

2015



Academic International Conference on  
Law, Economics and Finance

---

Conference Abstracts e-book

AICLEF 2015 (Cambridge)

14-16 December 2015

University of Cambridge, Newnham College,  
Cambridge, United Kingdom



FLE Learning



## Academic International Conference on Law, Economics and Finance

University of Cambridge, Newnham College, Sidgwick Avenue, Cambridge CB3 9DF United Kingdom

### Conference Abstracts e-book

#### List of reviewers

The conference organisers would like to express their gratitude for the contribution made by following AICLEF committee members for the abstract papers reproduced in these proceedings.

Dr Avnita Lakhani  
Dr Monika WIECZOREK-KOSMALA  
Dr. Indianna Minto-Coy  
Dr. Joanna Błach  
Dr. Nitin Upadhyay  
Dr. Poomintr Sooksripaisarnkit  
Dr. Rajesh Sharma  
Dr. Ramandeep Chhina  
Dr. Zhixiong Liao  
Dr. Zinatul Zainol  
Miss. Kate Masih  
Mrs. Andrea Bockley  
Ms. Florence Simbiri-Jaoko  
Ms. Mercy Khaute  
Prof. Tshepo Herbert Mongalo

#### Copyright © 2015 FLE Learning Ltd

All rights reserved. No part of this publication may be reproduced or transmitted in any form, or by any means, or stored in any retrieval system of any nature without the prior permission of the publishers.

Permitted fair dealing under the Copyright, Designs and Patents Act 1988, or in accordance with the terms of a licence issued by the Copyright Licensing Agency in respect of photocopying and/or reprographic reproduction is excepted.

Any application for permission for other use of copyright material including permission to reproduce extracts in other published works must be made to the publishers and in the event of such permission being granted full acknowledgement of author, publisher and source must be given.

#### Disclaimer

Whilst every effort has been made to ensure that the information contained in this publication is correct, neither the editors and contributors nor FLE Learning accept any responsibility for any errors or omissions, quality, accuracy and currency of the information, nor any consequences that may result. FLE Learning takes no responsibility for the accuracy of URLs of external websites given in this publication nor for the accuracy or relevance of their content. The opinions, advices and information contained in this publication do not necessarily reflect the views or policies of the FLE Learning.

#### Format for citing papers

Author surname, initial(s). (2014). Title of paper. In Proceedings of the Annual International Conference on Law, Economics and Politics, (pp. xx-xx). London, September 1<sup>st</sup> – 3<sup>rd</sup>, 2014.

#### AICLEF 2015 (Cambridge) Conference | © 2015 FLE Learning Ltd

Conference abstracts handbook have been published by the FLE Learning Ltd trading as FLE Learning  
T: 0044 131 463 7007 F: 0044 131 608 0239 E: submit@flelearning.co.uk W: www.flelearning.co.uk

**Table of Contents**

|   |           |
|---|-----------|
| <b>Liquidated Damages and Actual Loss: The Case of Breach of Wa'd in an Islamic Profit Rate Swap</b> .....  | <b>1</b>  |
| DR. NOOR KASRI AND MS SITI ABIDIN MANAGEMENT TRAINEE .....  | 1         |
| <b>The Value Creation of Strategic Alliances and Mergers &amp; Acquisitions: A Comparative Justification through a Measurement based on Financial Value Model. "The Empirical Case Of BF 250 Firms"</b> ..... | <b>1</b>  |
| DR. SACI FATEH .....  | 1         |
| <b>How the VC industry acts as an international trade accelerator</b> .....   | <b>2</b>  |
| DR. IDO KALLIR AND PROFESSOR TAMIR AGMON.....   | 2         |
| <b>Assessing the Impact of Microcredit Programs on Participants' Quality of Life and Entrepreneurial Behavior: A Conceptual paper</b> .....   | <b>3</b>  |
| MRS. ZURAIDAH MOHAMED ISA , ROSLAN ABDUL HAKIM AND RUSAYYANI ISMAIL .....   | 3         |
| <b>Enforcement costs and Building Heights: Experiences of ban Villages in Shenzhen</b> .....  | <b>3</b>  |
| DR. KWOK C WONG AND ZHI GANG NIE .....  | 3         |
| <b>Creative industries and CPS in post-industrial Cities. New Businesses and Quality of Growth</b> .....  | <b>4</b>  |
| MR PETREANU TEODOR EMANUEL .....  | 4         |
| <b>The impact of tight monetary conditions, crisis on corporate capital structure – Literature review and open research areas</b> .....   | <b>4</b>  |
| MRS. MARIANNA GERGELYNÉ KÁSA .....  | 4         |
| <b>Compliance Conflicts in the Self Regulation of Financial Services</b> .....  | <b>5</b>  |
| MS. SHAWN WASHINGTON .....  | 5         |
| <b>Academic Entrepreneurship Intention: A Case Study of a Malaysian University</b> .....  | <b>6</b>  |
| DR. KAMARULZAMAN AB. AZIZ.....  | 6         |
| <b>Could Donald Trump Be Right? A Further Look At Tax Inversion Trends in US Companies</b> .....  | <b>7</b>  |
| DR. ABRAHAM PARK.....   | 7         |
| <b>Institutional aspects of the provision of health care services for disadvantaged groups of population</b> .....  | <b>8</b>  |
| PROF. ANETTA CAPLANOVA DR. MARCEL NOVAK, ASSISTANT PROFESSOR .....  | 8         |
| <b>Reactualization the human right principles of the Nusantara ancient constitution</b> .....   | <b>8</b>  |
| DR. JAZIM HAMIDI .....  | 8         |
| <b>Business mobility in the European Union: problems concerning the cross-border transfer of the registered office</b> .....  | <b>9</b>  |
| MR. ALBERTO QUINTAS SEARA.....  | 9         |
| <b>The Effects of Information and Communication Technologies on Economic Growth in the Middle East and North Africa</b> .....   | <b>10</b> |
| DR. ROUASKI KHALED, DR. TOUMACHE RACHID AND AND PR.DR.AHMED ZAKANE. ....  | 10        |
| <b>The relationship between inflation, Government Expenditure, trade and Economic growth in Algeria: An application of ARDL approach</b> .....  | <b>10</b> |

