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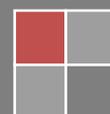
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Business, Economics and Law
Conference Abstracts e-Handbook

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5th International Conference on Trade, Business, Economics and Law

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Conference Abstracts e-Handbook

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Table of Contents

Bank lending in Nigeria and the growth of non-oil exports (1980 - 2013).....	5
MR. EYO EYO.....	5
International and European Sanctions for the Trade of Dual-Use Goods and Technologies: a Comparative Overview.	5
DR. ILARIA ANNA COLUSSI	5
The Impact of ICT - Producing and ICT - Using Industries on Economic Growth in OECD Countries	6
MR. OZCAN KARAHAN	6
The effectiveness of internal control in tackling corruption	6
MR. NASSAR ABAALKHAIL.....	6
The use of corporate social responsibility to mitigate political risks in developing countries.....	7
MS. VIOLETA IFTINCHI AND DR. GHEORGHE HURDUZEU, PROFESSOR	7
The Impact of Trans-Pacific Partnership Agreement on Malaysia's Access to Medicine	7
DR. RAFIQ IDRIS.....	7
Corruption and cost of governance in Nigeria:Implications for economic development	8
MR. TERSOO FELIX GBAEREN	8
Corruption as an Impediment to the conduct of free and fair elections in Nigeria:2003-2014	8
MR. MNDA TERVER.....	8
Structural Adjustment Program as an Instrument for Neoliberalism Operationalization by Giles Mohan and The Strategy to Overcome the Crisis in Indonesia by Hadi Soesastro	9
MS. PURI DEWAYANI MS. FADLIA HIFZIA, MS. VICKY KHAIRANNI ,AND MS. CATHARINE CHELSEA PATRICIA.....	9
Impact of fiscal policy on the performance of the Nigerian stock exchange (1980 - 2012)	9
MR. EYO EYO.....	9
Institutional Shareholding, Dividend Payout and Liquidity in Karachi Stock Exchange	10
MR. MUHAMMAD ABBAS AND DR. IMTIAZ BADSHAH	10
Public Policy Objectives of Financial Market Regulation	10
MS. SOUNDARYA LAHARI VEDULA.....	10
The Role of Banks in Microfinance	11
MR. KARAM GADALLAH	11
Defence Expenditures and Economic Growth Relationship: The Case of Turkey	11
MRS. GULDENUR CETIN AND CIHAT KÖKSAL AND AYBEN KOY.....	11
Net migration effect on European cultural identity	11
MS. ELENA STOICA.....	11
Limited Liability Partnership: A Contemporary Corporate Form	12
MR. ADITYA JAIN	12
Institutional Determinants of British MNEs in Saudi Arabia	12
MR. NASSER ALSHAREEF AND PROFESSOR HAMED EL-SAID.....	12

Capital Market Regulation in India, Brazil and South Africa 13
 MR. PRAHARSH JOHOREY 13

The legal responsibility of multinational corporations operating in Africa: Towards a more balanced approach 13
 MRS. YOLANDI MEYER..... 13

List of Listeners 14
 MR. ABDULRAHMAN ALGHAITH..... 14
 MR. ABDULRAHMAN MADAYJ 14
 MR. ABDULLAH ALANGARI..... 14
 MR. FAHAD ALSUBAIE..... 14
 MR. TURKI ALMUTAIRI..... 14
 MR. JASON RAMIREZ 14
 MR. SAAD AL DOSARI 14

CONFERENCE COMMITTEE MEMBERS..... 15

1-U1-2496

BANK LENDING IN NIGERIA AND THE GROWTH OF NON-OIL EXPORTS (1980 - 2013)**Mr. Eyo Eyo¹**

The study examined bank lending in Nigeria and the growth of exports from 1980 - 2013. Emphasis was more on the growth of non-oil exports sector in Nigeria. The specific objectives were to examine the impact of loans and advances on the growth of non-oil export in Nigeria, and to determine the impact of lending rate on the growth of non-oil exports in Nigeria. Data were collected mainly from secondary sources; Central Bank of Nigeria (CBN) Statistical Bulletin. Multiple regression technique was used to analyze the relationship between the dependent variable and independent variables - non-oil exports (NOX) and loans and advances (LOADV), lending rates (LR) respectively. While the banks in Nigeria have been doing their best in terms of granting of loans and advances to the non-oil exports sector, the lending rates have been alarming. None the less, the result shows that loans and advances, and lending rate contributed positively to the growth of non-oil export. It was recommended that there should be a reduction in the lending rates of banks in order to enhance the rapid growth of the non-oil exports sector in Nigeria. Instituted policies and planning should be reconciled with implementation and performance coupled with regular analysis of each sector of the economy.

