Preface

The main purpose of this book is to discuss the issues of globalization and governance from an international political economic perspective. The unique approach of the publication brings politics and economics as well as reflective case studies together.

The authors of these chapters have accepted inclusion of their respective manuscripts. This book, consisting of 28 chapters, is divided into 5 sections: “Governance and Transitions in the International Political Economy,” “Development Strategies and Investment,” “Global Issues in the International Political Economy,” “Communication and Culture,” and finally, “Managerial Issues and Competitiveness.”

In the first section, contributors have also accepted a challenge for developing ideas of international political economy by assessing critical issues related to governance, economics, trade, growth, and integration.

In the second section, the authors discussed the issues related to the development and investment. Economic drivers behind the investment strategies have been assessed for economic development, competitive industrial growth, and recovery in transitional economies.

In the third section, the authors questioned the effect of globalization on international politics and culture. The future of the European Union, energy policies, interethnic peace, friendly policy environment, cultural values have been assessed by the contributors.

In the fourth section, the authors have developed a unique approach to the international political economy issues by evaluating gains from cultural values and effective communication skills.

In the last section, a managerial approach to development and competitiveness has been developed through assessing ideas in management, culture, and society. The authors have contributed to the success of this book by their unique approach to customer perspective, business competition strategies, organizational design and theory, advertisement, and visual discourse.

Chapter 1 focuses on economic and other determinants of political trust. Political trust is important for the effective functioning of a government. This chapter uses the cross-country regression analysis to see whether three different measures of economic performance matter for political trust or not. The results lend support to the hypothesis that political trust is influenced by economic growth, the standard of living, and the appropriate use of government spending. In addition, the chapter considers two institutional variables, perceived independence of the judiciary and the degree of democracy to assess their effect on political trust. It is found that, while perceived judicial independence has a positive effect on political trust, democracy has a negative effect.

Chapter 2 questions how oil price fluctuations alter the exchange rate in Japan. Determinants of exchange rate fluctuations have long been a topic of interest for the economists. Although there exist a large number of studies that attempt to decipher the exact relationship between the price of oil and exchange
rate, a clear answer still remains absent. Most studies suffer either from ambiguous findings or from the severe limitations stemming from the assumption of non-stationarity. In this chapter, the relationship between oil price differentials and real effective exchange rate of Japan is thoroughly investigated by utilizing sophisticated research tools that provide additional degree of rigor to the results. Maximal Overlap Discrete Wavelet Transform (MODWT) is used to decompose the time series into different frequencies and then the relationship between the two series at different time frequencies are examined with the use of standard econometric techniques. This chapter finds that the international oil prices vibrate the exchange rate at the short term frequency bands. However, no evidence of causal relationship found at the lower time scales, although such evidence found at higher time scales.

Chapter 3 focuses on corporate governance codes in a transitional economy. This study aims to investigate the influence of the introduction of a corporate governance code in 2005 on the levels of compliance with mandatory IFRSs disclosure requirements by companies listed on the Egyptian Exchange (EGX) as a leading stock exchange in the Middle East. Using a disclosure index derived from mandatory IFRSs disclosure requirements for the fiscal year 2007, this study measures the levels of compliance by a sample of 75 non-financial companies listed on the focus stock exchange. This study extends the financial reporting literature and the emerging markets disclosure literature by being the first to investigate the influence of corporate governance requirements for the best practices on the levels of compliance with mandatory IFRSs disclosure requirements by companies listed on the EGX. The results provide evidence that the lack of influence of corporate governance best practices on the levels of compliance with mandatory IFRSs disclosure requirements as it is not yet part of the cultural values within the Egyptian context. These findings are consistent with the notions of the proposed theoretical foundation.

Chapter 4 questions how confidence and governance are linked to growth issues. The recent financial crisis of USA and the associated Euro Zone crisis have opened the eyes of the global policy makers and managers of economies in the world in respect of exploring the factors behind it. The present study has considered three principal indicators of development—growth, confidence, and governance—for a sample of eight countries with differences in developmental positions to examine whether there is any sort of causal relations among them. By applying the Granger causality test it has observed that in most of the countries, except Greece, there are missing linkages among the indicators in gross sense. China and India with very poor levels of governance factor have grown at higher magnitudes.

