. And in that process, they should be appreciating the importance of moral reasoning connected to law and ethics in decision making - the task they are going to face every now and then in their working life. But their appreciation would naturally be that much stronger and perhaps long lasting as well if

they were taken through a designated path – through courses that dealt with these issues but not undermining the role of parents and peers in the process. The investigation that the authors carried out was targeted at students studying at higher institutions of learning in the Klang Valley in Malaysia. Based on a sample size of 129 responses, the study based on regression analysis, “...concluded that gender differences and knowledge of moral and ethics have a significant impact on moral reasoning” and “...differences in age and religion do not significantly affect moral reasoning.” However, the authors have sought to qualify these findings also. “...the impact of gender differences (that men are more prone to break codes of conduct than women) ...may not be as obvious ...as the role of men and women in business have become increasingly similar” .Gender’s role in the era of globalisation may not be that relevant where success is the ultimate mantra. “...to what extent these courses have prepared business students to handle the complex issues in a constantly evolving business environment still remains to be seen” the authors’ caution is in order. More such work and follow up studies are needed before any generalisations are attempted. One last word. The study has been supported by an excellent literature review.

The fourth article **“Organisational commitment, job satisfaction and job performance as a mediator between role stressors and turnover intentions A Study from an Egyptian cultural perspective”** by Rageb et al. is an interesting exercise in understanding an organisation’s performance –effective or otherwise. This is an extensively researched area and yet contributions keep pouring in. It would be an understatement to say that employees are central to an organisation and their commitment to the work they do is of supreme importance. Needless to say, in order to compete, an organisation must possess an advantage over others, its competitors- an important element of strategy. Taking a cue from Porter’s work – The Competitive Advantage of Nations- organisations too must have a policy that its resources-employees (human resources) in particular- are upgraded continuously to maintain that competitive edge. And herein comes the question of leadership the supply of which, in many cases, suffers bottlenecks – the so called syndrome of leadership deficit. Looking at America, it must be said that in spite of the country’s somewhat observable decadence, its educational institutions are still in the forefront so much so that they still fetch more than two thirds of the Nobel prizes and help the country to provide leadership in frontiers of technology. The people in that system must then be committed and highly motivated towards excellence and own the visions of their respective organisations. It can then be deduced too that each individual’s role is well defined and there is no ambiguity that causes stress and hinders one’s contribution. Everybody understands ‘what business they are in’ and acts accordingly. Employee retention under these conditions is almost given. All these variables – individual roles, job satisfaction, performance, employee retention and all – are then intricately related. These are the issues that the authors have tried to address in their paper in a very detailed manner taking their College of Management and Technology within the Arab Academy for science and technology and Maritime Transport, Alexandria, Egypt as the case. In the authors’ own words “The purpose of this paper is to explore (1) the effect of the relationship among role stress (role conflict, role ambiguity and role overload) on job performance, job satisfaction, organisational commitment and turnover intentions; and (2) the situational relationships among job satisfaction, job performance, employee commitment. And employee turnover intentions.” The structured questionnaire was distributed to 100 employees of which 65 responded (33.8 pc males, the remaining females). Regression techniques were employed to analyse the responses, the idea being to isolate and quantify the variables to the extent possible. The results are interesting and with great implications for the employees and leadership alike. A “...major practical

implication.....is that role conflict and role overload has a much greater impact on turnover intention than role ambiguity or role novelty. Thus CMT should give highest priority..." to them in stress management. And about the methods themselves, namely quantitative methods, the authors very rightly caution about their (the methods') weaknesses in identifying the reasons for the hypothesised relationships. The sample size too would seem to be small, they point out, also suggesting the need for similar works in other segments, banks, hotels, hospitals etc. Also, the subject matter here is all softer aspects of management – something that is often pushed to the back chairs. And yet, an organisation would not be able to realise its full potential without addressing these issues- something that Hellriegel et al. very pointedly noted- what sinks ships isn't always what sailors can see, but what they can't see (the covertie behavioural aspects in organisations). Nevertheless, the importance of studies, like the one under discussion, should always be welcome because they serve as good platforms for investigative and well meaning leadership. In the end, it must be said, the work is not only interesting but well referenced too.

