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Editorial Comments

The current edition of the *International Journal of Business & Economic Development (IJBED)* contains eleven thoroughly researched and scholarly articles. Each paper conforms to the Academy's editorial policy and has been selected with a view to disseminating both applied and theoretical knowledge. The majority of the papers have an economic development focus, whilst others are sector specific with clear implications for both national and regional development. At the Academy we are fully committed to a robust selection process, but we are equally mindful of the fact that an increasing number of contributors carry out research and write in a second or sometimes third language. What follows certainly makes for a stimulating read and affords us an opportunity to reflect upon human endeavours and the challenges and opportunities that exist in this era of globalisation.

The opening paper of this edition is entitled: **An analytical hierarchy process and fuzzy inference system tsukamoto for production planning: a review and conceptual research by Bon and Utami.** The so-called 'Asian Tiger' economies have lead the way in many respects, when it comes to innovation and manufacturing and thus it seems appropriate that this paper explores the crucial part that planning plays in manufacturing optimisation. Clear objectives and definite outcomes are heavily reliant on the crucial decision making role of managers, a fact that immediately makes us aware of a potential variable that will having a bearing on outcomes. This research underscores the importance of management decision making and the way in which the Analytical Hierarchy Process provides an additional tool to ensure positive outcomes. The world of the manufacturing is understandably pre-occupied with the factors of production, with considerable time and energy given over to avoiding the haphazard and minimising risk and waste. Whilst we live in an era of increased automation we cannot afford to ignore the human element that proves decisive in regards to goal setting and whether those goals or targets are achieved within the manufacturing realm.

The general assumption is that computers by their very nature will always approach tasks as they are configured and thus the normal ambiguities and inconsistencies that are integral to human activity are seemingly alien. The Tsukamoto Fuzzy Inference System provides a means of replicating/factoring in situations that impact on effectiveness. To some the idea of being able to: "enable a computer system to reason with uncertainty" might well come as something of a revelation, but in truth this should not come as a surprise as the systems are invariably designed and configured to carry out specific tasks or replicate situations and respond accordingly. Here we are presented with yet another example of human ingenuity and the way in which the inefficiencies that are present in all manufacturing systems can be addressed in a practical and logical manner taking cognizance of internal and external factors. This paper raises some interesting questions, especially about the channels by which those engaged in manufacturing become aware of the potential benefit of new systems and processes. The worlds of academia and business are often somewhat suspicious and wary of one another, and yet research of this nature reminds us of the value to be gained from ensuring that theory and practice are not allowed to remain the preserve of any particular party. What might benefit Malaysian manufacturing would surely prove a boon elsewhere.

For the second paper we move from Asia to Central Europe. **Innovative activity in chosen branches of tertiary sector in the Czech Republic** by Jirásková is a timely reminder of the centrality of innovation to development. 'Adapt to survive' has long been integral to business, as well as human development. This paper makes a powerful case not only for the

innovation that is so important to continued commercial success, but interestingly explores the value added that can result from protecting intellectual property. The service/tertiary sectors has traditionally been extremely slow to recognise the importance of protecting intellectual property and as a consequence has appeared to lose out on the additional revenue streams that could accrue from taking the time and trouble to secure appropriate legal protection. With economies such as that of the Czech Republic seeing a marked increase in the growth of the service sector it is personally reasonable to see this as an area with considerable potential. That said, the point is well made here that the tertiary sector is diverse and often nebulous in nature and thus intellectual property opportunities are not always as clear as they are elsewhere. Research and development has been shown to be a significant contributor when it comes to improved GDP, yet there would appear to be an ignorance or reticence when it comes to securing legal protection and safeguards.

This research also underscores the disparities between the regions and provides some future areas of focus, especially when it comes to official policy and the support that should be provided to small and medium sized businesses across the Czech Republic. The size of an organisation is clearly significant, a fact that would be universal in this regard. As I read this fascinating piece of research I also found myself wondering whether there is a natural reluctance to engage in endeavours that involve either lawyers or patent offices as these may be perceived as costly, bureaucratic or superfluous to the nature of the core business. In noting that there is poor communication between the scientific community and business sector the author of this research reminds us that there needs to be far greater engagement at every level. Furthermore companies need to view intellectual property with far greater seriousness, not only when it comes to protecting brands and logos, but also with a view to securing additional income streams, something which after all is crucial to the bottom line and long term viability. In the light of this there are some serious questions to be asked of business schools and the courses they offer and whether they are doing enough to highlight this important issue.

