

# [Krueger russell’s model](https://assignbuster.com/krueger-russells-model/)

Kamar Bassem and Krueger Russell’s (2009) model explores the patterns of the Gulf companies in terms of their performance over the past decade. It also documents the reason behind the downward fall in its performance. Kamar and Krueger base their model on the conversion rate of the currency, as it has adverse implications on the overall performance of the small and large companies. Apart from currency conversion implications, the model analyzes the credit recovery techniques that the Southeast Asian companies implemented during the global financial crisis era. The Gulf Cooperation Council planned to minimize future crisis through the implementation of common Gulf currency. Legrenzi Matteo and Momani Bessma (2011) explore the integration of the currencies of the six Arab countries and its implications in the economy. They argue that the integration will necessitate renewed economic prominence of the Arab states. The Gulf States will increase their economic endowment, as they will be the ‘ new power brokers’ in the global economy. Indeed the GCC members have the greatest oil reserves in the whole world and are the main exporters of oil globally. In addition, United Gulf Currency will enhance financial stability among the member countries and ensure that they expand their activities to other parts of the world. Nugee John and Subacchi Paola (2008) provide a model that analyzes the financial power of the Southeast countries after the initiation of GCC. Over the past decade, the economy has depended on the oil and petroleum products from Southeast Asia. As the region is rich in resources, implementation of the GCC currency will ensure that there is no discrimination when undertaking currency conversions. The model provides the scenarios in which the GCC member countries can implement in order to realize huge earnings and boost their Gross Domestic Product (GDP). The effect that the inflation and deflationary activities had on their financial activities was a vital factor that led to the implementation of United Gulf currency. Mohamed Ramady’s (2010) book explores the implications of implementing the GCC currency. He cites that, although the GCC currency has positive attributes, its drawbacks should not be ignored. He analyzes the agreement signed by GCC countries that they opted for a GCC monetary Union. Ramady highlights some of the advantages associated with the GCC currency. This includes implementation of risk management strategies among the GCC countries and harmonizing the regulatory policies. There would be minimal discrimination from the Western countries. However, the financial performance of the companies will be affected by this initiative, as the Western countries, being their immediate markets, will want a share in decision-making and policy implementation. Problem Statement

The global economic crisis that faced the oil companies towards the end of 20th century affected financial security of the Southeast Asian countries. This has resulted in the implementation of the United Gulf currency that aims at pegging their currency to the U. S. dollar. However, there are positive and negative implications that the GCC members will face. The paper aims at analyzing the positive and negative implications of this initiative.

Methodology

In this project, the methodology implies using the questionnaires, preferably both open-ended and closed-ended, which will be mailed to the GCC oil companies and their clients across Europe. It will include

Top 10 firms in each of the six GCC member countries Top 10 sales agents for GCC countries across Europe Top 10 Clients of GCC countries in Asia and Europe

The purpose is to determine the weaknesses and strengths of GCC currency across the world.