|  |           |
|--|-----------|
| DR. BADREDDINE TALBI AND DR.BENANAYA DJELLOUL , ASSOCIATE PROFESSOR .....  | 10        |
| <b>Causal nexus between government spending, Openness and economic growth in Algeria: Bound testing approach. ....</b>               | <b>11</b> |
| DR. DJELLOUL BENANAYA DR. BADREDDINE TALBI.....  | 11        |
| <b>The open and distance learning as an instrument of protecting the right to access to education: The Nigerian Experience .....</b> | <b>11</b> |
| PROF. JUSTUS SHOKEFUN AND MRS. OLUFUNKE AJE-FAMUYIDE .....   | 11        |
| <b>Listener.....</b>   | <b>12</b> |
| MR. ABDULAZIZ ALZOOM .....   | 12        |
| MR. THUMINDA SOMATHILAKA .....   | 12        |

## **LIQUIDATED DAMAGES AND ACTUAL LOSS: THE CASE OF BREACH OF WA'D IN AN ISLAMIC PROFIT RATE SWAP**

**Dr. Noor Kasri<sup>1</sup> and Ms Siti Abidin Management Trainee**

Wa'd (unilateral promise) is one of the underlying instruments used in structuring Islamic hedging products. Through wa'd Islamic hedging products like Islamic profit rate swap, Islamic FX forward and Islamic FX option are able to perform their role as risk management tools and thus deliver similar economic effects to conventional derivative products. Despite its facilitative role in structuring hedging arrangements, its breach remains a contentious issue, particularly with regard to compensatory payment for it.

A number of Shariah advisory bodies like the Islamic Fiqh Academy of the Organisation of Islamic Cooperation, the Accounting and Auditing Organisation for Islamic Financial Institutions and the Shariah Advisory Council of Malaysia Central Bank (SAC) have issued resolutions allowing the usage of wa'd. They resolved that a unilateral promise is binding on the promisor and that, in case of breach, the promisee is entitled to claim for compensation for any actual loss suffered.

This paper examines one SAC resolution which resolved that for breach of wa'd in an Islamic profit rate swap product (IPRS) the contracting parties can, in calculating the compensation amount, refer to the conventional method of calculating the close-out amount. However, such approval is subject to the satisfaction of the contracting parties that the calculation represents actual loss suffered by one party as a result of the default by the other party. In addition to the SAC resolution the compensation for breach of wa'd is also provided in the standard agreement for IPRS, the Tahawwut Master Agreement (TMA), which stipulates that due to breach of wa'd, the claimant shall be entitled to damages by way of liquidated damages. The calculation of such damages can be based on what is deemed to be reasonably determined in good faith as the claimant's total loss and costs.

This paper examines this discrepancy between actual loss, claimable under the SAC resolution, and total loss and costs claimable by way of liquidated damages under TMA and common law. This paper chooses Malaysia as its case study because Malaysian laws mirror English common law and IPRS is used extensively in the Malaysian Islamic finance market. To carry out the analysis, relevant Malaysian and English case laws, together with Shari'ah literature and information collated from discussions with market players, will be reviewed.

## **THE VALUE CREATION OF STRATEGIC ALLIANCES AND MERGERS & ACQUISITIONS: A COMPARATIVE JUSTIFICATION THROUGH A MEASUREMENT BASED ON FINANCIAL VALUE MODEL. "THE EMPIRICAL CASE OF BF 250 FIRMS"**

**Dr. SACI Fateh<sup>2</sup>**

Strategic alliances and mergers-acquisitions are theoretically now considered as real levers of value creation. This value creation takes different forms, essentially strategic value, substantial value, institutional value and financial value (including shareholders). This latter holds our attention

---

<sup>1</sup> Dr. Noor Kasri, Researcher, Head of Islamic Capital Market Unit, International Shariah Research Academy for Islamic Finance.