2-U26-2902

INTERNATIONAL AND EUROPEAN SANCTIONS FOR THE TRADE OF DUAL-USE GOODS AND TECHNOLOGIES: A COMPARATIVE OVERVIEW.**Dr. Ilaria Anna Colussi²**

One of the basic rules in trade law is the freedom of trade. However, such rule encounters some limits when the object of trade is constituted by strategic and sensitive items, among which there are the so-called 'dual-use' goods and technologies. Despite the difficulty to define them, there is a common understanding that they are materials and items normally used for civilian/peaceful purposes but which may also have military application. Because of their 'sensitiveness' and their risk to affect security, health, the environment etc., their trade needs to be controlled. One form of controlling their trade is represented by the imposition of sanctions to be adopted in case of violation of trade rules.

In our understanding, there are three categories of sanctions: (a) 'supranational' ones, enacted at the international and European Union (EU) level, which are addressing the whole States ('comprehensive' sanctions, such as embargoes, boycotts and financial measures), or specific individuals or groups involved in legal activities ('targeted' or 'smart' sanctions, such as asset freezes and travel bans); (b) 'implementing' ones, which are enacted at national level. They consist of administrative, civil or criminal rules implementing legally binding/'hard law' supranational rules (i.e., national sanctions for violation of international or regional embargoes or other trade sanctions), and those implementing politically binding or 'soft law' rules (i.e., national sanctions for the violation of export control regimes, which are the guidelines for dual-use trade, provided by international forum of countries within the Zangger Committee, the Nuclear Suppliers Group, Australia Group, the Wassenaar Arrangement and the Missile Technology Control Regime, and at the EU level through the Regulation 428/2009); and (c) 'unilateral sanctions' and 'countermeasures', which are National autonomous measures against another State or the single citizens of that State.

In this paper, the focus is posed on the first category only. It aims to analyse - with a comparative approach - on the one hand, the types of measures adopted at the level of the United Nations (UN) on the basis of Chapter VII of the UN Charter and through the Security Council resolutions and, on the other one, the restrictive measures introduced within the Common Foreign and Security Policy of the EU.

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3-U32-2926

THE IMPACT OF ICT - PRODUCING AND ICT - USING INDUSTRIES ON ECONOMIC GROWTH IN OECD COUNTRIES

Mr. Ozcan Karahan³

The share of Information and Communication (ICT) industries has dramatically increased over last decades and became the basic dynamic of new economy. The contribution of ICT industries to economic growth should not be assessed solely on the basis of its production volume as a part National Income. As a general-purpose technology ICT affects economic activities in other sectors and makes them more productive. ICT is also an enabling technology of knowledge accumulation since it both accelerates and decreases the cost of gathering, storing, generation and distribution of knowledge, which is considered to be most important process for technological improvements in Knowledge-based Economy. From this starting point of view, in this paper we have tried to investigate of the role of the ICT industries on economic growth in OECD countries. Using panel data analysis method, the impact of improvements in both ICT-producing and ICT-using industries in manufacturing and services sectors on economic growth has been empirically analyzed. The empirical evidence implies that ICT has played an important role as an basic dynamic of economic growth in OECD countries.

4-U20-2913

THE EFFECTIVENESS OF INTERNAL CONTROL IN TACKLING CORRUPTION

Mr. Nassar Abaalkhail⁴

Historically there has been a great deal of theoretical debate on anti-corruption mechanisms, but little in the way of empirical research. Research on internal controls was no exception to this, and their usefulness and efficiency have been disputed in contemporary literature (e.g. Neu, Everett, & Rahaman, 2015; Sikka & Lehman, 2015). As there is very limited research in this area, this study systematically and empirically examined the effectiveness of internal control in tackling corruption in government organisations. The study adopted a qualitative approach and selected two government funds as cases for this study. The 'most similar systems' design approach was employed as a research strategy.

