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METHOD TIME DRIVEN ACTIVITY BASED COSTING – LITERATURE REVIEW

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Abstract:

This article presents a literature review of the method Time Driven Activity Based Costing, like an instrument to better assignment of costs to activities and their comparison with antecedent method Activity Based Costing. Paper shows the implementation of this method in the condition of manufacturing corporations, distribution centres, agriculture, but also in the field of services, especially in the hospitality. The article is trying to point out the benefits of this method for whole range of companies without difference to branch classification, determine base presumptions for implementation, but also disclose some drawbacks in the application of this new method in the practice with help of case studies, which have been published until this time. The aim of paper is to find out the base principles of method Time Driven Activity Based Costing in its right application.

Keywords: Activity Based Costing, Time Driven Activity Based Costing, time equations, customer profitability analysis, costs of processes

JEL Classification: L60, M10

1. Introduction

In contemporary high global competitive environment the knowledge of company's costs is a major driver of competitive advantage. Emphasis is putting to company's financial performance, quality of process ordering and innovation potential. Without detail understanding of true costs of services, manufacturing, delivery of products, the organizations will hardly survive in this competitive environment. The organizations must trying to grasp, which customers are profitable and which are not and obtained valuable information that will be used to create successful managerial decisions and reach operational improvements. In order, Kaplan and Naraynan (2001) talk about increasing size of firms and organizational complexity, particularly in the area of services, it is necessary to understand customer profitability analysis (CPA). CPA enables to assign costs and obtain revenues to major customers or groups of customers rather than to organizational units, products or other objects. It is an application of segmented reporting in which a customer group is treating like a segment. Moreover, Cotton (2005) affirms that the efficient using of CPA enables firms to increase the customer satisfaction and increase their profitability.

Nevertheless, it is necessary to use proper cost system by using effectible cost techniques when one wants to receive accurate information about its customers and activities. However, the cost system used in many organizations is not assigned to activities. Contemporary calculation methods and formulas lack the ability to determine, how the processes, products and customers segments consume the sources and generating the revenues. As in the literature, Christopher (1998) sees the problems with traditional costs techniques in connection with a lack of understanding of types of customers, in the field of market segment; the costs are recorded in the high level of accumulation, the traditional system is functional in its orientation, but not in the output. This can lead to poor management decision making and misleading information. This weak point could be solved in the form of cost methods Activity Based Costing and their new version Time Driven Activity Based Costing. While Activity Based Costing found an application in practice itself, Time Driven Activity Based Costing has to seek the way to be used as a common method in the business practice. The main goal of article is to present TDABC like the instrument to evaluate costs of company's processes and identify the profitability group of customers.

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A QUALITATIVE ANALYSIS OF GREEK INNOVATION ACTIVITIES

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Abstract

This paper analyses the framework, the obstacles, the determinant factors and furthermore the role of female in the Greek entrepreneurship. Apart of presenting the empirical results relying on the analysis of the data collected by the survey we performed to the Greek enterprises, we use the collected variables in an econometric formulation adopting the logistic regression. So we are extracting the associated probabilities (Relative Risks) for implementing innovations. Specifically we find that the odds of implementing innovations are much higher for firms having an increase of more than 10% of its turnover and for firms having exportations and higher for firms having a higher average life of product as well as a high percentage of female workers.

Keywords: entrepreneurship, competitiveness, product-process innovation, risk

JEL Classification: C10, L26, O31, O32

1. Introduction

Innovation refers to a new or significantly improved product (good or service) introduced to the market. Innovations rely on the results of new technological developments, new combinations of existing technologies and production methods or the utilisation of other knowledge acquired by the firm during its operation. Specifically product innovation may take place with respect to its fundamental characteristics, its technical specifications, potential uses, or user friendliness. Innovation may also refer to the introduction within a firm of a new or significantly improved process. A process innovation includes new and substantially improved production technology, better and easier methods of supplying services and of delivering products.

The target of this paper is to analyse the framework, the obstacles, and the determinant factors and furthermore the role of female entrepreneurship in the Greek firms, under the Generalized Linear Models statistical framework. We rely on the results of a research project on women in innovation, technology and science, based on 372 questionnaires selected in a three years' time period 2004-2006. Concerning female participation in innovations a number of variables are used. Specifically, the total number of women employees by age, by education level, by firm size and by sector, as well as women in product and in process innovations, their position in the firm (owner, manager) and finally equality in job enrichment, in salary, in education–training and in promotion.

