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# Applied Economics, Business & Development

*2<sup>nd</sup> World Multiconference on Applied Economics,  
Business and Development (AEBD '10)*

**Sponsor and Organizer:**  
*University of Sfax,  
Faculty of Sciences of Sfax*

**Kantaoui, Sousse, Tunisia, May 3-6, 2010**

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A Series of Reference Books and Textbooks*

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**Applied Economics, Business & Development**



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**Preface**

This year the 2nd World Multiconference on APPLIED ECONOMICS, BUSINESS AND DEVELOPMENT (AEBD '10) was held in Kantaoui, Sousse, Tunisia, May 3-6, 2010. The conference remains faithful to its original idea of providing a platform to discuss business management, financial accounting, project management, human resources management, business process reengineering, marketing, business law, security and electronic payment systems etc. with participants from all over the world, both from academia and from industry.

Its success is reflected in the papers received, with participants coming from several countries, allowing a real multinational multicultural exchange of experiences and ideas.

The accepted papers of this conference are published in this Book that will be indexed by ISI. Please, check it: [www.worldses.org/indexes](http://www.worldses.org/indexes) as well as in the CD-ROM Proceedings. They will be also available in the E-Library of the WSEAS. The best papers will be also promoted in many Journals for further evaluation.

A Conference such as this can only succeed as a team effort, so the Editors want to thank the International Scientific Committee and the Reviewers for their excellent work in reviewing the papers as well as their invaluable input and advice.

The Editors



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## Plenary Lecture 1

### Convergence Patterns in Equity Markets? International Evidence from the Club Convergence and Clustering Procedure



#### Professor Nicholas Apergis

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**Abstract:** The objective of this paper is to investigate whether any pattern of convergence of equity markets for a sample of 49 countries over the period 1980-2007 can be detected through the methodology of Phillips and Sul (2007), which is based on a quite general form of a nonlinear time varying factor model and it allows for cross sectional heterogeneity as well as for different transitional time paths towards equilibrium. The results show that such a convergence is very high. Next, the study aims at detecting any potential factors supporting the pattern of convergence. The empirical findings reveal that such convergence patterns mainly reflect convergence in macroeconomic factors.

#### **Brief Biography of the Speaker:**

He holds a PhD in Economics from Fordham University, 1992, a Master of Arts from the Economic University of Athens, 1986 and a Bachelor's from the University of Athens, 1984. He is currently a full professor at the University of Piraeus, Greece. His research interests are with Domestic and International Financial Markets.

He has publications in international journals such as: Journal of Banking and Finance, Journal of International Financial Markets, Institutions & Money, Kredit und Kapital, International Economic Journal, Atlantic Economic Journal, Weltwirtschaftliches Archiv, Journal of Economics and Finance, Manchester School of Economics, Journal of Economics and Business, Economics Letters.

He has acted as referee for international journals, such as: Journal of Money, Credit and Banking, European Economic Review, Journal of Macroeconomics, Atlantic Economic Journal, International Economic Review.

He is the Editor of International Journal of Economic Research and a member of the Editorial Board in International Advances of Economic Research as well as in the Journal of Economics and Finance.

## Plenary Lecture 2

### The Impact of Economic Crises on Romanian Investments



#### Professor Daniela Zirra

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**Abstract:** The investments could be easily affected by different factors or phenomena, which can jeopardise partial or even total the implementation of the project and its results. An investment project is considered risky if we establish that its efficiency indicators are suffering important changes comparing to the modification of predicted considered variables for evaluation. We have to mention that the simple process of choosing the influence variables is risky too because of incomplete information, errors in estimating trends of economic environment, etc. In my plenary speech, I'll summarize what happens with the investments when the economies go down. One of the greatest risk in these days is the prices volatility. In a period when the demand for products and services is dramatically reduced, the investors have no perspectives regarding the evolution of markets. When is economic recession, all investors are waiting for the investment decision of the other investors. So, the question is to invest or not? Which is the best decision? What are the others doing? We are trying to find an answer in this paper.

