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Sworn Translator of English- Maciej Gutkowski
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Gdańsk, dated 5th November 2014

The Examiner

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„Organizacja i Kierowanie"
Komitet Nauk Organizacji i Zarządzania PAN
Szkoła Główna Handlowa w Warszawie
Katedra Zarządzania w Gospodarce
Ul. Madalińskiego 31/33
02-544 Warszawa

Review of the Article

Title: **VALUE CREATION THROUGH RESTRUCTURING - KEY VALUE DRIVERS AND VALUE CREATION MODELS**
in connection to the suspected infringement of the third party right

The article under review by Siniša Mali, Slađana Barjaktarović Rakočević and Gheorghe Savoiu entitled *Value creation through restructuring key value drivers and value creation models* which was published in 'Organizacja i Kierowanie' quarterly of PAN Publishing House [OiK, Vol. 2012, Iss. 4 (153) (Dec 2012)] has numerous borrowings (volume of resemblance ratio at 10%) from the dissertation of dr Stifanos Hailemariam (*Corporate Value Creation, Governance and Privatisation: Restructuring and Managing Enterprises in Transition – The Case of Eritrea*, defended at the University of Groningen).

Below I made a comparative analysis of fragments of texts from both papers.

Value creation through restructuring key value drivers and value creation models	Corporate Value Creation, Governance and Privatisation: Restructuring and Managing Enterprises in Transition – The Case of Eritrea
restructuring is nowadays widely implemented in both the developed and the developing countries. Companies and economies undergo restructuring processes in order to achieve a higher level of performance and survive when the existing business structures become ineffective.	*Restructuring is widely used in both the developed and developing countries nowadays. Companies and economies are restructuring to achieve a higher level of performance or to survive when the given structure becomes dysfunctional.*
The goal of the restructuring process is to transform the company into an enterprise that creates value for the shareholders.	*The objective of restructuring is to transform the company into an enterprise that is of high value to its owners.*
McTaggart, Kontes and Mankins define value creation as managing performances of individual business units with respect to the realized money flows and the returns on investment rate[1].	*McTaggart, Kontes and Mankins [1994] define value creation as managing the performance of individual business units with respect to the cash flow generated or rates of return earned over time*
According to Knight, value is created by operational and investment decisions managers make on a daily basis[2]. *For the value-based management to succeed, it has to be built into daily decision-making. This means achieving a high level of managerial understanding of how management can have an impact on the increase in the company's value and on the translation of abstract concepts of value creation into meaningful daily operation tasks.*	*According to Knight [1998], value is created in the operating and investment decisions that managers make on a daily basis. For value management to succeed, it has to be embedded into the company's decision-making mind-set. This means attaining a high level of managerial understanding on how management can influence the value the company creates. It involves the translating of abstract concepts of value creation into meaningful day-to-day operating terms through the use of operating value drivers.*
The focus on value creation implies that decisions and activities are assessed in terms of how much value they will create, and that the value-creation oriented behaviour is encouraged throughout the organization. Establishing a value-creation culture requires far-reaching organizational change. If management is oriented toward results, business aspects like ICT will be adopted more easily[3]. *Monnery maintains that the value creation process requires that managers should fully apprehend which factors create value and in which way they should encourage employees to do things in a different manner*[4].	*A focus on value creation implies that decisions and actions are judged in the context of how much value they will create and that value creating behaviour is encouraged throughout the organisation. Establishing a culture driven by value creation demands a wide-reaching organisational transformation and in many cases, the most radical change is required at the top of the organisation. Monnery [1995] argues that creating value is demanding and that managers need to know exactly what they are targeting: how to measure value creation?*
Value is created only if the business unit or the entire company can earn the rate of return on invested capital that exceeds its cost of capital.	*Value is created only when a business unit or a company can earn a return on assets that exceeds its cost of capital.*
pentagon is used in creating a conceptual framework and identifying the key value drivers to measure whether value in business is created or lost[5]. *This framework is based on the analysis of the free cash flows and the key value drivers.*	*models are used in designing a conceptual framework and in identifying the key value drivers to measure whether value is created or lost in. (...) valuation framework based on an analysis of the company's free cash flow and key value drivers.*