Chapter 5 provides practical guidance to policymakers for determining the potential economic effect of a further Free Trade Area (FTA) to be founded within the SCO. The Shanghai Cooperation Organization (SCO) whose history dates back to “Shanghai five” was founded in 1996 in order to deal with security and border issues. However, in the course of time the organization has expanded the cooperation ground: the vision of the organisation has been recently enlarged so as to intensively emphasise economic issues such as forming a free trade area and initiating an economic integration. Since the potential economic effect is ambiguous and initially depends on the actual trade structure among the member countries it is crucial for policymakers to have the right tools to evaluate the economic effect of such an initiative. The aim of this study is to provide practical guidance to policymakers for determining the potential economic effect of a further Free Trade Area (FTA) to be founded within the SCO. For this purpose, a set of indicators are used to determine the potential effect at regional and industrial levels that a possible regional trade arrangement may yield for the participating countries. It is concluded that there is a geographical bias towards trading among the members. To overcome this there are two possible solutions for the SCO if it attempts a FTA: It should generate inter-industry and intra-industry trades and initiate new members.
Chapter 6 draws a comprehensive frame for Doha development round. More than 11 years have passed out and Doha Development Round (DDR) has been in the doldrums having full uncertainties that may result in closure. Trade negotiations are at a standstill, resulting in revivalism of trade protectionism in the name of “new regionalism” or preferential agreements (India-Japan, India-EU). This would lead to dismantling multilateral trading system for which World Trade Organization was created in January 1995. It is vital to protect and preserve the gains of the WTO in a variety of related areas. Therefore, the success of multilateral trading system is imperative and this could only be possible when DDR is successful, and revivalism must take place at all costs. If impasse is continued, the concept and practices of free trade would be transformed into trade protectionism in the name of new regionalism. If it happens, then the future of global trade is uncertain and there would be enormous loss of potential and opportunities of creation of trade, and no country could afford it. Where do we go from here? The chapter analyses the issues relating to the closure vs. success of the DDR. Every effort must be made out to keep it alive both in the interest of mankind and globe. If in 12th round nothing concrete comes, then the member countries are thinking and planning to replace it by Global Recovery Round (GRR). Hence, this chapter attempts to examine the three options, namely closure, revival, and replace.

Chapter 7 focuses on the state based factors affecting inward FDI employment in the US economy. This empirical research investigates state based factors affecting the inward FDI employment among 50 states of the United States uses annual data for the period of time from 1997 to 2007 and identifies several state-specific determinants of FDI employment. The results indicate that the major factors exerting positive impact on inward US FDI employment are: real wages, infrastructure, unionization level, educational attainment, FDI stock, and manufacturing density. In addition, the results show that the gross state product growth rate, real per capita taxes, and the share of scientists and engineers have negative impact on FDI employment. Our findings indicate the importance of selected variables in evaluating the effects of FDI flow.

Chapter 8 is based on the investigation of the competitiveness of the European Union tourism industry. The competition is increasing in the tourism and hospitality industry worldwide and the market is demanding higher levels of service, productivity, value, staff motivation, training, and improved customer relationships. Europe is without discussion the world’s most important tourism market. In this section, the competitiveness of the tourism industry in the European Union will be examined. Firstly, competitiveness in the tourism industry and factors determining destination competitiveness will be discussed. Secondly, key characteristics and competitiveness of the European Union tourism industry are analyzed. The tourism in Europe has been investigated in eight key areas. Each of these key areas have been examined through Eurostat statistics and reports. SWOT Analysis of the European Union tourism industry has been carried out. Finally, the challenges that the outcomes of the SWOT Analysis bring out for the European Union tourism industry in order to enhance competitiveness have been discussed.

Chapter 9 underlines the importance of public policy for development. Public-Private Partnerships (PPPs) are an absolute necessity in India as all levels of the government in the country (i.e., federal, state, and local) and are facing budgetary deficits. PPPs in various spheres of an economic activity can bridge the gap between the capacity of the state to grow and the factors, which are pulling it behind. In a successful PPP model all the stakeholders (i.e., the government, the people, and the private partners) pose a disciplinary mechanism to each other. The chapter seeks to study the policy for PPPs in Punjab similar to the institutional framework. It also seeks to examine the feasibility of using the PPP model for the much-needed development of an agriculture sector in the state. The fiscal situation of the state and
its indebtedness along with the populist policies of the government do not leave any room for either the maintenance or the creation of any new infrastructure in the state. Both rural and urban infrastructure in Punjab can be strengthened through the PPP route. The chapter focuses on the problems of Punjab economy.