The issue of energy, especially in much of the developing world is one that exercises citizens to a considerable degree. So heated has the debate about energy security and the price of energy become in some parts of the world that it generates sufficient hot air to almost become an alternative energy source in itself. Joking apart, this is a serious issue, one that is worthy of further analysis and where possible practical solutions that will help move matters forward in a constructive manner. It is therefore fitting that for our next paper we have one entitled: **Impact of deficient electricity supply on the operation of small scale businesses in North East Nigeria** by **Ado** and **Josiah**. As the economic powerhouse of West Africa there is enormous irony in the fact that a nation that is rich in oil, gas and renewable has become synonymous with power shortages and a general mismanagement of these vital resources.

This study refers to the fact that Nigeria has been dubbed a 'generator economy', something that reinforces perceptions of 'us and them'. The wealthier, along with larger corporate entities can afford alternatives, albeit expensive ones, yet this is not an option for micro, small and medium size entities. The time and money lost through power outages begs serious questions about recent policies, it also calls into question those in leadership roles who are charged with resolving the current situation. The energy deserts that emerge, especially outside the main urban areas face a multiplicity of challenges and we have seen in the more remote parts of the north of Nigeria a general lack of employment opportunities and development has fuelled a general disaffection that has acted as a veritable recruiting sergeant for Boko Haram with all its nefarious activities.

This study provides some useful evidence that helps in the wider appreciation of the challenges being faced. Whilst larger corporate entities are able to factor power outages into

their costs for small companies this is simply out of the question. This is not only a tragedy for Nigeria with its considerable potential, but also plays a part in the continued negative perceptions amongst foreign investors with regard to investing outside the major metropolitan areas. The additional costs caused by power outages are such that this issue continues to rank in the top three of primary concerns for small businesses across Nigeria and further afield. To have nearly 28% of respondents reporting that they have 16 days or more a month without electricity is truly shocking and raises questions about whether this issue is seriously being addressed at a national and state level or not. Whilst the author is quite right to suggest that the Government needs to consider this issue, it might have been useful to have some key pointers as to how things can be moved forward, especially when it comes to assisting those with greatest need.

Auchter's paper: Supply chain responsibilities and the need for an integrative ethic management in Emerging Economies is a highly original piece of research that is worthy of as wide a readership as possible. For those espousing ethical business here we have a paper that challenges head on some of the expected norms, and uses powerful evidence to elucidate some of the unsavoury practices that are sadly a feature of aspects of globalisation. In this masterly exposé (albeit from an objective and scrupulously academic point of view) of the Sumangali Scheme we gain an insight into some of the unethical activity that exists within the textile and clothing sector in Tamil Nadu, India. The issue of supply chains is a pivotal one for complex supply chains can result in a blurring of lines when it comes to responsibilities, inspection, and enforcement. The unscrupulous happily exploit confusion or seek to take advantage of geographical distance and the absence of clarity that is all too often a feature of the arrangements that exist. One only needs to think of the 2013 horse meat scandal in Europe that was the result of a combination of factors, chief amongst them being a major breakdown in the traceability of the food supply chain mechanism, greed and a failure of regulatory frameworks. Laws and Codes of Practice are all very well, but all too often we see companies and organisations merely following the letter rather than the spirit of the law.

Auchter makes a particularly salient point when he writes of the challenge faced by organisations in; "identifying the standards by which they should govern themselves." Ethical relativism certainly manages to muddy the waters still further. Societal norms and expectations, especially in regard to women and children raises a whole raft of questions that some prefer to shy away from for fear of being accused of cultural imperialism. To its credit this masterly work presents in 3.4 Ethical Judgment (Rules of Thumb) a powerful series of guidelines that not only explain the complexities with great lucidity, but also proffers a practical approach that contains means of negating some of the current flaws that are blighting lives and sully reputations. Whilst this research takes Southern India as its primary area of focus it needs to be remembered that responsibility lies with a wealth of stakeholders, not least with the potential consumers of goods produced by those working as part of the Sumangali Scheme.