The research concluded that the extent to which internal control is effective in tackling corruption depends on how the internal controls are initiated and enforced. As shown in the first case study, establishing an institution with a culture which implies that ethical behaviour is the norm increases the likelihood that the hard and monitoring anti-corruption controls will be effective, thus helping to reduce corruption levels. However, as in the second case, if the culture of the organisation appears to tolerate corruption, then the hard control and monitoring mechanisms are unlikely to be as effective, leading to higher levels of corruption than in an organisation in which such practices are considered less acceptable.

Theoretically, the research made a distinctive contribution to the corruption literature by showing that the degree of successful implementation of anti-corruption measures guided by the principal-agent model depends on the quality of a clean, active, and powerful principal. Furthermore, the research demonstrated how theoretical triangulation can be a very powerful tool in understanding the nature of corruption, as alternative corruption theories can be complementary to each other and offer not only different diagnostics of corruption, but also different solutions.

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5-U23-2863

THE USE OF CORPORATE SOCIAL RESPONSIBILITY TO MITIGATE POLITICAL RISKS IN DEVELOPING COUNTRIES

Ms. Violeta Iftinchi⁵ and Dr. Gheorghe Hurduzeu, Professor

Forced to enter new markets, most of the time riskier than their home countries, multinational corporations have to face the associated risks of investing in developing countries. One of them is political risk. Corporations can suffer significant damages or the loss of their entire investments following various adverse actions of political stakeholders. The aim of this paper is to see how corporate social responsibility (CSR) as a political risk management strategy is reflected in the literature, to highlight its benefits and to examine ways for an effective and successful implementation of CSR policies taking into account its limitations. This paper contributes to the literature on political risk management by examining the possible ways in which CSR policies can become a strategy to mitigate political risks. By integrating social, environmental and commercial concerns in their operations, CSR policies can help mitigate political risks. This paper introduces in the literature two categories of political risks that CSR policies target: intrinsic and extrinsic political risks. Intrinsic risks refer to the risks that corporations themselves are creating or increasing as a result of the nature of their activities like (protests, confrontations with the local community are very likely to appear when the corporations' activities are negatively impacting their environment or the social and cultural development of the community). Extrinsic risks are the result of hardships in establishing and maintaining a good relationship with the host community. This is mostly referred in the literature as the "social licence to operate". The paper also examines ways for an effective and successful implementation of CSR policies, building on the experience of extractive corporations, recognised as front-runners in CSR policies. Furthermore, it highlights the benefits of creating partnerships with the civil society and/or government. Partnerships can reduce costs, facilitate the communication of corporations with the host community and share the responsibility of CSR projects. They can also bring the acceptance of the local stakeholders and add credibility to the initiatives. Finally, practice has demonstrated that CSR policies can easily have the opposite effect, like exacerbating risks or bringing additional risks. For these reasons, this paper addresses three areas of "risk": host government relationship, communities' high expectations towards corporations and unequal distribution of CSR benefits. The way to tackle those limitations adds to the complexity of the process, but corporations have to be aware of them before designing their CSR policies.

6-U28-2830

THE IMPACT OF TRANS-PACIFIC PARTNERSHIP AGREEMENT ON MALAYSIA'S ACCESS TO MEDICINE

Dr. Rafiq Idris⁶

In 2010, Malaysia announced that it will be joining the Trans-Pacific Partnership (TPP) negotiation that currently involves twelve countries from three continents namely the US, Australia, Brunei, Canada, Chile, Japan, Mexico, New Zealand, Peru, Singapore and Vietnam. The Trans-Pacific Partnership Agreement (TPPA) that was finally signed in February 2016 is viewed by some as a strategic step towards achieving high income nation status by 2020. TPPA is ambitious and comprehensive trade agreement and there has been a lot of controversy and debate on this mega-trade deal. Some argue that the TPPA is more geopolitically motivated and that there is no much economic advantage that can be gained from the deal while some other suggest the potential benefits that Malaysia would gain from TPPA will outweighs its costs. The proponents argue that the free trade agreement between countries across the three continents would create a deeper integration and obtain greater market access in the TPPA member nations, enhance trade engagement with the US as well as to serve as a stepping stone in penetrating the Latin American market. Analysts are doubt on the significance of the TPPA on Malaysia's trade. In addition, the issue on the effect of the TPPA on access to affordable medicines in Malaysia is among the most contentious one. The TRIPS-plus elements included in the agreement on intellectual chapter are believed to bring adverse effects to medicine prices and expenditure. Patent linkages, patent term restoration and data exclusivity are among the subject of heated debate in the media. This study intends to analyse one of the most important potential impact of the TPPA. The