#### **Brief Biography of the Speaker:**

Daniela Zirra is a professor of Economics at Romanian-American University, Bucharest, Romania. Her area of expertise is microeconomics, macroeconomics and investments efficiency. She authored or co-authored over 20 scientific books and more than 40 papers published in reviewed journals or presented at international conferences. For example, she wrote a chapter entitled "Personal development – challenges and opportunities for knowledge spillovers in Romania", in DAAAM International Scientific Book 2007, indexed and abstracted in Cambridge Scientific Abstracts and INSPEC, Editor Branko Katalinic, Published by DAAAM International Vienna, 2007 (as first author). She had the opportunity to be project manager or member in the project team in 14 research projects or grants (national and international) and she is a member of General Association of the Romanian Economists (AGER). Moreover, she is the director of Economic Research Centre since July 2006, in her university and she collaborated from Romania with De Sales University, Philadelphia for 6 online courses on Microeconomics during November 2004 - June 2009, and for one semester on Macroeconomics during August 2006- December 2006.

## Plenary Lecture 3

### The Green Solow Model with Logistic Population Change



**Professor Massimiliano Ferrara**  
 University Mediterranea of Reggio Calabria  
 Dept. SSGES  
 Italy  
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**Abstract:** The traditional neoclassical model of economic growth, first developed by Solow (1956) and Swan (1956), who independently proposed similar one-sector models, provides a theoretical framework for understanding world-wide growth of output and the persistence of geographical differences in per capita output. The key concept of this model, famously known as the Solow-Swan model, is the neoclassical form of production function with declining returns to capital combined with a fixed saving rate. On the basis of these assumptions, an economy, regardless of its starting point, converges to a balanced growth path, where long-run growth of output and capital are determined solely by the rate of labor-augmenting technological progress and the rate of population growth (see, for example, Barro and Sala-i-Martin, 1995). Ferrara and Guerrini (2008) have analyzed the role of a variable population growth rate within the Solow-Swan model by assuming a logistic-type population growth law. Within this set up, the model is proved to have a unique equilibrium, which is globally asymptotically stable. As well, its solution is shown to have a closed-form expression via Hypergeometric functions. As is typical in the neoclassical model, the human population size is assumed to be equal to the labor force. An assumption of that model, however, is that the growth rate of population is constant, yielding an exponential behavior of population size over time. Clearly, this type of time behavior is unrealistic and, more importantly, unsustainable in the very longrun. A more realistic approach would be to consider a logistic law for the population growth rate.

Brock and Taylor (2004) have demonstrated that the Solow-Swan model and the environmental Kuznets curve (hereafter EKC) are intimately related (for the EKC, see, for example, Grossman and Krueger, 1995). Amending the Solow-Swan model to incorporate technological progress in abatement, the EKC is a necessary by-product of convergence to a sustainable growth path. The resulting model, which they called the Green-Solow model, generates an EKC relationship between the flow of pollution emissions and income per capita, and the stock of environmental quality and income per capita.

The main objective of this paper is to combine within the same framework these two different research lines that have been analyzed separately in the recent past. The two research lines we aim at joining together are, respectively, the one studying the effects of including emissions, abatement and a stock of pollution in the Solow-Swan model (Brock and Taylor, 2004), and that analyzing the role of a variable population growth rate within the Solow-Swan model (Ferrara and Guerrini, 2008). Within this framework, the economy is described by a three dimensional dynamical system, whose solution can be explicitly determined, and proved to be convergent in the long-run. Finally, we prove that sustainable growth occurs if technological progress in abatement is faster than technological progress in production. An EKC may result along the transition to the balanced growth path.

