2017 International Conference on Business and Economics (ICBE2017)
Ho Chi Minh City, Vietnam, July 06 - 08, 2017

第12回 國際統合學術大會

Theme: Science, Technology and Humanities for Sustainability of Business, Economics and Cultures

Date: July 06 - 08, 2017

Venue: The University of Finance – Marketing (UFM)
Ho Chi Minh City, Vietnam

Organizer: Korea Distribution Science Association (KODISA), Korea
The University of Finance – Marketing (UFM), Vietnam
2017 International Conference on Business and Economics (ICBE2017)

University of Finance - Marketing, Ho Chi Minh City, Vietnam

第12回 国際統合学術大会

Theme: Science, Technology and Humanities for Sustainability of Business, Economics and Cultures

EDITED BY:
Lee, Jung Wan - Boston University, United States
Pham, Huu Hong Thai - University of Finance and Marketing, Vietnam
Youn, Myoung-Kil - Eulji University, Korea

JULY 06 - 08, 2017
UNIVERSITY OF FINANCE - MARKETING
HO CHI MINH CITY, VIETNAM
The publication is an official program and proceedings book of the 2017 International Conference on Business and Economics (ICBE2017) and the Twelfth International Conference of the Korea Distribution Science Association and Allied Academies.

Publication Date: The publication is printed on July 06, 2017.

© 2017 KODISA. All rights reserved

The articles and individual contributions contained in the Proceedings are protected under copyright by the Korea Distribution Science Association.

Publishing Office:

Hanshin Officetel Suite 1030, 2463-4 Shinheung-Dong Sujeong-Gu, Seongnam-City, Gyeonggi-Do, KOREA (461-720).
TEL: (+82 31) 740-7292, FAX: (+82 31) 740-7361, http://www.kodisajournals.org
E-mail: kodisajournals@gmail.com

Production Editing: Dunam Publishing, Seoul, Korea Tel: +82 2 478 2066

Off Printing House: University of Finance – Marketing, HCMC, Vietnam. Tel: +8 3 812 6699

Disclaimer:

The Publisher, Association and Editors cannot be held responsible for errors or any consequences arising from the use of information contained in this Proceedings: the views and opinions expressed do not necessarily reflect those of the Publisher, Association and Editors. The author(s) of each article appearing in this Proceedings is/are solely responsible for the content thereof; the publication of an article shall not constitute or be deemed to constitute any representation by the Editors or the KODISA that the data presented therein are correct or sufficient to support the conclusions reached or that the experiment design or methodology is adequate.
2017 International Conference on Business and Economics (ICBE2017)
Ho Chi Minh City, Vietnam, July 06 - 08, 2017

Theme: Science, Technology and Humanities for Sustainability of Business, Economics and Cultures

CONFERENCE ORGANIZING COMMITTEE

CONFERENCE CHAIR
• Lee, Jung Wan - Professor of Boston University, United States

CONFERENCE CO-CHAIRS
• Hoang, Duc Long - President of the University of Finance and Marketing, Vietnam
• Lee, Sung Joon - Director of the Woosong University Asia Research Center, Korea
• Youn, Myoung-Kil - President of the Korea Distribution Science Association, Korea

CONFERENCE PROGRAM CO-CHAIRS
• Pham, Huu Hong Thai - Vice President of the University of Finance and Marketing, Vietnam
• Pham, Quoc Viet - Director of Research Administration Department, University of Finance and Marketing, Vietnam
• Satybaldin, Azimkhan A. - Director of the Institute of Economics under the Ministry of Education and Science of the Republic of Kazakhstan, Kazakhstan
• Mutanov, Galym M. – Rector of Al-Farabi Kazakh National University, Kazakhstan
• Park, Chul-Ju - Chairman of International Convergence Management Association, Korea
• Lee, Jong Ho - Editor-in-Chief of the International Journal of Industrial Distribution & Business (IJIDB), Korea

FOR FURTHER INFORMATION
Conference Chair
Lee, Jung Wan (Boston University, United States). E-mail: jwlee119@bu.edu
Managing Director of KODISA
Youn, Myoung-Kil (Eulji University, Korea). E-mail: kodisajournals@daum.net
Address of Managing Office
Hanshin Officetel Suite 1030, 2463-4 Shinheung-dong Sujeong-gu, Seongnam-city, Gyeonggi-do, KOREA (461-720).
Tel: (+82 31) 740-7292 Fax: (+82 31) 740-7361
E-mail: kodisajournals@daum.net Homepage: http://kodisa.jams.or.kr/
CONFERENCE PROGRAM CO-ORGANIZERS

• University of Finance – Marketing (UFM), Vietnam
• Korea Distribution Science Association (KODISA), Korea
• Institute of Economics of the Ministry of Education and Science of the Republic of Kazakhstan, Kazakhstan
• Al-Farabi Kazakh National University, Kazakhstan
• International Convergence Management Association, Korea
• East Asia Business Economics Association, Korea
• Vietnam Innovation Association (VIA), Vietnam
WELCOME MESSAGE

On behalf of the Conference Organizing Committee and Program Committee, I take this opportunity to welcome all of the delegates and the accompanying persons and guests for the 2017 International Conference on Business and Economics (ICBE2017) that holds in Ho Chi Minh City, Vietnam, July 6 - 8, 2017. The conference is hosted jointly by the Korea Distribution Science Association (KODISA) of Korea and the University of Finance - Marketing (UFM) of Vietnam. The conference aims to share scholarships regarding issues of Science, Technology and Humanities for Sustainability of Business, Economics and Cultures to offer an excellent opportunity to meet colleagues from around the world so as to enable participants to exchange information and ideas on the topics, and to get presented and published scholarly papers, research notes and case studies in the conference Proceedings and affiliated KODISA journals (indexed in SCOPUS, Cabell's Directory, Crossref and DOAJ).

I am extremely pleased that we have selected and programmed a total of 114 paper presentations and special panel discussions in the ICBE2017 conference program book from 190 contributors coming from 18 countries. A total of 102 papers has been included and published in the conference Proceedings (Thomson Reuter’s CPCI indexed). On July 6, 2017, after the conference opening session, an official reception of the conference will be following for the registered delegates and their spouse or accompanying persons. As part of this conference tradition, we will honor Best Paper Award winners with a scholarship. You will not only meet and greet and network with your colleagues from academics and industry but also engage in stimulating discussions based on academic research papers and best practices.

Finally, I would like to thank our colleagues and administrative executives at University of Finance - Marketing and Korea Distribution Science Association for jointly hosting the conference, and the National Research Foundation of Korea for sponsoring the conference in many ways. I would also like to thank all the attendees, session chairs, reviewers and local organizing directors for their critical role in achieving success of the conference.

Sincerely,

Lee, Jung Wan, Ph.D.
[Professor, Boston University, United States]
Conference Chair
WELCOME MESSAGE

Hoang, Duc Long, Ph.D.
[Rector, the University of Finance - Marketing, Vietnam]
Conference Co-Chair

On behalf of the University of Finance – Marketing of Vietnam, I would like to extend my warmest welcome and best wishes to all the delegates and distinguished guests of the 2017 International Conference on Business and Economics (ICBE2017) in Vietnam.

I am honored and delighted to host the first international conference on our new campus. This conference is an excellent opportunity to network with academics and professionals from around the world, discuss ideas on the conference topics, and get publication opportunity on our affiliated journals. Moreover, since this is also first time ICBE is held in Vietnam, please take a little extra time to enjoy the spectacular and unique beauty of this region.

Finally, on behalf of the University of Finance – Marketing of Vietnam, I would like to express my gratitude to Korea Distribution Science Association of Korea, authors, and particularly conference participants who serve as session chairs, presenters, and discussants, for their support to make this conference a great success.

I wish you all an intellectually stimulating and productive conference.

Sincerely,
WELCOME MESSAGE

Bui, Van Quyen, Ph.D.
[General Director, the Middle and Southern Division of the Ministry of Science and Technology (MOST); Vice Chair, the Vietnam Innovation Association (VIA), Vietnam]

I am very happy to be here in Ho Chi Minh City of Vietnam, with community of researchers, professors, business men and managers to opening ceremony the important event of Summer 2017: International Conference on Business and Economics. On behalf of the S&T community of Vietnam (MOST Vietnam) I would like to warmly welcome and would like to thank all of you coming from developed countries such as Korea, USA and Vietnam are attending an important conference that is hosted by Korea Distribution Science Association (KODISA) and the University of Finance-Marketing (UFM) of Vietnam.

The theme of the conference is Science, Technology and Humanities for Sustainability of Business, Economics and Cultures that is very hot topic so that attract the attention of not only scientists but also managers, businessmen in the context of the global economic integration and the effect of the industrial revolution 4.0 at present time. It is not only Vietnamese problem but other countries also as well. We are facing many global problems on sustainable development.

Korea is developed country, particularly is first in FDI countries in Vietnam since 2010 until now. Korea is holding many leading technologies, notably ICT, new material, automation and electronic. In another hand, trade relationship between VN and Korea are going quickly. Korea is always in the top five countries with the highest trade value with Vietnam. Particular, Samsung and LG goods in Vietnam market accounted for over 20% and Korean vehicles around 35%.

As developing country, Vietnam is going strongly and quickly integration into the global economy and is a member of WTO, FTA, and BTA. Our demand a huge of technologies, high quality equipment and high quality human resources. Therefore, that Vietnam is the hub of the science, technology, education and potential high tech market.

We understand that Korea has a comparative advantage with other partners in the Vietnam market. However, in order to upgrade competitiveness in the environment of the global integration market, Korean scientists and businessmen and all of us must continue innovating technologies to keep our products that are always better quality, more nice and suitable price.
As role leading the innovation and bring S&T into businesses in the fourth industrial revolution we call up the community of scientists and businessmen Vietnam, Korea and all of us to do:  
- Making closer cooperation between domestic Korean firms and FDI enterprises in Vietnam to produce more high quality Korean goods at Vietnamese market.  
- Doing business on technology transfer (including upgrade human resource) from Korea and others to Vietnam.  
- Upgrading the innovative activity together.  
  Vietnam welcomes and creates all favorable conditions for all of S&T and education above. In the coming time, challenge of the global economy integration and the fourth industrial revolution is not small. Vietnam, Korea and others have to face the no small difficulties. Development S&T and innovation in doing businesses is our heavy responsibility. We believe that with advantage of Korean economy and technology and the innovation capacity of Vietnam, we will do S&T activity and business more successes in coming time.  
  Wish you are heathy and happiness. Wish our conference success and foreign friends have interesting time in Ho Chi Minh City beautiful and friendly. Thank you very much!

Best regards
## CONFERENCE MASTER SCHEDULE

<table>
<thead>
<tr>
<th>DATE</th>
<th>DAY</th>
<th>TIME</th>
<th>EVENT &amp; VENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 06</td>
<td>Thu</td>
<td>Place</td>
<td>University of Finance – Marketing (UFM), Ho Chi Minh City, Vietnam</td>
</tr>
<tr>
<td></td>
<td></td>
<td>09:00–10:20</td>
<td>Track 1 [Hall A]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vietnam Session 1 (4 papers)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Track 2 [Hall B]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vietnam Session 2 (4 papers)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Track 3 [Hall C]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Korea Session 1 (3 papers)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Track 4 [Hall D]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Korea Session 2 (3 papers)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Track 5 [Hall E]</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Global Session 1 (6 papers)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Global Session 5 (6 papers)</td>
</tr>
</tbody>
</table>

### Coffee Break

<table>
<thead>
<tr>
<th>Time</th>
<th>Vietnam Session 3 (3 papers)</th>
<th>Vietnam Session 4 (4 papers)</th>
<th>Korea Session 3 (4 papers)</th>
<th>Korea Session 4 (4 papers)</th>
<th>Global Session 2 (5 papers)</th>
<th>Global Session 6 (6 papers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:30–11:50</td>
<td>Vietnam Session 3 (3 papers)</td>
<td>Vietnam Session 4 (4 papers)</td>
<td>Korea Session 3 (4 papers)</td>
<td>Korea Session 4 (4 papers)</td>
<td>Global Session 2 (5 papers)</td>
<td>Global Session 6 (6 papers)</td>
</tr>
<tr>
<td>12:00–13:00</td>
<td>Vietnam Session 3 (3 papers)</td>
<td>Vietnam Session 4 (4 papers)</td>
<td>Korea Session 3 (4 papers)</td>
<td>Korea Session 4 (4 papers)</td>
<td>Global Session 2 (5 papers)</td>
<td>Global Session 6 (6 papers)</td>
</tr>
</tbody>
</table>

### Lunch Break

<table>
<thead>
<tr>
<th>Time</th>
<th>Vietnam Session 5 (4 papers)</th>
<th>Vietnam Session 6 (4 papers)</th>
<th>Korea Session 5 (4 papers)</th>
<th>Korea Session 6 (4 papers)</th>
<th>Global Session 3 (5 papers)</th>
<th>Global Session 7 (6 papers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13:00–14:20</td>
<td>Vietnam Session 5 (4 papers)</td>
<td>Vietnam Session 6 (4 papers)</td>
<td>Korea Session 5 (4 papers)</td>
<td>Korea Session 6 (4 papers)</td>
<td>Global Session 3 (5 papers)</td>
<td>Global Session 7 (6 papers)</td>
</tr>
</tbody>
</table>

### Coffee Break

<table>
<thead>
<tr>
<th>Time</th>
<th>Vietnam Session 7 (4 papers)</th>
<th>Vietnam Session 8 (4 papers)</th>
<th>Korea Session 7 (3 papers)</th>
<th>Korea Session 8 (3 papers)</th>
<th>Global Session 4 (5 papers)</th>
<th>Global Session 8 (7 papers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14:30–15:50</td>
<td>Vietnam Session 7 (4 papers)</td>
<td>Vietnam Session 8 (4 papers)</td>
<td>Korea Session 7 (3 papers)</td>
<td>Korea Session 8 (3 papers)</td>
<td>Global Session 4 (5 papers)</td>
<td>Global Session 8 (7 papers)</td>
</tr>
</tbody>
</table>

### Coffee Break

<table>
<thead>
<tr>
<th>Time</th>
<th>Conference Opening Ceremony [Conference Main Hall]</th>
</tr>
</thead>
<tbody>
<tr>
<td>16:30–17:30</td>
<td>Opening Special Panel Presentations</td>
</tr>
<tr>
<td>17:30–18:20</td>
<td>CONGRESS AWARD CEREMONY AND RECEPTION [Reception Hall]</td>
</tr>
<tr>
<td>18:30–21:00</td>
<td>[Tour Destination: Ho Chi Minh City]</td>
</tr>
</tbody>
</table>

### Congress Tour(1)

<table>
<thead>
<tr>
<th>Time</th>
<th>Full-Day: Ho Chi Minh City Tour</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00–18:00</td>
<td>CONGRESS FAREWELL RECEPTION AND DINNER</td>
</tr>
</tbody>
</table>

### Congress Tour(2)

<table>
<thead>
<tr>
<th>Time</th>
<th>Full-Day: Cu Chi Tunnels Tour</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00–18:00</td>
<td>[Tour Destination: Cu Chi Tunnels Tour]</td>
</tr>
<tr>
<td>18:00–</td>
<td>Conference End</td>
</tr>
</tbody>
</table>

PAPER PRESENTATION SCHEDULE

VIETNAM SESSIONS

Academic Paper Presentations
[Track 1]: Vietnam Session 1 [Hall A]
Session Time: 09:00 – 10:20 Thursday July 6, 2017
Session Chair: Pham, Huu Hong Thai, Ph.D.
(University of Finance and Marketing, VIETNAM)

G64: Tax Policy and Housing Prices: Evidence from Vietnam
Pham, Huu Hong Thai - University of Finance and Marketing, Vietnam
Quach, Manh Hao - University of Lincoln, United Kingdom

Le, Xuan Truong - Academy of Finance, Vietnam

G61: The Research for Sustainable Poverty Reduction in Khmer Ethnic Community
Nguyen, Hong Ha - Tra Vinh University, Vietnam

G53: Determinants of Vietnam’s Outward Direct Investment: In Cambodia Case
Vo, Thu Thanh - University of Economics HCM City, Vietnam
Le, Quang Huy - University of Finance and Marketing, Vietnam

Academic Paper Presentations
[Track 2]: Vietnam Session 2 [Hall B]
Session Time: 09:00 – 10:20 Thursday July 6, 2017
Session Chair: Ha, Nam Khanh Giao, Ph.D.
(University of Finance and Marketing, VIETNAM)

G59: Factors Influencing Purchasing Decision of Butter Oil Substitute in Vietnam
Ha, Nam Khanh Giao - University of Finance and Marketing, Vietnam

G46: Building Firm’s Competitive Advantages Through Supplier Development
Nguyen, Phi Hoang - University of Finance and Marketing, Vietnam

G62: Key Determinants and the Effects of Perceived Value on Online Repurchase Intention of E-Commerce in Vietnam
Nguyen, Ngoc Duy Phuong - University of Finance and Marketing, Vietnam
Nguyen, Duy Long - International University - Vietnam National University HCMC, Vietnam

G63: A Partial Least Squares Path Model of Repurchase Intention in Smartphone-based Ride Hailing Service
Nguyen, Ngoc Duy Phuong - University of Finance and Marketing, Vietnam
Tran, Thi Dai Trang - International University - Vietnam National University HCMC, Vietnam

Academic Paper Presentations
[Track 1]: Vietnam Session 3 [Hall A]
Session Time: 10:30 – 11:50 Thursday July 6, 2017
Session Chair: Pham, Huu Hong Thai, Ph.D.
(University of Finance and Marketing, VIETNAM)

G65: Modelling Stock Market Volatility: Evidence from Vietnam
Ho, Thuy Tien - University of Finance and Marketing, Vietnam
Ho, Thu Hoai - University of Finance and Marketing, Vietnam
Ngo, Van Toan - University of Finance and Marketing, Vietnam

G57: Macroeconomic Conditions and Capital Structure Adjustment Speed - The Evidence in Vietnam
Tran, Thi Muoi - University of Finance and Marketing, Vietnam
Nguyen, Thi Uyen Uyen - University of Economics HCM City, Vietnam

G47: Key Attributes of Banking Website Quality in Vietnam: A Decision Tree Approach
Pham, Thi Thanh Xuan - University of Finance and Marketing, Vietnam
Nguyen, Tien Nhat - Hue College of Economics – Hue University, Vietnam

Academic Paper Presentations
[Track 2]: Vietnam Session 4 [Hall B]
Session Time: 10:30 – 11:50 Thursday July 6, 2017
Session Chair: Ha, Nam Khanh Giao, Ph.D.
(University of Finance and Marketing, VIETNAM)

G66: Factors Impacting on the Supply Chain Collaboration of Vietnamese Furniture Industry
Huynh, Thi Thu Suong - College of Finance & Customs, Vietnam

G67: A Study on the Development of Limitation of Liability in Maritime Cargo Claims
Le, Thi Thuy Dung - National Taiwan Ocean University, Taiwan
Chung, Cheng-Chi - National Taiwan Ocean University, Taiwan
G60: Some Conditions to Develop the Service Sector of Urban in Vietnam
Nguyen, Nguyen Phong - HCM City University of Culture, Vietnam

Nguyen, Ngoc Duy Phuong - University of Finance and Marketing, Vietnam
Nguyen, Tien Dat - International University - Vietnam National University HCMC, Vietnam

Academic Paper Presentations
[Track 1]: Vietnam Session 5 [Hall A]
Session Time: 13:00 – 14:20 Thursday July 6, 2017
Session Chair: Pham, Huu Hong Thai, Ph.D.
(University of Finance and Marketing, VIETNAM)

G43: The Determinants of Current Account in the Southeast Asian Countries
Dang, Thi Ngoc Lan - University of Finance and Marketing, Vietnam

G44: Ownership Structure and Dividend Policy of Vietnamese Enterprises after the Global Financial Crisis
Pham, Quoc Viet - University of Finance and Marketing, Vietnam
Luong, Quoc Trong Vinh - University of Finance and Marketing, Vietnam
Tran, Bao Vy - Bank for Investment and Development of Vietnam – North Saigon Branch, Vietnam

G45: The Determinants of Dynamic Debt Maturity Structure: Evidence from Vietnam
Nguyen, Thanh Nha - University of Finance and Marketing, Vietnam
Tran, Thi Thuy Linh - University of Economics HCM City, Vietnam

G71: Disclosure of Environmental Information by Manufacturing Firms Listed on The Ho Chi Minh City Stock Exchange (HOSE)
Duong, Hoang Ngoc Khue - University of Finance and Marketing, Vietnam
Nguyen, Thi Ngoc Oanh - University of Finance and Marketing, Vietnam

Academic Paper Presentations
[Track 2]: Vietnam Session 6 [Hall B]
Session Time: 13:00 – 14:20 Thursday July 6, 2017
Session Chair: Ha, Nam Khanh Giao, Ph.D.
(University of Finance and Marketing, VIETNAM)

G48: Factors Affecting a Successful Deployment of Enterprise Resource Planning for Organizations in Vietnam
Nguyen, Xuan Hiep - University of Finance and Marketing, Vietnam
Nguyen, Thi Cam Loan - University of Finance and Marketing, Vietnam
G58: Determinants of Entrepreneurial Intentions: A Case of University Students in HCMC
Nguyen, Xuan Hiep - University of Finance and Marketing, Vietnam
Nong, Thi Nhu Mai - University of Finance and Marketing, Vietnam

G72: Unsolved Problem in Human Resources Qualities of Vietnamese Banking Industry in Integration
Truong, Van Khanh - University of Finance – Marketing, Vietnam
Tram, Bich Loc - Saigon University, Vietnam

G73: Fintech Credit – Opportunities for SMEs in Vietnam
Truong, Van Khanh - University of Finance – Marketing, Vietnam
Tram, Bich Loc - Saigon University, Vietnam

Academic Paper Presentations
[Track 1]: Vietnam Session 7 [Hall A]
Session Time: 14:30 – 15:50 Thursday July 6, 2017
Session Chair: Pham, Huu Hong Thai, Ph.D.
(University of Finance and Marketing, VIETNAM)

G52: Understanding the Impact of Enterprise Resource Planning (ERP) System on Accountants’ Work Performance
Phan, Thi Bao Quyen - University of Economics HCM City, Vietnam
Nguyen, Phuoc Bao An - University of Economics HCM City, Vietnam

G54: Convergence Strategy VAS with IAS/IFRS to Fit International Business and Economy
Pham, Thi Lai - Quy Nhon University. Vietnam

G55: Difficulties and Challenges in Applying IFRS for Enterprises in Developing Countries: A Case of Vietnam
Le, Thi Thanh Hue - Nha Trang University. Vietnam
Phan, Hong Nhung - Nha Trang University. Vietnam

G56: A Review of Accounting Research Trends in the World
Tran, Thi Phuong Thanh - University of Economics HCM City, Vietnam

Academic Paper Presentations
[Track 2]: Vietnam Session 8 [Hall B]
Session Time: 14:30 – 15:50 Thursday July 6, 2017
Session Chair: Ha, Nam Khanh Giao, Ph.D.
(University of Finance and Marketing, VIETNAM)

G50: Role of Corporate Social Responsibility in Managing Customer Loyalty: An Empirical Study in Vietnam Retailing Industry
Hoang, Phuong Dung – Banking Academy, Vietnam
G51: A Provincial Analysis of Formal Economic Institutions and Growth in Vietnam  
Bui, Thanh Trung - University of Economics HCM City, Vietnam  
Diep, Gia Luat - University of Economics HCM City, Vietnam

G69: The Relationship between Organizational Justice and Social Loafing in Ho Chi Minh City  
Vu, Ba Thanh - Food Farm Co., Ltd, Academy of Social Sciences, Vietnam  
Ngo, Van Toan - University of Finance and Marketing, Vietnam

G74: Developing Education Quality for Human Resource in the Tourism Industry –  
A Study in Ho Chi Minh City, Vietnam  
Nguyen, Quyet Thang - University of Technology (HUTECH), Vietnam  
Ngo, Thanh Phuong Quynh - University of Technology (HUTECH), Vietnam

KOREA SESSIONS

Academic Paper Presentations  
[Track 3]: Korea Session 1 [Hall C]  
Session Time: 09:00 – 10:20 Thursday July 6, 2017  
Session Chair: Lee, Jong-Ho, Ph.D.  
(Kongju National University, KOREA)

L1: A Study on Recent Credit Loan from Households in South Korea  
Researcher: Jeong, Dong-Bin - Gangneung-Wonju National University, Korea  
Discussant: Choi, Sung-Wook - Sahmyook University, Korea

L2: A Review on Sales on Large-scale Retailing Types in South Korea  
Researcher: Jeong, Dong-Bin - Gangneung-Wonju National University, Korea  
Discussant: Kim, Jong-Jin - Hansei University, Korea

L3: A Study on Factors Affecting Turnover Intention of Jewelry Distribution Distributor  
Researcher: Lee, Sangki - Kaya University, Korea  
Lee, Donghae - Kaya University, Korea  
Discussant: Kim, Young-Ei - Seoul Digital University, Korea

L4: Algorithms for Optimal Bundle Search Problem with Pairwise Discount  
Researcher: Chung, Jibok - Kongju National University, Korea  
Choi, Byungcheon - Chungnam National University, Korea  
Discussant: Kim, Young-Ei - Seoul Digital University, Korea

L5: The Analysis of Product Design Effect on Consumer Emotional Satisfaction by Brand Type  
Researcher: Kim, Soon-Hong - Incheon National University, Korea  
Park, Jong-Chan - Incheon National University, Korea  
Discussant: Lee, Jang-Hwan - Masan University, Korea
Academic Paper Presentations
[Track 4]: Korea Session 2 [Hall D]
Session Time: 09:00 – 10:20 Thursday July 6, 2017
Session Chair: Jung, Myung-Hee, Ph.D.
(Jungwon University, KOREA)

L6: Case of Cargo Collided with Unlicensed Vehicle
Researcher: Kwak, Young-Arm - Shinhan University, Korea
Cho, Young-Sang - Kongju National University, Korea
Discussant: Chung, Jibok - Kongju National University, Korea

L7: Effect of Stakeholder’s Mutual Cooperation in Sustainable Tourism Marketing
Researcher: Choi, Kwang-Woong - Jeju National University Korea
Hwang, Yong-Cheol - Jeju National University Korea
Discussant: Park, Jong-Chan - Incheon National University, Korea

L8: How do Retail Regulations Affect a Retail Sector? A Comparative Study of Korea and Other Countries
Researcher: Cho, Young-Sang - Kongju National University, Korea
Kwak, Young-Arm - Shinhan University, Korea
Discussant: Kim, Soon-Hong - Incheon National University, Korea

L9: The Impact of Intrinsic Characteristics of Modularity on Supply Chain Performances
Researcher: Lee, Sang-Hyun - Sahmyook University, Korea
Discussant: Cho, Young-Sang - Kongju National University, Korea

Academic Paper Presentations
[Track 3]: Korea Session 3 [Hall C]
Session Time: 10:30 – 11:50 Thursday July 6, 2017
Session Chair: Hwang, Yong-Cheol, Ph.D.
(Jeju National University, KOREA)

L10: A Study on the Consciousness for Korean-Chinese Adaptation in Korea
Researcher: Kim, Jong-Jin - Hansei University, Korea
Hwang, Moon-Young - Daejeon Institute of Science and Technology, Korea
Cho, Kyung-In - Daejeon Institute of Science and Technology, Korea
Kim, Pan-Jin - Chodang University, Korea
Discussant: Jeong, Dong-Bin - Gangneung-Wonju National University, Korea

L11: Effect of Counterfactual Thinking on Switch Purchasing and Repeat Purchasing
Researcher: Yang, Hoe-Chang - Jangan University, Korea
Kim, Young-Ei - Seoul Digital University, Korea
Discussant: Lee, Jong-Ho - Kongju National University, Korea
L12: Amazon’s Distribution Strategy: Doing the Right Things  
Researcher: Hahn, Yoonah - SUNY Empire State College, United States  
Youn, Myoung-Kil - Eulji University, Korea  
Kim, Dongho - SUNY Empire State College, United States  
Discussant: Lee, Donghae - Kaya University, Korea

Researcher: Kim, Yong-Tae - Korea University, Korea  
Choi, Sung-Wook - Sahmyook University, Korea  
Discussant: Jung, Myung-Hee – Jungwon University, Korea

L14: Traditional Markets Performance Analysis Considering the Impact of Large Discount Stores  
Researcher: Yoo, Byong-Kook - Incheon National University, Korea  
Kim, Soon-Hong - Incheon National University, Korea  
Discussant: Lee, Sang-Hyun - Sahmyook University, Korea

Academic Paper Presentations  
[Track 4]: Korea Session 4 [Hall D]  
Session Time: 10:30 – 11:50 Thursday July 6, 2017  
Session Chair: Kim, Pan-Jin, Ph.D.  
(Chodang University, KOREA)

L15: The Effects of Retirement Buying Factors and Satisfaction on Retailer's Online Shopping  
Researcher: Kim, Jong-Jin - Hansei University, Korea  
Discussant: Lee, Sang-Hyun - Sahmyook University, Korea

L16: A Study on Factor that Effect on Consumer Behaviour on Cross-Border E-Commerce in Vietnam - Ho Chi Minh City -  
Researcher: Dao, Duy Thang - Woosong University, Korea  
Hyun, In Gyou - SoonChunHyang University, Korea  
Discussant: Lee, Dong-Hae - Kaya University, Korea

L17: Capital Structure Adjustment: Evidence from the Korean Financial Market  
Researcher: Lee, Jeong-Hwan - Hanyang University, Korea  
Yoon, Bohyun - Kangwon National University, Korea  
Discussant: Jung, Myung-Hee – Jungwon University, Korea

L18: Do Firms Rebalance Capital Structure? Evidence from Korean Retail Firms  
Researcher: Kim, Sang-Su - Korea National Open University, Korea  
Lee, Jeong-Hwan - Hanyang University, Korea  
Discussant: Lee, Jong-kook - LOTTE Coralis Vietnam Co., Ltd, Vietnam
Academic Paper Presentations
[Track 3]: Korea Session 5 [Hall C]
Session Time: 13:00 – 14:20 Thursday July 6, 2017
Session Chair: Cho, Young-Sang, Ph.D.
(Kongju National University, KOREA)

L19: An Empirical Study on Consumer Value Innovation for Global Retail Company in Vietnamese Distribution Market
Researcher: Lee, Jongkook - LOTTE Coralis Vietnam Co., Ltd, Vietnam
Discussant: Park, Jong-Ho - Kongju National University, Korea

L20: A Research on the Relationship between Accrual-based Earnings Management and Real Earnings Management in the Retail Industry
Researcher: Kang, Shin-Ae - Seoul National University of Science and Technology, Korea
Kim, Tae-Joong - Hansung University, Korea
Discussant: Lee, Dong-Hae - Kaya University, Korea

L21: A Study on Korean Products' Distribution through Overseas Purchasing in China
Researcher: Dai, Wen-Qian - Kongju National University, Korea
Lee, Jong-Ho - Kongju National University, Korea
Discussant: Lee, Seung-Chang - Small and Medium Corporation, Korea
Jung, Myung-Hee – Jungwon University, Korea

Academic Paper Presentations
[Track 4]: Korea Session 6 [Hall D]
Session Time: 13:00 – 14:20 Thursday July 6, 2017
Session Chair: Kim, Young-Ei, Ph.D.
(Seoul Digital University, KOREA)

L22: A Study on the Strategic Implications from Successful Sharing Economy Companies as a Distribution Platform in Korea
Researcher: Li, Qing-Zhu - Kongju National University, Korea
Lee, Jong-Ho - Kongju National University, Korea
Discussant: Lee, Dong-Hae - Kaya University, Korea

Researcher: Jung, Myung-Hee – Jungwon University, Korea
Discussant: Kim, Tae-Joong - Hansung University, Korea
L24: A Study on Effect of the Elderly Living Alone's Date upon Psychological Loneliness and Happiness
Researcher: Jung, Myung-Hee – Jungwon University, Korea
Joo, Min-Kyung - Hanseo University, Korea
Discussant: Lee, Jeong-Hwan - Hanyang University, Korea

L25: A Study on Effect of the Elderly's Leisure Life upon Psychological Loneliness and Life Satisfaction and Social Support's Mediating Effect
Researcher: Jung, Myung-Hee – Jungwon University, Korea
Kim, Hong-Sun – Jungwon University, Korea
Discussant: Kwak, Young-Arm - Shinhan University, Korea

Academic Paper Presentations
[Track 3]: Korea Session 5 [Hall C]
Session Time: 13:00 – 14:20 Thursday July 6, 2017
Session Chair: Hwang, Moon-Young, Ph.D.
(Daejeon Institute of Science and Technology, KOREA)

L26: A Study on Export Promotion Strategy of K-Beauty Korean Wave Products
Researcher: Jeon, Dong-Han - Chung-Ang University, Korea
Discussant: Kim, Jong-Jin - Hansei University, Korea

L27: Accepting Information Technology in Traditional Markets
Researcher: Cho, Kyung-In - Daejeon Institute of Science and Technology, Korea
Discussant: Lee, Jeong-Hwan - Hanyang University, Korea

L28: An Exploratory Research for Identifying the Role of Spiritual Education at Workplace: A Longitudinal Analysis
Researcher: Jeong, Taeseg - Sahmyook University, Korea
Yim, Myung-Seong - Sahmyook University, Korea
Discussant: Cho, Kyung-In - Daejeon Institute of Science and Technology, Korea

L29: Relationship among Social Support, Coping Strategies and Strain under Mobile Stress
Researcher: Yim, Myung-Seong - Sahmyook University, Korea
Discussant: Lee, Jeong-Hwan - Hanyang University, Korea
Academic Paper Presentations
[Track 4]: Korea Session 5 [Hall D]
Session Time: 13:00 – 14:20 Thursday July 6, 2017
Session Chair: Lee, Sang-Youn, Ph.D.
(Caroline University, UNITED STATES)

Researcher: Kwon, Ki-Tae - Eulji University, Korea
Lee, Woo-Sik - Gachon University, Korea
Kwon, Lee-Seung - Catholic Kwandong University, Korea
Seong, Seung-Hwan - Eulji University, Korea
Kim, Young-Do - Eulji University, Korea
Kwon, Woo-Taeg - Eulji University, Korea
Discussant: Yim, Myung-Seong - Sahmyook University, Korea

L31: The Study on the Analysis of Start-up Success-failure Factors to Small Enterprise in Seoul, Korea
Researcher: Kim, Se-Jin - Yuhan University, Korea
Lee, Sang-Youn - Caroline University, United States
Kim, Pan-Jin - Chodang University, Korea
Discussant: Kim, Dongho - SUNY Empire State College, United States

L32: Efficient Construction Process and Distribution System through Construction IT Convergence based on 4th Industrial Revolution Technology: Focused on Distribution Management of Free-form Structural External panel
Researcher: Lee, Dong-Woon - Dongseo University, Korea
Kim, Dae-Geon - Dongseo University, Korea
Discussant: Kim, Pan-Jin - Chodang University, Korea

Researcher: Tang, Lin - Woosong University, Korea
Lee, Sung Joon - Woosong University, Korea
Discussant: Kim, Jong-Jin - Hansei University, Korea
GLOBAL SESSIONS
Academic Paper Presentations
[Track 5]: Global Session 1 [Hall E]
Session Time: 09:00 – 10:20 Thursday July 6, 2017
Session Chair: Potluri, Rajasekhara Mouly, Ph.D.
(American University of Nigeria, NIGERIA)

G3 Long-Run and Short-Run Dynamics Relationships between Exchange Rate Fluctuations and Foreign Direct Investment Flows in China
Lee, Jung Wan - Boston University, United States
Brahmasrene, Tantatape - Purdue University Northwest, United States

G6 Monetary Transmission Channels, Sectoral Output and Augmented VAR Analysis
Rao, Doki Tripati - Indian Institute of Management Lucknow, India
Singh, Sunny Kumar - Birla Institute of Technology & Science (BITS), India

G7 Economic and Environmental Impacts of Mass Tourism on Regional Tourism Destinations: A Case Study of Ten New ‘Bali’ in Indonesia
Syah, Ahmad Mujafar - Boston University, United States
Lee, Jung Wan - Boston University, United States

G19 Building Bridges on the Silk Road: A Strategy for Vietnam
Greiman, Virginia A. - Boston University, United States

G10 Methodological Approaches of Evaluation of Economic Potential of the Regions of Kazakhstan
Nurlanova, Nailya K. - Institute of Economics, Kazakhstan
Kireyeva, Anel A. - Institute of Economics, Kazakhstan
Alzhanova, Farida G. - Institute of Economics, Kazakhstan

G11 Financial Disclosure and the Cost of Equity Capital: The Empirical Test of the Largest Listed Companies of Kazakhstan
Baimukhamedova, Aizhan - Baskent University, Turkey
Baimukhamedova, Gulzada - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan
Aimurzinov, Murat - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan
Luchaninova, Albina - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan

Academic Paper Presentations
[Track 5]: Global Session 2 [Hall E]
Session Time: 10:30 – 11:50 Thursday July 6, 2017
Session Chair: Brahmasrene, Tantatape, Ph.D.
(Purdue University Northwest, USA)

G1 Constructs and Variables in Environmental Research: A Secondary Review Using Canonical Correlation Analysis.
G12 The Integration of Science, Education and Business: Application in Al-Farabi Kazakh National University
Mutanov, Galym M. - Al-Farabi Kazakh National University, Kazakhstan
Ramazanov, Tlekkabul S. - Al-Farabi Kazakh National University, Kazakhstan
Akhmetova, Aigul B. - Al-Farabi Kazakh National University, Kazakhstan
Togambayeva, Altynay K. - Al-Farabi Kazakh National University, Kazakhstan
Karagulanova, Ardak S. - Al-Farabi Kazakh National University, Kazakhstan

G14 International Experience in the Integration of Science, Education and Business: Perspectives for Application in Kazakhstan
Mutanov, Galym M. - Al-Farabi Kazakh National University, Kazakhstan
Ramazanov, Tlekkabul S. - Al-Farabi Kazakh National University, Kazakhstan
Togambayeva, Altynay K. - Al-Farabi Kazakh National University, Kazakhstan
Akhmetova, Aigul B. - Al-Farabi Kazakh National University, Kazakhstan

G18 Financial Economics of Innovation: Policies and Mechanisms for Enhancing Innovative Entrepreneurship
Wonglimpiyarat, Jarunee - Thammasat University, Thailand

Academic Paper Presentations
[Track 5]: Global Session 3 [Hall E]
Session Time: 13:00 – 14:20 Thursday July 6, 2017
Session Chair: Unger, Barry, Ph.D.
(Boston University, USA)

G5 An Exploratory Treatise on Jay Customers Behavior in Indian Banking Industry: A Dyadic Perspective
Potluri, Rajasekhar Mouly - American University of Nigeria, Nigeria
Potluri, Lohith Sekhar - Amrita University, India

G8 Indonesian Youth Shoppers Typology
Halim, Rizal Edy - Universitas Indonesia, Indonesia
Iqbal, Egi Widya Nur - Universitas Indonesia, Indonesia

G15 Phenomenon of Hallyu: An Outside Perspective - Kazakhstani Viewpoint
Toganbayeva, Karlygash - Al-Farabi Kazakh National University, Kazakhstan
Mirzoyeva, Leila Y. - Sulyman Demirel University, Kazakhstan
Timberlake, Alan H. - Columbia University, United States
G17 Exploring Consumer Cosmopolitanism and Ethnocentrism Effects in the Purchase Intentions towards the Products of a Foreign Country
Sousa, Ana F. Antunes - University of Minho, Portugal
Nobre, Helena M. - University of Aveiro, Portugal
Farhangmehr, Minoo - University of Minho, Portugal

G13 The Relationship of Middle Income Trap and Employment in Kazakhstan
Jumambayev, Seisembay - Al-Farabi Kazakh National University, Kazakhstan

Academic Paper Presentations
[Track 5]: Global Session 4 [Hall C]
Session Time: 14:30 – 15:50 Thursday July 6, 2017
Session Chair: Abeysekera, Indra, Ph.D.
(S P Jain School of Global Management Sydney, AUSTRALIA)

G4 Determinants of Online Purchase Intension: A Study on Indian Young-Adult Consumers
Potluri, Lohith Sekhar - Amrita University, India
Potluri, Rajasekhara Mouly - American University of Nigeria, Nigeria
Vajjhala, Narasimha Rao - American University of Nigeria, Nigeria

G16 A Structural Compendium on Application of Web 3.0 Technologies in Small and Medium Enterprises in India
Vajjhala, Narasimha Rao - American University of Nigeria, Nigeria
Potluri, Rajasekhara Moul - American University of Nigeria, Nigeria
Potluri, Lohith Sekhar - Amrita University, India

G75 Can Taiwan’s New Government Respond to the Changing Character and Needs of Innovation and Entrepreneurship?
Unger, Barry - Boston University, United States
Greiman, Virginia A. - Boston University, United States
Wan, Wendy W. N. - Tunghai University, Taiwan

G76 Attracting Talents - How Corporate and Employer Brand Affect Employer Attractiveness
Lasbleben, Hermann - ESB Business School, Reutlingen University, Germany
Schwendner, Christine - Bayerisches Staatsministerium für Arbeit und Soziales, Familie und Integration, Germany

G9 The Basic Directions of the Formation of IT Clusters Based on Kazakhstan's Technological Platforms
Kireyeva, Anel A. - Institute of Economics, Kazakhstan
Nurlanova, Nailya K. - Institute of Economics, Kazakhstan
Ruzanov, Rashid M. - Institute of Economics, Kazakhstan
GLOBAL ONLINE SESSIONS

Academic Paper Presentations
[Track 6]: Global Session 5 [Online]
Session Time: 09:00 – 10:20 Thursday July 6, 2017
Session Chair: Kim, Dong Ho, Ph.D.
(SUNY Empire State College, USA)

G20 Research on the Environmental Issues in China's Sustainable Economic Development
Zhao, Yue - Shandong University of Political Science and Law, China

G21 Effective Model of Social and Labor Relations: Approaches to Regulation
Chulanova, Zaure K. - Institute of Economics, Kazakhstan

G22 State Regulation of Regional Entrepreneurship in the Market Economy: A Case of Kazakhstan
Mukhtarova, K. S. - Al-Farabi Kazakh National University, Kazakhstan
Myltykbayeva, A. T. - Al-Farabi Kazakh National University, Kazakhstan
Mukhtar, E. S. - Al-Farabi Kazakh National University, Kazakhstan

G23 The Prospects of Development of Green Economy in the Republic of Kazakhstan
Sansyzbayeva, Gallia N. - Al-Farabi Kazakh National University, Kazakhstan

G24 Management of Innovative Activity of the Enterprises of Small and Medium-sized Business in the Competitive Environment
Zhaxylykova, Ayan - Al-Farabi Kazakh National University, Kazakhstan

G25 The Economic Diagnostics of Competitiveness of Companies in the Republic of Kazakhstan
Zhunissova, Gulnar E. - Al-Farabi Kazakh National University, Kazakhstan

Academic Paper Presentations
[Track 6]: Global Session 6 [Online]
Session Time: 10:30 – 11:50 Thursday July 6, 2017
Session Chair: Lee, Jung Wan, Ph.D.
(Boston University, USA)

G26 Management of High-Tech Project Risks in the Condition of Economic Crisis
Mukhtarova, Karlygash S. - Al-Farabi Kazakh National University, Kazakhstan
Kozhakhmetova, Assel - Al-Farabi Kazakh National University, Kazakhstan

G27 Economic Efficiency of Development of Transport Infrastructure in the Multipurged Regions of Kazakhstan
Sharapiyeva, Madina - Al-Farabi Kazakh National University, Kazakhstan
G28 The Ways of Commercialization of Scientific Developments of Foreign Countries  
Usmanov, Ali - Al-Farabi Kazakh National University, Kazakhstan

G29 A Supportable Format for Attribute Based Encryption in Cloud Computing  
George, Salu - American University of Nigeria, Nigeria

G30 Analysis of Development of Project Management in the Republic of Kazakhstan  
Mukhtarova, Karlygash S. - Al-Farabi Kazakh National University, Kazakhstan  
Yesmurzayeva, Aknur - Al-Farabi Kazakh National University, Kazakhstan

G31 A Comparative Analysis of Corporate Governance Guidelines: Bangladesh Perspective  
Rahman, Md. Musfiqur - University of Dhaka, Bangladesh  
Khatun, Naima - Kobe University, Japan

Academic Paper Presentations  
[Track 6]: Global Session 7 [Online]  
Session Time: 13:00 – 14:20 Thursday July 6, 2017  
Session Chair: Mukhtarova, Karlygash S., Ph.D.  
(Al-Farabi Kazakh National University, KAZAKHSTAN)

G32 Does Agricultural Production Contribute to Poverty Reduction in Cameroon?  
Ofeh, Moses A. - University of Bamenda, Cameroon  
Dinictri, Soh Wenda Boris - University of Dschang, Cameroon  
Fon, Dorothy A. - University of Dschang, Cameroon

G33 A Model to Predict Corporate Failure in the Developing Economies: A Case of Listed Companies on the Ghana Stock Exchange  
Oduro, Richard - University of Education, Winneba, Ghana  
Aseidu, Michael Amoh - University of Education, Winneba, Ghana

G34 Estimating Total Factor Productivity and Its components – Evidence from Manufacturing Sector of Tamilnadu, India  
Kumar, T. Sampath - Government Arts College, Tamilnadu, India  
Pradeep, V. - Great Lakes Institute of Management, Tamilnadu, India

G35 Trends in the Development of Fiscal Authorities of Kazakhstan  
Ilmzhanova, Zaida A. - Zhetsysu State University named after I. Zhansugurov, Kazakhstan  
Burnasheva, Venera R. - Zhetsysu State University named after I. Zhansugurov, Kazakhstan  
Gussenov, Barkhudar S. - Zhetsysu State University named after I. Zhansugurov, Kazakhstan

G36 A Qualitative Study of the Effects of a Government-Mandated Online Transaction Standard Acting as a Technical Barrier to Trade in South Korea  
Callinan, Nigel - Pusan National University, Korea
G37 Determinants of Commercial Banks’ Efficiency in Bangladesh: Does Crisis Matter?
Banna, Hasanul - University of Malaya, Malaysia
Ahmad, Rubi - University of Malaya, Malaysia
Koh, Eric H.Y. - University of Malaya, Malaysia

Academic Paper Presentations
[Track 6]: Global Session 8 [Online]
Session Time: 14:30 – 15:50 Thursday July 6, 2017
Session Chair: Rao, Doki Tripati, Ph.D.
(Indian Institute of Management Lucknow, INDIA)

G38 Banking Lending Behavior towards SME Businesses during Global Financial Crisis 2008: Evidence from Malaysia
Shammo, Anisul Mannan - International Islamic University Malaysia, Malaysia
Mahbub, Meshkat - International Islamic University Malaysia, Malaysia
Yahya, Abdul Aziz - International Islamic University Malaysia, Malaysia

G39 Thailand's Efficient Trade Agreement and Its Impacts on Poverty and Income Inequality
Durongkaveroj, Wannaphong - Ramkhamhaeng University, Thailand

G40 The Impact of Property Management Services on Tenants’ Satisfaction with Industrial Buildings
Seetharaman, Arumugam - S P Jain School of Global Management Singapore, Singapore
Saravanan, A. S. - Taylor’s University, Malaysia
Patwa, Nitin - S P Jain School of Global Management Dubai, United Arab Emirates
Bey, Jiann Ming - S P Jain School of Global Management Dubai, United Arab Emirates

G41 The Role of Investment Attraction in Vietnamese Industrial Parks and Economic Zones in the Process of International Economic Integration
Nguyen, Tien Dzung - University of Economics and Law, Vietnam National University - HCMC, Vietnam
Nguyen, Anh Tuan - University of Economics and Law, Vietnam National University - HCMC, Vietnam
Do, Phu Tran Tinh - University of Economics and Law, Vietnam National University - HCMC, Vietnam

G42 Food Security amongst Small Grains and Long Grains Smallholder Farmers of Masvingo Province in Zimbabwe
Mapfumo, Alexander - Great Zimbabwe University, Zimbabwe

G80 Taiwan and the Current Situation of Its Younger Generation of Entrepreneurs and Innovators
Wan, Wendy W. N. - Tunghai University, Taiwan

G81 Entrepreneurial Solutions to Poverty: Impact Investing in SMEs
Mak, Wing Yan - Boston University, United States
OPENING SPECIAL PANEL SESSIONS

Special Panel Presentation
Special Panel Session [Main Hall]
Session Time: 17:30 – 18:20 Thursday July 6, 2017
Session Chair:  Lee, Jung Wan, Ph.D.
(Boston University, USA)

Panellists for Part 1:

1. Chee, San - Boston University, United States
2. Greiman, Virginia A. - Boston University, United States
3. Togambayeva, Altnay K. - Al-Farabi Kazakh National University, Kazakhstan
4. Unger, Barry - Boston University, United States
5. Vajjhala, Narasimha Rao - American University of Nigeria, Nigeria
6. Wan, Wendy W. N. - Tunghai University, Taiwan
7. Wonglimpiyarat, Jarunee - Thammasat University, Thailand


G83 Science and Technology – Efficient Solutions to Increase the Productivity, Quality, Efficiency of Businesses and Competitive Capacity of Vietnam Enterprises
Speaker: Pham, Ngoc Minh
Director of the Office, the National Science and Technology Program for Mekong Region, the Ministry of Science and Technology (MOST), Vietnam

G82 Policies to Promote Start-up, Innovation and Developing SMEs in Vietnam: From Experiences of ASEAN Countries
Speaker: Bui, Van Quyen
General Director of the Middle and Southern Division of the Ministry of Science and Technology (MOST); Vice Chair of the Vietnam Innovation Association (VIA), Vietnam

G78 Future Strategic Plan and Policies of Science and Technology Development of Vietnam
Speaker: Tran, Van Tung
Deputy Minister of the Ministry of Science and Technology (MOST), Vietnam
Panellists for Part 2:

1. Chalid, Dony Abdul - Universitas Indonesia, Indonesia
2. Halim, Rizal Edy - Universitas Indonesia, Indonesia
3. Rao, Doki Tripati - Indian Institute of Management Lucknow, India
4. Akhmetova, Aigul B. - Al-Farabi Kazakh National University, Kazakhstan
5. Kim, Dong Ho - SUNY Empire State College, United States

Part 2: Future Development Strategies for KODISA Journals

G79 Future Development Strategies for KODISA Journals: Overview of 2016 and Strategic Plans for the Future
Lee, Jung Wan - Boston University, United States
Kim, Dong Ho - SUNY Empire State College, United States

G77 Future Strategic Partnerships between KODISA Scientific Journals and Universitas Indonesia Faculty of Economics and Business
Halim, Rizal Edy - Universitas Indonesia, Indonesia
Chalid, Dony Abdul - Universitas Indonesia, Indonesia
OPENING CEREMONY

16:30 – 17:30 Thursday, July 6, 2017
Opening Ceremony and Welcoming Addresses [Main Hall]
Master of Ceremony: Kim, Young-Ei, Ph.D.
(Seoul Digital University, KOREA)

16:30-16:30 Opening Announcement
16:30-16:40 Welcoming Address - Conference Host
    The University of Finance and Marketing, Vietnam
16:40-16:50 Welcoming Address - Conference Host
    The Ministry of Science and Technology, Vietnam
16:50-17:00 Welcoming Address, Conference Chair
17:00-17:20 Award Ceremony
    ICBE2017 Excellence Awards, Best Paper Awards
17:20-17:30 Photo Time
WELCOMING RECEPTION

18:30 – 21:00 Thursday, July 6, 2017
Award Ceremony and Welcoming Reception [Reception Hall]

Masters of Ceremony:
Pham, Huu Hong Thai, Ph.D.
(Vice President, University of Finance and Marketing, VIETNAM)
Lee, Jung Wan, Ph.D.
(Conference Chair, Boston University, USA)

18:30-18:30 Opening Announcement
18:30-18:40 Welcoming Speech - Conference Host
   Dr. Pham, Huu Hong Thai - Vice President of the University of Finance and Marketing, Vietnam
18:40-18:50 Welcoming Speech - Conference Chair
   Dr. Lee, Jung Wan - Boston University, United States
18:50-19:00 Award Ceremony
   ICBE2017 Appreciation Certificates, Distinguished Research Awards
19:00-21:00 Banquet Buffet Dinner and Networking
**Congress Tour Day One**  
**9:00 - 18:00, Friday, July 7, 2017**  
[Tour Destination: Ho Chi Minh City]  
[Tour Bus (Departure-Return): University of Finance - Marketing]

**Ho Chi Minh City Tour**

Spend the day discovering the history, traditions, and culture of the energetic city of Ho Chi Minh. Follow your local guide as you wander through timeless winding alleys to magnificent pagodas, bustling marketplaces, gourmet restaurants, and architectural wonders.

**Highlights:**

- Excursion through Ho Chi Minh led by an expert guide
- Chance to see Ben Thanh Market & interact with local vendors
- Stops at Reunification Palace & Notre Dame Cathedral

---

**Congress Tour Day Two**  
**9:00 - 18:00, Saturday, July 8, 2017**  
[Tour Destination: Cu Chi Tunnels Tour]  
[Tour Bus (Departure-Return): University of Finance - Marketing]

**Cu Chi Tunnels Tour**

The tunnels of Củ Chi are an immense network of connecting underground tunnels located in the Củ Chi District of Ho Chi Minh City (Saigon), Vietnam, and are part of a much larger network of tunnels that underlie much of the country. The Củ Chi tunnels were the location of several military campaigns during the Vietnam War, and were the Viet Cong's base of operations for the Tết Offensive in 1968.

**Highlights:**

- Chance to discover the historic Cu Chi Tunnels
- Scenic views of rural rice paddies en route to Cu Chi
- Intriguing narratives about the war experience & tunnels
- Engaging commentary from helpful guide offered along the way
2017 International Conference on Business and Economics (ICBE2017) 
Ho Chi Minh City, Vietnam, July 06 - 08, 2017 
第12回 国際統合学術大会

Proceedings
[This Page is a Blank for Proceedings]

1. Content of Table
2. Manuscripts
CONTENTS

• Constructs and Variables in Environmental Research: A Secondary Review Using Canonical Correlation Analysis
  Abeysekera, Indra; Huong, Nguyen Thi Thanh; Cowley, Julie Louise; Nguyen, Thi Kim Loan  .................................... 43

• Long-Run and Short-Run Dynamics Relationships between Exchange Rate Fluctuations and Foreign Direct Investment Flows in China
  Lee, Jung Wan; Brahmasrene, Tantatape .............................................................. 45

• Determinants of Online Purchase Intension: A Study on Indian Young-Adult Consumers
  Potluri, Lohith Sekhar; Potluri, Rajasekhar Mouly; Vajjhala, Narasimha Rao ........................................ 49

• An Exploratory Treatise on Jay Customers Behavior in Indian Banking Industry: A Dyadic Perspective
  Potluri, Rajasekhar Mouly; Potluri, Lohith Sekhar .................................................. 51

• Monetary Transmission Channels, Sectoral Output and Augmented VAR Analysis
  Rao, Doki Tripati; Singh, Sunny Kumar ................................................................. 53

• Economic and Environmental Impacts of Mass Tourism on Regional Tourism Destinations: A Case Study of Ten New ‘Bali’ in Indonesia
  Syah, Ahmad Mujafar; Lee, Jung Wan ................................................................. 55

• Indonesian Youth Shoppers Typology
  Halim, Rizal Edy; Iqbal, Egi Widya Nur ..................................................................... 59

• The Basic Directions of the Formation of IT Clusters Based on Kazakhstan's Technological Platforms
  Kireyeva, Anel A.; Nurlanova, Nailiya K.; Ruzanov, Rashid M. .................................. 63

• Methodological Approaches of Evaluation of Economic Potential of the Regions of Kazakhstan
  Nurlanova, Nailiya K.; Kireyeva, Anel A.; Alzhanova, Farida G. ................................. 67

• Financial Disclosure and the Cost of Equity Capital: The Empirical Test of the Largest Listed Companies of Kazakhstan
  Baimukhamedova, Aizhan; Baimukhamedova, Gulzada; Airmurzinov, Murat; Luchaninova, Albina ................................................................. 71

• The Integration of Science, Education and Business: Application in Al-Farabi Kazakh National University
  Mutanov, Galym M.; Ramazanov, Tlekkabul S.; Akhmetova, Aigul B.; Togambayeva, Altynay K.; Karagulanova, Arda S. ........................................... 75

• The Relationship of Middle Income Trap and Employment in Kazakhstan
  Jumambayev, Seisembay ......................................................................................... 77
• International Experience in the Integration of Science, Education and Business: Perspectives for Application in Kazakhstan
  Mutanov, Galym M.; Ramazanov, Tlekkabul S.; Togambayeva, Altnay K.; Akhmetova, Aigul B. ................................................................. 81

• Phenomenon of Hallyu: An Outside Perspective - Kazakhstani Viewpoint
  Toganbayeva, Karlygash; Mirzoyeva, Leila Y.; Timberlake, Alan H. ................................................................. 85

• A Structural Compendium on Application of Web 3.0 Technologies in Small and Medium Enterprises in India
  Vajjhala, Narasimha Rao; Potluri, Rajasekhara Mouly; Potluri, Lohith Sekhar ................................................................. 89

• Exploring Consumer Cosmopolitanism and Ethnocentrism Effects in the Purchase Intentions towards the Products of a Foreign Country
  Sousa, Ana F. Antunes; Nobre, Helena M.; Farhangmehr, Minoo ................................................................. 91

• Financial Economics of Innovation: Policies and Mechanisms for Enhancing Innovative Entrepreneurship
  Wonglimpiyarat, Jarunee ................................................................. 95

• Building Bridges on the Silk Road: A Strategy for Vietnam
  Greiman, Virginia A. ................................................................. 97

• Research on the Environmental Issues in China's Sustainable Economic Development
  Zhao, Yue .................................................................................. 99

• Effective Model of Social and Labor Relations: Approaches to Regulation
  Chulanova, Zaure K. .................................................................. 103

• State Regulation of Regional Entrepreneurship in the Market Economy: A Case of Kazakhstan
  Mukhtarova, K. S.; Myltykbayeva, A. T.; Mukhtar, E. S ................................................................. 105

• The Prospects of Development of Green Economy in the Republic of Kazakhstan
  Sansyzbayeva, Gallia N. ................................................................. 107

• Management of Innovative Activity of the Enterprises of Small and Medium-sized Business in the Competitive Environment
  Zhaxylykova, Ayan .................................................................. 109

• The Economic Diagnostics of Competitiveness of Companies in the Republic of Kazakhstan
  Zhunissova, Gulnar E. .................................................................. 113

• Management of High-Tech Project Risks in the Condition of Economic Crisis
  Mukhtarova, Karlygash S.; Kozhakhmetova, Assel .................................................................. 117
• Economic Efficiency of Development of Transport Infrastructure in the Multi-Purged Regions of Kazakhstan
  Sharapiyeva, Madina ................................................................. 121

• The Ways of Commercialization of Scientific Developments of Foreign Countries
  Usmanov, Ali ........................................................................... 123

• A Supportable Format for Attribute Based Encryption in Cloud Computing
  George, Salu ............................................................................. 125

• Analysis of Development of Project Management in the Republic of Kazakhstan
  Mukhtarova, Karlygash S.; Yesmurzayeva, Aknur ........................................ 129

• A Comparative Analysis of Corporate Governance Guidelines: Bangladesh Perspective
  Rahman, Md. Musfiqur; Khatun, Naima .................................................. 133

• Does Agricultural Production Contribute to Poverty Reduction in Cameroon?
  Ofeh, Moses A.; Dinictri, Soh Wenda Boris; Fon, Dorothy A. ......................... 135

• A Model to Predict Corporate Failure in the Developing Economies: A Case of Listed Companies on the Ghana Stock Exchange
  Oduro, Richard; Aseidu, Michael Amoh ................................................... 139

• Estimating Total Factor Productivity and Its components – Evidence from Manufacturing Sector of Tamilnadu, India
  Kumar, T. Sampath; Pradeep, V. .......................................................... 141

• Trends in the Development of Fiscal Authorities of Kazakhstan
  Ilimzhanova, Zaida A.; Burnasheva, Venera R.; Gussenov, Barkhudar S. .......... 143

• A Qualitative Study of the Effects of a Government-Mandated Online Transaction Standard Acting as a Technical Barrier to Trade in South Korea
  Callinan, Nigel ............................................................................ 145

• Determinants of Commercial Banks’ Efficiency in Bangladesh: Does Crisis Matter?
  Banna, Hasanul; Ahmad, Rubi; Koh, Eric H.Y. ............................................. 147

• Banking Lending Behavior towards SME Businesses during Global Financial Crisis 2008: Evidence from Malaysia
  Shammo, Anisul Mannan; Mahbub, Meshkat; Yahya, Abdul Aziz ....................... 149

• Thailand’s Efficient Trade Agreement and Its Impacts on Poverty and Income Inequality
  Durongkaveroj, Wannaphong .................................................................. 151

• The Impact of Property Management Services on Tenants’ Satisfaction with Industrial Buildings
  Seetharaman, Arumugam; Saravanan, A. S.; Patwa, Nitin; Bey, Jiann Ming ........ 153
• The Role of Investment Attraction in Vietnamese Industrial Parks and Economic Zones in the Process of International Economic Integration
  Nguyen, Tien Dzung; Nguyen, Anh Tuan; Do, Phu Tran Tinh ........................................ 155

• Food Security amongst Small Grains and Long Grains Smallholder Farmers of Masvingo Province in Zimbabwe
  Mapfumo, Alexander ........................................................................................................ 157

• The Determinants of Current Account in the Southeast Asian Countries
  Dang, Thi Ngoc Lan .......................................................................................................... 159

• Ownership Structure and Dividend Policy of Vietnamese Enterprises after the Global Financial Crisis
  Pham, Quoc Viet; Luong, Quoc Trong Vinh; Tran, Bao Vy .............................................. 163

• The Determinants of Dynamic Debt Maturity Structure: Evidence from Vietnam
  Nguyen, Thanh Nha; Tran, Thi Thuy Linh .......................................................... 167

• Building Firm’s Competitive Advantages through Supplier Development
  Nguyen, Phi Hoang .................................................................................................................. 171

• Key Attributes of Banking Website Quality in Vietnam: A Decision Tree Approach
  Pham, Thi Thanh Xuan; Nguyen, Tien Nhat .......................................................... 175

• Factors Affecting a Successful Deployment of Enterprise Resource Planning for Organizations in Vietnam
  Nguyen, Xuan Hiep; Nguyen, Thi Cam Loan .......................................................... 179

• The Impacts of Tax Procedures Reform to Business Environment in Vietnam: Achievements and Further Reforms
  Le, Xuan Truong .............................................................................................................. 183

• Role of Corporate Social Responsibility in Managing Customer Loyalty: An Empirical Study in Vietnam Retailing Industry
  Hoang, Phuong Dung ............................................................................................................. 187

• A Provincial Analysis of Formal Economic Institutions and Growth in Vietnam
  Bui, Thanh Trung; Diep, Gia Luat ...................................................................................... 191

• Understanding the Impact of Enterprise Resource Planning (ERP) System on Accountants’ Work Performance
  Phan, Thi Bao Quyen; Nguyen, Phuoc Bao An .......................................................... 195

• Determinants of Vietnam’s Outward Direct Investment: In Cambodia Case
  Vo, Thu Thanh; Le, Quang Huy ......................................................................................... 199

• Convergence Strategy VAS with IAS/IFRS to Fit International Business and Economy
  Pham, Thi Lai ...................................................................................................................... 201
• Difficulties and Challenges in Applying IFRS for Enterprises in Developing Countries: A Case of Vietnam
  Le, Thi Thanh Hue; Phan, Hong Nhung .......................................................... 205

• A Review of Accounting Research Trends in the World
  Tran, Thi Phuong Thanh .................................................................................. 209

• Macroeconomic Conditions and Capital Structure Adjustment Speed - The Evidence in Vietnam
  Tran, Thi Muoi; Nguyen, Thi Uyen Uyen ....................................................... 211

• Determinants of Entrepreneurial Intentions: A Case of University Students in HCMC
  Nguyen, Xuan Hiep; Nong, Thi Nhu Mai ....................................................... 215

• Factors Influencing Purchasing Decision of Butter Oil Substitute in Vietnam
  Ha, Nam Khanh Giao .................................................................................... 219

• Some Conditions to Develop the Service Sector of Urban in Vietnam
  Nguyen, Nguyen Phong ............................................................................... 223

• The Research for Sustainable Poverty Reduction in Khmer Ethnic Community
  Nguyen, Hong Ha ......................................................................................... 225

• Key Determinants and the Effects of Perceived Value on Online Repurchase Intention of E-Commerce in Vietnam
  Nguyen, Ngoc Duy Phuong; Nguyen, Duy Long ........................................... 229

• A Partial Least Squares Path Model of Repurchase Intention in Smartphone-based Ride Hailing Service
  Nguyen, Ngoc Duy Phuong¹; Tran, Thi Dai Trang ........................................... 233

• Tax Policy and Housing Prices: Evidence from Vietnam
  Pham, Huu Hong Thai; Quach, Manh Hao ................................................... 235

• Modelling Stock Market Volatility: Evidence from Vietnam
  Ho, Thuy Tien; Ho, Thu Hoai; Ngo, Van Toan ............................................. 237

• Factors Impacting on the Supply Chain Collaboration of Vietnamese Furniture Industry
  Huynh, Thi Thu Suong .................................................................................. 241

• A Study on the Development of Limitation of Liability in Maritime Cargo Claims
  Le, Thi Thuy Dung; Chung, Cheng-Chi ........................................................... 245

• The Relationship between Organizational Justice and Social Loafing in Ho Chi Min City
  Vu, Ba Thanh; Ngo, Van Toan ...................................................................... 247
  Nguyen, Ngoc Duy Phuong; Nguyen, Tien Dat ................................................................. 251

• Disclosure of Environmental Information by Manufacturing Firms Listed on the Ho Chi Minh City Stock Exchange (HOSE)
  Duong, Hoang Ngoc Khue; Nguyen, Thi Ngoc Oanh ............................................................. 253

• Unsolved Problem in Human Resources Qualities of Vietnamese Banking Industry in Integration
  Truong, Van Khanh; Tram, Bich Loc .................................................................................. 255

• Fintech Credit – Opportunities for SMEs in Vietnam
  Truong, Van Khanh; Tram, Bich Loc .................................................................................. 259

• Developing Education Quality for Human Resource in the Tourism Industry – A Study in Ho Chi Min City, Vietnam
  Nguyen, Thang Quyet; Ngo, Thanh Phuong Quynh ............................................................... 263

• Can Taiwan’s New Government Respond to the Changing Character and Needs of Innovation and Entrepreneurship?
  Unger, Barry; Greiman, Virginia A.; Wan, Wendy W. N. ......................................................... 265

• Policies to Promote Start-up, Innovation and Developing SMEs in Vietnam: From Experiences of ASEAN Countries
  Bui, Van Quyen .................................................................................................................... 269

• Science and Technology – Efficient Solutions to Increase the Productivity, Quality, Efficiency of Businesses and Competitive Capacity of Vietnam Enterprises
  Pham, Ngoc Minh ................................................................................................................ 273

• A Study on Recent Credit Loan from Households in South Korea
  Jeong, Dong-Bin .................................................................................................................... 277

• A Review on Sales on Large-scale Retailing Types in South Korea
  Jeong, Dong-Bin .................................................................................................................... 281

• A Study on Factors Affecting Turnover Intention of Jewelry Distribution Distributor
  Lee, Sangki; Lee, Donghae ....................................................................................................... 285

• Case of Cargo Collided with Unlicensed Vehicle
  Kwak, Young-Arm; Cho, Young-Sang .................................................................................. 293

• Effect of Stakeholder’s Mutual Cooperation in Sustainable Tourism Marketing
  Choi, Kwang-Woong; Hwang, Yong-Cheol ........................................................................... 295

• Complexity and Algorithms for Optimal Bundle Search Problem with Pairwise Discount
  Chung, Jibok; Choi, Byungcheon ......................................................................................... 289
• The Analysis of Product Design Effect on Consumer Emotional Satisfaction by Brand Type
  Kim, Soon-Hong; Park, Jong-Chan ................................................................. 291

• Case of Cargo Collided with Unlicensed Vehicle
  Kwak, Young-Arm; Cho, Young-Sang ............................................................. 293

• Effect of Stakeholder’s Mutual Cooperation in Sustainable Tourism Marketing
  Choi, Kwang-Woong; Hwang, Yong-Cheol ..................................................... 295

• How Do Retail Regulations Influence a Retail Sector? A Comparative Study of Korea and Other Countries
  Cho, Young-Sang; Kwak, Young-Arm ............................................................... 297

• The Impact of Intrinsic Characteristics of Modularity on Supply Chain Performances
  Lee, Sang-Hyun .................................................................................................. 301

• A Study on the Consciousness for Korean-Chinese Adaptation in Korea
  Kim, Jong-Jin; Hwang, Moon-Young; Cho, Kyung-In; Kim, Pan-Jin .................... 303

• Consumer Regret: Effect of Counter-Factual Thinking on Post-Purchase Behavior
  Yang, Hoe-Chang; Kim, Young-Ei .................................................................... 307

• Amazon’s Distribution Strategy: Doing the Right Things
  Hahn, Yoonah; Youn Myoung-Kil; Kim Dongho ............................................... 311

• A Study on Predicted Expansion of Electric Vehicles Using the Technology Adoption Life Cycle Model: Focusing on the U.S. Market
  Kim, Yong-Tae; Choi, Sung-Wook .................................................................. 313

• Traditional Markets Performance Analysis Considering the Impact of Large Discount Stores
  Yoo, Byong-Kook; Kim, Soon-Hong ................................................................. 317

• The Effects of Retirement Buying Factors and Satisfaction on Retailer’s Online Shopping
  Kim, Jong-Jin .................................................................................................... 319

• Capital Structure Adjustment: Evidence from the Korean Financial Market
  Lee, Jeong-Hwan; Yoon, Bohyun .................................................................... 323

• Do Firms Rebalance Capital Structure? Evidence from Korean Retail Firms
  Kim, Sang-Su; Lee, Jeong-Hwan .................................................................... 327

• An Empirical Study on Consumer Value Innovation for Global Retail Company in Vietnamese Distribution Market
  Lee, Jongkook .................................................................................................. 331
• A Research on the Relationship between Accrual-based Earnings Management and Real Earnings Management in the Retail Industry
  Kang, Shin-Ae; Kim, Tae-Joong ................................................................. 333

• A Study on Korean Products' Distribution through Overseas Purchasing in China
  Dai, Wen-Qian; Lee, Jong-Ho ................................................................. 335

• A Study on the Strategic Implications from Successful Sharing Economy Companies as a Distribution Platform in Korea
  Li, Qing-Zhu; Lee, Jong-Ho ................................................................. 339

• A Study on Effect of the Elderly Living Alone's Date upon Psychological Loneliness and Happiness
  Jung, Myung-Hee; Joo, Min-Kyung .......................................................... 343

• A Study on Effect of the Elderly Living Alone's Date upon Psychological Loneliness and Happiness
  Jung, Myung-Hee; Joo, Min-Kyung .......................................................... 345

• A Study on Effect of the Elderly's Leisure Life upon Psychological Loneliness and Life Satisfaction and Social Support's Mediating Effect
  Jung, Myung-Hee; Kim, Hong-Sun .......................................................... 349

• A Study on Export Promotion Strategy of K-Beauty Korean Wave Products: Focused on Cosmetic
  Jeon, Dong-Han; Lee, Pyoung-Soo; Seo, Yong-Won .................................. 355

• Development of High efficiency Food Waste Treatment System for Entering New and Renewable Energy Industry in Southeast Asia
  Kwon, Ki-Tae; Lee, Woo-Sik; Kwon, Lee-Seung; Seong, Seung-Hwan; Kim, Young-Do; Kwon, Woo-Taeg .......................................................... 359

• The Study on the Analysis of Start-Up Success-Failure Factors to Small Enterprise in Seoul, Korea
  Kim, Se-Jin; Lee, Sang-Youn; Kim, Pan-Jin ............................................. 363

• Efficient Construction Process and Distribution System through Construction IT Convergence based on 4th Industrial Revolution Technology : Focused on Distribution Management of Free-form Structural External panel
  Lee, Dong-Woon; Kim, Dae-Geon .......................................................... 367

• A Study on the Effect of Brand Globalness and Green National Image on Customer Satisfaction and Repurchase Intentions based on the Effect of Green Marketing - Chinese Consumers -
  Tang, Lin; Lee, Sung Joon ........................................................................... 371

• A Study on Factors that Effect on Consumer Behaviour on Cross-Border E-Commerce in Vietnam - Ho Chi Minh City
  Dao, Duy Thang; Hyun, In Gyou .............................................................. 375
Constructs and Variables in Environmental Research: A Secondary Review Using Canonical Correlation Analysis

Abeysekera, Indra¹; Huong, Nguyen Thi Thanh²; Cowley, Julie Louise³; Nguyen, Thi Kim Loan⁴

Abstract

This study examines whether environmental disclosure and environmental performance variables express distinct constructs using canonical correlation analysis technique and analyses secondary data in Cong and Freedman (2011) article as a case example. The analysis finds that the environmental performance variables express different dimensions of the performance construct, and the variables differ in their expression of the construct. This study applies canonical correlation analysis to the published Cong and Freedman (2011) article using the statistical mean, standard deviation, and the correlation table published in that article and examined using SPSS syntax outlined by Abeysekera (2014) article. The canonical correlation results indicated that MHPR and RRR variables express another dimension of the environmental performance construct. The MHPR variable contributed very little in 2003 and 2005 but contributed sufficiently in the 2004 year to the performance construct. Overall, the canonical correlation analysis of the data published by Cong and Freedman (2011) revealed that the environmental disclosure variable (SCORE) expresses a different construct from the environmental performance variable (PBR). PBR is the most representative variable of the environmental performance construct.