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research intends to examine the impact of TPPA on Malaysia's access to medicine. To validate the critics and assess the effects of the TPPA on Malaysia's access to medicine, this study is conducted to fill in the gaps in the literature as there is limited study has been undertaken to date. In assessing the potential impact of the TPPA on Malaysia's Access to Medicine, simulation exercise using Model of Impact Changes in Intellectual Property Rights have been undertaken. The study found that the 3 TRIPS-Plus provisions will have negative impact on Malaysia's access to medicine by causing the increase in medicine price and medicine expenditure and drop in domestic pharmaceutical industry sales. The findings and policy recommendations of this study is hoped to provide information that may be useful for Malaysian government and other stakeholders.

7-U9-1275

CORRUPTION AND COST OF GOVERNANCE IN NIGERIA:IMPLICATIONS FOR ECONOMIC DEVELOPMENT

Mr. Tersoo Felix Gbaeren⁷

Corruption, from all indications is a monstrous phenomenon. Indeed is can rightly be characterized as a hydra-headed monster; a socio-economic octopus that has sunk its deadly tentacles in virtually every facet of the Nigerian social system. It is very much manifest in the public as well as the private sector. It cuts across faiths and religious denominations as it is in no way intimidated by the Holy and Sacrosanct toga of purity ostensibly adored by religious organisations. No country in the world can boast of being corruption free. Using Marxist political economy theory to analyse the work, the writer dwelt on the secondary sources of data plus documentary evidence and have found out that, the average cost of governance in Nigeria is believe to rank among highest in the world. Consequent upon the above, corruption in Nigeria has assumed a pandemic dimension wearing an ironclad toga of invincibility; it seems to have defied all types of half-headed applied antidotes. Instead of abetting, corruption continues to burgeon; growing in leaps and bounds and unleashing colossal damage to the economic development of Nigeria. The task of this paper is to critically examine corruption and the cost of governance in Nigeria with emphasis on its implications on the economic development of Nigeria. The paper concluded that, there is sheer mismanagement and plundering of resources with an astronomically high cost on the warped economy. Due to corruption and cost of governance, Nigeria has witnessed drought in critical areas of development, such as manufacturing and industrial production, road network, economic development, foreign policy outings, social welfare and services, strong tides of violence and crime, insecurity, political instability etc. the paper therefore proffer that, if the cost of governance must be brought down, all arms of government must make spirited efforts at reducing running cost.

8-U8-1279

CORRUPTION AS AN IMPEDIMENT TO THE CONDUCT OF FREE AND FAIR ELECTIONS IN NIGERIA:2003-2014

Mr. Mnda Terver⁸

The imperative for development has become the defining principle of all developing countries in the world. Nigeria can therefore, not be an exception in this regard. For Nigeria, the search for development has even assumed urgent dimensions perhaps due to its historiography. More than fifty years after political independence and hundreds of billions of dollars in oil revenue, Nigeria continues to grope in the woods of underdevelopment. Several factors are seen as inhibiting factors in Nigeria's search for development. One of such factors is corruption which is seen as a very big stumbling block in Nigeria's quest for development. Using the systems theory as a framework of analysis, the paper has shown that corruption has permeated all sectors of life including the political sub-sector in Nigeria. This has given rise to a culture of political impunity that has in turn given rise to a sub- culture of political violence that has stunted the growth of the democratic virtue of free and fair elections. The paper thus concludes that the absence of free and fair elections has given rise to "Illegitimate" democratic governments that have found it nearly impossible to bring about the needed socio-economic development in Nigeria. It has therefore, suggested inter alia that the war against corruption should be stepped up so that the anti-corruption agencies should not be seen as toothless bulldogs. Thus the ruling elite should have the political will to fight this cankerworm to a standstill. Also infrastructure especially power supply should be restored to Nigerians so that industry can strive.