#### Brief Biography of the Speaker:

MASSIMILIANO FERRARA, was born in Pisa (Italy) on June 8, 1972. He graduated cum laude in 1995 in Economics at the University of Messina. Ph.D. (2001) with academic honors in "Mathematical Economics and Finance". Professor in "Mathematical Economics" since 2002. Chief of the Chairs of Mathematical Economics and Economic Statistics at the Faculty of Law - Economics Degree - Mediterranean University of Reggio Calabria since 2007. Professor in the degree course on European Economics at the Faculty of Political Science, University of Milan, where he also is Professor of Decision Theory on the Master by title "Marketing Intelligence and Data Analysis". Head of the Economics Degree of the Mediterranean University of Reggio Calabria. Invited Speaker by WSEAS Conferences (Baltimore MACMESE '09 Morgan State University) by American Mathematical Society (Western Michigan University, USA) and Calcutta Mathematical Society, INDIA and Visiting Professor at the Lomonosov Moscow State University (Department of Mathematics), at the New Jersey Institute of Technology in NewArk (NJ) (USA), (Department of Mathematical Sciences), at the Eotvos Lorand University of Budapest (Department of Atomic Physics, Faculty of Sciences), at Politehnica of Bucharest (Department of Mathematics). Author of 80 publications on international journals many of them "high impact Scientific International (ISI)" and 4 monographs. His biography appeared on Who's Who in the world 2006, 2007 and 2008 published by Marquis (since 1899) in the United States, in the

collection 2000 Outstanding Intellectuals of the 21st century (years 2006 and 2007), published by the Biographical Centre, University of Cambridge, England and on the prestigious collection Accomplished International Profiles of Leaders, published by American Biographical Institute, Inc. (Year 2008). Member of Indian Academy of Mathematics (2008- current), Member of Accademia Peloritana dei Pericolanti (2003-current), Member of the Balkan Society of Geometers (2003- current), Member of AMASES - Associazione di Matematica Applicata alle Scienze Economiche e Sociali - (2003- current), Member of the Scientific SET - Advances Center for Studies on Economic Theory - (Center for Advanced Studies Theoretical Economics) at the University of Milan Bicocca (2005-current), Member of the Mathematical Association of America (2007-current), Member of the SIEP (Societa italiana di Economia Pubblica) (2008-current). Scientific Coordinator of international projects financed by the Ministry of Foreign Affairs:the Executive Programme of scientific and techonological cooperation between Italy and Romania during 2006- 2008 and of the Executive Programme of scientific and techonological cooperation between Italy and Estonia during 2005-2007. Editor and referree of several International Journals. Official Reviewer of Mathematical Reviews (MathSciNet), Division of the American Mathematical Society and Zentralblatt MATH, reviews scientific journal published by the European Mathematical Society, the Heidelberg Academy of Sciences and Fachinformationszentrum Karlsruhe.

## Plenary Lecture 4

### Collaborative Environments in the Global Economy. Considerations Concerning Some Collaborative Systems



**Professor Mihaela I. Muntean**

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**Abstract:** In the present global economy, strongly influenced by IT and information systems evolution, the modern organizations try to face the new economy challenges. It is certain, that the enterprise's performance will depend on the capacity to sustain collaborative work.

It is obvious, that all collaborative environments (workgroups, communities of practice, collaborative enterprises) are based on knowledge and between collaboration and knowledge management there is a strong interdependence. The evolution of information systems in these collaborative environments led to the sudden necessity to adopt, for maintaining the virtual activities and processes, the latest technologies/systems, which are capable to support integrated collaboration in business services. In these environments, portal-based IT platforms will integrate multi-agent collaborative systems, collaborative tools, different enterprise applications and other useful information systems.

All considerations have a strong research background, our portal-based proposal for sustaining collaboration and knowledge management in organizations being subject of some Romanian research projects that are fitting in the European research demarches.

**Brief Biography of the Speaker:**

Currently, professor Mihaela I. Muntean is the chair of the Business Information Systems and Statistics Department at the West University of Timisoara and an IT independent consultant. With a background in Computer Science and a Ph.D. obtained both in Technical Science and in Economic Science (Economic Informatics), professor Mihaela I. Muntean focused her research activity on topics like information technology, knowledge management, business intelligence, business information system. Over 70 papers in indexed reviews and conference proceedings and the involvement with success in 7 multi-annual national research grants/projects are sustaining her contributions in the research fields mentioned above.

