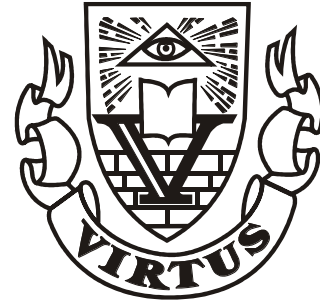


RISK GOVERNANCE & CONTROL: Financial markets and institutions

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Zelege Worku

This article analyses and quantifies risk factors for underperformance and bankruptcy in the tourism sector of Gauteng Province in South Africa. The study was based on data collected from a stratified random sample of size 311 tourism enterprises that operate in Gauteng Province, South Africa. Data was collected on a large number of socio-economic factors that adversely affect entrepreneurial activities in the tourism sector of Gauteng Province. A combination of quantitative and qualitative methods of data collection and analyses was used in the study.

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This study adopts a literature review methodology and the results were that, for a business to be successful the medicine does not lie in the policies but the therapy lies in the spirit of oneness in the banks from top management down to the shop floor employee in the branch. By working together the banks can afford to curb credit risks.

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Kunofiwa Tsaurai

This article explores the causality between FDI net inflows, exports and GDP using Vector Error Correction Model (VECM) approach. On the backdrop of the findings of this study, the author recommends that the Zambian authorities should formulate and implement export promotion strategies and economic growth enhancement initiatives in order to be able to attract more FDI.

DOLLARIZATION AND ECONOMIC DEVELOPMENT IN ZIMBABWE: AN INTERRUPTED TIME-SERIES ANALYSIS **38**

Raphael Tabani Mpofo

The purpose of the paper is to examine the impact of dollarization on the performance of the Zimbabwean economy from 2003 to 2014 using an interrupted time-series analysis. In Zimbabwe's case, dollarization was the official replacement of the Zimbabwean dollar with the U.S. dollar. Rapid dollarization in the economy was accelerated by the exogenous shock caused by the injection of cash dollars into the Zimbabwean economy, mostly from international transfers. Since the official adoption of dollarization, Zimbabwe is largely a cash-based economy, with a huge amount of U.S. dollars that are in circulation outside the banking system.

SELL SIDE RECOMMENDATIONS DURING BOOMS AND BUSTS **49**

Christian W. Kretzmann, Christoph M. Maaz, Oliver Pucker

The paper addresses the information content and the information processing of stock recommendations differ fundamentally between expansions and recessions. The initial market reaction to all recommendations is stronger in recessions, but "Buy" recommendations do not have long-term investment value. The authors find that in recessions sell side analysts are too optimistic about the stocks they recommend to buy, while investors initially overreact to these recommended stocks. In expansions, no such contradicting pattern exists. The paper also documents that analysts favor "glamour" over "value" stocks irrespective of the state of the economy.

FUTURES AND FORWARD CONTRACT AS A ROUTE OF HEDGING THE RISK **68**

Misbahul Islam, Jayanta Chakraborti

The paper addresses the futures and forward contracts. The emergence of derivatives market is an ingenious feat of financial engineering that provides an effective and less costly solution to the problem of risk that is embedded in the price unpredictability of the underlying asset. This paper presents various types of futures and forward contract and what advantages and disadvantages these two important types of derivatives have.

THE MACROECONOMICS OF "OIL PRICES" AND "ECONOMIC SHOCKS": LESSONS FROM THE 1970S **80**

Deepanshu Mohan

This paper examines the relationship between oil price shocks and recessions and focuses particularly on the period of stagflation in the 1970s. Nearly every recession in the U.S. since WWII has been preceded by an oil price shock, and examining the literature as to the causal mechanisms finds there are a range of opinions from supply and demand side factors to the precipitated monetary policy response. Evaluating these across a number of countries finds that the mechanisms at play are complex and disputed. This paper reviews the literature and evaluates the various theories put forward before concluding that whilst oil plays a key role in the economy, the recessions following oil price shocks are more likely to be as a result of monetary policy decisions than the oil price shocks per se.

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