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Editorial 4

## EVALUATION OF THE FIRST OUTCOMES OF DECENTRALIZATION REFORM WITH "KALLIKRATIS PLAN" IN GREECE: THE CASE OF ILIDA'S MUNICIPALITY

### Eleni Sofianou, Dimitrios Goulas, Georgia Kontogeorga and Kassiani Droulia

The purpose of this paper is to present the results of the conceptual framework analysis of the relation between decentralization and democratic local governance in Greece, to explore opportunities and propose ways to establish or further strengthen democracy at the local level.

### EXAMINING THE POSSIBLE INFLUENCE OF SOCIETAL VIOLENCE ON GOVERNANCE EFFECTIVENESS IN SOUTH AFRICA 14

#### Collins C Ngwakwe and Fulufhelo G Netswera

This paper examines the possible influence of violent protests on the effectiveness of governance in South Africa. South Africa continues to experience huge number of labour as well as popular municipal service delivery protests. This paper adopts a slightly different view in its analysis of violent protests and instead looks at possible influence of violence as possible instigator of ineffective governance. The paper is conceptually rooted in reviews – combined with simple regression test of possible relationship between violent protest and governance effectiveness. The authors also present an examination of probable relationship between violent protests and governance effectiveness using observation of macro-economic data trends from the World Bank. The findings reveal a probable weakening in governance effectiveness or its perception thereof as a result of violent protests. Authors postulate that under condition explained above, government effectiveness in managing public resources becomes weakened and may lead to wastage and inefficiency as the resources and revenues employed in controlling violent protests are unplanned and do not often lead to constructive and sustainable public policy.

#### PUBLIC INVESTMENT VERSUS PRIVATE INVESTMENT: THE CASE OF ZAMBIA

### Garikai Makuyana and NM Odhiambo

This paper highlights the growth dynamics of public and private investment in Zambia from 1964 to 2011. Initially, after its independence in 1964, the perpetuated market economy limited public investment growth to the basic infrastructural provision – for the first three years. However, the 1967 Mulungushi and the 1968 Matero nationalisation programmes brought about rapid expansion in public investment, especially from the early 1970s to the late 1980s. The market-based reforms that have been implemented in Zambia from 1991 have promoted private investment leadership – thereby, allowing public investment growth in economic activities that have complemented the private sector growth. Although private investment has grown to a position of economic dominance in Zambia, like many developing countries, the country still faces some challenges. These include inadequate and poor infrastructure, the high cost of human capital, cumbersome administrative procedures, and the high cost of financial capital.



### SOVEREIGN WEALTH FUNDS: INVESTMENT OBJECTIVES AND ASSET ALLOCATION STRATEGIES

### Daniil Wagner

Sovereign Wealth Funds (SWFs) have steadily increased their importance in the global financial system in the last decade and especially during the financial crisis period. Although the objectives and investment strategies of SWFs are quite diverse, I propose to sort them into three main groups, depending on their sponsor countries' endowment with resources and investment objectives. I present case studies and empirical analyses that reflect SWF investment activities and try to elaborate on the special role of each SWF group. Special emphasis is given to the recent financial crisis, where SWFs also acted as bailout investors by injecting substantial capital into global financial institutions, filling a financing gap that other institutional investors could not close.

# INCREASED AUDITOR INDEPENDENCE BY EXTERNAL ROTATION AND SEPARATING AUDIT AND NON AUDIT DUTIES? - A NOTE ON THE EUROPEAN AUDIT REGULATION

### Patrick Velte and Marc Eulerich

The European audit reform contains the implementation of an external mandatory auditor rotation (audit firm rotation) and a separation of audit and non audit duties to increase auditor independence. The central question is, whether these regulation measures are connected with an increased accounting and audit quality. First, this article presents an agency theoretical foundation of auditor independence. Then, a state of the art analysis of empirical research illustrates these ambivalent results, so that the economic need for the audit market regulation in Europe is controversial.

### FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH: A THEORETICAL FRAMEWORK

### Edmore Mahembe and NM Odhiambo

The relationship between FDI and economic growth has attracted considerable attention over the years. Despite the important role played by FDI in economic growth, a number of policy-makers have not fully understood the theoretical linkage between FDI and economic growth. The aim of this paper, therefore, is to review the theoretical literature on the relationship between FDI and economic growth in a stylized fashion. The theoretical literature reviewed in this study show that FDI is a key contributor to the economic growth of the host country. FDI affects economic growth through two broad channels: (i) FDI can encourage the adoption of new technologies in the production process through technological spillovers; and (2) FDI may stimulate knowledge transfers, both in terms of labour training and skill acquisition, and also by introducing alternative management practices and better organisational arrangements.

#### SUBSCRIPTION DETAILS

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