<sup>2</sup> Dr. SACI Fateh, Lecturer, Sino-French Institute, Renmin University of China.

specifically. The objective of our research, after analyzing the results of empirical works focused on the strategic alliances and mergers-acquisition announcements impact on the stock market performance (Saci, 2013), is to know that if, on a more or less distant horizon, the stock market performance of strategic alliances and mergers-acquisitions coincides with the actual performance and so if this two forms of strategies can be justified by the financial motivation of CEOs or shareholders, establishing by the way an advantageous comparison in favor of one or other of the external growth options. Our final results show that in the short term the announcement of an alliance has a negative impact on performance as opposed to the announcement of a merger & acquisition, while other hand on the long-term, there is no positive impact (neutral impact) on financial performance whether be it the strategic alliance or merger & acquisition. We explain this result by the phenomenon of "creation of compensatory value" in the context of a strategic and financial plan. In other words the negative effects absorb the potential gains from strategic alliances (SA) and mergers-acquisitions (M&A). The impact of strategic alliances (SA) and mergers-acquisitions (M&A) may be combined to give a total net effect on performance. Key words: Strategic alliances, mergers-acquisitions, external growth strategy, financial value creation, creation of compensatory value, market value, econometric of panel data.

## **HOW THE VC INDUSTRY ACTS AS AN INTERNATIONAL TRADE ACCELERATOR**

**Dr. Ido Kallir<sup>3</sup> and Professor Tamir Agmon**

We question how much do the Venture Capital industry impacts its hosting economy. This question is often asked but is rarely answered. This area is rarely explored because 90% of the VC investments are in the US and other large economies, wherein the impact of the VC is too small to be measured. Israel presents a unique case in which the activity of the VC industry over two decades (1993-2013) made the Israeli an exporter not only of High-tech hardware and software but also of intangible assets such as patents knowhow and expertise. In the knowledge-based world, ideas are an important driver for growth and development. It takes a long time to turn ideas into actual cash flows. The VC industry provides an excellent example for an industry that is based on the ability to bring together ideas and high risk capital in a process that generates value. Of particular interest is the case where the entrepreneurs reside in one country and the investors reside in another country. In this paper we show that in this case there are two types of benefits; the benefits to the entrepreneurs and the investors, and the benefits to the country where the investment takes place. The first type of benefits depends on the success of the young innovative technology firms. The second type of benefits depends on the total flow of high-risk capital from the country of the investors to the country where the investment takes place. The two main components of the second macro benefit are the wages of the local high skilled and other workers; and the tax that they pay. Israel is a good example for a country that benefits substantially from the import of high-risk capital, primarily from the US, via venture capital fund. We use hand-picked database to estimate the total benefit to the Israeli economy from the investment of venture capital funds, which are funded by foreign high-risk capital. Our main result is a direct empirical measure showing that the benefits to the Israeli economy from the wage bill which is generated by the VC investment is at least ten-times larger than the direct

---

<sup>3</sup> Dr. Ido Kallir, Assistant Professor, Ono College.

benefits from the successful start-ups only. This result can be translated into an optimal governmental policy of incentives that are set to keep cost-benefit efficient success rate.

## **ASSESSING THE IMPACT OF MICROCREDIT PROGRAMS ON PARTICIPANTS' QUALITY OF LIFE AND ENTREPRENEURIAL BEHAVIOR: A CONCEPTUAL PAPER**

**Mrs. Zuraidah Mohamed Isa<sup>4</sup> , Roslan Abdul Hakim and Rusayyani Ismail**

Microcredit program has generally been recognised as one of the practical approaches in unlocking the potentials of the poor, particularly among women. By extending small loan without collateral to the poor, it could help them expand their economic activities, improve household income and hence, reduce the problem of poverty. Microcredit programs seems attractive, particularly to policy makers, since the programs promote self-help rather than dependency mentality on the government. Since the inception of microcredit programs, various studies have been carried out to assess its impact. Earlier studies seem to focus on the impact of microcredit programs on the borrowers' income, and consequently on poverty. Later studies however shift its focus to the impact of microcredit programs on empowerment of the borrowers. Relatively recent studies examine on quality of life. However, the shortcomings of these quality of life impact studies are that these studies using a narrow measure of quality of life. Their measure is more on objective measure of quality of life such as income, and other tangible aspect. This study attempts to extend previous quality of life impact studies analysis by examining quality of life using a more comprehensive measure. Besides the issue of quality of life, this study also attempts to investigate the impact of microcredit programs on entrepreneurial behaviour of the borrowers, which seems neglected (lacking) in previous studies. Therefore, the aim of this paper is to provide a rational discussion on the conceptualization of the microcredit participants' quality of life and entrepreneurial behaviour and to contribute to the literatures in this area.

## **ENFORCEMENT COSTS AND BUILDING HEIGHTS: EXPERIENCES OF BAN VILLAGES IN SHENZHEN**

**Dr. Kwok C WONG<sup>5</sup> and Zhi Gang NIE**

High rise residential flats built by local villagers on their rural land in China are in the grey market: they are not clearly allowed by the law, and yet the government finds it too sensitive to demolish all these buildings, simply because there are just too many of them in every modern city of China. In this research, these apartments are found to have been built higher in the sub-urban areas than inside the city center of Shenzhen. This is apparently contradictory to Alonso's bid-rent curves. This paper tries to explain using enforcement costs: civil servants per capita working in the law enforcement sector are found to be far less in the suburban area in Shenzhen. Further analysis from the viewpoint of institutional economics are proposed.