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Moreover, Nigerian masses should stand up and fight for their rights such as right to vote and be voted for. Finally employment generation should be a priority of government and the private sector. This will reduce the ready pool of unemployed youths that are recruited as political thugs to unleash violence during elections.

9-U14-1278

STRUCTURAL ADJUSTMENT PROGRAM AS AN INSTRUMENT FOR NEOLIBERALISM OPERATIONALIZATION BY GILES MOHAN AND THE STRATEGY TO OVERCOME THE CRISIS IN INDONESIA BY HADI SOESASTRO

Ms. Puri Dewayani⁹ Ms. Fadlia Hifzia¹⁰, Ms. Vicky Khairanni¹¹ ,and Ms. Catharine Chelsea Patricia¹²

Purpose – This paper aims to propose an entrepreneurial business model for establishment of business venture in the rural area.

Design/Methodology/Approach – The paper reviews literatures in entrepreneurship, rural development, business model, competitive advantage, and township/village entrepreneurship in China and use secondary data and result of studies by other scholars relevant for the development of the model . Indonesia is used as a case study due to the understanding that its rural area exhibits similarity with other developing countries.

Findings – The proposed model consists of an organizational model which is a joint venture of entrepreneur and village cooperative, interacting with an innovative business model resulting from value chain analysis based on the factors productions of the particular village.

Research limitations/Implications –While there are similarity of Indonesian rural area with other developing countries, but it can not be denied that there might be significant differences, and these facts were not incorporated in the model. This suggests further research of developing the model for a specific country.

Practical implications – By incorporating the model proposed, rural area can be developed which will bring various benefits including reducing the burden of urbanization and supporting industrialization of the developing country.

Originality/Value – This proposed model is believed to be the first approach to identify business model for solving real world problems by contributing to a fair distribution of wealth and to bring the living conditions of the rural area, as well as supporting industrialization of developing countries while reducing urbanization and all the unwanted consequences.

Keywords – rural business, entrepreneurship, business model, developing countries, Indonesia.

13-U7-2496

IMPACT OF FISCAL POLICY ON THE PERFORMANCE OF THE NIGERIAN STOCK EXCHANGE (1980 - 2012)

Mr. Eyo Eyo¹³

The study empirically examined the impact of fiscal policy on the performance of the Nigeria stock exchange. The objectives were to determine the effect of government revenue, government expenditure, government borrowing on market capitalization (proxy for Nigeria stock exchange performance). Employing the ordinary least square of multiple regression technique on data derived from the Central Bank of Nigeria (CBN) statistical bulletin to establish the relationship between fiscal policy indicators and stock market performance, it was discovered that government revenue and government expenditure had a significant impact on market capitalization in Nigeria. Furthermore, the study showed that government borrowing had no impact on the performance of Nigeria stock exchange. The study recommended that fiscal policy should give priority attention to capital and public investments by making them of higher proportion in gross government expenditure, thereby creating more jobs and enhancing the quality of public spending and the attainment of sustainable

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¹² Ms. Catharine Chelsea Patricia, Student, University of Indonesia.

¹³ Mr. Eyo Eyo, Lecturer II, University of Calabar.

growth and development. This in turn would foster more investments in the stock market and in turn economic growth as the stock market is a barometer of economic performance.

14-U29-2838

INSTITUTIONAL SHAREHOLDING, DIVIDEND PAYOUT AND LIQUIDITY IN KARACHI STOCK EXCHANGE

Mr. Muhammad Abbas¹⁴ and Dr. Imtiaz Badshah

Abstract

This paper has examined that relationship of institutional shareholdings with liquidity in 95 dividend paying and 100 non dividend paying firms listed on Karachi Stock Exchange from 2008 to 2013. The results are consistent with the “Prudent Man” hypothesis, investment institutions are risk averse and prefer to invest in low volatile, dividend paying and liquid stocks. The study analyzed the impact of institutions on the liquidity using four liquidity measures i.e. Average Liquidity (Lo & Wang, 2000) Amihud (2002) Illiquidity, Amivest liquidity and total turnover (Chan, Chung & Fong, 2002). The analysis show that changes in both institutional shareholding and number of institutions have positive relationship with the liquidity in both dividend paying and non-dividend paying firms.

