EDITORIAL

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In our last issue for this year, we are proud to include nine articles that emanated from academic papers presented at the **** Biennial International Value Conference that was held on 23 & 24 May 2016 at the Zebula Golf Estate and Game Lodge in the Limpopo Province, South Africa.

This is indeed a great milestone for the journal as it is the first time we have been fortunate to include academic research also presented at an international academic conference following the normal double blind peer review process that the journal subscribes to.

Upon South Africa's transition to democracy in 1994, there were great hopes for an economic revival in the country, underpinned by supportive economic policies that prioritised job creation and the elimination of longstanding poverty and inequality. Until now, the efficacy of economic policy in bringing about these much-coveted outcomes particularly improvements on the employment front has received little attention. **Lorainne Ferreira** and **Riaan Rossouw** ventured into relatively uncharted territory by analysing how political dynamics and accompanying economic policy frameworks have impacted the structure and momentum of employment growth in South Africa over the past two decades. This was achieved by examining the changes in employment and, more specifically, the changes in the cost-neutral change in the capital-to-labour (K/L) ratio from 1995 and 2013. For the purpose of the analysis, a dynamic CGE model of the South African economy was used, with the focus being primarily on changes in the capital and labour markets during the period in question across a range of sectors. The study offered new insights into what is hampering employment in South Africa, which has been eroding the economy's productive base and prompting serious questions about the country's growth prospects.

Many South Africans are faced with the reality of poverty. Studies have shown that one of the best ways to alleviate poverty is through employment. Considering South Africa's high unemployment rate, it is clear that unemployment contributes to poverty and low household net wealth. Using data obtained from a representative omnibus sample, **Hermanus Combrink** and **Jan Venter** analysed the effect of employment status on a household's net equity (assets minus liabilities). Whilst being employed did statistically significantly influence the household's net equity, there was an almost equal distribution of households over the net equity quintiles, indicating that employment status alone is not a guarantee of economic emancipation. In order to determine the cause of the equal distribution, the paper investigated whether the occupation in which a person is employed might assist in explaining the differences in the net equity values. It was found that being employed in certain occupations did to a statistically significant degree explain the differences in the net equity of households, with the households of persons employed in scarce skills occupations, on average, having a significantly higher net equity than the households of persons employed in a non-scarce skills occupation.

Ingrid Baigrie and **Danie Coetsee** assessed the extent to which South African public companies, engaged in agricultural activities, are complying with the compulsory recognition and measurement and compulsory and voluntary disclosure requirements of IAS 41 Agriculture. Sixteen large South African public companies with material holdings of biological assets in their statements of financial position were selected for analysis. The results of the analysis showed that the majority of South African agricultural companies are using fair value to measure their biological assets at initial recognition as well as at the end of each reporting period. Most of these companies were complying with the compulsory disclosure requirements of IAS 41, and were also providing certain of the recommended voluntary disclosures listed in IAS 41. The study concluded that the measurement methods used by companies to value their biological assets and the nature and extent of both compulsory and voluntary disclosures of these assets were sector-specific which was consistent with previous research findings.

The South African government is dedicated to improving the country's economy. The establishment of economic zones is used throughout the world as a method to improve a country's economic growth. The main purpose of the study by **Nadea le Roux** and **Anculien Schoeman** was to compare key aspects of the new Special Economic Zones (SEZ) Programme in South Africa to those of Malaysia and Indonesia, since both these countries have successfully established SEZs which have contributed to the development of these countries. It was found that South Africa's programme design was on par with that of these two countries.

Vanessa Gregory and **Mihalis Chasomeris** wanted to determine the primary purpose of JSE listed companies in the food and drug retail sector by analysing these companies' financial statements. Firstly they examined literature using three models, namely: neoclassical, conscious capitalism and entity maximisation and sustainability in order to identify themes or major identifiers of each model. Secondly, they analysed the financial statements of JSE listed companies in the food and drug retail sector over five year period paying particular attention to non-financial information. Annual integrated reports and sustainability reports (where separately published) were analysed using content analyses. Keywords and themes were used to link the attributes of the company to the attributes identified in the literature to determine the model the company used. The content analyses showed that the dominant model was the entity maximisation and sustainability model. However, each company appears to have chosen to focus on a different stakeholder.