---

<sup>4</sup> Mrs. Zuraidah Mohamed Isa, Student, Universiti Utara Malaysia.

<sup>5</sup> Dr. Kwok C WONG, Associate Professor, Univeristy of Hong Kong.

## **CREATIVE INDUSTRIES AND CPS IN POST-INDUSTRIAL CITIES. NEW BUSINESSES AND QUALITY OF GROWTH**

**Mr Petreanu Teodor Emanuel<sup>6</sup>**

Industrialised no longer have any, or virtually any, industry. Industry sells services, services constitute an industry. Growth clusters of high-added activities bring high income into the economy. Interdependence is the future and this trend includes real and financial market interactions. Now we talk about dependence modeling and risk dynamics but in all these things we can find a logical algorithm that can predict the future development. If we translate the markets in mathematics we can also build algorithms that will help further more, to develop connections with the embedded systems. Cyber Physical Systems (CPS) enable the physical world to merge with virtual leading to an internet of things, data and services. We can bring more value, more income quickly with services, but we have to consolidate the primary base of economy and that is production of goods, agriculture and energy. If we consolidate the levels of economy in the right way, taking all the steps, we can avoid another Crisis.

Keywords – Business, Quality of Growth, Industry, Cyber Physical Systems, Post-industrial Cities

## **THE IMPACT OF TIGHT MONETARY CONDITIONS, CRISIS ON CORPORATE CAPITAL STRUCTURE – LITERATURE REVIEW AND OPEN RESEARCH AREAS**

**Mrs. Marianna Gergelyné Kása<sup>7</sup>**

The aim of the study is to offer a theoretical framework for analyzing the relation of tight monetary conditions, crisis and corporate capital structure, as well as to shed light on the limited empirical results and open research areas of the topic.

Based on the seminal work of Modigliani and Miller, the search for optimal capital structure generated several theories (e.g. trade-off theory, signalling, agency costs theory). In spite of the plentiful empirical testings and new theories (e.g. financial flexibility), there does not exist any single, universal, empirically validable capital structure theory. Recently, some new new research aspects are arising; one of these new aspects determines and measures the role of supply factors in capital structure movements, dissolving MM's assumption of supply side's perfect elasticity (e.g. Faulkender-Petersen [2006], Becker [2007], Ivashina-Scharfstein [2008], Rehman et al [2013], Lemmon-Roberts [2010], Goyal et al [2011], Leary [2009], Duchin et al [2010], Voutsinas-Werner [2011]). Further, assuming the 2007/08 represents a negative supply shock to the capital markets (Ivashina-Scharfstein [2010], Takáts [2010], Becker-Ivashina [2014], Chava- Purnanandam [2011], Duchin et al [2010], Almeida et al [2011], Campello et al. [2010, 2011]), it offers a unique opportunity to measure the supply side effect of capital markets on corporate capital structure.

For analyzing the relation of crisis/supply shocks and capital structure, a theoretical framework is developed on the basis of the works of Gertler-Gilchrist [1993, 1994], Oliner-Rudebusch [1995], Bernanke et al. [1996], Kashyap et al [1994] and Kashyap-Stein [2000] investigating the effects of tight monetary conditions on capital structure movements.

Further, empirical results on the effect of supply shocks, crisis on capital structure are reviewed.

---

<sup>6</sup> Mr Petreanu Teodor Emanuel, PhD Student, Bucharest University of Economic Studies.

<sup>7</sup> Mrs. Marianna Gergelyné Kása, PhD Candidate, Corvinus University of Budapest.

Significant part of the existing works are analyzing the relation of monetary conditions and investment policy (e.g. Almeida et al [2011], Duchin et al [2010]). Further, works focusing on crisis are based on data of financially not constrained companies; these do not represent the majority of the corporates, so can results generally viable not get stated (e.g. Iqbal-Kume [2014], Fosberg [2012, 2013], Harrison-Widjaja [2013]).

Further, minority of the studies evaluates the development of financing mix components during crisis (Becker-Ivashina [2014], Iyer et al. [2013]). Changes of financing mix components, their sensitivity for supply side effects and their role as alternative financing options for credit supply is not fully studied yet. Specifically, the case of trade credit is not analyzed throughout during the 2007/08 crisis. The study also highlights our missing understanding of the relation of crisis and capital structure in the case of the CEE region.