Keywords: Finance, Institutional investors, Stock’s liquidity, Volatility, Dividend payout

15-U17-2865

PUBLIC POLICY OBJECTIVES OF FINANCIAL MARKET REGULATION

Ms. Soundarya Lahari Vedula¹⁵

The recent global crises of 2008 and the subsequent Eurozone sovereign debt crises led to the collapse of major financial markets of the world. A key problem attributed to it is the lack of a staunch regulatory mechanism. Hence many regulators have brought in significant changes in their regulatory policies to pave way for a stable market. Financial market regulation is necessary for the active functioning of a market. A well regulated market can prevent market failures and protect the economy from the disastrous consequences of financial crises. When regulation fails, it can lead to a virtual collapse of the entire financial sector and can cause devastating losses for the investors. This paper deals with the public policy objectives of financial market regulation. It is specifically restricted to capital markets. This paper discusses the meaning of public policy in the present context. Public policy in general is incapable of having a precise definition. It has been defined in numerous ways. In this context it would mean safeguarding the interest of investors and efficient allocation of capital. This paper details three broad objectives namely investor protection, minimizing systematic risk and maintaining market integrity. The objective of investor protection includes appropriate disclosure of information, prevention of fraud and development of a fair and transparent market. Legislative measures like mandatory publication of information and others are taken to achieve this goal. Systematic risk effects the economic sector as a whole. Curtailing systematic risk includes use of appropriate risk management tools. Finally, maintaining market integrity means ensuring a fair and orderly market so as to instil investor confidence. It comprises of measures like surveillance, investigation, inspection. This paper presents examples of few regulators implementing measures on this line. Finally, this paper concludes that the present objectives are sufficient in terms of the targets they seek to achieve. They are broad in scope and all-encompassing. However, a change has to brought at the execution stage so as to ensure an efficient functioning of the markets.

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16-U3-2795

THE ROLE OF BANKS IN MICROFINANCE

Mr. Karam Gadallah¹⁶

In this study I attempt to compare the interest rates for each of microfinance institutions (MFIs) and banks in Egypt and in doing so identifies determinants of lending rates of MFIs. This raises the question of whether high interest rate is a constraint in Egypt or the vast majority of Egyptians excluded from microcredit due to credit rationing. The results reveal that profitability is not the leading determinant of lending rates of NGO-MFIs. Instead, the operations cost plays a large part in determining the interest rates of MFIs along with loss provisions and cost of capital. The study also reveals that access to finance is one of the major challenges for entrepreneurs and NGO-MFIs in Egypt; since only 10% of the population of Egypt has access to banks, and 78% of SMEs did not deal with banks. Furthermore, misallocation of financial resources makes matters worse; where it leads to a high concentration in various aspects including the financial services. Also, high inflation rates undermine the Egyptian NGO-MFIs' growth, which makes the financial sustainability of NGO-MFIs a big challenge; as these institutions struggle to cover their expenses. All these challenges make the high interest rates of Egyptian MFIs are not in line with their social role, and create room for a trade-off among efficiency, outreach and sustainability. The study uses a data-set of selected samples of NGOs-MFIs operating in Egypt and analyzes their performance by using the CGAP suggested indicators to measure performance of MFIs. The study based on data collected from the Microfinance Information Exchange, MIX Market and Sanabel: The regional microfinance network for MENA, in addition to other sources related to the research subject. The study findings suggest that, as operational cost of Egyptian NGOs-MFIs are the lowest, there is need for MFIs to improve their efficiency in terms of financial sustainability (profitability) and outreach level and expanding loan portfolio to meet the great potential demand for microfinance.

Keywords: Microfinance, Banks, MFIs, Egypt, Interest Rates, SMEs, Operational Efficiency.