Chapter 10 illustrates the role of international actors in development. Investment and development banks and their strategies in Turkey have been examined. This chapter primarily deals with the objectives of certain investment banks worldwide and their relation with Turkey. In this vein, pre-Bretton Woods international monetary system is explained and monetary movements of the period are analyzed. The World Bank, which opens credits to worldwide investments, is scrutinized. How the World Bank operates and credits (investment, adjustment, hybrid, and common loans it has opened) has been studied. Affiliates of the World Bank are also analyzed.

Chapter 11 focuses on entrepreneurship development for women. Women’s entrepreneurship is important for women’s position in society and for the economic development of a country. Many scholars pointed out that women face with diverse challenges in doing business in a patriarchal society like Bangladesh. Women are now involved in economic activities much more than before, and they constitute around ten percent of the country’s total business entrepreneurs. The present study is an effort to find out the factors, which act as pull and push factors to engage women in entrepreneurship development in Bangladesh. In this study, the mixed method approach has been chosen. To attain the objective of the research, the researchers relied solely on the secondary sources. The study revealed that government agencies provide policy, legal, and financial support with active support from non-state actors. On the contrary, they do not get proper support from all relevant institutions because of corruption and lack of information. It is suggested that combined initiatives of government and non-government institutions will be successful for meeting the needs of business women in Bangladesh.

Chapter 12 is based on the investigation of transition process in Bosnia from security matter to economic recovery. In the Balkans, interethnic peace sustained by international participation has been prone to disappear as security problems were associated with instable economic conditions of the new emerging states. Moreover, the new collective presidency system with unclear boundaries of power sharing system for these countries in transition process also contributes to instable political conditions. The global economic crisis, higher unemployment rates, and budgeting problems are some economic-based issues. In the Balkans, sustaining long-term interethic security is to be traced to a number of complex factors. The last decade reveals the importance of sustaining interethnic security among conflicting parties by maintaining common economic interest rather than solitary military measures. This chapter illustrates the contributory role of economic recovery in sustaining long-term interethic peace. It is also aimed to illustrate the link between economic recovery and interethnic security.

Chapter 13 develops a model for economic drivers of domestic violence among women in Ghana. Violence against women seems to be more of economic than sociological. In Ghana, no study has investigated the economic causes of domestic violence against women. The chapter sought to investigate the economic factors that are likely to drive domestic violence among married couples. The study uses a survey of 260 married women from selected communities around the University of Cape Coast. Due to the nature of the measurement of domestic violence, the study adopts the binary dependent model to estimate the key economic variables that affect the likelihood of being subjected to domestic violence. Average income, property ownership, economic activities, and their interactions seem to drive domestic violence after controlling for some household covariates. It was found that income and a combination of being economically engaged and owning an asset significantly affected domestic violence at their
desired level of significance. Stemming from this, the authors call on the appropriate authorities to make credit facilities available to women to enable them to be economically engaged. Empowering women through the provision of micro-credit facilities has the potency of reducing the economic dimensions of domestic violence.

Chapter 14 draws a comprehensive frame for the future of the European Union in the framework of globalization. The future of the European Union is highly linked to globalization. The European Union is a definitely global actor. It unites half a billion people. It is the world’s largest economic block, with a quarter of global GDP. Managing globalization and strengthening its rules is vital for the European Union. A fifth of Europe’s wealth depends on its openness. In this section, the future of the European Union will be examined in the framework of globalization. There are three key issues for the European Union in managing globalization. Firstly, economic globalization will be discussed. Secondly, its cultural dimension, which means a stronger dialogue of civilizations and nations, will be evaluated. Finally, the need to protect global security in terms of climate change and sustainable sources of energy will be analyzed.

Chapter 15 is based on the claim that there is a strong relationship between globalization and Turkey’s energy policies. In this chapter, the author underlines the importance of globalization process in international relations, and concludes that with the simplest form of the definition of the phenomenon of globalization far from ignored by the distance between the nearest places, countries and their people engaged in economic and social interaction. This study tries to determine when they are followed by great powers of energy policies in international arena with new energy sources and deposits in which they were oriented.

Chapter 16 addresses the effective strategies of long-term peace and stability in Bosnia from an economic perspective. The main focus in this study is attached to the role of International Organizations, NGOs, and other agencies with conceptual, economic, financial and advisory assistance to recovery and development process. The author develops a unique approach to peace and stability attaching with the economic recovery process. In this study, it is aimed to demonstrate the fact that the improvement of the economy was necessary for peace obtained after the Dayton Peace Agreement in Bosnia to be sustainable. In this chapter, three main strategies were adopted: (1) Reconstruction and Improvement of Economic Infrastructure, (2) Procurement of Economic Development, (3) Procurement of Sustainable Economic Growth and Stability.