Keywords: Canonical Correlation Analysis, Corporate Governance, Disclosure, Environmental Performance.

1. Introduction

Cong and Freedman (2011) examined the relationship between corporate governance practices and environmental disclosure and environmental performance. Canonical correlation analysis of the data published by Cong and Freedman (2011) revealed that the environmental disclosure variable (SCORE) expresses a different construct from the environmental performance variable (PBR). PBR is the most representative variable of the environmental performance construct. In each of the analysed years (2003, 2004, & 2005) in that article, SCORE was in the low contribution range, and PBR was in the high contribution range. PBR represented an environmental performance dimension which is distinct from the environmental performance dimension represented by the MHPR and RRR variables.

2. Research Method

Cong and Freedman (2011) examined the relationship between corporate governance practices and environmental disclosure and environmental performance. The study in that article conducted separate regressions for 2003, 2004, & 2005 years. The authors found governance practices to influence environmental disclosure positively, but to have no influence on environmental performance. They measured environmental performance in three ways. The PBR is the toxic release inventory in millions of pounds. The MHPR measures the hazard to society of releases from each plant, and then these release hazards by plants are aggregated for the firm. The MHPR is the natural log value of the toxic releases measured in pounds, specifically identified by the nature of the chemicals, multiplied by the population being affected by these toxic releases. The RRR is the risk-related result aggregated at the plant level, then aggregated at the firm level. Each result is the surrogate dose. The RRR measured as the toxic dose the population exposed to from each release of chemicals by a plant. The authors believed MHPR and RRR to be better than PBR in measuring environmental performance because these methods consider the importance of separate elements of pollution performance to reach an overall measure that considers volume, toxicity, and population.

Environmental disclosure (SCORE) measured as a disclosure index from disclosures made in environmental, sustainability, and social responsibility reports, as well as on firms’ websites. The disclosure index comprised five disclosure categories. A score of 1 was assigned to a category if a disclosure found in that category. The five categories were as follows. First, the firms disclosed toxic release inventory amount. Second, the firms disclosed specific chemical or compound amount. Third, the firms disclosed emission amount by each plant. Fourth, the firms disclosed toxic release inventory amounts for the past two years, and the current year. Fifth, the firms identified toxic releases by the medium through which they are disclosed such as air, water, or land. Cong and Freedman measured corporate governance practices using a corporate governance index (GOVSCORE). The basis of the governance index is the governance score developed by Brown and Caylor (2006) who identified 51 items spread over eight categories: audit, the board of directors, charter and bylaws, director education, executive and director compensation, ownership, progressive practices, and state of incorporation. Each of the 51 items received a score based on its presence or absence. Their regression models are controlled for firm size as the natural log of total sales (SIZE). The sample size in each year was 50 firms. We assume here that Cong and Freedman devised the environmental disclosure variable to express the environmental disclosure construct, and the environmental performance variables to express the environmental performance construct.

---

1 S P Jain School of Global Management Sydney, Australia  
E-mail: indraabeysekera@gmail.com  
2 Ton Duc Thang University, Ho Chi Minh City, Vietnam  
3 S P Jain School of Global Management, Sydney, Australia  
4 Ton Duc Thang University, Ho Chi Minh City, Vietnam
3. Findings

The canonical correlation analysis output from this study also finds that the PBR contribution is in the higher range, and the MHPR and RRR contributions are in the lower range. The PBR environmental performance variable contributed in the higher range to the environmental performance construct, in all three years. The contribution made by the RRR and MHPR environmental performance variables were in the lower range in all years. The most representative variable of the environmental performance construct was found to be PBR, measured as the toxic releases in a million pounds; this variable expresses one dimension of the environmental performance construct. The canonical correlation results indicated that MHPR and RRR variables express another dimension of the environmental performance construct. The MHPR variable contributed very little in 2003 and 2005 but contributed sufficiently in the 2004 year to the performance construct. The statistical modelling can drop MHPR variable without losing information about expressing that dimension, and therefore expressing the environmental performance construct, but further research is required to obtain behaviour of the MHPR variable towards the environmental performance construct. Overall, the canonical correlation analysis of the data published by Cong and Freedman (2011) revealed that the environmental disclosure variable (SCORE) expresses a different construct from the environmental performance variable (PBR). PBR is the most representative variable of the environmental performance construct.

References


Long-Run and Short-Run Dynamics Relationships between Exchange Rate Fluctuations and Foreign Direct Investment Flows in China

Lee, Jung Wan¹; Brahmasrene, Tantatape²

Abstract ¹

This research explores the short-run and long-run dynamic relationships between exchange rate fluctuations and foreign direct investment (FDI) inflows in China. Monthly time series data from the National Bureau of Statistics of the People’s Republic of China are analyzed by employing co-integration tests, vector error correction models, Wald tests and impulse responses. The empirical results indicate that a change in exchange rates negatively affects FDI inflows in the long run while there exists no evidence of short-run dynamics and reciprocal feedback between exchange rate fluctuations and FDI inflows. Furthermore, a structural break occurs during the 2007-2009 Asian financial crisis shock to FDI inflows in China.

Keywords: Exchange Rates, Foreign Direct Investment, Cointegration, Vector Error Correction, Impulse Responses, China.

1. Introduction

Currency risk and fluctuations, such as weaker dollar, higher or lower euro - and sovereign financial debt and austerity measures in countries have been on the forefront of economic discussions for a number of years. Accordingly, the dynamic relationship between currency volatility and foreign direct investment is of interest for policy-makers, international business managers and researchers. Do we see good evidence that countries with stronger currency invest in countries with weaker currencies? It is generally argued that the relationship between currency volatility and foreign direct investment has significant implications, especially from the viewpoint of recent large cross-border movement of funds and investments.

There are two theories about the dynamic relationship between currency volatility and foreign direct investment: the flow-oriented and traditional approaches, which have been discussed for a long time, yet have not resulted in any consensus. In the flow-oriented approach, the currency volatility is essentially determined by a country’s current account balance or trade balance. This model assumes that the currency volatility affects international competitiveness and trade balance. Consequently, they affect real income and inputs. The flow-oriented model claims a positive linkage between currency volatility and foreign direct investment. Local currency depreciation would lead to a greater competitiveness of domestic firms given that their exports will be cheaper in international trade. Higher exports will increase the domestic income and hence the firms’ market prices will appreciate since they are evaluated as the present value of the firms’ future cash flows. The traditional approach claims that depreciation of the domestic currency makes local firms more competitive, leading to an increase in their exports and consequently higher market prices. This implies a positive correlation between currency volatility and foreign direct investment. The inference from the traditional approach suggests that the weaker currency of host countries lead more foreign direct investment inflows. Seen as a value of a financial asset which is determined by the present value of anticipated cash flows, the currency exchange rate dynamics are determined by all the relevant macroeconomic factors affecting the anticipated value. As a result, if there are common factors affecting the two variables, foreign direct investment may have an impact on the currency volatility dynamics or be influenced by the currency volatility behavior.

2. Research Objectives

The objective of this paper is to provide additional evidence on the short-run and long-run dynamics between currency volatility and foreign direct investment. More precisely, we attempt to fill the gap in the literature by investigating how information is transmitted between these two economic variables through short-term price interactions and volatility spillovers. This study would benefit the literature in two aspects. First, the paper empirically explores the short-term and long-term dynamic relationships between currency volatility and foreign direct investment. A better understanding of the dynamic association of these two variables enables international business managers to make more informed investment and financing decisions. Second, because the relationship between currency volatility and foreign direct investment is not necessarily to be linear, extending the analysis to include both price and volatility will give a more comprehensive picture about the relationship between these two variables.

3. Empirical Framework

Whether empirically or theoretically, many studies have suggested a significant relationship between currency volatility and foreign direct investment, but the results have been quite mixed for the sign and causal direction between the two variables. Accordingly, research results for the dynamic relationship between currency volatility and foreign direct investment are still inconclusive. Therefore, providing further evidence for generalizing research results of the previous studies will make a substantial contribution to the literature.

The multifactor model stipulates various factors that can influence FDI flows. FDI flows can be affected by macroeconomic variables,
such as stock market returns and growth rates of real economic activity of the economy. Equation 1 illustrates the unrestricted vector autoregressive model in a multivariate form used in this empirical study.

\[
\Delta \text{FDI}_t = \alpha + \sum_{j=1}^{m} \Delta \text{FDI}_{t-j} + \gamma_1 \Delta \text{WTW}_t + \gamma_2 \Delta \text{EXP}_t + \gamma_3 \Delta \text{EUR}_t + \gamma_4 \Delta \text{YP}_t \\
+ \gamma_5 \Delta \text{KRW}_t + \gamma_6 \Delta \text{USD}_t + \gamma_7 \Delta \text{SEF}_t + \gamma_8 \Delta \text{KSE}_t + \gamma_9 \Delta \text{HKSE}_t \\
+ \gamma_{10} \Delta \text{TWSE}_t + \varepsilon_t
\]

where \( \Delta \) is the difference operator; \( \alpha \) is the deterministic component; \( \beta \) and \( \gamma \) are the parameters to be estimated; \( \varepsilon_t \) is assumed to be stationary random errors with mean zero; \( j \) is the lag length; \( t \) represents 1, 2, 3, …, \( n \) observation.

4. Data and Results

4.1. Data

This section describes the data and outlines the methodology used in the development or selection of indicators and the normalization of data. Some systematic factors in the economy may play a major role in affecting the stock market index. In particular, a different period of time can capture different responses of stock prices to varying levels of macroeconomic activity. When Asia experiences financial crisis between 1997 and 1998, policymakers became more prudent in exercising monetary policy tools. Therefore, this research focuses on investigating the effects of exchange rates and various economic variables on market returns for the period of post-financial crisis. All of monthly time series data below were collected and retrieved from the National Bureau of Statistics of the People’s Republic of China.

FDI

Foreign direct investment inflows are the gross inflows of new investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. This series shows new disinvestment outflows in the reporting economy from investors of the economy. Data are in thousand US dollars.

Exchange Rates.

Exchange rates were calculated in Chinese yuan per US dollar (USD), per Euro (EUR), per Japanese yen (JYP), and per Korean won (KRW) in a monthly adjusted average. The monthly time series data were collected and retrieved from the People’s Bank of China database.

Monetary Policy Shock.

A monetary policy shock refers to the sudden release of price and currency controls, withdrawal of state subsidies, and immediate trade liberalization within a country, usually also including large scale privatization of previously public owned assets. The World Trade Organization (WTO) accession of the People’s Republic of China is used as a proxy of the monetary policy shock. The WTO approved the text of the agreement for China’s entry into WTO on the date of December 11, 2001. China became legally a member of WTO 30 days after WTO received notification of the ratification of the agreement by China’s Parliament. A dummy variable with a value of 0 will cause the variable’s coefficient to disappear, and a dummy with a value 1 will cause the coefficient to act as a supplemental intercept in the regression model. Hence, the policy shock variable equals 1 if the period falls on after WTO accession (from January 2002) and 0 otherwise.

Shanghai Stock Exchange (SSE).

The Shanghai Stock Exchange Composite Index is used as a proxy of the stock market prices. The index is the most commonly used indicator to reflect the Shanghai Stock Exchange’s market performance and is a capitalization weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange. The index was developed on December 19, 1990 as the base day and the total market capitalization of all the listed stocks on the same day as the base period, with a base of 100 points. It was published from July 15, 1991 and is the most widely used index in China’s securities market. The index data used in this study represents monthly average.

Shenzhen Stock Exchange (SZSE).

The Shenzhen Composite Index is used as a proxy of the stock market prices. The index is the most commonly used indicator to reflect the Shenzhen Stock Exchange’s market performance and is an actual market capitalization weighted index, with no free float factor, that tracks the stock performance of all the A-share and B-share lists on the Shenzhen Stock Exchange. The index was developed on April 3, 1991 with a base price of 100. The index was scaled down by a factor of 1000 as the base day of July 20, 1994 and was introduced on January 23, 1995. The index data used in this study represents monthly average.

5. Conclusions

Considering the results of the Johansen cointegration test, the finding suggests that there exists a long-run equilibrium relationship between currency volatility and FDI flows in China. In addition, considering the results of the Granger causality test and the vector error correction estimates, this study finds that the currency volatility of Chinese yuan does Granger cause FDI flows in China. Since this study has found evidence that currency volatility is, to large extent, related to FDI movements in the short-run and long-run dynamics, the finding of this study confirms that there is reciprocal feedback between the two variables in China.

Countries with stronger cash flows are taking advantage of weaker currencies in order to invest internationally. Why would one pay more for the same investment, if all things being equal? It is the flag of risk management to spread the risk over assets and in this case, geographies, in order to better invest and protect their economic assets. An example is in fact, Japanese FDI in recent years. In addition to a favorable exchange rate of 80 yen per US dollar, the Japanese have spent the last decade recovering from the 1980’s crash, allowing them to amass assets even greater than the US’s FDI (Inagaki & Fukase, 2012). Of course, the Japanese reasons are more complex and it was interesting to see that they may be motivated for more intriguing reasons, such as higher costs of domestic labor, electricity and dwindling population.

It should be noted that the Chinese government substantially restrict portfolio investment inflows, even though FDI inflows may include disguised portfolio investment inflows and it is possible to make investors behave differently. Therefore, FDI inflows into
China are predominantly directed toward export-oriented manufacturing production. In the meantime, the Chinese government remained a conventional US dollar peg system until 2004 and moved to a managed floating exchange rate system since 2005, which means the current Chinese yuan does not link to only US dollar but a basket of foreign currencies. The government believes that the go global drive of the Chinese currency requires totally free floating exchange rate regime of their currency, which means the regulation of capital accounts should be fully opened and exchange rates will be largely determined by the demand and supply in both domestic and global markets. However, the government remains a managed exchange rate regime, which would enable the economy to dampen the impact of shocks and foreign business cycles in their way.

References

Determinants of Online Purchase Intention: A Study on Indian Young-Adult Consumers

Potluri, Lohith Sekhar¹; Potluri, Rajasekhar Mouly²; Vajjhala, Narasimha Rao³

Abstract ¹

The purpose of this research is to explore diverse determinants of online purchase intention of Indian young adult consumers. After a detailed relevant literature review and theoretical framework on online purchase intention and factors influencing online purchase behavior, researchers framed a well-structured questionnaire for collecting required information from a sample of 300 Indian customers along with set of questions framed to conduct in-depth personal interviews. The collected data were summarized, coded, and controlled by using Software R-Studio along with Microsoft Excel software packages and analyzed by using statistical tools like observance of percentile, tally charts and chi-squares. Majority of Indian young adult consumers have given prime priority to price, whereas the quality variable has received next preference in the online purchasing. Astonishingly, Product design & features came down with a third priority given. Even though majority of the young adult consumers in India are involving online purchasing, they are not at all happy with the quality of the services they have received from online marketers.

Keywords: Online Purchase Intention, Brand Preference, Quality Orientation, Online Purchase Experience, India.

1. Introduction

Predominantly, the developing world is relishing with dot.com boom in the last two to three decades which has given a novel marketing opportunity to the business world by offering new channels of distribution. With around 462 million Internet users by June 2016 with a penetration rate of 34.4 (Internet World Stats 2017) and India has the second largest number of internet users in the world after China by March 31, 2017, Internet World Stats (2017). Dolatabadi and Ebrahimi (2010) said that shopping on the internet provides a challenge to many consumers because it is new and most of the people do not have much experience with it in particularly in developing countries. In these approximate 462 million Internet users, most of them are in the age group of below 30 years who are going to be the biggest online shoppers in the country which pushes India is the second largest online market in the world. This enormous Internet base and changing trends of lifestyles of the present young India will provide a large market base to both online and off-line marketing in the country.

The researchers have selected young-adult consumers who are in the age group of 18 to 25 for the study whose features are completely unique in nature. With 356 million 10-24 years old, India has the world's largest youth population despite having a smaller population than China, a UN report said to The Economic Times. The researchers have initiated this research with a core objective of identifying diverse factors influencing online purchase intention of young adult consumers in India. This exploratory research article broadly divided into four parts. After the introduction, researchers discussed germane literature with the identification of hypotheses for the research. Then research methodology part clearly expounds about the research and sampling designs and followed by data analysis, findings, and testing of hypotheses. Finally, the paper ends with the presentation of information about managerial implications and limitations and scope for further research. Around the world, most of the eminent researchers have conducted a number of studies on online shopping and e-commerce, but these researchers concentrated only on factors influencing online purchase activity of only young-adult customers in India.

2. Research Methodology

The researchers have concentrated to explore the diverse determinants of only young adult consumers online purchase intention because of this age group’s extensive tech savvy nature and use of Internet. To know this age group’s factors influencing while purchasing through online, the researchers has designed a questionnaire with two parts. The first part of the questionnaire had information about demographics and the second part had seven questions with extensive information about determinants of online purchase intention of the respondents. The researchers selected the sample of 300 subjects from the South Indian states of Andhra Pradesh and Karnataka which are in the age group of between 18 and 25. In the selected 300 respondents, the astonishing response rate is 100 percent due to the unique care took up by the researchers by using stratified random sampling method. The collected data was summarized, coded, and controlled by administering Software R-Studio and the chosen five hypotheses were proved by using statistical techniques like tally charts, and chi-squared tests.

3. Limitations

Even though this study offered some invaluable insights to both marketers and academic world, the research has specific limitations related to the scope and coverage of the study. Based on the extensive usage of the Internet by the young adult consumers in India, the researchers concentrated only on knowing the determinants of online purchase intentions from the specific age group. The sample chosen is just 300 equally selected from only two...
South India states Andhra Pradesh and Karnataka. A bigger and more comprehensive sample by covering both rural and urban areas of the country definitely proffers most authentic information regarding the chosen topic. There is a mammoth scope for an extensive study to know the determinants of online purchase of both product and services separately. In future studies, the sample should be chosen from all categories in the demographic variables provides more elaborate intentions across categories in the demographic variables.

References


An Exploratory Treatise on Jay Customers Behavior in Indian Banking Industry: A Dyadic Perspective

Potluri, Rajasekhar Mouly¹; Potluri, Lohith Sekhar²

Abstract

The purpose of this research is to examine reasons and evaluate strategies implemented by the Indian banking industry in tackling jay customers in general and in light of the recent demonetization in particular. After a thorough germane literature and theoretical framework on jay customers and Indian banking industry, researchers framed a well-structured questionnaire for collecting banking employees opinions along with a set of questions framed to conduct in-depth personal interviews with banking customers. The collected data were summarized, coded, and controlled by using Software R and the selected hypotheses were analyzed by the observance of percentile values. More than 90 percent of banking employees said lack of proper supply of cash from the Reserve Bank of India is the major reason for this kind of customer behavior and shockingly 95 percent of banking customers expressed backdoor preference given by banking employees to some big customers is the major reason.

Keywords: Jay Customers, Customer Satisfaction, Banking; India.

1. Introduction

The success or failure of any service organization particularly comprehensively depends on how effectively the front-line employees has involved in service encounters. The service interaction has paramount importance in every service encounter which needs the attention of both service provider and receiver. Most of the businessmen have adopted the premises that the “The customer is king and can do no wrong” and the customer is always right” as part of their commitment to market their products and services and satisfaction. Along with the above premises, another notable one is that market is filled with horrible individuals who cannot be trustworthy to behave in ways that self-respecting services firms and its delivery of services. This is high time to rethink on these premises because even though business community have strongly committed to proffer maximum satisfaction, in these days it’s highly difficult to maintain loyal customer base because of tempting offers from your competitors one side and another side to the customers’ community in every part of the world’s second largest populated country in the world. So many areas of the country, customers reacted angrily and some untoward incidents took place against the bankers. This situation has given the authors an opportunity to explore reasons for this kind of jay-customers’ behavior and strategies implemented by the bankers in general and in particular to minimize the tension mounted atmosphere in the last six months due to demonetization in India.

2. Research Methodology

The core objective the research is to explore diverse reasons for jay-customers behavior and the strategies adopted by the Indian banking industry in general and especially in light of the recent demonetization. The researchers administered both quantitative and qualitative approaches to research to garner the opinions of both

---

¹ School of Business & Entrepreneurship, American University of Nigeria, Nigeria E-mail: raja.potluri@aun.edu.ng; prmouly24@gmail.com
² Amrita University, India E-mail: lohitpotluri@gmail.com
bank employees and customers who stood in the long queues. A well-structured and self-administered comprehensive questionnaire has designed for 300 hundred bank employees who were equally selected from both public and private sector banks from the two states viz. Andhra Pradesh and Karnataka in India. The questionnaire targeted for the bank employees has two parts in which part one concentrated on the demographic profile of the subjects and part two garners the information about reasons for jay customers, strategies implemented to tackle them etc.

While preparing a questionnaire on this novel topic, the researchers offered specific options under different questions which were identified in consultation and thorough discussion with the senior retired bank officials. Along with the above, conducted a pilot survey with just 30 samples based on which the final questionnaire designed and administered with confidence to garner the opinions of 300 bank employees. Regarding the bank customers, the researchers conducted very brief informal personal interviews with a sample of just 100 again equally selected from the type and region of their existence and questions raised for gathering information on demonetization, reasons for their inconvenience, a possible solution for solving the problem and aftermath effects etc. The researchers applied stratified random sampling method and stratified the data by region and type of banks. The collected data were summarized, coded, and controlled by using Microsoft Excel and the selected hypotheses were proved by the observance of percentages.

3. Conclusions

To encapsulate, through this exploratory research on jay customer behavior proffers invaluable information and clarifies diverse reasons and strategies implemented along with satisfaction levels on the implementation of troubleshooting measures in the Indian banking industry. The research clearly identifies both bank employees’ opinion on whether they encountered jay customers in their work experience or not; types of jay-customers; reasons for and strategies implemented for solving problems related to jay-customers. And this research also attempted to identify customers’ opinion and possible solutions for solving problems in demonetization, reasons for inconvenience and strategies adopted during demonetization, aftermath effects with demonetization. This research proffers invaluable and first-hand information on the novel topic jay customers and their behavioral disposition to the Indian banking industry. The same implications also can be useful and possible to implement in other service sector areas to find amicable solutions to this kind of unique behavioral customers.

References


Monetary Transmission Channels, Sectoral Output and Augmented VAR Analysis

Rao, Doki Tripati\textsuperscript{1}; Singh, Sunny Kumar\textsuperscript{2}

Abstract

This paper analyzes monetary policy effect on aggregate as well as sectoral output of the Indian economy for the period 1996Q1:2013Q2. We apply the standard vector autoregression (VAR) followed by impulse response function to evaluate the response of aggregate as well as sectoral output to monetary policy. We also augment the basic VAR by including various monetary transmission channels, such as, credit channel, exchange rate channel, asset price channel and direct interest rate channel and analyze the sector specific importance of each of these channels. The findings suggest that the impact of a monetary policy changes at the sectoral output level is heterogeneous. Sectors such as mining and quarrying, manufacturing, construction and trade, hotel, transport and communications seem to decline more sharply than aggregate output in response to a monetary tightening. The channels through which monetary policy is transmitted to the real economy are found to be different for every sector. In most of the cases, multiple channels are responsible for the changes in the aggregate and sectoral output to the monetary policy changes.

Keywords: Monetary Transmission Mechanism, Credit Channel, Exchange Rate Channel, Asset Price Channel.

1. Introduction

It is crucial to the effective conduct of monetary policy that it must exert a systematic influence on the economy in a forward-looking sense. The systematic effect of monetary policy can be assessed through monetary transmission mechanism (MTM), i.e., the ways with which it exerts influence over real economic activity. Therefore, a clear understanding of various channels of monetary transmission mechanism through which monetary policy affects financial markets, output and prices is required for evaluating the efficacy of monetary policy. Besides the quantum (credit) channel, there are three other channels of influence such as, the interest rate channel, the exchange rate channel and the asset price channel which indirectly influence real economic activities through changes in either interest rates or the exchange rate or asset prices.

Monetary policy changes followed by monetary tightening (expansion) reduces (increases) money supply and increases (reduces) interest rate, and thereby contracts (augments) aggregate demand affecting through the changes in interest-elastic business investments and household consumption spending. In the short-run Keynesian IS-LM framework, the aggregate demand exerts a temporary influence on output. Monetary policy changes through the changes in short run policy rate or variation in bank reserves, sets off changes in interest rates, credit off take, asset prices and exchange rate, and in turn, affecting business and households spending decisions and thus affecting output. The efficacy of monetary policy decisions on stabilizing aggregate output and prices depend on the degree to which components of aggregate demand and output are sensitive to interest rate changes. In this sense, sectoral output responses could be different to monetary policy decisions.

The differences in sectoral output response to monetary policy changes depends on number of factors such as, the degree of nominal (price) rigidities, input-output linkages among sectors, capital intensity of production process, sensitivity of demand to interest rate changes, working capital requirements, dependence on bank-finance and short-term external financing requirements. Given these considerations, a monetary tightening plausibly affects one sector strongly relative to another sector resulting in the changes in relative prices and wages. But if the prices are sticky in the short run, aggregate prices do not fall commensurately, and in turn output does not stabilize as desired by the monetary authority. Therefore, the income distribution can alter the monetary transmission mechanism. These very underlying heterogeneous sectoral responses are crucial for the monetary policy architecture (Pellényi, 2012). In India, as any other emerging economy which is undergoing a structural transformation of economic and financial sector, a clear identification of the influence of a particular channel of monetary transmission on the real sector at the aggregate output as well as at the sectoral level is a complex task. Yet it is through these developments one needs to examine the efficacy of various channels of monetary transmission mechanism in influencing output.

2. Preliminary Analysis

Before proceeding to any time series analysis, it necessary to perform a preliminary analysis of the variables under study to understand the data generation process. In this regard, we tested stationarity of each variable by using Phillips-Perron unit root test\textsuperscript{4}. Our results indicate that all the variables, except call money rate, REER and federal fund rate, are stationary in their first difference. Given that some of the variables are non-stationary, there is a trade-off between estimating the VAR in levels versus estimating in first differences. The trade-off is between the loss of efficiency (when the VAR is estimated in levels) and the loss of information about long run relationships (when the VAR is estimated in first differences). In particular, a VAR in first differences provides no information on the relationships between levels of the variables in the VAR, and it is this aspect on which economic theory is usually most informative. Moreover, while estimation in levels may incur some efficiency losses, this comes at no cost in terms of consistency of estimators. Most of the empirical literature on VAR has tended to estimate VAR that is unrestricted in levels. Hence, we estimate the VAR model in

\textsuperscript{1} Business Environment Area, Indian Institute of Management Lucknow, India
E-mail: tripati@iiml.ac.in

\textsuperscript{2} Department of Economics & Finance, Birla Institute of Technology & Science (BITS), India
level.

3. Conclusions

From the point of designing monetary policy architecture, this study would be quite useful. First, it is not surprising that credit channel turns out to be effective for most of the sectors. Notwithstanding the recent developments in capital markets, the Indian economy is predominantly a bank-based economy and banks still play an important role in financing the credit requirements. Largely, firms are constrained by lack of alternative sources of funding.

Monetary authority may ensure adequate credit availability for meeting the borrowing requirements of firms to stabilize output. Second, since multiple channels found to be effective for different sectors, the monetary authority seems to have got it right in its “multiple indicator approach” in the conduct of monetary policy since April 1998. Finally, over the last two decades, the RBI has been actively engaged in achieving the monetary policy objective of price stability and output growth in the economy. However, the potential benefits of monetary policy objective need to be fully assessed in terms of potential unequal income distribution effects across different sectors. In order to achieve the desired objective of monetary policy, we therefore, suggest that monetary policy may be more nuanced in its approach keeping in mind the heterogeneity in the sector specific output responses.

References

Economic and Environmental Impacts of Mass Tourism on Regional Tourism Destinations: A Case Study of Ten New ‘Bali’ in Indonesia

Syah, Ahmad Mujafar¹; Lee, Jung Wan²

Abstract
In response to the increasing demands of tourism destinations, the Ministry of Tourism and Creative Economy under the mandate from the Indonesian President in 2016 has initiated a mega project called “Ten New Bali”. The areas of destination planned to be developed are: Borobudur Temple in West Java, Mandalika in Lombok Island, Labuan Bajo in Flores Island East Nusa Tenggara, Bromo-Tengger-Semeru in East Java, the Thousand Islands in North Jakarta, Toba Lake in North Sumatra, Wakatobi in Southeast Sulawesi, Tanjung Lesung in West Java, Morotai in North of Halmahera in maluku Islands and Tanjung Kelayang in Belitung Sumatra. This initiative is a summer breeze for some reasons knowing that Indonesia is opening so many alternative channels for economic development toward tourism. However, the concept of “Ten New Bali”, if it is referred to the actual condition of what Bali is currently suffering from at the moment, is a wake-up call for all participating social, economy and environmental investigators to fully navigate the projects from being staked out from a pull tourism destination’s perspective. The study is intended to examine and elaborate strategic answers toward the impacts on the enforcement of Indonesia’s tourism establishment particularly the aftermath likelihoods from the initiation of “Ten New Bali”, starting with the issue of locals’ economic growth and leakages within their participation in tourism development, and environmental quality’s degradation.

Keywords: Tourism Destinations, Ten New Bali, Indonesia, Environmental Impact.

1. Introduction
The continuous efforts for Indonesia’s tourism establishment, both infrastructure and intangible development even during the hard crisis of economy, social and environmental inequalities are visible because, like majority of Southeast Asian Counties, Indonesia felt the beneficial deployment of tourism during the period of 80’s to 90’s. That supplied a strong stimulus acknowledging the country’s capability to compete within the market. Having been able to maintain the economic growth and receive the demands of “mass tourism”, the island of Bali, for instance, is generating a large tourism revenue for Indonesia and receiving the largest international tourist arrivals, reported 1.5 million foreign tourists for between January and May 2015 and expected to receive at least 4 million visitors for the whole year of 2015 (Indonesia-Investments, 2016).

In response to the increasing demands of tourism destinations, the Ministry of Tourism and Creative Economy under the mandate from the Indonesian President in 2016 has initiated a mega project called “Ten New Bali” (Tunggono, 2016). The areas of destination planned to be developed are: Borobudur Temple in West Java, Mandalika in Lombok Island, Labuan Bajo in Flores Island East Nusa Tenggara, Bromo-Tengger-Semeru in East Java, the Thousand Islands in North Jakarta, Toba Lake in North Sumatra, Wakatobi in Southeast Sulawesi, Tanjung Lesung in West Java, Morotai in North of Halmahera in maluku Islands and Tanjung Kelayang in Belitung Sumatra. This initiation is a summer breeze for some reasons knowing that Indonesia is opening so many alternative channels for economic development toward tourism.

However, the destination is still facing a never-ending issue; environmental and land use problem. Bali has been occupied by exceeding numbers of hotels and resorts and has been creating the ecological and environmental imbalances. The reclamation plan of Benoa Bay in Bali, for instance, may have a chance to kill abundance coral, ocean habitat, the biggest mangrove forest, and eventually the jobs of fisherman and local businesses. The study is intended to examine and elaborate strategic answers toward the impacts on the enforcement of Indonesia’s tourism establishment particularly the aftermath likelihoods from the initiation of “Ten New Bali”, starting with the current standing of Indonesia’s tourism, issue of locals’ economic growth and leakages within their participation in tourism development, and environmental quality’s degradation.

2. Economic Contribution of Tourism to the Nation’s Economy
Thanks to the progressive efforts, the set of factor and policy Indonesia government has been able to leverage the travel and tourism sector from rank 70th back in 2013 to stand on rank 50th as of 2015, according to World Economic Forum’s Travel and Tourism Competitiveness Report. According to a report by the Indonesia-Investments (2016), Indonesia has targeted up to 12 million international visitors benefitting forecasted exchange earning at IDR172 trillion for 2016. In addition, Indonesia is currently executing several tourism establishment projects in response to the demand of expected domestic trips that reach up to 260 million with total spending of IDR223.6 trillion. The improvement may predominantly have caused by the sky rocket numbers of visitors, investment in infrastructure and decentralization implementation on tourism destinations.

The establishment in the tourism’s educational and training sectors, product innovation and security stability are also emerging along with the deployment of tourism throughout the archipelago. As of 2016’s forecast, the contribution of tourism to the national economy is expected to increase by 5% and workforce absorption is targeted at 11.7 million workers. According to Indonesia-Investments (2016), the tourism industry in Indonesia has created a
great shift of number toward an unemployment rate that stood at 5.81 percent as of February 2015. It is estimated that nearly nine percent of Indonesia’s national workforce are working in the tourism industry. According to a report by the Oxford Business Group (2016), the current tourism’s growth is expected to enable an engine for the Indonesia’s long-term target of 2019 which expects the tourism to contribute up to 8% to the national economy enabling foreign exchange earning at IDR240 trillion. At this rate, the expected international arrivals should peak the numbers to 20 million foreign visitors with up to 275 million of domestic visitors.

<Table 1> Forest Area, Inland Water, and Coastal Ecosystem by Province

<table>
<thead>
<tr>
<th>Province</th>
<th>Total land of forest area (1)</th>
<th>Deforest area (1)</th>
<th>Deforest ratio</th>
<th>Water pollution (2)</th>
<th>Land pollution (2)</th>
<th>Restaurant/ Food stall (3)</th>
<th>Hotel (3)</th>
<th>2016/2015 GDP growth (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACEH</td>
<td>3599</td>
<td>713</td>
<td>19.8</td>
<td>350</td>
<td>63</td>
<td>148</td>
<td>71</td>
<td>99.2</td>
</tr>
<tr>
<td>NORTH SUMATRA</td>
<td>3742</td>
<td>1968</td>
<td>52.6</td>
<td>449</td>
<td>65</td>
<td>511</td>
<td>200</td>
<td>105.1</td>
</tr>
<tr>
<td>WEST SUMATRA</td>
<td>2380</td>
<td>781</td>
<td>32.8</td>
<td>144</td>
<td>19</td>
<td>348</td>
<td>94</td>
<td>105.4</td>
</tr>
<tr>
<td>RIAU</td>
<td>7121</td>
<td>6291</td>
<td>88.3</td>
<td>318</td>
<td>17</td>
<td>223</td>
<td>81</td>
<td>100.2</td>
</tr>
<tr>
<td>JAMBI</td>
<td>2108</td>
<td>1242</td>
<td>58.9</td>
<td>384</td>
<td>24</td>
<td>132</td>
<td>61</td>
<td>104.2</td>
</tr>
<tr>
<td>SOUTH SUMATRA</td>
<td>3483</td>
<td>2098</td>
<td>60.2</td>
<td>279</td>
<td>44</td>
<td>368</td>
<td>90</td>
<td>104.4</td>
</tr>
<tr>
<td>BENGKULU</td>
<td>925</td>
<td>211</td>
<td>22.8</td>
<td>189</td>
<td>9</td>
<td>166</td>
<td>53</td>
<td>105.1</td>
</tr>
<tr>
<td>LAMPUNG</td>
<td>1005</td>
<td>225</td>
<td>22.4</td>
<td>222</td>
<td>17</td>
<td>326</td>
<td>84</td>
<td>105.1</td>
</tr>
<tr>
<td>KEP. BANGKA BELITUNG</td>
<td>655</td>
<td>434</td>
<td>66.3</td>
<td>152</td>
<td>55</td>
<td>74</td>
<td>41</td>
<td>104.2</td>
</tr>
<tr>
<td>KEP. RIAI</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28</td>
<td>4</td>
<td>110</td>
<td>53</td>
<td>106.0</td>
</tr>
<tr>
<td>DKI JAKARTA</td>
<td>108</td>
<td>0</td>
<td>0</td>
<td>54</td>
<td>2</td>
<td>219</td>
<td>128</td>
<td>105.8</td>
</tr>
<tr>
<td>WEST JAVA</td>
<td>817</td>
<td>394</td>
<td>48.2</td>
<td>1131</td>
<td>118</td>
<td>1189</td>
<td>373</td>
<td>105.0</td>
</tr>
<tr>
<td>CENTRAL JAVA</td>
<td>757</td>
<td>546</td>
<td>72.1</td>
<td>932</td>
<td>183</td>
<td>856</td>
<td>445</td>
<td>105.4</td>
</tr>
<tr>
<td>IN YOGYAKARTA</td>
<td>17</td>
<td>14</td>
<td>82.4</td>
<td>44</td>
<td>4</td>
<td>111</td>
<td>63</td>
<td>104.9</td>
</tr>
<tr>
<td>EAST JAVA</td>
<td>1361</td>
<td>782</td>
<td>57.5</td>
<td>759</td>
<td>104</td>
<td>877</td>
<td>380</td>
<td>105.4</td>
</tr>
<tr>
<td>BANTEN</td>
<td>253</td>
<td>77</td>
<td>30.4</td>
<td>251</td>
<td>43</td>
<td>219</td>
<td>85</td>
<td>105.3</td>
</tr>
<tr>
<td>BALI</td>
<td>131</td>
<td>9</td>
<td>6.9</td>
<td>82</td>
<td>5</td>
<td>173</td>
<td>152</td>
<td>106.0</td>
</tr>
<tr>
<td>WEST NUSA TENGGARA</td>
<td>1047</td>
<td>438</td>
<td>41.8</td>
<td>122</td>
<td>27</td>
<td>144</td>
<td>81</td>
<td>121.2</td>
</tr>
<tr>
<td>EAST NUSA TENGGARA</td>
<td>1809</td>
<td>728</td>
<td>40.2</td>
<td>53</td>
<td>14</td>
<td>81</td>
<td>95</td>
<td>105.0</td>
</tr>
<tr>
<td>WEST KALIMANTAN</td>
<td>8356</td>
<td>4421</td>
<td>52.9</td>
<td>717</td>
<td>100</td>
<td>118</td>
<td>51</td>
<td>104.8</td>
</tr>
<tr>
<td>CENTRAL KALIMANTAN</td>
<td>12720</td>
<td>9743</td>
<td>76.6</td>
<td>523</td>
<td>51</td>
<td>65</td>
<td>41</td>
<td>107.0</td>
</tr>
<tr>
<td>SOUTH KALIMANTAN</td>
<td>1780</td>
<td>1041</td>
<td>58.5</td>
<td>445</td>
<td>60</td>
<td>129</td>
<td>82</td>
<td>103.8</td>
</tr>
<tr>
<td>EAST KALIMANTAN</td>
<td>13953</td>
<td>9345</td>
<td>67</td>
<td>249</td>
<td>45</td>
<td>100</td>
<td>77</td>
<td>98.7</td>
</tr>
<tr>
<td>NORTH SULAWESI</td>
<td>765</td>
<td>288</td>
<td>37.6</td>
<td>140</td>
<td>12</td>
<td>156</td>
<td>80</td>
<td>106.1</td>
</tr>
<tr>
<td>CENTRAL SULAWESI</td>
<td>4305</td>
<td>2001</td>
<td>46.5</td>
<td>125</td>
<td>21</td>
<td>112</td>
<td>55</td>
<td>115.5</td>
</tr>
<tr>
<td>SOUTH SULAWESI</td>
<td>2726</td>
<td>642</td>
<td>23.6</td>
<td>176</td>
<td>25</td>
<td>166</td>
<td>135</td>
<td>107.1</td>
</tr>
<tr>
<td>SOUTHEAST SULAWESI</td>
<td>3831</td>
<td>963</td>
<td>25.1</td>
<td>73</td>
<td>29</td>
<td>72</td>
<td>90</td>
<td>106.8</td>
</tr>
<tr>
<td>GORONTALO</td>
<td>825</td>
<td>423</td>
<td>51.3</td>
<td>72</td>
<td>64</td>
<td>77</td>
<td>27</td>
<td>106.2</td>
</tr>
<tr>
<td>WEST SULAWESI</td>
<td>1107</td>
<td>441</td>
<td>39.8</td>
<td>22</td>
<td>6</td>
<td>34</td>
<td>18</td>
<td>107.3</td>
</tr>
<tr>
<td>MALUKU</td>
<td>3924</td>
<td>2864</td>
<td>73</td>
<td>57</td>
<td>13</td>
<td>48</td>
<td>29</td>
<td>105.4</td>
</tr>
<tr>
<td>NORTH MALUKU</td>
<td>2515</td>
<td>1713</td>
<td>68.1</td>
<td>46</td>
<td>15</td>
<td>54</td>
<td>26</td>
<td>106.1</td>
</tr>
<tr>
<td>WEST PAPUA</td>
<td>10313</td>
<td>5985</td>
<td>58</td>
<td>31</td>
<td>8</td>
<td>17</td>
<td>39</td>
<td>104.1</td>
</tr>
<tr>
<td>PAPUA</td>
<td>30837</td>
<td>14817</td>
<td>48.8</td>
<td>108</td>
<td>31</td>
<td>67</td>
<td>64</td>
<td>107.9</td>
</tr>
<tr>
<td>INDONESIA TOTAL</td>
<td>124023</td>
<td>66707</td>
<td>53.8</td>
<td>8786</td>
<td>1301</td>
<td>7505</td>
<td>3464</td>
<td>104.9</td>
</tr>
</tbody>
</table>

1) Thousand Hectares.
2) Number of villages. Villages in this table include the nagari, transmigration settlement unit, and entity of transmigration settlement that is still fostered by the relevant ministries.
3) Number of facilities.
4) GDP growth rate of year 2016 over 2015. According to expenditure GRDP ADH constant (2010 = 100)

Source: The authors have compiled facts and figures from various reports from Indonesian government agencies, including the Ministry of Forestry of Indonesia.

3. Environmental Effects of Mass Tourism on Tourism Destinations

On case cited from an ecotourism study in North Sulawesi, Indonesia, Ross and Wall (1999) mentioned that one of the rich assets Indonesia is blessed from its forests from which the economy contribution can be leveraged dynamically from the preservation of ecotourism. On the contrary, Whitmore (1990) mentioned that with growing number of population demanding natural assets for their food, energy, timber and forest products both for agriculture production of urban development like tourism, has created massive environmental damages. A report by the World Economic Forum (2016) illustrated the actual misleading policy action Indonesia that is continuously missed; the tourism policy emphasis on environmental sustainability earning dramatic decreases in quality of water used, wildlife preservation, and inevitable deforestation.

A report by the Timber Mafia (2016) mentioned that deforestation caused mostly by illegal logging and burning that reached up to 80% in percentage making Indonesia the world’s third largest emitter of greenhouse gases. Deforestation in Indonesia mostly triggered by the increases of wood-processing production and up to year of 2000, the production of pulp and paper business made up Indonesia as the world’s eleventh largest paper producer. Dramatically, the rate of Indonesia’s deforestation risen from 19,192 in 2008 to 32,416 in the following year. Table 1 provides descriptive statistics of forest area, inland water and coastal ecosystem by province in Indonesia.
References


Indonesian Youth Shoppers Typology

Halim, Rizal Edy¹; Iqbal, Egi Widya Nur²

Abstract ¹²

The number of malls which is increasingly growing in the city of Jakarta is often used as a place for socializing and self-actualization by youth shoppers. As an emerging age group, youth shoppers are also identified as a vital market segment. Firstly, this study divides youth shoppers into segments that are distinguished on the characteristics of high and low levels on self-esteem, extraversion, and interpersonal communication. Consequently, these characteristics form a distinct and unique segment group, which are Social Butterfly, Confident techies, and Self-Contained Shoppers. Secondly, this research examines the differences between the three groups segments on shopping motives, store attributes and shopping enjoyment. There is a significant difference between segment groups typology consumer of youth shoppers on several dimensions that exist in the variable of shopping motives, store attribute, and shopping enjoyment. Social Butterfly is a segment that has the highest mean on several dimensions in the variable of shopping motives, store attribute, and shopping enjoyment. It is followed by Confident Techies segment and Self-Contained Shoppers segment respectively.

Keywords: Consumers Typology, Shopping Enjoyment, Shopping Motives, Youth Shoppers.

1. Introduction

Since 2010, the growth of malls in Jakarta has rapidly increased. Jakarta, with more than 170 malls, has been included in the list of big cities all over the world with the highest number of shopping malls. Then, according to Cushman and Wakefield in the report of Global Cities Retail Guide 2013/2014, the retail lands in Jakarta have reached approximately 4 million square meters. In other words, they have grown for more than 17%. Changes in lifestyle in this age of globalization have increased consumptive lifestyle among urban youth. Therefore, the wide range of products offer to consumers along with the information related to the product, either through advertising, promotions or direct selling, have become more varied and intense, as they are supported by nowadays’ sophisticated technology.

This study is a replication of the study conducted by Wong, Osman, Jamaluddin and Yin-Fah (2012). The research by Wong et al. (2012) aimed to determine the strongest predictor in dimension/antecedent in the variable of shopping motives and store attribute which influence shopping enjoyment. In addition, the study also examined the differences in shopping motives, store attribute and shopping enjoyment based on gender and race. The difference between the study of Wong et al. (2012) with this study is that this research is about to replace the testing differences based on gender and race into testing differences based on three (3) Breazeale and Lueg (2011)’s youth shoppers typology.

2. Literature Review

Labels (such as cool, geek, hottie) are often used by teenagers to give identity to themselves and to give impression to their friends. Marketers should be able to capture and segment youth market as today’s teenagers are the potential adult consumers in the future. Breazeale and Leug (2011) proposed a psychographic retail shopping typology of American teens’ retail channel preferences, which is based on the level of self-esteem, extraversion, and interpersonal communication consisting of a peer and relatives interpersonal communication towards the youth shoppers behaviors in the mall or in the internet. In this typology, there are 3 segments, which are Social Butterfly, Confident Techies, and Self-Contained Shoppers. All segments are distinctive as they possess different levels of self-esteem, extraversion, and interpersonal communication. Teenagers categorized as Social Butterfly have the highest value in extraversion and peer mall interpersonal communication (Breazeale & Leug, 2011). They also possess the highest association for relative mall interpersonal communication. Additionally, they spend the most, both in the context of time and money, in the mall. They also have an increasing tendency of perception of the future shopping mall behaviors (shopping time and spending level). However, the teenagers in this typology score the lowest in internet behaviors (shopping time, spending level, future shopping intentions, and future buying intentions). The teenagers in Social Butterfly segment get an enjoyment when spending their time and money in the mall. The extraversion that partially defines them affects the brand affect, which in turn affects attitudinal and purchase loyalty (Maltzer, Bidmon, & Grabner-Krauter, 2006) as well as the tendency to become market mavens.

Confident Techies is another teenager consumer typologies developed by Breazeale and Leug (2011). The teenagers in this segment score the highest in self-esteem, and peer and relative internet interpersonal communication. They also have the highest association with relative mall interpersonal communication. Teenagers in this segment contribute the most in internet behavior (shopping time, spending level, future shopping intentions, and future buying intentions). They get enjoyment every time they surf in the internet. This enjoyment is not because their lack of confidence, but because they get more sense of security when they discover something and shop via the internet. Confident Techies also provides prospective opportunities for marketers as they tend to become early adopters (Helm, 2007; Moore, 2005). They tend to show more interpersonal communication behavior related to internet consumption. Both of these characteristics make them become an important segment for internet retailers. This segment will not experience bad service or even limited shopping options. For them, internet make the whole world looks like a mall for them, and they will pick the best retailers that can serve their urgent needs.

Self-contained shoppers are another teenager consumer typologies developed by Breazeale and Leug (2011). The teenagers in this

¹ Faculty of Economics and Business, Universitas Indonesia, Indonesia
E-mail: riza.edy@gmail.com, rizal.edy@ui.ac.id

² Faculty of Economics and Business, Universitas Indonesia, Indonesia
E-mail: egiwidya@gmail.com
segment score the lowest in self-esteem and extraversion, as well as in peer and relative mall interpersonal communication. They spend the least in mall shopping time and mall spending level. Predictedly, they will also have the lowest level of mall behavior (mall shopping time and mall spending level). These self-contained shoppers segment gives different opportunities for the retailers. As they are less vocal about their consumption choice, they may heavily affect by interpersonal communication by their colleagues or relatives. Shopping motives consist of anticipated utility, role enactment, negotiation, choice optimization, affiliation, power authority, and stimulation referred to 17 items developed by Westbrook and Black (1985). Store attributes using five dimensions; store quality, quality of merchandise, convenience, enhancement, and price orientation using 19 items developed by Bellenger, Robertson and Greenberg (1977). Moreover, this study also used six (6) items developed by Lesser and Forsythe (1989) for shopping enjoyment. The research instruments were accompanied with 26 items of the typology developed by Breazeale and Lueg (2011).

3. Results

The technique of K-Means Cluster analysis was used to form the consumer youth shoppers typology segment. Moreover, One Way ANOVA analysis was used to test the three variables (shopping motives, store attribute, and shopping enjoyment) in each segment. In Table 1, Social Butterfly group has the highest mean on the indicators of self-esteem, extraversion, peers and relatives mall interpersonal communication. This illustrates that the Social Butterfly group is a youth shoppers segment which loves to hang out as much as to do shopping in the mall. Moreover, this group tends to be more sociable compared to other groups. Next, the Confident Tehcies group has the highest mean on the indicators of peers and relatives internet interpersonal communication. This shows that this segment has a tendency to prefer doing all of their activities, including their shopping activities, online. Lastly, a group of Self-Contained shoppers is the ones who has the lowest mean on each indicator. This proves that this segment is a youth shoppers group which tends to take pleasure in solitary activities and does not really like to mingle with other people when shopping.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Social Butterfly</th>
<th>Self-Contained Shoppers</th>
<th>Confident Tehcies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-esteem</td>
<td>4.33*</td>
<td>3.41</td>
<td>3.88</td>
</tr>
<tr>
<td>Extraversion</td>
<td>4.47*</td>
<td>3.28</td>
<td>4.10</td>
</tr>
<tr>
<td>Peers Mall IC</td>
<td>3.92*</td>
<td>2.05</td>
<td>3.63</td>
</tr>
<tr>
<td>Relatives Mall IC</td>
<td>3.73*</td>
<td>2.29</td>
<td>3.64</td>
</tr>
<tr>
<td>Peers Internet IC</td>
<td>3.50</td>
<td>2.04</td>
<td>4.22*</td>
</tr>
<tr>
<td>Relatives Internet IC</td>
<td>2.73</td>
<td>1.94</td>
<td>3.94*</td>
</tr>
<tr>
<td>N</td>
<td>184</td>
<td>51</td>
<td>102</td>
</tr>
</tbody>
</table>

Table 1 shows that the variable of shopping motives; anticipated utility dimensions (0.000), negotiation (0.000), affiliation (0.000), and power and authority (0.013) meet the criteria. Then, based on those four dimensions, it can be concluded that there are mean differences in each segment of the group of youth shoppers. However, the dimensions of role enactment (0.156), choice optimization (0.152), and stimulation (0.284) do not meet the criteria. Therefore, it can be concluded that there are no mean differences in each segment of the group of youth shoppers based on these three dimensions. On the dimension of the anticipated utility, it can be seen that the group differences can be summed up as follows: Social Butterfly and Confident Tehcies > Self-Contained Shoppers. Moreover, the order of the difference is similar with the other three dimensions, which can be summed up as follows: Social Butterfly and Confident Tehcies > Self-Contained Shoppers.

Table 2 shows that it can be perceived that on the variable of store attribute, quality of merchandise dimension (0.002), enhancement (0.020), and price orientation (0.000) meet the criteria. Therefore, it can be concluded that according to those three dimensions, there is a mean difference in each segment of the group of youth shoppers. However, the dimensions of the mall/store quality (0.022) and convenience (0.005) do not meet the criteria so that it can be concluded there is no mean differences in each segment of the group of youth shoppers. On the dimension of the quality of the merchandise, the group differences can be summed up as follows: Social Butterfly > Confident Tehcies > Self-Contained Shoppers.

Table 2 | Youth Shoppers Segment Differences in the Dimension of Shopping Motives

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Youth Shoppers Group</th>
<th>Mean</th>
<th>F</th>
<th>Sig.</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated Utility</td>
<td>Social Butterfly</td>
<td>4.11</td>
<td>9.090</td>
<td>.000</td>
<td>Social Butterfly &amp; Confident Tehcies &gt; Self-Contained Shoppers</td>
</tr>
<tr>
<td></td>
<td>Self-Contained Shoppers</td>
<td>3.48</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Confident Tehcies</td>
<td>3.94</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Role Enactment</td>
<td>Social Butterfly</td>
<td>4.71</td>
<td>1.870</td>
<td>.156</td>
<td>n.a</td>
</tr>
<tr>
<td></td>
<td>Self-Contained Shoppers</td>
<td>4.44</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Confident Tehcies</td>
<td>4.64</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negotiation</td>
<td>Social Butterfly</td>
<td>4.16</td>
<td>10.037</td>
<td>.000</td>
<td>Social Butterfly &amp; Confident Tehcies &gt; Self-Contained Shoppers</td>
</tr>
<tr>
<td></td>
<td>Self-Contained Shoppers</td>
<td>3.39</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Confident Tehcies</td>
<td>4.03</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Choice Optimization</td>
<td>Social Butterfly</td>
<td>4.77</td>
<td>1.893</td>
<td>.152</td>
<td>n.a</td>
</tr>
<tr>
<td></td>
<td>Self-Contained Shoppers</td>
<td>4.48</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Confident Tehcies</td>
<td>4.80</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliation</td>
<td>Social Butterfly</td>
<td>4.37</td>
<td>18.572</td>
<td>.000</td>
<td>Social Butterfly &amp; Confident Tehcies &gt; Self-Contained Shoppers</td>
</tr>
<tr>
<td></td>
<td>Self-Contained Shoppers</td>
<td>3.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Confident Tehcies</td>
<td>4.38</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power and Authority</td>
<td>Social Butterfly</td>
<td>3.34</td>
<td>4.436</td>
<td>.013</td>
<td>Social Butterfly &amp; Confident Tehcies &gt; Self-Contained Shoppers</td>
</tr>
<tr>
<td></td>
<td>Self-Contained Shoppers</td>
<td>2.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Confident Tehcies</td>
<td>3.46</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stimulation</td>
<td>Social Butterfly</td>
<td>4.28</td>
<td>1.265</td>
<td>.284</td>
<td>n.a</td>
</tr>
<tr>
<td></td>
<td>Self-Contained Shoppers</td>
<td>4.06</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Confident Tehcies</td>
<td>4.19</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The difference is based on Tukey HSD Post Hoc tests. The significance is at the 0.05 level.
Furthermore, the order of the difference is similar with the enhancement dimension, of which the group differences can be summed up as follows: Social Butterfly > Confident Techies > Self-Contained Shoppers. Meanwhile, in the dimension of price orientation, the group difference can be put in order as follows: Social Butterfly and Confident Techies > Self-Contained Shoppers.

Shopping enjoyment variable in Table 4 meets the criteria because it has a significance value of 0.000. Then it can be inferred that there is a mean difference in each segment of the group of youth shoppers toward the shopping enjoyment they experienced. It can be seen that the group difference can be summed up as follows: Social Butterfly and Confident Techies > Self-Contained Shoppers. In other words, it can be concluded that all dimensions in Social Butterfly group has the highest mean score, followed by Confident Techies and Self-Contained Shoppers with the lowest mean score.

4. Conclusions

Social Butterfly segment has the highest mean on the level of self-esteem, extraversion and mall interpersonal communication that youth shoppers have. It is followed by Confident Techies segment in the second place which has the highest mean on internet interpersonal communication. This segment also has the second highest mean on the levels of self-esteem, extraversion and mall interpersonal communication that youth shoppers have. After that, there is a Self-Contained Shoppers segment group which has the lowest mean over those four segment-determining factors. Social Butterfly segment has the characteristics that are described as the segment which prefers to spend his/her time and money in the mall. Besides the fact that the level of self-esteem and extraversion are high, the high level of mall interpersonal communication has also been the factor that makes this segment chooses mall as the place to socialize and to have the shopping activities as well. Then, there is a segment group of Confident Techies which are happy to spend his/her time and money in the internet. This is based on the level of internet interpersonal communication that has made them choose the internet as the place for them to socialize and to have the shopping activities there. On the other hand, there is a group segment of Self-Contained Shoppers that has the characteristics described as the segment that tends to consider himself/herself to be more individualistic and less likely to be vocal about consumption. Possibly, it is because this segment tends to get influenced on interpersonal communication by colleagues or relatives. It is based on the fact that this segment has the lowest mean on the level of self-esteem, extraversion, mall interpersonal communication and internet interpersonal communication that youth shoppers have.

There is a significant difference between segment groups typology consumer of youth shoppers on several dimensions that exist in the variable of shopping motives, store attribute, and shopping enjoyment. Social Butterfly is a segment that has the highest mean on several dimensions in the variable of shopping motives, store attribute, and shopping enjoyment. It is followed by Confident Techies segment and Self-Contained Shoppers segment respectively. This indicates that the higher the mean level of self-esteem, extraversion, mall interpersonal communication and internet interpersonal communication on the segment group that is formed, the higher the mean level on several dimensions in the variable of shopping motives, store attribute, and shopping enjoyment that they have.

References


The Basic Directions of the Formation of IT Clusters Based on Kazakhstan's Technological Platforms

Kireyeva, Anel A.1; Nurlanova, Nailya K.2; Ruzanov, Rashid M.3

Abstract

There is the need to create specialized sites the new generation, which combines the elements of innovative infrastructure. The role of such specialized zones can be IT clusters, as “growth poles” of the new generation, which aimed at transfer of advanced IT on the wide periphery of the country. Today, the successful functioning of the IT clusters; create a unique opportunity in the era of information revolution. The aim of this work is to determine the basic directions of the formation of IT clusters based on Kazakhstan's technological platforms. In this study tests two key theoretical assumptions: regions are effectively developed according to the model of poles of growth; regions in which impact of agglomeration effect that have the opportunity for the formation of clusters. In this study, we used two methodological approaches: method of identifying the concentration, which suggested the use of a modified index of concentration of Herfindahl – Hirschman Index (HHI); structured method, which suggested involves the study of the object through the development and construction of the structure. This paper contributes the basic directions of the formation of IT clusters based on Kazakhstan's technological platforms to increase competitiveness of regions of Kazakhstan.

Keywords: Cluster, Information Technology, IT Cluster, Growth Pole, Agglomeration, Regional Development, Kazakhstan.

1 Introduction

Today CIS countries to increase of competitiveness are beginning to move to innovative technologies that imply the transition to a new the fourth industrial revolution or Industry 4.0. Kazakhstan, like countries of the CIS, should strive to be among the leading countries, and define your innovative way of development in the XXI century. Most developed countries (USA, Korea, Singapore and Japan) to increase competitiveness are beginning to use innovative technology revolutionary character, which implies the transition to a new digital stage of “Industry 4.0”. The essence of the new industrial revolution “Industry 4.0” is the use of information and digital technologies in conjunction with cyber-physical systems. In the above context, priority attention should give to development of IT industry and development of IT solutions based on robotics, computational linguistics, and artificial intelligence, the use of volumes of data (Big Data, Smart Grid), interactive technologies and bioinformatics. It is kind of a boom for high tech technology, new incentive and a new challenge of development for all countries. So now, Kazakhstan needs to embark on a new way, not to be in a number of catching-up or lagging countries.

Therefore, there is the need to create specialized sites the new generation, which combines the elements of innovative infrastructure. The role of such specialized zones can be IT clusters, as “growth poles” of the new generation, which aimed at transfer of advanced IT on the wide periphery of the country. Today, the successful functioning of the IT clusters; create a unique opportunity in the era of information revolution. This paper contributes the basic directions of the formation of IT clusters based on Kazakhstan's technological platforms to increase competitiveness of regions of Kazakhstan. The study divided into the following sections. The Section 2 proposes to consider the theoretical review of the formation of IT clusters. Section 3 sets the methods of research: system and structured approaches. Section 4 is a concluding part.

2. Theoretical Background and Literature Overview

The first decade of the 21st century characterized by a change of the model of the regional economy, and finding of new methods and mechanisms of the dynamic development of territories. Krugman wrote that the regions are developing very slowly, using only natural resources (Krugman, 1991). However, if the regions will use the human and technological resources it can achieve the great results, so these factors play a major role for advanced development. Therefore, in the regional economy there is a consistent consensus in the understanding of spatial development that it may not be smooth and uniform (Untura, 2012; Zubarevich, 2014). This is because each territory has its own various capabilities and unique ability to implement innovative activities. Theoretical basis of this study was achievement of scientific thought of domestic and foreign scientists, classics of theories of spatial economic and clusters issues. It is important to note that the best today to study the cluster approach is in the diffusion context, as they show the inevitability as interregional and intraregional differences. Therefore, examples of such theories are the model of “growth poles” and effect of agglomeration. The concept of spatial development by Storper relates to the modern dynamic models of industrialization, with the predominance of industrial production in the economy (Storper, 1997). According to Storper, enterprises establish their own regional links through creating own products, which leads to the growth of territorial concentration (Storper & Scott, 2003). This affects the strengthening of the role of growth poles that functionally related to the same industry. According to the theory of “agglomeration effect” by Krugman, the main growth driver is the accumulation of industrial activity in certain geographically related regions, which gives a prize to companies by increasing their size, or from positive externalities (Krugman, 1991).

This paper shows that for developing countries, such as Kazakhstan's economic growth accompanied by increased spatial inequalities. The history shows that Kazakhstan possesses a vast...
territory, and all attempts at modernization of the economy of Kazakhstan have been unsuccessful (Kireyeva & Nurlanova, 2013). Naturally, that for Kazakhstan regional factor is important, because our country has a huge territory. Therefore, there is a need to create specialized zones of a new generation, which combines the elements of innovative infrastructures. The role of such specialized zones can take of IT clusters as “growth poles”, which aimed at transfer of advanced IT on the wide periphery of the country. Since any of the vectors, not offer forming high-tech clusters spontaneously. Generally, the best role for the formation of the IT clusters in the spatial context plays a technological platform, i.e. a network of techno parks, techno poles, research laboratories, business-incubators and investment funds. Significant positive externalities arise in the regions because of using the benefits of technological platforms. In particular, the telecommunication, information, energy and other infrastructures. Thus, technology platforms play an important role in the effective transformation of scientific and technological activities in innovations, and innovations into a competitive advantage is the formation of a network of sustainable relationships between all members of the cluster (Denisov, 2010). The technology platforms used the advantages, which will to allow bring together business, science and government for the implementation of basic directions of the formation of IT clusters.

For some countries, especially newly industrializing economies of East Asia (Taiwan, Korea, Singapore), such a clusters area become “growth poles” of a new generation through the transformation from the model of the national economy policy from the policy of export-oriented to the policy based on IT and high technologies. Therefore, IT clusters can be drivers of new generation, i.e. a kind of platform of “startup accelerators” through the creation of previously not existing in the country high-tech industries and sectors of the economy (Kireyeva, 2016). Further, determines the need to develop of methodological approaches, and approbation them for the identification of the basic directions for the formation of IT clusters in the regions of Kazakhstan. Therefore, it is need to proceed to the next section of this paper.

3. Research Methods

This study will attempt to use methods that can essentially enrich the theory and practice of cluster development, especially in conditions where global trends dominate the information market and interactive innovations. In particular, to supplement understanding of cluster theory with new content and to explore features of the organization of cluster development based on networks. In particular, this research used the following methods:

Method of identifying of concentration – represents a relative measure of specialization in the regions and shows the influence of the agglomeration effect. For calculations, we will use the modified Herfindahl – Hirschman Index. This approach is to assess of the level of development of IT sector. Structured approach – this method involves the research of the object through the development and construction of the structure or model. The structure shows relationships between elements in the system, necessary and sufficient to ensure that the system has achieved its goal (Rittel & Webber, 1972). The structure acts as a kind of instrument of knowledge of its specific traits and characteristics (Vedenov, 1988). This method can be to explore and to determine the basic directions of the formation of IT clusters based on technological platforms.

4. Analysis of the Level of Concentration

The study of foreign experience of formation of clusters shows that the original algorithm of the identification of promising cluster projects should base on the methods of the assessment with quantitative basis: identification of clusters by estimating industry concentration and the determination of the impact of the agglomeration effect (Bertinelli & Decrop, 2005). The concentration of any sector in the region shows the process of orientation of production (Rastvorceva, 2012). The level of concentration clearly shows the dynamics of the industry in the region (Belov, 2012). To assess the level of concentration of production or industries can be used separate indicator, for example Herfindahl – Hirschman Index (Hirschman, 1964). Summary results of estimating the concentration of the regions of Kazakhstan according to HHI indexes showed the following findings.

Firstly, according to the calculations is clearly defined the most specialized region in the field of IT – this is Almaty. This is because in Almaty city is more number of IT companies (Logycom, Asia Soft, Real Soft, etc.), research capacity and high level of educated population. In particular, in Almaty city situates one of the largest university – “International IT University”. This university has collaborated with American IT University Carnegie Mellon.

Secondly, according to the calculations have defined of the medium specialized regions in the field of IT-industry – Astana city, Aktobe region and North-Kazakhstan region. Because the national company Kazakhtelecom is actively engaged in the implementation of an ambitious project to create, the backbone of the IT network and attracts large system integrators, such as Jet Infosystems and NVision.

Thirdly, territorial distribution of indexes HHI demonstrate that in the regions of Kazakhstan have good prospects for the formation of IT clusters. The use of indices of specialization allowed the identification of regions, which are most suitable for creating a cluster of nuclei in the field of IT. HIS index has shown clearly the power of the agglomeration effect.

5. Formation of IT Clusters based on Kazakhstan's Technological Platforms

In foreign practice of formation of IT cluster shows that the important key of this process often is the availability of infrastructure facilities. Generally, the main “impetus” of this cluster process can be a technological platform, i.e. so-called infrastructure zones. Therefore, the majority of countries with developed IT industries have wide experience of development of clusters. It should note IT cluster Hong-Kong Cyberport, which became a unique center in the field of IT and digital cities in the Asia-Pacific region. Hong-Kong Cyberport has successfully engaged in the development of IT industry (as special administrative region of China) in order to transform it into a leader among digital cities, and promoted the development of small and medium-sized companies. In Korea situated one of the world-famous IT cluster, which called Gumi Electronic Industrial Complex. IT cluster Gumi is a huge technology platform, which consists of four major parks. In Gumi located the large manufacturers in the field of IT sector (LG Electronics, LG Philips Display, Samsung Corning and Daewoo Electronics), government organizations and research institutes.

The successful experience of IT clusters proves that the technology platform helps and creates the potential for mutually beneficial cooperation. Taking into consideration the experience of foreign countries on the use the benefits of technological platforms in
Kazakhstan began to open techno parks. Today Kazakhstan has more than 50 technology parks and business incubators, national and regional character. Most of the technological platforms of Kazakhstan, located in major cities and industrial regions, which have sufficient scientific potential and qualified personnel with the appropriate level of training. IT infrastructure of Kazakhstan was represented by telecommunication and networking organizations. Telecom operators of Kazakhstan actively consume consulting services and network integration. An important trend in Kazakhstan in communications sector is the replacement of voice traffic in the Internet (for messengers Viber, Whatsapp, Imo, etc). Thus, IT market of Kazakhstan is to strive for the convergence of communication networks, based on new types of devices and technologies. The demand of convergent services is constantly increases in the world, mainly due to the rapid transition to a new “Industry 4.0”.

It is advisable to allocate the following technology platforms: PIT Alatau (Almaty city); National industrial petrochemical technology park (Atyrau city); Techno park nuclear technology Tokamak (Kurchatov city); Techno park space monitoring (Almaty city and Astana city); Techno park Algorithm (Uralsk city); Techno Park Business city (Kara-Ganda city) and other. It should note that technological platforms of Kazakhstan contribute to the development of high technologies and promising research projects. One of the important features of Kazakhstan's infrastructure is their location on the territory of large enterprises with the involvement of research institutes and universities. Now one of the major technological platform, which can be used to generate of IT cluster is Astana Business Campus in Astana city. Therefore, Astana Business Campus is part of the intellectual-innovative complex of the Nazarbayev University, which also includes research centers and schools of Nazarbayev University, national medical holding, a business incubator, office of commercialization, techno parks, the science lab and pilot plant.

6. Conclusions

This work marks a starting point for further research in the field of the identification of the basic directions for the formation of IT clusters based on technological platforms. It provides some suggestions for improvement of future studies dealing with subjects of transfer of innovations and information technology for geographically close territories or to the periphery. Based on these research findings of this paper, the practical implications listed below:

First, for developing countries, such as Kazakhstan is economic growth increased due spatial inequalities. Naturally, that for Kazakhstan regional factor is important, because our country has a huge territory. For some countries, especially newly industrializing economies of East Asia (Taiwan, Korea, Singapore), such a clusters area become “growth poles” of a new generation through the transformation from the model of the national economy policy from the policy of export-oriented to the policy based on IT and high technologies. Therefore, IT clusters can be drivers of new generation, i.e. a kind of platform of “startup accelerators” through the creation of previously not existing in the country high-tech industries and sectors of the economy

Second, taking into account the existing methods of evaluation, proposed methodology, which includes territorial factors and sectoral specificities. The methodological tools at presenting a standard form of evaluation of industry concentration of the region, and will allow objectively and realistically defined a potentially important region for the formation of IT cluster.

Third, it should note that technological platforms of Kazakhstan contribute to the development of high technologies and promising research projects. Now one of the major technological platform, which can be used to generate of IT cluster is Astana Business Campus in Astana city. Therefore, we proposed organizational model for the formation of IT clusters based on technological platforms, which includes functional units, which aimed at achieving the developed goals and strategies for the development of scientific research in IT sector.

References


Methodological Approaches of Evaluation of Economic Potential of the Regions of Kazakhstan*

Nurlanova, Naiyia K.¹; Kireyeva, Anel A.²; Alzhanova, Farida G.³

Abstract

In the modern conditions of unstable development of the global economic system, the spatial factor becomes increasingly important in the evaluation of the phenomena and trends of economic development at the global level and within a country, and its regions. In addition, this requires a clear methodological framework that provides methods and tools for assessing spatial relationships and their changes. Thus, for the development of effective policy of spatial development of the country required a new methodological approach to the study of problems of the analysis and increase of efficiency of use of the economic potential of the region. Because of which it is possible to conduct a comprehensive assessment of the socio-economic situation of regions, to identify positive and negative factors influencing their development, to identify potentially untapped reserves. Obtained in the process evaluation results will determine the causes of disparities in regional development and to develop recommendations to reduce them. Therefore, this study aims to study the disparities in development of regions and to provide specific recommendations. This research shows the results of the analysis of trends and of the degree of differentiation of economic development of regions of Kazakhstan, their potential and competitive advantage for the period 2000-2015. This paper presents the results of development of the authors on the selection and justification of the methodological approaches for quantitative evaluation of the economic potential (the degree of territorial differentiation of the profile).

Keywords: Region, Spatial development, Economic potential, Concentration, Kazakhstan.

1. Introduction

In the modern conditions of unstable development of the global economic system, the spatial factor becomes increasingly important in the evaluation of the phenomena and trends of economic development at the global level and within a country, and its regions. In addition, this requires a clear methodological framework that provides methods and tools for assessing spatial relationships and their changes. Research in the field of spatial development have fragmentary, were not integrated and not supported methodologically until recently. Methodological tools in domestic practice used to analyze the state and dynamics of socio-economic development of regions far from perfect.