The subject matter of the next paper hovers around some major macroeconomic parameters- namely, inflation, devaluation, exchange rates, growth and development. The particular country under the scanner is Nigeria – a major oil economy but without its fruits. Scarcity of resources and the developing world go hand in hand almost as a general rule. Even where this is not the case, Nigeria for instance, flawed economic governance has failed the countries. So, the question naturally arises – what has gone wrong and what are the ways out? The authors **Dania and Igberaese** try to explain the phenomenon of inflation in the main in their work **"Still on the determinants of, and the effects of exchange rate and monetary growth on inflation: Nigeria in the policy debate"**. Indeed, since the post second world war years, inflation has been seen as a major bottleneck to economic growth in many countries. Run away and hyper inflation have caused miseries in many countries. To get out of the problem, world bodies have suggested structural adjustment programme – the so called SAP- along with devaluation of the country's currency, Nigeria included. Unfortunately, nothing much has come out of this and inflation has maintained its persistent presence. And with economies opening up following globalisation, inflation has become subject to developments in the external sector. Employing econometric methods, the authors have made some interesting observations but most interestingly that exchange rate depreciation has not worked. "...Nigeria is not industrialised for the long run benefit of exchange manipulation." Also, "The deregulation of the Naira may. help (but) there is need for policy makers not to totally rely on this instrument to control inflation because of the mono-product nature of the Nigerian economy". The authors emphasize the need to control money supply "This is evident in Nigeria whereby prices continue to rise during political campaigns and festivities when so much money is pushed into the economy". Indeed, going back to the days of Keynes, we can take solace in his observation that in the underdeveloped stage of an economy, it need not suffer from inflationary pressures because of resource underutilisation. It holds much substance even though he was referring to closed economies. In the 1950s, the Nobel laureate W Arthur Lewis in his paper "Economic Development with Unlimited Supply of Labour" suggested output growth without price pressure. Indeed, development has a charted out path that holds true even today – something that is found amply explained in Porter's more sophisticated and empirical work too : Predominantly Agriculture – Industry – Services. In all these phases, technology and trade play important roles. In the UN terminology, all trades are grouped by SITC (Standard International Trade Classification) 0-8 with 6, 7 and 8 accounting for nearly half of world trade. But these three groups represent industry in the main. This, to a large extent, explains why devaluation has not worked as a solution. The terms of trade has persistently been in favour of industrial

products where developing countries had and still have a minuscule share. And secondly, demand for agricultural products is limited but not so for industrial products. The authors have sounded this view- Nigeria is not industrialised enough to take advantage of devaluation. And then, of course, the question of lag. Output growth takes time to materialise following any increase in income. If output does not respond, inflation is the result. The classic phenomenon- too much money, chasing too few goods- takes root and an atmosphere of 'self fulfilling prophecy' involving inflation expectation comes to play its role acting as a dampener on output. Under these circumstances, it is not difficult to see, as the authors have rightly noted, why monetary growth must be subjected to control. Hence output growth and monetary growth must bear complementarity. And once inflation is under control, the four pillars of macroeconomic management- growth, prices, employment and balance of payments- would be easier to handle to a large extent. Herein comes the issue of economic governance and as Kindleberger has pointedly suggested, development, as a process, would be difficult in the absence of sensible policies.

The sixth paper "**Using a part-time MBA program to expose graduate students to corporate governance**" by Selvy looks into the increasingly critical issue, business ethics and corporate governance and to find out ways as to how they can take root in the world of business. With globalization taking route across countries, corporates' hunger for profit has come under increasing public scrutiny. Research in this area suggests that more than 70 per cent of Americans thought that businesses, the multinationals in particular, had become politically too powerful and wielded too much influence in public life (Harris Poll, 2000). To counter this, there has been the rise of activist groups and they have become a thorn that contests the very pillar of capitalist economic system - the issue of profit maximisation - so much so that their activities have, in many cases, negatively impacted corporates' reputation and image. It must, however, be recognised that there are organisations who are well known for their ethical standards in corporate governance - the likes of Marks & Spencer, Johnson & Johnson, John Lewis - to quote a few names. They have an ethical reputation spanning over a long period of time. And in spite of crises happening in their life - Tylenol for J & J for instance - they do not lose their brand loyalty. Spending time and energy to keep ethics in its proper place can therefore be expensive but such organisations do not look at this expenditure as a 'cost' but as an 'investment' that pays dividend. But then many organisations use unethical practices as well - just that they, when caught, have to a heavy price, even exit. Ethics can then be seen to be central to corporate governance because it makes sense as an important parameter in rewarding the corporate through survival and growth. In the present article, the author suggests, and rightly so, that to see such attitudes -involving morality in action- being practiced require that business leaders of tomorrow need to be exposed to this at an early age before they join business as a profession. Internalising the underlying principle of morality is important so that it becomes a part of their value system. Most MBA students get absorbed in the world of business on completion of their course. In more recent times, the business schools have made provisions for corporate governance, business ethics courses but as electives. That implies that the emphasis is still focused more towards the core business subjects - marketing, finance, organisational behaviour etc. Although the trend would seem to be tilted more in favour of ethics prompted by public outcry of business behaviour and also by the businesses themselves. The AACSB, like other business schools, ".has also weighed in on the importance ...of ethics and corporate governance in graduate business curriculum" to help students examine the ". Issues related to the board of directors such as structure, selection, compensation, duties and liabilities." The programme helps the students to prepare their graduates to behave in a responsible way and as "...ethical