17-U10-2825

DEFENCE EXPENDITURES AND ECONOMIC GROWTH RELATIONSHIP: THE CASE OF TURKEY

Mrs. Guldenur Cetin¹⁷ and Cihat Köksal and Ayben Koy

There have been different studies and findings in the literature that examine the relationship between defence expenditures and economic growth. Theoretical and empirical studies in this area have different results. The aim of this study is to analyze the relationship between the defence expenditures and economic growth. Turkey was chosen as an example due to its geo-strategic location. 1949-2015 dataset were used to examine the relationship between defence expenditures and economic growth.

18-U33-2931

NET MIGRATION EFFECT ON EUROPEAN CULTURAL IDENTITY

Ms. Elena Stoica¹⁸

Almost a million migrants are estimated to have arrived in Europe a year before, according to the International Organization for Migration (IOM), but exact numbers are unclear as some may have passed through borders undetected. Migrating people come with a diverse cultural backgrounds, with a completed cultural identity some stronger, some weaker. What is happening now regarding this migration crisis is quite unlike because of the diverse origins and the large number of unaccompanied minors. For that above, European Union has no clear plan of integration.

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Cultural identities interact, as people who have migrated come into contact with people of the majority culture. For both groups there is a mental impact that affects society as a whole. That is why, cultural diversity became a concept that has attracted the attention of the economists and of the social scientists, as well.

The previous studies using longitudinal methodological approach show that many minority groups try to maintain their own traditions and cultures. On the other hand, European countries are ethnically homogeneous.

My paper is build on effective impact of migration in the eyes of national-cultural values, using fractionalization index. There has been significant effort to improve the measurement of national cultural identity, but there is a hard task to capture the changing of diversity over time. G. C. Rappaille was telling that “there is a collective cultural unconsciousness in the American mind that is different from the Japanese mind, or the French Mind”. Among the most recent reviews of migration theory is the works of the Oxford school, sugesting to integrate migration studies more closely not only with the issues of development but also with broader questions of change, social transformation and economic integration.

The paper studies the correlation between ethnic and linguistic fractionalization variables as the determinants for national cultural identity. The correlation between ethno linguistic fractionalization variables with other explanatory variables, especially geographically ones helped me to explain the experience between national identity and diversity effect.

Keywords: cross-cultural study, migration, national culture, European Union

19-U31-2866

LIMITED LIABILITY PARTNERSHIP: A CONTEMPORARY CORPORATE FORM

Mr. Aditya Jain¹⁹

The Limited Liability Partnership(LLP) is viewed as an alternative corporate business vehicle that provides the benefits of limited liability in partnership but allows its members the flexibility of organising their internal structure as a partnership based on a mutually arrived agreement. The study focuses on giving an overview on the LLPs and their need with respect to India. It also focuses on the very important aspect that is Taxation of LLPs.this paper also discusses various issues that LLPs encounter, moreover it discusses the Possible Business Models under LLP and some suggestions for effective implementation of LLP. The paper attempts to introduce to the concept of Limited Liability Partnerships in India along with the need of setting up the Limited Liability Partnerships in place of partnerships and limited companies. The paper covers various taxation aspects in view of Limited Liability Partnerships that covers Income Tax, Wealth Tax, Service Tax and Sales Tax/Value Added Tax. The paper also attempts to highlight the issues pertaining to them that need to be addressed in order to effectively implement the Limited Liability Partnerships in India. The researcher also took note of various Possible Business Structures in Limited Liability Partnerships along with few suggestions. The paper concludes that in near future, more Limited Liability Partnerships will come into existence given its advantages over the partnership and company form of organization in India.

20-U34-2892

INSTITUTIONAL DETERMINANTS OF BRITISH MNES IN SAUDI ARABIA

Mr. Nasser Alshareef²⁰ and Professor Hamed El-Said

Saudi Arabia’s economic development has experienced mass extension in oil exportation for the last 70 years. In Saudi Arabia, about 75% of the revenue comes from oil which forms 90% of the country’s export. According to a report by Saudi Arabian Monetary Agency (SAMA) in 2012, about 50% of the GDP in Saudi Arabia was contributed by revenues from the oil. However, too much dependence on a single commodity alone can be highly risky for such a growing country and it may be prone to external threats that may affect the economy. As a move to counter this, Saudi government has advocated for the legislation of the Foreign Investment Act in 2000 and setting up the Saudi Arabian General Investment Authority (SAGIA) and National competitiveness Centre (NCC) to attract foreign investment to the country. This has resulted in the growth of FDI inward inflows, from \$17.5 billion in 2000 to \$215 billion in 2014. However, this FDI inflows still confined mostly to oil and

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petrochemical sector. With the present emphasis and attention given to diversification for lesser dependency on oil revenues in the future, the private sector in general and FDI in particular are presumably considered the key pillars of diversification strategy.