The consequence of this was lack of clear understanding of the real situation and tendencies of development of the national economy in a modern space, especially in light of the current transformations within the country and in the world. Meanwhile, a drastic change in recent years has been so multifaceted and dynamic that escalated the need for scientific understanding of the conditions and prospects of spatial development of Kazakhstan's economy. There is also the need to study the empirical material in the evaluation of adaptive possibilities of application of foreign models and methods in the area of spatial development.

Thus, for the development of effective policy of spatial development of the country required a new methodological approach to the study of problems of the analysis and increase of efficiency of use of the economic potential of the region. Because of which it is possible to conduct a comprehensive assessment of the socio-economic situation of regions, to identify positive and negative factors influencing their development, to identify potentially untapped reserves. Obtained in the process evaluation results will determine the causes of disparities in regional development and to develop recommendations to reduce them. Therefore, this study aims to study the disparities in development of regions and to provide specific recommendations. This research shows the results of the analysis of trends and of the degree of differentiation of economic development of regions of Kazakhstan, their potential and competitive advantage for the period 2000-2015. We conclude that the growth of regional disparities remains a leading trend, and in the economy of the Kazakhstan are concentrated in a limited number of regions with special advantages. The study divided into the following sections. The Section 2 proposes to consider the theoretical aspects of the spatial development. Section 3 sets the methods of evaluation of the level of economic potential and specializations of the regions of Kazakhstan. Section 4 is conclusion.

2. Theoretical Background and Literature Review

A study of the basic theory of spatial development should base on the analysis of theoretical ideas and schools of thought that have played a significant role in the formation of a system of ideas about the object of study. It should note that the theory of spatial development has a rich scientific heritage in a sufficiently large time interval. Initial theoretical studies of spatial development associated with the description of the economy of the territory consolidation of information on economic systems. Therefore, all the initial economic study carried out within a particular geographical space, i.e. the object of study was the economics of a particular geographical area or locality (Pred, 1966; Saushkin, 1973; Krugman, 1991). Then, concepts of the regional economy expanded due to several new aspects of research of economic space, but it retains its value and the issues that have been characteristic of the economy of regions. The emphasis was on modeling the economic linkages at different spatial levels. Thus, scientists estimated spatial development in economics went through three stages, which differed as to the condition of the object of study – the economy and the content of the economic science (Pchelincev,
The next stage of development of the regional economy due to phenomenon of globalization, i.e. integration of the national subsystems in the common economic space. Therefore, there is a need for long-term forecasting of economic development and accounting of external effects leads to obvious practical needs of spatial organization as a function of spatial development. In many cases, economic space from the point of view of the regional economy is the territory, which is a set of objects and relations between them. Granberg explores the structural features of the organization of the regional space and offers different models of regional development (Granberg, 2000). Kolomak showed that the interaction occurs in the development of various kinds of spatial structures (Kolomak, 2010). Therefore, he explored the external effects of the organization of the regional space.

The modern theory of spatial analysis explores regional characteristics of subsystems and involve the analysis of resources of the region (Kireyeva-Nurlanova, 2013). Therefore, it is possible to build an optimization model of the spatial organization and shaping the strategic directions of development of these systems. In addition, the economic science will create new concepts based on developing a new strategy for spatial development. That is why special importance given to research involving new territorial aspects of the organization of life and spatial differentiation. In this case, particular attention is to form regional policy studies as an independent direction of spatial development economy (Leontiev, 1997; Maslakov, Zubkov, & Plenkin, 2000). Thus, summarizing the analysis of existing theories and concepts, we conclude that important subject in spatial economics is a set of objects a function of spatial development.

3. Methodology of Research

The initial methodological basis of this project will serve as scientific developments of foreign and domestic scientists in the field of economic, regional and innovation developments, as well as some aspects of the assessment of economic potential and specialization. Under the methodological approaches to the analysis of spatial development of the national economy is a set of tools in location analysis and development of regional economic systems, the most important of which are the following:

1) Index method – based on relative indicators expressing the ratio of level of the analyzed index for any period, or the ratio of level of the analyzed indicator in different regions among themselves or with the average value of this indicator.

2) Coefficient method – based on the calculation of certain relative indicators (ratios) whose values can be compared for various periods of time on various activities, as well as with the accepted regulatory values.

The proposed new approach based on the classification of methods to assess the potential and economic profile of the territory. According to this approach, we proposed to use method of analysis the main trends of economic development. Based on the analysis of international practices in estimating capacity and economic profile of the territory by using the indexes and coefficients methods, we can distinguish formal and comprehensive system of indicators reflecting the contribution of the territory economic potential of the country (<Table 1>).

<Table 1> Methodological approaches to the assessment of the economic potential of the region and its competitive advantages

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator</th>
<th>Calculation formula</th>
<th>Shorthand notation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Coefficient of GRP (CGRP)</td>
<td>CGRP = GRP/GDP</td>
<td>GRP – gross regional product; GDP – gross domestic product</td>
</tr>
<tr>
<td>2</td>
<td>Coefficient of the volume of industrial production in the region (CVIP)</td>
<td>CVIP = VIPk / VIPc</td>
<td>VIPk – volume of industrial production in the region; VIPc – volume of industrial production of the country</td>
</tr>
<tr>
<td>3</td>
<td>Coefficient of the volume of investments into fixed capital of the region (CVIFC)</td>
<td>CVIFC = VIFCk / VIFCc</td>
<td>VIFCk – volume of investments into fixed capital of the region; VIFCc – volume of investments into fixed capital of the country</td>
</tr>
<tr>
<td>4</td>
<td>Coefficient of the volume of retail trade in the region (CVRT)</td>
<td>CVRT = VRTk / VRTC</td>
<td>VRTk – volume of retail trade in the region; VRTC – volume of retail trade in the country</td>
</tr>
<tr>
<td>5</td>
<td>Coefficient of the volume of exports of the region (CVE)</td>
<td>CVE = VEk / VEC</td>
<td>VEk – volume of exports of the region; VEC – volume of exports of the country</td>
</tr>
<tr>
<td>6</td>
<td>Coefficient of the percentage of the region's population with incomes below the subsistence minimum (Cp)</td>
<td>Cdp = Pdp / Pp</td>
<td>Pdp – indicator of the percentages of the region's population with incomes below the subsistence minimum of the region; Pp – indicator of the percentages of the region's population with incomes below the subsistence minimum of the country</td>
</tr>
<tr>
<td>7</td>
<td>Coefficient of the level of unemployment in the region (CU)</td>
<td>CUC = UUC / UC</td>
<td>UUC – indicator of the unemployment in the region; UC – indicator of the unemployment in the country</td>
</tr>
<tr>
<td>8</td>
<td>Coefficient of the average monthly wage in the region (CAMW)</td>
<td>CAMW = AMWk / AMWc</td>
<td>AMWk – indicator of the average monthly wage in the region; AMWc – indicator of the average monthly wage in the country</td>
</tr>
</tbody>
</table>

Note – compiled by the authors
Further, we proposed to calculate of the generalized of integrated index of economic potential of the region and its competitive advantages ($I_{PCA}$), which can be calculated by the following formula:

$$I_{PCA} = \sum C_{GRP} + C_{VIP} + C_{VBE} + C_{VII} + \frac{1}{Gp} + \frac{1}{Cm} + C_{AMW}$$

(1)

In the end, it can be noted that the proposed methodical approach of estimation of economic potential of the territory and its competitive advantages takes into account regional specifics. At the same time, effective use of the results of evaluation of the potential of the territory gives the possibility of solving large complex practical problems related to the dynamics and ordering of factors of competitive advantages and alignment with the resource capabilities of the region.

4. Conclusions

This paper presents the results of development of the authors on the selection and justification of the methodological approaches for quantitative evaluation of the economic potential, the degree of territorial differentiation of the profile and concentration of regions. This study shows the results of the analysis of the potential regional disparities and trends of economic development of Kazakhstan. By using, the proposed methodology shows the possibility of their use, evaluation of economic profile of the territory and identified of prospective regions. It provides some suggestions for improvement of future studies dealing with this subject. Based on this research finding of this paper, the practical implications listed below:

Firstly, the economic science will create new concepts based on developing a new strategy for spatial development. That is why special importance given to research involving new territorial aspects of the organization of life and spatial differentiation. Analysis of existing theories and concepts, we conclude that important subject in spatial economics is part of studies that cover the problems of concentration and specialization of production. However, in Kazakhstan since the beginning of the 21st century is finding new ways of divergence from dependence on raw materials. An important tool for establishing knowledge-based policy is aimed at ensuring of territories base on “theory of proximity”.

Secondly, we proposed new approach based on the classification of methods to assess the potential and economic profile of the territory. Assessment of economic potential is consistent with the trends of many countries with developing market economy. In the end, the indicators of integrated assessment of the economic potential of the regions of Kazakhstan and its competitive advantages are quite balanced. However, to define industry “growth points” policy of spatial development and the elaboration of measures for their implementation requires a detailed analysis of the industry structure of regional economy of Kazakhstan.

References


Financial Disclosure and the Cost of Equity Capital: The Empirical Test of the Largest Listed Companies of Kazakhstan

Baimukhamedova, Aizhan¹; Baimukhamedova, Gulzada²; Aimurzinov, Murat³; Luchaninova, Albina⁴

Abstract

Providing information to the public is not a costless task. Among the costs of disclosure are the costs of information production and dissemination; for example, the costs of adopting an information system to collect, process data and report information about the company and the costs of hiring accountants and audits, etc. In this study, a framework for empirical tests of the relation between disclosure and the cost of equity capital is determined. This study extends research into whether disclosure of corporate and financial information is associated with firms’ costs of equity capital. Using cost of equity capital estimates derived from capital asset pricing model, we find that firms with higher levels of financial transparency are associated with significantly lower costs of equity capital. Economic theory assumes that by increasing the level of corporate reporting, firms not only increase their stock market liquidity, but also decrease the investors’ estimation risk, arising from uncertainty about future returns and payout distributions. The results show that firms on the Kazakhstan market can reduce their cost of equity capital by increasing the level of their voluntary corporate disclosures. Based on the analysis of existing empirical research, the disclosure index for a sample of 37 Kazakh companies has been constructed and regression analysis of the influence of the disclosure index on the cost of equity capital has been conducted. The obtained results show that the received findings correlate with foreign empirical studies, and the disclosure index in this sample has a negative impact on the cost of equity capital.

Keywords: Financial Disclosure, Equity Capital, Financial Transparency, Corporate Reporting, Kazakhstan.

1. Introduction

Corporate disclosure can be defined as the communication of information by people inside the public firms towards people outside. The main aim of corporate disclosure is “to communicate firm performance and governance to outside investors”. This communication is not only called for by shareholders and investors to analyze the relevance of their investments, but also by the other stakeholders, particularly for information about corporate social and environmental policies. The significance of corporate disclosure practices has been of growing interest both in theory and in practice. Since the stock market collapsed in 1929, regulatory efforts have pointed on limiting the firm's decision in settling the timeliness, scope, content and form of disclosure provided to equity capital market participants and others (Welker, 1995). Though, there are still noticeable differences between the disclosure levels of firms in capital markets. In all these studies, accounting disclosure plays a main role and must be measured in some way. But disclosure is a theoretical concept that is difficult to measure directly. The literature on disclosure offers a variety of potential proxies that aim to measure disclosure. There are many reasons for which firms must have incentives to disclose information to the public. Researchers applied many theoretical perspectives in order to explain the phenomena of disclosure and to explain what motivates companies' managers to reveal more information than is required by legislation. However, no any single theory is available to explain disclosure phenomenon completely, and, to date, researchers tend to select whichever theory relates best with their hypothesis (Linsley & Shrives, 2000).

It has been examined that increasing corporate disclosure is of great benefit to both stakeholders and the companies. From the stakeholders’ perspective, disclosure will enable them to better assess the financial performance of the company and to assure them that the managers are managing companies at their best. From the companies’ perspectives, disclosure gives significant messages about business performance and puts companies in direct contact with investors, which increases their confidence, and hence reduces the cost of capital (Botosan, 1997). If disclosure affects the company’s cost of capital, this should put the market in a better position by keeping it informed, and hence enhancing its functioning.

The importance of corporate disclosure arises from being a means of communication between management and outside investors and market participants in general. Demand for corporate disclosure arises from the information asymmetry problem and agency conflicts between management and outside investors (Healy & Palepu, 2001). Enhanced corporate disclosure is believed to mitigate these problems (Healy & Palepu, 2001; Graham, Campbell, & Rajgopal, 2005; Lambert, Leuz, & Verrecchia, 2007). Companies may benefit from providing more information to the public through a reduction in their cost of capital and an increase in the pure cash flows accruing to their shareholders, consequently increasing their values. However, providing information to the public is not a costless task. Among the costs of disclosure are the costs of information production and dissemination; for example, the costs of adopting an information system to collect, process data and report information about the company and the costs of hiring accountants and audits, etc.

In this study, a framework for empirical tests of the relation between disclosure and the cost of equity capital is determined. Economic theory assumes a negative association between disclosure and cost of equity capital (Diamond & Verrecchia, 1991; Easley & O’Hara, 2004). The main issues that have been tackled or are currently being tackled in accounting disclosure literature as a whole include identifying what companies are reporting, the underlying factors that may affect the extent to which information is reported and motivates companies to make
particular information disclosure. While some previous studies have focused on what information is disclosed, more studies are needed to examine how information is disclosed, and to examine the potential benefits of information disclosure, for example, its impact on the company’s cost of capital. Thus, with regards to corporate information reporting, the empirical literature provides only partial answers concerning disclosure practices, its characteristics and its determinants. In addition, there is a limited research on the potential impact of information disclosure on the company’s cost of equity capital. The scope of this research aims, therefore, to fill this gap in the literature.

The study of this issue is driven by the economic theory that greater disclosure lowers the information asymmetry (Glosten & Milgrom, 1985; Diamond & Verrecchia, 1991) and the estimation risk (Barry & Brown, 1985). First, disclosure reduces information asymmetry and, in turn, increases the liquidity of the stocks (Diamond & Verrecchia, 1991) and reduces the required rate of return (Easley & O’Hara, 2004). Disclosure also lowers the cost of equity by reducing the estimation risk, which is not diversifiable under certain conditions. For example, Clarkson, Guedes and Thompson (1996) showed that if the portfolios of investors consist of many securities with a low information quality, then the estimation risk is non-diversifiable. Leuz and Verrecchia (2000) argued that better disclosure can improve the organization between firms and their investors with respect to the firm’s capital investment and reduce information risk.

2. Objectives of the Research

The aim of this study is to establish the relationship between corporate disclosure quality of companies which is measured by the disclosure index and the cost of equity capital. Quality of disclosure is measured based on a disclosure index developed from Standard and Poor’s Transparency and Disclosure Survey. Further, this study aims to identify the driving forces behind the likely variable association of corporate disclosure with the cost of equity as well as contributing to the existing literature by discussing disclosure models on their relevance in economic decision making, constructing own disclosure index for Kazakh companies and identifying its relationship with company’s cost of equity capital.

The topic about informational transparency of companies for the Kazakh market is not disclosed. This study will contribute to the existing research by justifying the choice of theoretical and methodological approaches, construction of the disclosure index and the selection of factors for the model based on the specifics of Kazakhstan. We contribute to the literature on the relation between corporate disclosure and cost of capital (Botosan, 1997; Botosan & Plumlee, 2002) by showing that high disclosure levels are strongly associated with lower cost of capital for firms in countries with large variation in disclosure policies. Some firms may have incentives to provide disclosure levels superior to the average, while others do not. Thus, causing a larger variation in disclosure levels than those observed in countries where the general disclosure environment is superior. Previous research on this topic has been based on samples of firms from developed countries with low dispersion in disclosure levels. When a firm’s environment (e.g., regulation) demands superior disclosure levels, there will be a lower variation in disclosure policies adopted by firms. As the variation in cost of capital is influenced by other factors, a lower variance in disclosure policies adopted by firms is likely to result in a weak relation between disclosure and cost of capital. We expect to see a stronger relation between disclosure and cost of capital when the cross-sectional variation in disclosure is higher.

Another objective of this research is to examine the potential usefulness of disclosure made in the annual report. Previous accounting disclosure research offered insight into the potential usefulness and perceived benefits and costs of disclosure. For example, it has been asserted that improved disclosure enhances corporate transparency, develops corporate image, and provides useful information for decision making. Disclosure can also be seen as one of the mechanisms to mitigate adverse selection by reducing information asymmetry between managers and investors. It is a mechanism to lower a company’s cost of capital, increase liquidity of its shares, and lower transaction costs resulting from lower bid-ask spread. In addition, disclosure can be seen as one of the mechanism by which companies attempt to manage their stakeholders in order to gain their support and approval. Moreover, disclosure can also assist in staying off potential regulatory pressure and avoiding additional requirements.

3. Conclusions

Study of the relationship between corporate information disclosure and cost of equity, on the one hand, is a very relevant issue and there has been significant interest in the foreign researchers that is confirmed by the existence of a sufficiently large number of empirical studies in this area. On the other hand, for the Kazakh market, the topic of information transparency is not disclosed. In addition, domestic companies as a whole are characterized by a relatively high degree of opacity. For this reason, this work is based, first and foremost, on the application of foreign experience. However, when constructing a disclosure index, as well as selection factors for models, the authors have sought to take into account the Kazakhstanc specificity.

The regression results show that a higher level of disclosure is associated with a lower cost of equity capital, after controlling factors such as beta and firm size. Theoretical research supports this claim by emphasizing the effect of greater disclosure on stock market liquidity and estimation risk. Under the lights of this research, it is concluded that there is a significant relationship between corporate transparency and cost of equity. The findings of the study are in conformance with prior studies examining relationship between corporate transparency and company value. According to results of this study, firm characteristics proxied by BETA, LMVAL and LEV are statically significant at the 10% level. However, BM value shows no significant relationship between corporate transparency and firm characteristic. The findings of the study indicate that significant positive relationships between dependent variable (COE) and independent variables (BETA and LEV) exist and a significant negative relationship between COE and DISCL and LMVAL exists.

References


The Integration of Science, Education and Business: Application in Al-Farabi Kazakh National University

Mutanov, Galym M.¹; Ramazanov, Tlekkabul S.²; Akhmetova, Aigul B.³; Togymbayeva, Altynay K.⁴; Karagulanova, Ardak S.⁵

Abstract

The article presents data on the adaptation of international experience to the conditions of Kazakhstan in creating areas of high-tech industries. Research takes into account features of the development of adopted programs, strategic objectives, natural and human resources, with appropriate monitoring, implementation and improvement of scientific and innovative component of the research universities based on the example of Al-Farabi Kazakh National University (KazNU), which is intellectual Corporation with a scientific and innovative infrastructure and has no analogues at other universities of the Republic and which provides training of highly skilled personnel potential of the Republic of Kazakhstan (Program, 2011). The course that was chosen by university on internalization of educational services and research activity, nowadays, already gets recognition on the right way that was chosen by International agencies.

Keywords: Innovations, Commercialization, Research Infrastructure, Research University, Science, Education, Kazakhstan.

1. Introduction

The modern, globalized and rapidly changing world poses new requirements on the further development of human capital, which in its turn leads to the transformation of the role of modern universities in research hubs, knowledge-based centers for the further use of results of scientific researches in the economy and, their commercialization. In this connection, the special relevance is on the integration of science, education and business questions, improvement and implementation as well as the transition to a competitive knowledge-based economy which requires the creation and development of innovative territorial clusters, organically representing the science, education and high-tech industry.

Nowadays, an important task of domestic universities is the implementation of innovative activity through the organization and development of transfer of technologies and competences in the real sector of economy, which largely depends on the efficiency of the process of commercialization results of scientific and scientific-technical activity, which is achieved mainly due to the development of the innovation ecosystem of University (Ugnich et al., 2015).

However, for the development of transfer of technologies and competences in the real sector of economy and the integration of domestic science into the global scientific space there are number of issues that need to be solved at the state level. Today, almost all of the countries in the world understand the importance and role of innovation technologies in the formation of the competitiveness of the economy. World experience shows that high economic growth is achieved only by those countries that have created an efficient system of technology commercialization. A key player in all these countries was government that had significant role in stimulating innovation activities through various support mechanisms. Government creates the conditions for the emergence of new scientific and technological ideas by supporting fundamental and applied researches, these ideas are not in demand by national entities may be necessary in the case of changes in the internal and external market conditions and thus, invest innovation-oriented economic entities.

2. Findings and Results

All the largest and the most successfully developed countries build high-tech production on the basis of major universities with their active participation, which is a basic element of the innovation system of any country (Guide, 2012). Comparative analysis of the Global Competitiveness Index (GCI, 2015) of countries and the world rankings of the best universities shows clear dependence of the economy of country on the ranking of its universities, which are the locomotives of the successful development of their States, and their ability to act as points of growth of the knowledge economy.

On the example of Asian countries, divided into three groups: Supreme, second and third where a clear correlation is shown between the competitiveness index of these countries and the position of their universities in one of the most reputable rating agencies QS TOP 250 world universities (<Figure 1>).

---

¹ Rector, Al-Farabi Kazakh National University, Kazakhstan
² Vice Rector, Al-Farabi Kazakh National University, Kazakhstan
³ Office for Innovations and Intellectual Property, Al-Farabi Kazakh National University, Kazakhstan
E-mail: Aigul.Akhmetova@kaznu.kz, utqibbk@qmail.com
⁴ Science and Innovation Department, Al-Farabi Kazakh National University, Kazakhstan E-mail: toqambaeva@qmail.com
⁵ Office for Innovations and Intellectual Property, Al-Farabi Kazakh National University, Kazakhstan
E-mail: Ardak.Karaqulanova@kaznu.kz, Ardak.Karaqulanova@qmail.com

Figure 1: The Competitiveness Index of Selected Countries

[Graph showing the Competitiveness Index of selected countries, with Singapore, Japan, China leading, and others following.]

---

1 Mutanov, Galym M. Rector, Al-Farabi Kazakh National University, Kazakhstan
2 Akhmetova, Aigul B. Office for Innovations and Intellectual Property, Al-Farabi Kazakh National University, Kazakhstan
3 Ramazanov, Tlekkabul S. Vice Rector, Al-Farabi Kazakh National University, Kazakhstan
4 Togymbayeva, Altynay K. Science and Innovation Department, Al-Farabi Kazakh National University, Kazakhstan
5 Karagulanova, Ardak S. Office for Innovations and Intellectual Property, Al-Farabi Kazakh National University, Kazakhstan

---
In order to build an effective infrastructure and taking into account the best international experience, KazNUS has developed a program to create an innovative platform for training competitive experts, for the development and implementation of high-tech products on the basis of building a unique innovation facility - international IT-Technopark of "The Alliance of New Silk Way Universities" on the model of "Silicon Valley" - by storing on one territory all the necessary stuff for innovative activities, starting from launching Start-UPs, business incubation to market launch.

According to the experience of providing engineering services in the global market, the Center of process innovations (Center for Engineering and Commercialization) was established. Its activities are aimed on the development of technological solutions, innovative products and technologies by the order of industrial enterprises. By implementing customized innovative projects, as well as attracting 1% of the total gross income of large subsoil-using companies, the activity of the IT-Technopark will provide an effective usage of scientific-innovative potential of the entire University. For the implementation of innovative projects on "green energy" and training of specialists of new formation on the basis of modern technologies and knowledge-based engineering, with the use of different technologies to get energy a Center of "green technologies" which shows city "MINI-EXPO" was established.

On the principles of public-private partnership with the participation of international consortium (Yonsei University, "Gangnam Severance" Hospital and finance-industrial group POSCO (South Korea)) foreign investments are involved for the construction of Innovative and biomedical clusters. International innovative production consortium "R&IID" with the involvement of scientific and design organizations of South Korea, Russia and Kazakhstan was specially created or projects of these clusters. Al-Farabi KazNUS allocates 10% of grant funding to students, already engendering the entrepreneurial initiative in students, contributes in realization of their business ideas through the creation of student business incubators. Currently, there are 14 student business incubators where 75 student innovation projects are incubating. Evidence of international recognition of the research work of al-Farabi KazNUS students is a joint project with the University of Tokyo called UNIFORM that works on designing and assembling of "al-Farabi" scientific and technological nanosatellites.

Training and research centers and laboratories of high-tech world companies like "Hewlett-Packard", "Samsung", "Cisco", "Konica Minolta", "Microsoft", FUJITSU are established in the framework of international integration of science and education. They are the basis of additional professional education programs. On the base of world's leading center experience of EDX (MIT) and COURSERA (Harvard) al-Farabi KazNUS implements Mass open online courses (MOOC). These initiatives and advanced examples should be supported by the state, and their implementation also requires integration of efforts and active participation of business.

Effectively built environment for generation of innovations, integration of science – education – innovation production with the commercialization of the developments will transform al-Farabi KazNUS in the real entity of the knowledge-based economy of country and will ensure the creation of unique points of growth of both the regional and the national innovation system of the country.

### 3. Conclusions

For the further development of the universities based on analysis of the experience of leading countries, which in a short period of time managed to achieve significant progress in science and innovation. We can talk about the obvious profitability of investment in researches and creation of high-tech production on their basis in the form of research University. The main factors of these processes are: increase of science financing; the introduction of advanced methods of research works; financial encouragement for scientists according to the results of research efficiency; state regulation of processes to improve the research activities of scientists. Based on the experience of countries with knowledge-based economy, we need not only the introduction of mechanisms to stimulate Research and Development funding by private enterprises and business in General, but at first, the adaptation of special programs to improve the competitiveness of Kazakhstani universities. There is a need for active development of high-tech industries and building an effective national innovation system, including the implementation of support for those universities that are on the highest positions in international rankings (QS) by creating a special budget program for the internationalization of research results, enhancing publication activity, etc. in order to enhance the country's competitiveness in the global market.

One of the most effective methods to improve the quality of research activities of the University is to invite foreign scientists, commercialize research projects with high potential, establishment of cooperation with leading technology companies to conduct Research and Development on order. Work with the leading scientists of the world will be an invaluable experience for Kazakhstan researchers that will become fundamental for new scientific schools based on modern methods of conducting research works, and will contribute to the further development of local research schools, which have a long history.

### References


The Relationship of Middle Income Trap and Employment in Kazakhstan

Jumambayev, Seisembay

Abstract

The article examines the relationship between the middle-income trap and employment based on the materials of Kazakhstan. On the basis of the analysis, some of the author's considerations are given on the reasons for the slowdown in economic growth rates, the ways out of the middle-income trap and direct economy to the dynamic growth trajectory. Including, it is a question of perspective possibilities of the approach to employment from the point of view of ensuring its qualitative changes. The study of the problem of slowing economic growth in Kazakhstan will help to increase interest in it both from the academic environment and practitioners. In particular, we raised the topic of the need to reflect in the statistics of information about the new workplaces created in connection with the introduction of the latest technologies. It gives an opportunity not only to objectively assess their contribution to economic growth, but also demonstrates the long-term economic benefits of a new model of economic growth based on innovation and high productivity.

Keywords: Economic Growth, Middle Income Trap, Employment, New Job Places, Labor Productivity.

1. Introduction

The dynamic growth of the economy from 2000 to the present was twice interrupted by a sharp decline in GDP growth rates in 2008-2009 and in the last two years. GDP per capita at current prices in 2013 reached its maximum value - 13,890.8 US dollars. In subsequent years, this indicator consistently began to decline to 7585.2 US dollars in 2016. Thus, there are obvious signs that the country was trapped in the middle-income trap. Given the complexity of the problem and the format of the material provided, the author limited himself to finding answers to the following questions: Is the numbers' magic of middle income trap to blame or there are deeper reasons for it? What relationship can exist between a middle-income trap and employment? And to what extent can research on this link suggest possible ways out of the middle-income trap?

2. Literature Review

There is no universally recognized version explaining the origin of the "middle income trap" until now. To date, it has been considered only empirically. But one can find its theoretical justification in the works of Gerschenkron (2015). E. Prescott (1982) gave a theoretical explanation for the driving forces of economic cycles in the United States. In fact, they laid the foundation for the modern theory of economic fluctuations. Gill and Haras (2007) came up with the term "middle income trap", and they also claimed that the only "part of the world, basically resisted this trend, is East Asia. According to the definition of Hausmann and Pritchett (2014), the annual growth rates of the economy are steadily reduced by 2 percentage points, if the level of annual per capita income is at least $ 10,000 in PPP and there was a fairly rapid growth in the recent past. Rodrik (2006), as the reason for the slowdown in economic growth, called the decrease in the relative profitability of manufacturing in the country. Young (1995) saw a possible reason for such a slowdown in the decline in the marginal return of accumulated capital. When the marginal returns drop to zero or close to zero, a middle-income trap occurs. In order to achieve new economic growth, it is required a new inflow of new technologies with the creation of new jobs with simultaneous upgrading of the workforce. B. Eichengreen, D. Park and K. Shin (2011; 2013) renewed discussion on middle-income trap, and based on an analysis of empirical materials, showed that countries fall into the middle-income trap for the first time when per capita GDP reaches $ 11,000. The second time is when GDP per capita reaches about $ 16000 (prices for 2005). Achieving these boundaries, the economies of countries are rapidly slowing down.

Many other studies have been devoted to the problem of middle income trap, but they mainly concern the countries of Latin America, East Asia, and BRICS. Meanwhile, insufficient attention is paid to developing countries like Kazakhstan, which also faced the problem of slowing economic growth. The study of middle income trap in Kazakhstan can make a certain contribution to solving the problems in overcoming the crisis.

3. Research Data and Methodology

In the process of studying this problem, official statistics of Kazakhstan, data from the World Bank, Eurostat and other international organizations were used along with the works of well-known scientists on the problem of the middle-income trap. The economy of Kazakhstan has its own specific features. They are due to the short history of market relations, one-sided orientation on the export of raw materials, primarily oil, and a strong dependence on the volatility of the external environment. In addition, the institutional regulation of the market is not fully resolved. The research topic is very extensive, therefore, the author tried to focus on some of the main reasons for the slowdown in economic growth due to the aforementioned features of Kazakhstan. The conclusion of many economists in relation to emerging markets is often reduced to implementing structural reforms that will ensure economic growth. In our opinion, priority should be given to ensuring macroeconomic stability, an important part of which are employment issues and productivity growth of employed. On this basis, the exit from middle income trap may suggest a review of the order of the causal relationship between GDP and jobs. It is necessary to overcome the rooted approach that GDP growth leads to the creation of jobs. In fact, employment in the created modern jobs leads to GDP growth. It is very important to determine the impact of newly created jobs with high productivity on GDP growth or GDP per capita. Such a methodical approach can suggest concrete and real ways of the country's economy.
exit from the middle-income trap. Unfortunately, the official statistics are not yet engaged in collecting data on new jobs caused by the introduction of new technologies.

4. Main Part

4.1. The Reasons for a Slowdown in Economic Growth in Kazakhstan

Many factors can reduce or increase the risk of falling into a trap; Kazakhstan's practice has confirmed that high growth rates before slowdown increase the probability of falling into the middle-income trap. Also, a small share of high-tech exports makes the country more receptive to a slowdown in economic growth. The feature of the Kazakhstan’s economy in conditions of middle income trap (MIT) was also the achievement of an average GDP per capita that outstripped the development of institutions. It is, first of all, the business climate, corruption issues, the quality of courts, the development of private initiative and individual freedoms. Over the past two years, the growth rate of Kazakhstan's GDP sharply went down again, recalling the middle-income trap (MIT). According to analysts' forecasts, Kazakhstan, should have felt it in 2016 (Chakarov, 2012). This prediction has not come true, the GDP growth rate began to slow down particularly sharply in 2005 (1.2%), while in 2016 they fell to a level of 1% (see Figure 1).

As a result, Kazakhstan gave its position in the Global Competitiveness Index, dropping to 53rd place (Schwab, 2016). The economy grew extensively mainly due to an increase in oil production and high prices for it. The potential of this growth model, in fact, is exhausted. The high volatility of the oil market does not give grounds for counting on it as a reliable factor capable of solving middle income trap. When building a new growth model, it is important to focus on creating modern jobs that are closely related to the introduction of new technologies leading to GDP growth (Gimpelson, 2016). Kazakhstan's achievements in the area of product renewal and new technologies are insignificant. The share of innovative products in relation to GDP in 2015 was only 0.92%, and the level of innovative activity of enterprises and organizations for technological innovation was only 8.1%.

4.2. Employment and Economic Growth

Rapid economic growth was also facilitated by a simple redistribution of resources, including labour, to more efficient sectors of the economy. The authorities give priority to social stability, which is largely achieved through a high level of employment. The further increase in employment is already severely limited, and due to this factor, the GDP will not grow substantially. A high level of employment is also due to the presence in the economy of many inefficient and low-productivity jobs. As a result, Kazakhstan has experienced slow growth in labour productivity (see Figure 2). They are explained by the use of obsolete technologies, inefficient production, low level of acceptance of new knowledge and technological innovations. To increase labour productivity, it is necessary to increase the skills and level of education of workers, because this factor largely limits the growth of the economy. On the level of education spending, Kazakhstan (3.1% of GDP) is on the 125th place among 153 countries in the world. There is a significant gap between the education that graduates receive and the skills that are required of them in new jobs. Economic growth is also influenced by the choice of income redistribution policy. Poverty reduction is a great achievement; the poverty level in Kazakhstan has decreased from 31.7% in 2000 to 2.7% in 2015. However, increased emphasis on the redistribution of incomes in favour of those who are most sensitive to small transfers, while maintaining poor higher education, infrastructure and poor governance, is clearly not enough to overcome the average income trap.

Thus, the slowdown in growth rates is not only due to global problems. Taking into account the prevailing conditions in Kazakhstan, priorities in economic policy which can overcome the consequences of falling into middle income trap are redefined. It deals with the accelerated technological modernization of the economy, the development of the “Digital Kazakhstan” program, the improvement of the business environment, macroeconomic stability, the improvement of the quality of human capital, institutional transformation, and the fight against corruption (Nazarbayev, 2017). Now it is important that the understanding of the value of science, education and new technologies for economic growth is supported by practical steps of the government. Only then the economy will be able to break free from the middle-income trap and continue the race for the developed countries.

5. Research Findings and Results

In the rating of the Innovation Index Kazakhstan ranks 75th among 128 countries in the world, and in terms of technological development it ranks 56th among 138 countries in the world Cornell University, INSEAD, and WIPO (2016).
The factors that lead to a middle-income trap are determined by the characteristics of each country. And accordingly a set of measures to overcome its negative consequences can be determined on the basis of a thorough analysis and identifying the reasons for the slowdown in economic growth. But one can definitely state that in any case, the introduction of new technologies, the accumulation of human capital, the development of a corresponding institutional environment is the key to ensuring a dynamic economic growth. For Kazakhstan, the biggest challenge is the shift from economic growth, habitually focused on resources, to growth based on innovation and high productivity. The problem of employment should be considered not so much from the point of view of its quantitative changes as to be evaluated and addressed from qualitative positions: the level of education and acquired qualifications, the achievement of high productivity in newly created jobs. This is one of the key conditions that allow to overcome the negative consequences of the middle-income trap and to reach a new level of economic growth.

6. Conclusions

The study of the problem of slowing economic growth in Kazakhstan will help to increase interest in it both from the academic environment and practitioners. Collective discussion of ways out of the MIT can reveal a wide range of issues that have not even been raised and which will also require their positive solution. In particular, we raised the topic of the need to reflect in the statistics of information about the new workplaces created in connection with the introduction of the latest technologies. It gives an opportunity not only to objectively assess their contribution to economic growth, but also demonstrates the long-term economic benefits of a new model of economic growth based on innovation and high productivity.

References

a_zamedlit


International Experience in the Integration of Science, Education and Business: Perspectives for Application in Kazakhstan*

Mutanov, Galym M.1; Ramazanov, Tlekkabul S.2; Togambayeva, Altynay K.3; Akhmetova, Aigul B.4

Abstract

Modern, globalized, fast-changing world sets new goals for the further development of human capital, which in turn, leads to the transformation of the role of modern universities in research hubs, scientific centers for future use of research results in the economy and in their commercialization. In this regard, of particular relevance are the integration of science, education and business. This article includes analysis of international experience on creation of hi-tech areas and a possibility of creation of similar areas in Kazakhstan on the basis of one of the leading higher education universities of the country - al-Farabi Kazakh National University. This article also describing about programs and projects for developing Science and Innovations at the University. The materials and offers submitted for the Asian inter-parliamentary forum which was taking place in Kazakhstan 2016 are used.

Keywords: Science, Education, Innovations, Research University, Research Infrastructure, Commercialization, Production.

1. Introduction

International experience of formation and development of high-tech industries in the United States, Japan, China, Finland shows that all the largest and most successful developed countries and developing countries build high-tech industries on the basis of and with the active participation of major universities such as Stanford, Massachusetts Institute of Technology and others. Major high-tech areas with the research university in their centre become points of growth of the innovation system.

It is necessary to adopt this international experience to create such high-tech areas in Kazakhstan on the basis of the country's leading universities [1]. Al-Farabi Kazakh National University today is an intellectual corporation with research and innovation infrastructure, which doesn’t have analogue in other universities of the Republic, providing training of highly qualified human resources potential of the country.

For further development of the university on the basis of the analysis of the experience of leading countries of the world, which in a short period of time were able to make significant progress in science and innovation that became the prologue of economic development and taking into account the profitability of investment in science in the US, where each dollar invested by the state in agricultural research generates 32 additional dollar of wealth, we can talk about the apparent profitability of capital investments in the research and creation on their basis of high-tech production with the a research university as its centre. The main factors of these processes, of course, are: an increase in funding of science; the introduction of advanced methods of research; financial incentives to scientists on the results of research efficiency; state regulation of processes to improve the research activities of scientists.

For example, the experience of South Korea to increase publication activity and citation gives some invaluable lessons. Impact factor of Korean journals increased due to growth in both domestic and international citation. At the same time, this trend is peculiar to most scientific fields. Citation per article increased from 3.61 to 4.55 during 5 years. Second, promotion policy for placing journals on the principle of Open Access. In this connection, an increasing number of articles in Korean journals is freely available. It certainly helped the dissemination and discussion of information contained in these journals, and thus citation is stimulated. Third, funding bodies and universities have included citation index and impact factor journals in research evaluation system as a result of product research. This stimulated the growth of the concentration of research publications in

* The research is conducted within the program of grant researches of Ministry of Education and Science republic of Kazakhstan.
1 Rector, Al-Farabi Kazakh National University, Kazakhstan
2 Vice Rector, Al-Farabi Kazakh National University, Kazakhstan
3 Science and Innovation Department, Al-Farabi Kazakh National University, Kazakhstan E-mail: toqambayeva@qmail.com
4 Office for Innovations and Intellectual Property, Al-Farabi Kazakh National University, Kazakhstan E-mail: Aigul.Akhmetova@kaznu.kz, utqnbk@qmail.com
rating journals. Fourth, there have been systematic and organized action to the publication of journals on the basis of international standards. For example, the Korean Council of Scientific Editors and the Korean Association of Medical Journal Editors have been created to help Korean natural science journals to improve their quality to grow to international levels. Fifth, inviting foreign scholars for lectures and research projects in cooperation with Korean colleagues [3-7].

A significant and revealing is the experience of the development of R&D in China. Significant contribution to the "Great Leap Forward" in the growth of the Chinese economy played R&D investment, increase public funding of scientific research output. Direct confirmation of the effectiveness and efficiency of this policy is an indicator of the growth of scientific publications in the most prestigious international base of Thomson Reuters. Already in 2006, the number of articles in rating journals China comes in second place in the world, displacing Japan and is located behind the United States (in 2014 246 793 articles have been published). The share of publications of Chinese scientists has increased from 8.6% in 2006 to 16.8% in 2014. Average article citation has reached almost 5 in 2015 [5-7].

2. Findings and Results

The selected university course on the internationalization of education services and research activities today receives the recognition certificate of loyalty of the chosen way from international agencies. By results of 2015 Kazakh National University in the QS ranking took a high 236 places among universities of the CIS countries, only M. Lomonosov Moscow State University gets ahead of us (108 position).

Results of research for the 5 years of our university show dynamic growth.

Number of publications in top journals indexed in the Web of Science database, Thomson Reuters has grown from 2011 up to 4.3 times. The comparable figure at the base of Scopus database since 2011 increase up to 3.2 times [8]. At the al-Farabi Kazakh National University in the framework of the international student project UNIFORM with the University of Tokyo there are designed and assembled scientific and technological nano-satellites "Al-Farabi-1" and "Al-Farabi-2". Several samples of nano-satellite, designed on the basis of the Scientific and Technological Park of our University, have been successfully tested in joint Rocket and Space Corporation "Energia" and the Technical University of Berlin. Only in 2015 by scientists of KazNU. Al-Farabi there received about 200 international grants from foundations and organizations, a quarter of which are joint international projects. Moreover, the staff of the University received about 150 grants for participation in international conferences, seminars, forums, etc. For the improvement and implementation of the national concept of the integration of science, education and industry, and the transition to a competitive knowledge-based economy there is a necessity of the creation and development of regional innovation clusters, in which science, education and high-tech industry are organically represented.

The research universities take a special place in the world which are the core of large high-tech areas and are subject to important integration process of science, education and industry. KazNU launched over the past five years, the adaptation of international experience to the Kazakhstan conditions for the establishment of areas of high-tech industries, taking into account the peculiarities of development, adopted programs, strategic objectives, natural and human resources, with appropriate monitoring, implementation and improvement of scientific innovation component of research
universities. A striking example of cooperation between business and science are the technology parks, which are the basis of venture business and promote the continuous development of new business and support. As international experience shows, venture method allows research organizations maximize the potential of scientific staff, to implement thousands of innovative projects, and to occupy the highest position in the world markets of high technology products.

To build an effective infrastructure taking into account best international practice, KazNU has developed a program to create an innovative platform for training the competitive specialists for the development and implementation of high-tech products on the basis of building a unique innovation facility - international IT Park of the “Alliance of Universities of the New silk road” on the model of “Silicon Valley” - by storing on a single site all the necessary for innovative activities, ranging from launching start-UPS, business incubation to market launch. The core of the IT-Technopark will create a center of supercomputer and cloud computing of KazNU (supercomputer center) on the basis of supercomputer and cloud cluster with a peak performance of 110 trillion operations per second (110 TF). The supply of the supercomputer planned by the company "INSPUR Group", having the experience of implementation of projects on supply and installation of supercomputers. Currently, the experience of providing engineering services in the global market, has established the Center for process innovation (Center of engineering and commercialization), whose activities are aimed at development of technological solutions, innovative products and technologies and the products ordered by industrial enterprises. By implementing custom innovative projects, as well as attracting 1% of the total gross income of large companies-subsoil users, the activities of the IT-Technopark will provide an effective usage of scientific-innovative potential for the entire University.

In the execution of the orders of the President on entering Kazakhstan universities in the TOP-200 universities in the world, should support those universities that occupy the highest positions in international rankings (QS). In particular, the creation of a special budget program for the internationalization of research results, enhancing publication activity, etc. In this connection, it is necessary to take similar to the Russian “Project 5-100” document, whose main objective should be the orders of the President of RK N. Nazarbayev on the occurrence of two (or three) of Kazakhstani universities in the TOP-200 in international rankings with separate funding of universities that have a high potential. One of the most effective methods to improve the quality of research activities of the University is the invitation of foreign scientists, research projects with high potential for commercialization, establishment of cooperation with leading technology companies to conduct R&D on order. Working with the leading scientists of the world for Kazakhstan researchers will be an invaluable experience that will lay the foundations of a new scientific schools based on modern methods of conducting research, and will contribute to the further development of local research schools, which have a long history. In this regard, based on the experience of the Nazarbayev University should adopt a state program on the invitation of the national universities of foreign scientists to work as lecturers and researchers. The scientific potential of a joint research of the Kazakhstan scientists are invited and should be directed to the solution of strategic tasks in the framework of the PID, and orders of the President on joining the top 30 most developed countries of the world and improve technology and knowledge-intensive Kazakh economy.

For the preparation of highly qualified scientific personnel it is necessary to implement the state program of postdoctoral studies. For the successful implementation of postdoctoral programs in Kazakhstan political and socio-economic transformation, responding to the conditions and needs of society as a whole. Therefore, researches in the field of realization of social and economic policy in modern conditions are aimed at improving the national system of training, in particular research, mobility and internationalization in accordance with the processes of globalization not only in economic but also in social sphere, the solution to the problems of shortage of qualified personnel in the period of the forced innovative development of the country, changing conditions in the labour market. The situation with the shortage of qualified scientific personnel is also compounded by the natural process of “aging” of scientific-pedagogical and scientific shots in system of higher education.

Successfully operating a three-tier education system despite its many advantages, has certain disadvantages, in particular, does not provide a full cycle of training of highly qualified scientific personnel, which in the world practice includes a period of postdoctoral research. In the leading universities of the world a significant amount of research projects performed by young scientists under grants of post-doctoral studies. Involvement in postdoctoral research should focus on young scientists-compatriots working in the leading foreign universities. This will allow to some extent to reduce the level of observed "brain drain" from the country. To solve the problems of security of the scientific staff should consider the possibility of increasing the time of doctoral studies in the specialties of natural science and technical profile to 3-4 years.

3. Conclusions

In the execution of the orders of the President on entering Kazakhstan universities in the TOP-200 universities in the world, should support those universities that occupy the highest positions in international rankings (QS). In particular, the creation of a special budget program for the internationalization of research results, enhancing publication activity, etc. In this connection, it is necessary to take similar to the Russian “Project 5-100” document, whose main objective should be the orders of the President of RK N. Nazarbayev on the occurrence of two (or three) of Kazakhstani universities in the TOP-200 in international rankings with separate funding of universities that have a high potential. One of the most effective methods to improve the quality of research activities of the University is the invitation of foreign scientists, research projects with high potential for commercialization, establishment of cooperation with leading technology companies to conduct R&D on order. Working with the leading scientists of the world for Kazakhstan researchers will be an invaluable experience that will lay the foundations of a new scientific schools based on modern methods of conducting research, and will contribute to the further development of local research schools, which have a long history. In this regard, based on the experience of the Nazarbayev University should adopt a state program on the invitation of the national universities of foreign scientists to work as lecturers and researchers. The scientific potential of a joint research of the Kazakhstan scientists are invited and should be directed to the solution of strategic tasks in the framework of the PID, and orders of the President on joining the top 30 most developed countries of the world and improve technology and knowledge-intensive Kazakh economy.

For the preparation of highly qualified scientific personnel it is necessary to implement the state program of postdoctoral studies. For the successful implementation of postdoctoral programs in Kazakhstan
and for the function of the mechanism of post-doctoral studies as a system should: to give a definition of postdoctoral studies in the Law of the Republic of Kazakhstan “about science”; to develop and approve the program or the legal act regulating the General principles and requirements for the program of post-doctoral studies; to amend the immigration law with the inclusion of highly qualified personnel in priority as postdocs, reduction of legal barriers in international recruitment of scientific staff. To increase the quantity and quality of scientific publications in the rules of foreign training for researchers scholars of “Bolashak” programme is required to publish at least 2 articles in ranked journals database Scopus/Thomson Reuters, on assignments for six months, and 3 publications for the assignments for a year.

References


Annual report of Science and Innovation activity at the al-Farabi Kazakh National University (2016). Kazakhstan, Almaty: KazNU
Phenomenon of Hallyu: An Outside Perspective
- Kazakhstani Viewpoint

Toganbayeva, Karlygash¹; Mirzoyeva, Leila Y.²; Timberlake, Alan H.³

Abstract

Nowadays so-called "Korean wave" has already occupied its own niche in the world pop culture. "The Korean wave" is a striking example of how to create successful image of the country by means of such form of the political rule as Soft Power. Using Soft Power policy, South Korea actively extends its national culture. So, the attractive image of the country provides the opportunity of economic recovery, growth of its influence on the world politics, and other ways of achieving its own goals without violence. The purpose of the paper is to provide analysis of specific features and system of "the Korean wave". We have made an attempt to understand how South Korea achieved success in launching its national identity.

Keywords: K-pop, Korean Wave, Hallyu, South Korean Popular Culture, Soft Power.

1. Introduction

Nowadays so-called "Korean wave" has already occupied its own niche in the world pop culture. Not only could the Korean wave win youth hearts worldwide in the short period of time, but also the new sub-culture "K-pop" has been created. So far, "the Korean wave" is a striking example of how to create successful image of the country by means of such form of the political rule as Soft Power. This term introduced by American political analyst Joseph Nye (1990) is meant to describe the ability of a country to achieve desirable results and strengthen its influential role on the international arena using a positive image based on cultural and political values and institutions drawing foreigners' attention. "According to Nye's definition, Soft Power is a specific resource of a state based on three factors: culture of the country; political principles and attitudes of the country; its foreign policy" (Polosina, 2012).

Using Soft Power policy, South Korea actively extends its national culture. "In the past violence was the main tool of submission of one nation by another, and one civilization by another one; whereas today temptation plays the same role " (Melihov, 2011). The attractive image of the country provides the opportunity of economic recovery, growth of its influence on the world politics, and other ways of achieving its own goals without violence. For such country as South Korea, which is not rich in natural resources, one of the major tasks is to reach its profile. It is commonly known that from 1945 to 1948 The Republic of Korea was under the strong political and economic influence of the USA, which made Korean people beware the assimilation of their national culture. However, global capitalism in combination with Korean culture formed a new phenomenon; the Korean created the synthesis of national and cultural specificity and the American marketing in order to launch their own cultural products to the world market (Shuling, 2011). The aim of the article is to provide analysis of specific features and system of "the Korean wave". We have made an attempt to understand how South Korea achieved success in launching its national identity. The paper consists of introduction, three chapters and conclusion. Total amount of pages is 10.

2. Phenomenon of Modern Pop Culture in the Republic of Korea ("The Korean Wave")

Its dynamism, success and originality of economic transformations draw attention of experts in various areas. The experts' genuine interest is mainly caused by the changes happening in the socio-cultural sphere, such as various changes in the way of life, ideology, basic values and other aspects, which occur much quicker, than in European countries, where similar processes of transition required the centuries. "Socio-cultural factors like specific features of national mentality, the attitude to work and the corporate culture being the result of organic synthesis of national traditions and the western impact played an important role in such a fast development along with the economic factors including inflow of direct foreign investments, an emphasis on development of the knowledge-intensive (high-tech) branches and export of high-tech production" (Lachina, 2012). Processes of globalization and internationalization have a great influence on development of various spheres of public life as well as on socio-cultural aspects. The influence is especially obvious in Asian countries, and the Republic of Korea is a striking example with its dominance in an organic alloy of traditional and modern cultures.

3. History and Characteristics of Korean Wave

The term "Korean wave" or "Hallyu" (Korean. 한류, ) was coined by Beijing journalists in the mid-1990s, among Beijing journalists, to describe the rapid spread of modern Korean pop culture in Eastern Asia, primarily in China. The DPRC became the first country where the main stream of "waves" flowed, and everything beginning with the success of Korean TV drama "What is love?" After that, many Korean soap operas and songs have become popular among the Chinese public. Initially, the export of Korean pop culture was aimed at the countries of East Asia. "At the moment "Korean wave" has spread to more than 60 countries, mainly in South-East Asia: Taiwan, Japan, Thailand, Philippines, etc." , because of (due to) similar Asian mentality and ease of such cultural products perception as television (TV) shows, music and drama (compared to Western). A gradual fascination with the "Korean wave" has spread to other continents, changing the attitude of foreigners (especially Europeans and Americans) to the Republic of Korea. As time goes (In the course of time), "Hallyu" is becoming more popular all over the world, including

1 Faculty of Journalism, Al-Farabi Kazakh National University, Kazakhstan E-mail: toganbayeva@gmail.com
2 Department of Journalism, Sulyman Demirel University, Kazakhstan
3 Department of Slavic Languages, Columbia University, United States
Korean pop music, or as it is commonly called, K-pop (an abbreviation from the English. Korean-pop; Korean 7(52)), is considered to be one of the most exciting music phenomena of East Asia. Beautiful and catchy melodies, vivid and powerful performances and well-designed visual image of the artists has (have) allowed K-pop to occupy an appropriate place in modern culture. the leading groups of the considered musical trend are TVXQ, Big Bang, Super Junior, 2PM, SHINEE, Girls Generation, He, KARA, EXO and others. Now the Korean wave has swamped Mongolia, reached Central Asia, Europe and the Arab world. For about ten years, Kazakh television broadcasts Korean TV series. Firstly, there were rare cases of running the Korean films on various TV channels; then, in the beginning of 2005 a specific boom started when shows like "Fight the Tiger", "Pearl of the Palace", "Phoenix", "Autumn in my heart", etc. became much more popular with multi-national population. Nowadays Korean TV shows and dramas are represented in the daily program of most national TV channels. "Winter Sonata" (2002), "Pearl of the Palace", or "the Great Jang Geum" (2003) and the other series were a hit with the audience and gained devoted fans worldwide, especially in Asia. "Winter Sonata", which became one of the most popular series abroad, is a typical Korean "soap Opera"; but (however) Pe Yon Jun starring there (in it) enchanted Japanese fans. "His popularity reached such sky-high ratings that he was invited on TV shows with the participation of Japanese Prime Ministers" (Sjelmon, 2010). "Pearl of the Palace" became one of the most popular television series in the history of Hong Kong, and "black" thriller "Oldboy" (2004) won an honorable place in the national cinema (industry) after winning a Palme d'Or (Golden Palm) at the Cannes film festival and receiving a high assessment (praise from) of famous film director Quentin Tarantino.

Unlike Kazakhstan, foreign dramas are not very popular in Korea, and this fact has a positive impact on the rating of national dramas watched by all the types of audience, both men and women, adolescents and the elderly. Most of dramas are shot, as it is said, for different tastes and color. Broadcast on TV channels is distributed in the following way: "melodrama, running in the morning and afternoon related as a rule to youth and family topics and designed for housewives aged about 25 to 35 years; movies for the older audience are on the TV screen in the afternoon; 5-6 p.m. is the specific time for teenage sitcoms; and in the evening when the students and office workers return home, TV demonstrates melodramas on more intellectual topics like industrial, historical, or university life. Late in the evening, the series for specific younger audience brought up on American cinema are on the TV screens" (Gabrusenko, 2003). There are 3 television channels in Korea which broadcast the national TV series. They are: the state – owned KBS (Korea Broadcasting System), MBC (Munhwa Broadcasting Corporation), and a private TV station SBS (Seoul Broadcasting System). In addition to specific programs, they make special series of drama every year to attract new audience. The most famous dramas among the fans of K-pop are those starring idols. On the other hand, the most famous series in Korea are those involving adult professional actors favorite and famous with the audience.

A distinctive feature of Korean mass pop culture is that its representatives, unlike other States countries-representatives of "Eastern" culture, have found specific approach and form of interaction with the Western world. Using cultural codes understood by the West, Koreans combine them with their national aspects, resulting in formation of something new and interesting for modern youth. There are no analogues for that phenomenon all over the world. Therefore, the phenomenon under investigation is a unique one in contemporary culture; so it deserves a detailed analysis.

4. The Specificity of South Korean Pop Music

K-pop, which incorporates elements of Western electro-pop, hip-hop, dance music and modern rhythm-n-blues, is performed by a certain type of performers – the so-called idols a clear gender subdivision of the groups is a deliberate marketing strategy focused on attracting the audience. Thus, women's groups are aimed at attracting male audience as well as making an image of femininity and beauty. As for the male groups, their main goal is building the image of a perfect boy (boyfriend) and innocent sexuality that demonstrates the fundamental difference with Western standards. Koreans have experienced Japanese occupation for a long time, so, they do not welcome the Japanese but at the same time they use many of Japanese terms and borrow certain cultural elements. E.g., the concept of an idol in the entertainment industry was born in Japan after the release of the French film "Search for the Idol" with Sylvie Vartan in November (1964). This term was applied to Japanese women, who are 14-16 years old and begin their path to glory. From 1970s until today the term "idol" refers to a media person (singer, actor, model) who are very young, usually in their adolescence, having an attractive, innocent and pure image. "Their typical repertoire consists of simple melodies, following trends prevailing at that moment in popular music. Musical abilities do not play a particularly important role as the success of idols is usually based on their attractive public image".

The brightest star, who influenced the development of Korean pop music, is Seo Taiji. "His combination of hip-hop and dance music has transformed music in Korea and laid the groundwork for today's K-pop industry" (Sjelmon, 2010). In 1991, he created his own group Seo Taiji and Boys that, starting with hip-hop, moved quickly to new-metal, following the American band Korn. In 1996 the band broke up, but Tai Ji continued his solo career and began to create a more diverse rock music. Since then he has been the most famous Korean musician in the world. At the end of XX century many large music production companies started their activity, e.g. S. M. Entertainment, established in 1996. This company started to search for young stars and to test them on the ways of active dissemination of pop culture. In addition to SM Entertainment there are several major music production companies in Korea such as YG Entertainment, JYP Entertainment, Cube Entertainment, etc. SM Entertainment has chosen the dominant music form of the Japanese style it is more than others focused on the Japanese market and is actively cooperating with Japanese music companies. JYP Entertainment is more focused on American culture and customers. YG Entertainment, which wards are Big Bang and 2NE1, actively promote hip-hop and such modern trend in clothing and behavior as swag (eng. swag – demeanor and dress cool and stylish, popular among the fans of rap and hip-hop). TV in South Korea actively broadcasts musical TV shows with idols, which area kind of pop singers’ competition. "The show is performed as a concert with very short breaks when the entertainers, who are also idols, show the intermediary performers’ results in the rating of the show."

The band is represented in such programs only after a new release – they have so called comeback-stage with performances in the first week after the release followed by active promotion. It consists of performances at all the music shows, meetings with fans, participating in various programs etc. Last week of the promotion is called goodbye-stage. This week the group drops out of a game and the performance takes place only for the sake of the fans – the group says goodbye to them until the next release. It should be mentioned that competitions between bands are of great importance for them. Several criteria are taken into account when electing the winner (each show has its own criteria). They are the number of sales of physical and digital copies of the new album or single, the Internet users’ preferences, SMS-voting,
assessment of judges and others. In case of victory group gets a statuette (each show has its own prize). If the group has been winning the show for three weeks, it gets Triple Crown, which is a nominal statuette. However, the group drops out of the contest for a week or two. Winning the statuette influences singer’s future career so their debut or new release is carefully planned by the Promotion Agency. For example, the latest album of the group "MADE" called Big Bang (2015) consists of 8 singles. From May to August every first day of each month the group released two songs with videos. This strategy helped the album to stay on the top of many musical charts for almost half a year and provided more than 300 million views on official YouTube channel.

Music show business in South Korea is characterized by several criteria. The first is age-criterion as Asian countries adhere to a clear age hierarchy at any level (e.g. the level of state, workplace or family). Sometimes the age difference between the youngest member of a band and the oldest one is more than 10 years. The certain system is aimed at regulation of their relations. As usual, in terms of age (and rarely – through somebody’s leadership skills, the leader and manna (Korean 맘나 that is the youngest member of the group) are recognized. The leader is the main link of the team. He wakes the members up in the morning, monitors the schedule of every member and is responsible for their faults, etc. In case of any scandal members look forward to his assistance, because he always has to protect his group. As to the manna, he should be nice being the youngest member of the group and be able to show 'aegyo' (Korean 애교 – cute, innocent) and make a good impression by his courteous behavior. Due to his age, he often has to do all the work for senior members of the group (for example, to fry meat or to wash dishes in the dormitory), but in response he gets love and care from others. This hierarchy of the group is presupposed by traditional family values of Korean culture, where the eldest should always be wise and take care of younger, and younger in turn should be obedient and innocent in his soul.

Another distinctive feature of forming music groups in East Asia is the large number of participants. It ranges from two to nearly a hundred people. The most numerous groups in South Korea are Super Junior (14 people), Top Dogg (13), EXO (12). Due to the large number of members, they have to form subgroups, which gives possibility to disclose the personality of each group member. If there are 14 people on the stage at the same time the audience cannot appreciate all of them, therefore, Korean agencies divide such groups into subgroups. They do that not only with large bands but also with small ones to provide participants with the opportunity of self-expression or work in different musical genre. The division into subgroups is also intended at work in different countries as Korean companies have active and strong cooperation with Japanese and Chinese music agencies. To promote the band in a particular country specific sub-band can exist. SM Entertainment produces a male Korean band Super Junior consisting of 12 people. The sub-band of 6 people is responsible for promotion of the main group in China. Then two more singers join and form a sub-band Super Junior-M consisting of 8 persons, who performing in China. Such practices can only be seen in SM Ent., because other companies just divide the band activity into two periods – performances in South Korea and in Japan.

YG Ent. have chosen another way. They do not form sub-bands, but allow members of one team to perform solo. For example, popular male idol-band Big Bang won the MTVEMA award 2011 in the category "The Best International Artist" representing the Asia-Pacific region. After that, band members have not been performing together for two years, each of 5 members producing solo tracks and albums and fueling hype for the upcoming comeback of the band. All of the band members help each other in creating new hits, making music videos and supporting promotions. Each of them works in specific genre and focuses on different countries releasing singles in turn to avoid competition with one another in a ‘musical race’ and not to lose the interest of fans. South Korean system of singer promotion includes the production of mini-albums – it is a peculiar feature of Korean show business. For most pop-groups of the Republic of Korea producing of mini-albums is the most typical way of presentation. Usually such album includes 5-6 songs and this format allows to spend less time on it is creating and preparing idols for the upcoming promotion. A band may produce from one to three mini-albums a year, or one or two full-length during the same period of time. Hence a company chooses the most profitable and successful way. Nowadays, pursuing the same goal many bands begin to produce repackage albums, which in addition to songs from the previous album contains one or two new songs. This occurs immediately after the last release promotion in order to continue it and foster the sales of physical copies of the album. Reissued version of the previous release has new artwork and includes a booklet with new bonuses and photos of stars.

Speaking of such copies of releases as CDs (DVDs usually contain recordings of concerts) it should be pointed out that Korean specificity shows its trends in this sphere, too. In addition to booklets with photos and lyrics, which are now put in all disks, there are a variety of gifts for fans like cards with a picture of one of the band members (found by chance – no one knows what the booklet contains), or secret tracks(a short song by one of the band members, which is also found randomly). A large poster with a photograph of the group or, for example, a mousepad with their picture is usually attached to the disc. The production companies have thought over every detail to acquire a greater number of fans who will spend money on their products. The above examples of existing schemes of singers’ “promotion” are used by music agencies of South Korea. This kind of work contributes to economic success, attracts media attention and fans interest both in the Republic of Korea and abroad. This system keeps fans in a constant state of tension and interest.

K-pop is also very popular in Kazakhstan. In 2013 Kazakhstan was visited by two South Korean popstars, who debuted in 2011, male pop-group MYNAME and solo singer G. N.A, who arrived in Almaty as a judge of the regional tour K-pop Cover Dance Festival 2013. Apparently, young people from the pop-group MYNAME had had a good impression of our country and came for the second time in 2014 having played a full-length concert, which was also attended by Kazakhstani male pop groups. All this contributes to the gradual growth of popularity of Korean idols in other countries, therefore the study of this cultural phenomenon is very important, as it affects the youth of today that have teamed up and created a sub-culture of Korean fans (see more details in the next article).

5. Conclusion

Summarizing the information about "Korean wave", it should be noted that today it is a significant part of Asian and partially of a global entertainment industry. Well-targeted structure of Korean show business and its active development of attractive image of the Republic of Korea among foreigners can draw to the conclusion about the success of national branding policy by using soft power. In the eyes of South Korean culture fans, it appears as prosper, original and interesting society of "awesome Koreans".

Toganbayeva, Karlygash; Mirzoyeva, Leila Y.; Timberlake, Alan H. / 12th INTERNATIONAL CONFERENCE 85-88 87
References


A Structural Compendium on Application of Web 3.0 Technologies in Small and Medium Enterprises in India

Vajjha, Narasimha Rao; Potluri1, Rajasekhar Mouly2; Potluri, Lohith Sekhar3

Abstract

The purpose of this study is to explore how small and medium enterprises in India can leverage Web 3.0 technologies to improve their productivity and efficiency. This qualitative exploratory study has identified the opportunities as well as the challenges that the SMEs are likely to face in adopting the Web 3.0 technologies. After an in-depth literature review, researchers framed a semi-structured questionnaire with open-ended questions for collecting responses from managers working in 40 Indian medium-sized enterprises representing five key economic sectors. The collected data was analyzed, and themes were encoded using the NVivo 11 computer-assisted qualitative data analysis software. Content analysis was used to analyze the data collected with the semi-structured interviews. This study identified five key themes and 12 subthemes illustrating the key advantages and challenges as perceived by the managerial leadership of SMEs. The five key themes identified in this study include integration of data and services, the creation of new functionalities, privacy and security, financial and technological challenges, and organizational challenges.

Keywords: Web 3.0; Technologies; SMEs; India.

1. Introduction

The World Wide Web is recognized as one of the fastest growing publication medium offering a broad range of growth opportunities for Small- and Medium-sized Enterprises (SMEs). Internet usage has exponentially increased with an estimated growth rate of over 500% in the last decade (Rudman & Bruwer, 2016). The World Wide Web is a service that runs on the Internet. At the earlier stages of the World Wide Web, also referred to as Web 1.0, the Web was characterized by the static informative characteristics. The next phase of the Web evolution, Web 2.0, was characterized by more interactive experience, such as the social networks, Wikis, and blogs. Web 2.0 collaborative technologies include platforms, such as podcasting, social networking as well as a list of technologies, including AJAX, RSS, XML, and web APIs that form the basis for these platforms (Vajjhal, 2015; Lee, DeWester & Park, 2008). Web 3.0 provides an integrated experience for the users as the machines understand and catalog data similar to the way humans do these tasks. According to Krepps and Kimppa (2015), Web 3.0 is a phenomenon in which we are no longer users but part of applications that emerge and disappear. According to Laissila and Hendler (2007), semantic web or Web 3.0 technologies are the symbioses of web technologies and a subset of artificial intelligence, namely, knowledge representation.

2. Research Methodology

The research was a qualitative, multisite, exploratory case study using in-depth personal interviews to identify and explore how SMEs in India can leverage Web 3.0 technologies to improve their productivity and efficiency. The interviews provided an understanding of how managers perceive the usefulness of Web 3.0 technologies. These interviews also provided significant information on the major opportunities and challenges that the managers foresee in the adoption of Web 3.0 technologies. Qualitative case studies are appropriate when the focus of the research is on insight into a phenomenon rather than testing a hypothesis. The exploratory nature of the research makes a qualitative research method a more appropriate option than quantitative methods. In this case study, data were collected from multiple sites in five important economic sectors representing a significant proportion of SMEs in India. Multiple methods were used to collect data, including interviews, field notes taken during interviews, and archived documents. Qualitative, audio recorded, in-depth interviews with 40 managers were the primary method of data collection.

The central research question driving the study is the following: How can Indian SMEs benefit and leverage from Web 3.0 technologies to improve their efficiency and performance? Two more research questions were created to structure this study:

a) What are the opportunities for Indian SMEs to leverage Web 3.0 technologies?

b) What are the challenges for Indian SMEs intending to leverage Web 3.0 technologies?

3. Conclusions

The objective of this study was to identify the opportunities and challenges faced in adopting and leveraging Web 3.0 technologies. This study identified some of the key underlying Web 3.0 technologies that SMEs in developing countries, such as India can adopt and use in their businesses to improve their efficiency and productivity. SMEs need to innovate as they have limited financial and human resources continually. This study identified five key themes, namely, integration of data and services, the creation of new functionalities, privacy and security, financial and technological challenges, and organizational challenges. Researchers intending to pursue future research could investigate the cost-effectiveness factor in the context of limited financial and human resources available to SMEs in developing countries.

References


Exploring Consumer Cosmopolitanism and Ethnocentrism Effects in the Purchase Intentions towards the Products of a Foreign Country*

Sousa, Ana F. Antunes¹; Nobre, Helena M.²; Farhangmehr, Minoo³

Abstract

A successful integrated strategy across national borders helps companies to target potential consumers at the global market. The purpose of this paper is to understand the role of cosmopolitanism and ethnocentrism on consumers’ preferences for domestic versus foreign products and their visiting intentions. A questionnaire assessing the influence of consumer cosmopolitanism and consumer ethnocentrism on the intention to buy domestic versus foreign products and travelling to Portugal was passed on a sample of 386 international consumers. Findings reveal that cosmopolitan consumers show a higher predisposition to buy foreign products and visiting the country. On the other hand, ethnocentrism seems to act as a barrier to visiting foreign countries.

Keywords: Consumer Cosmopolitanism, Consumer Ethnocentrism, Consumer Behaviour, International Marketing.

1. Introduction

When companies decide to go global, international segmentation becomes a particularly challenging issue. A successful integrated strategy across national borders helps companies to target potential consumers at the international market as well as it enables to acquire an appropriate positioning and sell the products or services (Kotler & Gertner, 2002). A traditional form of international segmentation is through the adoption of a multi-domestic strategy, which means to consider a set of countries and customise national brands to each country individually, based on their local advantages and considering the needs shared by groups of consumers’ in the same country. However, since it is impossible for companies to standardised their marketing strategies for all consumers, companies’ managers realise that sometimes it is easier to find consumers with common interests in different countries than in the same country (Steenkamp & Ter Hofstede, 2002). As the authors underline, international segmentation enables the combination of the standardisation benefits, such as lower the costs in the production, advertising, and distribution, with the benefits of adaptation, which means to access consumers’ needs. Cosmopolitanism supports a reflective distance from one’s own cultural affiliation and openness towards other cultures and customs and has been considered by some authors (Cannon & Yaprak, 2002) as an interesting base for consumers’ international segmentation for companies seeking international grow by going global. The purpose of this paper is to understand the role of cosmopolitanism and ethnocentrism on consumers’ preferences for domestic versus foreign products and travelling intentions. To achieve this purpose, a quantitative exploratory study was developed through the application of a questionnaire among 386 international consumers, in order to identify the influence of consumer cosmopolitanism and ethnocentrism concerning the image of Portuguese products and the intention to visit the country.

2. Theoretical Background

Cannon and Yaprak (2002) suggest that the concept of cosmopolitan consumer refers to a “world citizen” – a consumer whose orientation transcends any particular culture or setting, which means that a cosmopolitan consumer orientation takes place when people regard the world as their marketplace and are willing to consume products, places, and experiences originating from other cultures. Riefler, Diamantopoulos, and Siguaw (2012) call attention to the lack of a comprehensively accepted definition of cosmopolitanism and according to the literature review present “three alternative perspectives on cosmopolitanism, namely: (1) a moral/ethical imperative (e.g., Roudometof, 2005), (2) an attitude (e.g., Jaffe & Nebenzahl, 2006), and (3) an orientation (e.g., Hamner, 1990; Levy, Beechler, Taylor, & Boyacigiller, 2007)”. Considering consumer cosmopolitanism from a marketing perspective, the authors agree with the third alternative that describes cosmopolitanism as “a state of mind that is manifested as an orientation toward the outside” (Levy et al., 2007). Against this background and in an attempt to integrate the contributions of the different areas of knowledge, Riefler and Diamantopoulos (2009) describe a cosmopolitan consumer as “an open-minded individual whose consumption orientation transcends any particular culture, locality or community and who appreciates diversity including trying products and services from a variety of countries”. The authors also define consumer cosmopolitanism as a three-dimensional, second-order construct, “capturing the extent to which a consumer (1) exhibits an open-mindedness towards foreign countries and cultures, (2) appreciates the diversity brought about by the availability of products from different national and cultural origins, and (3) is positively disposed towards consuming products from foreign countries”. In order to evaluate the association between consumers’ cosmopolitanism and foreign product preference the following hypothesis has been formulated:

The general concept of ethnocentrism has its roots in sociology being used to distinguish between in groups and out groups, which means that generally the concept is used to represent people who view their own group as the center of the universe, rejecting groups who are culturally different or do not share the same values from their own group (Shimp &

---

*This research is supported by the FEDER funds through COMPETE 2020, from the Operational Program for Competitiveness and Internationalization (POCI), and by National Funds through FCT – Foundation for Science and Technology, within the financial support assigned to the research unity GOVCOPP (POCI-01-0145-FEDER-0085) and a Doctoral grant endorsed to the first author (SFRH/BD/114989/2016).