Chapter 17 builds on the insights of evaluating gains of friendly policy environment in India. The purpose of this chapter is to evaluate the gains of friendly policy environment in the cassava sub-sector among cassava farmers in Nigeria using farm-level data collected from randomly sampled 360 cassava farmers in Benue State. The study showed that the policy intervention, which opened up a lot of marketing opportunities for increased income in the cassava industry, encouraged the cassava farmers to diversify into value addition in their cassava business for increased income generation. It also encouraged increased adoption of improved processing machines/equipment at the farm level and increased accessibility to markets. Policies that would guarantee provision of adequate modern production resources to the cassava farmers are strongly advocated. Policies that would ensure that adequate farm and market information are made available to the rural farmers to make them be abreast of current agricultural innovations and have access to much better market opportunities should be sufficiently reinforced.

Chapter 18 underlines the importance of cultural values and motivation in Nigeria work settings. There has been general upsurge in cultures and management research in the last decades or so. Despite this fact, empirical studies on culture dimensions to management practices in Sub-Saharan Africa have been limited in numbers and scope. In Africa, we have very limited knowledge about its cultural values
and the consequences it poses for employee motivation. A major research question this study tries to address was whether the results could help to explain the disappointing economic development of Nigeria. The findings do confirm profound employee’s motivational values with the family collective interests playing a very important role in Nigeria. The study challenges the validity of the dominant Western universal perspectives in employee’s motivation in traditional African organizations. The study suggests that elements of traditional values pose serious challenges to African managers’ ability to adopt local cultural and traditional values practices that can improve the effectiveness of employee’s motivation in their organizations.

Chapter 19 is based on the concept of leadership and the function of discourse on international political economy. This study focuses on the concept of leadership. It aims to explain the relationship between language and leadership. In this theoretical essay, firstly, the concept of leadership has been discussed, and then the relationship between semiotics, language, and discourse has been described. Taking the obtained theoretical frame as a base, the function of language as a sign of leadership has been studied within the frame of leadership approaches. The relationship stated in the study provides a theoretical route map for the academicians conducting empirical studies in this field and this is the reason why this study is authentic and unique. With the effects of globalization rapidly increasing today, the considerations of leadership have also changed and new leadership typologies have emerged to supply the needs of the information age. Both at home and abroad, language skills and good command of language provide a global and competitive advantage for leaders and this increases the significance of acquiring the skills mentioned.

Chapter 20 develops a model for advertising aestheticization and questions how an ad is aesthetically created and if it has an impact on audience – product, advertising good, and target audience triangle. Owing to aesthetic components that advertisement texts generally have, advertisements are sometimes perceived as a genre of art by some circles. The study is based upon a perspective presented by an interdisciplinary background, and it acknowledges a paradigm that advertising is not a genre of art; it obviously pursues commercial profits and within this context, exploits the created aesthetics in product. The main objective of the study, which focuses advertising aesthetic fundamentally, is to build a scientific model formulating some levels of aestheticisation during its production process. Formulation in question has been reconstructed on theoretical and applied literature.

Chapter 21 builds on the insights of visual discourse of the clove and develops an analysis on the Ottoman tile decoration art. The most common of these, after the tulip pattern, is the naturalist clove pattern. Different meanings were assigned to this pattern within the boundaries of form, color, and design. Identification and perception of these meanings have a special place within the frame of the culture that they relay. In this present study, the fields of meaning of the clove pattern frequently used in tile decoration arts among Turkish handicrafts were determined. By taking Greimas’ Actantial Model as the theoretical model, in the study visual discourse analysis of the clove pattern was made.

Chapter 22 develops a conceptual framework for Halal Cosmetics. The study finds out that deep-seated tenets evolved from Islamic jurisprudence had constructive relationship with preference of Pakistani Muslim consumer’s intention to choose Halal cosmetics as attitude of Muslim consumers is contemplated upon the basic tenets of Islamic religion. However, some Halal cosmetic brands had been introduced in Pakistani market and people are likely to prefer it if provided conveniently. The results of this study had expressed the beguiling demand for Halal cosmetic products that were predominantly influenced by Halal logo. Therefore, the Pakistani government should give attention to devise and implement the Halal logo policy ensuring that the cosmetic industries provide only those cosmetic products that meet Halal requirements.
Chapter 24 draws a comprehensive frame for today’s competition strategies and builds on a model discussing the business world based on Sun Tzu’s principles and competition strategies. The purpose of this study is to associate with the principles of Sun Tzu’s *Art of War* and the basic features of the competitive strategies, and to reveal the similarities between Sun Tzu’s war strategies and competitive strategies, to generate a different point of view for business and literature. The qualitative research method was used. Sun Tzu’s *Art of War* book was examined in terms of competition, and theoretical and practical secondary sources were evaluated. As a result, the Principles of Sun Tzu’s *Art of War* have been adapted to the business competitiveness, related to competitive strategies, and created a conceptual framework.