The structure of the paper is the following. Section 2 reviews the existing literature and Section 3 provides the theoretical background of the logit model, while Section 4 presents an empirical application in the case of innovation activities in Greece. In particular this section discusses the data used, the basic descriptive empirical findings and the results derived using a logistic regression formulation. Finally, Section 5 concludes the paper.

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NEW FRONTIERS IN CREDIT RISK ANALYSIS

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Abstract:
The emergence of credit risks in recent years has burned the world economy leading to the onset of one of the toughest global economic crisis. Superficiality and incompetence demonstrated by the banking system in credit risk analysis has seen the highest peaks. Banks had as main objective winning new markets at any cost and risk management and banking marketing have known the most serious contradiction. On the one hand, sales of banking products at any price, on the other hand mitigation of banking risks. The paper aims to demonstrate that a new approach is needed in credit risk analysis.

Key words: credit risk, risk management, banking marketing, financial risk, performance indicators

JEL Classification: G32

1. Introduction

In recent years all banking was conducted under the separation of banking into two distinct sections: front-office and back-office (Mihai 2009). Risk management faced increasingly larger and more diversified risks, banking marketing as their main supplier (Mehta and Fung 2008). Contradictions between risk management and banking marketing have visibly affected traditional banks in their attempt of universalization of banking (Geyfman, and Yeager 2009). Under these conditions only a miracle could prevent the crisis on emerging markets (Boz 2009).

Contradictions between risk management and banking marketing were firstly generated by the different objectives they pursue and secondly by the quality of the human factor. Both cases ultimately lead to the degradation of quality in employee-customer relations (Bowen 2006). In connection with the human factor, some authors have extended the analysis on the differences in age (older performers - younger officers) and concluded that they contribute to the degradation of human relationships in an organization (Collins *et al.* 2009).

Much of the problems of 'enforceability' between risk management and bank marketing can be overcome by promoting a clever marketing (Ahnonen *et al.* 2005), making training to improve the quality of sales personnel (Gan *et al.* 2009) and by the application of an appropriate system of indicators with which to operate the internal quality audit.

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FINANCIAL AND CURRENT ACCOUNT INTERRELATIONSHIP: AN EMPIRICAL TEST

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Abstract

Theoretically, financial account (FA) serves as a means of financing deficit in a country's current account (CA). With the outburst of the rapid globalization and the liberalization of the capital markets, the function of FA could be a major cause of CA instability. This study empirically investigates the interrelationship between CA and the components of FA for the four crisis-affected Asian countries of Indonesia, Korea, the Philippines and Thailand. Empirical results show that deficit in CA mirror the surplus in FA supporting the theoretical foundation of balance of payment (BOP). We observed CA Granger causes FA suggesting that CA can be used as the control policy variable for the flows of capital in these countries. Therefore, the innovation of CA (whether deficit or surplus) would be important information for the liberalization and globalization of FA.

Keywords: current account, financial account, Asian, causality

JEL Classification: F21, F32, F41, C32

1. Introduction

Imbalances of current account in both developed and developing countries are of great analytical and empirical interest to the policy front. According to Eichengreen (2006), large and persistent US current account deficit (CAD) would distort the capital inflows, sharp compression of the US current account and eventually the global imbalances. Makin and Narayan (2008) on the other hand, provoked that the rise of the CAD in the US are strongly coincided with the saving rates in East Asian, especially in the post 1997 era. Further, concern raise up by Obstefeld and Rogoff (2004) and Blanchard, Giavazzi, and Sa, (2005) that unless major policy actions are taken, these imbalances would generate global financial turbulence and possibly, a world economic crisis as the world experiences now.