1 School of Economics and Management, University of Minho, Portugal E-mail: ferreira.antunes.ana@gmail.com
2 Department of Economics, Management, Industrial Engineering and Tourism, University of Aveiro, Portugal
3 School of Economics and Management, University of Minho, Portugal
Sharma, 1987). The preference for domestic products instead of foreign ones has been a subject of great interest in consumer behaviour, described several times as domestic country bias (e.g., Balabanis & Diamantopoulos, 2004; Wang & Chen, 2004). Shimp and Sharma (1987, p. 280) describe consumer ethnocentrism (CET) in functional terms as giving to the individual “a sense of identity, feelings of belongingness, and, most important an understanding of what purchase behaviour is acceptable or unacceptable to the in group”, employing the CET concept as a specific domain for the study of consumer behaviour with marketing implications (Sharma, Shimp, & Shin, 1995). The authors developed an instrument nominated the CETSCALE, to measure consumers’ ethnocentric tendencies in order to capture the predisposition toward foreign products. As Shankarmahesh (2006) highlights consumers ethnocentrism results from a home country bias driven by a general concern about protecting the economy, avoiding unemployment and an ethical dimension which is related to the fact that buying imported goods might be seen as an unpatriotic behaviour. Although consumer ethnocentrism focuses on a home country bias and explains consumers’ preferences for domestic products against products from out groups (Shimp & Sharma, 1987) it is important to understand its relation with other predictors namely the influence of cosmopolitanism. As Cannon and Yaprak (2002) concluded in their study, the fact that the world is increasingly globalised and consumers more cosmopolitan does not imply that their behaviour will transcend their local culture. Though numerous studies have demonstrated a negative association between ethnocentrism and cosmopolitanism (Cannon & Yaprak, 2002; Sharma et al., 1995) there is also evidence to the contrary, an absence of a significant relationship between them when evaluating cultural openness (Javalgi, Khare, Gross, & Scherer, 2005; Vida & Reardon, 2008). Hence the following hypotheses have been formulated:

3. Methodology

3.1. Instruments

To measure the level of consumer cosmopolitanism, it has been used the C-COSMO scale, that reflects all important dimensions of consumer cosmopolitanism and “provides a parsimonious, reliable and valid measurement instrument, which could be used both for theory-testing purposes and for practical identification of cosmopolitan consumers” (Riefler et al., 2012). Evidence of internal consistency for the twelve-item C-COSMO in the present study is provided by estimates of Cronbach’s α (α = 0.858) which value exceeds the suggested 0.70 level (Hair, Black, Babin, & Anderson, 2010). To measure consumer ethnocentrism, the reduced six-item version of CETSCALE (Shimp & Sharma, 1987) has been used, consistent with the findings of the study carried out by Klein, Etenson, and Krishnan (2006) which reveals a consistent pattern of support for the six-item CETSCALE, with international applicability in both developed and developing economies. The current study shows evidence of internal consistency for the six-item CETSCALE provided by estimates of Cronbach’s α (α = 0.823), which value is similar to the Cronbach’s α (α = 0.82) of Klein et al. (2006). Both scales have been evaluated on a seven-point Likert scale ranging from 1 – Strongly disagree, to 7 – Strongly agree.

In order to assess the purchase intentions, the three items of product evaluation from Laroche, Papadopoulos, Heslop, and Mourali (2005) have been used in a three-point semantic differential scale items (e.g., willing or not willing to buy Portuguese products). Evidence of internal consistency for the three items of product evaluation in the present study is provided by estimates of Cronbach’s α (α = 0.875), which value is above the Cronbach’s α (α = 0.82) of Laroche et al. (2005). To measure the visit intentions, three-item from the scale of Um and Crompton (1990) have been used on a seven-point Likert scale ranging from 1 – Strongly disagree, to 7 – Strongly agree (e.g., I would like to visit Portugal or a trip to Portugal will be a lot of fun). Evidence of internal consistency for the three items of visit intentions in the present study is provided by estimates of Cronbach’s α (α = 0.886).

3.2. Sample and Data Collection

Data were collected cross-nationally between October and November, through an online survey with a sample of 386 international consumers, 57.8% were female and the average age was 27 years (range: 18-69). All the questionnaires were in English except for Brazil and Angola. For these countries, the questionnaire was translated into the national language by a local person and then back translated by a different native speaker to ensure the accuracy of the translation. To ensure the understanding of the content of the questionnaire, at the end individuals were invited to evaluate their degree of comprehension in a bipolar seven-point Likert scale ranging from 1 – It was very difficult to understand the survey, to 7 – I understood the survey perfectly well. The questionnaire included the twelve item C-COSMO scale, the six-item version of the reduced CETSCALE, the three item of product evaluation, the three item of visit intentions and demographic variables (gender, age, country of birth, country of residence, level of education, occupation, marital status and household income).

4. Conclusions

It is recognised that the associations’ consumers hold about countries and their products may influence the willingness to buy. Therefore, it is important to identify which are the strengths and weaknesses of a country image, in order to build a positive image and help companies to improve their products and services. The results of this study show that consumer cosmopolitanism is an important dimension in consumer behaviour since it influences purchase intentions of foreign products and travelling to a particular country, namely Portugal. With respect to the items of C-COSMO scale it might be important to refer that the items such as: “I like having the opportunity to meet people from many different countries”; “I like to have contact with people from different cultures” and “I have got a real interest in other countries” showed a mean response above the others which suggest the importance of the peoples’ contribute to the development of a country image. With regard to the demographic profile, results showed that cosmopolitan consumers tend to be relatively young and highly educated, being in accordance with the findings of Riefler et al. (2012).

The results concerning consumer ethnocentrism should be analysed under scrutiny since, in one hand, they presented a negative significant correlation with visit intentions, which is in accordance with Shimp and Sharma (1987) results that highlight the fact that ethnocentric consumers are more inclined to enhance the positive aspects of domestic products instead of foreign ones. On the other hand, the correlation between consumer ethnocentrism and purchase intentions is not significant, which might be explained due to the influence of other factors such as the lower price of particular foreign products or the unavailability of identical products in the domestic market. The negative significant correlation between consumer’s ethnocentrism and consumer cosmopolitanism is in accordance with the findings of Cannon and Yaprak (2002).
References


Financial Economics of Innovation: Policies and Mechanisms for Enhancing Innovative Entrepreneurship

Wonglimpiyarat, Jarunee

Abstract

This paper discusses the government policies and mechanisms to promote innovative entrepreneurship using a comparative case study approach. In particular, the study explores the tax policies to promote technology commercialization. Singapore and Thailand represent interesting cases to understand the role of government policies in promoting high-tech ventures. The reasons to choose the two case countries are that Singapore is the most advanced economy among the ASEAN countries while Thailand is the second largest economy of the ASEAN countries. Singapore and Thailand represent the two Asian countries that use tax policies to drive economic growth. The analyses in this study aim to understand the linkages between the government policies, tax policies and entrepreneurial development. The findings would help fill the gap in existing literature with regard to policy studies on high-tech entrepreneurship.

Keywords: Science and Technology (S&T) Policy, Tax Policies, R&D Tax Incentives, Government Intervention Model.

1. Introduction

The government policies play an important role in supporting the development of high-tech industries. The analyses in this study are based on the theses of government policies and financial economics of innovations. Many countries have used tax policies as one of the policy measures to induce innovations. Singapore and Thailand represent the two Asian countries that use tax policies to drive economic growth. The analyses in this study attempt to understand the innovation politics and economics of innovation by answering the research question: To what extent the tax policies have helped support the process of technology commercialization in the country cases of Singapore and Thailand? The study attempts to fill the gap in existing literature with regard to policy studies on high-tech entrepreneurship.

2. Findings

Table 1 summarizes the research findings with regard to the financial economics of innovation - government policies, tax policies as well as institutional settings to support technology commercialization in the cases of Singapore and Thailand. From the science and technology (S&T) policy perspectives, effective tax policies as part of the S&T program need to be coupled with tax proficiencies, government trust, complementary institutional settings (such as the establishment of capital market for technology-based firms, business angel networks, venture capital funds, technology incubators, reduced government bureaucracy) to support high-tech entrepreneurship.

<Table 1> Summary of research findings

<table>
<thead>
<tr>
<th>Innovation politics</th>
<th>Singapore</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong leadership under the lead of Prime Minister Lee Kuan Yew after independence in 1965</td>
<td>Fragmented policies as a result of frequent changes of government</td>
<td></td>
</tr>
<tr>
<td>Singapore has only 3 political leaders running the country from 1960s up to present</td>
<td>Thailand has 28 political leaders and 7 coups over the same period</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R&amp;D investments</th>
<th>Singapore</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of R&amp;D investments to GDP is currently 2.04 (highest among ASEAN countries). Singapore aims to increase a level of R&amp;D expenditure to 3.5% of GDP by 2015</td>
<td>Percentage of R&amp;D investments to GDP in the past 20 years ranges from 0.20-0.25</td>
<td></td>
</tr>
<tr>
<td>The Singaporean government has encouraged domestic firms to absorb foreign technology and increase local R&amp;D undertakings through various tax policies and R&amp;D tax incentives</td>
<td>The cabinet of Thailand aims to increase R&amp;D expenditures to 1% of GDP with the ratio between public and private R&amp;D of 30:70</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responsible authorities on the tax schemes</th>
<th>Singapore</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development Board (EDB), International Enterprise Singapore (IE Singapore), Monetary Authority of Singapore (MAS), Maritime and Port Authority of Singapore (MPA) and the Inland Revenue Authority of Singapore (IRAS)</td>
<td>Revenue Department (Ministry of Finance), Board of Investment (BOI), Research and Development Certification Committee Secretariat (RDC) (Ministry of Science and Technology), Labour Department (Ministry of Labour)</td>
<td></td>
</tr>
</tbody>
</table>

1 College of Innovation, Thammasat University, Thailand
E-mail: jaruneew@tu.ac.th
<table>
<thead>
<tr>
<th>Singapore</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>to accelerate technology commercialization</td>
<td>Science Park Project, Southern Science Park Project</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock market for technology-based firms</td>
<td>No specialized stock market for technology-based firms</td>
</tr>
<tr>
<td>The operation of Catalist (formerly SESDAQ)</td>
<td>The Stock Exchange of Thailand (SET) and the Market for Alternative Investment (MAI) function as general stock markets</td>
</tr>
<tr>
<td>equivalent to NASDAQ exchange to provide</td>
<td></td>
</tr>
<tr>
<td>financing channel for technology-based firms</td>
<td></td>
</tr>
<tr>
<td>Catalist provides particular listing rules for fast growing local and international companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Business angel network and venture capital (VC) to support technology commercialization</td>
<td>Thailand has no formal business angel network. The major informal angel investor is the Thai-Chinese Business Association</td>
</tr>
<tr>
<td>Business Angel Scheme (BAS) managed by SPRING to provide angel funding to start-ups</td>
<td>The Thai Venture Capital Association (TVCA) to promote venture capital investing in Thailand</td>
</tr>
<tr>
<td>The Singapore Venture Capital &amp; Private Equity Association managed by EDB to promote the Singaporean VC industry</td>
<td></td>
</tr>
</tbody>
</table>

Source: The author’s design

### 3. Conclusion

The results reveal the government intervention model whereby the governments of Singapore and Thailand have pursued a developmental state role in fostering innovative entrepreneurship. The study offers insightful lessons linking tax policy to the perspective of government role to support innovations. The policy lessons and implications can be applied to other developing economies aimed at facilitating the growth of high-tech entrepreneurs.
Building Bridges on the Silk Road: A Strategy for Vietnam

Greiman, Virginia A.1

Abstract 1

In March 2015, the Chinese government published an official document entitled “Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road,” commonly known by the Chinese as “One Belt, One Road.” Despite the establishment of the initiative, there has been very little scholarly discussion on the role of foreign direct investment in the important countries on the Silk Road and the impact of these investments on the people of these less-developed regions of the world. Vietnam is a critical partner in this initiative because it shares both maritime and land frontiers with China. Vietnam also serves as China’s largest trading partner in the Association of Southeast Asian Nations (ASEAN), with two-way trade approaching $75 billion in 2016. Through empirical research, this paper analyzes the challenges and opportunities for China in advancing Silk Road initiatives bilaterally with Vietnam as one of its most important strategic partners. The paper also sets forth Vietnam’s strengths and challenges in integrating its own Five-Year Development Plan into strategic partnerships, regional trade agreements and bilateral arrangements on the Belt and Silk Road including how the country can improve its strategy for foreign direct investment. Through integrating the development strategies of Vietnam, the overall plans for expansion of the Belt and Maritime Silk Roads may become a reality, and serve as a model to facilitate trade and investment throughout the region.

Keywords: One Belt One Road, Vietnam Economic Development, Sustainability, Governance, Developing Economies.

1. Introduction

In April 2015, Chinese President Xi Jinping and Vietnamese Communist Party chief Nguyen Phu Trong agreed to work together on the Maritime Silk Road trade initiative and to set up expert task forces for infrastructure and financial cooperation (Abe & Tomiyama, 2015). This marked the first bilateral meeting of the two countries top officials since territorial tensions in the South China Sea heightened in May of 2014. Recently, they agreed to extending cooperation in various fields including maritime exploration, and expansion of military and security cooperation (Xinhua, 2017). Each country has much to benefit from a comprehensive, long-term strategic relationship. Vietnamese claims like China’s also cover an extensive area of the South China Sea, based on historic rights. The Vietnamese have followed the Chinese example of using archaeological evidence to bolster sovereignty claims. By the end of 2016, the China Development Bank had provided loans of around 160 billion dollars in connection with the Belt and Road Project. Further contracts worth around 350 billion dollars are currently being negotiated (Kim, 2017).

Opportunities abound for Vietnam and China to improve trade opportunities, and to focus their future relationship on opportunities along the Silk Road. China has been Vietnam’s largest trade partner for the last 14 years; however, Vietnam counts as one of China’s most important rice suppliers. There are also shared interests as well as conflicts in the development of the Mekong River, which runs through Vietnam. Last year, the Mekong Delta attracted 1.36 billion USD worth of FDI, raising the number of foreign-invested projects to 1,324 with total registered capital of over 18.9 billion USD, accounting for 5.8 percent of the country’s total project number and 6 percent in value (VietnamNet, 2017).

The Mekong River is one of the world’s largest river systems, flowing 4,909 km through six countries: China, Myanmar, Thailand, Lao PDR, Cambodia, and Vietnam. The source of the river’s great productivity is its seasonal variation in water level and the range of wetland habitats inundated. The Mekong River Basin’s biodiversity is immense, even in comparison with other parts of tropical Asia. Its biodiversity is fundamental to the viability of natural resource-based rural livelihoods of a population of 60 million people living in the Lower Mekong Basin (Renaud & Kuenzer, 2012). However, there are also numerous conflicts in the Mekong Delta. Vietnam’s reliance on the Mekong River for its water supply is contrary to China’s need for the river to provide water and electricity. To serve this need, China is currently building hydroelectric dams. In addition, complaints have come from Laos, Vietnam, and Cambodia regarding environmental damage and droughts from Chinese hydropower projects along the Mekong River (Eiseman & Stewart, 2017). The shared interest in the Mekong River is an important topic for cooperation in the development of the Silk Belt region.

On May 14, 2017, in his opening statement at the Belt and Road Forum, Peter Thomson, President of the UN General Assembly proclaimed, “The Belt and Road initiative will boost many of the sustainable development goals through economic growth, employment, poverty reduction, and expansion of trade and investment among the countries along the Belt and Road. And we have every hope it will create the conditions for sustaining peace and preventing violent extremism. This is vital to our shared future, for the United Nations has reached a clear conclusion that there can be no sustainable peace without sustainable development, and no sustainable development without sustainable peace” (UN, 2017). President Xi at a recent meeting with Vietnamese President Tran Dai Quang said the two countries should push forward maritime cooperation, accumulate consensus gradually and broaden their common interests (Xinhua & Ju, 2017). This will require more than just a common vision; it will require developing a long-term partnership with strategic goals, formalized agreements, and mechanisms for enforcing the agreements.

2. Initiatives in Opening up Relationships on the Silk Road

The financing of the Belt and Road has created significant concern, not only among the ASEAN nations, but also for investors around the world who have bet on China’s success in the Belt and Road initiatives. An enormous financing commitment and platform is supporting the Belt and

---

1 Administrative Sciences Department, Metropolitan College, Boston University, United States. E-mail: ggreiman@bu.edu
Road initiative. Based on analyses, Price Waterhouse Cooper (PwC) predicts that the Belt and Road will mobilize up to US $1 trillion of outbound state financing from the Chinese government in the next 10 years. Most of this funding will come in the form of preferential debt funding, but some will be in equity. The government has created specific vehicles to help allocate this money to appropriate projects and initiatives. These include, amongst others, the recent establishment of a New Silk Road Fund (NSRF), the establishment of the Asian Infrastructure Investment Bank (AIIB) and the government directing large sums of its foreign exchange reserves and several of its largest state-owned banks to the initiatives. If carried out at full scale, the implementation of the Belt and Road will cover long time span of at least 30 to 40 years. The year 2049 is often referred to as a key milestone as it is the year when the 100th anniversary of the establishment of the People’s Republic of China will be celebrated (PwC, 2017).

3. Foreign Direct Investment Strategies for Vietnam

To open up opportunities for Vietnam on the Belt and Silk Road, the focus must continue on reducing trade barriers and creating a transparent and safe environment for investment. Vietnam has taken some important steps in developing frameworks for foreign direct investment and that process should continue to enable Vietnam to be prepared for evolving opportunities. Legal scholars have recognized that Vietnam still has serious hurdles to overcome if substantial financing from foreign direct investment is to become a reality. Further research will focus on an in-depth analysis of the areas where Vietnam must continue to place resources to shore up its institutions and its government for the vast opportunities that are presented from development of the Belt and Maritime Silk Road. A brief summary of four significant areas for reform and advancement is provided below and is the subject of future research. These areas are: (1) expansion of public private partnership legislation; (2) bilateral investment treaty development and country partnership strategies; (3) technology transfer; and (4) State Owned Enterprise (SOE) reform. The World Bank in its recent overview of Vietnam noted that while broad macroeconomic stability remains, some vulnerabilities, including fiscal imbalances and unresolved asset quality problems in the banking sector, require attention. A stronger domestic private sector can also serve as an engine for growth, as would accelerated reforms in the SOE sector (World Bank, 2017).

4. Conclusions

Vietnam is well positioned to be a valuable player both on the Economic Belt and on the Maritime Silk Road projects. Vietnam should look to the private sector as an innovator, sponsor and strategic partner. Comparing the Silk Road to other endeavors is impossible. For the Belt and Silk Road to be successful, the current governance must be opened-up to incorporate the private sector as an important player in the development of the belt and road partnerships and multilateral and bilateral agreements. The private sector continues to express interest in participating, but without clear roadmaps, it will be far more difficult to move forward. Private sector investment requires strong legal systems and protections from expropriations and nationalization. Without the expertise, financing and innovation of the private sector a government run belt road may suffer from an overly bureaucratic approach known as governmentality. The Silk Road requires a new formula of global governance and a new model of international cooperation. If China hopes to realize its dream of a community of shared destiny, it must also be willing to open up an environment of shared resources and shared responsibility.

References

Price Waterhouse Coopers (PwC) (2017). Repaving the ancient Silk Routes, Executive Summary. PWC Growth Markets Centre, Realizing Opportunities along the Belt and Road, May.
Research on the Environmental Issues in China's Sustainable Economic Development
Zhao, Yue

Abstract
During the past twenty years, China has developed rapidly in economy. Meanwhile China's economic development has brought great many problems. Sustainable development is to achieve coordination in the ecological, economic and social aspects. Among them, the environment and resource issues are the most critical issues which affecting sustainable development in China. With China's rapid economic development, China's ecological environment is facing the most serious threat in water pollution, air pollution, solid waste pollution and the destruction of forests and biodiversity, resulting in a significant loss of the national economy. This research aims to examine whether the tragedy of the commons has hindered the sustainable development of China's economy or not. On the other hand, we try to analyze a solution to improve this situation. In the case of a clear definition of property rights, the air will have a market price. The market price will coordinate pollutant emissions. The tragedy of commons has hindered the sustainable development. The model of China’s Economic development should be changed.

Keywords: Chinese Economic Sustainability, Environmental Pollution, Sustainable Development, China.

1. Situation Analysis of China's Environmental Problems
Sustainable development is to achieve coordination in the ecological, economic and social aspects. Among them, the environment and resource issues are the most critical issues which affecting sustainable development in China. If the economic and social development exceed the capacity of the ecosystem, the consequences are dire. With China's rapid economic development, China's ecological environment is facing the most serious threat in water pollution, air pollution, solid waste pollution and the destruction of forests and biodiversity, resulting in a significant loss of the national economy.

2. Environmental Costs
During the past twenty years, China has developed rapidly in economy. The GDP of China in 1990 was 356.937 billion dollars, while it reached 8.23 trillion U.S. dollars in 2012. Meanwhile China's economic development has brought great many problems. Such as environmental pollution, water pollution, fog and haze is getting worse recently. GDP from 2000 to 2013 was shown in the following Table 1. Total investment in environmental pollution control showed growth trend year after year as GDP. And environmental governance investment ratio of GDP reached the peak in 2010. In the other hand, we can see that in 2012 the total investment in environmental governance is over eight times as in 2000.

Every year the government increased investment in environmental pollution control.

From the perspective of sustainable economic development analysis, environmental costs can be thought as the cost of environmental downgrade. It means a consideration of the decline in environmental services quality. There are two parts in environmental costs: the cost of environmental protection expenditures and the cost of environmental degradation. Environmental expenditures are costs to protect the environment and actually paid. Environmental degradation costs represent the value and cost of protecting the environment should pay for pollution damage. Environmental costs equivalent to the natural environment "depreciation of fixed assets." Popular to say, the environmental cost is ahead of consumption about the health and future generations’ well-being.

<table>
<thead>
<tr>
<th>Years</th>
<th>GDP (100 million yuan)</th>
<th>Environmental Pollution Control (100 million yuan)</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>588018.8</td>
<td>9516.50</td>
<td>0.016184</td>
</tr>
<tr>
<td>2012</td>
<td>519470.1</td>
<td>8253.46</td>
<td>0.015888</td>
</tr>
<tr>
<td>2011</td>
<td>473104.05</td>
<td>7114.03</td>
<td>0.015037</td>
</tr>
<tr>
<td>2010</td>
<td>401512.8</td>
<td>7612.19</td>
<td>0.018959</td>
</tr>
<tr>
<td>2009</td>
<td>340902.81</td>
<td>5258.39</td>
<td>0.015425</td>
</tr>
<tr>
<td>2008</td>
<td>314045.43</td>
<td>4937.03</td>
<td>0.015721</td>
</tr>
<tr>
<td>2007</td>
<td>265810.31</td>
<td>3387.3</td>
<td>0.012743</td>
</tr>
<tr>
<td>2006</td>
<td>216314.43</td>
<td>2566</td>
<td>0.011862</td>
</tr>
<tr>
<td>2005</td>
<td>184937.37</td>
<td>2388</td>
<td>0.012912</td>
</tr>
<tr>
<td>2004</td>
<td>159878.34</td>
<td>1909.8</td>
<td>0.011945</td>
</tr>
<tr>
<td>2007</td>
<td>135822.76</td>
<td>1627.7</td>
<td>0.011984</td>
</tr>
<tr>
<td>2002</td>
<td>120332.69</td>
<td>1367.2</td>
<td>0.011362</td>
</tr>
<tr>
<td>2001</td>
<td>109655.17</td>
<td>1106.7</td>
<td>0.010093</td>
</tr>
<tr>
<td>2000</td>
<td>99214.55</td>
<td>1014.9</td>
<td>0.010229</td>
</tr>
</tbody>
</table>

1 School of Business Administration, Shandong University of Political Science and Law, China E-mail: 463583884@qq.com, zhaoy@sdupsl.edu.cn
Haze Problem: Typical Case of “Tragedy of the Commons”

National Development and Reform Commission announced that since the beginning of 2013, fog and haze has covered nearly a quarter of China’s land. During 2013, the losses caused by the haze have been over trillion yuan. About the causes of haze, there is no certain public statement. China’s overcapacity, industrial structure and single energy structure have caused serious pollution to the atmospheric environment. Specifically, construction dust and pollutants generated by coal-fired atmospheric environment has caused tremendous pollution. If everyone does not think the haze caused by exhaust emission of their own cars, this will be the typical model "free riders." This kind of individual's rational behavior brings collective irrational.

In the specific pollution process, the benefits are real and obvious for all polluters. In the other hand, individual manufacturing pollution is scattered. For the individual, the part of the pollution they made is only small part of the contamination they subjected. For example, a person drives a car. Then he enjoys the benefits of driving a car and discharge pollution. When many people act like this, if one person stops driving, he would immediately lose the benefits of driving, but it was hardly to change the pollution he subjected. So no one will drive less. However, when everyone chooses to drive, the pollution they suffered even greater than the benefits of driving. In short, at this time, the social cost will be jointly shared by everyone. But they also will be stuck in the trap of tragedy of the commons. Only one thing they can do is appeal.

From an economic point of view, the haze problem is a problem of property rights. It does not define property rights clearly. Haze problem can be understood as following. Your right for breathing fresh air is violated by others. But the problem is that this right does not be defined at the beginning. Why? Because people generally have such a concept that the air is taken for granted as "public goods". People are reluctant to even do not think the "air" should be defined property rights. Also, affected by this concept the government will stop people to establish private property rights in this area. If there is no clear definition of property rights, the environment as "public goods", then the emission levels of pollutants will far exceed clearly defined in the property as determined by the level. Precisely, it is beyond the boundaries of the people to bear. So that the legitimate rights of the people have been widespread violations. If clearly defined property rights, sewage can be solved as long as people earned this right through transactions. But if he withheld the information of pollutant emissions, then it undermines the legitimate interests of the other, constituting a crime.

Therefore, in the case of a clear definition of property rights, the air will have a market price. The market price will coordinate pollutant emissions. The companies which reduced emissions can be rewarded by selling their emission rights. On the contrary, the companies which increased emissions will bear the additional costs or even be punished by law. Therefore, to solve the haze problem, we must first determine who infringe the rights of whom. In fact, there is no environmental problem, only economic and legal issues.

3. Conclusions

The solution of Haze Problem and “Tragedy of the Commons” is government intervention regulation: making resources private, or according to the degree of harm caused by pollution represent a tax on polluters, to cover the cost of increased private polluters, making the private costs equal to social costs. In modern technology, the sewage treatment is measurable. From this perspective, the air becomes a kind of "common-pool resources." Nobel Prize winner in economics, American economist Elinor Ostrom presented eight design principles of management and distribution system on "common-pool resources". Two of design principles for contemporary China haze problem are very instructive. One is the arrangements of collective choice. The majority of individuals affected by the operational rules should be able to take part in changing the operating rules. Another one is oversight. Overseer of “common-pool resources” who checks the status and occupant behavior actively is either the person responsible for the occupants or the occupant themselves. Haze problem is a warning to the sustainable development of China's economic. Environmental cost will rise in the future. For example, highways, airports always will be temporarily closed due to insufficient visibility. Nice new car can only put in the garage to watch, a significant increase in the probability of accidents, the number of tuberculosis patients will be more and more, companies have to be discontinued pending the air better. People with economic ability will immigrate to the area with fresh air. This economic model is unsustainable. The tragedy of commons has hindered the sustainable development. The model of China’s Economic development should be changed.
References


Effective Model of Social and Labor Relations: Approaches to Regulation

Chulanova, Zaure K.¹

Abstract ¹

The purpose of the study is to substantiate the approaches and principles of forming an effective model of social and labor relations. The conceptual model of social and labor relations being developed is aimed at creating an effective sphere of labor as the foundation for the social modernization of society on the basis of interaction of all interested parties. During the work methods of scientific classification and systematization, system and comparative analysis in the context of global factors and modeling, were used. Given its interdisciplinary character, the research was carried out on the basis of a holistic approach, proceeding from the unity of the economic, social, cultural spheres in which an economic agent lives and operates. The result is the model of the system of social and labor relations proposed by the author, which allows us to cover the multifaceted nature of this phenomenon, to unite the influence of the external environment and the internal complex of their mutual relations and interdependencies.

Keywords: Social and Labor Relations, Social Modernization, Labor Legislation.

1. Introduction

The modern evolution of the world economy along the path of innovative development is accompanied by the modernization of the economy and the social sphere. The ongoing processes go beyond the existing models of social and labor relations. Accordingly, they set new tasks for the scientific community with the necessity to comprehend a whole range of theoretical and practical directions of development (institutional, legal, organizational, psychological) that are of an interdisciplinary character. In the post-Soviet countries, the development of the social and labor sphere of an innovative type is currently being carried out fragmentarily. The peculiarity and complexity is that many mechanisms of the organizational and economic model were formed on the basis of specific features of the country's development and did not always have an economic justification. The accumulated discrepancy between the existing labor relations, institutions and mechanisms of their interaction versus the realities of today hinders sustainable socioeconomic development on an innovative basis. It is obvious that the transformation of social and labor relations, adequate to modern challenges, requires the development of mechanisms for their adaptation to these transformations and a radical change in the system of values that has developed in the social and labor sphere.

2. Methodology

Speaking about approaches to the formation of social and labor relations, the author shares the opinion of the American professor F. Herzberg that the field of studying social and labor relations, less than any other field of research, contains a universal model that would be suitable for all situations and would provide a reliable explanation and reliable solution. This is evident from an analysis showing the dependence of any model on various factors, in particular, market economy, globalization, etc. (Herzberg, 1968). As a system, social and labor relations have two forms of existence. The first is the real social and labor relations, functioning at objective and subjective levels. The second - the normative social and labor legal relations, reflecting the institutional and legislative norms (Umpleby & Medvedeva, 2010). Ideally, both forms - real and normative - should reflect the same model of social and labor relations, have one value system and be built on the same principles. In this case, it is considered effective. However, as practice shows, often the actual model does not fully comply with the normative, but it is the most acceptable for the conditions of the given country in this period of development. In this case, there is a contradiction between what we want to see social and labor relations (normative), and what they really are (real).

In the model of social and labor relations developed by Harvard University Professor G. Dunlop, the key participants - the workers (their trade unions representatives), the enterprise management (employers) and the state cannot act autonomously or independently. Moreover, their relationships are determined by the existing market, the technological environment and the political context (Dunlop, 1958). In this environment participants interact with each other, negotiate, use economic and/or political power in the process of determining labor rules that constitute the output of social and labor relations. At the same time, the parties involved in the system of labor relations, depending on existing traditions and institutions, can react differently in the same circumstances. It is logical that in such a situation, both the approaches and the process of the formation of one or another model are changing.

3. Findings and Discussion

The dynamics of world economic development show that, in the context of globalization, the social system as a result of its openness becomes especially susceptible to external influences and internal fluctuations, which are predetermined by a wide range of various conditions and factors, classified according to different criteria: External (political, economic, social); Internal (firm strategy, career growth); Specific (training, skills development). The requirements of regional integration and the accelerated pace of introduction of new technologies require greater flexibility on the part of national institutions. With such a comprehensive approach, human values play an increasingly important role. The reduction in the share of industrial labor and the corresponding "unified" worker, the growth of the requirement for education and vocational training of employees; the increase in the elements of creativity in the labor process determine the need for a new motivation for labor activity and the socialization of labor relations. The qualitative characteristics of the employed become...

---

¹ Institute of Economics of the Ministry of Education and Science of the Republic of Kazakhstan, Kazakhstan Email: zaure.ch@mail.ru
the main focus of regulating social and labor relations. Formation of a higher quality workforce implies strengthening the role of the state in this process (the education and healthcare system, although their improvement occurs with the active participation of other labor market participants).

In our opinion, the use of a comprehensive holistic approach to the study of social and labor relations makes it possible to cover the multifaceted nature of this phenomenon, to unite the influence of the external environment and the internal complex of their interrelationships and interdependencies. Using the model of social and labor relations of Dunlop, supplementing it with external and internal contexts, we built the following model of the system of social and labor relations, which fully reflects the situation in the world of work.

Expressing this interdependence algebraically, we presented the social-labor relations as a derivative of the interaction of the constituent elements:

$$ R = f(a, int, ex, Id, I) $$

Where: R - principles of the formation of the system of social and labor relations, a - participants, int - internal market environment, ex - external environment, Id - ideology, I - institutions.

It is obvious that in mathematical design the dependence of the principles of model formation on its constituent elements is clearly visible. It also becomes clear that the content of the system cannot outstrip the development of its elements and principles. In the conditions of the natural formation of the system of social and labor relations, as was the case in economically developed countries, such a contradiction, as a rule, does not occur. It should be noted that in the post-Soviet countries, including Kazakhstan, economic reforms and now its transformation are initiated from above. There is a situation when the legislature sets objectives and principles of construction, which "pulls" the subjects of social and labor relations. However, as originally established work values differ from the values on which the market system of social and labor relations is based, the institutions are changing faster than the perception and understanding thereof.

According to the study results, for the years of economic reforms, according to phased development of the labor market model, social and labor relations have also undergone a significant transformation. In our opinion, the originality of the Kazakh model is that it retains some elements of the socialist past, whilst embodying elements of the European model in terms of carrying out active policies in the labor market and protecting the unemployed. With the economy stabilization the emphasis was shifted to the use of elements of the Swedish model. With the further adaptation of the labor market to modern realities, the individual elements of the Japanese model are developed, represented by the beginning tendency of the costs of large firms for professional training and professional development of their employees.

Strengthening the orientation towards labor mobility with the emergence of a qualified labor force on external labor markets is characteristic of the American model of social and labor partnership. Thus, the results of our analysis, coupled with the diversity of modern elements that have grown in society, allow us to conclude that a new Eurasian combined model of social and labor relations is being formed in Kazakhstan. However, some of its components, such as pay, occupational safety and professional standards, still require modernization.

4. Conclusions

Thus, the study and analysis of the basic principles and approaches to the formation of models of social and labor relations allows us to draw the following conclusions:

The creation of an effective model of social and labor relations should proceed from the multifaceted nature of their manifestation. This means that the theoretical and methodological basis for their formation should be a comprehensive approach to solving the problems of transformation and interaction of social and economic components. Social and labor relations should be studied both from the positions of economics and law, sociology, psychology, ethics and organizational theory. At the same time, in practice these aspects cannot be divided, the approach to their study presupposes the unity and interdependence of social and labor processes aimed at implementing an effective system of social and labor relations determined by the state's social policy and external influence.

Deep sociocultural changes occurring in the global economy are undoubtedly transforming the essential characteristics of labor activity. Naturally, the state of social and labor relations largely depends on the social and psychological connection between individuals. In this case, it is necessary to emphasize the importance of the psychological aspect of the ongoing modernization. It should be noted that such factors as a new motivation for work, responsibility not only personal, but also social, a sense of ownership and unity have not yet found proper development in the practice of Kazakhstan. Of course, these parameters are necessary to solve the problem of employees training for work activity in the new model.

Entering the international labor market must be accompanied by consistency and synchronicity of action for social inclusion, in particular, the implementation of measures for the harmonization of legislation in the sphere of labor and social relations and the achievement of international standards in the field of social and labor conditions for its citizens. Kazakhstan's participation in the EAEC, WTO accession implies openness of the labor market. In the long term, on the one hand, it opens up opportunities for access to the latest technology and exchange of experience in various specializations, which will help improve the skills of the national workforce but on the other hand it is inevitably increases competition from foreign specialists with higher qualifications for the newly created job positions. This dictates the need for businesses to adapt measures to the new conditions- the development of retraining and staff development programs. In general, all of the above implies changes in the content, forms, working conditions with all their components, representing in the aggregate the system of social and labor relations, which is key in the innovation economy.

References


State Regulation of Regional Entrepreneurship in the Market Economy: A Case of Kazakhstan

Mukhtarova, K. S.¹; Myltykbayeva, A. T.²; Mukhtar, E. S.³

Abstract

There is a budget leveling mechanism involving the redistribution of income between regions, between the national and regional budgets in order to align budgetary security of regions of Kazakhstan. One way to allocation and distribution of budgetary funds are public procurement carried out through the state order. Analysis of international experience in the procurement of goods, works and services for state needs allows us to offer a number of enhancements for use in Kazakhstan’s public procurement mechanisms. It is necessary to organize the procurement process to provide each regional office the ability to respond to their needs promptly and effectively, at the same time respecting the mandatory legal requirements. However, delegation of authority from central organs of the Republic of Kazakhstan to subordinates may result in the risk of reducing the effectiveness of budget spending. Accordingly, it is necessary to establish effective interaction mechanisms between parent organizations and local governments in the implementation of such approach.

Keywords: State Regulation, Regional Entrepreneurship, Government Policy, Local Government, Kazakhstan.

1. Introduction

Regional business in a market economy is a leading sector that determines economic growth, structure and quality of the gross national product. In developed countries, nearly 55-60% of the companies is the small and medium-sized enterprises (SMEs) and they produce about half of the gross domestic product (GDP), as well as provide 70-80% of employment. Kazakhstan is the first country in the Central Asian region, included in the pool of countries participating in the world's largest study on entrepreneurship, «Global Entrepreneurship Monitor» Project (GEM) is a common initiative of the leading business schools in the world, aimed at the study of entrepreneurial activity in the context of selected international countries. Currently more than 73 countries involved in the project, constituting 72.4% of the world population and 90% of global GDP. Interest in entrepreneurship in the Republic of Kazakhstan (RK) is much higher than in the US, Canada, Australia and Singapore. Small and medium enterprises (SMEs) are a favorable platform for productive employment in the regions of Kazakhstan. In world practice, level of development of SMEs is considered as an indicator of economic prosperity of the country. In this regard, domestic business has a permanent and special support from the Government of Kazakhstan, since well-being of its citizens depends on the prosperity and stability of the economy [1].

The analysis presented in this research study will allow justifying the importance of regional business in Kazakhstan, to identify the problems and prospects of development of entrepreneurship. It should be noted that in Kazakhstan state support for SMEs has a multi-level character: measures are being taken in the area of reducing the tax burden, legalization of property and assets, facilitating access to credit resources, simplifying administrative procedures, organizing regional support centers for SMEs in the towns and villages of the republic. One way to allocation and distribution of budgetary funds is public procurement (PP), carried out through the state order. The public procurement procedures often involve SMEs. However, SMEs in the Republic of Kazakhstan is experiencing serious difficulties connected with the need to improve public procurement legislation (PP) and their placement for an effective entrepreneurial activity; improving budgetary security and intergovernmental fiscal relations to provide financial support for the regions; the development of regional programs; elimination of administrative barriers and fighting corruption. There are some problems in the system of the PP, preventing successful development of Kazakhstani business, which consequently affects the regional inequality. For example, the misuse of budgetary funds is not always clear, and the procedure is ineffective when placing state orders, as well as many socio-economic, political and international risks in the implementation of the public procurement process.

2. Hypothesis

The sector of small and medium business in Kazakhstan is characterized by high degree of regional differentiation. In this connection, the role of the statistical analysis of the most important indicators of development of this sector of the economy will certainly increase, as well as the statistical evaluation of the changes and the comparative analysis of the development of SMEs at the regional level in order to obtain analytical and development forecast information for possible use in the assessment of the current level of development and prospects of the further existence of the SME sector in Kazakhstan.

3. Methodology

In the present study, the object is the regional business in Kazakhstan. The following data collection methods were used:

1) Desk research by region: collection and analysis of secondary socio-economic information, the official data of the Committee on Statistics of the Ministry of national economic and regional statistics; software development and

¹ Department of Management and Marketing, the Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan E-mail: s.kupeshova@mail.ru
² Department of Management and Marketing, the Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan
³ Department of Management and Marketing, Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan
analytical projections of state bodies, business associations, scientific and industrial organizations (NGOs), international organizations. Such software as spreadsheet Excel, Statistika package, SPSS package was used for processing statistical data in this analysis.

2) As a tool for author research, multidimensional statistics method like cluster analysis were used. It is a procedure for classifying the multidimensional data, wherein the input data is collected, including information on the selected objects, and the subsequent sequencing of these objects at a relatively homogeneous nature of the group.

Thus, cluster analysis solves not only the problem of classifying the data, but determines its structure too. In other words, in this type of analysis, detection of compact but simultaneously differing sets of objects occurs, or a process for separating partial aggregate and cluster region based on their natural distribution. It should be noted that cluster analysis is not a simple classification, since it is not limited to any number of the objects, or in an amount of features categories, as well as enables the user to analyze data of different typologies, such as temporal, spatial and others. This method of multidimensional data analysis is one of the important parts of the statistical research of various social and economic phenomena and processes [2]. In applied statistics, multivariate statistical methods were not used for a long time due to lack of computer equipment for the processing of large data sets. These methods began to develop actively in the second half of the twentieth century, when high-speed computers appeared. They could do the necessary calculations in a second, whereas it took days, weeks, even months previously [3].

4. Conclusion and Recommendation

In a result of the study, the importance of regional business for the development of Kazakhstan's economy and the high differentiation of the regions were revealed in the area of SME development for entrepreneurs and for the state as a whole. On the basis of cluster analysis, authors found that there are regional specificities of each area in Kazakhstan. Differences especially strongly manifested in comparison of regions with significant population, more developed industry, and significant reserves of minerals. At the same time, the regions with a strong agriculture have low indicators characterizing the activity of both SMEs and the entire region as a whole, such as the number of the employed population, the number of active SMEs. Nine underdeveloped regions were revealed: Western Kazakhstan, Mangistau, Aktobe, Pavlodar, Akmola, Zhambyl, Kostanay, Kyrgyzorda, and North Kazakhstan. There is a budget leveling mechanism involving the redistribution of income between regions, between the national and regional budgets in order to align budgetary security of regions of Kazakhstan. One way to allocation and distribution of budgetary funds are public procurement carried out through the state order.

Analysis of international experience in the procurement of goods, works and services for state needs allows us to offer a number of enhancements for use in Kazakhstan’s public procurement mechanisms. It is necessary to organize the procurement process to provide each regional office the ability to respond to their needs promptly and effectively, at the same time respecting the mandatory legal requirements. However, delegation of authority from central organs of the Republic of Kazakhstan to subordinates may result in the risk of reducing the effectiveness of budget spending. Accordingly, it is necessary to establish effective interaction mechanisms between parent organizations and local governments in the implementation of such approach.

References

Kulbatyrov, N. Kazakhstan entered the list of the world study on business for the first time. Retrieved https://primeminister.kz.


The Prospects of Development of Green Economy in the Republic of Kazakhstan

Sansyzbayeva, Gallia N.¹

Abstract

At the moment of the ecological situation in Kazakhstan is adverse and requires cardinal changes. The analysis which is carried out in a research showed that serve as major factors of degradation of the environment in the republic prevalence in economy of the resource-intensive and polluting the environment industries in structure of industrial production, high degree of wear of fixed assets, rather low efficiency rate of use of resources and production in general owing to the low technological level of economy, obviously insufficient development of the ecological market, and also a problem of the Kazakhstan nature protection policy. The critical situation in the sphere of environmental protection is in many respects connected with national environmental policy to which main shortcomings it is possible to refer lack of ecological priorities in economic strategy, weak ecological government, problems in the legislative sphere, lack of complex system of the state environmental monitoring, low level of financing of nature protection actions, weak innovative activity in nature protection area, the low level of attention to ecological culture of the population and some other.

Keywords: Green Economy, Economic Development, Environmental Policy, Kazakhstan.

1. Introduction

The economic system in general is a production system, distributions and consumption of goods and services. Within these processes continuously there is an interaction of society and the nature. Any production and consumption is connected with use of natural resources and impact on the environment. Any economic decision also exerts impact on the habitat in the most extended sense of this concept. In process of complication of functioning of economic systems, increase in production and consumption the role of an ecological factor constantly amplifies.

Awareness of more and more close interrelation of an economic development of humanity with changes in the environment, with influence of ecology on world economy and many forms of the international social and economic relations became important feature of globalization of economy at the end of XX – the beginning of the 21st century. In this regard, special relevance is acquired by understanding of the processes occurring in the world and just gaining steam connected with environmental challenges, such as climate change, a stock depletion of fresh water, decrease in biological diversity, degradation of the surrounding environment. Scientific and technical progress delivered before mankind a number of new, very complex problems which began to be realized as threat to existence of the human race and a possibility of development for the subsequent generations. This imbalance in many respects is explained by the fact that in modern conditions irretrievability of inventories of the natural equity isn't considered owing to what uncontrollable escalating consumption of natural resources is practically observed. Scales of world production and consumption led to catastrophic violation of balance of natural and public systems.

Special relevance of a research of the questions connected with world crises is determined that though they also mention all mankind in general, but also socially unprotected segments of the population around the world suffer from their consequences first of all least economically. For this reason key concepts of "green" economy are the natural equity and the ecosystem services provided to them. The main priorities of the concept of "green" economy are a growth in prosperity of society in case of the minimum impact on the environment. The concept of "green" economy assumes accomplishment of a number of conditions: preserving overall balance, respect for the environment, prevention of depletion of natural resources; production reduction of waste; rationalization of production and energy consumption. The policy of "green" development for each country is formed taking into account its national peculiarities and priorities, based on the best international practices and modern technologies.

Crucial importance for resolution of conflicts between economy and the nature has forming of steady type of economic development. Today not only developed countries, but also many developing countries actively develop national strategies of economic development in the conditions of restriction and emission reduction of greenhouse gases, active development not only new low-carbon technologies, but also innovative instruments of impact on subjects of the economic relations is conducted. Implementation of energy and climatic priorities automatically means sharp decrease in ecological pressure, emissions of greenhouse gases and amounts of pollution.

In Kazakhstan the understanding of a role of nature protection problems and environmental policy considerably lag behind developed countries. At the same time now, despite huge ecological potential, the situation in the environment in our country remains extremely sharp. Nature protection questions turned from net ecological into problems of an economic safety. Ecological orientation of development of world economy demands from Kazakhstan of review of its economic strategy in order that not only not to lose the place in updated world economy, but also to purchase in it more powerful provision.

In modern conditions for growth and development of the country more progressive mechanisms are required. Features of the Kazakhstan economy, namely its raw nature, push tasks of ensuring environmentally friendly economic growth and innovative nature of development of society in the category first-priority which decision is a necessary condition for transition to qualitatively new level of development of national economy. Development of "green" economy in Kazakhstan will allow to avoid ecological crisis, to provide effective use of natural resources and growth of a welfare of the population. The

¹ Department of Management and Marketing, the Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan E-mail: gns1981@mail.ru
"green" economy is one of key instruments of ensuring sustainable development of the country which will allow to achieve an effective objective of our state on entry into number of 30 most developed countries of the world.

Relevance of this problem is caused by need of development of effective system of regulation of economy of Kazakhstan taking into account specifics of national model of sustainable development and practical recommendations about improvement of a situation in the nature protection sphere in case of implementation of transition to "green" economy. Questions of "green" economy have cross-disciplinary nature and are considered in works of domestic and foreign scientific different industries of knowledge.

2. Research Methodology

The methodological base of a research of a problem is constituted by general scientific methods of the system and comparative analysis, identification and systematization of tendencies of development of world "green" economy taking into account an ecological factor. Historical, statistical and comparative methods which helped to reveal step-by-step nature of deepening of environmental problems and development of theoretical concepts of sustainable development, to determine specifics and features of the studied processes and the phenomena, to reveal nature of their interaction and mutual influence were used. At various investigation phases, various general scientific methods and approaches depending on the located information base which application allowed to provide justification of the carried-out analysis, theoretical conclusions and developed recommendations were applied.

Legislative also regulations of the Government of the Republic of Kazakhstan, Presidential decrees of the Republic of Kazakhstan, Strategy Kazakhstan-2050, the Road Map of Business of 2020 Program, the Program for development of agro-industrial complex in the Republic of Kazakhstan for 2013-2020 "Agrobusiness – 2020", the Concept of transition of the Republic of Kazakhstan to "green" economy, the official documents of the industry ministries and departments of RK, statistical these Agencies of the Republic of Kazakhstan according to the statistics containing the quantity characteristic of the phenomena and processes of a research formed information base of a research. The great value is given to the statistical data reflecting both cost and natural indicators of National Bank of Kazakhstan and a number of the ministries of the Republic of Kazakhstan.

3. Results

The concept on transition of the Republic of Kazakhstan to "green" economy approved by the Presidential decree RK N. A. Nazarbayev of May 30, 2013 laid the foundation for deep system transformations on transition to economy of the new formation providing sustainable development by means of a growth in prosperity of the population, minimization of load of the environment. For the purpose of implementation of the Concept in July, 2013 by the Government approved the Actions plan for 2013-2020 [1]. The plan provided acceptance of a number of measures for increase in an energy efficiency, to enhancement of a management system by waste and water resources, on decrease in air pollution, on development, preserving and steady use of biological resources, implementation of the principles of steady agricultural industry.

The priority tasks facing the country within transition to "green economy" are increase in efficiency of use of water, land, biological and other resources and management of them; upgrade existing and a construction of new infrastructure; increase in wellbeing of the population and quality of the environment; decrease in load of the environment; increase in a homeland security. Transition to "green" economy is based on six main principles:

1) performance improvement of resources that will provide minimization of load of the environment;
2) responsibility for use of resources: it is necessary to raise responsibility at all levels of the government, business and the populations for monitoring and control of steady resource consumption and state of environment;
3) upgrade of economy with use of the most effective technologies;
4) ensuring investment appeal of actions on to effective use of resources: providing is necessary fair tariff and pricings in the markets of resources on purpose reducing subsidizing of the industries consuming them;
5) implementation first of all profitable actions: the priority will be given to those initiatives which allow to achieve not only improvements of an ecological situation but also to receive economic benefit;
6) training and forming of ecological culture in business and among the population: it is necessary to enhance operating and to develop new educational programs about rational use of resources and environmental protection in an education system and trainings.

4. Conclusions

The modern development of humanity is connected with production and consumption of energy resources which determine welfare and social and economic development of society. A sharp aggravation of problems of the environment in the last decades 20th century – the beginning of the 21st century, the growing resource dependence of the world economy and aspiration to cardinal increase in efficiency of use of natural resources, need of essential reducing nature protection expenses and reduction of emissions of greenhouse gases as result of consumption of fossil fuel became the main factors of implementation of ecologically oriented development model. As important prerequisite also the aspiration of ensuring energy security and decrease in dependence on the countries which are suppliers of energy resources, need of accomplishment of the undertaken international and national liabilities, concern practically of all segments of the population in problems of the environment, a possibility of improvement of health and quality of life of people and also problem resolutions of development acted.
Management of Innovative Activity of the Enterprises of Small and Medium-sized Business in the Competitive Environment

Zhaxylykova, Ayan

Abstract

In the modern conditions of competitive environment development, one of the basic ways of economic, social and ecological problems decisions are using the newest achievements of science and technics. In this connection, innovative activity of small and medium-sized businesses subjects are getting determinant meaning, and investing capital into innovation is necessary condition of achieving economic growth of a government. It is necessary to increase the innovative potential of the Kazakh economy. It is important to lay the foundation for building the economy of the future. It is necessary to develop competences in the sphere of smart technologies, artificial intelligence, integration of cyber-physical systems, future energy, design and engineering. This can only be done through building an effective scientific and innovation system. Thus, at the present stage of the Kazakh economy, the introduction and development of innovations is not only an important factor in increasing the efficiency of the activities of small and medium-sized businesses, but also the priority area of the national state economic policy.

Keywords: Competition, Innovation, Small and Medium-Sized Business, Risk Management, Kazakhstan.

Main Text

In the current time sphere of small and medium-sized enterprise is becoming more and more attractive for imbedding innovations, because economic subjects have incontestable advantages while realizing innovative processes: firstly, these enterprises more close to market providers, operatively adapting to their demands and can offer services of specific character: secondly, small businesses are "launching pad" for the creation of large enterprises, while their "innovation" is one of the most important conditions for the effectiveness of their activities; Thirdly, the relatively low cost of creating small and medium-sized innovative enterprises reduces the threshold for their entry into the market; Fourthly, it creates the possibility of participation in this business of highly qualified specialists who are committed to commercializing the results of scientific research, etc.

Solving these problems necessitates the transition to an innovative development model that is based on the use of knowledge and increasing the competitiveness of enterprises. The movement toward sustainable growth in the efficiency of enterprises is possible due to changes in the technological and economic aspects of the organization of enterprises. Therefore, the issues of theory and practice of effective enterprise management, especially in the course of its modernization, become relevant. As a result, there is a need to improve management systems through the use of different approaches to innovative management. The increased need to develop methodological and practical approaches to the organization of enterprise management processes that are relevant in modern market development conditions and has determined the choice of the research topic of problems of managing innovative activity of small and medium-sized enterprises in a competitive environment. Innovative activity is inseparably linked with the notion of innovation, which has various interpretations and classifications in domestic and foreign literature and regulatory legal acts. In international practice, the essence of the concept of innovation comes from the English word innovation, which means renewal [1].

In the domestic literature, the conventional term for innovation (novatio-update, change, that is something new, just come into use) is generally accepted as the term innovation. Thus, the organizational and economic content of the generalized index of the competitiveness of the national economy on the basis of the implementation of innovative activity by small and medium-sized businesses is based on the following characteristics:

1) Competitiveness is an integral feature of the market economy, which implies the ability of some enterprises to more fully and effectively meet the needs of their market segment on the basis of using their competitive advantages of resource and technological nature, developed through increased state intervention in the development of social and political and legal institutions. The economic result of such superiority is the receipt by the enterprise of absolute and differential rent (additional surplus value, higher productivity of factors of production).

2) Competitiveness is an indicator of the relative competitive advantages of an enterprise that cannot characterize the position of the enterprise both in the world and national market due to differences in the conditions of functioning of these markets.

3) The main factors of competitiveness of the innovation economy are self-generated competitive advantages in the economic system that arise as a result of the creation and implementation of innovations.

Based on these characteristics, the use of a generalized indicator of competitiveness is aimed at providing a higher level of economic development based on rational use of resources, increasing the productivity of production factors, and the quality of life of the population within a single enterprise or state. In order to increase the competitiveness of small and medium-sized businesses based on the implementation of innovative activities, the article proposed to use the system of monitoring the competitive environment of innovation that allows not only to determine the current state of the enterprise in terms of its competitiveness, but also to track deviations from the planned performance indicators, Number and their reasons. From the point of

1 Department of Management and Marketing, the Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan
E-mail: ayana_zh@mail.ru
view of risk management, small and medium-sized businesses using a competitive environment monitoring system will be able to reduce the negative impact of innovation activity risks. [4]

Monitoring of the competitive environment for innovation is a universal tool for assessing the competitive position of the enterprise, allowing to predict the future changes with high accuracy. The use of monitoring the competitive environment will make it possible to achieve strategic and operational efficiency of small and medium-sized businesses that implement innovative activities. In general, under the monitoring of the competitive environment for innovation activities of small and medium-sized businesses should be understood the implementation of activities to monitor, evaluate and analyze competitiveness indicators, including those related to innovation. In this case, the following factors should be considered as factors of formation of competitiveness of small and medium-sized enterprises, realizing innovative activity:

- characteristics of the innovative project / technical / technological solution;
- characteristics of the economic event;
- characteristics of the economic solution;
- characteristics of the social effect.

Formation and development of human capital is a complex direction of innovation policy, since the relevant conditions are determined by the sphere of the economy, social and environmental sphere. Therefore, the content management of human capital is the process of harmonizing the interests of socio-economic institutions involved in creating the conditions for the formation and development of human capital in enterprises. Taking into account the results of the analysis of the current conditions for the training of personnel for innovation and the competence approach, it is necessary to highlight the most significant characteristics of the competent employee of the enterprise implementing innovation activity:

- Qualification and competence.
- Aim for continuous improvement.
- Initiative, responsibility, creativity.
- Self-motivation and perfectionism.
- Dependence on the moral and psychological climate.

Thus, the modern understanding of competitiveness should be associated with ensuring a higher level of economic development based on rational use of resources, increasing productivity of production factors, and the quality of life of the population within a single enterprise or state. Confirmation of this can be the results of analysis of national competitiveness of different countries. It is obvious that at the current stage the most competitive countries are not those that have advantages of territorial, resource, climatic and natural character, and so-called "new industrial" ones, for example, China and Singapore (the third and fifth places in the rating, respectively). Among the countries with the most developed economy, Canada belongs to the seventh place. And as a result of the euro crisis, Italy descended to the end of the list - to 44th place. For these reasons, it was concluded that it is necessary to assess national competitiveness in accordance with the possibilities of flexible and adaptive response to changes in the external environment (the world economy), the most complete and effective satisfaction of market demand, consumer preferences, in return for outdated approaches of territorial-resource assessments. Thus, considering the principles of competitive development of enterprises, attention should be paid to the quality of the competitive environment for innovation, which is formed by states. [2]

In this regard, the competitive environment of innovation should now be assessed on the development of the main factors that determine the flexibility and adaptability of the national economy, domestic commodity producers. Go to the forefront of such indicators as political, legal, social and, of course, technological factors. The project developed within the framework of the World Economic Forum (WEF) aimed at clarifying the indicators of global competitiveness-factors of development of the competitive environment should be considered as a confirmation of this. Experts in this project proposed the use of more than two hundred indicators, reflecting the dynamics and steady growth of these factors. At the same time, it is important that experts predetermined a group of countries for which these indicators can be applied - countries with a stable political, legal and social environment. To my opinion, this approach allows obtaining reliable data, since states with underdeveloped legal and social institutions, politically unstable cannot be attractive to domestic and foreign investors, often become closed to new technologies and technology, and therefore cannot be characterized as countries with high competitiveness indicators.

Innovation is an essential part of modern enterprise development, but they also have both positive and negative sides:

- Risk. Introducing a new product to the market, the enterprise substantially risks that it will not satisfy the consumer, will not be innovative enough, or, on the contrary, will outstrip "its time".
- High cost. Innovations usually require considerable material, financial, personnel investments from the consumers for their development. This is especially noticeable for innovations in rapidly developing areas, for example, information technology.
- Innovations supplant the product preceding them. Releasing an older product, entails many changes in the organization. Including problems with qualified personnel. [3]

As stated in the Strategy "Kazakhstan - 2050": - "It is important today to maximize the release of domestic resources to ensure stable economic growth. To do this, we must use two effective tools - large-scale privatization and increased competition. What is holding back growth and competition today? First of all, a large public sector - more than 7 thousand enterprises. All this is accompanied by bloated states and consumption of huge budget resources, and at the same time leads to the outsourcing of private investments and initiatives. Competition policy should go hand in hand with effective regulation of bankruptcy processes and the rehabilitation of inefficient companies. In the next decade, Kazakhstan needs:

- ensure an annual economic growth of 5 percent;
- to increase the export of processed goods by at least 2 times compared with 2015 and bring it up to $ 30 billion a year;
- to increase the annual volume of investments in the economy by more than 10 billion dollars, and in general for 10 years - not less than 100 billion dollars;
- create more than 660 thousand new jobs, increase labor productivity by 2 times.

It is necessary to increase the innovative potential of the Kazakh economy. It is important to lay the foundation for building the economy of the future. It is necessary to develop competences in the sphere of smart technologies, artificial intelligence, integration of
cyber-physical systems, future energy, design and engineering. This can only be done through building an effective scientific and innovation system. [5] Thus, at the present stage of the Kazakh economy, the introduction and development of innovations is not only an important factor in increasing the efficiency of the activities of small and medium-sized businesses, but also the priority area of the national state economic policy.

References


The Economic Diagnostics of Competitiveness of Companies in the Republic of Kazakhstan

Zhunissova, Gulnar E.¹

Abstract ¹

Increasing the level of competitiveness of companies, optimization of their operation and basic survival in the market environment are the fundamental problems of the modern economy. From its solution depends largely on the quality of reproductive processes, companies' profitability, their adaptation to market conditions and subsequent economic growth. The article discusses the methods of analysis competitiveness of the organization. Implementation and development of competitiveness of the company is a laborious task that requires a systematic approach in the implementation of a large number of managerial, technical, technology events. Competitiveness is the main condition for economic growth of the country. The task of achieving high rates of economic growth is discussed in conjunction with the objective of increasing the competitiveness of its businesses.

Keywords: Competitiveness, Economic Responsibility, Social Responsibility, Productivity, Kazakhstan.

1. Main Text

Competition seems, on the one hand, an effective mechanism of natural regulation of the market economy and selection of the most sustainable from a financial point of view, able to function in the market, and the other is a legalized form of economic struggle of independent firms, producing homogeneous products for its markets with the aim of obtaining higher profits. Competitiveness can be considered in relation to such objects as regulations, guidance documents, design documentation, technology, production, output (a running service), real estate, employee, information, firm, region, industry, any macro environment, the country as a whole. Generalizing different opinions, we can note, that competitiveness is a complex, multifaceted concept, which analysis and assessment is required is closely linked to a particular competitive field. In this regard, we can confidently assert, that the fundamental level of competitiveness is macroeconomic. At this level defines the basic conditions for the functioning of the entire economic system. Behind him in importance is the meso-level. At this level, formed development prospects of the industry or corporations, covering a group of companies. At the micro level, competitiveness acquires its definitive form of the ratio of price and quality of goods. This ratio depends on the conditions formed in the previous two levels, and from staff of the company, its ability to use its resources and comparative national, General and sectoral benefits. (Porter, 1998)

As can be seen from <Figure 1> the company's competitiveness is determined by four factors, each of which is an integral link in the company. The competitiveness of a company is its current competitiveness. Participation in the competition, proper use of available resources is determined by the competitiveness of the company's management, especially its senior management. Basic binding element in these aspects of competitiveness are marketing company.

Economic freedom of the company in modern market conditions is characterized, as a rule, by increased business risk, the influence of random factors of non-economic nature on the efficiency of managerial decision-making, variability in market conditions, etc. In such circumstances, before taking management decisions, management needs to quickly assess the impact of recent market changes on the company's activities and to find new solutions for adjusting activities. The company's activities in a competitive market – a system of relations of the manufacturer and the buyer. Under this system, the company needs to offer what the client wants, taking into account the active behavior of competitors. Due to the development of competition, the company management should conduct regular analysis of market conditions, market demand and its specificity. Management decisions on services should be based on full knowledge of market factors and account for the impact that these decisions may have on the market.

The results of this analysis have a direct impact on the adoption of optimal solutions associated with the following:

- formation of assortment programs.
- upgrade services;
- change the company's specifics;
- favorable reception of the necessary investment for development, etc.

The experience of many domestic companies confirms the fact that in today's competitive environment the winner is the one who constantly analyzes and fights for its competitive position, provides a systematic approach to the development of organizational and economic measures aimed at the achievement of high competitiveness of the company and its products. Organization of management and planning of economic activities of the company based on the competitiveness analysis, allows for greater

¹ Department of Management and Marketing, the Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan E-mail: Nietbaeva_gulnar@mail.ru
adaptability, competitive advantage and results of operations of the company and, consequently, increase its stability, flexibility and viability both in domestic and foreign markets.

The theory of competitive advantage developed by Michael Porter, Professor of business administration at Harvard business school. According to the theory of M. Porter, to gain a competitive advantage, the company must either give the goods to customers at about the same value as competitors, but to produce goods at lower cost (strategy of cost) or you can give the customers a product with greater value for which you can get a great price (differentiation strategy). Companies gain competitive advantage by developing new ways of performing activities, introducing new technologies or source production components. [2] Vary the company's competitiveness and the competitiveness of the product. The company Competitiveness is the ability to offer a product that meets the competitive requirements of the consumer in the required quantity, at the right time and on the most favorable terms (price, basic terms of delivery, organization of maintenance, loan, etc.). The competitiveness of the product is its useful as consumer value in concrete terms. The objective economic analysis of goods competitiveness: to identify among a group of similar goods, products respective to certain characteristics and most in demand. The consumer is interested in the ability of goods to satisfy a competitive need. Considering the technical characteristics of products, price and reputation of the manufacturer, and the company's ability to organize an effective system of after-sales service, etc. So, even if the goods with technical characteristics superior to all similar products, then because of high prices due to high production costs it can uncompetitive. But on the other hand, the low price does not always mean customer demand.

The company's competitiveness and the competitiveness of its product. The competitiveness of the company in direct proportion. When competitiveness of a product is high, the higher the demand for this product and the greater the economic effect, received by the company from its implementation. The economic effect is driven primarily by profits. Rising demand leads to higher and norms and margins. Conversely, a decrease demand leads to a decrease rate, and then the volume arrived. Except the profit, indicators of competitiveness are:

- sales volumes in quantitative and cost expression. If the cost of goods sold is increasing faster than the physical volume, the demand for it is growing. Of course, you need to consider inflation. If the cost of goods sold increases slower than its volume, therefore, the demand for products is falling and the company is forced to reduce prices;
- the ratio of profit to sales. With the increase of the competitiveness of products increases;
- the ratio of sales to cost of inventories. If this figure decreases, slowing down the inventory turnover, this implies a decline in demand for finished products, or increase in stocks of raw materials. To clarify what is happening, allows an indicator such as the share of the cost of unsold products in inventory reserves. When growth occurs overstocking of finished products, as it reduced demand;
- the ratio of sales to cost of unsold products. Reducing it means reducing demand or overproduction. This indicator complements the previous two;
- the ratio of sales to accounts receivable shows the amount of commercial loans that the company provides to its customers. The credit, of course, be reduced if the demand for goods is increasing. Conversely, the growth of the amount of the loan shows that the company is forced to provide more preferential conditions to customers when selling their products;
- portfolio of orders. The high level of demand for the products the company provides a large portfolio of orders;
- the cost of research. This figure shows the potential of the company;
- the volume and direction of capital investments. The company seeks to invest in the development and production of the most promising products. If there are no prospects of obtaining a sufficiently high rate of profit, the company ceases to invest in production. Consequently, the competitiveness of products decreased.

The concept of "competitiveness" in the economic literature is often reduced to the company's ability to produce competitive goods and services. [3] However, given that currently the company can provide various kinds of services at any given point in time the level of competitiveness of the company and the level of competitiveness of goods and services it provides, are not the same. First of all, it should be noted that as the base for comparison of the competitiveness of companies use the data to companies-competitors, and not their products. However, when comparing the company with competitors and you need to consider different categories of competitors: direct competitors (producing similar products); indirect competitors; potential competitors (producing products to meet this need in another way), which can refer to different sectors or areas of activity. The management of the company in modern market conditions it is necessary to consider that adaptability and competitive advantage is only potential side to the competitiveness of the company, which under certain circumstances may not be implemented. At the same time, only the results of economic activities directly reflect the real achievements in the field of competitiveness and therefore they should be used as gauges.

Management of competitiveness – a strategic task of any company, the solution of which is possible on the basis of an in-depth marketing research competitiveness, as well as the development and implementation of integrated management concepts competitiveness. The complex concept of competitiveness:

- allows you to create and adjust goals and development strategy of the company in accordance with the achieved level of competitiveness;
- possesses organizational-economic mechanism of support of competitiveness, which is based on the necessary organizational, economic and technical-technological activities in their interdependence, the implementation of which contributes to the effective implementation of management decisions in this field.

The process of competitiveness management of the company based on marketing can be defined as the process of development management and maintaining compliance strategy and organization, on the one hand, and the changing external environment on the other.

According to Figure 2, an algorithm to identify conditions for improving the competitiveness of the company is quite simple, it consists of three major activities: conducting market research of goods and services (products, competitors, service conditions, consumer preferences, etc.); economic diagnostics, analysis of a marketing strategy; then draws conclusions, identifies all of the strengths and weaknesses of the company's activities and, as a result, the faithful are taken at the moment of decision.
Figure 2> Necessary steps to identify conditions for improving the competitiveness of the company

2. Conclusions

Implementation and development of competitiveness of the company is a laborious task that requires a systematic approach in the implementation of a large number of managerial, technical, technology events. Competitiveness is the main condition for economic growth of the country. The task of achieving high rates of economic growth is discussed in conjunction with the objective of increasing the competitiveness of its businesses. Therefore, we can draw the following conclusions:

- high competitiveness of companies is the basis of economic security of the companies and of the economy of Kazakhstan in General;
- in the modern environment characterized by a high degree of economic integration, problems of competitiveness are topical for the economy of Kazakhstan in General and companies in particular;
- characteristic of the world market and the market reforms in Kazakhstan – a steady increase in competition between market participants as at the country level and the company level.

References


Management of High-Tech Project Risks in the Condition of Economic Crisis

Mukhtarova, Karlygash S.; Kozhakhmetova, Assel

Abstract

In this paper considered possible risks of high-tech projects and analyzed the impact of the economical crisis to risk management of Kazakhstan projects. In the current study analyzed the significant dependence of project success on risk factors which appear during crisis. The study found that good management of these factors and using new methods and technologies can help to achieve high efficiency in risk management. The manager of the high-tech project must continuously monitor (control) the situation at each stage, responding in a timely manner to the "weak signals" of the likely risk despite all the methods and techniques used to reduce the risk. If we miss the beginning of the development of a risky event, then, despite the subsequent correct actions, the losses will be much higher than if anticipating the impending danger. This is the "golden rule" of anti-crisis management. The manager should remember that risks can cause losses not only to the organization, but also to him through showing the level of efficiency of his work.

1. Introduction

Every project inevitably carries risks of failure. Even the most experienced and qualified project manager will not be able to eliminate them. No matter how sophisticated in planning there will always be the possibility of occurrence of accidental and undesirable risky events. Many authors have investigated project risks, their consequences and risk management practices (Fabricius & Büttgen, 2015; Mentis, 2015; FathiZahraei, 2015).

They decided that risk is the likelihood of an unwanted event and all its possible consequences in the context of project management. It is impossible to foresee the development of the project in all the details. Risks are always present and increase if:
- the project is long-term;
- the project team is inexperienced, has not faced in the past with projects of this type;
- there is a large time interval between the completion of planning and the beginning of the project;
- the project is innovative and based on new technologies (2016, http://studme.org).

It is impossible to imagine a project which completely devoid of project risks. Another thing is that some risks from the projects which most characteristic for a certain type can be envisaged and take measures to minimize damage in case of their occurrence. However, there is always the possibility of manifesting risks that belong to the class of emergency circumstances and are not susceptible to foresight and accountability in project planning. Fortunately, most project risks can be foreseen and provide for measures to overcome the consequences of undesirable events.

2. Research Method

The data shown in the following table helps for full understanding of high-tech projects risks (Chernjak, Jeriaishvili, & Barikaev, 2015).

<table>
<thead>
<tr>
<th>Phase of project</th>
<th>Risk factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determination</td>
<td>The origin of the idea of the project is unclear. The project arose as a result of a spontaneous decision, not a weighted reflection. The feasibility of the project was not sufficiently studied. The experience of implementing similar projects by other organizations was not taken into account. A comparative analysis of costs and results was not carried out.</td>
</tr>
<tr>
<td>Planning</td>
<td>Project limitations are not defined or defined unclear. Planners do not have experience working in similar projects. The parts of the plan are missed, additional work is required for planning.</td>
</tr>
<tr>
<td>Implementation</td>
<td>The executors did not take any part in the development of plans for the execution of the project. Stakeholders who are not familiar with the plan are constantly in doubt. The project management was not formed on the team principles of work and is not aimed at fulfilling the tasks of the project. Procedures for conflict resolution have not been developed.</td>
</tr>
<tr>
<td>Concluding</td>
<td>The project uses new, unverified methods of performing works. The work descriptions are not detailed enough. The project involves new or untrained personnel. Changed the needs of the customer. Inaccurate and contradictory reports on the execution of works. Contractors do not cope with their obligations. There have been changes in the project stakeholders. Prices for materials and services have changed.</td>
</tr>
<tr>
<td>At all phases</td>
<td>There are no methods for assessing the planned results. The customer does not accept certain types of work of the project. Administrative bodies are delayed with the issuance of permits. Project personnel are dismissed until completion of the project.</td>
</tr>
</tbody>
</table>

1 Department of Management and Marketing, Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan
E-mail: kmukhtarova@inbox.ru
2 Department of Management and Marketing, Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan
E-mail: aselekdream@gmail.com
It is very important to take into account these risk factors and know how to manage them. For this we considered one of the Kazakhstan’s high-tech projects. This project is called “Innovative lithium-ion sulfur batteries” and aimed to produce “green” batteries which will be much cheaper in comparison with existing analogues. In comparison with other existing batteries, they are smaller by volume. They can be used even in electric vehicles, even for storing energy from renewable sources and so on. The project team consisting of scientists is working on improving the technology and creating a prototype battery, the theoretical capacity and operating time of which is 10-15 times higher than that of the current analogues.