The fifth paper of this edition is entitled: **The role of diversification in the economic development for oil-dependent countries - the case of the UAE** by **Ahmed**. By almost any economic yardstick the progress made by the UAE is remarkable. As this paper makes clear both in its title and its analysis the driver for this growth has been oil, although local and external observers also note that having a vision has also been integral to the progress made. The role of vision must not be underestimated, especially in an increasingly uncertain and to some extent uncertain world and thus it is interesting to note that yet again the UAE is setting its store by working towards what is called VISION 21. Grand plans of this nature are not solely the preserve of cash rich nations that enjoy extensive sovereign wealth funds, but it is evident that there is a realisation that the UAE must plan ahead to balance its economy so as to protect itself from oil price fluctuations and the fallout from regional instability. It would be interesting to

know whether the rulers of the UAE have a specific vision or whether they have looked for inspiration from countries such as Malaysia and Singapore.

The author furnishes the reader with some fascinating data that helps the general understanding of the key elements of the economy, that said, for all the apparent success and forward planning it is evident that issues such as food security and a reliance on vast numbers of low paid foreign workers to do many tasks are issues that are a part of the equation and cannot be ignored. The move towards manufacturing is significant, especially as the UAE's strategic location and the fact that it is a key transport hub helps in this regard. Tourism too has proved remarkably successful, although there are plenty who would question the long term development value of certain vanity construction projects. Developing a knowledge-based economy, investing in Research & Development and ensuring Intellectual Property is registered and championed all help in the recalibration. Table (3-8) - UAE current standing (2013-2014) makes for particularly encouraging reading, although we would do well to note that these judiciously selected statistics have been compiled by none other than the Emirates Competitiveness Council in Dubai. That said, it would be churlish to deny that a remarkable transformation has taken place and there are clearly lessons that other oil dependent countries can learn from what the UAE has achieved to date and is working towards for the future.

There is an old adage that says: "There are two things we cannot avoid, death taxes". If we reflect on this for a moment it summarises the natural fear or resentment concerning revenue collection and the general antipathy that people have towards it. We would do well to explore some of the reasons why there is a universal resentment about taxation; invariably this stems from a perception (rightly or wrongly) that a disproportionate amount of taxation is being taken, that it is not being well spent or that in some way taxation represents a form of near State authorised theft of hard earned cash. There is a whole range of issues with regard to fairness, the ability to pay, tax avoidance and tax evasion. One thing is for certain, taxation whilst it may be seen as evil by many, it is a necessary evil.

The thorny subject of taxation is at the heart of the next paper: **Correlates of state government finances and the Nigerian economy** by **Imegi**. This paper enables the reader to gain a better understanding of the Nigerian context, especially in regard to the national government and state governments. The complex relationship between these two elements of Nigerian society adds to the challenge in regard to revenue collection. Efficient revenue collection relies on the social contract, one which in Nigerian society is only slowly beginning to evolve. As things stand whilst there is evidence of an appreciation of the complexities that bedevil revenue collection the issues of trust, burden sharing and transparency are ones that are paramount. Revenue collection can be difficult at the best of times, but when various entities are involved then the potential for mistrust is significantly increased. Countries across the African continent are endeavouring to increase their tax take as this is perceived as instrumental to continued development. Anyone who has read; *For State & Citizen – Reforming Revenue Administration in Burundi* (Africa Research Institute, October 2013) will appreciate that whilst a genuine challenge exists, progress is indeed possible.

This paper makes clear that in Nigeria revenue gathering mechanisms do exist, but that they are overly complex and are sometimes viewed as being unjust or poorly applied. The existing fiscal architecture is often viewed with a somewhat jaundiced eye and when seemingly competing revenue structures are part of the mix there is potential scope for confusion, resentment and conflict. The shadow of history is evidently never very far away when it comes to attitudes and the prevailing mindset, yet it would appear that there are cautious grounds for optimism. Just as the economy is slowly beginning to be restructured so as not to be entirely dependent upon oil revenues, so fiscal mechanisms are being realigned in such a manner as to

offer some hope that they will gradually become more effective. The recent national election should serve as a reminder to the world that whilst Nigeria has its problems, it is more than capable of finding a way forward when there is a collective desire for positive and purposeful change. A later paper in this publication by Ironkwe and Peter provides some fascinating insights into Value Added Tax (VAT) in Nigeria, especially with regards to implementation, effectiveness and the division of revenue between federal and state authorities.

The seventh paper of this edition is entitled: **Operating revenue changes in a demutalized stock exchange** by **Abdel-Hafez**. Few aspects of globalised business operation have undergone such radical change and daily scrutiny as have the various stock exchanges around the world. Technology has had a dramatic effect, so much so that in many respects trading as it was once known has disappeared.