When this scenario persists, the probing question to the policy forefront is what are the sources of the current account imbalances? Literature addresses several sources such as twin deficit theory (*see* for example, Rosensweig, and Tallman 1993, Vamvoukas 1999, Piersanti 2000, Leachman, and Francis 2002, Baharumshah, and Lau 2007, Acaravci, and Ozturk 2008, Hakro 2009) which supports that a worsening budget deficit stimulates an increase in current account deficit. Some resort to the 'savings glut' phenomenon as source of this imbalance (Bernanke 2005, Dooley Folkerts-Landau, and Garber 2005) while others examined the sustainability of the CAD (Cashin and McDermott 1998; Fountas, and Wu 1999, Irandoust, and Boo Sjoo 2000, Lau, and Baharumshah 2005, Lau, Baharumshah, and Chan 2006, Kim *et al.* 2009, Christopoulos, and Leon-Ledesma 2010).

Rather than relied on these sources, this paper venture from the perspectives of the balance of payment (BOP), a fundamental relation in open economy macroeconomics[1]. At the theoretical level, the interaction between the current account (CA) and financial account (FA) justified that capital flowing either in or out serves financially to fill the gap between domestic investments and savings or the CA. Experience from the developing countries especially the Latin America and Asian were at the receiving end of inflow of capital in the 1990s; however were allegedly not always used productively (Lahiri, and Mahbub-Morshed 2006)[2].

[1] The interrelationship between the component accounts in BOP would capture the reactions of the financial and real sectors to systemic disturbances and their interaction during the adjustment process (Fausten 1990).

[2] Since the late 1980s, the East Asian countries have been the largest recipients of capital inflows in the world (Grenville 2000). The investment boom during 1987–1997 was primarily led by foreign capital.

Although the interrelationship of CA and FA is dubbed as an identity in the BOP accounting, policy response adopted by the government toward capital inflows or outflows would transform the identity into causal relationship. Research attempt to tackle such issue were available in the literature although the insight is still pending and by no means inconclusive. Fry, *et al.* (1995) found that 17 countries with FA Granger-cause CA, 12 countries with CA Granger cause FA while 21 countries have no causal relationship while Wong and Carranza (1999) showed that, prior to 1989 when capital mobility was restricted, there is evidence that CA Granger-causes FA, while the direction of causality reversed when capital mobility was liberalized. Sarisoy-Guerin (2005) found that causality running from CA to FA in developed countries, while in developing countries causality going the other way around. Yan (2005) support this evidence using a collection of developed and developing countries but mixture of evidence was found in Yan (2007) and Yan and Yang (2008). In short, the direction of causality can go both ways.

Simply to attempt the question, the present paper empirically examines and draws some policy lessons on the relationship between FA and CA of the four crisis-affected countries (Indonesia, Korea, the Philippines and Thailand). This article differs from existing literature in the following ways. First, we observed that these countries recorded large CAD in the late 1980s and first half of the 1990s while sudden reversal into surpluses during the post 1997 crisis period[3]. In an advancement of previous work, we based our empirical analysis on recent developments in time-series econometrics methods and our sample period was extended to include the post 1997 crisis period that ended in 2006:Q4 Second, we disaggregate the FA into three sub-components of foreign direct investment (FDI), portfolio investment (PI) and other investment (OI). The causal direction between these variables may provide constructive information and policymaking guide as to which of the composition of capital flows may be able to offset the deficit in current account. Third, based on the experimental revelation, it would contribute to the financial account-current account literature, particularly for developing economies.

As such, the structure of this paper follows. Section 2 describes the current account and financial account intensities in the last two decades. Section 3 highlight the econometric strategy and data description adopted in the paper. Section 4 reports the empirical findings, while concluding remarks is presented in Section 5.

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MODELING & FORECASTING OF MACRO-ECONOMIC VARIABLES OF INDIA: BEFORE, DURING & AFTER RECESSION

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Abstract

This paper examines the state of the Indian economy pre, during and post-recession by analysing various macro-economic factors such as GDP, exchange rate, inflation, capital markets and fiscal deficit. We forecast some of the major economic variables using ARIMA modelling and present a picture of the Indian economy in the coming years. The findings indicate that Indian economy is reviving after a slowdown during the period of global recession. It is forecasted that GDP, foreign investments, fiscal deficit and capital markets will rise in 2010-11. Furthermore, the rupee-dollar exchange rates will not change much during the same period.