participants in the corporate governance arena". Accordingly, the basic objective is to enable and expose the students to business issues so that they can evaluate for themselves the pros and cons of the theories as shared by researchers like Milton Friedman and E. Sternberg – shareholder and stakeholder theories – the overlapping points in particular. It should, however, be appreciated that however ethically minded the students or business executives are, there are several roadblocks they will be faced with including peer pressure to accommodate the opposing forces in decision making. Interestingly, the task force in charge of ethics education at AACSB realises this reality and noted that the programme should ".prepare the students...so as (to) assist in the minimisation and recognition of corporate corruption". However, the programme should act as ".an important deterrent to unethical behaviour". However inspirational these inputs may be, there must be an institutionalised and effective follow up mechanism to establish their credibility, more directed towards the gains that ethical studies would usher in.

The next paper is by **Batool and Zulfiqar** and is titled "**Analysing the input output relationship of small and medium enterprises in Pakistan: An econometric approach**". As the title suggests, the study employs an econometric method to examine and analyse the status and role of SMEs in Pakistan. In general, it is now well established through research that to meet the development needs, particularly for developing countries, the relevance of this category of industries is undeniable vis- a- vis the large firms. Taking the case of Pakistan, the authors note "The need of the time is rapid industrialisation. Large scales firms are difficult to establish... No doubt, SMEs are one of the building blocks of Pakistan's economy, providing the country with many opportunitiesThe solution to many of the problems of Pakistan lies in the establishment and promotion of SMEs". Their argument gets justified when they quote certain important data from the Economic Survey of Pakistan 2010-11, for example, SMEs jointly contributed approximately 40% to GDP; employed up to 80% of non-agricultural labour force; contributed 25% to total exports and in 2009-10, they grew by 7.5% against 3.5% for the whole economy . In the present study, the authors have directed their investigation to discern the productivity of these industries, with special reference to the manufacturing sector. An extended Cobb- Douglas Production Function has been employed to get more definitive and quantifiable answers of the various inputs and not just labour and capital as employed in the original version of the function. Forty eight SMEs have been sampled for the year 2005-2006 in the exercise. Interestingly, to get a deeper understanding of factor productivity, the authors separated labour into male and female and materials into local and imported. The results show that capital, male labour, and materials – both varieties- have positive shown statistically significant and positive results in terms of their contribution to GDP growth; so has advertisement. Sales tax and excise duty too affect productivity. However, the female labour was found to have negative relationship with output. "What is astonishing", the authors note, "is the role of women in SMEs is minor". Considering that 52% of the population is female, the authors rightly suggest "...they should be trained properly in certain skills so that their productivity ... (is) enhanced" and they become more empowered in decision making. Besides these results, other studies have taken notice of certain other advantages that these groups of industries have posed as a challenge to large companies. While globalisation, supported by big multinationals, has spread far and wide through the economies of scale route resulting in lower prices, the image (of multinationals) has been tarnished through many unethical practices by the participants in the globalisation process– labour exploitation for example. The SMEs have less of such image issues. They are also seen to be better placed in providing food solutions to prevent some health related problems as well- obesity for example. Tuning in to the local characteristics by these

organisations is the force of appeal where the multinationals show poor results because of their inability to provide a personal touch to such issues. The result of all this is customer loyalty and sustained growth even when times are difficult. In providing to the needs of a large section of the populace, the SMEs in the food retailing sector stand a much better chance of success than large multinationals providing of course, they follow a strategic path by exploiting the multiple linkages – backward and forward-that are available to them and managing the supply chain more effectively. As such they can be said to be providing better value to the society.

