# EDITORIAL

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With this, our first issue of our ninth volume, I wanted to share some descriptive statistics (as at December 2015) with the readers of the journal.

- Since its inception in 2007, JEF has published 210 articles in 21 issues. In those early years we would typically only publish 5 articles per issue – at present we publish between 14 and 19 articles per issue.
- Since its inception only 8.10% of the articles published have come from international (non-South African) authors.
- The journal currently has 128 different reviewers and an Editorial Board consisting of 12 people. Of these 3 are international scholars, 3 come from the private sector and the other 6 from national (South African) universities.
- Since 2007, UJ researchers have contributed to only 25.87% of all articles published in JEF. Both the North-West University (NWU) as well as Stellenbosch University (SU) have also published a relatively large number of articles in the journal – for SU it is 18.10% and NWU it is 14.60%.
- In 2015 the journal received 89 manuscripts for possible publication.
- At present the journal has an acceptance rate of about 42%.

Based on data collected by SABINET, the electronic version of the journal (available on the SABINET website) also seems to generate a lot of internet traffic with views and downloads. Based on the most recent data from SABINET, articles from the JEF were either viewed and/or downloaded 23 489 times in 2014 and 22 901 times in 2015.

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In this issue an article, co-authored by **Prof JMP (Jan) Venter** from Unisa, is published. We were however shaken to learn of his sudden death. It is with great sadness but fond memories that we reflect on his life and contributions. Prof Venter will be sorely missed as a beloved friend and colleague. The taxation fraternity has lost a giant in his unselfish contribution to the discipline through his tuition and research endeavours. His lasting legacy will be the foundation for many future students and research outputs.

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This issue of the journal focusses very much on environmental and financial planning issues. There are also articles covering the fields of Accounting, Economics and Taxation.

Trade, climate change, and the green economy are aspects that converge on the carbon footprint of organisations, products and countries. The carbon footprint is in turn linked directly to the grid emission factors (GEFs) of a country or sub-regions within that country. Through an examination and analysis of publicly available and accessible data and documents, **Chipo Mukonza** and **Godwell Nhamo** compared the 'green' trade competitiveness of Asian and African economies as measured through carbon footprints. Their results showed that Africa is relatively cleaner than Asia. Therefore, ceteris paribus, if GEFs are used to determine trading partners, Africa stands a better chance.

In their paper **Deborah Lee**, **Stephen Hosking** and **Mario du Preez** valued an improvement in the level of public access in the form of an additional nature trail along the banks of the Sundays River Estuary in the Eastern Cape, but does not compare this value with the costs. Many valuations have been made of changes to in-estuary attributes, but few have been made of out-of-estuary attributes. By means of choice experiment modelling analyses it was estimated that in 2010 the marginal willingness to pay for an investment in a nature trail was R34 per user per annum.

The threats of climate change have compelled humans to consider the environmental impact of their decisions, including those relating to agricultural practices. Organic agriculture is believed to be a mitigating factor when it comes to climate change. **Joset Jordaan-Marais** and **Riëtte Eiselen** explored the perceptions of organic farmers regarding the benefits of organic agriculture, from a financial and non-financial perspective. Their research also highlighted the trade-off between the perceived non-financial and financial benefits of organic agriculture. Results indicated that the perceived non-financial benefits of organic agriculture were considered to be the most important factor in consideration for the decision to farm organically and also confirmed the environmental benefits of organic agriculture.

Effective from 1 June 2014, all foreign businesses supplying digital products such as mobile applications to be used in South Africa are required to register as vendors. This amendment was made to align South Africa with an international trend of bringing cross-border supplies of electronic services into the Value-Added Tax regime. It effectively shifts the Value-Added Tax liability from the importer to the foreign supplier. **Liza Coetzee** and **Marisca Meiring** critically evaluated the amendment to the Value-Added Tax Act using a literature review. The aim was to determine to what extent the amendments address the shortcomings of the reverse-charge mechanism, are aligned with practices in the European Union and New Zealand and whether they comply with the principles of an effective tax system.