## **COMPLIANCE CONFLICTS IN THE SELF REGULATION OF FINANCIAL SERVICES**

**Ms. Shawn Washington<sup>8</sup>**

Compliance professionals in financial services must face personal risks when ensuring others follow the guidelines of the Securities and Exchange Commission and Financial Industry Regulatory Authorities. Ethics in this morally biased industry means effective of self-regulation to police bad behaviors of employees. Those who understand the complexity of the financial markets are in the best position to prevent unethical behavior. These individuals are typically portfolio managers, traders, market makers, financial advisers, or underwriters whose salaries outweigh the risk and compensation of the compliance officer. There have been numerous scandals within the financial services industry in the 21st century where officers of self-regulatory policies were at a disadvantage because of the actions of others. The Financial Industry Regulatory Authority continues to respond to these epic events through the issuance of additional broad based regulations (i.e. Dodd-Frank). The interpretation of these regulations are not without challenges. The increased regulation of FINRA over the past five years have resulted in more sanctions each year. Since increasing regulations have not minimized the incidences of bad behavior then how are we to determine if self-regulation is an effective solution? Those who understand the complexity of the industry are also best to financially gain from the regulatory gaps within new legislation. These individuals who are best to stop bad behaviors make the choice to hire attorneys to fight violations or compliance officers that lack a full understanding of the firm's business activities. The increase of CCO liability has given concern for those who stand to lose their reputation based on the bad decisions of others. With a lack of understanding regarding the capability of the compliance role, external laws chase violations as new unethical behaviors are created. Self-regulation is not without problems. The proposed individual paper will explore the insights into the compliance officer liability and discuss some of the challenges that these individuals face within a greed-based industry.

---

<sup>8</sup> Ms. Shawn Washington, Doctoral Student, University of Phoenix.

## ACADEMIC ENTREPRENEURSHIP INTENTION: A CASE STUDY OF A MALAYSIAN UNIVERSITY

**Dr. Kamarulzaman Ab. Aziz<sup>9</sup>**

Abreu and Grinevich (2013) define 'academic entrepreneurship' as the effort to increase the influence, prestige, or profits of individuals or institutions through the development and marketing of research ideas and research-based products. They explain that academic entrepreneurship enhances societal well-being and results in organizational improvements as well as increased financial rewards for the academic entrepreneur. Their research argues that academics' potential for research commercialization is dependent upon their academic disciplines, types of knowledge produced, and the extent to which their work can enjoy intellectual property (IP) protection such as through patents. For example, spinouts are relevant for commercialization of research in the life sciences due to the nature of inventions and long product development duration while research outputs in the social sciences are more often in the form of consultancy and contract research.

Malaysia is still behind in terms of its research capabilities as evidenced by various rankings. In recognition of this weakness, in the Tenth Malaysia Plan, commercialisation and innovation development was assigned as 'Niche 1' by the Malaysian Ministry of Higher Education (MOHE 2010). The Eleventh Malaysia Plan was unveiled by the Prime Minister in May 2015 due to be implemented over the five years period; 2016 – 2020. Thus, it is high time to investigate for signs of realisation of Niche 1. It is proposed that one way of achieving this is by investigating the level of entrepreneurial intention among researchers in Malaysian universities. This paper aims to report findings from a study conducted in one Malaysian university.

Previous researchers have suggested entrepreneurial intention-based models as the most practical insight to planned behavior. The entrepreneurial intention-based models are of Ajzen's 1991 Theory of Planned Behaviour (TPB) and Shapero's 1982 model of the Entrepreneurial Event (SEE). Both TPB and SEE contained the element of self-efficacy. Perceived self-efficacy is the perceived behavioral control in TPB and perceived feasibility in SEE. According to Krueger, Reilly, Carsrud (2000), promoting entrepreneurial intentions requires promoting perceptions of both feasibility and desirability; the belief of self – capabilities to control own's motivation, behavior and social environment. Linan, Nabi and Krueger (2013) improved prior research by adding the role of culture along with motivations, skills and knowledge of the entrepreneurial environment. Culture is defined as a set of shared beliefs, values and expectations (Hayton et al., 2002). There are two ways how culture influence entrepreneurship; bottom up versus top down. The first way or the aggregate trait suggests that entrepreneurial values and traits increase if more individuals of a country become entrepreneurs. The second way or the societal legitimization suggests that a higher level of moral approval of entrepreneurship within a culture is reflected in that society's practices (Stephan, 2008). The higher the level of knowledge and awareness about entrepreneurship will increase self-efficacy perceptions and hence entrepreneurial intentions.

This study comprised two stages. First the researchers carried out extensive review of literature on academic entrepreneurship, entrepreneurial intention and research commercialisation. Secondly, a group of researchers took part in the study where their entrepreneurial potential was gauged via a survey, then the group was given an exposure to research commercialisation and entrepreneurship via a seminar and supporting material, each researcher was then asked to review their own work and evaluate its commercial potential, and finally each researcher was asked on their intention to commercialise their work. A total of 65 researchers undertaking postgraduate work (Master and Doctoral) took part in the study over a period of five months. In general the group shows moderate levels of perceived desirability and feasibility as well as entrepreneurial intention. Around 40% of the

---

<sup>9</sup> Dr. Kamarulzaman Ab. Aziz, Associate Professor, Multimedia University.

group recorded high level of entrepreneurial intention. However, lower level is observed when questioned about commercialising their current research work specifically. The paper reports the findings of the study and makes recommendations on how universities can better drive academic entrepreneurship.