Article eight **“Carbon credit: A burning business issue”** by Mondal and Sachdev addresses the issue of climate change and the emergence of a new commercial market altogether. The authors provide a chronological view of the market that takes the name of Carbon (Credit) Market. Although differences of opinion still persist, the negative impact of climate change on earth is now generally accepted thanks to the UN efforts (United Nations Framework Convention on Climate Change-UNFCCC) in 1992. The issue of global warming through the emission of hazardous gases from industrial units worldwide was taken up in all seriousness. Following the adoption of the UNFCCC, the Kyoto Protocol (2005) took further steps (theoretically) setting maximum gas emission limits to contain the effects of global warming. As is known, the Kyoto Protocol continues to be controversial even today and to this end, some of the developed countries have put their weight behind – primarily the USA not abiding by the gas emission target. Notwithstanding this development, the Carbon (Credit) Market was born, a market that “...has become the fastest growing financial market in the world...” and is operated by “.Clean Development Mechanism (CDC) which allows carbon credit earnings and carbon trading between countries and companies...” as noted by the authors. They further document the progress of the market and look into the performance of several countries including China and India. Things have not gone the way they should have and the authors pointedly observe “Though Carbon Credit is definitely a very lucrative proposition for both the buying and selling countries, it is the environment which pays the heaviest price ..” as pollution continues. “.Strict laws should be imposed to limit the buying and selling of Carbon Credits” and that technology must play its role in substituting fuels emitting carbon with clean ones. It is not that progress in this direction is not taking place (the US efforts to find alternatives including shale oil for instance) but more needs to be done to help the developing world, particularly through providing access to technology.

The penultimate paper is a very well organised, well referenced and well researched piece of work on growth and development taking the experience of Bangladesh as the case. Titled **“Trade liberalisation and De Novo hypothesis in the context of Bangladesh: An empirical analysis”**, the authors Chowdhury and Islam investigate the country’s story through the years 1981 to 2007 to establish the relevance of the long-established export-led growth. The fundamental and underlying principle that facilitates and promotes growth is the well-known theory of comparative advantage that has been in evidence since the days of Adam Smith and culminating during the time of David Ricardo, the founders of classical economics. Free trade, based on this principle, leads to a win-win situation for all participating countries. While Western Europe and America in particular have been the major beneficiaries and propagators, the history has not altogether been unblemished – the Great Depression of the 1930s being just one example when there were attempts by countries to go back to the era of mercantilism based trade policies before the emergence of the school of classical economics. Elements of trade war or activities restricting trade are still very much there as the establishment of WTO would go to show. However, the basic principle stands and the success of the East Asian countries , the story

of India during the post independence era following import substitution policies, the emergence of China on the economic scene – all go to support the thesis that export led growth policies work, irrational import substitution policies don't. In the present study, the authors look at the three time periods through trade policies have evolved -1972-75, 1976-1990 and 1991- 2002. "The third phase of policy shift ...was significant as trade barriers been removed as a flexible exchange rate regime is adopted. To encourage further reduction of anti-export bias, export processing zones have been established, to co-operate manufacturing exports". And in the process of investigation, they have pointedly noted"... (The) study should not exclude the variables that are assumed to have significant impact on growth. This study will, therefore, include investment that is assumed to influence GDP". In establishing their case, they observe from the results "Growth is significantly associated with manufacturing exports, which carries a higher coefficient" and that "...Bangladesh continues to follow export-led growth hypothesis". And further, they find that growth and trade openness indicator are negatively associated implying imports greater than exports – a very uncomfortable position for a developing country. The study thus suggests several policy directives which could help the government to develop development strategies. While dealing with these issues, it should, however, be remembered that growth and development are not merely confined to the discipline of economics alone. Experts have raised a sensitive question- where does economic growth begin? Indeed, Kindleberger has suggested going beyond and looking at the relevance of areas like sociology and anthropology, amongst others, to the development process that a society goes through. An inter disciplinary approach would, therefore, be welcome. The shift from agrarianism to industrialism involves huge changes in culture and hence attitudes to work. And skill formation, so very essential for industrial development, cannot happen overnight. Besides, with more growth comes the demand for more management the supply of which will remain constrained because of the lack of social infrastructure. Indeed, because of these constraints, technology takes time to surface as a force. Indeed, growth and development manifest themselves through trade and technology. As mentioned elsewhere, the almost non-descript participation of developing countries in SITC 6,7 and 8 that account for a very large chunk of trade tells us the reason for the wide gap between the developed and developing. This gets exacerbated by weak governance the result of which is uninformed, poor policies that result in misallocation of resources the scarcity of which haunts most developing countries.