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1 *McTaggart J., Kontes, P., Mankins, M., Managing for Superior Shareholder Returns - The Value Imperative, The Free Press, New York, 1994., p. 56*

2 *Knight, J., Value Based Management: Developing a systematic approach to creating shareholder value, McGraw-Hill, New York, 1998, p. 63*

3 *Čudanov, M., Jaško O., (2012), Adoption of Information and Communication Technologies and Dominant Management Orientation in Organizations, „Behaviour & Information Technology", Vol. 31 Iss. 5. pp. 509-523.*

4 *Monnery, N., Corporate Value Creation, Pitman Publishing, London, 1995., p. 13*

5 *Copeland, T., Koller, T., Murrin, J., Valuation: Measuring and Managing the Value of Companies, John Wiley and Sons, Inc., New York, 1996, p. 328*

weighted average cost of capital. The value of the growth potential is, on the other hand, determined by the key value drivers – the rate of return on invested capital, amount of net new investments, competitive advantage period, investment rate, and the weighted average cost of capital. The competitive advantage period indicates the period of time during which the expected rate of return on invested capital exceeds the company's weighted average cost of capital.	*weighted average cost of capital (WACC). The value of growth opportunities is determined by the key value drivers of the rate of return on invested capital, the amount of net new investment, the period of competitive advantage, the investment rate and the weighted average cost of capital. The period of competitive advantage shows the length of time over which the expected rate of return on invested capital will exceed the company's weighted average cost of capital.*
Two authors, Crum and Golderberg, developed a conceptual framework for the assessment of the company sustainability known as a PARE model (Potential and Resilience Evaluation Model)[6]. These authors maintain that taking steps that improve the potential and resilience of the company is value creative.	*Crum and Goldberg [1998] developed a framework for the assessment of enterprise viability known as Potential and Resilience Evaluation (PARE). The authors argued that taking actions that increase the potential and the resilience of a company create value.*
resilience refers to the risk associated with the future cash flows. *According to the model, strong potential and strong resilience show that the company is a powerful competitor and actions should be taken to retain this position.* *On the other hand, low resilience and low potential show that the management should think about liquidation or, at least, about a serious restructuring of the company.* *Analysis of the company in terms of its potentials and resilience helps identify the problems and points to the corrective steps that should be undertaken to create value.*	*Resilience refers to the risk associated with the future cash flows.* *Strong potential and strong resilience, according to Crum and Goldberg [1998], shows that the company is strong competitor and vigilance is required to maintain that position.* *On the other hand, low resilience and low potential shows that the management should consider liquidation or, at a minimum, severe restructuring.* *Evaluation of a company in terms of its potential and resilience helps in identifying problems and indicates corrections needed to create value.*
According to this model, the attractiveness of the industry and the competitive advantage are the major sources of value creation[7]. The more favourable they are, the higher the likelihood that the company will create value.	*Summarising we find that industry attractiveness and competitive advantage are principal sources of value creation. The more favourable these are, the more likely the company will create value.*

The borrowings made by the authors of the reviewed paper relate not so much to the standard individual words and phrases, or bibliographic items (which would be the basis for the dismissal of any allegation of infringement of third party rights) but to the whole sentences, which proves the unauthorized transfer of content. Moreover, the authors, in order to "hide" the borrowing carried out a procedure involving the editing and stylistic changes (elimination / addition of prefixes or rearranging the word order in sentences), which bears the marks of "covert plagiarism".

If the authors of the article under review in fragments constituting the borrowings had referred to the dissertation by Dr. Stifanos Hailemariam (*Corporate Value Creation, Governance and*

6 *Crum, R., and I. Goldberg, Restructuring and Managing the Enterprise in Transition, EDI Learning Resources Series, World Bank, Washington, D.C., 1998.*

7 *Porter, M., Competitive Advantage: Creating and Sustaining Superior Performance, The Free Press, New York, 1985., p. 12*

Privatization: Restructuring and Managing Enterprises in Transition - The Case of Eritrea), alleging infringement of the rights of a third party would not have any basis, but for unknown reasons the authors had not done so. In addition, Dr. Stifanos Hailemariam's dissertation was not cited in the article, which indicates a deliberate attempt of the authors to hide the "source" of borrowings.