The first batteries will be used in electronics, electric transport, renewable energy. And lithium-ion-water batteries will mainly be used in renewable energy for large-scale storage systems (Bakenov, 2016). The main focus will be on batteries for renewable energy, more specifically a storage system for solar, wind energy. The first type of battery has a very high capacity, so they will work very long - theoretically 10 times longer than existing batteries. A lithium-ion-water batteries - they are safe and eco-friendly, there are no heavy metals and aggressive solvents, and they are not flammable". The current lithium-ion batteries in phones and laptops are expensive, toxic and dangerous. You know, probably, the case with Boeing (Delays and cancellations of Boeing 787 Dreamliner flights due to battery fires - Author's note). This was due to the fact that used organic electrolytes and they were smoking. Our batteries will not lead to such consequences, because there simply is not anything to burn inside. It is worth noting that the consequences of the economic crisis can significantly affect the fate of the project. As in any country, the economic crisis in Kazakhstan brought its own order and made appropriate adjustments. It had a negative impact on the economy. There was an increase in interbank loan rates, capital began to flow out of the country, which served as the basis for weakening the national currency. Thus, you can list the following risks of this project:

- The currency risk. There is a danger of currency losses associated with the change in the exchange rate of the USA dollar against the national currency in the conduct of foreign economic, credit and other foreign exchange operations. Since we know that at the moment the tenge is not stable against the USA dollar. This can affect the progress of the project, as the particles for the manufacture of batteries are imported in foreign currency. The growth of the USA dollar against the tenge may increase the cost of production. Because raw materials imported from other countries and bought in USA dollars.

- Commercial risk. This type of risk may be associated, in particular, with the unpredictability of changes in the purchase price of raw materials, increased costs of handling, losses and damage to raw materials, materials and equipment during storage and transportation. Elementarily new batteries may not be accepted by buyers or can’t withstand competition.
- Investment risk. Everyone knows that innovative and high-tech projects are at greater risk than traditional projects. Because it is difficult to manage them Products may not fully pay off or under the influence of other causes and risks do not justify investments.
- Production risk. This risk may arise in the production of a defective product. This is likely, since the project is high-tech and specialists can make a mistake. Also, this risk can be correlated with the risk associated with the lack of highly qualified specialists in the development of new batteries.
- Economic risk. The success of the project can be affected by various economic factors, such as the level of solvency of the population, a change in the level of demand and so on. Deteriorating indicators of these factors can significantly reduce the profit from the project.
- Systemic risks. These risks can appear in the path of any project. For example, a sudden war, inflation or the economic downturn in Kazakhstan. This point directly connected with economic crisis.

<Figure 1> Innovative lithium-ion sulfur batteries

3. Discussion

We suggest the following methods and techniques to manage risks: 1) insurance, 2) hedging; 3) diversification; 4) option; 5) futures; 6) formation of a reserve. In detail:

- Insurance is the most common and quite effective method of risk reduction. There are many types of insurance. The insurance can be subjected not only to the project itself or its individual stages, but also to the intellectual property objects included in the project.
- You can also use the hedging method - this is the distribution of risk between the project participants, the transfer of a part of the risk to co-executors, partners. Since the development of new batteries is a complex high-tech project, it is possible to share risks and responsibilities. This can be counter commercial, credit and other claims and liabilities. Almost all transactions are hedged in one way or another: they are insured by mutual obligations.
- We can use the option method after the development of lithium batteries. This is a stock exchange transaction for the sale of goods at a fixed price during a certain (contractual) period. You can find such buyers, let's say domestic partners, consumers like “Kazatomprom”, “Samruk-Energy”. There are such companies as "Astana Solar", "Kainar AKB" - a battery factory. We can use their capabilities to test batteries, also as well as use in their devices. Option contracts must be concluded with suppliers of raw materials, components, materials, with other organizations (for example, transport) that provide innovative production.
- Futures - a contract with a deferred period of performance under unchanged conditions. Futures contracts even more than options, reduce the risks of supply and...
collateral in business. Both options and futures contracts can be subject to sale (on stock exchanges).

- The formation of a reserve of resources is a traditional operation to prepare for possible negative consequences of risks. Programs are developed to manage inventory in a particular industry. For radical innovative products, this prediction of the required reserves presents special difficulties. As a rule, expert methods are used here to determine the required reserves—the size of the reserve of resources.

4. Conclusion

The manager of the high-tech project must continuously monitor (control) the situation at each stage, responding in a timely manner to the "weak signals" of the likely risk despite all the methods and techniques used to reduce the risk. If we miss the beginning of the development of a risky event, then, despite the subsequent correct actions, the losses will be much higher than if anticipating the impending danger. This is the "golden rule" of anti-crisis management. The manager should remember that risks can cause losses not only to the organization, but also to him through showing the level of efficiency of his work.

References


Economic Efficiency of Development of Transport Infrastructure in the Multi-Purged Regions of Kazakhstan

Sharapiyeva, Madina

Abstract

Achieving economic growth, increasing the competitiveness of domestic producers, improving the quality of life of the population and strengthening national security largely depends on the quality of the economic space, therefore, there is a need to study the factors affecting its properties, the main one of which is the transport infrastructure. In the article, based on Kazakhstan's statistical data for 2015-2019, an assessment of the impact of transport infrastructure - roads and railways - on regional economic dynamics. Influence of transport infrastructure is considered a direct contribution to the economic dynamics of the region. The presence of a positive relationship between regional economic growth and the development of transport infrastructure has been revealed.

Keywords: Transport Infrastructure, Economic Growth, Logistics, Kazakhstan.

1. Main Text

Infrastructure is basically the base on which economic growth is built. Roads, water systems, mass transport, airports and utilities are all examples of infrastructure. It encompasses support services that contribute to the growth of direct production activities, such as agriculture and industry. These services include a wide range of services, ranging from the provision of medical services and educational institutions to providing such needs as food, irrigation, transportation, communications, etc. The developed transport infrastructure is one of the key prerequisites for effective long-term development, both for individual economic entities and for the country's economy as a whole. World statistics show that the competitiveness of the economies of the world depends on infrastructure by 40%, therefore the lack of its volume adversely affects the development of the global economy as a whole. At the same time, the analysis of the effectiveness of financing the transport infrastructure of Kazakhstan shows that the existing financial resources and instruments are not being used efficiently: there is a shortage of long-term investments, there are no effective mechanisms for interaction between financial institutions and transport companies, and there are no attractive conditions for attracting private investments into the transport infrastructure.

Infrastructure has bilateral relations with economic growth. First, the infrastructure contributes to economic growth, and secondly, economic growth causes changes in infrastructure. First, the direct relationship between infrastructure and economic growth is due to the following factors: The output of such infrastructure sectors as energy, water, transport, etc., is used as raw material for production in directly productive sectors, namely agriculture, production, etc. Therefore, inadequate availability of the former leads to a non-optimal use of assets in the last.

- Infrastructure development, such as transportation, significantly improves productivity.
- Infrastructure provides the key to modern technology in virtually all sectors.

In many studies, there is a close relationship between infrastructure and GDP growth. These studies have shown that a 1 percent increase in infrastructure is associated with a 1 percent increase in GDP per capita. Thus, given the above type of relationship, infrastructure development is important not only for economic growth (in relation to globalization and technological innovation in the manufacturing industry). But also for poverty reduction. Secondly, the inverse relationship between economic growth and infrastructure moves from the next [3, p. 18]. Growth, in turn, makes demands on the infrastructure.

This can be illustrated by the relationship between GDP growth and the demand for infrastructure, namely: The relationship between GDP growth and infrastructure demand As a result, as the income level increases, the infrastructure changes. In the low-income countries, the basic infrastructure, such as water, irrigation, is more important. In medium-income countries, the demand for transport is growing at a rapid pace. In countries with a high level of income, energy and telecommunications are more important. Because of such links between infrastructure and the rest of the economy, efficiency, competitiveness and growth of the economy depend on the state of development in the infrastructure sector.

Studies show that with a 20 percent increase in public investment in infrastructure, the government can accelerate real growth by 1.8 percentage points in the medium and long term, that is, six to ten years.

<Table 1> Length of railways

<table>
<thead>
<tr>
<th>The operational length of public railways</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Including the roads of other countries on the territory of Kazakhstan and the roads of Kazakhstan, passing through the territory of other states) km</td>
<td>15341,</td>
<td>15341,</td>
<td>15341,</td>
</tr>
<tr>
<td>Sours: stat.gov.kz</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Analysis of the impact of the development of transport infrastructure (hereinafter - infrastructure) on the economic growth of countries and regions has become widespread in recent decades. The positive role of the development of the automobile and railway networks in the processes of concentration and specialization of production, improving the competitiveness of countries and economic regions, reducing the transport component in the final price of goods, opening access to new markets is recognized [1]. In general, research results show the link between economic growth and investment in infrastructure at the national level. Spatial development of the region can be imagined as an

---

1 Department of Management and Marketing, Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan
E-mail: aliaisha1415@gmail.com
economic growth in order to improve the welfare of the population, by improving the properties of the economic space. The proposed definition is relatively simple and concise, containing the goal of regional spatial development and the factors by which it is possible to achieve the set goals.

The transport infrastructure traditionally appears as the most important sphere of social production and occupies a special place in the system of the single economic complex of the country. It serves as the material basis for the division of labor in society and implements a diverse relationship between production and consumption, industry and agriculture, the extractive and processing industries, and between different economic regions. In general, the level of economic and technological efficiency of the functioning of all branches of the regional economy largely depends on the work of the transport sector [2, p. 11]. In the ranking of countries in terms of the quality of logistics, Kazakhstan in 2014 occupied 88th place, and in 2016 11 positions rose and ranked 77th. The main element of the transport infrastructure is the road economy, which provides constitutional guarantees of citizens for freedom of movement and movement of goods and services. The presence and condition of the network of public roads determines the territorial integrity and unity of the economic space [4, P. 7]. Thus, the functioning of the transport infrastructure is based on the coordinated interaction of state authorities and economic entities.

In the period 2015-2019, the new economic policy of Kazakhstan "Nurly Zhol" is being implemented in the country, 16 projects of the transport and logistics industry are being considered [7].

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Total funding of road maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years</td>
<td>2015</td>
</tr>
<tr>
<td>Amount of financing</td>
<td>14,2 млрд.тг</td>
</tr>
<tr>
<td>Growth %</td>
<td>16,2</td>
</tr>
</tbody>
</table>

The result should be: increasing the length and improving the technical characteristics of the transport network, updating fleets of vehicles and improving technology, meeting the growing demand for transport services. To implement these activities in the period until 2030, according to various estimates, it may be required from 30 to 33 billion tenge. To date, the total investment in the transport infrastructure of Kazakhstan is 3-3.5% of GDP (<Table 2>). Despite the fact that this indicator is close to the average value in the world, in modern conditions the instability of the world financial markets for GDP growth of the country is not enough.

2. Conclusions

Based on the interconnection schemes for investment in transport infrastructure and economic growth presented by the UK Department of Environmental Protection and Transport [6] and T. Lakshman [5], we compiled a scheme of the impact of investments in transport infrastructure on the growth rates of the region. The development of transport infrastructure contributes to the economic growth of the country through: a reduction in the energy intensity of the economy; Reduction of disproportions in the development of regions; Reduction of transport costs; Creation of favorable conditions for access to new markets; Development of specialization and cooperation processes; Decrease in the cost of passing goods within the framework of external and internal logistics systems. The development of the transport system is expressed in: the involvement of different regions in the transport system of the country; Availability of natural resources and production capacity; Spatial development of the country. The state should influence the development of the transport system by investing in infrastructure, creating favorable conditions for attracting private investment, developing public transport, managing traffic flows. Influence of the volume of investments in transport infrastructure on GDP is most clearly reflected through indicators: - operational length of the railway and public roads; - volume of passenger and cargo transportation. The analysis of the interrelation of these factors, revealed on the basis of correlation-regression analysis, once again proved that the level of development of individual regions and the country as a whole expressed in the volume of GDP depends on the volume of financing of the transport infrastructure.

References


The Ways of Commercialization of Scientific Developments of Foreign Countries

Usmanov, Ali¹

Abstract ¹

The article considers the current state of commercialization of scientific developments of the Republic of Kazakhstan. Author considered the ways of commercialization of scientific developments of developed countries, models and laws that stimulate the development of commercialization of innovation. Research institutions create services for the commercialization of scientific developments; provide training on issues such as the basics of entrepreneurship, patenting, licensing and licensing calculations, work in the stock market, evaluation of scientific results and technologies, marketing. Thus, the experience of developed countries shows that the commercialization of research and development results is based on the interaction of all participants in the innovation process - the state, business and science, where each participant has a role to play. At the same time, the state is the initiator, motivator and guarantor of effective interaction between business and science.

Keywords: The Ways, Commercialization, Scientific, Developments, Innovative, Technology, Business, Model, Research, Law.

Main Text

Natural resources and traditional factors of production are not the main factor for further development and success during competition in the conditions of the emerging economy based on knowledge and entrepreneurial talent. Main factors are ideas and innovations that realize them, in particular those that have acquired the form of a protected right for scientific development. It is innovative scientific developments that become one of the most important factors of production, a component that provides the added value of any product or service. Commercialization of innovative scientific developments is the main mechanism for bringing an innovative product or technology to the market. It is a complex multi-stage process of transforming a scientific idea into a market product. It requires deep knowledge of market and business laws in order to obtain a commercial effect from the implementation of innovations. World practice convincingly demonstrates that research and development and their commercialization should, first of all, be based on the interaction of the three sides - science, business and the state, that is, on the so-called “triple helix” model. This model shows the inclusion in the interaction of certain institutions at each stage of creating an innovative product. At the initial stage of knowledge generation, power and university interact, then in the course of technology transfer, the university cooperates with business, and the result is brought to the market jointly by power and business [¹]

In Kazakhstan today there is a paradoxical situation: with a sufficiently good scientific and technical potential of the country, a low level of implementation of research results. The scientific and technical potential of the country was formed in Soviet times: there are research institutes and universities, there are domestic scientific patents and developments, but there is practically no introduction to production. At present, the demand for the results of innovation activities from the production and social sphere lags behind the capabilities of the country's scientific and technical potential. The main reason for this situation can be a poor knowledge of the principles of commercialization of innovative technologies by domestic inventors and scientists. [²]

In this paper, the experience of foreign countries in the field of commercialization of scientific developments is considered. Economically developed countries create special organizational structures that act as intermediaries between sellers and buyers of new technological developments and play the role of technological brokers to develop the commercialization of scientific developments. This practice is widespread in the UK and Germany. UK is the unconditional leader among the EU countries, where most universities have technology transfer offices. Currently, such innovative infrastructures are being formed in the universities of Sweden and Germany. [³]

State participation is an indispensable condition for the establishment of a successful innovation environment which is reflected in public-private partnership. And there is a direct correlation between state support and the level of development of science in the country. It was sufficient to introduce new legislation and approve certain programs in some countries with a developed scientific base, (such as the USA and Germany), in others with a less developed research base, the state needed to take the function of monitoring the development of an innovation development strategy as one of the Priority areas of its activities (for example, Finland). The study of models of the commercialization of scientific developments in economically developed countries testifies to the heterogeneity of the development and development of systems. Each of the models developed in its own way and for each of them had its own landmarks. Despite this, it is possible to identify several common reasons for the accelerated development of commercialization systems in economically developed countries. In a number of countries, various schemes for the commercialization of scientific developments have been developed and are being applied - from transferring ownership rights to all developments created at the expense of public funds to the private sector until the state retains certain property rights.

Establishment of laws that stimulate the development of innovations was important step in the development of the environment for the commercialization of innovations of these states. State participation is an indispenable condition for the establishment of a successful innovation environment, which is reflected in public-private partnership, it was sufficient to introduce new legislative acts and approve certain programs in some countries with a developed scientific

¹ Department of Management and Marketing, the Higher School of Economics and Business, Al-Farabi Kazakh National University, Kazakhstan
E-mail: usmanov.a.s@mail.ru

²

³
base. Until recently, in many European countries there were restrictions for state institutions to establish subsidiaries, however today the general trend in European legislation is the creation of a legal framework that stimulates state institutions to participate in the creation of start-up companies. This trend is based on an objective assessment of the effectiveness of various approaches, trials and mistakes during several decades of the evolution of European legislation. At the same time Europeans relied on well-developed American experience. In the United States, as early as 1958, the NASA Space Research and Creation Act laid down the norm on the transfer of technology from the public sector to business. The laws of Stevenson-Widler and Bai Dole, adopted in 1980 and developed in a number of new laws that followed them, became universal in this field. The Bayh-Dole Act, which became a milestone in the legislation, gave the right to recipients of federal funds allocated for research and development, patent inventions and issue licenses to firms. [4]

The main motivation for the adoption of this law is the stimulation of the use of scientific results financed by the state, by transferring the property right from the state to universities and scientists. Almost all OECD countries have amended the regulations governing the financing of scientific research and labor laws allowing the research institute to file applications, own and license intellectual property created as a result of public funding. The main emphasis of legislative and political changes was made on the transfer of property rights from the state or individual researchers to state research organizations and the participation of inventors-scientists in revenues from commercialization. The rationale was that the ownership of public research organizations, in comparison with individual researchers, gives greater legal certainty and develops formal and effective channels for the transfer of technology.

Depending on the political structure of states, as well as their cultural characteristics, the system of financing the system of commercialization is changing. For example, in Germany, funding was partly assumed at the expense of the federal budget (90% of the 40% allocated to the budget), partly from the local budget (10% of 40% allocated to the budget). In Finland, the government takes full responsibility for itself by providing grants and loans, and there is the possibility of transferring a loan to a grant (with an unsuccessfully implemented project). The Japanese model, at this stage, is very different from all the others. Despite a number of unsuccessful experiments set by the government, the Japanese development model could still be transformed into a new model, unlike the Western model. In this model, the "donors" of the project are companies associated through members of the faculty with commercialization centers. Also, one of the significant differences in the process of establishing the innovation system of Western countries can be noted differences in patenting systems. The verification system used in a number of European countries has proved its worth in the development of a successful model of innovation development, provided that innovation is stimulated, although the system used in the US is the most effective.

The most similar model of the Bay-Dole model adopted in the United States is the so-called university model, which is aimed at strengthening the realization of the interests of the state in introducing innovations into the economic turnover and in obtaining revenues from their commercialization. Also, the "Industrial" model of introduction of scientific and technical results into the economic turnover is functioning effectively, which functions in case of granting state subsidies for R & D to the private sector, the maximum size of which can not exceed 50% of the project cost. The maximum share of the state in the increments from the commercialization of R & D results is 40% of the volume of financing. In practice, in many countries, the so-called mixed model is also used. [5]

Today various tools are used in developed countries to stimulate the commercialization of scientific developments, which can be classified as follows: from the point of view of the nature of the means - tax and natural preferences, financial incentives; From the point of view of objects - stimulation of contract scientific researches, activity of small and average enterprises, stimulation of the researchers creating a scientific result. At present, the approach to the question of the commercialization of the results of state capital investments into the sphere of R & D is changing significantly. The state and scientific and technological organizations are increasingly becoming partners, and the first ensures the observance of national interests, creating a favorable entrepreneurial, including investment climate, and the second, constantly feeling the state support and guarantees, provides a confident economy Growth and commercialization of public investment in the market.

Research institutions create services for the commercialization of scientific developments, provide training on issues such as the basics of entrepreneurship, patenting, licensing and licensing calculations, work in the stock market, evaluation of scientific results and technologies, marketing. Thus, the experience of developed countries shows that the commercialization of research and development results is based on the interaction of all participants in the innovation process - the state, business and science, where each participant has a role to play. At the same time, the state is the initiator, motivator and guarantor of effective interaction between business and science.

References


A Supportable Format for Attribute Based Encryption in Cloud Computing

George, Salu

Abstract

Cloud Computing is used for enabling convenient, on-demand network to access shared pool of configurable computing resources (e.g., Networks, servers, storage, applications, and services) which are rapidly provisioned and released with management effort or service provider interaction. Cloud technology allows for much more efficient computing by centralizing storage, memory, processing and bandwidth. The security is the major issue in the cloud computing. The issue is overcome by the encryption. The various encryption standards ensure the cloud security. Attribute-based encryption (ABE) is a vision of public key encryption that allows users to encrypt and decrypt messages based on user attributes. In a typical implementation, the size of the cipher text is proportional to the number of attributes associated with it and the decryption time is proportional to the number of attributes used during decryption. To reduce the decryption time in outsourced encryption method the user provides a transformation key to the cloud to translate any ABE cipher text into simple cipher text and it only incurs a small computational overhead for the user to recover the plaintext from the transformed cipher text. The proposed system introduces the Verifiable Outsourced Encryption so that the user can check the correctness of the transformation performed by the cloud server and the user let to know the data is not modified by the untrusted servers.

Keywords: Attribute Based Encryption, Verification, Transformation.

1. Introduction

The definition of Cloud computing varies from individual to individual. Basic working of cloud computing is to provide a cheap and efficient services in order to reduces the cost of data management and infrastructure. Cloud computing provides different services rather than a unit of product. These services put forwarded 3 models: Software as a Service (SaaS), Platform as a Service (PAAS), and Infrastructure as a Service (IaaS). The major problem faced in cloud computing is recent days is the data integrity problem. Most of the enterprise application are deployed in cloud. Cloud are of three types, public cloud which is mostly maintained by third parties, private cloud which is used for specific application and hybrid cloud which is a combination of both of the above mentioned clouds. Besides the benefits associated with the cloud computing, there are different security issues in cloud in order to differentiate one cloud user’s data from the other in order to retain the data, privacy, reliability, confidentiality and integrity.

In this paper, we have focused on the ABE (Attribute Based Encryption) technique a new public key based one-to-many encryption that enables access control over encrypted data using access policies and ascribed attributes associated with private keys and cipher texts. There are two kinds of ABE schemes: key-policy ABE (KP-ABE) and cipher text-policy in a CP-ABE scheme, every cipher text is associated with an access policy on attributes, and every user’s private key is associated with a set of attributes. A user is able to decrypt a cipher text only if the set of attributes associated with the user’s private key satisfies the access policy associated with the cipher text. In a KP-ABE scheme, the roles of an attribute set and an access policy are swapped from what we described for CP-ABE: attributes sets are used to annotate the cipher texts and access polices over these attributes are associated with users’ private keys. In the following, we will use the terms access policy, access structure and access formula interchangeably.

![Figure 1] ABE system for outsourced decryption

One of the main efficiency drawbacks of the most existing ABE schemes is that decryption is expensive for resource-limited devices due to the number of pairing operations required to decrypt a cipher text with complex accessing policy. The cost of security can be proven only in a weak model (i.e., selective security), there exist several expressive ABE schemes where the decryption algorithm only requires a constant number of pairing computations. Recently, Green et al. proposed a remedy to this problem by introducing the notion of ABE with outsourced decryption, which largely eliminates the decryption overhead for users.

Based on the existing ABE schemes, Green et al. also presented concrete ABE schemes with outsourced decryption. In these schema, a user provides an untrusted server, say a proxy operated by a cloud service provider, with a transformation key TK that allows the latter to translate any ABE cipher text CT satisfied by that user’s attributes or access policy into a simple cipher text CT’, and it only incurs a small overhead for the user to recover the plaintext from the transformed cipher text CT’. The security property of the ABE scheme with outsourced decryption guarantees that an adversary (including the
malicious cloud server) be not able to learn anything about the encrypted message; however, the scheme provides no guarantee on the correctness of the transformation done by the cloud server.

In the cloud computing setting, cloud service providers may have strong financial incentives to return incorrect answers that are easily detected by users. Consider a cloud based electronic medical record system in which patients’ medical records are protected using ABE schemes with outsourced decryption and are stored in the cloud. In order to access patients’ medical records effectively on the mobile phone, a doctor generates and delegates a transformation key to a proxy in the cloud for outsourced decryption; given a transformed cipher text from the proxy, the doctor can read a patient’s medical record by just performing a simple step of computation. If no verification of the correctness of the transformation is guaranteed, however, the system might run into the following two problems: 1) for the purpose of saving computation cost, the intermediate could return a medical record transformed previously for the same doctor; 2) due to system malfunction or malicious attack, the proxy could send the medical record of another patient or a file of the correct form but carrying wrong information.

The consequence of treating the patient based on incorrect information could be very serious or even catastrophic. The above observation motivates us to study ABE with verifiable outsourced decryption in this paper. We emphasize that an ABE scheme with secure outsourced decryption does not necessarily guarantee verifiability (i.e., correctness of the transformation done by the cloud server). For example, the secure ABE schemes with outsourced decryption proposed by Green et al are not verifiable.


There are many security issues for cloud as it encompasses many technologies including databases, networks, operating systems, virtualization, resource scheduling, load balancing, and memory management. So, the security issues for many of these systems and technologies are adopted to cloud computing. For instance, the network that interconnects the systems in a cloud has to be secure and safe. And also, virtualization paradigm in cloud computing results in several security criteria. For example, mapping the virtual machines to the physical machines has to be carried out securely. Data security provides encrypting the data and ensuring that necessary policies are enforced for data sharing. In extent, resource allocation and memory management algorithms have to be secure and safe. Finally, data mining techniques may be useful for malware detection in clouds. Security issues of cloud computing are discussed below:

3. XML Signature Element Wrapping

XML Signature Element Wrapping is the renowned attack for web service. It is used to defend a component name, attribute name and value from unauthorized party but unable to protect the position in the documents. Attacker targets the component by operating the Simple Object Access Protocol messages and putting anything that attackers like. Remedy measures for this attack is using the digital certificate. Example is X.509 authorized by third party such as certificate authorities and also uses the combination of WS-security with XML signature to a particular component. XML should have the list of components and it can reject the messages which have forged files and also reject the unexpected messages from the client.

4. Browser Security

The second issue is the Browser Security. The client sends the request to the server by web browser, and the web browser will make use of SSL to encrypt the credentials to authenticate the user. SSL support point to point communication means, if there is third party, intermediate host can decrypt the data. If cracker installs sniffing packages on intermediary host, the attackers may get the credentials of the user and login as a valid user. Remedy measure for this attack is Vendor should use WS-security concept on web browsers because WS-security works in message level that use XML encryption for continuous encryption of Simple Object Access Protocol messages which does not have to be decrypted at mediator hosts.

5. Cloud Malware Injection Attack

The next issue is Cloud Malware Injection Attack, which tries to damage a malicious application or virtual machine. An intruder is obligatory to generate his personal malicious application, service or virtual machine request and put it on the cloud. Once the malicious software is entered into the cloud structure, the attacker care for the malicious software as legitimate request. If satisfied user ask for the spiteful service then malicious is implemented. Attacker upload malicious program in to the cloud structure. Once cloud structure care for as a legitimate service the virus is implemented which damages the cloud structure. In this case hardware is damaged and attacker aim is to harm the user. Once user asks for the malicious program request the cloud gives the virus to the client over the internet. The client machine is affected by virus. Remedy measure for this attack is authentication check for received messages. Store the original image information of the request by using hash function and compare it with the hash value of all upcoming service requests. In this way attacker makes a legitimate hash value to deal with cloud system or to enter into the cloud system.

6. Flooding Attacks

Flooding attacks is the next issue. Attacker strikes the cloud system openly. The most outstanding feature of cloud system is to make available of hard scalable recourses. Cloud system continuously increase its size when there are more requests from clients, cloud system provide new service request in order to obtain client requirements. Flooding attack is generally distributing a large amount of non-sense requests to a limited service. Once the attacker throws a number of requests, by providing large recourses cloud system will try to work against the requests, ultimately system uses all recourses and not capable to provide service to normal requests from user. Then attacker harms the service server. DOS attacks cost additional fees to the consumer for usage of recourses. In an unforeseen situation the owner of the service has to tally additional money. Remedy measure for this attack is it’s difficult to stop Dos Attacks. To stop from damaging the server, Intrusion detection system will filter the spiteful requests, installing firewall. Occasionally intrusion detection system provides fake alerts and could mislead administrator.

7. Data Protection

Data protection in cloud computing is a main factor, it could be
difficult for the cloud customer to efficiently check the activities of the cloud supplier and as a result he is sure that data is handled in an appropriate way, but it does not like that this problem is intensify in case of various transformation of data. Remedy measure for this attack is that a consumer of cloud should check data handle either it is handled lawfully or not.

8. Incomplete Data Deletion

Incomplete data deletion is mostly risky in cloud systems, it does not remove completed data because duplication of data is placed in other servers. For example, when a client request to detach a cloud resource, then with most OS this will not detach accurately. Accurate data deletion is impossible because copies of data are stored in the nearest copy but are not available. Remedy measure is that VPN should use for securing the data and used the query that will detach all the data from the main servers along with its copies.

9. Locks in

Another problem is locks in; at this time, there is a little tender in the manner of tools, standard data format or procedures, services edge that could handle data, application and service portability. This will disable the customer to move from one cloud provider to another or shift the services back to home IT location.

10. Conclusions

The Attribute based Encryption increases the cipher text size according to the number of attributes. To overcome that problem the outsourced decryption is introduced. The outsourced decryption reduces the cipher text size by decrypting the cipher text during the file outsourcing. But in the outsourced decryption the decryption is performed by the untrusted server. So we cannot say that the decryption performed by the server is correct or wrong. So the problem is solved by the proposed system. The proposed system allows the user to check whether the decryption performed by the server correct or wrong. This method is achieved by producing a checksum for the cipher text. The decryption is correct if the user can produce the same checksum which the data owner produced.
Analysis of Development of Project Management in the Republic of Kazakhstan

Mukhtarova, Karlygash S.; Yesmurzayeva, Aknur

Abstract

The current state of design management is in Kazakhstan at an initial level of development. A number of the large national companies has a large number of the integrated control systems, specialists in management of projects and shows good results of activity. However, in the country purposeful advance of project management isn't carried out and is absent national standarts in the field of management of projects. Also absence of information and the projects given for the analysis leads to difficulty of an assessment of a condition of development of project management and its regulation that can create obstacles to transition to innovative economy. Realization of state programs and projects also demands from officials knowledge of project management. There is a question of integration of project management into public administration. In this case professional development of personnel, then development of integrated systems of project and public administration are required. In this work we don't review separate examples of breakthroughs in science and equipment, in general we consider a narrow area of development of project management in the market of the state projects.

Keywords: Project Management, Innovation Management, Professional Development, Kazakhstan.

1. Introduction

Kazakhstan with the young economy shows rather good results today. The concept of industrial and innovative development of Kazakhstan is directed on entry of the country into a number of leaders of the competitive and dynamically developing states of the world. Our state allocates huge amounts of money for implementation of projects of various scales. This indicator will be obvious in 2017 at the international EXPO 2017 exhibition. Big financial investments are allocated for realization of this event, a large number of projects are being planned and some are already planned. Realization of various projects including innovative ones, has to be based on understanding and active use of new methods and technologies of their management. Introduction of management of projects in Kazakhstan market happens spontaneously and chaotically. There are companies which use methods and instruments of project management and also companies which render consulting and training services in project management work. There are international organizations and their branches in Kazakhstan. However, there is a lack of accurate communication between them, and organizational and economic mechanisms of interaction aren't built [1].

2. Main Part

On the content of various projects, including innovative ones, An effective implementation of it depends, first of all, on understanding of it and properly using new methods and techniques on managing these projects. Introduction of the project management into Kazakhstan market is being carried out slowly and spontaneously. There are companies, using project management methods and tools effectively in managing their companies in the market. Also, there are companies which works on teaching the project management and provides consulting services. International project management institutes and their branches are widely spreading and developing in Kazakhstan market. Although, among above mentioned strong communication, organizational and economic relationships mechanism are not set up [2].

In Kazakhstan, project management development is a new direction of science and in practice. That is why there are very few data about project management issues and development characteristics in the country. At the same time, as statistic and other state documents are not indicated officially, it restricts ability to research current status of project management and its future development. Research and analyze of RK project market is conducted in following directions:

- State projects market:
- Market of consulting companies working on teaching the project management and consulting;
- Information technology market introducing project management system to RK companies.

State projects market includes state programs and large national projects. Mainly, the government provides implementation of many projects, such as building the infrastructure, factories and high-rise buildings [38]. As of today, there are 45 active state programs are working [3].

State programs of RK cover practically all spheres of economy and the social sphere and are aimed at increase of efficiency, competitiveness of branches, level and quality of life of the population. In each program there are purposes, tasks and projects realization of which leads to execution of the program. The most difficult program and at the same time the one developing all branches is the state program of forced industrial and innovative development. The purpose of the program is creation of the national innovative system providing increase of competitiveness of economy due to creation of a control system of innovative and technological development, innovative development of branches and regions, creation of conditions for development of small and medium hi-tech
business and increase of scientific and engineering capacity of the country [2]. Proceeding from the aforesaid purpose, this program must provide high-quality growth of economy, thus break on many areas should be observed. At the moment, the industrialization map totals 875 projects in 13 main directions (Figure 1). Total number of the involved human resources is 78 thousand people. In 2015, input of 140 projects that makes 16% of total of the industrialization map is planned. In 2014 this indicator was at the level of 33% [4]. As shown on the Figure 3, most of the projects belong to agricultural products recycling and building industry. Majority of the projects are in the South Kazakhstan, 150 projects, at the same time Pavlodar region (83), Aktobe region (82), Kostanay region (82). From these indicators we can say that more money resources should be given to energy, chemical industry sectors and infrastructure zones.

![Construction and wood processing industry](image)

**Note:** [5] with the author on the basis of the literature

*Figure 1* > Distribution of the implementation of the projects of the Industrialization Map directions

The project will be carried out on both sides of the project initiator - the state-owned holding companies, foundations, national enterprises. Creation of the project is carried out by both sides: project promoter - stat holdings, funds, national companies. Result of Kazakhstan market analyze on using the project management demonstrated that there are positive results in Kazakhtelecom JSC, "KazMunaiGas" JSC, National Space Agency of the Republic of Kazakhstan. During the implementation of the projects carried out at the expense the state, we believe that regulations on mandatory using of the modern standards (technologies) of the project management must be entered. In other words, the implementation of the project includes followings: The companies using standards, tools and methods of management of projects achieve the objectives in 74% of projects whereas they the companies which aren't using a project management methodology achieve the objectives only in 54% of projects [6].

In the analysis of project deliverables, it is possible to draw a conclusion that the reasons of a failure of projects or their low performance, are connected with insufficiency of determination of requirements (34%), 20% - a lack of qualified personnel, 17% are a weak government of risks, 15% - insufficient monitoring of works of the project, 14% - bad communications (Figure. 2). For elimination of these reasons or their easing it is necessary to work with each parameter separately. The lack of qualified personnel is closely connected with system of professional education in this area. For increase in number of specialists in the field of project management it is necessary to improve the level of interaction of educational institutions and the sphere of production. At the moment in Kazakhstan there are only two higher educational institutions in which there is a separate specialty "Project management". The specialization courses on project management offered by private companies include some days of trainings and put high prices for the services. According to poll, only 54% of the hired employees taking not managerial positions know about project management. Thus, it is necessary to increase level of training of specialists, to popularize the direction, to carry out scientific conferences on project management with participation of the foreign companies practicing experience of maintaining projects. All other reasons of inefficiency of projects (insufficiency of determination of requirements, weak government of risks, insufficient control of works, bad communications) are connected directly with project management.

Representatives of high echelon of state control in Kazakhstan usually have experience in project management and use it in specific projects. In addition to it, absence of national standards in this sector causes many problems in implementing of inter-industry programs. There fours aspects of obstacles in developing institutional projects as project management: financial, client, "internal business processes", "continuing training and development of personnel". The main problem of financial aspect in Kazakhstan is the absence of the followings:

- state programs and projects implementing monitoring system based on project management standards;
- budgetary financing system of project management development

International experience shows the followings: Only usage of integrally managing methods of ANSI EVMS 749 standards alike projects will ensure transparency of implementing the projects for national goals, cut the costs significantly and eliminate corruption in projects. In his speech "New decade- new economic growth- new opportunities of Kazakhstan" to Kazakhstan people, head of the state said: "Each industrial project in the country must be observed not only by the government, but also by society". For client aspect of 17 million people of Kazakhstan several international and foreign standards on project management sector is simultaneously used. In China, there is a only one C-PMBOK standard for 1.3 billion people. Japan, the United States, Australia, Great Britain and Switzerland have their own national standards. In the speech of the president of the Republic of Kazakhstan to his people (2010 year) was given a task implementing of 162 large projects which total investment of 6.5 trillion tenge, it is more than fifth of the country's GDP. To accomplish this task, of course, it is required to prepare high qualified project managers. Although, professional managing of projects and programs in implementation of the state program of accelerated industrial-innovative development and Business Road
Map 2020 is a major factor, specialties related to the implementation of projects and programs are still in state registry of Ministry of Labor and Social Protection. However, only project manager support client goals and try to ensure them value [7].

3. Conclusions

Realization of state programs and projects means compliance of conditions and rules of subjects of a business environment participating in these projects. In view of this feature, the state can be the driver of development of project management, obliging participants of the project to have project management and certified project managers in realization of the projects. Existence of national institute of project management will strengthen positions of this specialty and will build a state policy in the field of development of project management.

Realization of state programs and projects also demands from official knowledge of project management. There is a question of integration of project management into public administration. In this case professional development of personnel, then development of integrated systems of project and public administration are required.

References


KR industrializatsiyasy kartasy // MZHS Memlekettk ortalianin resmi sayti okzppp.kz

A Comparative Analysis of Corporate Governance Guidelines: Bangladesh Perspective

Rahman, Md. Musfiqur¹; Khatun, Naima²

Abstract

The purpose of this research study is to make a comparative analysis between corporate governance guidelines 2006 and 2012 and area of further improvement to ensure better governance, accountability and transparency. This research study is mainly based on the corporate governance guidelines 2006 and 2012 issued by the regulatory authority known as Bangladesh Securities and Exchange Commission (BSEC). This study finds that corporate governance guideline 2012 include some new issues such as criteria and qualification of independent director; some additional statements in the directors report; mandatory requirement of separation of chairman and CEO; constitution of audit committee, chairman of audit committee; role of audit committee; duties of CEO and CFO on financial statements; and collection of compliance certificate from professional accountant or secretary in compare to corporate governance guidelines 2006. This study suggests that the regulatory authority should include more issues such as tax management and reporting, risk management and reporting; individual and overall performance analysis of the board and independent directors; separate nomination and compensation committee; assessment of true independence of the board and its supporting committees to ensure higher quality of corporate governance and transparency.

Keywords: Corporate Governance, Board of Directors, Independent Director, Audit Committee.

1. Introduction

Corporate governance is an emerging issue in academic research because it ensures better monitoring and meets the company’s objective or shareholders demand of value maximization and interest of other stakeholders. Corporate governance monitors management effectiveness and makes sure legal conformity by preventing improper and irregular behavior and ensures protection of shareholders rights and investors’ confidence. Quality of corporate governance also scrutinizes the transparency and accountability of the firm’s governance related issues and helps to assess whether the firm is better or poorly governed. Effective corporate governance depends on code of corporate governance issued by the government or the regulatory authority. Code of corporate governance is also a relevant issue in academic research because of chain of financial scandals worldwide and various corporate scandals such as Enron and Andersen in US and Marconi in UK. The major objectives of code of corporate governance are to improve the quality of board governance and to increase the accountability to minority shareholders.

Bangladesh Securities and Exchange Commission (BSEC), the regulatory authority, introduces corporate governance guidelines in 20 February, 2006 on ‘comply or explain’ basis to ensure corporate governance for the interest of the general investors and capital market. Comply or explain basis implies that listed firms of stock exchange should comply the condition of corporate governance guidelines or should explain in case of non-compliance. Bangladesh Securities and Exchange Commission (BSEC), the regulatory authority further revised the corporate governance guidelines of 2006 and issued corporate governance guidelines 2012 on ‘comply’ basis in 07 August, 2012.

Thus, the objective of this study is to make a comparative analysis between corporate governance guideline 2006 and 2012 and area of further improvement to ensure better governance, accountability and transparency. This study is mainly based on the corporate governance guidelines 2006 and 2012 issued by the regulatory authority known as Bangladesh Securities and Exchange Commission (BSEC).

Comparative Analysis of Corporate Governance Guidelines 2006 and 2012

The comparative analysis between corporate governance guidelines 2006 and 2012 is presented in the appendix and details are explained below:

Board of Directors

Board size should be not less than 5 and not more than 20 according to corporate governance guidelines 2006 and 2012.

<Table 1> Board Size

<table>
<thead>
<tr>
<th>Items</th>
<th>Section</th>
<th>CG Guideline 2012</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board’s Size</td>
<td>1.1</td>
<td>Board members should be within 5 to 20</td>
<td>Same</td>
</tr>
</tbody>
</table>

2. Independent Director

Corporate governance guidelines 2012 incorporated some additional requirement for independent directors in compare to corporate guidelines 2006. Independent director increased from one tenth (1/10) or minimum one (CG guideline, 2006) to one fifth (1/5) (CG guideline, 2012) to ensure better governance. Corporate governance guidelines 2006 explained some criteria as part of explanation of independent director means, not as a part of compliance. But corporate governance guidelines 2012 incorporated

---

¹ Dept. of Accounting and Information Systems, University of Dhaka, Bangladesh E-mail: himakobe@gmail.com
² Graduate School of Business Administration, Kobe University, Japan E-mail: naimarahman1813@gmail.com
those criteria of independent director means as the mandatory compliance requirement. Independent director should not hold more than 1% shares of the paid up shares; be the sponsor of the company; have any pecuniary relationship; be the member, director or officer of any stock exchange; director or shareholder or officer of stock exchange; be the partner, executive during the preceding three years of the concerned company’s statutory audit firm; be an independent director in more than three listed companies; be a loan defaulter convicted by the court; be convicted for a criminal offense according to corporate governance guidelines 2012. In addition, independent director should be appointed by the board of directors and approved by the shareholders in the annual general meeting; post should not be remained vacant for more than 90 days, tenure of independent director should be for a period of three years and extended for one term only and compliance of code of conduct by the board members.

There was no information about qualification of independent director in corporate governance guidelines 2006 but new corporate governance guidelines 2012 fix the qualification of independent director. New guidelines requires independent director should - be knowledgeable with integrity and have the ability to ensure compliance with financial, legal and corporate laws and make meaningful contribution to business; be a business leader or corporate leader or bureaucrat or university teacher having economics or business studies or law background or professionals like chartered accountants (CA), cost and management accountants (CMA) and chartered secretary (CS); have at least twelve years of professional or corporate management experiences. The qualification of independent director might be relaxed in special cases with the prior approval of the commission.

3. Conclusions

Corporate governance guidelines have some positive implications. First, this guideline will improve the quality of corporate governance practices of the company. Second, compliance of guidelines will enhance transparency and accountability to the shareholders. Biswas (2012) study also stated that new corporate governance guidelines will improve the corporate governance practices of the listed companies in Bangladesh. He also added that new guideline will indirectly reduce the cost of monitoring of regulator and general investors because the company needs to obtain a certificate of compliance of corporate governance guidelines from the chartered accountant or cost and management accountant or a chartered secretary and this certificate ensure the verification of the contents of compliance of corporate governance guidelines.

In summary, this study finds that corporate governance guidelines 2012 introduces some new issues such as criteria and qualification of independent director; some additional statements in the directors report; mandatory requirement of separation of chairman and CEO; constitution of audit committee, chairman of audit committee; role of audit committee; duties of CEO and CFO on financial statements; and collection of compliance certificate from professional accountant or secretary. These are the major changes in corporate governance guidelines 2012 in compare to corporate governance guidelines 2006.

References


Does Agricultural Production Contribute to Poverty Reduction in Cameroon?

Ofeh, Moses A.¹; Dinictri, Soh Wenda Boris²; Fon, Dorothy A.³

Abstract

The paper investigated the contribution of agricultural production to poverty reduction in Cameroon using an extended generalized Cobb Douglas production function that was linearised by natural logarithm to appropriate it for multiple regression usage. The OLS estimation technique was then used to exploit data about the variables from World Development Indicators from 1980 to 2013. The results were significant at 1 % and show that 94.73% of the independent variables were responsible for expressing changes in the dependent variable. Food production positively but insignificantly contributed to poverty reduction whereas livestock production, household final consumption had a positive and significant contributions to poverty reduction by raising the gross national income per capita. Net official development assistance and official aid contribute negatively to poverty reduction in Cameroon. We therefore recommend that more concrete policies and investments aimed at supporting livestock and food farmers with financial, infrastructural and technical assistance be drafted and implemented through good governance, transparency and good faith for long term projects in the sector as some of the dreams for Cameroon to realize its new generation agriculture and the 2035 vision.

Keywords: Agricultural Production, Poverty Reduction, Cameroon.

1. Introduction

Cameroon has been among the most prosperous and stable countries in Africa, thanks to relatively abundant agricultural land and offshore petroleum. These conditions spurred up an economic boom from the re-unification of the country in 1972 until 1986, followed by a decade of decline from 1986 to 1995, and a limited recovery since then (Bamou & Masters, 2006). The recovery has been significant, but poverty remains widespread. In 2001, 17% of the population had incomes below one dollar per day in purchasing power parity terms, and 51% had incomes below two dollars per day (World Bank, 2006). However, financial and fiscal recoveries after 1995 were reflected in rising living standards. For example, the poverty index decreased by about 13% between 1996 and 2001 (World Bank, 2005), largely thanks to the recovery of the agricultural sector which had registered remarkable growth but still had not brought the country’s food production per capita back to the level enjoyed in the early years of independence. Prior to the economic crisis of the late 1980s, Cameroon’s development strategy efforts were managed through a series of five years development plans. In the plans, the agricultural sector was described as the priority sector and the government intervened massively in rural development, both directly through the establishment of state-owned agro-industries, rural corporations and settlements, and also indirectly through various support programs (Bamou & Masters, 2006).

At independence, about 85% of the population lived in rural areas and relied principally on agriculture for their livelihoods. Since then, the country has urbanized faster than most other African countries. By 2005, the share of the population living in rural areas was estimated to have fallen below 50%, as compared to an African average of 64% (FAOSTAT, 2006). As oil exports grew after 1977, the resulting Dutch disease contributed to stagnation in both industry and agriculture, with a boom in the oil and service sectors that at times generated more than two-thirds of gross domestic product. Agricultural production in general witnessed a poor performance since the discovery and exportation of crude oil in 1977. Its growth rate of 10% during the first decade after independence had reached 7% between 1975 and 1982. Since then, production in the sector remained stagnant between 1982 and 1988 before the severe drop of 1989. Apart from banana and rubber, productions of the other products were 20-50% less than the projections of the 5th five years development plan.

The agricultural sector in Cameroon is characterized by large public and private owned commercial farms and smallholder subsistent farms. Commercial farms produce export crops like cocoa, cotton, rubber, sugarcane, banana, oil palm, tea and tobacco. Smallholder farms produce staple food with 72% growing maize or sorghum, 71% groundnut, 58% root crops like taro or coco yam, 56% plantain, 53% bean or cowpea and 52% vegetables. Nearly 70% of the food produced is eaten on-farm (INS, 1999). Rice is grown by an estimated 145,000 farmers on about 44,000 hectares, mainly in the irrigated schemes in the north. As these production areas are far away from the centers of consumption in the south (Yaoundé and Douala), most rice is exported to the neighboring countries of Nigeria, Chad and the Central African Republic (MARD, 2009). The Government adopted the rural sector development strategy in 2005 where it noted that its agriculture was in bad shape, structurally unable then to feed the Cameroonian population. Thus the 2005 production strategy was aimed to ensure food security and self-sufficiency for households and the nation; contribute to economic growth and particularly to the growth of foreign trade and employment; increase the incomes of rural producers; improve the living conditions of the rural population, and ensure better use and sustainable management of natural capital as a production base (GESP, 2010).

The implementation of the strategy was carried out in a context marked by food and financial crises. It was intended to raise the production of major food crops as cereals estimated at 1686 tons in 2005 to 3294 tons in 2015, roots and tubers from 3836 tons in 2005 to 6319 tons in 2015 vegetables and fruits from 1405 tons and 2282 tons in 2005 to 2400 tons and 4076 tons in 2015 respectively (SDSR, 2005). However, the results obtained were still below expectation as

1 Department of Economics, Higher Teacher Training College Bambili, University of Bamenda, Cameroon E-mail: ofeh2002@yahoo.fr
2 Faculty of Agricultural Science and Agronomy, University of Dschang, Cameroon
3 Faculty of Agricultural Science and Agronomy, University of Dschang, Cameroon
production of export and food crops remained insufficient; living conditions of the rural population still precarious; access to funding and the market continues to be limited; and the institutional framework was unfavorable for the sector's development (GESP, 2010). However, in 2008, agriculture contributed more than 41% of GDP and employed about 70% of the country's working population (INS, 2008; DESA, 2009). In Cameroon and other African countries like Ghana and Mali agricultural performance remained substantial over the last two decades. The substantial performance was due to increasing per capita incomes which boosted domestic demand for agricultural produce and prompted major re-orientations of macroeconomic and agricultural sector policies.

Despite a decade of economic growth, poverty rates remained almost unchanged between 2001 and 2011. After a large decline between 1996 and 2001, poverty incidence remained broadly constant. Although poverty decreased from 39.9% in 2007 to 38.7% in 2011, the rate of decline did not keep up with demographic growth and the number of poor thus increased. There were net increases in the poor population in both urban and rural areas. Poverty declined in urban areas from 12.2% in 2007 to an estimated 10.8% in 2011. During this period, however, the urban population increased from approximately 8.4 million to 10 million mainly because of internal migration, resulting in a small increase in the urban poor population. In rural areas, the percentage of the poor population increased from 55% in 2007 to 59.2% in 2011, which translated into more than one million additional rural poor coupled with an increasing number of refugees (IMF, 2014).

While the availability of food is sufficient at most times of the year in some regions of the country, analysts have agreed that the consequences of the availability status quo are at stark. The World Food Program (WFP) and the FAO found in their 2011 Comprehensive Food Security and Vulnerability Analysis that, at any given time, at least 30% of Cameroonian households of rural and urban areas remain vulnerable to food insecurity. Over 48% of the working population in Cameroon depends on agriculture and on pastoral activities, yet it is estimated that only 20% of the country’s arable land is currently cultivated (FAO, 2012). Of over the 22 million Cameroonians, at least eight million live in rural areas. The majority of these rural people, over 55% fall below the national poverty line of US $1.25 per day, (IMF, 2010). The results of a recent large-scale food security study show that nearly 10% of households in rural Cameroon were food insecure due to inadequate food production in the poor areas (PAM, 2011). The WFP/FAO (2011) also found out that an additional 10% of rural households were in a persistent state of relative food insecurity. People suffering from such productivity and health-sapping conditions are forced to skip meals, to reduce the size of their meals or to buy the cheapest available food items. Food security experts have concluded that without renewed efforts to scale up the domestic availability of food beyond present levels, rural Cameroonians may continue to have deficient access to adequate food.

In Cameroon, from 2001 to 2007, the national proportion of people living below the poverty line remained virtually stable, dropping from 40.2% to 39.9% (GESP, 2010). It was based on such observation that; reducing poverty to a socially acceptable level was set as one of the main goals of the GESP. With respect to the goal, the GESP earmarked reducing income poverty rate from 39.9 per cent in 2007 to 28.7 per cent in 2020. In Cameroon, agriculture has for long been a prioritized economic sector and it is believed that agriculture-led development is fundamental to cutting hunger, reducing poverty, generating economic growth, reducing the burden of food imports and opening the way to the expansion of exports. Therefore, improving upon agriculture would substantially contribute in eradicating poverty in the country. It is based on this premise that the current study is necessitated. Hence, the work is intending to investigate whether agricultural production contributes to poverty reduction in Cameroon. Specifically, it intended to determine whether food and lives stock production contribute to poverty reduction in Cameroon

2. Methodology

The scope chosen is based on the fact that it coincides with the era in which many economic policy reforms have been put in place in Cameroon to boost the country’s agricultural sector and fight against poverty. The data used is secondary from the world development indicators of the World Bank (2015).

Model Specification

We got inspiration from the neoclassical Cobb-Douglas production function

\[ Y = f(AL^K) \]

and adapting to our case gives equation 1.

\[ 
Income or Monetary Poverty \\
= \left( Afpi^8 \cdot lpi^8 \cdot hfc^8 \cdot ggfce^8 \cdot nofd^8 \cdot sevp^8 \right) \\
(1)
\]

In the study, income poverty was measured by gross national income per capita (gni pc). Hence, equation (1) becomes:

\[ gni\ pc = \left( Afpi^8 \cdot lpi^8 \cdot hfc^8 \cdot ggfce^8 \cdot nofd^8 \cdot sevp^8 \right) \\
(2)
\]

To obtain a linear model, we present all the data series in natural logarithm, which brings all values to the same unit. Hence, the functional relationship among the variables is expressed in equation 3.

\[ \ln gni\ pc = \ln A + \beta_1 \ln fpi + \beta_2 \ln hfc + \beta_3 \ln ggfce + \beta_4 \ln nifd + \beta_5 \ln sevp \] \\
(3)

Letting \( \ln A = \beta_0 \), and substituting it in (3), we have equation 4.

\[ \ln gni\ pc = \beta_0 + \beta_1 \ln fpi + \beta_2 \ln hfc + \beta_3 \ln ggfce + \beta_4 \ln nifd + \beta_5 \ln sevp \] \\
(4)

Considering Ravallion et al (2008) and following that poverty is determined by various factors, equation (4) is modified to include an error term and time factor is specified to capture the effects of fiscal, economic and agriculture indices on gross national income per capita in equation 5.

\[ \ln gni\ pc = \beta_0 + \beta_1 \ln fpi + \beta_2 \ln hfc + \beta_3 \ln ggfce + \beta_4 \ln nifd + \beta_5 \ln sevp + \varepsilon \] \\
(5)

With the expectation that \( \beta_i \geq 0 \) where, \( i = 1, 2, 3 \ldots, \ldots, 6 \). \( \beta_0 \) is a constant as \( t \) is time and \( \varepsilon \) is the error term. Equation (5) becomes the econometric model adopted for OLS regression in the analysis where:

\( \ln gni\ pc \) = Natural log of Gross National Income Per Capita used as proxy for income poverty.
lnfpiₜ = Natural log of Food Production Index used as proxy for food production, lnlpiₜ = Natural log of Livestock Production Index used as proxy for livestock production, lnhfceₜ = Household Final Consumption Expenditure, lnggfceₜ = Natural log of General Government Final Consumption Expenditure, lnnofdₜ = Natural log of Net Official Development Assistance and Official Aid Received, lnsevpₜ = Natural log of Secondary Education Vocational Pupils and εₜ = Stochastic or Error term.

References


FAO (2012). Foreign agricultural investment country profile: Cameroon; FAO: Rome, Italy.


A Model to Predict Corporate Failure in the Developing Economies: A Case of Listed Companies on the Ghana Stock Exchange

Oduro, Richard¹; Aseidu, Michael Amoh²

Abstract

The primary objective of the study is to develop a model for predicting the failure status of corporate entities in the developing economies based on both financial and non-financial ratios. The study aimed at developing a model that predict the probability of failure of companies operating in the developing economies using financial ratios and non-financial ratio. The logit model was the main statistical tool applied. A matched sample design was used. Three models were developed and compared; a model consisting of financial ratios only (Model 1), non-financial ratios only (Model 2) and both financial and non-financial ratios (Model 3). From the study, comparatively Model 3 is more efficient in predicting the corporate failure status in one year from now. Prediction of failure status of a corporate entity therefore should consider both financial and non-financial variables.

Keywords: Corporate Failure, Corporate Governance, Logit Model, Ghana Stock Exchange

1. Introduction

Every business regardless of size of asset and nature of operations is exposed to the risk of insolvency. This study was necessitated by the various corporate failures in in Ghana during last decade. Among the companies that have failed include Ghana Co-operative Bank Limited (failed in 2015), West African Mill Company Limited (failed in 2014), Juapong Textiles Ltd (failed in 2005), Bonte Gold Mines (failed in 2004), Bank for Housing & Construction Ltd (failed in 2000), Ghana Cooperative Bank Ltd (failed in 2000), etc. Most work on corporate failure attributes failure to poor management of corporate financial resources hence based their studies on financial ratios only. Thereafter, several researchers have developed models to predict corporate failure using different approaches but they were all based on only financial ratios.

However, some researches have pointed out that, weakness in corporate governance (a non-financial indicator) is a major cause of financial distress as evidenced in the work of Rajan and Zingales (1998) and Prowse (1998) who concluded that, poor corporate governance on top of concentrated ownership structure paved the way for financial crisis. The failure of the famous Enron in 2001 was due to weak corporate governance mechanisms that provided an opportunity to the firm’s executives to commit the fraud. Again, the Pramuka Savings and Development Bank Ltd in Asia failed due to lack of corporate governance practices. In Ghana, the collapse of companies such as Tano Agya Rural Bank, Tana Rural Bank Ltd, Meridian BIAO Bank, Bank for Credit and Commerce International can be largely attributable to poor corporate governance in the parent banks which eventually led to their collapse.

It is therefore evident that, a model to predict early warning signs of failure cannot be developed without incorporating the non-financial factors particularly, corporate governance characteristics. This is because, poor corporate governance contributes greatly to the probability of corporate failure even for firms with good financial performances. Very few researchers have developed a failure prediction model that incorporates non-financial factors such as corporate governance variables. A notable study in this area are Nisansala and Abdul (2015) and Bunyaminu (2015) where the latter perform the study in Ghana but used only managerial factors as the non-financial factors other than corporate governance characteristics. To the authors’ best knowledge, apart from Nisansala and Abdul (2015), no research was found in the developing economies which combines both corporate governance variables and financial ratios to predict corporate failure hence creating a gap in the literature for which the authors’ aimed at filling.

2. Objective of the Study

The primary objective of the study is to develop a model for predicting the failure status of corporate entities in the developing economies based on both financial and non-financial ratios.

Hypothesis of the Study

The study is premised on the following null hypotheses;

1. There is no difference between corporate failure prediction model based on only financial ratios and model based on both financial and non-financial ratios in terms of their validity and predictive power.
2. There is no difference between corporate failure prediction model based on only non-financial ratios and model based on both financial and non-financial ratios in terms of their validity and predictive power.

The rest of this paper is organised as follows. The next section reviews relevant literature in the area of corporate failure prediction. Section three explains the methods adopted for the study, measurement of both predictor variables and the response variable, description of the modelling approach, sample selection, and data collection methods used in the study. Section four presents the results from the empirical analysis and finally section five concludes the paper.

3. Methodology

In this section, we describe the method of selecting the data for the study, selection of the predictor variables and the modelling approach and specifications for the study.
Population and Sample
The study population constitutes the equity stock listed companies on the Ghana Stock Exchange from 1994 to 2015 (the study period) which numbered forty (40) as at 31 December, 2015 and selected failed companies in Ghana up to 31 December 2015. In selecting the sample from this population, a matched sample design was applied where major companies that has failed in Ghana during the study period (not necessarily listed) were selected and paired to the non-failed companies on the stock exchange with reference to turnover size and in the same financial year. However, this study focus much on industrial groupings and the inclusion of non-financial factors in corporate failure prediction which were not considered in these studies. In total, twenty (20) matched-pair (forty (40) companies in total) of failed companies and non-failed listed companies on the Ghana Stock Exchange was used for the study. Each of the 20 failed companies were matched with a corresponding non-failed company on the Ghana Stock Exchange with reference to turnover size and industrial groupings.

Data Collection
Relevant financial and non-financial (specifically on corporate governance issues) data was collected from the published annual reports of the forty companies for the period; in the case of the failed companies, data for one year before failure was used to develop the corporate failure prediction model, in the case of the non-failed companies, the same year data for which it corresponding company was selected.

Modelling Approach and Specification
The modelling approach adopted for the study is based on the logit model and is considered as most appropriate model for the study as it utilizes the coefficients of the independent variables to predict the probability of occurrence of a dichotomous dependent variable. This method was adopted by Demirguc-Kunt and Detragiache to estimate the probability to a threatened economy which is undergoing a banking crisis, hence well applied in the literature and has produced a valid and verified result.

Reference
Estimating Total Factor Productivity and Its components – Evidence from Manufacturing Sector of Tamilnadu, India

Kumar, T. Sampath¹; Pradeep, V.²

Abstract ¹

The study applied Data Envelopment Analysis (DEA) to estimate total factor productivity growth and to identify the sources of productivity growth in the manufacturing sector of Tamil Nadu. The study considered 12 major sectors and estimated productivity growth and the major sources of productivity growth during the period 1981-82 to 2007-08. The study found that the productivity growth in the industrial sector of Tamil Nadu at the aggregate level during the test period was almost nil. While it is the case at the aggregate level, there are mixed results at the sectoral level. During the pre-reform period, there was significantly higher productivity growth in almost all the sectors contributed mainly by the improvements in efficiency. On other hand, there was productivity deterioration in the post-reform period since almost all the sectors witnessed negative productivity growth despite a technical change in the post-reform period. The study based on the empirical findings suggests that there will be productivity growth only if any improvement in the technology is accompanied by the corresponding improvement in the efficiency with which the technology can be turned into productivity gains. A well developed and skilled labour force along with the improvements in the technological developments will lead to higher productivity growth in the manufacturing sector both at the aggregate and sectoral level.

Keywords: India, Data Envelopment Analysis, Productivity, Efficiency, Tamilnadu, India.

1. Introduction

The study on productivity becomes important in view of the limited availability of factors of production, particularly the capital. The proportion of the factors of production or the inputs will be different in the different industries depending on the nature of product. The works of Solow (1957) further emphasized the need for the study of productivity and utilization of factor inputs. The role of productivity in accelerating the pace of economic growth is well recognized in both theoretical and empirical literature on growth. Sharma (1999) stated that higher productivity growth in developed countries is attributed to a high level of human capital, reliable physical infrastructure and technical advancements while poor productivity growth in developing countries is mainly attributed to inward-oriented policy regime, poor physical infrastructure, shortage of human capital and a lower level of R&D. The role of productivity in economic growth and its measurement has been discussed and debated extensively in the literature – both in the context of India and other countries. It is in this view, the present study attempts to estimate the productivity growth in the industrial sector of Tamil Nadu.

2. Industrial Profile of TAMIL NADU

Tamil Nadu is one of leading industrialized states of India. Tamil Nadu proves to be a safe haven for the investors owing to ideal business climate and healthy socioeconomic reforms. Logistical advantages due to presence of three major sea ports, an international airport and several domestic airports, quality of human resources, a peaceful industrial climate and a positive work culture have strengthened Tamil Nadu’s standing in the industrial world. The State’s business-friendly policies and proactive initiatives have played a key role in this resurgence. Tamil Nadu is one of the well-developed States in terms of development and has carved for itself a place of pride in the Industrial Map of India. In the post liberalization era, with gradual dismantling of license restrictions, Tamil Nadu has emerged as one of the front-runners by attracting large number of investments. The State is the third largest economy in India both in terms of investment and output (ASI 2009-10) and its current State Domestic Product is well over $19.6 Billion.

The State has a well-diversified manufacturing sector ranging from automobiles, textile, leather, petro-chemicals and information technology. Even before the liberalization wave hit Indian shores, Tamil Nadu had established itself on the industrial map of India as a hub for Automobile and Auto components, Textile, Leather, Cement, Sugar and Engineering industries. In the post-liberalization era, the State has witnessed growth of new knowledge-based industries such as Information Technology (IT), Information Technology Enabled Services (ITES), and Biotechnology. The State has emerged as one of the front-runners in attracting a large amount of domestic and foreign investments in all these areas.

Tamil Nadu Government is keen on improving the State’s competitiveness not only in the new growth sectors but the State Government is also determined to ensure the revival of the traditional industrial sectors with a declared vision to make Tamil Nadu a regional gateway to Asia and a major exporter of manufactured goods. In order to achieve this objective, the state government has resolved to rejuvenate the traditional industries. The focus of the State policy has been to facilitate and incentivize large industrial house to locate these factories within Tamil Nadu. This has led to the operation of a multiplier effect in terms of larger employment generation and investments in ancillary units and the related services sector. Industrial Infrastructure, such as roads, water supply, railways, industrial parks, etc., has also received adequate attention of the State. The State now focuses on stimulating further industrial development, attracting investment, facilitating new manufacturing capacity and enabling global manufacturing

¹ Department of Economics, Government Arts College, Tamilnadu, India. E-mail: tsampath.136@yahoo.com
² Great Lakes Institute of Management, Tamilnadu, India
E-mail: vpradeep_slm@yahoo.co.in
competence and competitiveness of the local industry. A Special Task Force on Industrial Development has been constituted by Government with the Chief Minister as Chairman and with senior industry representatives as members to speed up the industrial development in the State. The Government has announced new Industrial Policy during November 2007 with the aim “to give an impetus to the factors leading to industrial growth such as methodology of financing, development of technical skills, identification of the needs of industry by encouraging university-industry interaction and efficient government administration”. Tamil Nadu Industrial Policy 2006-07, focused on stimulating further industrial development. It aims to attract investment, facilitate manufacturing capacity and enable global manufacturing competence and competitiveness of local industry. Tamil Nadu is well ahead in the industrial activities through dispersing industrialization. The State attracts foreign direct investment to strengthen the capital in the industrial sector. To promote the industrial activities in dynamic, the State is creating a favourable industrial climate in the State by announcing Industrial Policies, IT Policies from time to time and provides industrial assistances to the entrepreneurs.

Productivity growth is an important source through which output can be further increased. There are large numbers of studies on productivity growth but they were carried out for aggregate of manufacturing sector. Recently researchers made their contribution at the sectoral / firm level studies in order to explain the differences in the efficiencies of the sectors or the firms. Even in these studies, the manufacturing sector of a region/state has been considered in an aggregated manner. Further, they adopted relatively old methodologies of estimating productivity growth which is a great drawback of these studies. In other words, these studies are lacking in explaining the sources of such productivity growth. Hence there is a need to look into the studies on productivity growth in two ways: the first is the disaggregated study and secondly the application of relatively advanced methodology to estimate and to explain the sources of productivity growth. Large number of studies has been carried out in the recent past which stressed on the impact of economic reforms on the productivity growth in the Indian manufacturing. Again, there was a common drawback in all these studies that they did not consider sufficiently longer period in their studies. Hence there is a need arises to include longer time period in the analysis to estimate the impact of economic reforms on the productivity growth in the Indian industrial sector. In the same way, there is a need to look into the impact of economic reforms at the regional level. India constitutes 28 states and 7 union territories. It is assumed that the economic reforms being implemented at the national level will have similar impact at the state level also. This has become an issue to be examined empirically. It is in this view; the present study makes an attempt to estimate the productivity growth of the industrial sector of Tamil Nadu. Further, the study proposes to apply the Data Envelop Analysis (DEA) to measure the productivity growth and the sources of such productivity growth from 1981-82 onwards to estimate the impact of economic reforms on the industrial productivity of Tamil Nadu.

3. Data and Methodology

Data

The study is based on the secondary data collected from Annual Survey of Industries (ASI) compiled and published by the Ministry of Statistics and Programme Implementation (MOSPI), Government of India. The data base consists of data on various aspects of Indian manufacturing both at the national and state level and is compiled from the annual report submitted by the firms. The industrial sector of Tamil Nadu has been subdivided into 12 major sectors which contribute about 96 percent of the gross value added of the aggregate industrial sector of Tamil Nadu. The required data were collected for a period of 27 years from 1981-82 to 2007-08, the latest year for which the complete set of data available (ASI 2009-10).

4. Methodology

The primary objective of the study is the estimation of total factor productivity growth and sources of such productivity growth. Among the different measures of productivity, the study applied Data Envelopment Analysis (DEA), a non-parametric method, is used to estimate the malmquist index. The DEA has some advantages over the stochastic frontier approach, which calculates both technical efficiency and technical change components of TFP growth (Pradeep & Chen, 2012). The stringent assumptions on the product market structure and weak price information could be avoided by using the Malmquist index. The Malmquist Productivity Index (MPI) is considered to be superior in many aspects particularly in the estimation of the source of productivity growth in terms of efficiency change and technical change. To estimate and decompose the productivity growth, the study applied the computer programme DEAP 2.1 developed by Tim Coelli in 1996.

The study applied two input frame work to estimate the productivity. The study used value added as output and labour and capital as factor inputs. The gross value added was deflated by the whole price index (WPI) of respective sectors and thus the real value added was used in the analysis. Similarly, the total number of persons engaged was considered as the labour and gross fixed capital was used as capital input which was deflated by the WPI of machines and machine tools. Both output and capital was deflated with 1993-94 as base year.

References


Trends in the Development of Fiscal Authorities of Kazakhstan

Ilimzhanova, Zaida A.1; Burnasheva, Venera R.2; Gussenov, Barkhudar S.3

Abstract

In development and improvement of tax system, the key role is assigned to the departments of state revenues, as they are the driving force for reforming and application of tax and customs legislation, improving the quality of public services and adequate improvement of business processes. The paper examines the significance of efficiency of interaction between taxpayers and state authorities in the Republic of Kazakhstan, which depends on the optimization of business processes and successful implementation of well-known world market tools in the management processes of state revenue authorities. Combined fiscal functions of tax and customs bodies with addition of functions in the sphere of countering economic crimes will help to reduce administrative barriers for businesses and improve tax collection.

Keywords: Fiscal Authorities, Business-Processes, LEAN Management, Kaizen, Benchmarking, Kazakhstan

1. Introduction

In development and improvement of tax system, the key role is assigned to the departments of state revenues, as they are the driving force for reforming and application of tax and customs legislation, improving the quality of public services and adequate improvement of business processes. Evolution of Kazakhstan taxation at the sixth (modern) stage is characterized by introduction of standardization and regulation of public services in management activities. To study the system of management processes for optimization of fiscal authorities in Kazakhstan in order to reduce administrative barriers and create trustful relationships with taxpayers. Expected results of improving management processes, including business processes, should not contradict the concept of “service” state for business and population. At the same time, they should contribute to unconditional execution of tax liabilities by taxpayers through fiscal functions of tax administration.

2. Research Issues

The presented below SWOT-analysis of key management processes in the fiscal authorities of the Republic of Kazakhstan (RK) demonstrates the decisions, made by the Government of country in this sphere.

<table>
<thead>
<tr>
<th>S (strength)</th>
<th>W (weakness)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of the Main state tax inspectorate;</td>
<td>Lack of experience of fiscal authorities in the management processes;</td>
</tr>
<tr>
<td>On April 24, 1995 the first Tax Code of sovereign Kazakhstan was adopted;</td>
<td>Uncertainty in the procedure of tax collection by tax authorities;</td>
</tr>
<tr>
<td>Automation of tax administration;</td>
<td>Need for training of tax inspectors' professional and psychological skills;</td>
</tr>
<tr>
<td>Reforming of fiscal service.</td>
<td>Complex architecture of combining powers of state revenue authorities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>T (threat)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low level of tax culture in society;</td>
</tr>
<tr>
<td>Growth of administrative barriers in receiving services;</td>
</tr>
<tr>
<td>Introduction of certain level of tax services and adequacy of taxation psychology.</td>
</tr>
</tbody>
</table>

In development and improvement of tax system, the key role is assigned to the departments of state revenues, as they are the driving force for reforming and application of tax and customs legislation, improving the quality of public services and adequate improvement of business processes.

3. Research Goal

To study the system of management processes for optimization of fiscal authorities in Kazakhstan in order to reduce administrative barriers and create trustful relationships with taxpayers.

References

A Qualitative Study of the Effects of a Government-Mandated Online Transaction Standard Acting as a Technical Barrier to Trade in South Korea

Callinan, Nigel

Abstract

One serious ICT downside to being entirely reliant on one system is when that security wall is breached. This became apparent on 25th January 2003, when almost the entire Korean Internet environment, including banking and stock market systems, became completely paralysed for 9 hours in the wake of a worldwide virus that exploited certain Windows security loopholes. Other countries were also affected, but as the market share of Microsoft Windows for client PC’s in Korea was 99.4% at the time, it temporarily brought the Internet in the country to a virtual technical standstill. Technical Barriers to Trade can form formidable hurdles for Organizations seeking to sell products and provide services to specific countries. These barriers are frequently erected based on government-mandated standards. This paper discusses the use of Online Transaction Standards in South Korea and establishes the effect the Standards had on competition and diversity when it came to the availability of service providers for the country’s domestic market. The paper concludes that a small number of companies benefitted from the unique business ecosystem set up within an effectively closed market.

Keywords: Internet, Security, Encryption, Trade, Barrier, Technical, Korea.