One of the most successful E-Government initiatives, the electronic filing system (eFiling), allows tax returns to be filed electronically. Despite many taxpayers adopting this method, a large number are still using the traditional manual method of filing tax returns. In their study, **Raphael Jankeeparsad**, **Thanesha Jankeeparsad** and **Gerhard Nienaber** utilised the decomposed theory of planned behaviour with factors adjusted specifically for South Africa as a developing country to identify the possible determinants of user acceptance of the eFiling system among taxpayers by way of a survey. For taxpayers using the manual method, lack of facilitating conditions such as access to computer and internet resources was the most significant barrier to eFiling usage, while taxpayers using the electronic method reported perceived usefulness as the primary determinant in their decision to use eFiling.

Section 24C of the Income Tax Act No. 58 of 1962 provides for a deduction of future expenditure that will be incurred by taxpayers in the performance of their obligations under a contract from which they derived income. **Lizelle Calitz** and **Linda van Zyl** wanted to compile a list of indicators demonstrating when there will be certainty that future expenditure will be incurred. The conclusion reached is that a definite connection must exist between the incurral of the future expenditure and the obligation to perform under the contract.

The classification of income from cloud computing activities, according to the substance-over-form doctrine, is fundamental to the application of the correct taxation source test. The three main cloud computing service models, clearly denotes the form of cloud computing activities as that of a service. However, the nature of cloud computing inherently raises the question of whether or not cloud computing income should not rather be classified as income from leasing activities or the imparting of know-how. **Shené Steenkamp** and **Rudie Nel** however found that the classification would not necessarily always be that of a service.

**Wessel Badenhorst** investigated the impact of long-run accounting conservatism on subsequent equity returns. The accounting conservatism proxy used was based on prior research and considered for different possible specifications. In contrast to prior research, his study compensates for the impact of momentum and the accrual anomaly by using five-year subsequent buy and hold total returns. A three-factor Fama and French model found that accounting conservatism did not have a significant impact on subsequent equity returns for a sample of US firms. Stratifying the sample into pre-crisis and crisis periods also did not affect results.

Some individuals do not see the value of consulting financial planners and show little intention of using them. There is furthermore a lack of research explaining why these individuals do not make use of financial planners. **Bomikazi Zeka**, **Jasmine Goliath**, **Xolile Antoni** and **Riyaadh Lillah** investigated the factors that could possibly influence individuals' intentions to make use of a financial planner. They developed a hypothesised model and empirically tested it.

The high level of over-indebtedness in Gauteng is cause for concern. The number of consumers applying for debt counselling as well as the registered debt counsellors is increasing. **Kgomotso Masilo** and **Johan Marx** explored and described the role of debt counselling in terms of personal financial well-being of consumers in Gauteng. Data sourced from 15 debt counsellors and 300 consumers were analysed indicating that there was no evidence that consumers who received debt counselling improved in their financial standing. It was also observed that both debt counsellors and consumers lacked financial management skills.

South African households don't save enough to ensure financial freedom after retirement. **Cinzia Stedall** and **Jan Venter** found that life stages have a significant impact on South African households' selection of financial products. The use of financial products for each of the levels of the financial product usage hierarchy increases as the age of the household head increases and when the size of the family increases, the only exception being single-parent families. The study indicated that financial literacy programmes should focus on young couples and young families, as there is a notable increase in their financial product usage.

**Hardus van Zyl** wanted to determine the impact that different participation platforms might have on employee productivity levels of the lower-skilled non-unionised employee segment of the South African workplace. A firm-based dynamic log-linear Cobb-Douglas production function model was used as it allows for the incorporation of the dynamic characteristics of the non-unionised employee segment of the South African workplace. An important conclusion of the study was that the positive productivity spill-over effects of a formal committee participation platform in the lower-skilled non-unionised employee segment of the South African workplace were superior to non-committee participation platforms.