Keywords: ARIMA, Box-Jenkins, Indian economy, forecasting

JEL Classification: B22 E00 C22 E37 C01

1. Introduction

The beginning of the new financial year is always a good time to take stock- to look back and see where we have been, to look forward and prognosticate about future. The fiscal year 2009-10 closed on a relatively good note, amidst the pressures that emanated from the global economic crisis. Supported by simulative monetary and fiscal policies, a recovery in economic activity was visible from the second quarter of FY10. Industrial production has started rebounding; consumers who had held back on spending out of fear of job loss have begun to spend more freely as they see jobs begin to take hold. Improvement in global demand is generating a robust demand for exports while the financial markets are in better shape as evidenced by continued rally in equities. A number of forward-looking indicators are also showing a marked improvement.

But how has this picture transformed over the past 6 years, is what we try and focus on in this paper. The recession caused by the sub-prime crisis originating in the US hit many developing economies in a hard way. After having near zero interest rates and relatively high levels of unemployment, the US has started showing signs of recovery in the past 3 quarters (FY 2010-11). India has also sprung back on to the road of recovery and is trying hard to reach it is pre-recessionary levels of growth in the quickest time frame. But with the government deciding to slowly rollback the stimulus package and sops, will find it difficult to plough back soon. Faced by the horror of two digit inflation rates, the government is faced with the dilemma of continuing it spending extravaganza or practicing restraint. With this back drop we try and see how the economy has shaped from the period before recession till now and what can we look at in the next couple of years.

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THE IMPACT OF OVERCONFIDENCE BIAS AND DISPOSITION EFFECT ON THE VOLUME OF TRANSACTION AND THE VOLATILITY OF THE FRENCH STOCK MARKET[1]

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Abstract:
The volume of transaction varies according to several factors. Of a point of view of the behavioural finance, a high level of this last can be assigned to a phenomenon of overconfidence or a disposition effect. This paper studies these two phenomena as well as the one of the asymmetry of the volatility on the French stock market. The objective of this paper is to introduce explanations of the behavioural finance in the sources of variation of the transaction volumes. The adopted methodology is based on VAR analyses, T-GARCH regressions and time series regressions.

Keywords: Trading volume, return, overconfidence, disposition effect, volatility, French stock market.

JEL Classification: E44, G1

1. Introduction

The volume of transaction is a variable whose movement depends on many factors. Several researchers tried to determine the reasons of its variation in the time. Smidt (1990) assigns the increase of the transaction volume to the reduction of the transaction costs and to the big institutional investor influence on the operations of purchase and sale of the stocks. Glaser and Weber (2006) show that the transactions for motives of liquidity are not necessarily irrational and are not satisfactory to explain the volumes of exchange raised. They also invite to include the human psychology in the determination of the variation of the transaction volume.

Other researchers studied the effect of the seasonality on the movement of the exchange volume. In this sense, Jain and Joh (1988) show that the day of Monday records the less the volumes of transaction and that Thursday and Friday also present weak transaction. Mai and Tchemeni (1996) find the same results for Monday but they note that Friday marks strong transactions. They also notice that an effect of January exists on the volumes of transaction. Indeed, the transactions of the month of January and February are meaningfully superior to those in the middle of the year (March - October)[3].

Some studies, leaning on the human behaviour, find that the growth of the transaction volume is bound to a behavioural bias, to know the overconfidence of the individuals. Indeed, Kyle and Wang (1997) and Odean (1998a) defined the overconfidence as being an overestimate of the degree of precision of the signals of information that the investors possess and foresee that the volumes of transaction increase according to the overconfidence. Daniel, Hirshleifer and Subrahmanyam (1998) specify that the raised returns of the market entail a high volume of transaction because of the overconfidence of the individuals. However, they don't indicate the degree of delay in the relation between the returns of stock and the volume of transaction.

Glaser and Weber (2006) determine that the overconfidence can appear through four tablets: the bad calibration, the effect of better than the average[4], the illusion of control and the unrealistic optimism. However, most researchers define the overconfidence by the tendency of the individuals to overestimate the degree of precision of their private information. Statman, Thorley and Vorkink (2004) find a small difference, in the implications of the models of the transaction volume, between

[1] I thank professors Mondher Bellalah, Fathi Abid, Mohamed Triki, Pascal Grandin and Jacques Hamon for their commentaries and discriminating advices about this theme.