Higher education institutions in South Africa are experiencing the effects of massification and diversification of the student body, necessitating students to take more responsibility for the management of their own learning. The education of chartered accountants in South Africa reflects this reality. Feedback on assignments and formative assessments is regarded as a key mechanism to facilitate students' development as independent learners. The practical logistics of providing one-on-one feedback to an ever-increasing number of students necessitate a concerted change in feedback practice. **Nerine Stegmann** and **Marelize Malan** reported on the experience of undergraduate accounting students regarding the revised and more detailed system of feedback on assignments and formative assessments that were introduced by them with their research underpinned by the theoretical framework of self-directed learning. The study found that students were of the opinion that the new form of feedback on assessment enabled them to identify typical mistakes, recognise their individual strengths and weaknesses, gain from constructive criticism and conducted regular self-assessment. The quantitative inquiry clearly showed that students were overwhelmingly satisfied and impressed with the features of the revised strategy of feedback. However, the peer-assessment feature of the strategy was not received as positively, as students expressed anxiety in assessing their peers. The study has proven that a concerted change in focus could assist in student self-assessment and self-directedness.

The optimal capital structure and value of a company is in constant evolution, taking into account both the external and internal environment. **Marise Mouton** and **Nico Smith** examined company-related determinants of capital structure and investigated whether the 2008 financial crisis exerted any significant influence on the capital structure and the identified determinants in a sample of top 40 JSE Ltd listed companies in South Africa. A panel regression model was applied to identify the most significant capital structure determinants and variance in them. It was found that the 2008 financial crisis did not exert a significant difference on the capital structures of the sample companies. The most significant company-related determinants of capital structure before the 2008 financial crisis were risk, tangibility and profitability. Risk and tangibility had a stronger influence on capital structure after the 2008 financial crisis but profitability became insignificant.

Ayanda Meyiwa and **Mihalis Chasomeris** investigated the restructuring of Port Governance in South Africa as South Africa's ports do not have a clearly defined port doctrine. They have certain elements resembling the Anglo-Saxon port doctrine, others the Continental doctrine and still others the Asian port doctrine. South African thus encounters conflicting port objectives: it runs a complementary ports system where costs are not reflective of prices charged, and the revenues and costs allocated to various commodity types remain unjustified. This is against the backdrop of intra-port, inter-port and multimodal cross-subsidisation, which found justification in SA's developmental objectives but has been viewed as unjustifiable under current economic conditions, giving rise to dissatisfaction among various port stakeholders regarding Transnet as a state-owned enterprise and Transnet National Ports Authority's (TNPA) governance and pricing practices that have not been adequately addressed. Using content analysis, 18 stakeholders' submissions on the 2013-2014 TNPA tariff application, 15 stakeholders' submissions regarding the multi-year tariff application, and 16 submissions regarding the 2014-2015 tariff application were assessed. The focus was on finding links between challenges faced by stakeholders and whether solutions would be found through SA adopting a different port doctrine. The findings showed that while the Asian doctrine is more aligned with SA's developmental objectives, adoption of it may prove premature in view of the current and foreseeable economic conditions. The study showed that the local port system may not find a perfect fit into any of the known port models and established port doctrines, but, instead, that SA needs to articulate its own port doctrine.

Debbie Scheepers and **Bernadene de Clercq** addressed the paucity of disaggregated household net wealth data in South Africa. A mixed methods approach was followed to develop and conduct a country-specific household net wealth measurement survey. A disaggregated household typology of assets and liabilities, based on international net wealth surveys, was developed. Focus group research was employed in the qualitative strand to finalise the survey. In the quantitative strand, disaggregated micro-level data estimates from 2 606 households were collected and the article presents the cursory findings. A comparison was drawn between the survey's main asset and liability estimates with data estimates presented in the South African Reserve Bank's household balance sheet. These estimates were constructed from macro-level data estimates and lack information on the disaggregated composition of household net wealth. The manner in which differences in the concepts, construction methods and potential survey errors contributed to differences between the two sets of data estimates was also indicated. The aim of the research was to contribute to the field of household finances from the perspective of a developing country. Therefore, the process followed to construct and validate the survey instrument and data estimates could assist other developing countries to develop their own surveys. Disaggregated net wealth data estimates could assist policy-makers with the overview and management of a country's household net wealth.