## **COULD DONALD TRUMP BE RIGHT? A FURTHER LOOK AT TAX INVERSION TRENDS IN US COMPANIES**

**Dr. Abraham Park<sup>10</sup>**

Recently, Donald Trump, a candidate for the Republican presidential nomination, made headlines by proposing a “tax holiday” for American corporations to allow them to bring back cash from overseas bank accounts by paying a 10 percent repatriation tax. His idea is a response to the growing trend of “tax inversion” deals that U.S. companies have adopted, in which a firm relocates its headquarters to another country and declares that new country as its domicile, primarily for the foreign country’s lower tax rate. For example, critics have called Warren Buffet “un-American” for financing the merger of U.S. fast food chain Burger King Worldwide Inc., with Tim Hortons Inc., a Canadian company, which allowed the new company to take advantage of Canada’s lower corporate tax rate.

At 35 percent, the U.S. has one of the highest corporate tax rates in the world. Even after tax breaks and tax credits, U.S. firms still rank as some of the highest in corporate taxes owed. In addition, the U.S. is one of the few countries that require corporations to pay taxes on income earned overseas. As globalization increases the reach of U.S. companies, the incentives to move abroad and protect foreign-earned income are understandably attractive. This incentive has led to 47 tax inversions in the last ten years, more than double the previous two decades combined.

This paper discusses the effects of tax inversion for U.S. companies: 1) significant cash savings; 2) increase in CEO compensation for companies that do invert; and 3) high levels of cash retained abroad by U.S. companies because the taxable event is triggered when companies move cash back to the U.S. Furthermore, this paper also examines why some firms have experienced underperformance after inversion, despite the potential tax savings.

Repeated revisions to a vague and overreaching tax law fail to address the underlying and fundamental problem: the fact that U.S. corporate tax is and continues to be the highest among our trading partners and that it taxes foreign-earned income. Instead of name-calling and attacks on the lack of patriotism of U.S. companies and their officers and investors, perhaps what we need is a rational evaluation of U.S. businesses and their ability to compete worldwide. If Congress wishes to avoid companies relocating or restructuring their companies to avoid taxation of foreign income, it must begin with a recognition that the U.S. cannot continue to charge the highest rate of corporate tax whilst the global market for hosting corporations is hospitably lower. Moreover, in this fiercely competitive global economy, Congress must make serious efforts to restructure tax incentives to draw in, rather than drive away, U.S. business.

---

<sup>10</sup> Dr. Abraham Park, Associate Professor, Pepperdine University.

## **INSTITUTIONAL ASPECTS OF THE PROVISION OF HEALTH CARE SERVICES FOR DISADVANTAGED GROUPS OF POPULATION**

**Prof. Anetta Caplanova<sup>11</sup> Dr. Marcel Novak, Assistant Professor**

In the paper we look at the role of the role of institutional factors in the provision of health care services to disadvantaged groups of population. We use the case studz of the United States and Slovakia, which have different healthcare delivery systems, but face similar challenges of improving the health status of their populations. The paper explores the impact of their respective systems on the health of their populations with special emphasis on Roma population in Slovakia and African-American population in the US and compares the health outcomes of both nations. These are then related to the health care expenditures in related countries. It is pointed out that socioeconomic factors play a far more important role in determining population health outcomes than do the structures of the systems related to the care delivery. Authors illustrate this finding through a comparison of the poverty and education levels of a selected minority group from each country in relation to the health outcomes for each population group. The comparison reveals that education is a more influential determinant in a population's health outcomes, than the improved access to care offered by a universal system.

**13-P16**

## **REACTUALIZATION THE HUMAN RIGHT PRINCIPLES OF THE NUSANTARA ANCIENT CONSTITUTION**

**Dr. Jazim Hamidi<sup>12</sup>**

Discourse on human rights, we often focus to the UN declaration on human rights, human rights declaration of Islamic Cairo, and values taken from modern state constitutions. In a substantive perspective, the pace of human rights today have been developed in the third generation, namely the right to gather proper information, healthy and safely environment, and protection against minority groups.

Legislation processes for human rights principles in Indonesia face several fundamental problems reflected in Indonesian state stakeholders and human rights activists tend to emphasize to the values and concepts from westerns and middle east/far east countries. Whereas before independent day of Indonesia (year 1945), kingdoms and sultanates in Nusantara (southeast ASIA) have acknowledged a constitutional state life such as in the Negara Kertagama constitution of Majapahit empire, the Kie se Kelano constitution of Tidore sultanate, and the Kitab Panji Salaten of Kutai Kertanegara empire.

Reactualization human rights principles from the Nusantara ancient constitutions as above should be analyzed qualitatively, then the result ought to be recommend to the people's consultative assembly of Indonesia (MPR RI) for the legal transformation to the fifth amendment concept of Indonesia constitution (UUD NRI 1945).

Keywords: Reactualization, human rights principles, the Nusantara ancient constitution, and the amendment of Indonesia constitution (UUD NRI 1945).

---

<sup>11</sup> Prof. Anetta Caplanova, Professor, University of Economics in Bratislava.

<sup>12</sup> Dr. Jazim Hamidi, Senior Lecturer, Brawijaya University.