[3] In the appendix, we test the existence of a January effect on the volumes of transaction of the French market and we find that the volumes of exchange don't change the month of January meaningfully in relation to the other months of the year.

[4] The individuals think that they achieve some performances the average above.

the bad calibration and the effect of best that the average. They drive the tests that don't distinguish between these two versions.

The literature on the overconfidence of the individuals is essentially based on two hypotheses. The first consists to an overestimate of overconfident investors of the degree of precision of their private information and the second stipulates that the bias of auto-attribution makes vary the degree of overconfidence according to the achieved returns. Therefore, overconfident individual is less averse to the risk and makes more aggressively of the transactions what brings to increase the volume of transaction.

Statman and Thorley (1999) stipulate that the bullish markets entail an increase in the volumes of transaction. Gervais and Odean (2001) develop a model at several periods, and consider that overconfident individual assigns the past and elevated returns of the markets to their expertise in the selection of the stocks. Therefore, the excess of confidence returns the investors less averse to the risk and more aggressive in their negotiations insofar as they make more frequent transactions in subsequent periods. It can generate an excess of transaction volume. Gervais and Odean foresee, otherwise, that the losses of the market reduce the overconfidence of the investors and thereafter the volume of transaction decreases subsequently. They assign consequently a positive relation between the volume of transaction and the delayed returns of the market. However, this positive relation is asymmetric.

In this sense, Black (1976) watch that the returns of the stocks are joined negatively to the changes in the volatility (effect of lever). Indeed, the bad news have more important effects on the volatility that those of the good news. The impact of news is then asymmetric. The reduction in volume of transaction following losses is superior in absolute value to the increase in volume following gains. Of this fact, the relation between the current transaction volume and the delayed volatilities of the returns is negative.

Black (1986) specifies that the cognitive mistakes and the emotions are motives of transactions. Shefrin and Statman (1985) model the impact of the emotions of pride and regret on the transactions. They stipulate that if the investors achieve some gains on individual stocks, they are proud of their realizations and offer to sell their stocks. The volume of transaction increases consequently. On the other hand, if these last achieve some losses, they regret their executions and delay the losing stock sale. Of where, the volume of transaction decreases. These emotions of pride and regret are called *disposition effect*. An empiric evidence of this effect is confirmed by Lakonishok and Smidt (1986), Ferris, Haugen and Makhija (1988), Odean (1998b), Heath, Huddart and Lang (1999).

Statman, Thorley and Vorkink (2004) notes that the hypothesis of overconfidence must be studied on the global level of the market, while the hypothesis of the disposition effect must refers to the individual stocks of the portfolio. Of where, there is a necessity to differentiate between the two hypotheses. Indeed, the empirical implications of the bias of overconfidence and the disposition effect defer the some of the other.

First, the disposition effect explains the incentive to make transactions of only one side. Indeed, the desire to sell some stocks after an achieved gain is expressed by the negotiation with other investors who don't have this bias. Therefore, this fact can affect the equilibrium prices of the stocks. The disposition effect can slow down the speed of reaction of the prices to the new information. Grinblatt and Han (2002) find that this effect is the main reason of the anomaly of momentum, developed by Jegadeesh and Titman (1993). However, the overconfidence can explain the two sides of a transaction. Indeed, the common difference in the opinions of two investors, drag a transaction that doesn't include other traders of liquidity or the rational investors. It being noted, that it cannot affect the equilibrium prices.

Then, the disposition effect is generally admitted like a reference to the investor's attitude opposite a specific stock in his portfolio. Of this fact, recent studies on the disposition effect used some databases on the individual investor transactions instead of aggregating the volume of transaction (Odean 1998b, Ranguelova 2001, Dhar and Zhou 2002). However, the overconfidence affects the market in general. Indeed, if the investors are overconfident, then they are going to treat the same way all stocks in their portfolios without distinguishing between the winners and the losers. Therefore, the test of the hypothesis of overconfidence can be on the aggregated level of the transaction volume.

Several studies on the volume of transaction show that this last is joined to the current returns of the stocks and those retarded (Karpoff 1987, Stoll and Whaley 1987, Gallant, Rossi and Tauchen (1992), Bessembinder and Seguin 1993, Bessembinder, Chan and Seguin 1996, Chordia, Roll and Subrahmanyam 2000, Lo and Wang 2000). Ying (1966) argues that a weak transaction volume (vs. important) is accompanied often of a decrease (vs. growth) of price. He finds that the volume and the variation of price are positively correlated.