The tenth paper in this edition concerns the impact of internet and the modern day gadgets that have become a part of life style particularly amongst the population – young and not so young. And since office work requires access to computers, the propensity to use the internet services for personal use even during office hours has become rather common. Titled "**Impact of online social networking on employees' commitment to duties in selected organisations in Lagos state, Nigeria**", the authors **Akinbode et.al.** have looked at two organisations-one public and the other private- in Lagos – the sample size being one hundred respondents – 40 senior staff and 60 junior- selected at random. As the title suggests, the purpose was to see how access to online social networking amongst the employees affected their productivity. Interestingly, the management in both the places are aware that part of the office hours goes waste because of the workers' almost compulsive urge to remain connected on the networking sites. This is more so in the public sector – given the very nature of such organisations where responsibility and accountability are in the lower gears when compared to the private work place. In the private sector, the management can be more demanding and hence the employees there are more responsive to rules and regulations than their counterparts in the public sector. The management accordingly tries to minimise the loss of work in such

circumstances. The findings suggest that 95% of the respondents were aware of company policy on the restrictive orders to visit the sites. However, this worked more in the private sector. The junior staffers used the facility more frequently, the highest percentage being females having Black Berry; Smart phones etc. to give them direct connectivity. Many spent anything between one to two hours. Another interesting finding was that the resultant low performance of workers was caused not only by the loss of time on the networking but also by the loss of concentration caused by the activity. The authors provide several recommendations – educate the workers for them to appreciate that the practice should be kept to the minimum to enable the organisation perform better; configure the technology to restrict access during office hours; provide training on time management; make them aware of the importance of individual goal aligning with organisational goal; provide deadlines to complete projects etc. The authors also caution against any generalisation given that only two organisations were considered in the study. Accordingly, more such studies needed to be done covering the “.geo-political zones of the country”.

The last article **“Enterprise restructuring in the conditions of the crisis and the globalisation challenges. Based on the experiences of the Polish economy”** by Ryszard Borowiecki focuses on globalisation and the ensuing challenges on all fronts – in this case to the country – Poland- in general and its organisations in particular following its accession to the European Union and facing globalisation. In this context, it would be futile to argue against the reality that forces of globalisation have taken deep root worldwide. The adoption of capitalist economic principals in China since the 1970s, the fall of the Soviet Empire in the early 1990s and accepting that entitlement to get state benefits must not come free in Cuba – all go to show the waste that underlies socialist systems and the advantages that capitalism brings about along with its globalization dimension. Several countries have benefited from being comparatively more efficient through a rational allocation of resources that globalization supposedly can bring about. However, survival and growth strategies of organisations in these conditions have to embrace innovation, particularly in economic systems where capitalism has an upper hand. Innovation is the pathway to develop competitive advantage for a firm without which exit is the sure outcome particularly when times are difficult. And companies in such conditions need to look for newer means of value creation rather than being a frog in the well i.e. carrying the baggage from the past. And in doing so, the organisations must always be open to new ideas as the external environment is a dynamic phenomenon. What is happening there must be properly diagnosed to identify the constraints that might hold up further progress. It would be difficult to tide over the difficult situations without being innovative and without reengineering business processes. As the author points out, EU accession was a crisis situation for a country associated with a system not in alignment with competition. There is thus the need to “.create a new economic order. according to the rules of the multi-sector market economy since the effects of the economic, social and psychological mechanisms resulting from the central, prescriptive and distributive system of planning the economy did not foster economic efficiency.” As such there is “.the necessity of system reconstruction and modernisation.” But it is rather unfortunate that management often becomes too rigid when the question of ‘change’ confronts them and would have preferred to remain glued to traditional methods of production. And this at a time when information and the technology that goes with it is playing an increasingly crucial role in everyday life. The paper thus provides interesting insights for organisations eager to do things new thereby enabling them to perform better in terms of the businesses they are in. The author, very rightly, points out that in the 21st century economy, knowledge must be treated as a separate resource in an organisation as the route to gaining competitive advantage. Creation of knowledge and its management have been so powerful a force that there has been the

emergence of a New Economy, and can be, the author suggests, “.Regarded as another stage of the historical economic development following the industrial revolution and scientific and technical revolution”. The author goes on to cast further useful insight into the need for an altogether new and innovative survival strategy that would require a total departure from the way of doing business and restructure the enterprises accordingly to place them on an altogether a new trajectory .

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