## Plenary Lecture 5

### IFRS for SMEs an Accounting Solution for SMEs and Micro-Entities?



**Professor Ramona Neag**  
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**Abstract:** Globalization (primarily the economic one) is today an incontestable reality that has an important influence on the human condition, socioeconomic and cultural situation of the collectivities. The SMEs have an important position in the world wide economy. The accounting information provided by them must have the same role. On the enterprise level, IFRS application to Small and Medium-Sized Entities (SMEs) is an issue of comparability and cost. On the other hand the development of a global accounting system involves the preservation of national financial accounting practices. We sustain the idea of an accounting system that allows the small entity to choose between an IFRS for SMEs and the national accounting regulations. However, this global accounting standard may represents a very significant step on the path to global convergence of financial reporting practices by SMEs. We consider that IFRS for SMEs may still be considered too complex for micro-entities. We encourage a classification of the entities in small and medium-sized entities and micro-entities and we condition the accounting regulation for these categories of entities, by a public debate.

**Brief Biography of the Speaker:**

NEAG RAMONA, was born in Miercurea Ciuc (Romania) on March 16, 1969. He graduated in 1992 in Economics at the Academy of Economic Studies, Bucharest, Romania. Ph.D. (2000) in "Economie - Accounting" at Academy of Economic Studies. She is Professor since 2004.

Neag Ramona is a professor of Financial and International Accounting at University Petru Maior, Tg Mures, Romania and also vice-dean of the Faculty of Economic Studies, Law and Administrative Sciences in that university. Her area of expertise is the financial accounting and international accounting, IFRS and IFRS for SMEs, European Accounting Directives. She published 3 books and co-authored 6. She authored and co-authored over 25 scientific papers published in reviewed journals or presented at international conferences. She was member of an international project "European Entrepreneurship Education - EEE" (2007 - 2009).

She is also member of two professional bodies: Body of Expert and Licensed Accountants of Romania (CECCAR) and Romanian Chamber of Auditors. From 2006 she is president of CECCAR, county Mures, Romania.

## Plenary Lecture 6

### The Valuation of Internal Control Regarding Financial Reporting in Romania - The Methodology used in Financial Auditing Practice



#### Professor Tatiana Danescu

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Juridical and Administrative Sciences  
"Petru Maior" University  
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**Abstract:** The financial scandals and the series of business bankruptcies - the cause of the fast decline in trust of the investors in the capital markets - impose imperatively the appliance of corporative management rules in financial controlling and reporting according to Sarbanes-Oxley Act, of national and international public accounting controlling standards related to the auditing of financial reporting internal control, and of auditing of public companies' statements.

In the attempt of intensifying the sense of responsibility of corporate representatives and of restoring investors' trust in the companies' financial statements there has to be a strict responsibility delegation between executive management, legal advisors, accountants, auditors of public companies regarding internal control of financial statements, as well as the public reporting of weak points in the internal control of financial reporting existing until the date of valuation.

The motivation of implementing a suitable internal control of the financial statements comes from the possibility of achieving numerous investment benefits due to effort done by the company's representatives in avoiding frauds and in following an increase in periodical financial reports credibility. The Sarbanes-Oxley Act (Section 404) states demands to corporative representatives from companies regarding monitoring and consolidating their own internal control of financial reporting. In order to achieve a maximum benefit, the company's stakeholders have to be informed about these and about the implications of implementing Section 404 of the Sarbanes-Oxley Act, so that they can understand and value the responsibilities of public companies. In the same way, their auditors have to identify the motives and implications of weak points of financial reporting internal control of the financial position and the performance of the company.

#### **Brief Biography of the Speaker:**

Tatiana Danescu is an Professor Ph.D. of Financial Audit and Accounting at Faculty of Economic, Juridical and Administrative Sciences, "PETRU MAIOR" University of Targu-Mures, Romania. Shies area of expertise is financial audit and accounting. She authored 6 books and co-authored 11 books, monographs, materials for study. She wrote over 130 articles, papers presented at national or international conferences, and she evaluated over 55 academic studies programs.

She had the opportunity to be research fellow in over 12 projects under contract /grant.

She won 2 prizes and 1 medal for shies professional activity in accounting and financial audit.