Of other recent research as those of Llorent, Michaely, Saar and Wang (2002), and Gervais, Kaniel and Mingelgrin (2001) examine the capacity of the volumes to foresee the returns. Besides, another shutter of research is interested in the relation between the volume of transaction and the current and retarded volatility of the returns (Harris and Raviv 1993 and Shalen 1993). In our survey, we try to study the relation in general between the returns, the volume of transaction and the volatility of the stocks and the market.

This paper is organized like follows: the section 2 consists in a description of the data. The section 3 is dedicated to the development of the research hypotheses. The section 4 proposes a presentation of the research methodology. The section 5 presents the results of research as well as their interpretation and the section 6 conclude the paper.

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THE MANAGEMENT OF SCIENTIFIC RESEARCH AND ITS PLACE IN THE UNIVERSITY ACTIVITY

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Abstract

In the last two decades, the research in general and in particular the universities research has gained a special importance. The competition for the resources and in particular for the human resources, the higher education transformations in recent years which have adapted to the globalization have increased the importance of the research from the universities

The view that a university of a global relevance is one that makes the intense research representing the traction force of the economy and society is more fully supported. For this reason a policy of any state to encourage and support the development of research in the universities is a prerequisite for the development of any nation.

If the research has its well defined role and place in the economic and social plan, the research of excellence is for many institutions a desirable goal, a goal for which there are required the mobilized significant financial resources and especially the highly qualified human resources, well organized and complete directed.

Keywords: research, excellence, university, human resources, higher education, Lisbon Strategy

JEL Classification: I2, I21, I28

1. Introduction

We go through a period in which the European higher education is engaged in the most comprehensive and significant reform process which is started by the 'Bologna Declaration' of the education ministers of the European countries. The primary objective of this process without precedent in history is the improvement of graduate education, of excellence in the scientific research, in the spirit of performance and global competitiveness. The New Europe is committed to building a knowledge-based society and economy, where the education and the scientific research have a primordial role, and the universities have an active contribution. A strong company needs the strong universities. To achieve this goal, the education ministers from the countries participating in the 'Bologna Process', effectively and continuously supported by the European Commission, the European University Association (EUA) and the governments of these countries were firmly committed to creating a European Higher Education Area (EHEA), based on university autonomy, academic freedom, the equal opportunities and democratic principles, to facilitate mobility, increasing employment, to enhance competitiveness, to foster creativity and innovation, to develop consistency and comparability of educational systems to promote student-cantered learning, to create learning culture (Monacciani 2010).

As a natural extension, in April 2007, the European Commission presented its ideas on creating a European Research Area (ERA), a concept launched in Lisbon since 2000, a space that is estimated to hold the greatest potential of knowledge of Europe.

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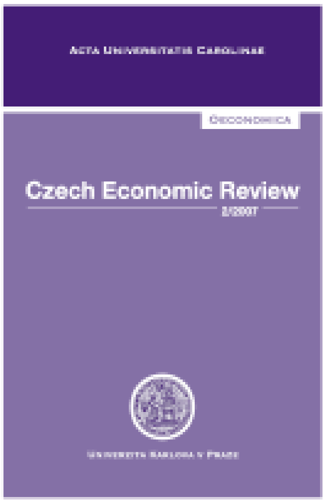

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AUCO Czech Economic Review is published by Charles University in Prague. The journal has been established in year 2007 as a descendant to a traditional Czech-written outlet, *Acta Universitatis Carolinae Oeconomica*. Three issues are published per volume. All articles and communications are available online for free. Printed issues can be ordered at a cost. The editors maintain classic **double blind peer review** procedure at high academic standards but at the same time emphasize **dynamic referee process** so that the journal tracks scientific progress in real time. The journal is indexed in EconLit, EBSCO, RePEc, in Czech Government list of reviewed journals, and recently is considered for indexing in Scopus.

Submissions

Submissions to AUCO Czech Economic Review are welcome. The paper must be an original unpublished work written in English (consistent British or American), not under consideration by other journals. Instruction for authors is available on journal web-site.

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