Chapter 25 is based on the investigation of a production company via the scope of Mintzberg’s adhocratic organization structure. Authors ensure that the importance of innovation for enterprises increases each passing day. As a result of globalization, enterprises are under intense competitive pressure. They have to make innovations in order to increase the market share or to protect them at least. Non-innovative firms lose their customers, and their existence is under threat from other innovative actors in the market. Therefore, firms have to design their organization structure to encourage innovation. Mintzberg’s adhocratic organization structure was investigated in this chapter. Thus, the aim of this study leads to the resemblance and diversity between theory and practice via the theoretical knowledge. As a result of the study, high degree of similarity between the application and Mintzberg’s theory, which is related to adhocratic organization structure, has been identified.

Chapter 26 reflects the necessity of the customer relations management applications in tourism industry. In recent years, all information about customers can be shared with employees by customer relations management in tourism establishments, and accordingly, all customer expectations can be met, making customer loyalty possible. Customer relations management applications in tourism establishments is crucial with regards to compete with other establishments. The most important factor for customers to be pleased with the tourism establishments and prefer the same establishment again for the next time is the qualities of front office employees who are directly in relation with customers because front office is the first department with which customers interact. Information about front office has been provided and application circumstances of the front office have been explained in this research. Population consists of managers of 4-star and 5-star hotels operating in Turkey. In this research, contributions of the front office employees in providing customer loyalty, preventing customer complaints, and customer relations applications of the establishment have been examined.

Chapter 27 develops a model for the determinants of controlling in a non-public higher education institution in Poland. The basis of any business, including non-public Higher Education Institutions (HEIs), is financial security, which is ensured by achieving sufficiently high profits and financial liquidity. Especially in these times, a rapidly changing market, the competition, and the upcoming birth rate forces, HEIs optimize operational and strategic decisions. On one hand, the environment creates new opportunities for non-public HEIs, but on the other hand, it is a source of danger for the future of operations. Therefore, non-public HEIs must not only overcome the difficulties encountered in everyday life but also try to respond to the challenges posed by their environment, demonstrating the special care to ensure the efficiency of their operations. They must not only try to increase the quality of offered services or manage their funds rationally but with equal attention should “invest” in modern management methods and concepts. Through the use of controlling, contemporary non-public HEIs are able to choose an optimum variant of decision facilitating the achievement of their goals. In view of the above, this chapter discusses the special considerations relating to controlling in HEIs from the point of view of increasing their effectiveness.
Chapter 28 illustrates the significant role of religion in influencing consumer behavior. In a constantly changing and increasingly globalized world, religion still plays a significant role in influencing consumer behavior; the intent behind this study is to scrutinize the effect of normative factors on Muslim consumer’s apparels purchase decision. The survey comprised a sample of 500 Muslims consumers from the universities and shopping malls in Faisalabad city of Pakistan. Correlation was used to analyze the sample. The findings indicate that consumers in Faisalabad (Pakistan) area consider Islam as their source of reference, and they prefer to wear clothing as commanded by Islamic Shriah. This study confirms that normative factors had a highly significant relationship with consumer buying behavior. The chapter’s findings serve to remind organizations that they cannot neglect the element of religion in their marketing activities, particularly when operating in the vicinity of Islamic countries.

The impacts of globalization and the 2008-2009 financial crisis on global economic activity have been sufficiently examined in the literature. However, a politic approach to economics has not been sufficiently connected to strategic issues in the literature yet. Therefore, it is important to develop an innovative and strategic approach to issues in the international political economy. In this regard, the globalization and governance issues in the international political economy have been assessed from an interdisciplinary perspective. The authors of these chapters developed models and strategies for innovative solutions to local and global issues in the international political economy by assessing critical case studies and theories. Finally, this book includes colleagues and professionals from multicultural communities across the globe to design and implement innovative practices for the entire global society of banking and finance.

Ümit Hacıoğlu  
Beykent University, Turkey

Hasan Dinçer  
Beykent University, Turkey