Johannes van der Merwe, **Philippus Cloete**, **Herman van Schalkwyk** and **Ewert Kleynhans** investigated the competitiveness of the South African wheat industry and compared it to its major trade partners. Since 1997, the wheat-to-bread value chain has been characterised by concentration of ownership and regulation. This led to concerns that the local wheat market was losing international competitiveness. The competitive status of the wheat industry, and its sub-sectors, was determined through the estimation of the relative trade advantage (RTA). The results revealed declining competitiveness of local wheat producers. Compared to the major global wheat producers, such as Argentina, Australia, Brazil, Canada, Germany and the USA, South Africa's unprocessed wheat industry is uncompetitive. At the same time, South Africa had a competitive advantage in semi-processed wheat, especially wheat flour. The institutional environment enabled the importation of raw wheat at lower prices and exports processed wheat flour competitively to the rest of Africa.

Since its inception, consumption behaviour theory has developed to account for the important social aspects that underpin or at least to some extent explain consumer behaviour. **Kelcey Brock**, **Gavin Fraser** and **Ferdi Botha** used their study to investigate whether South African cricket spectators are sporting omnivores or univores using the 1984 omnivore/univore theory by Bourdieu. The study was conducted among cricket spectators in the Eastern Cape at four limited overs cricket matches in the 2012/2013 cricket season. The results indicated that consumption behaviour of sport predominantly differs on the grounds of education and race. This suggested that there are aspects of social connotations underpinning sports consumption behaviour within South Africa.

Ntokozo Nzimande and **Sinqumo Msomi** examined the link between oil prices and economic activity proxied by gross domestic product in the context of South Africa. The study employed an asymmetric approach as it is believed that increasing and decreasing oil prices do not have similar or equal impacts on economic activity. Their study documented evidence for an asymmetric response of economic activity to oil price shocks with findings suggesting that negative oil price shocks are relative to positive oil price shocks.

The movement of stock prices, in capital markets across the world, has been found to be both random and non-random. Basically, for a stock price to follow a random walk, its future price changes randomly based on all currently available information in the stock market, its price history inclusive. Some research have shown that the existing traditional unit root tests have low statistical power and hence cannot capture gradual changes over successive observations. Consequently, there is a need to revisit the random walk theory in stock prices using other tests. **Edesiri Nkemnole** employed a Hidden Markov Model (HMM) with time-varying parameters to assess whether the stock price movements of the Nigerian Stock Exchange (NSE) followed a random walk process, or otherwise. Via hidden states, the HMM allows for periods with different volatility levels characterised by the hidden states. By simply accounting for the non-constant variance of the data with a two-state Hidden Markov Model and taking estimation into account via the Sequential Monte Carlo Expectation Maximisation (SMCEM) technique, this study found no support of randomness. In conclusion, the stock price movements of the NSE did not follow the random walk process.

Being tax compliant generates costs and these costs affect small business tax compliance behaviour and contribution. In a study using multiple regression analyses, **Sharon Smulders**, **Madeleine Stiglingh**, **Riel Franzsen** and **Lizelle Fletcher** investigated the key drivers of small business's internal tax compliance costs (hours spent internally on tax compliance activities). Their results exposed the significant determinants per tax type, enabling a comparison to be made across the different tax types. Overall, turnover was the variable that had the most significant influence on internal tax compliance costs (time) (as opposed to the number of employees, which had a significant effect only on the internal time spent on employees' tax). The analysis confirmed that there is a higher proportional burden for smaller businesses in respect of internal income tax and employees' compliance activities.

Paul Alagidede and **Takalani Mangenge** examined the determinants of economic value added (EVA) in insurance industries. It addressed the key components of EVA, the value drivers that are more important in managing economic value and the combination of these value drivers that best explain EVA as a group. The study covered the life insurance sector in South Africa, specifically focusing on the big five companies: Discovery Holdings, Liberty Holdings, MMI Holdings, Old Mutual plc, and Sanlam Ltd for the period 2004-2014. Variance and principal component analyses were used to identify the main drivers of EVA.

This issue also includes a meta-analysis paper by **Nicolaas Strydom** and **Gideon Els** where they analysed the publication history of this journal from its inception up to the second issue published in 2016. Using the principles of bibliometrics, the body of literature was analysed, with a number of trends emerging. The analysis explored, *inter alia*, the geographic distribution of contributing institutions, the degree of collaboration, and the main topics that were focused on in the journal's first decade.