1. Main Text

The volume of information, goods and services exchanged on the Internet has grown and diversified in recent decades. This has led to criminal groups trying to identify weak points in the electronic transfer of information as a way to compromise data either for sale or for use in fraudulent transactions. Public Key Infrastructure (PKI) systems can be put in place to try and minimize the risks associated with data transfer on the Internet. PKI systems can either be mandated by Government regulations or implemented through industry standards and best practice.

In this paper, we will explore the implementation and evolution of Government-Controlled PKI Systems in South Korea. While Korea was trying to increase its economic activity in the 1960s and 70s, Trade Barriers and Protectionist measures were put in place to protect domestic businesses. Many of those barriers have recently been removed in compliance with Free Trade Agreements (FTAs). However, a growing trend in International Business is the use of Technical Barriers to Trade (TBT) as a more flexible substitute for traditional forms of trade protectionism. The aim of this paper is to discuss whether Government-Controlled PKI systems have created a TBT in South Korea either by accident or by design. According to the International Guide to Combatting Cybercrime (Yoo, 2007), developing countries frequently assume digital or electronic signature laws require Government Mandated PKI encryption technologies along with Certification Authorities (CAs). The book continues by asserting that these legal frameworks provide a barrier that will deter foreign investment. Moreover, the author outlines how the UN, EU and U.S digital signature laws require technology neutrality, so countries that mandate locally developed PKI authentication schemes may not be aligned with most industrialized nations and global standards.

In order to provide the infrastructure needed for electronic information to be exchanged safely, the Korean Government became heavily involved in the creation and management of Online Transaction Security Standards in the latter part of the 20th century. The South Korean Government and banks first started working together on Internet Security standards in 1998. At that time, the most common form of cryptographic security system used to protect data around the world was called Security Socket Layer (SSL). However, during 1998, the 128-bit SSL protocol was still a work in progress. It was not finished and approved until January 1999 when the Internet Engineering Task Force (IETF) signed it off for use. The IETF is an International Standards Body that specializes in TCP / IP security.

This left the South Korean banks in a difficult situation because Korean National Legislation at the time would not allow the use of 40-bit encryption for online transactions. The scenario was further complicated because the U.S blocked the export of 128-bit encryption technologies until December 1999 due to National Security concerns. In order to circumnavigate the delays, the Korean Government instead funded a project by the Korean Information Security Agency (KISA) to create their own encryption standard using a block cipher approach. They named their resulting security algorithm SEED (KISA, 2009).

When SEED was launched, the main Internet browsers used in Korea for online transactions were Microsoft’s Internet Explorer and Netscape. Internet Explorer plugins used Active-X technology whereas Netscape required an NSPlugin. Therefore, most of the accredited Certificate Authorities in Korea decided to provide the user software for these two browsers only. In the early 2000s, Netscape use gradually dwindled and then disappeared, both in Korea and internationally, so that left Active-X for Internet Explorer as the sole standard for domestic Korean companies. Another development that happened during this time was that the security techniques used by the financial websites started to spread throughout the Korean website world. It also created a business opportunity for companies in Korea as they could exclusively provide the programs needed to support the system.

As can be seen below in Table 1, the Korean Government accredited five Certification Authorities. All of the companies were

---

1 Department of Global Studies, School of Economics and International Trade, Pusan National University, Korea Email: pnu.callinan@gmail.com
domestic for profit Korean companies (KISA, 2012).

<table>
<thead>
<tr>
<th>Accredited CA</th>
<th>Accredited Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Signgate</td>
<td>10th February 2000</td>
</tr>
<tr>
<td>2 SignKorea</td>
<td>10th February 2000</td>
</tr>
<tr>
<td>3 Yessign</td>
<td>12th April 2000</td>
</tr>
<tr>
<td>4 Crosscert</td>
<td>24th November 2001</td>
</tr>
<tr>
<td>5 Tradesign</td>
<td>11th March 2002</td>
</tr>
</tbody>
</table>


These Korean companies emerged in this niche area. One big bonus for these companies is that they could bundle their anti-virus or even the third party programs with the security installations to drive revenue growth. It quickly became a lucrative market. For example, the installation of keyboard security programs to prevent against keystroke logging and other security programs became a mandatory step or else the systems could not be used.

Initially, this monopoly on Korean Internet browsing was a good business situation for Microsoft and they supported the system. In November 2003, Microsoft signed an MOU with KISA and on November 22nd 2004, both organizations marked a year of cooperation with a promise to persevere with their attempts to improve the computer security and data protection ecosystem in Korea. One serious ICT downside to being entirely reliant on one system is when that security wall is breached. This became apparent on 25th January 2003, when almost the entire Korean Internet environment, including banking and stock market systems, became completely paralysed for 9 hours in the wake of a worldwide virus that exploited certain Windows security loopholes. Other countries were also affected, but as the market share of Microsoft Windows for client PC’s in Korea was 99.4% at the time, it temporarily brought the Internet in the country to a virtual technical standstill.

References


Determinants of Commercial Banks’ Efficiency in Bangladesh: Does Crisis Matter?

Banna, Hasanul1; Ahmad, Rubi2; Koh, Eric H.Y3.

Abstract

Banks play a crucial role in bringing stability and economic development through their expected contribution in proper financial resource mobilisation across the economy. Despite the great importance, there is little focus in recent literature which provided empirical evidence on the effect of global financial crisis and post-crisis on the banks of Bangladesh and other determinants of Bangladesh bank efficiency. Thus, this paper aims to examine the effect of global financial crisis and post-crisis, and other determinants of the efficiency of Bangladesh commercial banks. By employing the Data Envelopment Analysis (DEA) method, we computed the technical efficiency of individual banks operating in the Bangladesh banking sector during 2000 to 2013. The empirical findings indicate that the Bangladesh banking sector has exhibited the highest efficiency level during 2001, while efficiency seems to be at the lowest level during 2010. The study finds that crisis along with bank size, capital adequacy ratio, return on average equity and real interest rate have a significant effect on bank efficiency in Bangladesh. In order to keep the sound financial development of Bangladesh, banks operating in the Bangladesh banking sector have to consider all the potential technologies which could improve their profit efficiency levels, since the main motive of banks is to maximise shareholders’ value or wealth through profit maximisation.

Keywords: Bank Efficiency, Commercial Banks, Financial Crisis, Post-Crisis, Bangladesh.

1. Introduction

Banks play a crucial role in bringing stability and development of the economy through their expected contribution in the proper mobilisation of financial resources across the economy. Efficient intermediation of bank increases economic growth and financial stability, but insolvency leads to economic crisis. Further, the efficiency of banks not only contributes to the productivity in the economy but also makes the economy more endurable to negative and external shocks. Therefore, efficiency is vital for the growth and stability of the whole economy. Over the last few decades, most of the emerging countries have liberalised their monetary policies as well as encouraging foreign banks’ entry into the local banking market, thus, influencing the competition intensity which might result in the reduction in bank profits as banks might not be able to earn economic rent by utilising their monopolistic power and hence, affect the banks’ financial performance and efficiency levels.

Since the early 1970s, the banking industry in Bangladesh has become an important tool for the financial system. The government of Bangladesh set few requirements for all financial institutions including commercial banks to fulfil some economic objectives. In Bangladesh, four types of banks are operating namely, government-owned specialised banks or state-owned development financial institutions (DFIs), nationalised commercial banks or state-owned commercial banks (SCBs), domestic private commercial banks (PCBs), and foreign commercial banks (FCBs). Operating the banks in an efficient way is the most important issue in the Bangladesh banking sector after the formation of the National Commission on Money, Banking and Credit in 1986. In order to strengthen the regulation and supervision of the Bangladesh banking sector, the World Bank assisted the Central Bank of Bangladesh (CBB) in 1991. The efficiency of the banking area is essential to preserve the soundness of the banking system.

Most recently, Vu and Nahm (2013) recognised that among the foreign banks operating in Vietnam, those headquartered in Australia, Japan, the US and Europe perform better than those headquartered in Asia as well as the domestic banks. Ferrier (2001) also supported previous studies and found that among the ASEAN countries, Philippines banks suffer from the least cost efficiency. Later on, Dacanay (2007) examined the profit and cost efficiency of Philippines commercial banks during 1992 to 2004 and revealed that the cost inefficiency of the bank has increased as a result of the Asian financial crisis. Manlagñi (2011) supported Dacanay (2007) and added that assets quality and risk also affect the efficiency of Philippines banks. Parinduri and Riyanto (2014) however, identified that cost efficiency has increased in Indonesian banks after the 1997 Asian financial crisis. Girardone et al. (2004) found that post-crisis restructuring of the banking sector had a negative influence on bank performance and made local banks less efficient. The findings of Chantapong (2005) showed that profitability increased in the banks in ASEAN countries in the post-crisis period due to lowering of credit exposure and the efficient management of expenses and Malaysian banks showed higher efficiency than Thai banks during that period. The global financial crisis of 2007-2008 which started in the US economy also affected ASEAN countries and brought negative effects on the efficiency of Thailand banks. In the case of Bangladesh, there were only a few studies focusing on bank efficiency. However, the studies only focus on the efficiency of the banks in Bangladesh but did not study the effects of any crisis or other determinants on the efficiency.

On the other hand, bank efficiency depends on different bank specific elements such as bank capitalization and profitability, macroeconomic elements such as gross domestic product (GDP) growth, inflation rate, real interest rate, and ownership effect (either private or government). Capitalization effects bank efficiency directly as it is really an issue of concern to have high capitalization

1 1 Department of Finance and Banking, Faculty of Business and Accountancy, University of Malaya, Malaysia E-mail: banna@siswa.um.edu.my; banna@@yahoo.com
2 2 Department of Finance and Banking, Faculty of Business and Accountancy, University of Malaya, Malaysia E-mail: nabi@um.edu.my
3 3 Department of Finance and Banking, Faculty of Business and Accountancy, University of Malaya, Malaysia E-mail: erickoh@um.edu.my
or low capitalization. This is because low capitalization may lead the bank to expose default risk whereas high capitalization may result in higher cost and low profitability. Considering the issue, many studies have been conducted focusing on bank capitalization as an internal determinant of efficiency. Samad (2008) concluded that ownership is not statistically significant factors relating to bank efficiency. He found that domestic private banks outperform state-owned banks in terms of efficiency. However, Bonin, Hasan and Wachtel (2005) found that government-owned banks were not appreciably less efficient than domestic private banks.

The effect of the global financial crisis on the banks of Bangladesh is not focus enough in recent literature. There is little empirical evidence in recent literature that focuses on the effect of global financial crisis and post-crisis as well as other determinants of bank efficiency. Therefore, this paper aims to examine the effect of the global financial crisis and post-crisis and other determinants of the efficiency of the commercial banks of Bangladesh. This paper is expected to contribute to the banking literature by filling the gap in the impact of the global financial crisis, bank specific, macroeconomic and ownership on bank efficiency of Bangladesh commercial banks. The next section explains the research methodology, followed by the third section that discusses the analysis and findings and finally, the conclusion and policy recommendations are presented in the fourth section.

2. Methodology

In our study, we used the Data Envelopment Analysis (DEA) technique. The DEA is a mathematical programming approach to measure the efficiency relative to the assembled frontiers. The basic DEA is based on an idea of efficiency very similar to the microeconomic one. However, the DEA frontier is not produced by some unambiguous functional form, rather it is generated from the actual data for the assessed organisations. In general, the DEA frontier is formed of linear combination that links the set of observations in the data set under analysis that creates a convex Production Possibility Set (PPS). As a result, the DEA efficiency score for a particular Decision-Making Unit (DMU) is not defined by an absolute term rather it is defined relative to the other DMUs in the specific data set under consideration. In this study, we used variable returns to scale (VRS), first introduced by Banker, Charnes and Cooper (1984) to compute efficiency scores. The choice of VRS over a constant return to scale (CRS) is justified that all DMUs are not operating at an optimal scale due to imperfect competition and financial constraints. As a consequence, using of the CRS will result in measures of technical efficiency (TE) which are confounded by scale efficiencies (SE).

References


Banking Lending Behavior towards SME Businesses during Global Financial Crisis 2008: Evidence from Malaysia

Shammo, Anisul Mannan¹; Mahbub, Meshkat²; Yahya, Abdul Aziz³

Abstract

The financial crisis in 2008 caused by the failure of the large numbers of banks in the United States. This financial crisis also gives the impact to the other sector such as SMEs Business. The financial shock also spread to the other financial institution outside the U.S like in Europe and Asia including Malaysia. The amount of trading between U.S and Malaysia decreased gradually over the period of crisis, thus it affected as well to several industries sector in Malaysia including financial industries. Therefore, we would like to examine whether the bank lending behavior in Malaysia affected by the global financial crisis in 2008 or not and the impact of the crisis on the lending towards SME Business in Malaysia. The objective of the research is commercial banks, Islamic banks and investment bank in Malaysia. We use the data time series from the first quarter of 2006 to last quarter of 2010. We obtained the data from Bank Negara Malaysia. This research involves the descriptive analysis to analyze the study. The result shows that the lending from commercial and Islamic banks to large businesses fell slightly by 0.09% in the third quarter of 2007 but it contracted shortly in the next quarter by 2.5%. SME businesses are not influenced by the global financial crisis in 2008 even in peak quarter of financial crisis, they increased gradually by 3.9% instead. Conversely, the lending from Investment bank in Malaysia fell by 49% during peak quarter of crisis.

Keywords: Financial Crisis, Bank Lending Behavior, Sme, Investment Bank, Malaysia.

1. Introduction

The financial crisis in 2008 started from the failure of mortgages debt repayment by subprime creditors. At that time, the biggest investment bank in United States Lehman brothers announced the bankruptcy and the failure also followed by large numbers of banks in U.S. The Federal Deposit Insurance Corporation has closed about 465 banks in U.S from 2008 to 2012 (FDIC, 2016). The failure of large numbers of the bank also affected some SMEs business in U.S and they got attention from the policy maker. In 2010 U.S President Barak Obama signed the Small Business Jobs Act which created the small business lending fund programmed to raising fund for the small business in the USA. Also in the United Kingdom, they put pressure on banks to increase or not to reduce the lending for small and medium-sized firms. Mainly banks use relationship lending as the main lending tools for the SMEs. Also, arm’s length lending or transaction based where using hard assets as collateral is more cost effective (Berger & Udell, 2006). It also allows big banks and foreign banks to lend to SMEs (Beck et al., 2011).

The financial crisis also gives the shock to the rest of the world and it weakening several financial industries outside the United States. Several countries in southeast Asia got affected by the global financial crisis 2008 including Malaysia. The trading between U.S and Malaysia has significantly decreased during peak quarter of financial crisis. As can be seen from the figure 1.1 which depicts that the import trading from Malaysia to the United States decreased gradually from 2006 to 2008 by 15.8% and it declined sharply by 43.11% in 2009 relative to the beginning year, therefore the effect of the financial crisis in U.S cannot be avoided by Malaysia. Furthermore, this condition also will give the domino effect to several industries in Malaysia including financial industries.

Financial industries in Malaysia are listed as the second largest industry in southeast Asia after Singapore. During the crisis, there were several banks in Malaysia got affected by the financial crisis. Some of the Malaysian conventional banks got badly hit and government intervention needed to bailout them (Abdulle & Kassim, 2012). On the other hand, Islamic banks show much stability even though their performance lose some pace but not as bad as conventional banking systems (Kassim & Majid, 2010). At crisis time, liquidity level in the banking sector is quite high with low non-performing loans in Malaysia <See Table 1>.

This situation gives financial stability to government. Although the investment level is quite poor but Bank Negara Malaysia managed to keep non-performing loan at a low level. At march 2007 NPL (non-performing loan) over total loan was 4.4% but its decrease to 2.2% in December 2008 and June 2009. This fall offers the government space to take expansionary monetary policies to increase domestic demand. Although NPL condition is good but due to fall in aggregate demand the environment for investment also fall. Thus, it is very interesting to study further about the bank lending behavior under global financial crisis 2008. This research also wants to know how the impact of the financial crisis to SMEs business in Malaysia.

1 ¹ Department of Finance, International Islamic University Malaysia, Malaysia  
E-mail: anisul.mannan@live.iium.edu.my  
2 Department of Finance, International Islamic University Malaysia, Malaysia  
E-mail: meshkat.mahbub@live.iium.edu.my  
3 Department of Finance, International Islamic University Malaysia, Malaysia  
E-mail: aziz.syauqi@gmail.com
According to the background above, this research will examine the effect of the 2008 global financial crisis in towards the bank lending activities in Malaysia. This research will show how does the lending pattern in commercial, Islamic and investment banks in Malaysia during the financial crisis 2008. Also, it will show that, does the financial crisis 2008 affect the lending activities to SME Businesses in Malaysia.

2. Conclusions

The financial crisis in 2008 caused the failure of the large numbers of banks in the United States. This financial crisis also gives the impact to the other sector such as SMEs Business in U.S. The financial shock spread to the other financial institution outside the U.S like in Europe and Asia including Malaysia. The amount of trading between U.S and Malaysia decreased gradually over the period of crisis, thus it affected as well to several industries sector in Malaysia including financial industries. We found that the lending from commercial and Islamic banks to the large businesses fell slightly by 0.09% in the third quarter of 2007 but it contracted shortly in the next quarter by 2.5%. SME businesses are not influenced by the global financial crisis in 2008 even in peak quarter of financial crisis, they increased gradually by 3.9% instead. Conversely, the lending from Investment bank in Malaysia fell by 49% during peak quarter of crisis. This finding shows that the Malaysian banking have a good management in facing financial distress during 2008 even the lending of commercial and Islamic banks slightly decreased in last quarter 2007 but it contracted nearly as the first quarter of 2008. SME businesses in Malaysia it seems not affected by the crisis, but the lending to SME increased during the period of crisis. This indicates that Malaysia has strong fundamental economy during that time. In contrast, the investment bank depicted the negative respond during the peak of the crisis, this finding shows that investment bank cannot avoid the financial crisis due to the nature of its business which involve in buying and selling securities in the financial market, and the financial market was the most affected market during financial crisis 2008. The only way to overcome this is the authority should make prudent regulation regarding investment bank particularly in term of capital adequacy, therefore the investment bank could avoid a huge loss in the future.

References


FDIC (https://www.fdic.gov/)
Thailand's Efficient Trade Agreement and Its Impacts on Poverty and Income Inequality

Durongkaveroj, Wannaphong

Abstract

The purposes of this study are to examine changes in Thailand's economic structure in order to design the proper and efficient policies of Free Trade Agreement (FTA), and to investigate its impacts on macroeconomic variables, poverty, and income inequality. Research methodologies include the descriptive analysis, Revealed Comparative Advantage (RCA), and Computable General Equilibrium (CGE) model. The results reveal that there is a significant change in Thailand's economic structure between 1961-2014. The proportion of agricultural output to Gross Domestic Product (GDP) dramatically declines as a result of slower increase of agricultural output compared to other sectors; meanwhile, the share of Thai GDP derived from industrial sector definitely increases as a result of the continual Thailand's national economic and social development plans since 1961, the promotion of international trade, and the export-oriented Foreign Direct Investment (FDI). Additionally, it is found that export, as economic motivator, accounts around 70 percent of Thai GDP which one of the stylized tools to boost trade is an aggressive trade deal promising vast amount of traded volume. According to CGE model, Thailand derives maximum gains from trade through full liberalization in its competitive products while its sensitive commodities are still moderately protected.

Keywords: FTA, CGE, Poverty, Income Inequality, Thai Economy, Thailand.

1. Introduction

Since January 28, 1992, ASEAN Free Trade Area (AFTA) has established by the willingness of six countries in the Association of South East Asia Nations (ASEAN) including Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand so as to facilitate regional economic strength and tighten their relationship in the region. Until 1999, the rest of ASEAN including Vietnam, Laos, Myanmar, and Cambodia has decided to join this trade deal which is eventually developed ASEAN Economic Community (AEC) coming into force since the end of 2015 (Thailand Department of Trade Negotiations, 2009). Besides, from the failure of the plurilateral agreement held by World Trade Organization at Doha, Qatar, various countries have switched their interest to the bilateral agreement (World Bank, 2014). It is the form of agreement between two nations giving the favored trade promotion to each other, for example, a greater reduction of tariff levied on interested products compared to usual imported tax rate bound with WTO.

Trade is a very important factor to Thai economy because it accounts around 70 percent of its Gross Domestic Product (GDP). Thailand's value of export has increased by 9 times in 23 years between 1992 and 2015 due to the foreign direct investment (Export-oriented projects), especially from Japan, industrial reform (From light to heavy manufacturer), and current trade agreements (Thailand Ministry of Commerce, 2014). Export-led growth policy is a role model since the second world war. It is widespread especially in the low and middle income countries. However, the notably successful nations from this policy are South Korea, Hong Kong, Taiwan, and Singapore, namely the newly industrialized economies (NIEs). With this exceptional achievement, there are various countries trying to follow this policy, for example, Malaysia, Indonesia, and Thailand. However, the most outstanding exemplar is China. Due to openness, Chinese GDP has increased by 70 times since 1978. However, this policy is not an easy task. Some countries have already failed to climb, for example, Mexico. Thus, the result of policy reform depends mainly on each country's economic structure and the proper strategies to fit its differently specific conditions.

The relationship between trade openness and economic growth has been studied for a very long time. It is strongly argued that there is a positive impact from trade on economic growth. However, many papers have found an uncertain promise due to some specific conditions in each country and trade strategies. For Thailand, an export is three quarters of its economy. Its external economic policy should be well designed and correspondent to its economic structure. Besides economic growth, the impacts of free trade agreement (FTA) on poverty and income inequality are still an interesting issue as it is realized that trade deal cannot make everyone better off. Trade openness may result in the shutdown of the domestic small and medium firms which have found themselves unable to compete with the low price commodities from foreign firms. Unemployment in some sectors is inevitable and the low paid jobs will worse off. Income inequality will worsen and eventually lead to many social problems, for example, crime. Moreover, trade agreement may lead to an expansion of labor intensive industries which widens the gap of return between capital owner and unskilled labor.

Rich families can expand their factories and production scale while people classified in the lowest quintile group have to survive themselves with minimum but insufficient compensated cash from government through FTA remedy fund. Thus, the result on poverty and income distribution from trade openness depends on specific trade strategies. The purposes of this study are to examine changes in Thailand's economic structure aimed at designing the efficient FTA and to access its impact on GDP, poverty, and income inequality.

2. Methodology

There are three steps in this study. Firstly, Thailand's economy structure is analyzed using the descriptive analysis. The area of study is composed of GDP, its components, main exporting countries, and

---

1 Faculty of Economics, Ramkhamhaeng University, Thailand
E-mail: wannaphongd@gmail.com
national economic and social development plan. The list of main exporting countries (Trading partners) is figured out in order to study further in the third step. Secondly, the competitive and sensitive commodities are classified using Revealed Comparative Advantage (RCA) index.

3. Conclusions

This paper aims to study structural transformation in Thai economy, and to examine the impacts of free trade agreement on poverty and income inequality under various trade strategies. It is found that there is a considerable change from agricultural economy to service economy which leads to social, political, and economic reform. Moreover, Thailand is one of many eager countries interested in free trade agreement. Currently, there are 12 trade agreements with many countries, for example, Australia, New Zealand, Japan, and India. However, it is interesting that Thailand does not sign FTA with its main exporting partners, especially China, United States and Hong Kong. Thus, this study is to examine the impacts of FTA on macroeconomic variables, poverty, and income inequality using CGE model with main exporting countries but the scope of interest is limited to selected competitive and sensitive commodities derived from RCA index. The result suggests that Thailand will enjoy the positive impacts on GDP and its components from FTA under various trade strategies. Also, poverty declines as a result of economic growth but income distribution is likely to worse off. Thus, government and trade negotiators should give their priority to competitive products and concern more about the results of FTA on poverty and income distribution. The most difficult task is to find out the real competitive products as Thailand is well-known for a long time original equipment manufacturer (OEM) as a result of foreign direct investment, especially from Japan, not original design manufacturer (ODM) who enjoys producing its own products supplied to the world market.

References

The Impact of Property Management Services on Tenants’ Satisfaction with Industrial Buildings

Seetharaman, Arumugam; Saravanan, A. S.; Patwa, Nitin; Bey, Jiann Ming

Abstract

The aim of this research is to determine the impact of property management services on tenants’ satisfaction with the three identified variables. Structural equation modelling (SEM) is applied to build constructs and test the hypotheses with the collected survey samples. Of the three variables, facility management is the most influential factor that leads to tenant satisfaction with industrial buildings. Next, perceived quality is another important factor that contributes to tenants’ pleasure. Compared with these two, lease management fares worse, having the least extensive effect on tenant satisfaction, and could be disregarded. The ultimate impact of tenant satisfaction is about tenant retention and recommendation. The overall findings of this research will potentially help real estate developers to develop a better property management system, leasing program and tenant retention strategy.

Keywords: Tenant, Landlord, Customer Satisfaction, Industrial Building, Property Management.

1. Introduction

In the current competitive marketplace of real estate business, tenant satisfaction measurement is one of the important indicators to monitor competitiveness in industrial property development. It has become an industry standard to measure tenant satisfaction, commonly called customer satisfaction. Customer satisfaction has become the widely used metric to manage customer loyalty. Over the years, tenants have become more demanding in their perceived expectation of leased space. The importance of customer relations to businesses’ success is agreed by corporate management, marketing theorists and practitioners. The value contributions of properties can depend on treating tenants as valuable customers. Determining the expectations of tenants and tries to understand the sentiments of their tenants. Tenant surveys have proven to be a valuable tool for tenant retention programmes. Landlords should identify the key services valued by the tenants and use the benchmarking results to set goals for improvement opportunities. Many research studies have been conducted on customer satisfaction-related topics, which mainly focus on one single sector, either facility management or service quality. There are also customer satisfaction research papers related to the consumer products industry. However, the existing research papers have provided limited information about the model of property management services that could lead to tenant satisfaction and renewal.

This research particularly involves the industrial tenants in the manufacturing industry of high-technology products, test laboratories, research and development, data centres, central distribution, e-business, engineering, construction, etc. The empirical study and research model illustrate the essential concepts of tenant satisfaction. The model consolidates the property management services into one model rather than single piecemeal sectors. We also included the latest environmental and sustainability elements that many research papers have discussed separately as individual topics. The research aims to explore the insights of tenants and to understand the importance of the property management services that will affect customer satisfaction. The study will be useful for landlords in setting tenant expectations, identifying the key drivers of satisfaction, prioritizing improvement actions and creating a customer-centric culture. Three sectors are identified in this research: 1) Facility management, 2) Lease management and 3) Perceived quality.

2. Research Background

A comprehensive survey of the literature was carried out to review and analyse the relevant completed research in detail. These research papers are related to property management, facility management, customer satisfaction, lease management, service marketing, service quality and research modelling from scholarly journals and other databases. The theoretical development of tenant satisfaction has generally been conducted under the study model of customer satisfaction and service quality. This literature review exercise examines the major determinants and the impact on the overall property management industry from the holistic perspective of all the key dimensions. It also studies the degree of causality of the variables and the constructs that have not been examined in the existing research.
Some of the preliminary results of the literature review findings are compiled in Table 1. The literature review identifies the dependent variable as ‘the impact of property management services on tenant satisfaction with industry buildings’. A few independent variables are identified: 1) facility management services through the quality of the maintenance and condition of the building, the amenities provided in the surrounding areas of the building and the sustainable elements of the building itself; 2) lease management services by providing green leases, rent resolutions, relocation assistance and renewal packages despite past unpleasant experiences; and 3) perceived quality in the form of the overall service quality from the landlord, communication with the tenants, capability and knowledge of the landlord’s representative and empowerment of the landlord’s representative.

3. Research Methodology

After identifying the important variables, the empirical study was tested using a survey for data collection for the research model. The quantitative and qualitative method employed is discussed in the section on data collection. Based on the results of the literature review, the initial survey questionnaire was crafted with each of the identified sub-variables. The first pilot test was administered to 20 people from different industries, including company directors, human resource managers, marketing experts, marketing research consultant, tenants and landlords. After receiving constructive feedback from the pretest, the survey questionnaire was then redesigned with an introduction and more footnotes to explain the intent of the survey and questions. One important question was featured and added at the beginning of the survey to filter out the non-targeted population in order to ensure the quality of the survey results. Several items were changed and sentences were rephrased to simplify the understanding.

The finalized survey questionnaire was then disseminated to 30 people as the second pilot test. The purpose of the second pretest was to use the collected primary data to check the research model via SmartPLS software, which uses the partial least square technique (PLS). The final survey was conducted after the pretest results indicated the relations of each construct. PLS is discussed in the section on data analysis.

<Figure 1> Research framework
The Role of Investment Attraction in Vietnamese Industrial Parks and Economic Zones in the Process of International Economic Integration

Nguyen, Tien Dzung¹; Nguyen, Anh Tuan²; Do, Phu Tran Tinh³

Abstract

This study aims to assess the attraction of foreign direct investment in Vietnamese economic zones (including industrial zones and economic zones). The main research method used are synthesis and comparison analysis based on the data collected from the surveyed group comprising of enterprises operating in the economic zones in the Middle (Chu Lai, Nhon Hoi, Dung Quat) and the Southern (the largest island: Phu Quoc). After conducting surveys, research results show that there is a difference between the assessment and the level to meet the requirements of investors with business environment, expressed through the following criteria: (1) the infrastructure; (2) quality of public services; (3) preferential policies; (4) labor; (5) market; and (6) social services. Based on the assessment of the identified criteria, this paper had suggested six number of recommendations to promote the role of attracting foreign direct investment capital into the economic zones in Vietnam: (1) implementing the "one-stop-shop" policy; (2) continuing to improve the infrastructure of economic zones; (3) prevent and ensure the security of economic zones; (4) implementing vocational training activities to improve quality of human resources; (5) development of supporting industries; (6) raising the quality of capital invested in the economic zone.

Keywords: Economic Zones, Direct Investment, International Economic Integration, Vietnam

1. Introduction

Introduction of the economic zone model really has a role and an important meaning for countries, especially developing countries, because of their roles and their spread to the regions and territories. Nowadays, in the process of extensive economic integration, the role of economic zones is increasingly needed to be promoted as it contributes to the positioning of the national economy. The birth of economic zone has been around for a long time prior to the 18th century, in the form of free ports or commercial areas. However, it only became popular in late 20th century with the success of the Shenzhen Economic Zone model in China. Since this success, a series of economic zones have been opened in different countries around the world.

In Vietnam, the economic zone model has also been formed and developed quite early with the opening of Vung Tau - Con Dao special economic zone. So far, the model of economic zone in Vietnam has developed in various forms and diversity, such as: industrial zones, export processing zones, border economic zones, high-tech zone, special economic zone and coastal economic zones. These economic zones have changed the local economic aspects and are expressed through many important criteria such as attracting foreign direct investments (FDI), creating jobs, contributing to the local budgets, contributing to promoting export activities, bringing foreign currency to the economy, etc. Therefore, the economic zones are used with many different goals, one of the most important goals is to create a favorable environment in order to attract investment capital for production development. If this goal is guaranteed, it will resolve many other problems and objectives in the development process.

With geographical features as well as support for special policies to attract investment, foreign direct investment into Vietnamese economic zones is growing in recent period. This showed the determination of the government to create favorable conditions for enterprises to invest in production. However, in practice, there are still many limitations in the process of attracting investment capital for production development. This paper is based on the survey of enterprises’ assessment about factors affecting investments in economic zones conducted in 2016. From the findings of the survey, a number of proposals and recommendations are included in this paper to promote the role of attracting foreign direct investment capital into the economic zone in Vietnam. In addition to the introduction and conclusion, the structure of this paper also includes the following: (1) the theoretical basis; (2) assessment of the attraction of foreign direct investment capital in industrial parks and economic zones in Vietnam; and (3) propose a number of solutions to improve the model of economic zone in Vietnam.

2. Economic Zone

The free zone (FZ), free economic zone (FEZ) and special economic zones (SEZ) are the product of increased international and regional economic relations. Economic zones are usually established in a certain political and geographical territory in countries or in cross-border areas between nations. It is because the inner contents are externally manifested in various forms. As such, there is no uniformity for the concept of economic zone. But the one thing in common is that the concept of economic zone refers to a specific economic space that has a more open business environment with general rules that applied at the national economy level.

The core concept of FEZ is based on the basic principles and standards for the site which was specified by the World Customs Organization (WCO) through the Specific Annex D, Chapter 2 of the
International Convention on the Harmonization and Simplification of Customs (1973) which has specifically issued guidelines, standards and recommendations for the handling of imports and exports goods from FEZs that include geographical restrictions. Accordingly, activities conducted in the free zone are not subjected to customs regulations on import and export taxes. Thus, the category of free economic zone consists of geographical features (areas with specific territories). The procedures are simplified and reduced but based on the laws of that State, which includes import tax preferences, intermediate goods, materials and even in many cases include both equipment and capital. According to this understanding, the International Convention on the Harmonization and Simplification of Customs (1973) refers to economic zone as part of the territory of a contracting party where any good introduced are generally regarded, insofar as import duties and taxes are concerned, as being outside the Customs territory, and not subject to the usual Customs control.

In addition to this concept, different scholars and researchers have also given many definitions based on different approaches. Grubel (1984), introduced the FEZ concept approaching from a basic rent where free economic zone is a defined geographic area where economic activities do not have to apply regulatory rules and government taxes as applied to the entire national economy. The Foreign Investment Advisory Service (FIAS) (2008, p.2) gave a definition based on geo-economic perspective and the facilities that it provides whereby SEZs are generally defined as geographically delineated areas and is managed by a single agency, provides incentives for businesses having facilities in the area. Through many different stages, the concept of economic zone has changed a lot, but basically the economic zone still has four basic features (FIAS, 2008) as follows:

- Individual geographic location, secured separately from other areas through special fences or boundaries;
- Centralized and single management (implemented by the management board);
- Ensure benefits based on basic characteristics in the economic zone; and
- There is a separate customs area, tax exemption (or tax reduction) and quick procedures compared to outside areas.

Thus, the concept of economic zones has been approached in many different directions, based on the objectives that the government determines when establishing these economic zones. Accordingly, the authors have synthesized this point of view and give a general concept about the model of economic zones as follows: “Economic zone is a concept that refers to an area with appropriate geographic location, is established under the government's objectives (sometimes due to the geographical advantages, not from subjective intentions) to create an area with more favorable conditions than the general conditions and promote economic development.”

3. Factors Affecting Local Investment Attraction

Foreign direct investment (FDI) is the form of investment that the owners of capital brings their resources to another country for investment, in which capital owners are directly involved in the investment process and are responsible for investment efficiency. Capital is increasingly important for recipient countries, especially in developing countries. It solves the problem of low capital accumulation and contribute to improve the level of technology through the transfer activities from developed countries. In addition, foreign direct investment will develop domestic investment activities, enhancing the dynamism and competitiveness of domestic production and exploit the potential of the country thereby making a strong impact on economic restructuring involving sector structure, technological structure, products and labor. The territorial structure will be better suited to the needs of economic and social development of the country, and consistent with the trend of times. Besides such positive things, foreign direct investment also has many limitations such as, (1) the countries receiving investment are limited in management experiences, leading to foreign companies taking advantage of these restrictions to conduct fraudulent activities that negatively affect the environment, evade taxes etc. in order to increase profits for their companies; (2) the technology transfer process for the recipient countries is limited whereby the transferring of old, obsolete or outdated technologies might bring negative impact to the environment; and (3) taking advantage of investment to achieve political objectives of the investment-receiving countries such as disturbance of order, security and society.

However, it can be said that for today’s investment capital, the process of integration into the economy has become an indispensable objective whereby no country is excluded from this activity (to invest or receive investment). In order to receive this investment, the receiving countries must meet the requirements as well as create favorable conditions for businesses and large corporations. According to Tu and Pham (2013), factors influencing international investment from the recipient countries include, (1) the political situation; (2) the legal environment; (3) the geographical location and natural conditions; (4) level of economic development; and (5) cultural and social development characteristics.

As mentioned above, the economic zone is a region with incentives from policies and institutions to create a favorable environment to attract investment, especially foreign direct investment that aims to create motivation and contributes to promoting the local and regional economic development. Therefore, it can be said that this is the main gateway to attract foreign direct investment capital into developing countries. However, in order to attract capital, the economic zones must meet the needs of enterprises. It means creating a favorable investment environment for investors to ensure the production process. According to the approach from the local marketing theory, the investment environment is a collection of local characteristics that are shaping the opportunities and motivating enterprises to invest effectively, creating jobs and expanding production. The combination of these particular elements consist of two main components which is local policy (soft infrastructure and other factors related to market size) and geographic advantages (hard infrastructure).

References

Food Security amongst Small Grains and Long Grains Smallholder Farmers of Masvingo Province in Zimbabwe

Mapfumo, Alexander

Abstract

This study compared the food security status for small grains and long grains smallholder farmers and analysed the factors that affect food security status for smallholder farmers in Zimbabwe. The study was conducted in Masvingo Province of Zimbabwe and the respondents were stratified into small grains cultivators and long grains cultivators. Data used in the analysis of food security was collected through a researcher administered structured questionnaire. The results established that the adoption of small grains is widespread within the province. Demographic and socio-economic characteristics had an effect on the dependence of either small grains or long grains farming. The results of the study revealed that both small grains and long grains smallholder farmers had at least attained primary education which reveals that all farmers are functionally literate. Results of the Household Dietary Diversity Score (HDDS) revealed that on average 76 percent of small grains smallholder farmers were measured to be food secure whilst only 41 percent of long grains farmers were food secure. The (HDDS) reflected the dietary diversity consumed by members of the household in the previous 24 hours. Similar trends were observed from the descriptive statistics which showed that small grains smallholder farmers consumed relatively greater percentage of nutritious food groups than long grains smallholder farmers. Results of the Binary logit regression model indicated that the significant factors which explain food security status for smallholder farmers was farming activity, education, number of livestock, remittances, income and access to credit.

Keywords: Small Grains, Binary Logit Regression Model, Food Security, Zimbabwe.

1. Introduction

The aspect of household food security has received increased attention particularly due to deteriorating economic conditions worldwide (Regassa & Stoecker, 2011). Food security is understood to exist when all people have physical, social and economic access to sufficient, safe and nutritious food (at all times), to meet their dietary needs and food preferences for an active and healthy life as defined by Faridi and Wadood (2010). For the household, food security exists when all members have access to enough food for an active, healthy life at all times. Furthermore, the concept of household level food security has also been extended to include related concepts of accessibility, sufficiency, security and sustainability. Consequently, food insecurity may indicate poverty and is an important indicator of well-being. Erratic rainfall patterns being experienced in Zimbabwe have played a part in reducing agricultural yields hence poverty and food insecurity (Mushunje, 2005). The Household Dietary Diversity Score (HDDS) was used to measure food security status of smallholder farmers in this study. Furthermore, this study investigates the factors affecting food security for small grains and long grains smallholder households in three different districts of the Masvingo Province of Zimbabwe. To obtain the factors affecting food security, a Binary Logistic regression model based on primary data source from 3 districts of Chivi, Mwenezi and Bikita smallholder farmers was used.

2. Background

Smallholder farmers in Masvingo are moving away from production of long grains to production of small grains like millet varieties and sorghum because they are drought resistant crops. Mushore et al. (2013) noted that the biggest challenge to farming and food security in Zimbabwe today is climate change and global warming which has caused temperatures to increase by an average of 2.5 percentage from 1980 to 2012. This is in contradiction to the contribution of the paper by FAO, 2008 which reiterated that inadequate funding and skills shortage were the major causes of food insecurity in Zimbabwe. According to FAO (2011), the impacts of climate change are already being felt in Southern Africa with increased occurrence of droughts, strong winds, floods, heat waves which cause a major challenge to agricultural production and economic development. There has been increased occurrence of droughts in Zimbabwe from the year 2002 with the worst affected provinces included Masvingo, Manicaland, Mashonaland East and Matabeleland South (FAO, 2008). As a result of changing weather systems and climate change, agriculture has been adversely affected due to disruption of rains and increased temperatures. It is therefore imperative to look at strategies which effectively minimize the impacts of climatic trends such as droughts in most affected areas such as in Masvingo in Zimbabwe. One way which has been proposed is by adopting traditional grain crops such as millet varieties and sorghum which are drought resistant.

3. The Study Area

Masvingo province is divided into seven districts which are; Chivi, Chiredzi, Gutu, Masvingo, Bikita, Zaka and Mwenezi. Masvingo province occupies the drier lowveld area in the south of Zimbabwe. Major agricultural activities in the province are cattle ranching, subsistence crop farming and irrigated sugar growing. The rainfall pattern in this province is highly variable and uncertain, making the province prone to natural disasters especially droughts (Mapfumo & Madsha, 2014). Figure 1 shows the location of the study area. The specific study areas within the province (Chivi, Mwenezi, & Bikita) were chosen in terms of high adoption of small grains in these districts.

1 Great Zimbabwe University, Zimbabwe  E-mail: amapfumo@gzu.ac.zw
<Figure 1> The location of the study area: Masvingo province

References


The Determinants of Current Account in the Southeast Asian Countries

Dang, Thi Ngoc Lan

Abstract

This study aimed to identify the macroeconomic factors impacting current account in Southeast Asian countries, namely, Vietnam, Malaysia, Philippines, Singapore and Thailand, from Q1/2005 - Q2/2016. The results of the study show that the determinants of current account are net foreign assets, trade openness, relative income, real multilateral exchange rates. Depending on the economic conditions in each country, the determinants of current account are in different directions. In this study, the author uses Johansen-Juselius cointegration test method with VECM (vector error correction model) in Vietnam, Malaysia, Philippines, Singapore, Thailand to determine the relationship between the current account and the macroeconomic variables mentioned above in the short term and long-term.

Keywords: Balance of Payment, Current Account, Southeast Asia.

1. Introduction

After 1993, the current account in Vietnam started to have good tendency, with the deficit narrowing in 1997 - 1998, and in 1999, achieve the current account surplus for the first time and 2.1% in 2000; 2.2% in 2001, respectively (IMF Vietnam Country Report). However, in the period from 2002 to 2016, the current account deficit returned. Especially in 2008, affected by the global crisis, the current account deficit reached the highest level of 10.79 billion USD, accounting for 11.9% of GDP. In 2009, due to the delayed impact of the crisis on import and export, the current deficit of Vietnam has changed in a positive direction, but the level of decline is negligible. By 2010, the trade deficit has become very tense, the current account deficit was 10.15% of GDP. Meanwhile, the neighboring countries in the region such as Thailand, Philippines, Singapore, Malaysia... shows that these countries always reach current account surplus.

Components of the current account include: trade in goods, trade in services, investment incomes, net transfer. The current account is the difference between savings and investment by the formula: \( CA = S - I \) where: S: private savings; I: private investment. As a result, savings and investments come before other macro factors. This approach shows that macro factors affecting relative future prices and relative prices will affect savings and investment (Obstfeld & Rogoff, 1995). In addition, the current account is also determined by access to capital accounts. In an open economy, capital accounts may be affected by the characteristics of the nation's macroeconomic policies.

2. Literature Review

So far, there have been many studies on the determinants of current account, the relationship between those determinants and the current account is positive or negative. Chinn and Prasad (2003) investigate the medium-term determinants of a current account with the adoption of a structural approach that highlights the role of the underlying macroeconomic determinants in savings and investment. Their data contains annual data for 18 developed countries and 71 developing countries from 1971 to 1995. Research result shows that international trade openness is negatively correlated with current accounts in developing countries, net foreign assets have a positive correlation with current account. According to research about the determinants of current account imbalance in Malawi by Kwalungana and Nkurna (2009), the exchange rate is positive correlated with the current account deficit. The Ang and Sek study (2011) compared the determinants of current account deficits and surpluses between the countries with current account surplus and the countries with the current account deficit in 1973 – 2010 period, indicating that the nominal exchange rate increase would have a negative impact on the current account. The Jawaid and Raza (2013) research investigating the determinants of current account deficit in Pakistan shows that the exchange rate is positive correlated with the current account deficit.

The development stages of the balance-of-payments hypothesis (Debelle and Faruqee, 1996) suggest that in the early stages of development, when a relatively low level of income of an economy would have a current account deficit and the later stages of the development process with relatively high incomes, the economy in normal conditions runs a current account surplus to pay off the external debt accumulated earlier and also left the capital to the economy underdeveloped.

3. Data and Methodology

The author performs quantitative analysis using the VAR (vector autoregression) method to determine the determinants of current account in Southeast Asian countries, the study period from Q1/2005 to Q2/2016, with 46 observations. The research followed Lucun Yang's (2011) study - An empirical analysis of current account determinants in emerging Asian economic, in which he shows that the determinants of current account are net foreign assets, trade openness, real exchange rates, and gross domestic product. The research model is as follows:

\[ CA = f(NFA, OPEN, REER, REL_y) \]

Where:

- \( CA \): current account;
- \( NFA \): net foreign assets;
- \( OPEN \): trade openness;
- \( REER \): real local exchange rate;
- \( REL_y \): relative income.

1 University of Finance and Marketing, Vietnam.
E-mail: lan_giangvien@yahoo.com.vn
4. Research Results

Our study used the Augmented Dickey-Fuller (ADF) and Phillips-Person (PP) unit tests to test the continuity of the data series. Based on a 5% significance level or a 95% confidence level to know whether the data sequence is non-stationary. With the results obtained, the variables are stationary at first differential, and the CA is stationary at level. The Granger causality test follows the traditional method is based on F statistic and p-value respectively. Based on the results obtained when analyzing model latency, the author examines the causalities of variables at lag of 5. Given the significance level of 5%, the results show that there is a causal relationship between \( REL_y \) variables and \( REER \) in Vietnam at 5% significance level. Based on the Johanssen test, the author uses the VECM to study long-term fluctuations and speed of adjustment to long-term equilibrium of the determinants of current account in Vietnam. The two estimated values to consider are the Cointegrating Eq and the Error Correction. The results of the estimation are presented in Table 1. From the results in Table 1, we find that the variables NFA, OPEN, \( REER \), and \( REL_y \) are statistically significant at 1% level. NFA and \( REL_y \) variables are negatively correlated to the CA dependent variable, OPEN and \( REER \) variables are positively correlated to CA. On the other hand, the VECM analysis of the rate of return to the equilibrium position (Error Correction) of Vietnam was -4.460108 and not statistically significant because p-value> 0.05.

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Cointegrating Eq</th>
<th>Hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-0.004699</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFA</td>
<td>-0.002530</td>
<td>+/-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>[-18.4368]**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPEN</td>
<td>0.008693</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>[10.3193]***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REER</td>
<td>0.027254</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td></td>
<td>[9.60128]***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REL_y</td>
<td>-0.005806</td>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>[-11.4908]**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In parenthesis is the standard error. ***, **, * denoted 1%, 5%, 10% respectively.

Sources: Authors’ calculations

Extensive research for countries in South East Asia varies from country to country depending on the economic conditions in which the determinants of current account are different. The author uses the same tests as the case of Vietnam. The results of the Jonahassen analysis in these countries show that there is an cointegration among variables in the model with a 5% significance level in Malaysia and the Philippines there are more than 3 cointegrations, Singapore has more than 2 cointegrations, and Thailand has 1 cointegrations. The results obtained from VECM regression in the study countries are summarized in Table 2. The results of Table 2 show that the NFA variable is positive correlated with the CA in Malaysia and negative correlated with CA in the Philippines, Singapore, Thailand; OPEN also has positive correlation with CA in Malaysia, Philippines and negative correlation with CA in Singapore, Thailand; \( REER \) has positive correlation with the CA in the Philippines, Thailand and negative CA in Malaysia and Singapore; \( REL_y \) has positive correlation with the CA in Malaysia, Singapore and negative correlation with the CA in the Philippines and Thailand. In addition, when estimating with the VECM, the results also show the speed of adjustment to the long-term equilibrium of the variables in the model in the studied countries.

**Table 2**: Estimiated coefficient summary in VECM in the studied countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>NFA</th>
<th>OPEN</th>
<th>REER</th>
<th>REL_y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>6.189621</td>
<td>1.124006</td>
<td>-14.55568</td>
<td>0.009935</td>
</tr>
<tr>
<td></td>
<td>[11.0839]</td>
<td>[2.21098]</td>
<td>[-3.21836]</td>
<td>[6.34029]**</td>
</tr>
<tr>
<td>Philippines</td>
<td>-0.004622</td>
<td>0.097658</td>
<td>0.478115</td>
<td>-0.001440</td>
</tr>
<tr>
<td></td>
<td>[-0.22322]**</td>
<td>[0.96668]</td>
<td>[2.78887]</td>
<td>[-2.24296]**</td>
</tr>
<tr>
<td>Singapore</td>
<td>-0.127743</td>
<td>-0.084093</td>
<td>-1.021769</td>
<td>4.08E-05</td>
</tr>
<tr>
<td></td>
<td>[-7.0520]***</td>
<td>[-7.92715]**</td>
<td>[-2.72674]**</td>
<td>[5.76965]**</td>
</tr>
<tr>
<td>Thai Lan</td>
<td>-0.602598</td>
<td>-6.457650</td>
<td>7.369279</td>
<td>16.44036</td>
</tr>
<tr>
<td></td>
<td>[-2.12076]</td>
<td>[-6.70572]</td>
<td>[1.15265]</td>
<td>[3.07282]</td>
</tr>
</tbody>
</table>

In parenthesis is the standard error. ***, **, * denoted 1%, 5%, 10% respectively.

Sources: Authors’ calculations

5. Policy Implication

From the research results, the author draws some implications to help improve the current account balance, which focuses on the results obtained for Vietnam. As follows:

Firstly, based on the findings of the study, the greater net foreign asset will make the current account more deficient. As foreign assets increase, the real interest rate increases, the domestic currency will more valuable, thereby adversely impacting exports. Therefore, the government should have policy directing domestic capital into the production area of the economy, accompanied by careful attention in choosing investment projects that take advantage of technology transfer capabilities, apply advanced technologies to increase the competitiveness of domestic goods and boost the production capacity of the whole economy. By doing so, it can limit imports and boost exports to help improve the current balance.

Secondly, the research results show that the real multilateral exchange rate has a positive correlation on the current account, as the exchange rate increases, the domestic currency devalues, which helps increase exports. Devaluation of the domestic currency will be beneficial to encourage exports, but overuse will lead to higher inflation which destabilizes the economy. In addition, the USD/VND exchange rate increases over time, increasing the Government’s debt burden as the current government debt structure is heavily depend on foreign currencies including the US dollar, while this currency tends to increase against VND. Choosing the direction of the exchange rate should consider benefit-cost analysis, and the State Bank of Vietnam (name of Vietnam central bank) should set objective for the exchange rate policy in each period, and have specific measurements in decision making to ensure the highest benefit to the economy.

Thirdly, the Government should implement policies to promote domestic producers to improve product quality and create trust for consumers in order to encourage people to use high quality Vietnamese goods, raising domestic goods value.
Reference


Tran Ngoc Tho et al., 2011. *International Finance*. Publisher of Finance. HCMC.

World Bank Group, 2013. *World Development Indicators (WDI)*.

Ownership Structure and Dividend Policy of Vietnamese Enterprises after the Global Financial Crisis

Pham, Quoc Viet¹; Luong, Quoc Trong Vinh²; Tran, Bao Vy³

Abstract

The paper examines the impact of ownership structure on the dividend policy of listed companies in the Vietnam stock market after the global financial crisis. The sample uses panel data including 91 corporates listed on the Ho Chi Minh City Stock Exchange (HOSE) for 2009-2015. The results of the study show that public ownership and domestic private ownership are positive correlated with dividend payout ratio, while the effect of foreign ownership on dividend policy is not significant. This result could provide an important implication on the orientation of restructuring state-owned enterprises and attracting foreign investment in Vietnam stock market in the future.

Keywords: Ownership structure, Dividend policy.

1. Introduction

Ownership structure is one of the factors that strongly influences corporate governance, which influences corporate financial decisions such as financing decisions, investment decisions, and distribution decisions. There are many studies in the world about the relationship between ownership structure and dividend policy, but the results are inconsistent, due to differences in business environment and corporate governance regulations. Under the impact of the global financial crisis, the Vietnamese economy has experienced macroeconomic instability (exchange rate, inflation, trade balance), leading to cautious monetary and fiscal policy. The authors expect the “Bird in hand” theory will govern the behavior of major shareholders in making long-term financial decisions. Specifically, the dividend payout ratio will increase during this period and positive correlated with the ownership ratio.

2. Literature Review

Jensen and Meckling (1976) argue that in the information asymmetry environment, agency costs arise because of conflict of interests of managers and owners. Managers can invest after-tax profits in risky projects, rather than pay dividends for individual interest, resulting in shareholders suffering costs due to conflict of interest. In such a context, dividend payout is viewed as a tool to control managers' opportunistic behavior. This theory suggests that a high dividend yield and low retained earnings will reduce the agency problem. Cliente effect theory suggests that different investors will have different needs and tend to prefer to buy shares in companies that implement dividend policies that meet their specific needs. This is due to differences in tax rates on dividends versus capital gain. Miller & Modigliani (1961) argued that to minimize these costs, investors would prioritize companies that give them the best expected return. Likewise, the company aims to attract different types of customers based on their dividend policy through its growth cycle. The Bird in hand theory suggests that in times of instability, shareholders prefer dividends rather than potential capital gains, since the discount rate increases in this stage, resulting in the present value of retained earnings will be less attractive than dividend. Glen et al. (1995) found that state ownership was an important element of the dividend decision-making process. When shareholder protection was limited, the state was an influenced investor. It can protect minority shareholders by forcing internal shareholders to cash in. Supporting this view are Wei, Zhang and Xiao (2004) surveying Chinese listed companies for the period 1995-2001, or Tran Thi Hai Ly (2015) with the sample of Vietnamese listed companies for 2008-2012.

The relationship between foreign ownership and dividend policy is unclear because of the heterogeneity of foreign investor behavior, and the instability of the investment incentive policy from countries to countries. Thanatawee (2013) and Manos (2002) did not find the effect of foreign ownership on dividend policy in Thailand and India. Lam, Sami, Zhou (2012) find evidence of the negative correlation of foreign ownership on China's dividend policy. Tran Thi Hai Ly (2015) points out that the dividend payout ratio is positive correlated with foreign ownership in Vietnam. According to Wei, Zhang and Xiao (2004), small private investors have no incentive, nor capability of collecting information and monitoring the management. They only care about the price movement of the stock they own. They rely on capital gain in the short term rather than dividends payout. Thanatawee (2013) finds dividend payout ratio to be negatively correlated with private ownership in Thailand. The research hypothesis of the authors comes from the “Bird in hand” theory, thus expecting a positive correlation between state ownership, foreign ownership, and private ownership with dividend payout ratio in Vietnam after the global financial crisis.

3. Data and Methodology

Proposed research model:

\[ DPR_{it} = \beta_0 + \beta_1 \text{STATE}_{it} + \beta_2 \text{FORG}_{it} + \beta_3 \text{PRIV}_{it} + \beta_4 \text{LEV}_{it} + \beta_5 \text{ROA}_{it} + \beta_6 \text{SIZE}_{it} + \beta_7 \text{GROW}_{it} + \beta_8 \text{CF}_{it} + \beta_9 \text{DPR}_{it-1} + \epsilon_{it} \]

Where:

+ \text{DPR}_{it}: dividend payout ratio, measured by the amount of dividends paid to stockholders relative to the amount of total net income of a company.
+ \text{STATE}_{it}: state ownership ratio.
+ \text{FORG}_{it}: foreign ownership ratio.
+ \text{PRIV}_{it}: domestic private ownership ratio.

1 University of Finance and Marketing, Vietnam  Email: vietpq@ufm.edu.vn
2 University of Finance and Marketing, Vietnam
3 Bank for Investment and Development of Vietnam – North Saigon Branch, Vietnam
+ LEV<sub>t</sub>: leverage of company i in year t, measured by total debt to total asset ratio.
+ ROA<sub>t</sub>: return on asset.
+ SIZE<sub<t</sub>: the size of company i in year t, measured by the natural logarithm of total assets.
+ GROW<sub>t</sub>: growth opportunity of company i in year t, measured by cash and cash equivalents to total asset.

The sample of the study includes 91 non-financial companies listed on the Ho Chi Minh City Stock Exchange (HOSE) over the 7 years period from 2009 to 2015, representing the post global financial crisis period. The data is collected from annual financial statement and annual reports of listed companies. The method of data processing used in this research is the panel data regression model and address violations through the GMM regression technique.

### 4. Research Results

After the global financial crisis, the profitability of listed firms in the sample tends to decrease, but the dividend payout ratio tend to increase.

![Figure 1: Profitability and dividend payout of Vietnamese listed companies post financial crisis](image)

### Table 1: Statistical description of data

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Max</th>
<th>Min</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPR</td>
<td>0.5914</td>
<td>1.9947</td>
<td>0.0000</td>
<td>0.6057</td>
</tr>
<tr>
<td>STATE</td>
<td>0.2011</td>
<td>0.7956</td>
<td>0.0000</td>
<td>0.2391</td>
</tr>
<tr>
<td>FORG</td>
<td>0.1813</td>
<td>0.4900</td>
<td>0.0000</td>
<td>0.1577</td>
</tr>
<tr>
<td>PRIV</td>
<td>0.4349</td>
<td>0.9925</td>
<td>0.0261</td>
<td>0.2183</td>
</tr>
<tr>
<td>LEV</td>
<td>0.4544</td>
<td>0.8697</td>
<td>0.0069</td>
<td>0.1935</td>
</tr>
<tr>
<td>ROA</td>
<td>0.0841</td>
<td>0.6883</td>
<td>-0.1539</td>
<td>0.0843</td>
</tr>
<tr>
<td>SIZE</td>
<td>28.037</td>
<td>32.615</td>
<td>25.485</td>
<td>1.1920</td>
</tr>
<tr>
<td>GROW</td>
<td>0.8590</td>
<td>4.0215</td>
<td>0.1076</td>
<td>0.5872</td>
</tr>
<tr>
<td>CF</td>
<td>0.1071</td>
<td>0.8650</td>
<td>0.0004</td>
<td>0.1189</td>
</tr>
</tbody>
</table>

Sources: Authors’ calculations

### Table 2: Regression result by Pooled OLS, FEM and GMM with dependent variable DPR

<table>
<thead>
<tr>
<th></th>
<th>Pooled OLS</th>
<th>FEM</th>
<th>GMM</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE</td>
<td>0.0579</td>
<td>1.8395***</td>
<td>2.2731***</td>
</tr>
<tr>
<td>FORG</td>
<td>-0.6935***</td>
<td>0.0314</td>
<td>0.0293</td>
</tr>
<tr>
<td>PRIV</td>
<td>-0.4614***</td>
<td>0.2736</td>
<td>0.9708**</td>
</tr>
<tr>
<td>LEV</td>
<td>-0.2079</td>
<td>-0.1313</td>
<td>0.0447</td>
</tr>
<tr>
<td>ROA</td>
<td>-1.5716***</td>
<td>-1.0607**</td>
<td>0.5164</td>
</tr>
<tr>
<td>SIZE</td>
<td>-0.1684***</td>
<td>0.0248</td>
<td>-0.2262*</td>
</tr>
<tr>
<td>GROW</td>
<td>-0.0104</td>
<td>-0.0005</td>
<td>-0.0637</td>
</tr>
<tr>
<td>CF</td>
<td>0.0980***</td>
<td>0.0058</td>
<td>0.0512</td>
</tr>
<tr>
<td>DPR(-1)</td>
<td>0.1303***</td>
<td>-0.1251***</td>
<td>0.0396</td>
</tr>
<tr>
<td>C</td>
<td>3.3101***</td>
<td>-0.5224</td>
<td>4.7071</td>
</tr>
<tr>
<td>F-statistic</td>
<td>11.12</td>
<td>2.04</td>
<td></td>
</tr>
</tbody>
</table>

Prob (F-statistic) = 0.0000

In parenthesis is the standard error *** p<0.01. ** p<0.05. * p<0.1

Sources: Authors’ calculations

The results of Table 2 show that both state ownership and domestic private ownership are positive correlated with the dividend policy, namely the regression coefficient between the DPR variable and the STATE and PRIV variables, respectively, 2. 2731 (1% significance level) and 0.9708 (5% significance level), confirming the research hypothesis of the authors. Foreign ownership, although positively correlated, is not statistically significant with dividend policy. In addition, in the control variables introduced into the model, only the variable SIZE is negatively correlated with the dependent variable, indicating that the larger the size of the enterprise, the higher the dividend payout ratio would be. This result, on the one hand, shows high levels of risk aversion for large firms, on the other hand demonstrates the liquidity shortage of businesses under the influence of cautious monetary policy.

### 5. Policy Implication

The results show that after the global financial crisis, dividend policy of Vietnamese enterprises depends on the proportion of state and private ownership in the country. This behavior is explained by the pre-emptive behavior of the business environment and in the long run that may have a negative impact on the decision to invest in the business. This result is expected to become a practical basis for some policy implications: Firstly, the process of restructuring state-owned enterprises is to gradually reduce the state ownership ratio, especially in sectors where the state does not necessarily have to hold controlling shares.

Secondly, continue to stabilize the macro balance to reduce the uncertainty of the private sector and to encourage capital investment.

### References

Pham, Quoc Viet; Luong, Quoc Trong Vinh; Tran, Bao Vy (2015). Ownership structure and dividend policy of listed companies – Empirical evidence in Vietnam. *Journal of Development and Integration (UEF)*. 23, 72-78


The Determinants of Dynamic Debt Maturity Structure: Evidence from Vietnam

Nguyen, Thanh Nha¹; Tran, Thi Thuy Linh²

Abstract

Based on the signaling, matching, agency and tax-based theories, this paper presents a study where the partial adjustment model was applied to investigate influences of firm and macroeconomic factors on the debt maturity structure. The outcomes were then used in a case study to assess the rate of adjusting the debt maturity structure of 279 non-financial companies listed on the Ho Chi Minh Stock Exchange (HOSE) in the period from 2007 to 2015. Results obtained from the System GMM (SGMM) method showed that (1) firms in Vietnam have the dynamic debt maturity structure with the adjustment rate of 25% to 36%, (2) the debt maturity structure of firms in Vietnam is affected by firm factors including SIZE, VOL, LIQ, TAN, AM and TAX and characteristics of the economy such as inflation and interest rates.

Keywords: Dynamic Debt Maturity Structure, SGMM, Panel Data, Partial Adjustment

1. Introduction

Recent researches in the finance of firms have concentrated on not only the leverage optimal but also the debt maturity structure and its relationship to other factors. At first, firms in developed countries (Barclay & Smith, 1999), developing countries and emerging markets (Demirgüç-Kunt & Maksimovic, 1999; Fan, Titman & Twite, 2012) were the main case studies to investigate influencing factors on the selection of the debt maturity structure. Later, research in this area has developed further, using the partial adjustment model to focus on understanding the dynamic debt maturity structure and its adjustment rate (Antoniou, Guney, & Paudyal, 2006; Deesomsak, Paudyal, & Pescetto, 2009; Kirch & Terra, 2012; Mateurs & Terra, 2013; Ozkan, 2000; Terra, 2011). In Vietnam, the knowledge in this area is still very limited. Therefore, using theories related to the debt maturity structure and its influencing factors in other countries, this paper applies the partial adjustment model to verify the existence of the dynamic debt maturity structure and its adjustment rate of non-financial companies listed on the HOSE in the period from 2007 to 2015.

2. Background Theories

The debt maturity structure of a company is the ratio of the long-term debt to the total debt. It is represented by a number of theories including the Signalling Theory (Diamond, 1991; Flannery, 1986), the Agency Theory (Barnea, Haugen, & Senbet, 1980; Myers, 1977), the Tax-based Theory (Brick & Ravid, 1985, 1991), the Matching Theory (Morris, 1976). Arguments originated from these theories show that the debt maturity structure is resulted from the trade-off between the cost and benefit when companies issue another maturity. By conducting empirical studies on developed countries, Ozkan (2000) pointed out that the adjustment rate of the debt maturity structure of firms in the UK was 45%; Antoniou et al. (2006) showed this rate varied from 34% to 55% and, more importantly, the adjustment of the debt maturity structure was costly and unresponsive. Lopez-Gracia and Mestre-Barera (2010) concluded the adjustment rate of SMEs in Spain was approximately 37% per annum. More recently, Dang (2011) studied the potential interaction between the finance of firms and investment decisions and showed that the lagged maturity had positive effects on the debt maturity structure and, on average, the adjustment rate was 60% to 62%, depending on estimation methods. Also, Terra (2011), Kirch and Terra (2012) and Mateurs and Terra (2013) found this adjustment rate of firms in South America and Eastern Europe varied from 46% to 68%. Recent studies have showed that firms in developed and developing countries set up the debt maturity optimal and actively adjust the debt maturity structure to reach the target. Decisions on the debt maturity structure are influenced by firm as well as macroeconomic factors.

3. Research Model And Data

3.1. Data Collection and Analysis

The case study presented in this study involved 279 non-financial companies in Vietnam listed on the HOSE in the period from 2007 to 2015. Data was collected from financial reports of companies and from the websites, www.vietstock.vn and www.bvsc.com.vn. In addition, market-related information was obtained from electronic database of Worldbank and Datastream. The SGMM method was applied to analyse data which was stored in the panel data format.

3.2. Research Hypothesis

To address the aims and objectives of the paper and based on the background theories and results of empirical studies as shown in Section 2, the research hypotheses are summarised in Table 1, suggesting the expected relationship between the debt maturity and various variables originated from theories and macroeconomic factors. In addition, the lagged maturity was introduced to the research model to test whether the debt maturity of firms is a dynamic structure (Antoniou et al., 2006; Deesomsak et al., 2009; Kirch & Terra, 2012; Mateurs & Terra, 2013; Ozkan, 2000; Terra, 2011; Wang, Sun, & Lv, 2010).
### Table 1: Summary of research hypotheses

<table>
<thead>
<tr>
<th>Theories/Groups of factors</th>
<th>Variables</th>
<th>Expected relationship to the debt maturity</th>
<th>Positive correlation</th>
<th>Negative correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signaling Theory</td>
<td>Leverage</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Earning volatility</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liquidity</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Profitability</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Matching Theory</td>
<td>Tangibility</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Asset maturity</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Agency Theory</td>
<td>Firm size</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Grow opportunities</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Tax-based Theory</td>
<td>Tax shield</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest rate</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Term structure of interest rate</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Macroeconomic Factors</td>
<td>Inflation rate</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GDP growth rate</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stock market volatility</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market capitalization</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 3.3. Research Model

According to Antoniou et al. (2006) and Lemma and Negash (2013), the debt maturity structure optimal is assumed to be defined as

$$ Y_{t,t}^* = \sum_{k=1}^{\infty} \omega_k X_{t-k,t} + \varepsilon_{t,t}, $$

where:

- $Y_{t,t}^*$ Debt maturity structure optimal of the company $i$ in the current year $t$,
- $k$ Explanatory variable of the model,
- $\varepsilon_{t,t}$ Error term.

The existence of the debt maturity structure optimal is evaluated by assuming that, to reach the optimal, the company adjusts the current debt maturity structure by the adjustment coefficient $\rho$

Table 2 into Equation 3, the full expression of partial adjustment of the debt maturity structure is written as shown in Equation 4, $MR_{i,t-1}$ is the lagged explanatory variable in this case.

$$ Y_{t,t} - Y_{t,t-1} = \rho(Y_{t,t}^* - Y_{t,t-1}), $$

where:

- $Y_{t,t}$ Actual debt maturity structure of the company $i$ in the current year $t$,
- $Y_{t,t-1}$ Actual debt maturity structure of the company $i$ in the previous year $t-1$,
- $Y_{t,t}^*$ Debt maturity structure optimal of the company $i$ in the current year $t$,
- $Y_{t,t} - Y_{t,t-1}$ Change in the actual debt maturity structure,
- $Y_{t,t}^* - Y_{t,t-1}$ Change in the debt maturity structure optimal.

By combining Equations 1 and 2, the partial adjustment of the debt maturity structure is achieved as

$$ Y_{t,t} = (1 - \rho)Y_{t,t-1} + \sum_{k=1}^{\infty} \rho^k \omega_k X_{t-k,t} + \rho \varepsilon_{t,t}. $$

Equation 3 yields $0 < \rho \leq 1$, where:

- If $\rho = 1$: The change in the actual debt maturity structure equals to the change of the debt maturity structure optimal,
- If $\rho = 0$: There is no adjustment of the actual debt maturity structure,
- If $0 < \rho \leq 1$: There is partial adjustment of the debt maturity structure.

If the cost incurred as a result of the deviation from the optimal exceeds the adjustment cost, the adjustment coefficient is expected to be higher. The adjustment coefficient $\rho = 1 - \alpha$, where $\alpha$ is the coefficient of lagged explanatory variables. Incorporating all variables listed in

$$ MR_{i,t} = a_0 + a_1MR_{i,t-1} + a_2LEV_i + a_3SIZE_t + a_4GROW_{t2} + a_5VOL_{t1} + a_6INT_{t2} + a_7TAN_{t1} + a_8INT_{t1} + a_9TAX_{t2} + a_{10}NGD_{t1} + a_{11}NGD_{t2} + a_{12}VOL_{t2} + a_{13}INT_{t1} + a_{14}GDP + a_{15}TERM_{t1} + a_{16}SIZE_{t2} + a_{17}INT_{t2} + a_{18}VOL_{t1}, $$

Table 2 into Equation 4, $MR_{i,t-1}$ is the lagged explanatory variable in this case.

#### Table 2: Variables affecting the debt maturity structures of firms in Vietnam.

<table>
<thead>
<tr>
<th>Variables (Notation)</th>
<th>Determinant</th>
<th>Expected correlation</th>
<th>Theories and Empirical proxies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt maturity(MR)</td>
<td>Long term debt / Total debt</td>
<td>NA.</td>
<td>Antoniou et al. (2006); Deesomsak et al. (2009); Kirch and Terra (2012); Mateus and Terra (2013); Ozkan (2000); Terra (2011)</td>
</tr>
<tr>
<td>Leverage(LEV)</td>
<td>Total debt / Book Assets</td>
<td>Positive</td>
<td>Signaling theory; Antoniou et al. (2006), Kirch and Terra (2012), Deesomsak et al. (2009)</td>
</tr>
<tr>
<td>Firm size(SIZE)</td>
<td>Log(Book Assets)</td>
<td>Positive</td>
<td>Agency theory; Antoniou et al. (2006), Kirch and Terra (2012), Deesomsak et al. (2009)</td>
</tr>
<tr>
<td>Profitability(PROF)</td>
<td>EBIT / Book Assets</td>
<td>Negative</td>
<td>Signaling theory; Antoniou et al. (2006), Kirch and Terra (2012), Deesomsak et al. (2009), Ozkan (2000)</td>
</tr>
<tr>
<td>Earnings volatility</td>
<td>Standard Deviation (Earnings)</td>
<td>Positive</td>
<td>Signaling theory; Antoniou et al. (2006), Deesomsak et al. (2009)</td>
</tr>
<tr>
<td>Liquidity(LIQ)</td>
<td>Short term Assets / Short term liability</td>
<td>Positive</td>
<td>Signaling theory; Antoniou et al. (2006), Deesomsak et al. (2009)</td>
</tr>
<tr>
<td>Variables</td>
<td>Model (1)</td>
<td>Model (2)</td>
<td>Model (3)</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>$MR_{t-1}$</td>
<td>0.7001***</td>
<td>0.6817***</td>
<td>0.6392***</td>
</tr>
<tr>
<td>$LEY$</td>
<td>-0.0041</td>
<td>-0.0053</td>
<td>-0.0090</td>
</tr>
<tr>
<td>$SIZE$</td>
<td>0.0213*</td>
<td>0.0223*</td>
<td>0.0253*</td>
</tr>
<tr>
<td>$GROW$</td>
<td>-0.0005</td>
<td>-0.0005</td>
<td>-0.0006</td>
</tr>
<tr>
<td>$VOL$</td>
<td>0.0003***</td>
<td>0.0003***</td>
<td>0.0003***</td>
</tr>
<tr>
<td>$LIQ$</td>
<td>0.0276***</td>
<td>0.0281***</td>
<td>0.0294***</td>
</tr>
<tr>
<td>$PROF$</td>
<td>-0.0278</td>
<td>-0.0293</td>
<td>-0.0415</td>
</tr>
<tr>
<td>$TAN$</td>
<td>0.1929*</td>
<td>0.2039*</td>
<td>0.2273*</td>
</tr>
<tr>
<td>$AM$</td>
<td>0.0004*</td>
<td>0.0004*</td>
<td>0.0004*</td>
</tr>
<tr>
<td>$TAX$</td>
<td>0.0118*</td>
<td>0.0116*</td>
<td>0.0118*</td>
</tr>
<tr>
<td>$INF$</td>
<td>-0.0006</td>
<td>-0.0020</td>
<td>-0.0082*</td>
</tr>
<tr>
<td>$GDP$</td>
<td>-0.0010</td>
<td>-0.0010</td>
<td>-0.0010</td>
</tr>
<tr>
<td>$TERM$</td>
<td>0.0091</td>
<td>0.0091</td>
<td>0.0091</td>
</tr>
<tr>
<td>$SMV$</td>
<td>0.1077</td>
<td>0.1077</td>
<td>0.1077</td>
</tr>
<tr>
<td>$MC$</td>
<td>0.5830</td>
<td>0.5830</td>
<td>0.5830</td>
</tr>
<tr>
<td>No. observation</td>
<td>2,074</td>
<td>2,074</td>
<td>2,074</td>
</tr>
<tr>
<td>Prob=F</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>Sargan test</td>
<td>0.4210</td>
<td>0.3460</td>
<td>0.4340</td>
</tr>
</tbody>
</table>

***, **, * denote the significance level at 1%, 5%, 10%, respectively; \( MR_{t-1} \) is the lagged explanatory variable.
3.4. Research Method

Using alternative estimation procedures and diagnostics, Antoniou et al. (2006) demonstrated that the SGMM method is the most appropriate regression approach to estimate coefficients in Equation 4. This SGMM method was also used to study the existence of the debt maturity structure (Ozkan, 2000; Antoniou et al., 2006; Deesomsak et al., 2009; Terra, 2011; Kirch and Terra, 2012; Mateurs and Terra, 2013). In addition, the Sargan test was conducted to eliminate endogeneity problems which were due to the presence of the lagged explanatory variable in Equation 4. Calculations in this paper were performed by using the Stata software.