This paper charts the rapid move towards demutalization driven by increased competition and it is interesting to see that no aspect of business has been immune to change. As well as making a varied selection of seven stock exchanges to compare (ranging from Malta Stock Exchange to the New York Stock Exchange) this research benefits from an extensive literature review that helps anchor the readers understanding. It would have been interesting to hear why the selection of exchanges was made, I assume that it was not random and was an attempt to include small, medium and large exchanges with a view to giving a balanced perspective. Such is the dynamic within this area of trading that it is often difficult for laymen and women to keep up with developments. That said, some interesting findings are revealed here especially in regard to income generation through fees etc. The intense competition has driven mergers, acquisitions and alliances between stock exchanges, something that in some respects what has happened in global aviation, an example of this is the fact the London Stock Exchange Group owns the Borsa Italiana along with MillenniumIT (whose Millennium Trading platform is the world's fastest). All of this, activity as the author makes clear, is a world away from the mutual society status that was often a part of the origins of many stock exchanges.

Our next paper returns us to West Africa, with a detailed analysis of taxation and its possible impact on a key industry. **Value Added Tax and the financial performance of quoted agribusinesses in Nigeria** by **Ironkwe** and **Peter** seeks to elicit the degree to which VAT impacts on the profitability of seven publicly listed companies. It is extremely rare for individuals or sectors to actively embrace a form of taxation and it should come as little surprise to any of us that agribusiness in Nigeria are no exception. As a key industry it is keen to be exempt or given certain incentives or tax breaks as a means of stating its claim to be addressing the issue of food security and potentially providing goods for export regionally and further afield. VATs introduction in Nigeria emulates the British model and this thorough overview and cogent analysis of this particular fiscal mechanism makes for an interesting read. A particularly telling line is; "An important challenge to administering VAT is the nature of the Nigerian business environment." - a fact underscored by the general paucity of record keeping amongst many corporate concerns.

I note with interest that the paper appears to assume that those engaged in business are all male, a point which in my experience of Nigeria is patently not the case. By choosing companies that are listed on the Nigerian Stock Exchange by its very nature this research is self-selecting, for the requirements of such listing mean that companies are required to conform to certain established norms. Thus it is reasonable to assume that in non-listed companies the situation could well be markedly different, especially when it comes to accurate record keeping and adherence to the requirements in regard to VAT. That said, whilst we can assume that record keeping might well be weaker in non publically listed companies, there will always be some that are doing an exemplary job and hence we must be wary of assuming that larger

automatically means more compliant. Whilst no business welcomes another layer of taxation and all the work that goes with it, this research appears to have found that whilst VAT does have a negative impact in the scheme of things this negativity is small compared with other factors. We only need to reflect on infrastructural challenges and the power outages examined in an earlier paper and we can appreciate that this point is well made. Whilst VAT may well be resented by businesses in Nigeria since it was first introduced in 1994 it has at least become a familiar part of the fiscal landscape with businesses being required to make monthly VAT returns and payments at their local VAT office. The recommendations made by the authors of this paper are in themselves interesting, balancing the need for more accurate record keeping by agribusinesses with the need for the authorities, namely the Federal Government to consider certain incentives that will assist a key sector.

The apparent triumph of Western capitalism and the theories that underpin it has shaped the prevailing economic orthodoxy for some considerable time. Whilst the Western model appears to have gained near universal acceptance, it is worth noting that there are some cultures and countries that appreciate that unfettered capitalism comes at a price, both economically and in regards to well-being. The ninth paper in this edition is entitled: **The relationship between the understanding of philosophy of sufficiency economy and the living standard: the case study of sufficiency economy community in lower north region of Thailand** by **Wanasilp and Tangvitoontham** provides a South Asian perspective on the challenges faced by communities endeavouring to adapt post a period of severe economic downturn. Crises, particularly those of a prolonged nature often result in a degree of reflection and introspection.

The authors of this paper explain that the Financial Crisis of 1997 had a deep impact on Thai society and as a result there was a desire to find a means of understanding societal needs, especially in regards to core values. Where some might look to spiritual leaders or theorists for direction, the Thais with their deep reverence for the Thai Monarchy looked to his pronouncements and has taken them as guiding principles. These principles help form the Philosophy of Sufficiency Economy (PSE) with as the authors' state; "...sustainable development through the practice of reasonableness, moderation and self-immunity by people of all walks of life." These guiding principles are very much in keeping with the tenets of Buddhism, a fact that is surely significant as 95% of Thais are practicing Buddhists. Here we see echoes of E. F. Schumacher (1911-1977) the author of the seminal work *Small is Beautiful - Economics as if People Mattered* (1973), he was a man who espoused and championed what he called Buddhist Economics. This emphasis on quality of life also reminds one of the approach taken by the Himalayan kingdom of Bhutan that has a national policy of measuring progress by Gross National Happiness.