## **BUSINESS MOBILITY IN THE EUROPEAN UNION: PROBLEMS CONCERNING THE CROSS-BORDER TRANSFER OF THE REGISTERED OFFICE**

**Mr. Alberto Quintas Seara<sup>13</sup>**

The signing on 25 March 1957 of the Treaty of Rome laid the foundation for the construction of a common market based on the free movement of people, goods, services and capital within the European Economic Community. In this new context, it was increasingly necessary to ensure that companies from different Member States could establish and adapt their structures throughout the EEC in order to improve their competitiveness and productivity, while protecting the interests and rights of shareholders, employees and creditors.

Therefore, and having regard to the achievement of the objectives set out in the EC Treaty, a process of approximation of the domestic legislation of the Member States was launched, aimed at eliminating potential obstacles and distortions to the establishment of the internal market and the guarantee of fundamental freedoms. In the field of business mobility and restructuring several legislative measures were adopted, not only from the company law perspective, such as the Directive 78/855/EEC (concerning mergers of public limited liability companies), the Directive 82/891/EEC (concerning the division of public limited liability companies), the Regulation (EC) n° 2157/2001 (on the Statute for a European company), the Regulation (EC) n° 1435/2003 (on the Statute for a European Cooperative Society), and the Directive 2005/56/EC (on cross-border mergers of limited liability companies), but also from the tax law perspective, such as the Directive 2009/133/EC (on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office of an SE or SCE between Member States). Nevertheless, the cross-border transfer of the domestic companies' registered office remained, over the years, outside the harmonisation process undertaken by the European institutions.

In this regard, we should bear in mind that companies incorporated in a Member State wishing to transfer both their registered office or their centre of effective management to another Member State (whether for strictly economic reasons or, for instance, seeking an advantage in the field of company law, bankruptcy law, or tax law), had to deal with several problems arising from the differences existing in the domestic legislation of the Member States, in particular as regards the criteria to determine which *lex societatis* is applicable to the company in question (“incorporation model” vs. “real seat model”), the retention of legal personality in the context of a cross-border transfer of the registered office, as well as the recognition in domestic law of another Member State’s own types of companies.

In addition to the abovementioned problems from the perspective of company law, the imposition of “exit taxes” by Member States linked to changes in companies’ tax residence in order to secure tax claims in respect of accrued but unrealized capital gains (protecting their taxing rights and preventing tax avoidance) constituted another important obstacle to cross-border transfers of the registered office.

In short, it could be said that business mobility within the European Union in relation to the relocation of national companies’ registered office was very limited since this operation was either impossible in practice because of the differences between the systems of the Member States to determine the applicable law, or was subject to several requirements which eventually constituted a restriction to

---

<sup>13</sup> Mr. Alberto Quintas Seara, Researcher and Teaching Assistant (FPU Fellow), University of A Coruña.

the right of establishment provided by Articles 52 and 58 of the Treaty of Rome (Articles 49 and 54 TFEU).

In this regard, and due to the lack of a legislative instrument at EU level, the jurisprudence of the European Court of Justice in cases Daily Mail, Centros, Überseering, Inspire Art, SEVIC Systems, Cartesio, and VALE Építési (from the perspective of company law), and in cases Lasteyrie du Saillant, N, National Grid Indus BV, or DMC, among others (from the perspective of tax law), has contributed to shape the legal framework within which these operations can be carried out as well as the limits of the Member States' competence to design their direct tax systems with regard to the imposition of "exit taxes". Therefore, the aim of this paper is to highlight the defining elements of the legal and tax framework established by the ECJ on the basis of the interpretation of Articles 49 and 54 TFEU, providing some thoughts about the problems that currently affect the cross-border transfers of the registered office as well as some potential solutions.

## **THE EFFECTS OF INFORMATION AND COMMUNICATION TECHNOLOGIES ON ECONOMIC GROWTH IN THE MIDDLE EAST AND NORTH AFRICA**

**Dr. Rouaski Khaled<sup>14</sup>, Dr. Toumache Rachid<sup>15</sup> and Pr.Dr.Ahmed Zakane.**

Research on information society issues continues unabated with an increasing emphasis on the proper role of ICTs in development. Many debates and analysis on the macroeconomic impacts of (ICTs) are presented as a vector of more important for improving the quality of the capital stock. The case of the US economy, where growth of recent years coinciding with accelerated diffusion of (ICTs), has often given as the first example (Boudchon, 2002; Jorgensen et Stiroh, 2001; Jorgensen, 2001; Colecchia et Schreyer, 2001). The benefits of ICTs present even greater implications for the developing regions of the world, with the recognition that they are effective tools for social development and economic growth. In this context, this paper discusses the effects of (ICTs) on economic growth in the Middle East and North Africa. And explains the ability to a relationship exists between ((ICTs) and the level of economic growth (GDP). By conducting an empirical investigation applies the statistical analysis methods on a sample of Middle East and North Africa countries. We attempt to estimate the contribution of (ICTs) in the level of economic growth in MENA.