4. Results and Discussion

Whether considering the macroeconomic factors individually or together, the variable MR_1 is statistically significant at 1% (Table 3). The regression coefficient of MR_1 obtained from all models was reasonably stable, varying from 63.92% to 75.09%. This implies the adjustment coefficient, ρ, fluctuated from 24.91% to 36.08%. These results indicated, in the period from 2007 to 2015, the adjustment rate in Vietnam was relatively small; the largest rate was estimated to be 36.08%, corresponding to Model 3. When studying the effect of the macroeconomic factors individually, results obtained from Models 1 to 6 indicate the statistical insignificance of external factors. In other words, among these selected external factors, none of them were found to affect the debt maturity structure in Vietnam. However, when studying all six external factors together, Model 7 shows the statistical significance level of 10% for INF and INT, which indicates, in Vietnam, decisions on changing the debt structure maturity were highly influenced by the inflation and interest rates. In addition, based on regression results in Table 3, it can imply, when making these decisions, companies also consider a number of firm factors such as firm size, earning volatility, liquidity, tangibility, asset maturity and tax shield; among them, tangibility had the largest impact on the debt maturity structure.

5. Conclusion

Results presented in this paper showed decisions on the debt maturity structure were significantly influenced by firm factors, particularly tangibility, and macroeconomic factors such as the inflation and interest rates. Interestingly, this paper demonstrated that companies in Vietnam partially adjusted the debt maturity to meet the debt maturity structure optimal and to reduce the cost incurred by deviation from the optimal. Results and arguments in this study are limited to non-financial companies listed on the HOSE only. Studies with a wider diversity of companies are therefore required to further understand the debt maturity structure of firms in Vietnam.

References

Building Firm’s Competitive Advantages through Supplier Development

Nguyen, Phi Hoang

Abstract

Nowadays competition is becoming tougher in all areas of business. To survive in a such difficult period, all firms must think how to create and secure the competitive advantage for their own. One of the ways to build competitive advantage for firm is to develop suppliers which we can call supplier development. This research will analyze the importance of supplier development for buying firm, propose a research framework with three hypotheses need to be tested. One tested, the practitioners and researchers can know that which supplier development activities can be selected to do to create the competitive advantage for firm.

Keywords: Competitive Advantage, Supplier Development, Supplier Development Activity, Supplier’s Performance.

1. Introduction

As we can aware that the competition now occurs everywhere and become more and more fiery. Which company cannot compete in the market will lose the market and may disappear in a very short time. Due to that reason, almost of companies try to think how they can compete successfully in the market and they all realize that difference competitive advantages can help them in this case. In previous times, companies’ competitive ability is founded by utilizing the internal resources intelligently. Such internal resources which companies base to find competitive advantage maybe machinary, technology, finance ability, human resource…However, in recent times, the companies realize another way to build their competitive advantage through external resources or intangible assets, such intangible assets may consist brands, innovation, knowledge, supplier relationship (Day, 1994; Eisenhardt & Jeffrey, 2000; Weinerfelt, 1984; Ramaswami et al, 2009). Together with high competition in the market, the rapid change of technology and the short life cycle time of product push the companies to much focus on their core business instead of expand their business to multi – industries like before (Krause et al., 2000; Routroy & Pradhan, 2013). This trend leads to one phenomenon in the market, company increases sharply their buying volume from suppliers for almost their input materials, in some industries, the buying rate may reach to 60-70% of buying firm’s total needs (Chapman et al., 1997; Heberling et al., 1992). Buying from suppliers is supported by globalization, internet and transportation and now become very popular in almost industries. Buying more from suppliers brings some remarkable advantages to buying firms as low purchasing cost, better quality, stable supply and more selection for buyer. However, this also bring buying firms to be more dependent on their suppliers’ networks from quality, cost, delivery and flexibility (Prahinski, 2001). This dependence now comes to govern the buying firm’s competitive advantage on the basis of supplier’s performance (Wagner, 2006). Whereas, some research also found out that to meet the buying firm’s requirements, suppliers need to be improved the product quality, delivery, cost reduction, new technology application, finance and product design (Monczka & Trent, 1995; Morgan, 1993).

From the above analysis, firms realize that to set up a network of efficient suppliers is very crucial in creating and securing the competitive advantage (Routroy & Pradhan, 2013). According to Wagner, there are three options for firms when facing sufficient suppliers: supplier switching, vertical integration and supplier development (Wagner, 2006). For first option, supplier switching is not always easy to conduct due to high switching cost or lack of efficient suppliers in the market (Demske et al, 1987; Sambandam & Lord, 1995). For second option, vertical integration is risky due to expansion of business dimension (Langlois & Robertson, 1989; Monteverde & Teece, 1982). The last option, supplier development is recently receiving more attention from both practitioners and researchers when it can help firms to build a network of efficient suppliers through supporting current suppliers to improve their performance. Recognizing the increase importance of supplier development towards firm’s competitive advantage, many researchers have tried to focus on supplier development in some specific aspects as the process of supplier development (Monczka et al., 1993), antecedents to supplier development (Modi & Mabert, 1993), performance outcomes of supplier development (Krause et al., 2007) and direct and indirect supplier development activities (Krause et al, 2000; Wagner, 2006). However, between researchers in supplier development field has not been agreed for some key points as direct supplier development has positive impact on firm’s competitive advantage. Some researchers say yes as Monzka et al. (1993); Krause & Ellram (1997) and Li (2001) but some confirm no existing impact as Wagner (2006) and Li et al (2007). The same issue also happens regarding to indirect supplier development activities. Therefore, this research would like to propose a framework in which testing the relationship between supplier development activities and firm’s competitive advantage through mediating variable of supplier’s performance.

<Figure 1> Proposed Research framework

From above research framework, there is some research questions which need to answer are:

---

1 University of Finance and Marketing, Vietnam, E-mail: hoangnghithuy@gmail.com
• Do indirect supplier development activities have positive impact on supplier’s performance improvement?
• Do direct supplier development activities have positive impact on supplier’s performance improvement?
• Does supplier’s performance improvement have positive impact on firm’s competitive advantage?
• Do indirect supplier development activities have any impact on firm’s involvement level in carrying direct supplier development activities?

2. Indirect and Direct Supplier Development Activities

Based on the firm’s involvement level in carrying supplier development activities, these activities is classified into indirect and directly supplier development activities (Monczka et al., 1993; Krause et al., 2000; Krause et al., 2007; Wagner, 2006; Li, 2001). If buying firms do not have any commitment or only use very limited resources in supplier development, they are called indirect supplier development activities or externalized supplier development activities (Hahn et al., 1990; Krause et al., 2000; Monczka et al., 1993; Wagner, 2010). In the other side, if buying firm’s actively involved in supplier development with a strong and long term commitment with supplier to improve supplier’s performance, these activities is called direct supplier development activities or internalized supplier development activities or transaction-specific supplier development (Hahn et al., 1990; Krause et al., 2000; Monczka et al., 1993; Wagner, 2010). Based on above definition of indirect and direct supplier development activities, Krause (1995), Wagner (2010, 2005, 2006) and Wagner & Krause(2009) classify Indirect supplier development activities such as create/introduce competition into supply base, informal Supplier Evaluation, feedback of supplier evaluation results, raising performance expectations, promise of Current benefits, promise of future benefits, formal Supplier Evaluation, site visits, supplier certification and supplier recognition while direct supplier development activities include: training and education of the supplier’s personnel, exchange of personnel between the buying firm and the supplier on site consultancy, knowledge transfer or know how transfer, direct investment in the supplier by the buying firm.

3. Impact of Indirect and Direct Supplier Development Activities (SDA) on Supplier’s Performance Improvement

As mention in above, we can realize that indirect SDA is approach that contains the setting of goals for supplier (Wagner, 2010) in which buying firm use the coercive or noncoercive power to push the supplier to change. So once buying firm apply indirect SDA they may expect some performance improvement from supplier in product quality, cost reduction, delivery and product innovation. So we can hypothesize as below:

H1: There is a positive relationship between buying firm’s indirect SDA and supplier’s performance improvement.

From the concept of Transaction cost theory and knowledge base view, we can see that if buying firm invest more resources and even transfer knowledge to their supplier, these suppliers will have more chance to improve their performance and then buying firm is a first people who will benefit from these improvement(Grant, 1996; Wagner, 2006; Krause et al., 2000). From this explanation, once buying firm apply direct SDA they may expect some performance improvement from supplier in product quality, cost reduction, delivery and product innovation. So we can hypothesize as below:

H2: There is a positive relationship between buying firm’s direct SDA and supplier’s performance improvement.

4. Impact of Supplier’s Performance Improvement on Firm’s Competitive Advantage

Competitive advantage is ability in which one company can create a defensible position over its competitors (Porter, 1985). Firm’s competitive advantage consists of five dimension as product price, product quality, delivery performance, product innovation and time to market (Li et al., 2004). To achieve the requirement of above five dimensions, buying firms must rely on their supplier’s network in regard of performance improvement (Day, 1994; Eisenhardt & Jeffrey, 2000; Weimerfelt, 1984). So we can hypothesize as below:

H3: There is a positive relationship between supplier’s performance improvement and buying firm’s competitive advantage.

Once above hypotheses are answered through one survey it is useful for both SCM researchers and practitioners in applying supplier development activities in firm’s operation. Until that, the practitioners can know which SDA would be selected to use and what the benefit they can earn from these activities.

Reference


Key Attributes of Banking Website Quality in Vietnam: A Decision Tree Approach

Pham, Thi Thanh Xuan1; Nguyen, Tien Nhat2

Abstract

This study aims to explore key factors of commercial bank’s website quality impacting on the process of making decision to use internet banking services. It was conducted as a case study of four big commercial banks of Vietnam, namely Vietinbank, Vietcombank, BIDV and Sacombank that have many online services and retail agencies nationwide. Data was collected by surveying customers of these banks, then the decision tree model was applied to analyze it with using Weka software. According to a result of the decision tree, there are four essential attributes of the website quality: Information quality, Visual appearance, Accessibility, and Interactivity. No previous study has investigated this subject in Vietnamese banking system, so the findings should make an important contribution to this field.

Keywords: Bank’ Website Quality, Decision Tree Analysis, AIDA Model.

1. Introduction

In the banking industry, online service is becoming increasingly a key component of commercial bank’s business; it not only attracts more potential customers but also keeps existing one loyal. It would be said that in the near future online service, especially Internet banking service, will become a steady stream of personal consumption as more and more people prefer to use high-technology gadgets to complete daily activities rather than conduct them in a traditional way. Prior research indicates that one of the greatest challenges faced by commercial banks in a battle of competition is to find how to satisfy their customers’ needs in order to develop a system of online service which meets consumers’ demands. However, there is no previous research that has investigated a website quality in the case of Vietnamese commercial banks’ website being designed to provide relevant information about banks’ business operation and to supply Internet banking services. This study set to investigate and interpret essential features of the website quality on that customers rely to make decision as to which bank they should choose as having an intention of using Internet banking services. The next section of this paper will give a brief overview of the recent research relating to the measurement of web quality using decision tree method. It will then go on to the methodology used for this study. The 4th section presents the findings of the research, focusing on the four key factors that decided the choice of banking online services. The 5th section discuss the results undertaken during this study and policy implications; the last section is the conclusion.

2. Literature Review on AIDA model via Website Quality

AIDA model (Attention – Interest – Desire – Action) is original idea from which the evaluation criteria applied in this study stems. It was originally a marketing model aiming to help companies improve the service quality and increase product sales. Web designers employed principles of this model as creating websites for private companies and commercial banks; and they have confirmed the appropriateness of the AIDA model in this area. It is true that these days website is considered an effective mean of providing Internet banking services. If people find commercial bank’s website being a good places where they can search for detailed information about banking services or conduct their business transactions, they will visit it and use its functions frequently. Relating to this point, the AIDA model would provide general knowledge about the method of attracting customers. The experience of visitors is also described by AIDA model. Prior research show that the website working the AIDA model into its content and design is likely to recieve more customers’ attention (Lawson, 2012). Based on AIDA model, Pradipta and Purwanto (2013) determined five features regarding website design and content, namely visual appeal, ease of use, interactivity, trustworthiness and convenience. Ping Sun et al. (2015) suggested eight attributes to evaluate the quality of website, they are visual appearance, information quality, ease of use, navigability, accessibility, personalization, interactivity, and flexible reservation. This study also used these characteristics connecting with the system of attention, interest, desire, and action.

3. Methodology

3.1. Decision Tree Analysis Framework

Decision Trees procedure creates a tree-based classification model. A tree in which each branch node represents a choice between a number of alternatives and each leaf node represents a classification or decision (Wan & Lei, 2009). Decision trees are designed to segment large heterogeneous groups of data into smaller homogeneous groups (Byrd & Gustke, 2007). It is a powerful tool for classification and prediction by finding out the patterns or relationships between data, it is one of the most frequently used data mining methods (Berry, M. J. A., & Linoff, G. S. 2000). The formation process of Decision tree analysis is affected by split criterions, stopping rule and pruning rule (Ping Sun, Cárdenas, & Harrill, 2015). And there are different algorithms created for decision tree growing method. The most well-known algorithms for decision tree are CHAID – chi square automatic interaction detector, Exhaustive CHAID, CRT – classification and regression tree, QUEST – quick unbiased efficient statistical tree. These algorithms sort the data into correct output categories, and automatically determines the principle variables, which provide the algorithm with

1 University of Finance and Marketing, Vietnam. E-mail: ptxuanpt@gmail.com
2 Hue College of Economics – Hue University, Vietnam
an advantage over neural networks and genetic algorithms (Lin, Po, & Orellan, 2011). In this study, we used a new technique and tool, decision trees generated via Weka software, a data mining open source software platform, based on CHAIID algorithms - developed in the University of Waikato in New Zealand. Decision trees via Weka (version 3.6) help to identify critical attributes of website quality that influence customer’s using of internet banking services.

3.2. Study Sample and Data Collection

This study selected five websites of Vietnamese commercial banks that are on the top of domestic market, namely Vietcombank, Vietinbank, BIDV and Sacombank; based on an opinion survey relating to banks’ websites. These commercial banks had their own websites as the Internet was becoming popular in Vietnam ten years ago. They were also pioneers in the field of making provision for Internet banking services among other commercial banks. With the great volume of customers, websites of four commercial banks mentioned above are listed as most visited websites, and these banks also hold a major market share in terms of Internet banking services.

All interviewees included in the survey are customers of selected banks who often visit their banks’ websites and experience Internet banking services via website at least one times per month. There are 420 participants who in the range of twenty to forty years-old, working as teacher, doctor, accountant, designer, business man and others. With a detailed instruction on how to fill in the questionnaire, each participant was asked to appraise one out of four given websites of commercial bank as if he or she was a customer who had an intention to collect some information about his or her served bank and to use online banking services. Interviewers were willing to answer all their questions about how to understand eight attributes and a scale as presented in Table 1. After receiving the completed questionnaires from interviewees, we checked the validity of these form and had 395 valid observations. The size of sample, for a population consist of over 10 millions customers, is large enough to classify information and fit to the suggested model, with a 95% confidence level and a sample standard deviation equals 5%.

To collect the raw data used for the process of classifying which helps to form the decision tree and discover the rules, we made use of a 3-point scale developed from Ping Sun et al., (2015). This scale is presented as follows:

<Table 4> Scale of Measurement

<table>
<thead>
<tr>
<th>Attribute</th>
<th>SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strong to weak</td>
</tr>
<tr>
<td>Visual appearance</td>
<td>Strong eye appeal</td>
</tr>
<tr>
<td></td>
<td>Like others</td>
</tr>
<tr>
<td></td>
<td>Unattractiveness</td>
</tr>
<tr>
<td>Information quality</td>
<td>Rich</td>
</tr>
<tr>
<td>Ease of use</td>
<td>Clear</td>
</tr>
<tr>
<td>Navigability</td>
<td>Easy</td>
</tr>
<tr>
<td>Accessibility</td>
<td>Fast</td>
</tr>
<tr>
<td>Personalization</td>
<td>Easy to find</td>
</tr>
<tr>
<td>Interactivity</td>
<td>Too many</td>
</tr>
<tr>
<td>Flexible reservation</td>
<td>Very well</td>
</tr>
</tbody>
</table>

4. Results

This study used Weka software to create the decision tree relating to the quality of commercial bank’s website. The result is depicted as follows:

Source: result taken from Weka

Note: Red: rich/fast/strong eye appeal/ easy to find/ too many/ good
Green: average/ with patience/ like others/ unhelpful/ only few
Black: poor/slow/ unattractiveness/non-existing/ bad

The information quality is considered being Average:

If information quality is average and accessibility is slow, the website will be assessed as being bad. If information quality is average and accessibility is ‘with patient’, the website will be assessed as being average. If information quality is average, accessibility is fast and personalization is ‘easy to find’, the website will be assessed as being good. If information quality is average, accessibility is fast and personalization is ‘non-existing’, the website will be assessed as being average.

The information quality is considered being Rich:

If information quality is rich, visual appearance is ‘like others’ and interactivity is ‘too many’, the website will be assessed as being good. If information quality is rich, visual appearance is ‘like others’ and interactivity is ‘non-existing’, the website will be assessed as being average. If information quality is rich, visual appearance is ‘like others’ and interactivity is ‘only few’, the website will be assessed as being average. If information quality is rich, visual appearance is ‘like others’ and interactivity is ‘non-existing’, the website will be assessed as being good. If information quality is rich, visual appearance is ‘like others’ and interactivity is ‘non-existing’, the website will be assessed as being bad.

The information quality is considered being Poor:

If information quality is poor, the website will be assessed as being bad. Data mining method with the use of Weka software helped us identify four main attributes about the quality of commercial bank’s website based on AIDA model that have a major influence on customer’s assessment. They are Information quality, Visual appearance, Accessibility, and Interactivity. Decision tree shows that these features are classified according to their importance to the experience of customer. Firstly, information quality is ranked as the most essential characteristic. In case people judge that the information
quality is poor and unsatisfied, the website quality is consider being bad without mentioning others features. If the information quality is rich or average, visitors’ judgments are different for each case relying on other factors. This outcome means that each attribute performs an active role in the experience of customers as visiting commercial banks’ websites or using Internet banking services on these websites.

5. Discussion and Implications

The pressure of competition in the area of modern banking services, especially Internet banking services, has compelled commercial banks to attempt to improve the quality of website which can be seen as a key component in the process of providing e-banking services. This not only keeps bank’s share reaching to the top of market, but also satisfies the demands of various type of customers. However, constraints on capital, technology and qualified staff have prevented commercial banks from extending the range of modern banking services and investing more money in making existing services better. It is necessary for commercial banks to find how to allocate their financial resources for the improvement of service quality, especially Internet banking services provided via websites. This study assists commercial banks in the process of identifying major attributes of website quality assessed from a usual angle of visitor. Based on the decision tree depicted in the result session, we recommend that commercial banks should pay more attention to information quality, visual appearance, interactivity, personalization and accessibility as designing websites that are used as not only an address to introduce about the business operation of bank, but also an effective mean to provide Internet banking services.

The findings of this study have a number of important implications for future practice in terms of designing websites for commercial banks. Firstly, the information quality is ranked as the most crucial factor in improving the quality of website; bank managers therefore need to concentrate on enhance the reliability of information posted on the website with regard to online bank’s services, promotions or bank charge. Graphic designers should attempt to display information in an eye-catching way with a clear understanding. Secondly, this study indicates that visitors often spend more time staying on a website to learn more information or to use online services if they are attracted by visual display at the first sight. It implies that commercial banks need to invest more money in the visual appeal of their own websites in order to attract more customers who have intention of using online bank’s services. Finally, a response time (or accessibility) is listed in major feature affecting significantly customer’s feeling of satisfaction which might be hurt in an easy way if waiting time had been too long. Commercial bank websites therefore need to be launched on a Web server or hosting which is maintained frequently to guarantee the stability of website.

6. Conclusions

This study identified four main attributes relating to the website quality of commercial bank that would have an important influence on the sense of customer’s satisfaction as using online bank services built on web-based system. Decision tree analysis revealed that the information quality is the most significant feature to which commercial banks need to give priority in order to enhance the effectiveness of their own websites. The empirical findings increase our understanding of what components of a commercial bank’s website are assessed as major impacts on the feeling of experience of customers as searching for needed information or conducting a banking transaction on website. There are several important areas where this study can make contributions but this study is unable to encompass the entire of this subject, so it would have been more interesting if it had included a larger database. Further research should be carried out to achieve this point.

References


Factors Affecting a Successful Deployment of Enterprise Resource Planning for Organizations in Vietnam

Nguyen, Xuan Hiep¹; Nguyen, Thi Cam Loan²

Abstract

This study identifies and measures factors influencing deployment of enterprise resource planning in Vietnam by qualitative research methodology combined with quantitative research methodology. The data are surveyed with 324 administrators of 45 organizations which have successfully deployed ERP in Ha Noi and Ho Chi Minh cities. The result of the study shows that the factors affecting a successful deployment of ERP in Vietnam (ranked in descending order of importance) including: Top managers’ commitment and support; Business process re-engineering; User involvement; Project management Board; Vendor support and Suitability of software and hardware.

Keywords: ERP, Project management, Vietnam.

1. Introduction

That business environment has changed rapidly forces companies to face with severe competition from their competitors. Therefore, companies have to optimize their value chain to enhance their competition capability and have a better approach with international standards. Under this situation, various companies have applied information technology in their business performance through investing ERP software. ERP helps companies improve warehouse management; provide creditable delivery date of goods and better customer service; quickly interact information over whole company; neatly and fast improve business process and so on (Olson, 2004). However, deployment of ERP system is a prolonged process consuming numerous costs and resources. Thus, for companies it is not an easy plan. The number of companies which have implemented ERP is not much in Vietnam. One reason is most companies in VN are small-sized or mid-sized and lack of investing resources to perform the project. Another more important reason is the lack of science bases for a success deployment of ERP. So the purpose of the study is to identify and measure the factors influencing a success deployment of ERP in Vietnam, and then create a science foundation for companies’ administrators to prepare necessary resources and plan solutions for a success deployment of ERP.

2. Literature Review and Research Model

There so far hasn’t been a formal definition of ERP but from various researchers’ point of views (Kumar et al., 2000), Olson (2004), Beheshiti (2006), Mehta (2010) and so on, ERP is a Multi Module Software Application, a managing system with a modern procedure and international standards which create better organizing, managing capabilities of administrators and better operations of staffs. ERP solutions effectively provide administrators with managing and controlling capabilities of Finance-Accounting, staff administration, materials, production, service, project, product distribution, customer administration; forecast instruments, planning and reporting, … According to Doll & Torkzadeh (1988), ERP is considered successful if it can meet the expectation of the ERP users or satisfy them. But Mehta’s opinion (2010) is that ERP project is considered successful if it is finished in due time, in due cost, in high quality and its functions suitable with companies’ demands.

In terms of factors affecting a success deployment of ERP, according Zhang & et al (2002) the attributed factors are: Top managers’ support; Business process re-engineering; Project management board; commitment of whole organization; Vendor support; User involvement; Suitability of software and hardware; Accurate extent of data; Solution vendor’s support; and Organization’s culture. But from point of view of Yingji (2005), they are: Top managers’ support; ERP Project management board; Business process re-engineering; Suitability of software and hardware; Vendor support; User involvement. But according to Bradley (2008), the attributed factors are Business planning; Vendor support; Project management board; Top managers’ support; User; Management of change. For application in Vietnam companies, it is right to attribute 4 below factors which are identified in the studies Zhang & et al (2002); Yingji (2005); Bradley (2008) affecting to the successful deployment of ERP: (1) Top managers’ support; (2) ERP Project management board; (3) Vendor support; (4) User involvement. Besides the above 4 factors, through the qualitative research, the authors find that there are more factors also affect to this matter. They are (5) Business process re-engineering; (6) Suitability of software and hardware and Top managers’ support needs adding a sub-component named leaders’ commitment.

From the above analysis, the authors suggest the research model of factors affecting a successful deployment of ERP in Vietnamese companies (Figure 1), in which:

Top managers’ commitment and support:

It means that leaders in companies must be willing to support and to invest, allocate valuable resources in an attempt to complete the project; form convenient environment to deploy ERP; often observe the implementation (deployment); invest more time and give the precise and clear instructions about the project. The studies of Zhang & et al (2002); Bradley (2008) found that Top manager’s support is the key factor leading to a success in ERP deployment.

Hypothesis H1: There is a positive relationship between Top managers’ commitment and support and a successful deployment of ERP.

Project management board:

This consists of those who directly plan, deploy, manage and control the process of ERP deployment. The studies of Zhang & et al
(2002); Yingji (2005) concluded that the knowledge and skill of the project administrators (managers) are crucial elements contributing to a success of ERP deployment.

Hypothesis H2: There is a positive relationship between Capability of Project management board and a successful deployment of ERP.

Business process re-engineering:
Companies review and re-design the business process in order to gain the improvement about costs, quality, service and speed (Hammer & Champing 2001). Grover & et al (1995) stated that the more companies are willing to change the business process, the more they gain the success in ERP deployment.

Hypothesis H3: There is a positive relationship between Willing extent to Business process re-engineering and a successful deployment of ERP.

Suitability of software and hardware:
Companies need to carefully analyze their business process and demands in order to choose rightly and adjust the ERP solution suitably, which in return help them reduce losses and risks.

Hypothesis H4: There is a positive relationship between Suitability of software and hardware and a successful deployment of ERP

Vendor support:
Vendors are those who fully supply necessary documents; form convenient training environment and provide quality training activities to reassure users in companies to understand and operate ERP effectively (Majed Al-Mashari & et al. 2003). The studies of Zhang & et al. (2002) and Yingji (2005) both stated that the suitability of software and hardware together with capability of the vendor positively affect to a successful deployment of ERP.

Hypothesis H5: There is a positive relationship between Capability of the Vendor support and a successful deployment of ERP

User involvement:
Users are those who catch the knowledge about ERP through training activities. They are selected by their companies to involve in the deployment of ERP, and can continue developing this approach to all employees in their companies. Nelson & Cheney (1987) prove there is a positive relationship between the users’ satisfaction and the success of ERP project.

Hypothesis H6: There is a positive relationship between Capability and Attitude of Users and a successful deployment of ERP

3. Research Methodology
This study primarily uses qualitative methodology together with quantitative methodology.
Qualitative research methodology is performed by group discussion. There are 2 groups with 7 people in each. Group 1 consists of 7 participants who have involved in deployment of ERP projects in Vietnamese companies. Group 2 have 7 experts from the companies supplying ERP software solutions. Through the group discussion, the authors adjust, add factors affecting a successful deployment of ERP and form scales of these factors
Quantitative research methodology is used to evaluate the reliability of the scales of factors affecting a successful deployment of ERP, test the research model and research hypotheses. The research data are collected by interviewing with questionnaire. The interviewed individuals are administrators (such as executive directors, finance directors, information technology directors, managers in departments) from chosen 45 companies in Vietnam which have successfully deployed ERP system. The survey was conducted in Feb and Mar 2017 (Table 1). Samples are chosen as below:

<Table 1> Statistic of the surveyed samples

<table>
<thead>
<tr>
<th>Business fields of companies</th>
<th>Quantity (Persons)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturers</td>
<td>75</td>
<td>23,2</td>
</tr>
<tr>
<td>Forwarders, Media companies</td>
<td>72</td>
<td>22,2</td>
</tr>
<tr>
<td>Service suppliers, Retailers</td>
<td>118</td>
<td>36,4</td>
</tr>
<tr>
<td>Others</td>
<td>59</td>
<td>18,2</td>
</tr>
<tr>
<td>Total</td>
<td>324</td>
<td>100,0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Kinds of ERP software which companies have applied</th>
<th>Quantity (Persons)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP</td>
<td>140</td>
<td>43,2</td>
</tr>
<tr>
<td>Oracle</td>
<td>88</td>
<td>27,1</td>
</tr>
<tr>
<td>Microsoft</td>
<td>32</td>
<td>9,9</td>
</tr>
<tr>
<td>Others</td>
<td>64</td>
<td>19,8</td>
</tr>
<tr>
<td>Total</td>
<td>324</td>
<td>100,0</td>
</tr>
</tbody>
</table>

Source: surveyed by the authors

Below techniques are used in the analysis process of data: Cronbach’s alpha and EFA - Exploratory Factor Analysis to test the reliability of scales, double regression analysis to test the research model, the research hypotheses and identify the importance of the attributed factors of a successful deployment of ERP.

4. Results
- The result of the research has identified the very 6 factors suggested in the research model (figure 1) are the key factors affecting a successful deployment of ERP in Vietnam. In addition, the authors have developed the five-point Likert scale (from “strongly disagree” to “strongly agree”) for these 6 factors with 30 sub-variables and for dependent variable (successful deployment of ERP) with 4 sub-variables based on the scales of Zhang & et al (2002), Yingji (2005), Bradley (2008).
- The result form Cronbach’s alpha shows that reliability coefficients are acceptable for all scales (the lowest figure is α =
The results of EFA of the affecting factors and successful deployment of ERP assessed through Principal Axis Factoring and Promax rotation have indicated that KMO=0.909 with significant sig = 0.000; and 30 sub-variables are loaded into 7 factors with the same eigenvalue =1.071 accounting for 61.487% percent of total variance. This confirms the scales of the affecting factors and successful deployment of ERP are acceptable for the coming step called analysis of regression.

- Spearman’s Rho Test indicates the correlation coefficients among the affecting factors are from 0.211 -0.624; the correlation coefficients between the affecting factors and successful deployment of ERP are from 0.446 - 0.577. This shows there is very little possibility of collinearity and these suggested factors in this research model would much explain the successful deployment of ERP.

- The results of the analysis of regression presents $R^2 = 0.568$; adjusted $R^2 = 0.553$, F-value = 38.182 and sig=0.000). This indicates the chosen regression model is suitable with the research and can explain 55.3% of successful deployment of ERP. The results of analysis of regression also show all coefficients B and Beta are positive numbers and all t values have statistic significant (Table 2).

So the study can confirm that the hypotheses H1, H2, H3, H4, H5, H6 are all acceptable and regression equation indicating the affecting factors to a successful deployment of ERP is as below:

$$SDE = 0.240*TM + 0.174*PM + 0.259*BP + 0.157*SH + 0.156*VS + 0.164*UI$$

(\text{Table 2}) Coefficients of regression model

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-0.514</td>
<td>0.332</td>
<td>-1.548</td>
<td>0.123</td>
<td></td>
</tr>
<tr>
<td>TM</td>
<td>0.240</td>
<td>0.065</td>
<td>0.234</td>
<td>3.674</td>
<td>0.000</td>
</tr>
<tr>
<td>PM</td>
<td>0.174</td>
<td>0.079</td>
<td>0.158</td>
<td>2.191</td>
<td>0.030</td>
</tr>
<tr>
<td>BP</td>
<td>0.259</td>
<td>0.065</td>
<td>0.219</td>
<td>3.992</td>
<td>0.000</td>
</tr>
<tr>
<td>SH</td>
<td>0.157</td>
<td>0.067</td>
<td>0.137</td>
<td>2.333</td>
<td>0.021</td>
</tr>
<tr>
<td>VS</td>
<td>0.156</td>
<td>0.070</td>
<td>0.150</td>
<td>2.239</td>
<td>0.026</td>
</tr>
<tr>
<td>UI</td>
<td>0.164</td>
<td>0.063</td>
<td>0.169</td>
<td>2.616</td>
<td>0.010</td>
</tr>
</tbody>
</table>

(Source: Analyzed by the authors)

The result of testing the assumed violations of the regression model shows that all assumptions are not violated. Thus, the regression model and the hypotheses tested in this study are acceptable.

6. Conclusion and Some Suggestions

In conclusion, the result of this study has the similarity with the results of Zhang & et al (2002), Yingji (2005), Bradley (2008). The main factors attributed to affect to a successful deployment of ERP are Top managers’ commitment and support; Project management board; Business process re-engineering; Suitability of software and hardware; Vendor support and User involvement. In which, the 3 strongest affecting factors are Top managers’ commitment and support (Beta = 0.234), Business process re-engineering (Beta = 0.219) and User involvement (Beta = 0.169). Next positions are Project management board (Beta = 0.158), Vendor support (Beta = 0.150) and Suitability of software and hardware (Beta = 0.137).

From the discussion with the surveyed participants in qualitative research, they all have agreed that the result of this study is suitable with the today’s reality in Vietnam. Thus, from the result of this study, the authors would like to have some following suggestions to leaders of companies:

To begin with, companies’ leaders (i) need to well understand and identify their active roles to support, encourage ERP project teams; (ii) themselves need to carefully study the ERP project and deploying process to have the right option of software supplying vendors, and make sure the software is totally suitable with their companies’ business special features and own conditions; (iii) need to reasonably invest and allocate their resources; (iv) need to have a high attempt in deployment of ERP.

Secondly, companies’ leaders (i) need to deeply investigate when assessing their companies’ present activities, the current business process and the software and hardware currently applied in the companies. From then, the companies will have active actions and high determination in standardizing the business process, choose the hardware vendor suitable with selected ERP software; (ii) actively upgrade their companies’ technology infrastructure prior to deployment of ERP.

Thirdly, companies’ leaders need to rightly select and train the ERP users in the companies so that they can meet standards when involve in the implementing process of ERP. They must not only have working experiences, career knowledge, but also master the business strategy, the operations of departments in their companies, and are good enough at English. Especially, if the companies select ERP solution of SAP supplier (from Germany) or of Oracle, Microsoft suppliers (USA), they must get the certificate of using the above software so that the ERP system is later operated with correct functions and requirements.

Also, the routine workload participants of ERP project must be reduced so that they have more time to focus on the project; they need to be given compliment or bonus timely to have a high working spirit to the project.

Fourthly, the selected participants in ERP project should be managers in departments or sections with many years of experiences and they can manage the project. They also need to be good at information technology and deployment process of ERP. With these capabilities, they can follow up, cooperate, and quickly solve the matters rising in deployment of ERP.

References


The Impacts of Tax Procedures Reform to Business Environment in Vietnam: Achievements and Further Reforms

Le, Xuan Truong

Abstract

Tax procedures are factors that strongly affect the business environment. A simple and convenient tax procedures system will contribute to a good business environment by easing of tax returns preparation, reducing tax compliance costs and preventing corruption. This paper examines the results and impacts of previous tax procedures reform to Vietnam’s business environment, identifies challenges of tax procedures reform now and the coming years, and discusses areas where further reforms are needed to sustain tax revenue and reduce compliance costs including: (i) Transparent and comprehensive guidance to all tax laws and other legal tax documents; (ii) Widening the application of risk management in tax administration; (iii) Continuing simplification of tax procedures; and (iv) Development of IT in tax administration.

Keywords: Business Environment, Compliance Costs, Declaration, Doing Business, Filing, Tax Procedures, Vietnam.

1. Introduction

Vietnam has conducted tax reform for nearly three decades alongside the Vietnam’s economic renovation “doi moi”. Su, Bui, Tran (2014) holds that tax reform program of the 2000-2010 period is released successfully, putting in place a tax system that meets the requirements of a market economy and necessary legal conditions for accession to the World Trade Organization [4]. The tax reform of the 2011-2016 period got remarkable achievements contributing to the recovery of the economy which was affected by the world financial crisis. Concurrently, Vietnam’s tax administration including tax procedures has improved substantially over the last decades. The tax procedures reform in Vietnam has so far been focused on the following issues: (i) Simplifying the declaration forms; (ii) Reducing the documentation; (iii) Publicizing the procedures; (iv) Applying self-assessment system; and (v) Developing e-filing and e-payment of taxes. Although many achievements have been yielded which is shown in the improvement of the rank in the World Bank’s Doing Business in the recent years, the tax procedures reform is still facing some challenges and there remains areas where further improvements would be done.

2. Achievements

According to Su, Bui, Tran (2014), a milestone in the process of modernizing tax administration is the adoption of the new Tax Administration Law in 2006, which enhance the transparency and integrity of the operation of the General Department of Taxation. Four remarkable features could be found in the Tax Administration Law. Firstly, the rights and obligation of taxpayers, tax agency and other related organization are clearly defined. Second, all taxpayers are provided a unique taxpayer identification number. Thirdly, the law emphasizes equitable treatment between tax payment and tax refund. Finally, it provides guides for using the third-party information to enhance the audit and enforcement of tax laws [4].

Moreover, with the application of the Tax Administration Law, the self-assessment system has officially been applied in Vietnam with the emphasis of the voluntary compliance of the taxpayers since 1 July 2007. At the same time, the administration philosophy changed. According to which, the tax authorities act as services supporting agencies for the taxpayers and supervising agencies instead of acting only as supervising agencies. Especially, under the Law No. 21/2012/QH13 on amendment supplement of the Tax Administration Law, the VAT quarterly declaration (applicable to businesses with annual sale VND 20 billion or less) has applied since 1 July 2013 instead of monthly declaration. The development of IT in tax administration was set up in this period with the widespread application of the code technology in tax declaration and the commencement of e-filing. Thanks to the above changes, the annual time of tax compliance in the WB’s Doing Business reduces from 1,050 hours to 872 hours in the period 2009-2013. Despite the reduction of the annual time of tax compliance and many changes in tax laws and tax administration, the ranking with regard to paying tax appears to be unchanged during the 2009-2013 period.

The periods 2014-2016 witnessed substantial changes in tax procedures as one of the actions of the Ministry of Finance to carry out the Government’s Resolution 19/NQ-CP dated 18 May 2014 on key duties and solutions to improve business environment and national competitiveness. The following table shows major reforms in tax procedures and briefly discusses their impacts to business environment.

<table>
<thead>
<tr>
<th>Major reforms in tax procedures</th>
<th>Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>- Clarifying and simplifying invoice procedures.</td>
<td>Easier to comply.</td>
</tr>
<tr>
<td>- Abolishment of: (i) 4 annexes in VAT filing; (ii) The requirement of VND 1 billion for the voluntary application of deduction method; (iii) Requirement for notes of deadline of payment in the VAT annex of purchased list; (iv) VAT invoice in refund filing in case of for exportation; (v) The declaration to reducing input VAT in case of overdue payment for purchased goods and services.</td>
<td>Saving time and money for the preparation of VAT and CIT filing.</td>
</tr>
<tr>
<td>- Simplification of annexes in VAT filing.</td>
<td>Reduction of tax compliance costs.</td>
</tr>
<tr>
<td>- Abolishment of quarterly provisional filing of CIT but keeping quarterly provisional payment.</td>
<td>Reducing unofficial costs for taxpayers and preventing corruption.</td>
</tr>
<tr>
<td>- Publicizing all legal tax documents and tax procedures in the GDT’s website.</td>
<td>The WB’s Doing Business: Time for paying taxes is 537 hours.</td>
</tr>
<tr>
<td>- Developing e-filing with the participation of 94.8% enterprises and e-payment with</td>
<td></td>
</tr>
</tbody>
</table>
the participation of 0.24% enterprises.

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Abolishment of: (i) List of purchased goods and services and list of selling goods and services in VAT filing; (ii) Several documents related to deductible expenses for CIT. - Certain documents in tax filing will be abolished by the Government when applying e-procedures. - Simplifying PIT computation to business individuals and households. - Giving more detailed guidance for some deductible expenses for CIT. - Widening of e-filing with the participation of 98.95% enterprises and e-payment with the participation of 95.3% enterprises.</td>
<td>Saving time and money for the preparation of VAT, CIT and other taxes’ filing. Easier to comply. The WB’s Doing Business: Time for paying taxes is 537 hours; Rankings in ease of paying tax: 173/189.</td>
</tr>
<tr>
<td>- Shortening the time to receive the VAT refund. Saving time and money for the preparation of filing. The WB’s Doing Business: Time for paying taxes is 351 hours; Rankings in ease of paying tax: 167/190. VCCI: The percentage of taxpayers who have troublesome in doing tax procedures reduced from 49% down to 41%[3].</td>
<td>- Clarifying the way to determine VAT refund in case of exportation. - Widening the scope of the application of VAT refund before audit. - Abolishment of requirement of bank account registration as one of the conditions for VAT credit. - Making the provisions on the excisable price easier to apply. - Widening of e-filing with the participation of 99.7% enterprises and e-payment with the participation of 96.7% enterprises.</td>
</tr>
</tbody>
</table>

During the early months of 2017, changes in transfer pricing rules was made under the Decree 20/2017/ND-CP with the following notable provisions:

- Clearer explanation of definitions, TP documentation requirements and TP methods with attempt to be in line with the OECD and BEPS recommendations.
- Exemption from preparation of TP Report and Form applicable to: (i) Enterprises only transact with related parties which are subject to CIT in Vietnam; (ii) Both parties have the same tax rate and neither of them is entitled to tax incentives during the period (Thomas McClelland, 2017) [5].
- Exemption from preparation of TP Report (However, the TP Form will need to be filed) applicable to: (i) Businesses having related party transitions with sale revenue less than VND 50 billion and the total value of related transitions does not exceed VND 30 billion; (ii) Taxpayer who signed APA, submitted Annual Report in accordance with APA regulation; (iii) Perform single business function driving no revenue or expenses from exploration and usage of intangible assets, having sale under VND 200 billion applying the operating margin of 3% and above, 10% and above, 15% and above respectively to the following areas: distribution, manufacturing and processing (Thomas McClelland, 2017) [5].

3. Challenges

1) How the tax procedures should be reformed in a way that could balance the strong demand for the prevention of tax fraud caused by high percentage of low compliant taxpayers and the need for favorable business environment.

2) In the context of international integration, the tax system requires further strengthening to address newly emerging challenges, such as cross-border tax evasion, transfer pricing, and e-commerce transactions (KPMG, 2014).

3) Despite great effort of the Vietnam Communist Party and the Government, corruption still remains as one of the biggest obstacle to the economic reform as well as tax procedure reforms.

4. Recommendations For Further Reforms

4.1. Transparency.

A transparent and comprehensive guidance to all tax laws and other legal tax documents will contribute to spur the compliance of taxpayers and reducing unofficial costs. In order to get this demand, some important work should be done including: (i) Checking “grey” areas in all tax laws and legal tax documents and replacing them by clear explanation; (ii) Enhancing the ability of taxpayers to obtain clear and timely written guidance on areas where they may be uncertain on the application of the tax regulations; (iii) Supporting specific guidelines on the application of 0 rated of VAT for exported services, incentives for IT industry, filing and auditing of electronic commerce etc.; (iv) – (Norregaard, Matheson Mullins, Schatan, 2015) – Implementing EITI accounting standards to ensure transparency [2].

4.2. Development of risk management.

By application of risk management in tax administration, the tax authorities apply simple procedures to high compliant taxpayers and thorough procedures to low compliant taxpayers. This is the key solution to overcome the challenge of how to balance the demand for the prevention of tax fraud and the need for favorable business environment. Risk management has been so far applied only in tax auditing and VAT refund in Vietnam. Risk management should be applicable to tax filing and payment, tax debts and enforcement of tax administration decisions; management and use of tax invoices; and other activities during implementation of tax administration tasks.

4.3. Procedure simplification.

Although many documents in tax filing has been cut, there remains several documents that could still be abolished especially documents related to tax refund, invoices and incentives. Moreover, the tax filing should be reformed in a way that accounting data can be used at the same time for tax declaration in order to save time for tax filing preparation.
4.4. Development of IT in tax administration.

IT has been increasingly applied in tax administration, especially in registration, filing and payment, but there are some areas that can be further improved including tax refund, invoice management, and other tax procedures. By application of e-procedures in these areas, all procedures will be done automatically and timely in accordance with the Tax Administration Law.

5. Conclusions

Although in the WB’s Doing Business 2017, the paying taxes indicators of Vietnam have much improved with considerably filing time reduction of 146 hours (from 497 hours down to 351 hours) and the move in rankings from 178/189 up to 167/190, much remains to be done to get the goals of ASEAN-4 set by the Vietnam Government under Resolution 19/NQ-CP dated 6 February 2017 with time for paying taxes of 119 hours because Vietnam’s paying taxes indicators are now lowest in ASEAN region (WB’s Doing Business rankings 2017: Lao 146, Indonesia 104, Philippines 115, Thailand 109, Malaysia 61, Singapore 8). In order to get the goals in tax procedures reform as well as in economic reform, both political will and technical solutions are badly needed among which corruption struggle, IT implementation and modernization of tax administration count most.

References


Role of Corporate Social Responsibility in Managing Customer Loyalty: An Empirical Study in Vietnam Retailing Industry

Hoang, Phuong Dung

Abstract

Vietnamese consumers have increasingly concerned about CSR however the linkage between perceived CSR and customer behavior has not been adequately explained in Vietnam context. This paper aims at investigating how Vietnamese customers’ perception of CSR influences their loyalty to retailers as well as testing the mediating roles of relationship quality (customer satisfaction and trust) on such influence. The findings will provide valuable strategic implications for Vietnamese supermarkets in designing effective customer-retention programs. The results of this study are in line with previous researches that support the direct positive effect of perceived CSR on customer loyalty. Moreover, this study demonstrates the paths from perceived CSR on customer loyalty in Vietnam retailing context in which the mediating roles of customer trust and customer satisfaction are affirmed. The possible reason is that consumers associate good CSR with positive evaluation of the retailer’s trustworthiness as well as its products and services that enhance relationship quality and loyalty.

Keywords: Corporate Social Responsibility, Customer Loyalty, Vietnam Retailing Industry

1. Introduction

Corporate social responsibility (CSR) has increasingly become a vital strategy of many companies in the world since empirical studies have affirmed its role as a key antecedent of customers’ behavioral intention (Atasryan, 2002; Diallo & Chechkin, 2015; Du et al., 2007). Theoretically, CSR requires companies to take into consideration all entities that may be affected by its actions as well as use its resources in ways that improves welfare of society at large while experiencing its own economic prosperity (D’Amato et al., 2009).

Since CSR programs help generate social capital that contributes positively to sustainable development goals, the main agenda of all developing countries under the United Nation by the next decade (Blhnekwati, 2016), many governments have introduced policies aiming at institutionalize sustainable development goals into business operations. In which, the best way to motivate companies to include CSR in their business decisions is explaining the role of CSR on demand-side perspectives so that they realize the long-term benefits of adopting CSR. According to Hieu (2011), Vietnamese consumers have increasingly concerned about CSR however the linkage between perceived CSR and customer behavior has not been adequately explained in Vietnam context. This paper aims at investigating how Vietnamese customers’ perception of CSR influences their loyalty to retailers as well as testing the mediating roles of relationship quality (customer satisfaction and trust) on such influence. The findings will provide valuable strategic implications for Vietnamese supermarkets in designing effective customer-retention programs.

2. Literature Review and Hypothesis Development

The concepts of CSR and relationship quality

The literature on CSR reveals the confusion regarding how to define and measure perceived CSR. According to McGuire (1963), CSR refers to “The idea of social responsibility supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations”. When environment pollution has become a hot issue over the world, the scope of CSR is further enlarged in which responsible business should recognize not only social but also environmental concerns in their core business practice (McInths and Mohan, 1999). Since globalization occurs in every aspects of social and economic life, the definition of CSR has been revised by Warhurst (2001) in which CSR is defined as “the internalization by the company of the social and environmental effects of its operations through proactive pollution prevention and social impact assessment so that harm is anticipated and avoided and benefits optimized”.

In general, CSR can be regarded as a firm’s initiatives to go beyond traditional responsibilities and contribute in positive ways to its shareholders, customers, employees, the society and the environment. Relationship quality which is the vital concern of every company is made up by customer trust and customer satisfaction (Roberts et al., 2013; Sirdeshmukh et al., 2002). Customer satisfaction can be defined as an affect-based response or estate resulting from evaluation of overall product consumption or service experience upon the comparison between the perceived product or service performance and pre-purchase expectations (Cronin et al., 2000) while trust is the customers’ willingness to depend on or cooperate with a brand or a provider upon either cognitive or affective base (Sekhon et al., 2014).

The linkage between perceived CSR and customer trust, satisfaction and loyalty

Perceived CSR has been found to have direct effect on both customer trust (Chun and Bang, 2016) and customer satisfaction (Brown and Dacin, 1997). However, the literature on the relationship among perceived CSR, customer trust, satisfaction and loyalty has drawn different outcomes. According to Liu et al. (2010), perceived CSR has no direct effect on customer loyalty, instead, perceived CSR indirectly influence customer loyalty through trust and
satisfaction. In contrary, according to Asatryan (2002) and Du et al. (2007), customers reward CSR brands with their loyalty and advocacy, therefore, the direct relationship between CSR and customer loyalty does exist. In retailing industry, Diallo and Checkchin (2015) indicated that perceived CSR has both direct and indirect impacts on customer loyalty while trust mediates partially the effect of perceived CSR on loyalty. To date, there has been no research regarding the effect of perceived CSR on customer behavior in Vietnam. This study, upon Vietnam retailing context, will test the following hypothesis:

H1: Perceived CSR has direct positive effect on loyalty
H2: Perceived CSR has direct positive effect on satisfaction
H3: Perceived CSR has direct positive effect on trust
H4: Satisfaction has direct positive effect on loyalty
H5: Trust has direct positive effect on loyalty
H6: Satisfaction mediates the effect of perceived CSR on loyalty
H7: Trust mediates the effect of perceived CSR on loyalty

<Figure 1> Conceptual framework (Model 1)

3. Research Methods

This study conducted a quantitative survey with the use of a paper-based questionnaire. A pilot test was also implemented on twenty Vietnamese shoppers so as to ensure the questionnaire’s good comprehension; easy-to-understand language and phraseology; ease of answering; practicality and suitable length. The data was collected within April 2017 with the employment of convenient sampling method. The sample included undergraduate and postgraduate students of a large educational institution in Hanoi city. The questionnaires were distributed face-to-face in class with the permission and collaboration of tutors. A total of 398 questionnaires filled, however 12 were removed due to missing data. The 386 valid sampling units include 57.25% female and 42.75% male. The larger age group were 22 to 30 (74.87%). The measurement instruments were developed based the comprehensive literature review in service industry (See Table 1). A five-point Likert scale was used to measure each construct, ranging from strongly disagree (1) to strongly agree (5).

4. Results

This study assessed validity and reliability of the measurement constructs following the guideline suggested by Anderson and Gerbing (1988). Firstly, confirmatory factor analysis (CFA) on AMOS 22 was conducted to test for the convergent validity of measurement items used for each construct. CFA results as shown in Table 1 indicated that all factor loadings were statistically significant and greater than 0.5. Therefore, all measurement items are retained for further exploratory factor analysis (EFA) on SPSS. The pool of items measuring perceived CSR, customer satisfaction, trust and loyalty were subjected to an EFA with principal factor as extraction method followed by varimax rotation. The EFA results revealed four factors in accordance with the initial measurement of each construct. Moreover, the reliability value of all constructs exceeded the 0.7 criterion while the AVE values were above the recommended threshold of 0.5.

We, therefore, concluded that all measurement items of each construct achieved reliability, convergent validity and the unidimensionality (Fornell and Larcker 1981). All measurement items as shown in Table 1, therefore, are qualified to be used for hypothesis testing.

<Table 1> Confirmatory factor analysis results

<table>
<thead>
<tr>
<th>Construct</th>
<th>Variable items</th>
<th>Mean</th>
<th>SD</th>
<th>Factor loading</th>
<th>t-value</th>
<th>Adapted from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived CSR (CSR)</td>
<td>CSR1</td>
<td>3.15</td>
<td>0.68</td>
<td>0.713</td>
<td>10.677</td>
<td>Diallo and Checkchin (2015); Lai et al. (2010)</td>
</tr>
<tr>
<td></td>
<td>CSR2</td>
<td>3.30</td>
<td>0.64</td>
<td>0.734</td>
<td>10.867</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR3</td>
<td>3.21</td>
<td>0.65</td>
<td>0.654</td>
<td>10.064</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR4</td>
<td>3.16</td>
<td>0.67</td>
<td>0.702</td>
<td>10.566</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSR5</td>
<td>2.95</td>
<td>0.70</td>
<td>0.617</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction (CS)</td>
<td>CS1</td>
<td>2.76</td>
<td>0.67</td>
<td>0.768</td>
<td>12.477</td>
<td>Jones and Suh (2000); Loureiro et al. (2014).</td>
</tr>
<tr>
<td></td>
<td>CS2</td>
<td>2.97</td>
<td>0.73</td>
<td>0.734</td>
<td>12.740</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CS3</td>
<td>2.76</td>
<td>0.75</td>
<td>0.771</td>
<td>12.740</td>
<td></td>
</tr>
<tr>
<td>Customer trust (CT)</td>
<td>CT1</td>
<td>3.60</td>
<td>0.70</td>
<td>0.663</td>
<td>8.923</td>
<td>Loureiro and Miranda Gonza’lez (2008)</td>
</tr>
<tr>
<td></td>
<td>CT2</td>
<td>3.28</td>
<td>0.71</td>
<td>0.613</td>
<td>8.630</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CT3</td>
<td>3.68</td>
<td>0.73</td>
<td>0.674</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer loyalty (CL)</td>
<td>CL1</td>
<td>3.30</td>
<td>0.79</td>
<td>0.751</td>
<td></td>
<td>Molina et al. (2009)</td>
</tr>
<tr>
<td></td>
<td>CL2</td>
<td>3.31</td>
<td>0.81</td>
<td>0.803</td>
<td>13.080</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CL3</td>
<td>3.17</td>
<td>0.84</td>
<td>0.702</td>
<td>12.178</td>
<td></td>
</tr>
</tbody>
</table>

Notes: Measurement model fit details: CMIN/df = 1.968; p=.000; RMR=.022; GFI=.950; CFI = 0.960; AGFI= 0.927; RMSEA=0.05; PCLOSE=0.475; “___” denotes loading fixed to 1
The hypothesized relationships have been tested upon a path analysis recommended by (Oh, 1999) using AMOSS 22. The indicators of model fit indicated that the proposed model demonstrates a reasonably good fit to the data. Table 3 shows path coefficients in the full model and modified models in which satisfaction or trust were removed from the original model to test their mediating effects.

### Table 2: Average Variance Extracted, inter-construct correlation and Reliability

<table>
<thead>
<tr>
<th>Construct</th>
<th>Model 1 (original)</th>
<th>Model 2 (without CS)</th>
<th>Model 3 (without CT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>AVE=0.538</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS</td>
<td>0.068</td>
<td>AVE=0.682</td>
<td>0.814</td>
</tr>
<tr>
<td>CT</td>
<td>0.109</td>
<td>AVE=0.564</td>
<td>0.704</td>
</tr>
<tr>
<td>CL</td>
<td>0.110</td>
<td>0.134</td>
<td>0.145</td>
</tr>
</tbody>
</table>

### Table 3: Path coefficients

<table>
<thead>
<tr>
<th>Construct path</th>
<th>Model 1 (original)</th>
<th>Model 2 (without CS)</th>
<th>Model 3 (without CT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR to CS</td>
<td>0.383**</td>
<td></td>
<td>0.370**</td>
</tr>
<tr>
<td>CSR to CT</td>
<td>0.604**</td>
<td>0.595*</td>
<td></td>
</tr>
<tr>
<td>CSR to CL</td>
<td>0.217*</td>
<td>0.338*</td>
<td>0.448**</td>
</tr>
<tr>
<td>CS to CL</td>
<td>0.362**</td>
<td></td>
<td>0.388**</td>
</tr>
<tr>
<td>CT to CL</td>
<td>0.409**</td>
<td>0.457**</td>
<td></td>
</tr>
<tr>
<td>Fit indices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMIN/df</td>
<td>1.968</td>
<td>2.493</td>
<td>2.259</td>
</tr>
<tr>
<td>CFI</td>
<td>0.960</td>
<td>0.953</td>
<td>0.964</td>
</tr>
<tr>
<td>GFI</td>
<td>0.950</td>
<td>0.955</td>
<td>0.957</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.927</td>
<td>0.927</td>
<td>0.931</td>
</tr>
<tr>
<td>RMR</td>
<td>0.022</td>
<td></td>
<td>0.021</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.05</td>
<td>0.062</td>
<td>0.057</td>
</tr>
<tr>
<td>PCLOSE</td>
<td>0.475</td>
<td>0.087</td>
<td>0.209</td>
</tr>
</tbody>
</table>

Notes: *p < 0.05 and **p < 0.001

According to the path analysis results for the original model, all of perceived CSR, customer trust and customer satisfaction have significant positive effect on customer loyalty (support H1, H4 and H5). In addition, the positive impacts of perceived CSR on both customer satisfaction and trust are significantly found (support H2 and H3). In order to test the mediating roles of relationship quality on the effect of perceived CSR on customer loyalty, we removed either customer satisfaction or trust resulted in Model 2 and Model 3 accordingly and run path analysis for each of these models. The path coefficients resulted from Model 2 that excludes customer satisfaction was compared with those in Model 1 (original model) to test the mediating role of customer satisfaction. Specifically, both perceived CSR and customer satisfaction have positive effects on customer loyalty in two models.

However, the effect of perceived CSR on loyalty is higher when customer satisfaction is absent. According to the mediating conditions suggested by Baron and Kenny (1986), the results indicate that customer satisfaction mediates partially the effect of perceived CSR on loyalty (support H6). Similarly, Model 3 that excludes customer trust was compared with those in Model 1 (the original model) to test the mediating role of customer trust. Results in table 3 reveals that both perceived CSR and customer trust have positive effects on customer loyalty in two models. Moreover, the effect of perceived CSR on loyalty is higher in the absence of customer trust. Therefore, trust mediates partially the effect of perceived CSR on loyalty (support H7) (Baron and Kenny, 1986).

### 5. Discussion and Implications

The results of this study are in line with previous researches that support the direct positive effect of perceived CSR on customer loyalty. Moreover, this study demonstrates the paths from perceived CSR on customer loyalty in Vietnam retailing context in which the mediating roles of customer trust and customer satisfaction are affirmed. The possible reason is that consumers associate good CSR with positive evaluation of the retailer’s trustworthiness as well as its products and services that enhance relationship quality and loyalty.

This study draws some practical implications for retail chains. First, they should enhance their perceptions towards CSR since customer trust, customer satisfaction and customer loyalty stem not only from retailers’ offerings but also their CSR. In such a competitive retailing industry, building and maintaining good relationship quality through satisfaction and trust which ultimately lead to customer loyalty are very crucial to every retailers for their long term business growth.

Among many strategies some of which may be very costly and can be imitated by competitors, practicing good CSR is a good choice to establish consumer trust, strengthen customer satisfaction and build long-term customer relationships while creating unique brand position in customers’ minds. Specifically, supermarkets, or retailers in general, should show concerns and take initiatives in protecting environment, supporting local community, selling locally manufactured products (e.g. advocating the national campaign “Vietnamese people use Vietnamese products”) as well as treat customers fairly and do everything in favor of customers’ rights. It is also important that retailers should communicate how good their CSR is so that customers can perceive it by including CSR in company reports and marketing communication since not CSR itself but how customers perceive about retailers’ CSR affect their behavior.

### Reference


A Provincial Analysis of Formal Economic Institutions and Growth in Vietnam

Bui, Thanh Trung¹; Diep, Gia Luat²

Abstract

Formal economic institutions, which are incentive-motivated mechanisms under the control of government, have widely been accepted as an important driver of economic development. However, the relative significance of each constituent has still remained ambiguous, especially in developing economies. This paper aims to fill this gap by investigating the contribution of three important formal economic institutions such as market entry, the security of property right, and anti-corruption mechanisms on provincial economic performance in Vietnam. The empirical results suggest that deregulation of market entry is essential for private investment, employment, and sales of enterprises. However, both the security of property right and anti-corruption provide unexpected outcomes as their improvement impede provincial economic outcomes. Finally, further analysis strongly suggests the heterogeneity in the economic effect of those formal institutions between six regions of Vietnam. In particular, the economic outcomes are positive in South East, negative in the least developed regions like Mekong River Delta or Northern Midland & Mountain, and unclear in other regions.

Keywords: Formal Institutions, Property Right, Market Entry, Corruption, Vietnam.

1. Introduction

Economic growth is one of the most important way to creating wealth and improving benefits for people but the most challenging task is to identify sources or motivations for growth. A large number of researches have shown that growth depends on many factors, such as capital accumulation, technology, monetary and fiscal policy, among many others. As the picture becomes clearer, another question arises: if this is all for growth, why so many countries fail regardless of their investments on physical capital, labor as well as technology (D. C. North & Thomas, 1973). According to Acemoglu et al. (2005), the answer lies in the institutional factors, which are considered as “deep drivers” of growth since they play a central role in shaping motivation of economic agents and the way how resources are distributed in society.

In a modern economy, formal institutions, which are established and implemented by the state, have a profound influence on growth (Cross, 2001). This type of institution is distinct with informal economic institutions such as norms and traditions, which also affect motivations and behavior of economic agents in a slow manner. The formal economic institutions can be divided into two categories: one is legal content and the other is the mechanism for the issuance, management, and enforcement of such regulations. According to Davis and Trebilcock (2001), the second component is more important in promoting growth.

Since the late 1980s, Vietnam has embarked on long-term reforms in a number of areas to promote economic growth while improve people's well-being. And, Vietnam has reformed many components of formal economic institutions in order to establish the groundwork for fundamental changes in the economy as a whole. However, such reforms seem to have a limited impact on growth and cope with criticism from the public for their quality and enforcement. Furthermore, formal economic institutions also need further improvements for the success of socio-economic development plan over the period 2015-2020 and pressures of international integration. Therefore, for better reforms of economic institutions, a rigorous study identifying which elements of formal economic institutions have a positive impact on growth is essential.

Despite remarkable growth rate of the economy as a whole, not every region grows at the same pace and there is a great imbalance between them, which is a challenging issue for the sustainability of the Vietnamese economic development. Frankly, Vietnam has been paying for such a disparity to some extent. While the two most developed regions, the Red River Delta and the South East, are struggling to tackle immigration issues, infrastructure pressures, and environmental pollution, other regions has been facing the problem of brain drank and the lack of innovative driver of economic growth. Arguably, these problems can be resolved when achieving a greater balance between regions’ development. If institutions (formal institution in particular) are the explanation for the gap between countries, it is reasonable to propose that their contribution to growth also differs between regions. Therefore, it is necessary to investigate the possibility of any disparity in the contribution of formal economic institutions to growth between regions.

Taken all together, this paper aims to define the role of formal economic institutions in economic growth and distinguish differences in that relationship between regions. The first objective is to deal with the current debate on the role of formal economic institutions in growth by using the case of Vietnam. Unlike previous studies, this paper conducts a micro analysis by using data from sixty-three provinces in Vietnam. Compared to macro analysis, the micro analysis takes into account the potential impact of unobserved factors that are specific to each province in the country. By doing so, the paper sheds further light on the growth effect of institutional improvements in Vietnam over the past decade as well as offers important suggestions for the formulation of future reform plans. The second objective focuses on the question of whether effective enforcement of legal regulations has the same effect on economic growth between region. The national geographic feature is narrow and stretches over 2,000 kilometer length, leading to significant differences in norms, traditions, culture. Such a geographical characteristic also presents difficulties for some regions to access technology and information. This not only affects the conduct of state policies but also limits inspection and inspection from the state government. All things considered, it is highly likely that national

¹ University of Economics HCM City, Vietnam E-mail: trungbt@ueh.edu.vn
² University of Economics HCM City, Vietnam
regulations are not consistently applied between regions. This paper provides empirical evidence on the regional heterogeneity in the relationship between formal economic institutions and growth.

The paper contributes to the literature in the following important aspects. Firstly, by investigating the case of Vietnam, it moves the research context to a small, developing, and quickly integrated country into the world. Secondly, it examines the importance of various components of the formal economic institutions by using provincial data. In addition, a regional analysis also explains how institutional factors contribute to the huge discrepancies in the level of development between economic regions of Vietnam. Finally, the paper extends the study of corruption-growth nexus by focusing on the mechanism of anti-corruption rather than corruption itself. Such an emphasis responds directly to the question of whether strengthening anti-corruption is necessary and whether the effort should be flexible between regions.

2. Data and Methodology

This study uses data from 63 provinces in Vietnam over the period 2006-2014. With respect to proxies for formal economic institutions, the paper takes advantages of the results from the provincial competitiveness index (PCI) survey conducted by the collaboration between Vietnam Chamber of Commerce and Industry (VCCI) and US Agency for International Development (USAID). This is considered as the most complete and reliable database on important aspects of business environment and institutional quality of many provinces and cities in Vietnam.

This paper focuses on three important components of formal economic institutions, including the security of property rights and contract enforcement, market entry, and anti-corruption mechanisms. First, the enforceability of property right and contract, the most popular component of formal economic institutions, is measured by the percentage of local enterprises responding "yes" to survey questions "Do you believe in the ability of the law to protect copyright or enforce the contract?". Next, high or low entry costs is assessed through the percentage of enterprises waiting more than 1 or 3 months to complete registration procedures to operate. Finally, anti-corruption effort is measured by the percentage of local enterprises believing that the legal system helps them denounce the abuse of officials for personal gains. Growth variables as well as control variables were collected from Statistical Yearbook of Statistics published by the General Statistics Office of Vietnam. The former consists of proxies like private investment, increase employment, and improve business environment whereas the institution of anti-corruption and property right provides negative economic outcomes. However, further analysis reveals that there are considerable differences between six regions in Vietnam. In particular, the South East enjoys positive economic outcomes from improvements in market entry, property right protection, and anti-corruption.

However, other regions such as Northern Midland & Mountain and Mekong River Delta present evidence to the contrary. In remaining regions, the relationship between formal economic institutions and economic outcomes is not clear. With respect to market entry, stronger efforts are necessary in Red River Delta, North Central & Central Coastal, and Mekong River Delta, especially the latter. In South East, further improvement in market entry may be detrimental to private investment. Yet, there have remained some drawbacks in the paper, suggesting a number of opportunity for improvement. To begin with, there are other aspects of formal economic institutions remained unexplored and thus the shape of these institutions has just drawn to a limited extent. Also, it is of essence to account for the interaction between formal and informal economic institutions to investigate the economic outcome of enforcement characteristics of formal rules. All these suggestions are left for following revisions or for other researchers.

3. Conclusions

This study has examined two important aspects of the economic outcome of formal economic institutions by using provincial data from Vietnam. It should be noted that Vietnam is an ideal case for studying how changes in formal economic institutions contribute to the evolution of the economy because it has undertaken fundamental changes in institutions and also experienced remarkable rates of growth. Unlike previous studies, the paper employed micro analysis, which is capable of capturing unobserved local characteristics that are important for promoting growth.

The empirical has shown that only deregulation of market entry boosts private investment, increase employment, and improve business environment whereas the institution of anti-corruption and property right provides negative economic outcomes. However, further analysis reveals that there are considerable differences between six regions in Vietnam. In particular, the South East enjoys positive economic outcomes from improvements in market entry, property right protection, and anti-corruption.

References


Understanding the Impact of Enterprise Resource Planning (ERP) System on Accountants’ Work Performance

Phan, Thi Bao Quyen¹; Nguyen, Phuoc Bao An²

Abstract

The primary purpose of this paper is to develop an ERP success model for only accountants, who have more increasingly intertwined relationship with ERP system (Newman & Westrup 2005). This model is based on D&M success theory and also emphasizes how important it is of ‘perceived accounting benefits’ and ‘trust in system’ in making accountants productive in ERP environment. In this regard, this is the first time that there is a study in relation to ERP and accountants’ work performance as at present. The study is expected to support in understanding the main drivers leading accountants to effectively adopt ERP system via developing an ERP success model for only accountants. The model proposed in this paper is unique as at present, there is no ERP success model for accountants, in the other words, there is no comprehensive theoretical and practical model for analyzing ERP adoption according to only accountants’ characteristics and perceptions.

Keywords: ERP, Accountants’ Work Performance, Perceived Accounting Benefits, Trust, Vietnam.

1. Introduction

In the last nearly thirty years, the majority of business organizations have attempted to install ERP system in order to replace traditional functional systems with a standardized company-wide system. The transition has been always not a trouble-free issue. For firms conducting the implementation of ERP system, enormous spend on it, even reduction in short-term economic profit is acceptable trade-offs. However, these trade-offs have not always brought successful results because of ERP system’s complex characteristics.

Fortunately, continuous improvement of information technologies makes favorable conditions for ERP system to become more economically feasible. Once technical drawbacks are overcome, ERP system are ready for people to utilize; it is extremely important thing is to understand how ERP system influence users, and then, to be able to guide them how to successfully adopt it in enhancing their work performance. Among individuals directly adapting for ERP in their day-to-day routine work, accountants are considered as subjects that need to be paid more attention to instead of all different users as accountants are influenced too significantly by implemented ERP system to not change their role and even their nature (Newman & Westrup 2005). Therefore, a call for finding how to adopt ERP system in order to make accountants productive has become a main concern of ERP research community. During the process of literature review, there are many studies conducted in order to identify whether ERP system influences individual work performance. However, these studies have been primarily taken for the whole different users, and lesser extent, even none for accountants. Hence, this study intends to develop an ERP success model for only accountants, namely, the objectives of this study are as follows:

1. To examine perceived accounting benefits from ERP;
2. To conduct an extensive review of literature on relevant theories on adoption of an innovation;
3. To build up a conceptual model with relevant hypotheses for ERP adoption to improve accountants’ work performance;
4. To offer implications for future research.

2. Perceived Accounting Benefits from ERP

While a number of studies have been carried out to investigate technical, managerial and economical advantages relating to ERP implementation, evaluation of the accounting benefits generated by ERP system is still inadequate and unsystematic. This section lists research studies focusing on the interaction between accounting and ERP system to be able to draw complete picture of perceived accounting benefits derived from ERP. First of all, ERP not only improves the quality of input information (Olhager & Seldin 2003), but also enhances the quality of outputs in relation to producing more accurate reports/statements of accounts; improving service of accounting tasks; reducing reporting lags (Velcu 2007; Brazel & Dang 2008; Colmenares 2009); and elimination of reports and multiple data entry (Gattiker & Goodhue 2004; Chang 2006). Second, ERP conducts data processing in the more increasingly effective manner. For instance, ERP constitutes sources of data for new accounting practices (Booth et al. 2000). ERP helps accountants carry out routine activities more effectively and gives accountants more time for analysis and business support processes (Granlund & Malini 2002; Rom & Rohde 2006; Jarvenpaa 2007). ERP also improve decision-making process and enterprise integration (Spathis 2006). Furthermore, in an attempt to conceptualize and operationalize ‘accounting benefits’, Spathis (2006) bases on findings of Shang & Seddon’s (2002) study, which classifies ‘ERP benefits’ into operational, managerial, strategic, IT infrastructure and operational types in order to examine accounting benefits derived from ERP.