A growing body of literature has begun to emerge in recent years that explores alternative approaches, which whilst not exactly utopian in nature do at least endeavour to factor in values that some might dismiss as quaint or in some way incompatible with the standard capitalist approach. This study certainly provides some food for thought and whilst there will always be those who take a somewhat sceptical viewpoint, it is evident that there is indeed merit in such research and paper such as this make it clear that it deserves a decent hearing.

The penultimate article in this edition is entitled: **The new determinant creation theory a way to attract new foreign direct investment flows** by **Botello and Dávila**. Traditionally growing an economy was all about local activity and the productivity that resulted. In the era of globalisation a major driver of growth and economic development is the constant quest to attract and retain foreign direct investment (FDI) as this brings with it not only precious capital flows, but also new practices and connections that can yield substantial dividends for the host country.

Building on an extensive literature review the authors of this paper seek to examine the key drivers when it comes to successfully attracting FDI and by examining the recent Mexican experience formulate a theory/mechanism that offers a means to optimise existing knowledge and ensure that it remains fit for purpose. One of the central observations they make is as follows: "The advance of global knowledge has become itself as an attractive determinant to catch the attention of investors.", this point is well made and hence it goes some way to explaining the emergence of knowledge clusters such as Silicon Fen (UK) and the Hague Security Delta (HSD).

Naturally states and regions will have their unique selling points and priorities and thus it is important to have an understanding of the local dynamic whilst at the same time fitting this into the national picture. One area that I felt Botello and Dávila could have explored is the role played by perception/misconception and reality, some nations are perceived for some certain qualities, for example Germany is invariably associated with efficiency, others might be viewed in a rather more negative light and this becomes a nature impediment when it comes to attracting FDI. This research certainly reiterates the importance of "the creation and renewal of key determinants" and in so doing has some useful pointers for other regions and countries seeking to optimise their position with regards to FDI. Mexico is evidently doing something right as according to UNCTAD's *World Investment Report 2014* it came in a very respectable 10th place in the list of recipients of FDI pulling in a very respectable \$38 billion. This paper underscores the importance the FDI continues to play in economic development.

Our final paper is entitled: **The role of information communication technology (ICT) in enhancing productivity in local government in Benue State, Nigeria** by Teryima and Sunday. We would all do well to reflect for a moment on the extraordinary impact that ICT has had on our lives over the last couple of decades, then let us imagine some of the challenges that can thwart our fast and efficient use of such technology. Benue State and its 4,000,000 plus citizens has also benefitted by the progress that new technology has brought, yet this paper makes clear that there is room for substantial improvement. In choosing to focus on ICT in local government the authors have managed to highlight both the opportunities that are available, as well as the issues that are cause of frustration or indeed failing.

The fact that this study chooses to quote Griffins (1997) and the Characteristics of Useful Information is itself of interest, for whether we are students or working in the public or private sector, we are all faced with a veritable tsunami of information that presents us all with an immense challenge. Where Griffins highlighted the importance of information being: Accurate, Timely, Complete and Relevant, and yet one of the skills seems completely missing from our information saturated world is that of discernment.

We have heard in previous research that power outages are a major cause of concern in Nigeria and thus it is inevitable that this would result in inefficiencies in local government, but it is evident that there are legitimate concerns about adequate funding mechanisms, technical competency, up to date equipment and cyber governance. In addition one thing that the paper did not explore is the fact that many of those who now occupy positions of influence were educated in the pre-ICT age and thus have a different mindset, one that almost certainly has negative consequences when it comes to identifying, prioritising and championing the ICT needs of the local government sector in Benue State and elsewhere. This paper is a timely reminder that development can easily be impeded if officials and public servants are not given the appropriate tools, training and knowledge to do their job.

These papers remind us that business and economic development is always a work in progress and yet there is much here that provides grounds for optimism, but what is more is

proof of mankind's ingenuity and desire to seek to grow and benefit from the interaction with the wider world.



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