In order to attract more FDI, Saudi policy makers' focus on the institutional determinates that impede the MNEs from investment in the KSA, especially the MNEs from developed countries. Because the SAGIA's main aim is to attract more FDI that will add value to the economy, transfer technology and hire more Saudi citizens to reduce unemployment in the future (SAGIA, 2014). In addition, most Saudi policymakers agreed that the future political stability and economic growth of the kingdom will depend on its ability to attract more FDI to diversify the economy. However, while there are general agreements that more investment is needed to diversify the economy, stabilise political system and increase economic growth, the question is how this can be achieved? One necessary step is to determine the institutional factors being impeded, adapted and valued by MNEs in Saudi Arabia. To a better understanding of institutions in determining FDI inflows, it is substantial to connect frameworks addressing effects of institutions on economic activities (especially in investment incentives) with the frameworks addressing the determinants of FDI. The best way to do this is by merging Dunning's eclectic paradigm (OLI) with North's views on effects of institutions on investment and economic activities (Ali et al 2010). This research seeks to identify the institutional determinants of location decisions by British-owned multinational enterprises (MNEs) towards Saudi Arabia. This research is guided by two main theories to explain the business behaviours of MNEs engaged in international markets, those were: the eclectic (OLI) paradigm and the variety of capitalism "VoC" theory. The aim of the study is to determine what institutional factors are being adapted and valued by British MNEs currently operating under FDI arrangements as important towards the idea of partnering and evolving with the institutional environments in Saudi Arabia.

21-U18-2853

CAPITAL MARKET REGULATION IN INDIA, BRAZIL AND SOUTH AFRICA

Mr. Praharsh Johorey²¹

This paper will focus upon the existing regulatory mechanisms, laws and organisations that operate in the Capital Markets of the oft discussed 'Emerging Economies' of the 21st Century: India, Brazil and South Africa. The paper will detail the theoretical and practical effects of such regulatory structures, and then seek to comparatively and critically examine the three systems on a theoretical and practical level.

22-U27-2899

THE LEGAL RESPONSIBILITY OF MULTINATIONAL CORPORATIONS OPERATING IN AFRICA: TOWARDS A MORE BALANCED APPROACH

Mrs. Yolandi Meyer²²

The African continent has faced a particularly challenging dilemma in the past century. The abundance of natural resources on the continent has led to an influx of corporate investment and exploration. This has often had devastating effects on local populations and the natural environment. The main reason for this occurrence is the unsound business practices of multinational corporations operating in countries such as Nigeria with its vast oil deposits. However, a significant contributor to the problem is the ineffective regulatory framework of African countries hosting the activities of multinational corporations that can lead to extensive social abuses and over-exploitation of natural resources. Factors such as lack of funding, staff who have not received sufficient training, and a lack of modern technology required to monitor compliance of multinational corporations with set standards, are some of the causes of ineffective domestic regulation and insufficient enforcement of existing laws. Enforcement is particularly challenging when multinational corporations operate in developing countries with lax or no environmental laws or standards.

This paper will focus specifically on the situation in Nigeria, as it provides a good example of the challenges that African countries currently face in hosting the activities of multinational corporations. In the past, the predominant focus has been on the responsibility of multinational corporations under international law, and how to regulate their activities in the host

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countries where they operate. This paper argues that, even though the international regulation of multinational corporations is an important endeavor in regulating these potentially harmful practices, such regulation will not be wholly effective unless the main sources of the problem are addressed. These include the ineffective domestic regulation and enforcement of laws governing the activities of foreign corporations, as well as corruption and the mismanagement of funds generated by foreign investment.

Even if a comprehensively binding international legal framework governing the activities of multinational corporations can be established, certain challenges facing host countries will remain, unless the root causes of abuse are addressed by the national governments of these countries.

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