Of course, in the case of high similarity of the content of the papers there is always the question of the "flow direction" of borrowings. Considering the fact that Dr. Stifanos Hailemariam's dissertation was defended in 2001, while the study by Siniša Mali, Sladjana Barjaktarović Gheorghe Savoiu Rakočević appeared in 2012 the answer to this question is obvious.
The comparative analysis carried out in the review, as well as the observations and comments formulated therein, are the basis to derive the conclusion that in an article by Siniša Mali, Sladjana Barjaktarović Rakočević and Gheorghe Savoiu entitled *Value creation through restructuring key value drivers and value creation models* there has been a violation of the rights of a third party.

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I, Gutkowski Maciej, sworn translator of English language hereby certify that the above translation is consistent with the document presented to me in Polish. In witness whereof I have affixed my seal and signature on this day 13th February 2015.
Issued in Koło, Poland.

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Sworn Translator of English- Maciej Gutkowski
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Wrocław dated 3rd November 2014

The Examiner

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02-544 Warszawa

THE REVIEW OF THE ARTICLE

entitled „Value creation through restructuring - key value drivers and value creation models"
written by Siniša Mali, Slađana Barjaktarović Rakočević, Gheorghe Savoiu
prepared in connection with suspected violation of the third party right

The review was developed in connection with the suspected infringement of a third party right. Due to the fact that the article under review was subjected to the normal reviewing procedure and was assessed positively, in my review I will refer only to the plea of infringement of third party rights.

My review was based on a content analysis of three studies:

1. Value creation through restructuring key value drivers and value creation models, by Siniša Mali, Slađan Barjaktarović Rakočević, Gheorghe Savoiu
2. Corporate Value Creation, Governance and Privatisation: Restructuring and Managing Enterprises in Transition – The Case of Eritrea, Hailemariam Stifanos
3. Report on Turnitin system

The analysis of content of the above suggests in my opinion, the existence of a form of the so-called " covert Plagiarism" in which the author uses parts of the work of a third party without

citing either the source and original author and weaves them into their own arguments ("covert plagiarism usually involves making some editorial and stylistic changes, both in terms of form and content illegally used work. Plagiator trying to hide the fact of use of another person's work, makes some modification. ").

The authors drew about 10% of the text from the work *Corporate Value Creation, Governance and Privatization: Restructuring and Managing Enterprises in Transition - The Case of Eritrea* by Dr. Hailemariam (11 fragments in different parts of the paper), making small changes involving the deletion, or addition of non-essential elements (such as "of", "a", "the", "-"). For example, the original wording of the text:

"weighted average cost of capital (WACC). The value of growth opportunities is determined by the key value drivers of the rate of return on invested capital, the amount of net new investment, the period of competitive advantage, the investment rate and the weighted average cost of capital. The period of competitive advantage shows the length of time over which the expected rate of return on invested capital will exceed the company's weighted average cost of capital"

was replaced by the following wording:

"weighted average cost of capital. The value of the growth potential is, on the other hand, determined by the key value drivers – the rate of return on invested capital, amount of net new investments, competitive advantage period, investment rate, and the weighted average cost of capital. The competitive advantage period indicates the period of time during which the expected rate of return on invested capital exceeds the company's weighted average cost of capital"

The context of the above argument presented in a reviewed article does not indicate, in my opinion an accidental resemblance of the chosen words but instead it represents the borrowing the original text for the own argumentation.

If the paper *Value creation through restructuring key value drivers and value creation models* had the form of presentation of research, alleging infringement of the rights of a third party would not be very important (though it should be raised in such a situation anyway). Since the article under review has the form of overview, in my opinion, there has been a violation of the rights of a third party.

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I, Gutkowski Maciej, sworn translator of English language hereby certify that the above translation is consistent with the document presented to me in Polish. In witness whereof I have affixed my seal and signature on this day 13th February 2015.

Issued in Koło, Poland.