**Christie Schoeman** and **Derick Blaauw** investigated the rationale behind the thriving nature of labour brokerage in specific labour market environments in general and, in particular, the flourishing nature thereof in South Africa. As the factors and structures underlying labour brokerage are more complex than are generally assumed and propagated, their paper proposed an argument and explanation as to how non-price factors contribute to reasons behind employment uncertainty and the existing underemployment. The uncertainty of employment enables labour brokers to appropriate rent and to profit from worker effort in the long run. Labour brokers create jobs by profiting from uncertainty without impacting on the premium wage of insiders and the dynamics in a more secure formal labour market.

At the heart of policies aimed at eliminating informal street trading seems to be a 'marginalist' perspective of the sector which does not see it as contributing to socio-economic development. What is not clear, however, is what underlies the financial dysfunctionality associated with the sector. Using a sample of 303 inner city street traders drawn from a large South African city, tests of regression and mediated regression were used by **Chris Callaghan** to test theory that predicts the existence of certain human capital relationships that may contribute to increased earnings for these traders. Findings from the study suggested that certain human capital relationships in this sector may differ from those normally found in formal working contexts.

Despite Africa's strong foreign direct investment (FDI) performance since 2000, the majority of FDI inflows have been directed to a few selected countries. As investors face many risks when investing in developing countries, it is argued that risk perception plays a vital role in the FDI inflows into Africa. **Zahné Coetzee**, **Henri Bezuidenhout**, **Carike Claassen** and **Ewert Kleynhans** focused on the relationship between risk and FDI. A structural equation model was used to analyse this relationship with a dataset of ten risk categories and FDI data from 42 African countries. The study focused on four sectors with overall results indicating that government effectiveness and legal and regulatory risks produce the biggest concern for investors. The conclusion is that each sector's risk pattern regarding FDI differs.

The partial adjustment model is key to a number of corporate finance research areas. The model is by its nature an autoregressive-distributed lag model that is characterised by heterogeneity among individuals and autocorrelation due to the presence of the lagged dependent variable. Finding a suitable estimator to fit the model can be challenging, as the existing estimators differ significantly in their consistency and bias. **Vusani Moyo** used data drawn from 143 non-financial firms listed on the Johannesburg Stock Exchange (JSE) to test for the consistency and efficiency of the leading partial adjustment model estimators. Amongst others, results from the study confirmed the bias-corrected least squares dummy variable (LSDVC) initialised by the system generalised method of moments (GMM) estimator.

The direction and intensity of volatility transmission between the money and stock markets are important for portfolio selection and diversification, optimal hedging strategy, financial market regulation, and risk management. **Kalu Emenike** examined the nature of volatility transmission between money and stock markets in a developing economy using Nigerian data. The results showed strong evidence of ARCH and GARCH effects for both the money and stock markets returns.

Using data on 239 listed South African firms and covering the period 1996-2010, **Tendai Gwatidzo**, **Miracle Ntuli** and **Mthokozisi Mlilo** applied a quantile regression approach to investigate the effect of capital structure determinants on leverage. Their results suggested that the importance of leverage determinants does not vary with leverage. This is important as it suggests that for the case of South Africa, studies that estimate the correlates of leverage at the mean are still valid and appropriate.

The consumerisation of mobile technology is driving the large-scale adoption of mobile solutions in business models. Each component of mobile technology, however, introduces specific risks into the enterprise. In her research **Lize-Marie Sahd** addressed this problem by using the processes of Control Objectives for Information and Related Technology (COBIT) to identify the significant risks introduced by mobile technology and linking these risks to the components of the technology. The resulting risk matrix determined an enterprise's risk exposure given its mobile technology component landscape and identified the most effective technology to deploy given the enterprise risk tolerance levels.