Moreover, she has more professional certificates, for example: Internal auditor for public institutions, Practitioner in reorganization and liquidation Financial auditor, Chartered Accountant, Financial audit of the entities from the capital market , Investment Consultant, Fiscal consultant, Assessor of the quality of the higher education in Romania, Trainer CAFR financial audit, Member Scientific Board of the journal (Financial Audit; [www.revista.cafr.ro/](http://www.revista.cafr.ro/)), Apulensis Universitatis, Series Oeconomica, University "1 December 1918" Alba Iulia, Universities study Petru Maior "series Oeconomica, Annals of the University of Petrosani, Economics Series).

## Plenary Lecture 7

### Fiscal Reforms - Romania's Integrating Actions to EMU



#### Associate Professor Monica Susanu

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**Abstract:** As a direct absolute drawing rule to the public authority's disposal, taxes are also the main regulators and engines of the social and economic system. However, their functions' exacerbation by growing the fiscal burden could lead to very negative social and economic consequences, since an old saying predicted that "it might kill the goose with the golden eggs". The estimation of the fiscal burden derives from a classic index that expresses the part of GDP that state takes as taxes and that might be relatively bigger in the developed countries than in the developing ones, directly connected with the whole volume of the national revenue.

Associated with the fiscal policy, the term of fiscal pressure is widely spread in the literature and indicates the magnitude of the national revenue redistribution through taxes. Generally, it is a specialized word that expresses the average of the fiscal burden's intensity as a tax-payers' obligation to the central and local public authority. The amplitude and dynamics of the fiscal pressure is measured and estimated through the fiscal taxation ratio that is established by law or fiscal regulations. It is a fiscal coefficient expressing the very share of the national revenue taken by the state and is calculated as a percentage ratio for tax payments/revenues to the GDP considering. There are three ratios usually employed (low ratios, high ratios and optimum ratios) according to the average values of the fiscal taxation ratios on relatively long term of a certain country or group of countries, and by reference to the average ratios existing at a given moment in the countries at the top of world economy as well.

To a certain extent, the present rise of the Romania's economy and social development reflects the existing global tendencies which are materialized in what the specialists call the transitional path towards the informational society, i.e. the society of knowledge and consciousness. As another challenge for the country, the integrative process requires the substantiation of a strategy that aims at gradually catching up with the countries that have developed within normal parameters along the trajectory of social and economic progress. Both support and motivation, the present Romania's struggle for integration in the European Union is actually an effort towards its social and economic second modernity.

Being permanently interdependent with other macro-economic processes and policies, tax planning and tax policy play an important role both in ensuring and improving the financial stability and in sustaining an adequate environment for all economic activities. Although their different approaches and methods, tax planning and tax policy deal with the management of the accumulated public financial resources, i.e., the dynamics of fiscal pressure itself.

The present study aims at analyzing the impact of fiscal reforms as reflected in the dynamics of the fiscal pressure from the perspective of various tax ratios and also the way it was felt against the integration in the euro zone background. Considering the context of the global financial turbulences, the paper intend to offer a solution as convenient as possible for the double challenge that Romania has to face in the years to come.

#### Brief Biography of the Speaker:

Monica SUSANU is an Associate Professor of Public and International Finances at the Faculty of Economic Sciences, "Dunarea de Jos" University in Galati, Romania. Her area of expertise consists in aspects of Public finances, International financial monetary currency relations, International monetary economics, Public sector economics, Principles and coordinates of economic policies. She authored or co-authored over 20 scientific papers published in reviewed journals or presented at national and international conferences and symposia. She also wrote several books about public finances and the Romanian balance of foreign payments during the transitional process, edited by the Economica Publishing House in Bucharest. As a member of the scientific and organizing committee of the international symposia Risk in the contemporary economy – REC, held by FES, Monica SUSANU was coordinating editor and scientific reviewer of the papers published in the Proceedings of these events. She had the opportunity to be lecturer and trainer for fiscal issues in Experts and Authorized Accountants Galati Center, Member of the Scientific Committee of "Annals" - Economic and Applied Informatics, the "Dunarea de Jos" University review, research fellow and Member of the Scientific Committee at STRATEC – the research Center of the faculty. Moreover, she was Reviewer Member in various doctoral committees at the Academy of Economic Studies in Bucharest.

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