**Keywords:** Economic Growth, Statistical Analysis Methods, Information And Communication Technologies (ICTS), Index Information Society (ICT-RNI), Correlation Analysis, Regression Analysis.

## **THE RELATIONSHIP BETWEEN INFLATION, GOVERNMENT EXPENDITURE, TRADE AND ECONOMIC GROWTH IN ALGERIA: AN APPLICATION OF ARDL APPROACH.**

**Dr. Badreddine Talbi<sup>16</sup> and Dr.Benanaya Djelloul , Associate Professor**

This aim of this investigation is to examine the causal relationship between the rate of inflation, government expenditure, trade openness and economic growth in case of Algeria by using the bounds testing (ARDL) approach for the period from 1980 to 2013. The results derived by applying a different econometrics tools such as unit root test and autoregressive testing lag ARDL co integration

<sup>14</sup> Dr. Rouaski Khaled, Associate Professor, National High School of Statistics and Applied Economics.

<sup>15</sup> Dr. Toumache Rachid, Associate Professor, National High School of Statistics and Applied Economics.

<sup>16</sup> Dr. Badreddine Talbi, Associate Professor, National High School of Statistics and Applied Economics.

framework show that there is a long term positive and significant relation between these variables and economic growth, The results also indicate that the variables of interest yield positive externalities and linkages.

Key word- Government expenditure, trade openness, Inflation, Economic Growth, ARDL, Algeria.

## **CAUSAL NEXUS BETWEEN GOVERNMENT SPENDING, OPENNESS AND ECONOMIC GROWTH IN ALGERIA: BOUND TESTING APPROACH.**

**Dr. Djelloul Benanaya<sup>17</sup> Dr. Badreddine Talbi**

This paper examines the causal relationship between government spending, trade openness, inflation and economic growth in Algeria for the period 1980-2014. The ARDL bound testing approach has been applied to cointegration to examine the long-run relationship and direction of causality between economic growth and these variables. Our empirical results confirm the existence of long-run relationship between the rate of inflation, trade openness and economic growth. Furthermore, this study finds the presence of both unidirectional and bidirectional causality links between the variables. Moreover, the results also indicate that the variables of interest yield positive externalities and linkages. Overall, the study contributes to understanding the importance of the interrelationship between the variables and combines the different strands of the literature.

Key word: Government spending, Openness, Inflation, Economic Growth, ARDL, Algeria.

## **THE OPEN AND DISTANCE LEARNING AS AN INSTRUMENT OF PROTECTING THE RIGHT TO ACCESS TO EDUCATION: THE NIGERIAN EXPERIENCE**

**Prof. Justus Shokefun<sup>18</sup> and Mrs. Olufunke Aje-Famuyide<sup>19</sup>**

Education is a right. Education is an extraordinary tool of empowerment and it is essential for the promotion and protection of all human rights. Various international treaties, covenants and conventions since 1948 as well as writings of publicists have stressed the importance of the fundamental right to education. The Universal Declaration of Human Rights (UDHR), the International Covenant on Economic and Social Rights (ICESCR), the Covenants on the Rights of the Child (CRC) as well as the African Charter on Human and Peoples' Right (ACHPR) contain provisions which protect the right to education. The International Human Rights Law holds the state primarily responsible for the implementation of the right. Accordingly, it is incumbent on the state parties to ensure the realization of the right to education through policy, administrative and legislative measure. A critical component of the right to education is the right of access to education. Invariably, a denial of the right of access to education is a fundamental violation of the right to education. Lack of access to education is acute in Nigeria and efforts to address the problem have met with limited success. This article therefore seeks to examine the varied ways in which the Open and Distance Learning Education has been used to address the problem of access to the right to education in Nigeria. This article also examines the essentials of Open and Distance Learning (ODL) and in particular, how Nigeria has used the ODL mode of study (through the National Open University of Nigeria) as an instrument of social justice in surmounting the challenges of accessibility to education in Nigeria. The work examines the

---

<sup>17</sup> Dr. Djelloul Benanaya, Associate Professor, University of Djilali Bounamaa.

<sup>18</sup> Prof. Justus Shokefun, Dean, National Open University of Nigeria.

<sup>19</sup> Mrs. Olufunke Aje-Famuyide, , National Open University of Nigeria.

successes and failures of using the ODL system in protecting the right of access to education. The writers are of the view that the ODL system has played significant role of addressing the right to education and that other policy and legislative measures are still necessary in achieving right of access to education.

## **LISTENER**

**Mr. Abdulaziz Alzoom<sup>20</sup>**

**Mr. Thuminda Somathilaka<sup>21</sup>**

---

<sup>20</sup> Mr. Abdulaziz Alzoom, Manager Research, Capital Market Authority.

<sup>21</sup> Mr. Thuminda Somathilaka, Legal Officer/Researcher, Weeramantry International Institute of Peace Education and Research.

**FLE Learning Ltd**  
**Conference Division**

T: 0044 131 463 7007 F: 0044 131 608 0239

E: [submit@flelearning.co.uk](mailto:submit@flelearning.co.uk) W: [www.flelearning.co.uk](http://www.flelearning.co.uk)