The most important study when reviewing previous researches to examine whether ERP adoption influence accounting applications and if yes, then identify what accounting benefits from ERP are is of Kanello & Spathis (2013). Their study not only conceptualizes, operationalizes ‘accounting benefits’ of adopting ERP system, but also, as the first time, examines in detail the significant relation
between accounting benefits and ERP user satisfaction. According to explanations presented above, it seems likely that Kanellou & Spathis’ (2013) a ‘accounting benefits instrument’ set is measured in the most complete manner until at present. Hence, it will be chosen to make further analysis in this study. However, it is worth noting that some benefits included in the ‘accounting benefits’ instrument match with the items, which are constituted a part of ‘system quality’ and ‘information quality’ variables of DeLone & McLean’s (2003) model, such as ease of use, accuracy, reliability, timeliness, response time, flexibility, and integration. Therefore, it should be especially noticed in terms of development of an ERP success model for accountants in following sections.

3. Literature Review

Information system (IS)/ Enterprise System (ES) success theories allow to find out how to improve ERP system’s outcome that is considered as accountants’ work performance in this study. Hence, it is completely suitable to choose IS/ES success theories in order to clarify the issue stated. This study is based D&M success theory, the most popular model of IS success as at present. D&M model (DeLone & McLean 2003) includes six constructs, namely: (1) system quality, (2) information quality, (3) service quality, (4) use, (5) user satisfaction and (6) net benefits. However, there are three adjustments conducted in terms of D&M success model (DeLone & McLean 2003). First, we are going to refuse to investigate ‘Service Quality’ in the scope of this study. As service quality that is added in the updated D&M model (DeLone & McLean 2003) is the most misunderstood and understudied construct in the whole model. There seems to be some confusion over existing researches, which use updated D&M model (DeLone & McLean 2003) in relation to service quality construct. Indeed, service quality measure may be more contextual than system quality and information quality. For examples, service quality names ‘IT Organizational Service Quality’ (ITOSQ) that refers to the quality of the supporting IS organization and its staff. In other cases, service quality constitutes ‘Software as a service’ in relation to external provider. Besides, ‘Service-Oriented Architecture (SOA) is another example of service quality in an IS context. Second, because of the distinction between voluntary system and mandatory system in nature, use construct will be eliminated from the model as Gable et al. (2008) do. Finally, by reason of repeat of some items between perceived IT quality (system quality and information quality) and perceived accounting benefits construct, which is planned to be put in the model, system quality and information quality are also completely removed from a conceptual framework.

To sum up, the D&M success theory (DeLone & McLean, 2003) in terms of two constructs: (1) user satisfaction, (2) and net benefits is chosen. Out of D&M success model, a theoretical model is also built up to test whether accounting benefits from ERP system influences accountants’ work performance. In the study of Kanellou & Spathis (2013), accounting benefits from ERP system are determined to have a positive effect on user satisfaction. In addition, the impact of user satisfaction on individual performance is confirmed through numerous studies, which use IS/ES success model. Therefore, this study plans to test whether accounting benefits from ERP system are able to affect individual performance via user satisfaction mediation. In conclusion, based on such analyses, an integrated success model for accountants’ ERP adoption is developed via a combination of the D&M success theory (DeLone & McLean 2003), and accounting benefits instrument of Kanellou & Spathis (2013). We describe our model in more detail in the next section.

4. Research Model and Hypothesis

To address the research purpose, we have modified the D&M IS success model (DeLone & McLean 2003), added accounting benefits on to elucidate how accountants assess the success of an adopted ERP system, and then, put additionally trust construct in to test its moderated impact on the relationship between accountants’ satisfaction and accountants’ work performance.

4.1 Accountants’ Work Performance

Individual benefits are described as ‘the effect of information on the behavior of the recipient’ (DeLone & McLean 1992, p. 69) or ‘the extent to which the IS has influenced users’ capabilities and effectiveness’ (Gable et al. 2008). In this study, we defines accountants’ work performance (which is also considered as accountants’ performance) as the extent to which ERP system has influenced accountants’ capabilities and effectiveness in terms of their day-to-day routine work.

4.2 Accountants’ Satisfaction

In a modified form of user satisfaction definition in original D&M model (1992), accountants’ satisfaction in the present study is the extent to which accountants perceive a match between their requirements and ERP functionality. Evidence in the literature reviews shows that in terms of mandatory system, IS users satisfaction is the significant and even the only indicator that is more likely to influence system benefits (Somers, Nelson, & Karimi, 2003). In another series of studies, user satisfaction has been found to have a positive impact on users’ job (e.g., Yoon & Guimaraes, 1995; Guimaraes & Igbria, 1997; Torkzadeh & Doll, 1999), on individual performance (McGill et al., 2003), on users’ productivity and effectiveness (Igbria & Tan, 1997; Rai et al. 2002; McGill & Klobas, 2005; Halawi et al., 2007), and on users’ job satisfaction (Ang & Soh, 1997; Morris et al., 2002). Thus, a hypothesis is given below:

H1. Accountants’ satisfaction has a positive influence on accountants’ work performance.

---

1 The number of articles that have cited this theory on Google Scholar website (original and updated version) is nearly 18900.
2 Most of explanation in relation to misundernd and understudied issue of service quality construct are quoted from the study of DeLone (2016).
4.3 Perceived Accounting Benefits

In the scope of this study, perceived accounting benefits are defined as advantages of ERP system from accounting perspective. As far as we know, a study of Kanelloiu & Spathis (2013) is the only investigation as at present for the relationship between perceived accounting benefits and users satisfaction. The findings show that they confirm perceived accounting benefits affect the level of ERP user satisfaction. Besides, the positive relation between user satisfaction and individual performance is determined via many previous empirical studies (see section 4.2). Therefore, we expect that perceived accounting benefits also bring positive effects on accountants’ work performance. Based on these analyses, we hypothesize the following interaction effects:

H2. Perceived accounting benefits have a positive influence on accountants’ satisfaction.

H3. Perceived accounting benefits have a positive influence on accountants’ work performance.

4.4 Trust in ERP

Riemenschneider et al. (2009) test whether trust is a moderator of the perceived individual impact under the terms of the Web system. The findings indicate that trust not only directly affects the perceived individual impact of the Web but also moderates the link between use/user satisfaction and the perceived individual impact of the Web. Web is also a kind of information technologies in business organization. Therefore, we propose the following hypotheses:

H4. The accountants’ trust in ERP system has a positive influence on accountants’ work performance.

H5. The accountants’ trust in ERP system moderates the relationship between accountants’ satisfaction and work performance.

5. Conclusion

The study is expected to support in understanding the main drivers leading accountants to effectively adopt ERP system via developing an ERP success model for only accountants. The next step in the development of this model is to statistically test five aforementioned hypotheses in the context of data collected in Vietnam. The model proposed in this paper is unique as at present, there is no ERP success model for accountants, in the other words, there is no comprehensive theoretical and practical model for analyzing ERP adoption according to only accountants’ characteristics and perceptions. This model will expand a new research direction focusing on interaction between ERP system and accountants’ behaviors or between ERP system and accounting process and practices.

References


Determinants of Vietnam’s Outward Direct Investment: In Cambodia Case

Vo, Thu Thanh¹; Le, Quang Huy²

Abstract

This paper focuses on the determinants of Vietnam’s FDI abroad. The authors used the mixed research methods: qualitative - quantitative combinations. The authors conducted qualitative research interviewing 6 experts as the managers have a important role in the decision to invest directly abroad for their business and quantitative research by multiple regression methods studying samples consisting of 248 enterprises. Research results indicate that two groups of factors that both Pull factors and Push factors to impact Vietnam’s FDI abroad. Two groups of factors that the authors withdraw into 4 groups of factors that impact the Vietnam’s FDI abroad including: (1) Culture-Geography, (2) Infrastructure, (3) The macro-economic and market and (4) Investment relating regulation and policy.

Keywords: Foreign direct investment (FDI), Outward foreign direct investment (OFDI), Vietnam

1. Introduction

In the last 30 years, globalization and regionalization of the economy have been rapid, one of the characteristics of the process is that countries that promote direct investment abroad, not only countries Industrial development, but also developing countries. Outward foreign direct investment (OFDI) has become a trend for the benefit of stakeholders, including the investment side: On the side of the State to invest, helping to increase the economic, social and political influence on the receiving country; To create a stable source of raw materials for domestic production; The return from overseas investment contributes to improving the country's international payment balance, on the part of investors, through offshore investment, which helps to expand the market in depth, Spreading the risk in business, increasing the efficiency of using capital ... Having realized the benefits of OFDI, in 1989 when Vietnam did not have legal documents regulating the investment activities abroad, there were projects Firstly, with a total investment of nearly 564 thousand USD invested in Laos, by 2016, Vietnam has had 1,188 projects invested in 70 countries and regions of the five continents and with about 21.44 Billion. However, if compared with global’s FDI, FDI from Vietnam has not increased significantly recently, the quality of development is not high, so it is necessary to study the factors affecting the investment of Vietnam abroad; in case, Cambodia is one of the largest and most important market attracting Viet Nam’s FDI, thus, providing key suggestions for boosting and strengthening FDI from Viet Nam.

So far, there have been many works in the world that study the factors affecting OFDI. According to UNCTAD's World Investment Report (2006), scientists and experts have summarized two groups of factors for impacting on the movement of capital abroad. The first group of factors, the enterprises investing overseas, may come from their push factor (domestic factors) such as domestic market characteristics, resource scarcity. The second group of factors, companies invest abroad by the attractiveness of foreign markets (also known as Pull Factors). However, none of the works has adequately researched the synergy of assessing both groups of factors on the impact of capital movements on firms. Therefore, this study was suggested by the authors on this basis, "Determinants of Viet Nam’s outward direct investment: in Cambodia, case", to clarify which factors pushing and attracting significantly influences the OFDI of a developing country in another developing economy, then providing policy suggestions for enhancing Viet Nam’s FDI to foreign countries in general and to the Cambodia in particular.

2. Research Model and Hypothesis

Research model on the factors affecting FDI in Vietnam according to chart below:

3. Conclusion

The purpose of this study is to develop a framework for analyzing the factors that affect the offshore direct investment of a developing country like Vietnam. Research results show that two groups of push - pull factors simultaneously impact on the movement of capital abroad by firms in developing countries. In which the pull factors play a dominant role.

---

¹ University of Economics HCM City, Vietnam
² University of Finance and Marketing, Vietnam
Email: quanghuy@ufm.edu.vn
Push factors from Viet Nam include regulations, licensing procedures as well as incentive policies and investment incentives for offshore investment in Vietnam have been significantly improved in affecting enterprises. Vietnam is investing in foreign countries, in addition, the pressure on domestic market competition is also a factor motivating businesses to invest abroad. Along with that, the author has discovered that monetary policy, interest rates of Vietnam or adverse changes to investors also encourage Vietnamese businesses to invest abroad. Therefore, in order for Vietnamese enterprises to penetrate more quickly and deeply into foreign markets, the State management agencies of Vietnam should make the regulations and procedures for investment licensing more and more simpler.

Pull factors attract Vietnamese enterprises include the Geographic - Cultural factors (including elements of intimacy of attitudes, religions, customs, beliefs, food, as well as the geographic location of Vietnam and the host country), which has the strongest impact on direct investment decisions of Vietnamese enterprises abroad. Infrastructure is the third strongest factor influencing the direct investment of Vietnamese businesses abroad (including transportation system, communication system, Electricity supply, water supply, human resource training, medical services - medical examination and treatment of countries receiving capital and communication systems connecting the two countries). Therefore, the Government of Vietnam needs to coordinate with countries receiving capital and having borders with Vietnam such as Cambodia and Laos to strengthen the construction and development of convenient transportation systems such as East West Economic Corridor, Roads, rivers, waterways and airways to further facilitate the investment and trade of the two countries' businesses; In addition, encourage the transport enterprises, telecommunications, electricity ... investment in each other. In addition, the two sides should have special mechanisms to encourage health care projects such as hospitals, clinics ... of Vietnam deployed in Cambodia, Laos ... Next, to promote the positive side of Macroeconomics and market factors; Mechanisms and policies related to investment, the Government of both Vietnam and capital receiving countries should establish a mechanism of intergovernmental cooperation with the participation of scientists and representatives of the Association of Investors Into Cambodia / Laos to review policy mechanism related to direct investment (Vietnam's investment mechanism abroad, mechanism of attracting investment of recipient countries), indicating the operating restrictions Macro policies and markets of both countries from which to propose complete solutions.

Finally, the Government of Vietnam needs to identify the perception that promoting Vietnam's FDI to Cambodia is not only of aesthetic interest but also of core long-term interests, namely the tightening of political relations between the two countries, aiming at stabilizing the politics of Vietnam and Cambodia, ASEAN.

References

Convergence Strategy VAS with IAS/IFRS to Fit International Business and Economy

Pham, Thi Lai

Abstract  

Vietnam has been taking active steps and is also in the process of international economic integration requiring our country to have a set of high quality accounting standards consistent with the International Financial Reporting Standards (IFRS), which means to shorten the gap between Vietnamese Accounting Standards (VAS) and International Accounting Standards (IAS). The shortening of the gap will make Vietnamese businesses enhance their financial transparencies and boost their financial risk managements in order to manage their assets more effectively. However, in the current context of Vietnam, the convergence of Vietnamese Accounting Standards and International Financial Reporting Standards is not easy and faces many difficulties. Therefore, Vietnam needs a convergence strategy as well as an appropriate guideline that will bridge the gap between VAS and IFRS to gradually improve the national image on the international stage.

Keywords: IFRS, VAS, IAS, International economic integration, Convergence strategy, Vietnamese Accounting Standards (VAS)

1. Introduction

In the last 10 years, the application of International Financial Reporting Standards (IFRS) has developed rapidly worldwide. Mr. Hans Hoogervorst, chairman of the International Accounting Standards Board (IASB) said that, there are 116 countries out of 140 countries surveyed by IASB, have required all or most their domestic firms to apply IFRS. Most of the remaining countries allow application of IFRS. All organizations which have significant impact on the world economy such as G20, World Bank, the International Monetary Fund, the International Financial Stabilization Board (FSB), the International Organization of Securities Commission (IOSCO), etc. support the application of IFRS globally. In Europe, 31 member countries and 5 territories have applied IFRS wholly. In the US, although the domestic market is outside the IFRS framework, the SEC has confirmed that introducing IFRS to the US is a priority. However, Vietnamese accounting standards now appear to have many differences with IAS/IFRS. And now, our country faces many difficulties in convergence with IFRS. Despite such difficulties when expanding the scope of application of IFRS, its benefits are far greater.

2. The Purpose of Convergence with International Accounting

Due to the development of Vietnam's stock market as well as international economy and business integration, especially businesses operating in many fields such as banking, insurance and so on require Vietnam to have a set of high-quality accounting standards based on IFRS and complication guarantee to protect the benefits of investors and other stakeholders. Besides, current conditions of Vietnam are not fully compatible with IFRS. Therefore, a gradual convergence with IFRS may be good for Vietnam. The immediate objective is just the convergence of listed companies, firms operating in many areas such as banking, insurance and launching consolidated financial reports. The rest will apply the Vietnamese accounting standards which is adjusted to narrow the gap with IFRS.

3. The Convergence Roadmap of Vietnamese Accounting Standards (VAS) with IAS/IFRS

In fact, Vietnam has been taking positive steps towards wide applications of IFRS. Along with the development of the market economy and deep integration with the region and the world, Vietnam’s accounting and auditing tools have been modified and completed suitably, especially the application of international accounting and auditing standards has been legalized. However, domestic and foreign experts said that in the context of the current Vietnam economy integrating quickly with the world economy, Vietnam has to apply IFRS. Mr. Hans Hoogervorst acknowledges and recommends: “Vietnam should apply IFRS completely instead of partly with adjustment to suit the reality of Vietnam. In case IFRS can not be applied 100%, IFRS should be applied to Small and Medium Enterprises firstly with simple and easy requirements. This standard has been applied in 78 countries and IASB is ready to assist Vietnam in implementing IFRS.” To meet the requirements of international economic integration as well as obvious benefits that IFRS brings to the economy from the experience of many countries such as improving transparency and reliability of business’s financial information; Improve accountability of the business, etc. to apply IFRS, Vietnam needs a suitable roadmap.

The roadmap can last for many years with different the stages, each can be suggested as follows:

- Stage 1: Improve the business law system; Update and amend the current accounting standards.
- Stage 2: Continue to issue new accounting standards based on IAS/IFRS.
- Stage 3: Conduct convergence with IFRS for listed companies, businesses operating in many fields such as banking, insurance and others who have consolidated financial statements.

So far, Vietnam has done some work to converge with IFRS as follows:

Over the past years, Vietnam has researched and studied the contents of international system standards to apply to the reality of Vietnam economy and has developed and issued 26 Vietnamese

---

1 Quy Nhon University, Vietnam Email: phamlaidhqn@gmail.com
accounting standards on the background of international accounting standards to timely respond to the development of the stock market in Vietnam internationally. In addition to the issuance of the 26 Vietnamese accounting standards system, the relevant legal documents system is quite complete from the highest legal document regulating the activities in this field is Accounting Law to guiding Circulars, business accounting regimes. The number of accountants and auditors in Vietnam is now growing in quantity and progressing in quality. Vietnam currently has more than 1,300 people with practicing certificates, of which more than 300 have international practicing ones. The number of enterprises participating in the market of accounting and auditing services also increased significantly. Up to the beginning of 2017, the number of auditing companies is over 140, of which four of the world’s most reputable auditing firms have been operating in Vietnam for more than 10 years. Along with the issuance of professional ethical standards, the system of auditing standards and the stipulation documents have made the audit activities in order and have some quality progress.

Career management has been fundamentally changed. The Ministry of Finance issued Decision No. 47/2005/QD-BTC on the transfer of accounting and auditing professional management functions to professional associations. This is the first step to build an independent, self-managed, self-balanced professional organization in accordance with international practice. Vietnam has established relationships with international organizations, became members of the International Federation of Accountants (IFAC), Federation of Accountants of ASEAN (AFA). Many large international accounting professional organizations have been operating in Vietnam such as ACCA, CPA Australia in the areas of training high-quality human resources, organizing specialized seminars, updating knowledge for accounting, auditing staffs, etc. Since then, it has created a favorable, equal and integrable environment with the region and the world.

In 2014, it marks an important breakthrough in the issuance of Circular No. 200/2014/TT-BTC replacing Decision No. 15/2006 dated 20/03/2016 and Circular No. 244/2009 /TT-BTC on the business accounting regime. Accordingly, Circular No. 200/2014/TT-BTC is considered to be practical, modern, feasible and realistic. The circular is built on a flexible and open basis focusing on meeting the requirements of managing and operating economic decision’s businesses, serving investors and creditors, not accounting for tax purpose. Besides, the regulations in the circular are in line with international practices, separating of accounting techniques on the account and financial statements, especially emphasizing the responsibility of the practitioners.

A total one-time integration with IFRS is considered unworkable under Vietnamese conditions. Based on learning from other countries’ experiences, the partial integration strategy with IFRS is considered to be suitable for Vietnam’s situation. The immediate objective is to focus only on the sector of listed companies, organizations operating in sensitive sectors such as banking, insurance and having consolidated financial reports. The rest of the businesses will not be mandatory and can reduce complex requirements, remain a unified accounting system but increasing flexibility for businesses to apply IFRS. The implementation of IFRS requires the determination and implementation of business leaders because IFRS regulates not only the preparation of financial statements and accounting processes but also effects on the entire operation of the business. In 2015, the Ministry of Finance continued to further promulgate the Code of Professional Ethics for Accounting and Auditing in accordance with Circular No. 70/2015/TT-BTC dated 08/05/2015; effected on January 01, 2016.

Next, in 2016, the Ministry of Finance issued Circular No. 133/2016/TT-BTC guiding the accounting regime for small and medium enterprises. This Circular will be effective for the fiscal year beginning on or after January 1, 2017. All regulations in contrast to this Circular are hereby repealed. This Circular replaces the contents applying to small and medium enterprises in Decision No. 48/2006/QD-BTC dated 14/9/2006 of the Minister of Finance and Circular No. 138/2011/TT-BTC dated 4/10/2011 of the Ministry of Finance. For the implementation of IFRS to be feasible, the regulator should implement the policy system initially for large-scale businesses that regularly have business relationships with international partners and foreign invested enterprises. When the benefits of IFRS implementation are proven and the favorable factors for the widespread of IFRS come, those standards will be applied to all businesses in the economy.

4. Strategic Solution for Integrating Vietnamese Accounting Standards (VAS) with IAS/IFRS

Continue to Improve Vietnam Accounting Standards (VAS)

Because the Vietnamese accounting standards are based on the IAS (2003) we need to continue to review and improve the contents of the accounting standards issued, amended and added which are not comply with IFRS. Continuing to implement the Vietnamese accounting standards which is necessary for the development and international economic integration including Standard No. 32 - Financial instruments: Presentation and publication; Standard No. 36 - Impairment of assets; Standard No. 41- Agriculture; Standard No. 39 - Recognition and measurement of financial assets and so on. Therefore, the composing process should proceed step by step, within a certain period of time sufficient for us to understand the content of the IAS and determine how to apply in Vietnam.

Improve the Competency of the Accountants

International Accounting Standards IAS/IFRS are considered to be very complicated, even for those who are in developed countries. Meanwhile, the current state of our human resources training is tilted the “Accounting Regime”, approaching the outside knowledge but not the basis. Also, a major of accounting and auditing students is not very good at English. Therefore, Vietnam needs to build up a team of professional accountants with high qualifications, good ethics as well as high English proficiency to achieve regional and international recognition. The training should incorporate professional accountants at home and abroad, not just through universities but also through professional organizations.

Enhance the Role of Professional Audit and Accounting Associations

The implementation of IAS/IFRS in Vietnam is a very complicated issue. Therefore, Vietnam needs consultancy, support and assistance from the International Accounting Standards Board (IAS) and experts of professional organizations in the process of implementing IFRS, through various forms such as training, teaching materials, technical support, etc. According to international practice, the promulgation of accounting standards will be transferred to Professional Audit and Accounting Associations. This will be more effective, because these are people who have practical experience and are directly responsible for applying those standards to life. At present, the issuance of Vietnam accounting standards is the responsibility of the Ministry of Finance. Therefore, in the coming
time, Vietnam should enhance the role of Professional Audit and Accounting Associations, as well as listen to suggestions from accountants and auditors on the application of IFRS to listed companies, etc. Insurance companies, credit institutions, banks and so on and we also need to implement a specific set of accounting standards for small and medium enterprises.

**Expected effect**

Building more effective domestic accounting standards, improving Vietnam’s international image, enhancing rankings of international competitiveness of domestic capital markets. Comparison between financial reports at home and abroad will be more accurate. We will not have to re-present financial statements when local companies want to issue securities abroad, thus reducing the cost of raising capital abroad. For local companies with foreign capital, using a set of accounting standards will reduce conversion costs and improve the efficiency of the company.

5. **Conclusion**

In summary, if we want Vietnam accounting standards (VAS) comply with International Accounting Standards, we must eliminate major differences between VAS and IAS/IFRS - It is a difference in the basis of measurement for assets based on fair value and information disclosure. The discrepancy between VAS and IAS/IFRS dues to direct causes and indirect causes including social, economic and legal factors. In general, it is reasonable when Vietnam choose selective model of IAS/IFRS as the basis for setting up its own accounting standards. In the coming time, in order to meet the requirements of international accounting integration and the economic integration, Vietnam needs to follow an appropriate roadmap and implement some urgent but long-term solutions including direct solutions for the accounting standards system and indirect solutions in the economic and legal environment.

**References**


Vo Van Nhi and PhD. Le Hong Phuc, Sự hợp hợp giữa chuẩn mục kế toán Việt Nam và chuẩn mục kế toán quốc tế - Thực trạng, nguyên nhân và định hướng phát triển, Audit Journal No. 12, 2011.

The National Assembly (2015), Luật kế toán 88/2015/QH13, issued on 20 November 2015 by the National Assembly Chairman, Hanoi.

Author Thanh Thanh, Industry and Trade Journal, Những thách thức và kinh nghiệm áp dụng IFRS tại Việt Nam, Posted on 16-06-2016.


Difficulties and Challenges in Applying IFRS for Enterprises in Developing Countries: A Case of Vietnam

Le, Thi Thanh Hue¹; Phan, Hong Nhung²

Abstract

The IFRS is a set of standards issued by IASB assigning how to report and present Financial Statements for companies. This is an international set of standards accepted and applied in many countries worldwide. However, applying and deploying IFRS for enterprises in developing countries in general and in Vietnam in particular face much obstacles comparing to developed ones. By synthesizing other related research work as well as our own experience, the writers indentified five groups of difficulties, including management mechanism, economic infrastructure, immanent issues of IFRS, human resource quality and related guiding materials. From there, the writers proposed some solutions to overcome these problems in order to make an improvement of IFRS applying for companies in Vietnam in particular and in developing countries in general.

Keywords: Enterprises, IFRS, Financial statement, International Accounting Standard Board (IASB), Vietnam

1. Introduction

To create a common accounting language worldwide, International Accounting Standard Board (IASB) has established IFRS. Until April 2016, 93% of the countries and areas all over the world surveyed by IASB officially committed to apply and deploy part or full of IFRS. However, these countries are mainly high-developed economies. Applying IFRS is not easy for companies in developing countries, due to specific difficulties about management mechanism, economic infrastructure, and immanent issues of IFRS or human resource quality…. In Vietnam, IFRS and its applied orientation have been a topic of much interest by relevant departments, companies, organizations and individual during this time. Until now, Vietnamese enterprises still make Financial Statements based on Vietnamese accounting standards (VAS). This issue is considered as one of the barriers to strengthen the transparency of Financial Statements in accordance with international standardization and the ability to attract foreign capital, contributing to an improvement of competition of Vietnamese businesses in international market as well as hindering businesses to attend to the international capital market in current integration context.

To cope with this situation, Ministry of Planning and Investment, World Bank and other related departments coordinated and published Vietnam 2035 Report which emphasizes IFRS applying orientation for Vietnamese enterprises in its itinerary starting from 2020, progressing to deep integration worldwide in accounting area in particular and sustainable development for Vietnam in general. However, recording accounting under IFRS in Vietnam is really a challenge, especially when supporting factors, such as the development level of the market, the ability of accountants and auditors… are still limited. Therefore, there needs to be a great effort for related parties to transform Financial Statements from VAS into IFRS. For that reason, Vietnamese companies currently need to prepare both human and financial resources in order to meet well of IFRS application for their accounting record in current integration context. In that process, Vietnamese businesses surely have to face much difficulties and challenges. Therefore, this paper is carried out to identify these difficulties and challenges in applying IFRS in accounting recognition for Vietnamese enterprises and hence propose some solutions to overcome the situations. The writers hope that the result of the paper will bring useful suggestions not only for Vietnamese companies but also for those in developing countries.

2. An Overview of IFRS

Paul Pactor (2016) defined IFRS in his Pocket Guide for IFRS – 2016 edition as follows: IFRS as its full name “International Financial Reporting Standards”, issued by International Accounting Standard Board (IASB), which is a set of standards recognized worldwide, assigning how to report and present Financial Statements for companies. IFRS describes:

- Items defined as assets, liabilities, revenues and expenses.
- Methods of measurement and recognition of these items.
- Methods of presenting these items on Financial Statements.
- Methods of Notes and disclosure of related information for these items.
- Until April 2016, International financial reporting standards systems (IFRSs) include:
  - 16 International financial reporting standards (IFRS)
  - 28 valid International accounting standard (IAS) issued by IASC
  - Besides, there are 17 Interpretations of International Financial Reporting Interpretations Committee (IFRIC) and 8 Interpretations of Standing Interpretations Committee (SIC), (Hoang Thuy Dieu Linh, 2015).
  - In addition, in 2015, IASB published IFRS applying for small and medium sized entities (SMEs).

From the figure of IFRS Pocket Guide – 2016 edition, until April 2016, 93% (133/143) countries and areas in the world officially committed to apply IFRS, 83% (119/143) countries and areas forced most of their public companies to comply with IFRS when making Financial Statements. It could be said that IFRS contributes an important value to the sustainability of the world economy: IFRS creates the transparency as well as helps improve the accountability by reducing information gap between a company’s internal and external. Besides, IFRS helps companies and financial markets operate more efficient thanks to a common and reliable worldwide set of standards, applying for all developed and emerging economies. IFRS also supports to diminish cost of capital and report.
3. History of IFRS Application in Vietnam

The Reality of IFRS Application in Vietnam

Tran Anh Dao (2016), Deputy General Manager of HOSE, indicates only a few companies listed on HOSE – most of them are the ones that trade with foreign partners practice IFRS. Other companies are still unfamiliar to this international standard. This issue has prevented Vietnam’s economy from integrating to the world economy, especially attracting different funds (Vietnam Economic News, 2016).

From FTMS Global, there are currently a few foreign funded companies, listed companies or public companies with large size, such as VP Bank, have applied IFRS among 600,000 enterprises operating in Vietnam. Most of the rest still applied VAS/VFRS and these standards have not been updated and reflected consistently with the market economy and IFRS. Therefore, Financial Statements of Vietnamese firms are considered as non-transparency, not reflecting correctly the financial and operating position of entities as well as not using effectively for both entities and government departments.

Expected Itinerary of Transforming from VAS/VFRS to IFRS

Although accepting the positive values of IFRS, Ministry of Finance still consider how to apply IFRS partly or fully in Vietnamese environment, which is in its process to transform to the market economy. Not only the management mechanism but also most of companies, universities, State Security Commission of Vietnam and other related organizations highly agreed about the form of IFRS application and step by step period as follows:

- Applying IFRS fully through translating directly and then issuing Interpretations;
- Applying by instalments, each time applying some valid standards;
- Applying first for public companies and then gradually applying for all companies;
- The starting year for application is from 2020. In 2020, applying 20 simple IFRS first for some appropriate enterprises;
- Applying 30 IFRS in 2023;
- Applying fall IFRS in 2025;
- In addition, updating and issuing new VAS/VFRS for those that do not comply with IFRS.

4. Difficulties and Challenges for Vietnamese Enterprises in Applying IFRS

Management Mechanism

According to Deloitte Vietnam (2016), the reason why IFRS application in Vietnam is still limited is that the legal corridor is not open. Legal system and appropriate authorities do not recognize IFRS and there is not an encouraging mechanism for companies to apply (Journal of Security Investment, 2016). Trinh Duc Vinh (2016), Deputy Director of Department of Accounting and Auditing Regulations – Ministry of Finance, indicates that the mechanism and policies for applying IFRS in Vietnam is not still improved. Therefore, some special techniques for IFRS application do not have legal base. On the other hand, there is not a harmonious and supportive coordination between policy-making departments, experienced experts as well as professional training organizations, such as ACCA, CPA… in order to create appropriate policies supporting for the strategy of training and applying IFRS in Vietnam (Bao moi, 2016). Lastly, Ministry of Finance currently has not issued documents to instruct IFRS application and deploy in Vietnam that adopt partly or fully IFRS or how to change VAS/VFRS in accordance with IFRS.

Economy Infrastructure

According to Vo Van Nhi & Le Hoang Phuc (2011), the market economy of Vietnam is still young, not connected to the world capital and also does not play an important role in the world economy. This issue will make it difficult for enterprises in recognizing in fair value. Some financial instruments such as derivative instruments or convertible bonds have not been traded much. Agreeing with the above viewpoint, Trinh Duc Vinh (2016) also believes that the active market in Vietnam is on its way to form and develop so it is hard for companies to determine fair value for assets, liabilities and equity instruments. In addition, Vietnam’s credit rating system and firm ranking system are not strong because it is necessary to examine some factors such as effective interest rate when applying IFRS. It depends on many factors such as risk, management system as well as firm ranking to determine the effective interest rate of each company. For capital market, convertible bond market in Vietnam is not developed because the size of Vietnamese enterprises is still small, and this issue will make calculating debt and equity instruments difficult under IFRS (Bao moi, 2016). In addition, the influence of state owned companies (SOE) on the Vietnamese economy is still heavy. Some public companies are subsidiaries of SOE so they are hard to integrate with IFRS. Moreover, some other enterprises are not ready to apply IFRS because they are afraid of the influence of profit and it is costly for investing information system and business management at the beginning. Many businesses want to hide their real financial health for controlling share price or attracting funds. (Journal of Finance, 2016).

Immanent Issues of IFRS

Firstly, IFRS is quite a new set of standards and in its improving process so it is not stable. This will cost much time, effort and money for companies in their application (Bao moi, 2016). Secondly, the contribution method of IAS/IFRS is basically under Anglo-America model, so it may not suitable for developing countries because of the big difference about culture and economic environment between developed countries and developing ones (Pratker-Kinsey, 2006). According to Carmona & Trombetta (2008), IAS/IFRS is based on a high flexible principle so it may be difficult for applying in developing countries. Therefore, it takes quite a long time to adjust appropriately when applying IFRS in Vietnam. Thirdly, IFRS requires some complicated techniques and subjective estimate such as future cash flow estimate, present value determination, time value determination, intrinsic value, the determination of goodwill impairment, fair value (FV) determination without listed price… This will make it difficult for Vietnamese entities in their choice and application. Fourthly, IFRS is a set of standards designing based on principles so IAS/IFRS is quite complicated even in developed countries. Entities have to pay a large amount of money at the beginning to rebuild a system that collects, processes and presents financial information for IFRS application. IFRS application also makes a change on accounting in each country and the application of accounting based on principles is really a
challenge for many countries in general and Vietnam in particular due to the habits of recognizing accounting based on compulsory rules (Report of European Committee, 2008). Lastly, many standards in IFRS require to recognize FV instead of cost model. However, in Vietnamese accounting, the concept of FV is still new and not widely applied. The regulations and instructions about FV in VAS are not specific and clear. There are also not many pricing methods under FV model. Besides, VAS currently has not regulated the use of FV clearly as a pricing model in accounting so it takes time and money for companies to prove FV for the verification of government departments.

Human Resource Quality

Firstly, the quality of human resource in policy-making departments currently is quite limited so it is relatively late to issue regulations or instructing documents related to IFRS, such as updated VAS or the translation copies of IFRS as well as Interpretations providing for IFRS applications. Secondly, there is a shortage of IFRS experts in Vietnam not only in number but also in quality. Therefore, it is hard for enterprises to find the suitable consulting entity for making and presenting Financial Statements under IFRS, especially for companies that are not in Hanoi and Ho Chi Minh. Thirdly, most of accountants in Vietnamese companies, especially for those who directly make Financial Statements, are not trained about IFRS. Therefore, it takes a lot of time and money for these companies to popularize IFRS as well as improve the ability of their accountants, contributing to the IFRS application in the coming time. Besides, tax department itself as well as its staff do not master about IFRS, so when recognizing under IFRS, the gap between accounting profit and taxable revenue is more and more different. Therefore, there are still some arguments between companies and tax department when receiving Financial Statements under IFRS from these companies. Fourthly, universities in Vietnam currently do not have IFRS training program systematically. This leads to the reality that most of the students have not known about IFRS after graduation. There are only some international professional organizations, such as ACCA, CPA Australia, ICAEW that train IFRS for their students. In addition, most of accounting lecturers have not invested their time to achieve some professional accounting certificates such as ACCA, CPA... Besides, some accounting lecturers have not known about IFRS or have limited understanding of IFRS. This issue leads to the difficulties of IFRS training in universities. Lastly, language barrier is also a big hindrance. Although language proficiency of accounting staff in companies as well as accounting lecturers has much improved currently, not many of them may read and understand IFRS documents in English fully. The ability of English for accounting students is also a concerned matter.

Related Guiding Materials

Textbooks and guiding materials about IFRS are mainly in English, so the ability for IFRS approaching is limited. There are not many IFRS documents in Vietnamese and they are also not updated appropriately. In addition, Ministry of Finance, especially Department of Accounting and Auditing Regulations has not committed to apply IFRS in Vietnam. Therefore, Regulating documents and Interpretations under IFRS have not been issued so many enterprises are not interested in learning about IFRS. Besides, there have not been suitable policies to encourage experts to do research about IFRS as well as participate in compiling and translating IFRS documents.

Some Solutions for Vietnamese Companies in Applying IFRS

In order to applying IFRS in accounting recognition in Vietnamese enterprises advantageously, there is not only a necessity to have a great effort from authorities concerned but also appropriate coordination among related parties. The following are some solutions proposed from the writers to help the application of IFRS in Vietnam more effective.

On the Side of Management Departments

Firstly, Ministry of Finance, especially Department of Accounting and Auditing Regulations should soon issue documents that state the orientation of IFRS application: fully adopted or adding and updating VAS/VFRS in accordance with IFRS. This will be an orientation for not only companies but also universities in IFRS deploy and training. According to Nguyen Thi Phuong Thao (2016), it is necessary to have a suitable process applying with International Accounting Standards (IAS) carefully. Listed companies should apply IAS first and then follow by medium and small sized companies. Secondly, it is necessary to build and develop accounting policy-making staff, IFRS experts and then establish a Committee of Accounting Standards. Besides, Vietnam should hire experienced foreign consultants in IFRS for more instructions. Thirdly, there is a necessity to organize seminars about IFRS regularly and build Websites introducing IFRS in Vietnam in order to create an opportunity for discussing and sharing experience about IFRS deploy among related parties. Lastly, it is necessary to improve the understanding of IFRS for direct related departments, such as tax or auditing departments. These departments should be ensured to be important ones in supervising IFRS application in businesses.

On the Side of Training Entities

Firstly, it is necessary to apply IFRS in training program for accounting students as soon as possible. Secondly, there is a necessity as soon as possible to organize training classes to help lecturers transform from accounting teaching method based on rules into method based on principles in accordance with IFRS teaching method. Thirdly, universities should have policies that encourage lecturers and students to participate in researching projects about IFRS as well as compiling and translating IFRS. In addition, lecturers need to make an effort to improve their professional knowledge and language proficiency in order to have the ability to understand IFRS documents in English. Lastly, standardizing English training for students in all levels to ensure that English is the second language for teaching and studying.

On the Side of Enterprises

Firstly, entities, especially for those that are compulsory in applying IFRS, need to build a plan to train IFRS for their staff in the coming time. Secondly, companies need to develop information-connected system, using fully done and modern accounting software. In addition, it is necessary to improve the ability of language and information technology for accounting staff in companies.
On the Side of Economy Infrastructure

In the short term, Vietnam needs to consider and apply seriously all the conditions and methods for Fair Value Application. According to Nguyen Kim Chung (2016), it is necessary to have an appropriate consideration in accordance with the characteristics of economy in each period and to have a suitable process to apply FV model, including 2 periods:

- Period 1: Continue to do research and test FV
- Period 2: Have orientation for applying FV

To make it possible, Vietnam needs to improve gradually its economic environment and law system in accordance with the requirements of IAS/IFRS. Moreover, it is necessary for Vietnam to develop and improve its appraisal system in order to become a reliable base for examining the valuation of goods and financial markets. In addition, the credit rating system and firm rating system of Vietnam also need to be built completely and reliably to become the base for determining effective interest rate when applying IFRS.

5. Conclusions

According to Eddy James (2016), experiences from European countries indicate that IFRS brings many benefits in the long term. Any country that is considering applying IFRS should concentrate on its benefits other than short-term unavoidable costs and challenges. IFRS is a “leap” that is chosen and carried out by many countries all over the world including Asean countries. Agreeing with Eddy James, Trinh Duc Vinh (2016) stated that approaching to IFRS is an inevitable path for Vietnam. Admitting the difficulties and challenges will help appropriate authorities figure out effective solutions in order to apply IFRS in Vietnam soon (Vietnam Economics News, 2016). Therefore, it is not a controversial story whether Vietnam should apply IFRS or not. However, it is important to discuss about the time and about method to apply IFRS. To make it possible, not only the role of Ministry of Finance and Management Departments but also other related parties, such as, companies, training entities and individuals have to be well equipped.

References


Vietnam Economic News (16/06/2016), Challenges and experiences applying IFRS in Vietnam,


Bao moi (24/07/2016), Approaching to IFRS,


A Review of Accounting Research Trends in the World

Tran, Thi Phuong Thanh¹

Abstract

Trends in international accounting harmonization are extensive, so that demand on accounting research to meet international standards is more necessary and instant. The purpose of this paper is to conduct a review of accounting papers and find out the main characteristics of current accounting research trends in the world. I investigate trends by examining papers published in six top accounting journals (JCR 2015) from 2015 to 2016. I used citations made by accounting papers as a proxy for ranking and examine trends in topics and methodologies of these papers. This paper’s results suggest that financial accounting topics and archival methodologies are becoming more significantly over time during the research period. Moreover, the results also show that the movement in accounting research trends from a normative perspective to a positive perspective, especially an experimental research. From these results, I discuss the major characteristics of future accounting research trends and give some implications about accounting research to Vietnamese researchers.

Key words: Accounting research trends, Positive perspective, Experimental research

1. Introduction

Nowadays, accounting research has been changed significantly both in topics and research methodologies. Besides, accounting research has not only been in accounting discipline, but also combined with other disciplines, primarily marketing, finance, economics, psychology, and management. These things present an opportunity for accounting researchers to analyze trends in research on accounting and characterize them. In this review article, I offer an approach to characterizing accounting research by examining the general topics covered and research methodologies used. I summarize trends in topics and methodologies from 2015 to 2016 in six top accounting journals and suggestions for future research directions. Six top accounting journals I examine are Journal of Accounting and Economics (JAE), Accounting Organizations and Society (AOS), Management Accounting Research (MAR), Journal of Accounting Research (JAR), The Accounting Review (TAR) and Accounting Auditing and Accountability journal (AAA). These journals’ ranking based on JCR system and have impact factors that are 3535, 2464, 2286, 2243, 1953 and 1911 respectively (JCR, 2015). The results of this study show that financial accounting topics and archival methodologies are becoming more significantly over time during the research period. Moreover, the results also show that the movement in accounting research trends from a normative perspective to a positive perspective, especially an experimental research. This study’s results are useful to researchers in deciding where to submit their work. Besides, Vietnamese researchers may benefit from this article in making decisions on resource allocations, especially toward encouraging and expanding economics research. Also, they have a knowledge about how accounting research has changed over time.

2. Data and Methodology

Data is collected on all articles published in six top accounting journals: JAE, AOS, MAR, JAR, TAR and AAA with the time period from 2015 to 2016. I exclude letters, committee reports, book reviews, notes and other articles not related to research. In these journals, JAE, MAR, JAR and TAR are US journals, while AOS and AAA are from UK. Total papers are reviewed in this paper are 444 papers. Firstly, I classify citations into seven major categories: accounting, finance, economics, psychology, management, statistics, other citations. This classification is based on the research paper of Oler, Oler and Skousen, 2010. In prior paper, author classified citations into eight major categories: accounting, finance, economics, psychology, management, statistics, other citations. This classification scheme synthesizes those used in several previous studies (Prather and Rueschhoff, 1996; Oler, Oler and Skousen, 2010). Archival means papers using data from historical market information. An experiment is a scientific investigation in which the researcher manipulates an independent variable and concurrently observes the variation in the dependent variable(s). Field study research relates to factual observations of real world phenomena in an attempt to link the collected data with accounting and financial statement users, or capital market participants and accounting systems (include field studies and case studies). A review is to summarizes and synthesizes prior research. A survey research is that papers using data gathered by soliciting information from human subjects without assignment to a treatment group. Theory development relies on simulation, mathematical models or qualitative expositions or models to develop logical conclusions without an explicit field study analysis or experiment. Normative studies use logic to prescribe a solution to the problem with no formal mathematical or qualitative model presented. Finally, I also have internationality classification that are

¹ University of Economics HCM City, Vietnam
Email: phuongthanh@ueh.edu.vn
international studies, comparative studies, country studies. International studies include studies on basic concepts and theories that are applicable across countries or on integration of international accounting standards. Comparative studies encompass research that makes a comparison between or among countries. A country study is research on or about a country other than the home country of the journal. I examine a two-year trend of accounting research in citations, topics, methodologies and internationality classification. The research methodologies are descriptive in nature.

3. Conclusions

This paper examines trends in accounting research in citations, topics, methodologies and nationality classification. My purpose is to review academic accounting research and to propose the characteristics of accounting research trend that is consistent with papers published in the top six accounting journals from 2016 to 2018, then provide some suggestions for research direction. The findings reveal that accounting research has increased recently in amount and quality. The authors conclude that the trends in research show that financial accounting topics and archival methodologies are still significantly over time during the research period. However, financial accounting topic is becoming decreasingly. Instead, other topic and managerial accounting are increasing. Moreover, the results also show that the movement in accounting research trends from a normative perspective to a positive perspective, especially an experimental research. Besides, the relative proportion of citations drawn from prior accounting papers shows that the borrowing from economics and finance has increased, which suggests that accounting is not becoming more insular. Author also concludes that international studies and comparative studies just have a few, compare with the vast number of country studies.

References

Macroeconomic Conditions and Capital Structure Adjustment Speed - The Evidence in Vietnam

Tran, Thi Muoi¹; Nguyen, Thi Uyen Uyen²

Abstract

The relationship between capital structure and corporate value is a topic that has been and can continue to be studied by scientists around the world and Vietnam because of its helpful. The empirical evidences show that the capital structure has an impact on the value of the enterprise; therefore, businesses are always looking for an optimal capital structure to finance. In addition, many studies have shown that there is always an optimal capital structure in enterprises where the value of the enterprise is the highest, which has led to the tendency of enterprises to adjust the capital structure to achieve an optimal capital structure, that makes the capital structure of the enterprise is not static, it is always dynamic. Moreover, the study of the impact of factors on the capital structure of enterprises is also interested by many researchers in the world and Vietnam such as characteristic and macroeconomic factors; especially in the world there have been many studies on the impact of macroeconomic conditions on the speed of capital structure adjustment of enterprises, however, this subject in Vietnam is not mentioned. With this gap, the author determines to study the impact of macroeconomic conditions on the capital structure adjustment speed of Vietnam enterprises in the period 2006-2015.

Keywords: Dynamic capital structure, Speed of adjustment, Macroeconomic conditions, Vietnamese company

1. Introduction

Drobertz và Wanzenried (2006), Cook và Tang (2010) find evidence that firms adjust their leverage toward target faster in good macroeconomic states relative to bad states. When examining the effect of adjustment costs on leverage, the results show that, regardless of whether the company is financially constrained, the financial leverage adjustment speed of companies in good macroeconomic conditions is still faster than in bad macroeconomic conditions. This study uses the term spread and the GDP growth rate (Cook và Tang, 2010) to test the impact of macroeconomic conditions on the capital structure adjustment speed toward target of Vietnamese listed companies in the period 2006-2015.

2. Model

Applying the model of the Cook và Tang (2010), this study uses the Integrated Dynamic Partial Adjustment Model applied to dynamic panel data for study the impact of good and bad macroeconomic conditions to the speed of financial leverage of companies in two steps, step 1 is to model of the estimation of the factors that affect the financial leverage toward target, and step 2 are estimating the adjustment speed of financial leverage toward target in different macroeconomic conditions.

Step 1: The model estimates the impact of factors on the target financial leverage of companies

We estimate the first phase of the two-stage model based of Hovakimian et al. (2001), as adjusted by Cook và Tang (2010), as the following equation:

$$D^*_i,t = \gamma \text{Macro}_i,t-1 + \beta X_i,t-1$$

In which:

- $D^*_i,t$ : target financial leverage of company i at the time t, is measured in two ways: the debt-to-asset ratio based in the book value and market value.
- $\gamma$: the coefficient vector of the macroeconomic variables, $\beta$: the coefficient vector of the characteristic variables.
- $\text{Macro}_i,t-1$: macroeconomic variables representing the macroeconomic conditions at the time t-1, taken with a one-year lag, include: (1) term spread, Cook và Tang (2010) used 20-year government bond yields to calculate the term spread, however, due to limitations in the collection of bond data in the Vietnamese financial market, this study chooses five-year government bond yields (Drobertz and Wanzenried, 2006). Therefore, term spread is defined as the difference between the 5-year government bond interest rate and one year treasury bill rate; and (2) the real GDP growth rate.
- $X_i,t-1$: the characteristic variables at the time t-1.

Step 2: The adjustment speed estimation model of financial leverage toward target in different macroeconomic conditions.

In a perfectly competitive environment, companies will quickly adjust their financial leverage to the target when there is no adjustment cost (Hovakimian et al., 2001; Miguel và Pindado, 2001). However, when the adjustment cost arises, companies will adjust in part to the expected financial leverage.

In this step 2, firstly the authors estimate the speed of financial leverage toward target under equation (2) as follows:

$$D_{i,t} - D_{i,t-1} = \alpha (D^*_i,t - D_{i,t-1}) + \epsilon_{t,i}$$

In which:

- $D_{i,t}$ và $D_{i,t-1}$: financial leverage of company i at the time t and t-1.
Δ: the speed of financial leverage at the time t-1. In this study, the authors argue that when the adjusting costs exist, the value of Δ is expected to be less than one (<1) (Cook and Tang, 2010) Next, the authors replace equation (1) into equation (2), rearranged, equation (3) written as follows:

$$D_{t+1} = (1 - \delta)D_{t-1} + \delta \beta X_{t-1} + \delta \delta \delta_1 + \epsilon_{t-1} \delta$$

(3)

With equation (3), the regression coefficient of $D_{t-1}$ is (1 - Δ), so the value of Δ is used to measure the adjustment speed of financial leverage toward target in good and bad macroeconomic conditions.

The authors apply integrated dynamic partial adjustment capital structure model to assess the adjustment speed of financial leverage toward target of companies in good and bad macroeconomic conditions, in which macroeconomic conditions are based on term spread and real GDP growth variables.

**Term Spread (TERM)**

Estrella and Hardouvelis (1991) argue that the expected yield curve is better than the short-term interest rate, so that the value of the term spread will predict for a good economy (Estrella and Mishkin, 1998). Therefore, the hypothesis is set for the term spread as follows:

$$H_i: \text{Under the impact of term spread (TERM), the adjustment speed of financial leverage toward target will be faster in the context of good macroeconomic conditions.}$$

**GDP Growth Rate (GDP)**

Wanzenried (2002), Cook and Tang (2010) showed evidence that there is a positive correlation between target financial leverage and GDP growth, as new investment opportunities will be financed with debt, especially when the economy develops well. Inheriting the results of Cook and Tang (2010), the hypothesis for the real GDP growth rate is as follows:

$$H_2: \text{Under the impact of real GDP growth, the adjustment speed of financial leverage toward target will be faster in the context of good macroeconomic conditions.}$$

### 3. Methodology

In order to study the impact of macroeconomic conditions on the adjustment speed of capital structure toward target of Vietnamese listed companies for the period 2006-2015, the authors applies the estimation method of System Generalized Method of Moment (SGMM) with Stata 13 software applied to the dynamic panel data model.

### 4. Results and Discussions

The evidences are shown that the impact of macroeconomic conditions on the capital structure adjustment speed toward target of Vietnamese listed companies in the period 2006-2015 with the term spread and the GDP growth rate as following table

<table>
<thead>
<tr>
<th>Adjustment speed</th>
<th>Book</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>The term spread (TERM)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- The bad macroeconomic conditions</td>
<td>15.71%</td>
<td>10.56%</td>
</tr>
<tr>
<td>- The good macroeconomic conditions</td>
<td>23.81%</td>
<td>14.39%</td>
</tr>
<tr>
<td>Adjustment year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- The bad macroeconomic conditions</td>
<td>6.37</td>
<td>9.47</td>
</tr>
<tr>
<td>- The good macroeconomic conditions</td>
<td>4.20</td>
<td>6.95</td>
</tr>
</tbody>
</table>

**Table 1** The financial leverage adjustment speed of Vietnamese listed companies in different macroeconomic conditions

### 5. Implications

According to the ability to access the medium and long term capital of Vietnamese listed companies, the authors of this study suggest some suggestions: (i) For corporate managers, firstly, it is necessary to build a capital structure for the long-term development of the company; secondly, in the context of good macroeconomic conditions, with the book financial leverage, companies have more opportunities to access medium and long term loans than the context of bad macroeconomic conditions; (ii) In the period 2006-2015, Vietnamese listed companies have an adjustment speed of book financial leverage toward target faster than market financial leverage toward target in both good and bad macroeconomic conditions; this result implies that in both good and bad macroeconomic conditions, with financial leverage in book value, Vietnamese listed companies have more opportunities to access medium and long term capital than financial leverage in market value.
financial management qualifications in general. Implementing the above suggestions, the internal strength of the company will be stronger, will strengthen the trust of investors, which can help companies easily access loans from banks, credit organizations and can attract domestic and foreign potential investors through the issuance of corporate bonds; (ii) For state policy-makers, in order to enable Vietnamese companies to have access to medium and long term funds, the government should apply a flexible policy of interest rates, a loan support policy for companies from banks and credit organizations, issuing rules to promote the development of corporate bond market, as well as regulations on listing information on the stock exchange market to support loan for Vietnamese enterprises, mainly small and medium enterprises.

6. Conclusion

The studies of Vietnamese authors has been primarily focused on the impact of characteristic factors and macroeconomic factors on capital structure and capital structure adjustment of companies; this study discusses the impact of macroeconomic conditions with two good and bad conditions of the economy on the capital structure adjustment speed of Vietnamese companies. It should be more interesting than previous studies in Vietnam. This is the new point of this study, with the results of research on the speed of capital structure adjustment of Vietnamese companies in good macroeconomic conditions faster than in bad macroeconomic conditions in the period 2006-2015, this result can provide some implications for Vietnamese corporate managers and policy-makers of Vietnam.

References

Determinants of Entrepreneurial Intentions: 
A Case of University Students in HCMC

Nguyen, Xuan Hiep¹; Nong, Thi Nhu Mai²

Abstract

This study is to explore and measure factors that affect undergraduates’ entrepreneurial intentions – a test for students of universities in Hochiminh City by applying both qualitative and quantitative analysis. The primary data of this study was gathered by interviewing 773 seniors of six universities who nurture entrepreneurial intentions from 01 March 2017 to 28 April 2017. It is concluded that entrepreneurship education affects the entrepreneurial intention not only directly but also indirectly through attitude toward the entrepreneurial behavior, subjective norm, perceived feasibility; personality traits impact indirectly on entrepreneurial intention via attitude toward the entrepreneurial behavior and perceived feasibility. The results of this research show that the factors affecting the entrepreneurial intention of university students in Ho Chi Minh City include: entrepreneurship education, attitude toward the entrepreneurial behavior, subjective norm, perceived feasibility and personality traits. In particular, entrepreneurship education has a direct or indirect impact on the student's entrepreneurial intention through the remaining factors.

Keywords: Entrepreneurial intention, Undergraduates, Entrepreneurship education, Vietnam.

1. Introduction

Nowadays, business has become crucial to the development of all countries. Lots of workshops and conferences held every year in the world have proved the importance of business to the growth (Schaper & Volery, 2004; Matlay & Westhead, 2005). Lee et al. (2012) supported that entrepreneurship was attached special importance and was considered as a way to foster the economic growth and job creation. Sobel & King (2008) stated that entrepreneurship was the key to the economic growth, so encouraging the youth to start up their own business, therefore, was a top priority of policy-makers. In Vietnam, business start-up has drawn attention of undergraduates for years and up to now entrepreneurship has been spreading across the country after the “Entrepreneurial Nation” movement of the Government. According to the survey result of the State Communist Youth Union in 2016, the demand for business start-up of the youth and undergraduates is particularly significant. However, the number and ratio of undergraduates starting up their business out of the total number of undergraduates and population is extremely low, even in Hochiminh city – the largest economic, commercial and industrial center of Vietnam in which there are over 90 colleges and universities with more than 600,000 students from all regions of the country. The primary objective of this research is to explore and measure factors affecting the entrepreneurial intention of undergraduates. This is the scientific basis for making policies on creating an entrepreneurial environment and encouraging entrepreneurial spirit of undergraduates today.

2. Hypotheses and Research Model

Summary of Theory of Reasoned Action (TRA) of Ajzen & Fishbein (1975), Theory of Planned Behavior (TPB) of Ajzen (1991), Entrepreneurial Event model (SEE) by Shapero & Krueger (1993), Model of entrepreneurial intentions of Luthje & Franke (2003), and many previous studies on entrepreneurial intention of undergraduates by Autio et al. (2001), Linan (2004) and Karali (2013) clarify that although there is no consensus on the factors affecting students' intention to start a business, these factors can be divided into three groups:

- Factors affect directly the undergraduates’ entrepreneurial intention including attitude toward the entrepreneurial behavior, subjective norm, perceived behavioral control (also called perceived feasibility).
- Factors affect indirectly the undergraduates’ entrepreneurial intention including: personality traits and demographic characteristics (Luthje & Franke, 2003; Nishantha, 2009; Karali, 2013).
- Factors affect directly as well as indirectly the undergraduates’ entrepreneurial intention: entrepreneurship education program (Karali, 2013), entrepreneurship knowledge (Linan, 2004). However, for the students, entrepreneurship knowledge is mainly the result of entrepreneurship education programs in the school. Moreover, the purpose of entrepreneurship education programs is not only to equip entrepreneurship knowledge but also to educate the dynamic and entrepreneurial spirit for the students. That is, compared to entrepreneurship knowledge, entrepreneurship education programs are more universal and approaching perceived support and perceived barriers in the entrepreneurial intention model of Luthje & Franke (2000).

From the above literature review and features of students in Hochiminh city, the authors suggest a conceptual model for determinants of entrepreneurial intention of undergraduates comprising entrepreneurship education, attitude toward the entrepreneurial behavior, subjective norm, perceived feasibility and personality traits (figure 1).

1 University of Finance and Marketing, Vietnam
2 University of Finance and Marketing, Vietnam
Email: nongthinhumai@gmail.com
Entrepreneurship education (GDKD)

H2

Attitude toward entrepreneurial behavior (TDKD)

H5

H1

Entrepreneurial intention (YDKD)

H8

Subjective norm (CCQA)

H6

Perceived feasibility (NTKT)

H7

Personalit

y traits (DDTC)

H3

H4

H9

H10

Where:

Hypothesis H1: Entrepreneurship education is positively related to entrepreneurial intention of undergraduates.
Hypothesis H2: Entrepreneurship education is positively related to attitude toward entrepreneurial behavior of undergraduates.
Hypothesis H3: Entrepreneurship education is positively related to subjective norm of undergraduates.
Hypothesis H4: Entrepreneurship education is positively related to perceived feasibility of undergraduates.
Hypothesis H5: Attitude toward entrepreneurial behavior is positively related to entrepreneurial intention of undergraduates.
Hypothesis H6: Subjective norm is positively related to entrepreneurial intention of undergraduates.
Hypothesis H7: Perceived feasibility is positively related to entrepreneurial intention of undergraduates.
Hypothesis H8: Personality traits is positively related to entrepreneurial intention of undergraduates.
Hypothesis H9: Personality traits is positively related to subjective norm of undergraduates.
Hypothesis H10: Personality traits is positively related to perceived feasibility of undergraduates.

Hypothesis H11: There is difference in the conceptual model of factors affecting entrepreneurial intention in terms of demographic characteristics of undergraduates (gender, parents’ career, permanent residence, type of university, and training major).

3. Methodology

The research process comprises two phases: pilot study and official study.

- Pilot study is a qualitative research applying group discussion technique with two groups of undergraduates nurturing entrepreneurial intention (10 students per group), following the discussion outline composed by the authors, in order to examine the proposed research model and develop measurement scales for the research concepts. This activity was executed at the laboratory of University of Finance – Marketing on 30 February 2017.

- Official study is a quantitative research for the purpose of testing the reliability of measurement scales, the measurement model, the conceptual model and the hypotheses. Research data was gathered by interviewing 773 seniors with the intention of starting up their business of 06 universities in Hochiminh city (out of 90 colleges and universities in Hochiminh city including University of Economics Hochiminh City, Hochiminh City University of Law, Hutech university, Hochiminh City University of Technology, University of Finance-Marketing and Hoa Sen University which have the high number of entrepreneur students every year, according to businessmen) from 01 March 2017 to 28 April 2017 under non-probability sampling method.

Data was analyzed by using Cronbach’s alpha and Exploratory Factor Analysis (EFA) to test the reliability of measurements, Confirmatory Factor Analysis (CFA) to test how well the measured variables represent the number of constructs, Structural Equation Modelling (SEM) to test the fit of the conceptual model and hypotheses, Multigroup analysis for partial measurement invariance and non-invariance to test for differences in the conceptual model under demographic characteristics of the students.

4. Findings

Preliminary Findings

Confirming that the proposed research model fully reflects the main factors affecting the undergraduates’ entrepreneurial intention, yet hypothesis H12 is suggested to add into the model: Entrepreneurship education affects positively personality traits. Because it is the knowledge, skill and attitude that students receive from the entrepreneurship education program will help them form and develop a character appropriate for each startup context. Developing measurement scales for research concepts (7-Likert scale was applied) including: Entrepreneurship education scale: 05 variables, developed from the scales of Ooi et al. (2011) and Lee et al. (2012); attitude toward the entrepreneurial behavior: 05 variables, developed from the scales of Linan (2004) and Karali (2013); subjective norm: 04 variables and perceived feasibility: 05 variables, developed from the scales of Autio et al. (2001) and Lee et al. (2012); personality traits: 05 variables, developed from the scales of Khan et al. (2011) and Lee et al. (2012); entrepreneurial intention: 05 variables, developed from the scales of Autio et al. (2001) and Leong (2008).

Official Findings

The result of Cronbach’s alpha shows that all variables are in good reliability (Attitude toward the entrepreneurial behavior gets the lowest reliability with \( \alpha = 0.878 \), the highest reliability is of Subjective norm with \( \alpha = 0.937 \)). The EFA result after excluding TDKD5 (factor loading did not meet requirements) contains 28 observed variables that are extracted into 6 factors with Eigenvalue of 1.173 and Cumulative of 68.055%. Therefore, measurements for the research concepts satisfy requirements for CFA in the next sector. The CFA result of the saturated model after the exclusion of variables with high modification index (MI) indicates that the measurement model fits with market data, the measurements meet the reliability requirements on both Cronbach’s alpha \( (0.05 < \alpha < 0.845) \) and composite reliability \( (0.05 < \rho < 0.808) \); the regression weights are...
higher than 0.5 (the lowest is \( \lambda_{YDKN} = 0.653 \)) and statistically significant \((p < 0.001)\), indicating a convergence of the research concepts. The testing results of the conceptual model by SEM (Figure 2) show that the conceptual model is consistent with market data. The results of estimating (standardizing) the causal relationship among the concepts in the conceptual model (Table 1) show that the relationship among the concepts in the conceptual model after rejecting the H9 hypothesis has statistical significance \((p < 0.05)\). This means that the measurement scales of concepts in the research model reach the theoretical relevance. Thus, the research model after elimination of H9 is the official conceptual model.

![Conceptual Model](image)

(Source: Analysis result of the research team)

**Figure 2** SEM result with the official conceptual model (standardized)

**Table 1** Results of testing the causal relationship among concepts in the official conceptual model (standardized)

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Estimate</th>
<th>SE</th>
<th>CR</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>DDTC ←→ GDKD</td>
<td>0.353</td>
<td>0.028</td>
<td>12.670</td>
<td>***</td>
</tr>
<tr>
<td>CCQA ←→ GDKD</td>
<td>0.845</td>
<td>0.048</td>
<td>17.760</td>
<td>***</td>
</tr>
<tr>
<td>NTKT ←→ GDKD</td>
<td>0.245</td>
<td>0.028</td>
<td>8.742</td>
<td>***</td>
</tr>
<tr>
<td>TDKD ←→ DDTC</td>
<td>0.235</td>
<td>0.052</td>
<td>4.505</td>
<td>***</td>
</tr>
<tr>
<td>NTKT ←→ DDTC</td>
<td>0.626</td>
<td>0.049</td>
<td>12.721</td>
<td>***</td>
</tr>
<tr>
<td>TDKD ←→ GDKD</td>
<td>0.611</td>
<td>0.040</td>
<td>15.327</td>
<td>***</td>
</tr>
<tr>
<td>YDKN ←→ NTKT</td>
<td>0.227</td>
<td>0.056</td>
<td>4.075</td>
<td>***</td>
</tr>
<tr>
<td>YDKN ←→ CCQA</td>
<td>0.169</td>
<td>0.031</td>
<td>5.447</td>
<td>***</td>
</tr>
<tr>
<td>YDKN ←→ GDKD</td>
<td>0.190</td>
<td>0.062</td>
<td>3.066</td>
<td>0.602</td>
</tr>
<tr>
<td>YDKN ←→ TDKD</td>
<td>0.104</td>
<td>0.051</td>
<td>2.027</td>
<td>0.043</td>
</tr>
</tbody>
</table>

(Source: Analysis result of the research team)

Where: Estimate: average estimate; SE: standardized error; CR: critical ratios; P: significance; ***: \(p < 0.001\).

The results of the bootstrap estimation with the sample size of \( N = 1,500 \) show that Bias and SE-bias between the bootstrap estimate and the optimal estimate ML in the qualitative study were present, but not statistically significant \((SE (Bias) max = 0.003 < 0.05)\), indicating ML estimates are reliable. The results of parameter estimation (Table 1) show that the relationship among the concepts in the official conceptual model (Figure 2) is positive and statistically significant \((p < 0.05)\). Except for the hypothesis H9 rejected, the remaining hypotheses are accepted. The results of multigroup analysis show that there is no difference in the factors affecting the entrepreneurial intention among groups of students by permanent residence; parents’ career; type of university and training major; but there is a difference between the male students and the female students.

**5. Conclusions and Suggestions**

The results of this research show that the factors affecting the entrepreneurial intention of university students in Ho Chi Minh City include: entrepreneurship education, attitude toward the entrepreneurial behavior, subjective norm, perceived feasibility and personality traits. In particular, entrepreneurship education has a direct or indirect impact on the student's entrepreneurial intention through the remaining factors (Table 2). Therefore, based on this result, the authors propose the following recommendations:

**Table 2** Synthesis of the impact level of the factors affecting the entrepreneurial intention of university students in Hochiminh city.

<table>
<thead>
<tr>
<th>Entreprenneurship education</th>
<th>Total</th>
<th>Direct</th>
<th>Indirect</th>
<th>Personality traits</th>
<th>Attitude toward entrepreneurial behavior</th>
<th>Subjective norm</th>
<th>Perceived feasibility</th>
<th>Entrepreneurial intention</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.511</td>
<td>0.466</td>
<td>0.353</td>
<td>0.235</td>
<td>-</td>
<td>0.169</td>
<td>0.227</td>
<td>-</td>
</tr>
<tr>
<td>Direct</td>
<td>0.353</td>
<td>0.083</td>
<td>-</td>
<td>-</td>
<td>0.166</td>
<td>0.169</td>
<td>0.227</td>
<td>-</td>
</tr>
<tr>
<td>Indirect</td>
<td>-</td>
<td>0.245</td>
<td>0.083</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(Source: Synthesis of analysis results of the research team)

Firstly, raising awareness of entrepreneurship and entrepreneurial spirit for students by promoting education and dissemination activities to help them and their parents deeply perceive entrepreneurship, the importance of business start-ups and the role of entrepreneurs, thereby changing the undergraduate’s thinking about entrepreneurship before and after graduation. Secondly, adding entrepreneurial courses into universities’ curriculum, increasing time and improving quality of entrepreneurship education programs in universities on the basis that the curriculum and teaching-learning methods must be closely linked to the practice, combining forecasts of business situation in enterprises. Thirdly, universities need to encourage entrepreneurship and entrepreneurial spirit of students, especially female students, by creating a playground for developing business ideas and entrepreneurial spirit for students (for example: organizing student-to-entrepreneur conferences, start-up competition, alumni start-up clubs, etc.). That is, universities will become one of the most important links in the system of factors nurturing and promoting the entrepreneurial spirit that is still weak in Vietnam. Fourthly, the state should closely connect with parties in both the political system and the business community to create an environment that fosters the entrepreneurial spirit; to create incentive and supportive policies for students to start up their business in various forms.
References


Factors Influencing Purchasing Decision of Butter Oil Substitute in Vietnam

Ha, Nam Khanh Giao

Abstract

The study was aimed at determining the impacts of factors that influence the purchasing decision of Butter Oil Substitute (BOS) in coffee roasting industry. The study was carried out in Ho Chi Minh City on 88 customers using face to face interview and structured questionnaire as the instruments for data collection. Questions were designed to find out how consumers behave in relation to BOS for coffee roasting. The study showed that the purchase of BOS in coffee roasting industry is influenced mostly by the customer’s price consciousness, relationship between buyer and seller, and customer service. The study can be used as references for the planning of marketing strategies and as the basis for future researches in the customer behavior with regard to bakery customers (another application of BOS) and specialty fats in general.

Keywords: Butter oil substitute; Coffee roasting industry; Purchasing decision; Vietnam.

1. Introduction

Vietnamese coffee is roasted differently from coffee in other regions of the world, a unique process, involving butter oil and techniques that bring out the highest development of flavor without over-roasting or burning the coffee. Coffee beans are generally roasted in what is referred to as butter oil substitute (BOS). There are about 350 coffee roasters in Vietnam nowadays. All most all of coffee roasters are using BOS to add in roasting process. Dosage is about 3% - 5%. BOS’s volume from import statistic estimates about 7,000MT per year, almost from Malaysia, Indonesia. The sales volume for the specialty fats segment in Vietnam has reached $49 million for a volume of 35,000MT in 2010.

2. Literature Review

The major determinants of industrial buying behavior can be divided into four groups of factors (Baptista & Forsberg, 1997): Environmental factors (environmental determinants of buying behavior which include physical, technological, economical, political, legal, and cultural influences), Organizational factors (organizational determinants of buying behavior that include technology, structure, tasks, and people), Interpersonal factors (interpersonal relationships among the members in the buying center, that is, interpersonal determinants of buying behavior that include different roles played by the participants, how they influence each other, and their relationships), Individual factors (individual characteristics of the member, including motivation, cognitive structure, personality, learning processes, and perceived roles). In order to make the best choice and succeed in business, organizations should base their choice of supplier upon critical evaluation criteria. Four classical criteria are quality, delivery, price and service, seemingly the importance between these have changed during the years (Table 1) (Lehmann and O’Shaughnessy, 1974).

<Table 1> The importance of different classical decision criteria

<table>
<thead>
<tr>
<th>Study</th>
<th>Rank order of decision criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Lehman &amp; O’Shaughnessy (1982)</td>
<td>Quality</td>
</tr>
<tr>
<td>Wilson (1994)</td>
<td>Quality</td>
</tr>
</tbody>
</table>

Lehman & O’Shaughnessy (1974) examined the importance of different choice criteria (attributes). Their study was conducted on the base of 17 attributes that are a breakdown of the four classical choice criteria, and thus somewhat interrelated. The authors found that the relevance of the attributes is mainly dependent on product type, the buying situation at hand and the perception of the buyers. These findings were also supported by prior work from Kelly & Coaker (1976) where five of seven investigated choice criteria differed depending on organization as well as Dempsey’s (1978) study of the importance of different attributes in industrial vendor selection. These researchers (Dempsey, 1978; Kelly & Coaker, 1976; Lehman and O’Shaughnessy, 1974) have found that generally the purely economical factors (including delivery, capability, quality, price, repair service, technical capability and past performance) were the most significant factors. This literature review (Bharadwaj, 2004; Robinson et al.; 1967, Webster & Wind, 1972) suggests that five variables constitute the main explicative factors of regular and stable industrial buying behaviors: Relationship, Pricing, Customer service, Channeling, Quality of product. From there, this study can conduct the independent variables and dependent variable with their components in Table 3.

<Table 2> Scale using for independent variable

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Components</th>
<th>Explain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship</td>
<td>Trust</td>
<td>Customers’ perception of trust of seller to customers’ choices</td>
</tr>
<tr>
<td></td>
<td>Commitment</td>
<td>Customers’ perception of commitment of seller to customers’ choices</td>
</tr>
<tr>
<td></td>
<td>Satisfaction</td>
<td>How satisfaction performance influence customer buying behavior</td>
</tr>
<tr>
<td>Pricing</td>
<td>Promotion</td>
<td>Customers’ buying patterns based one promotion</td>
</tr>
<tr>
<td></td>
<td>Rebut low initial price</td>
<td>Customers’ buying patterns based one rebate</td>
</tr>
<tr>
<td>Customer service</td>
<td>Debt term</td>
<td>Influence of debt term to customers’ choices</td>
</tr>
<tr>
<td></td>
<td>Solve complaint</td>
<td>Ability to solve customer's complaint quickly</td>
</tr>
<tr>
<td></td>
<td>Good Attitude</td>
<td>Importance of attitude toward customer behavior</td>
</tr>
</tbody>
</table>

1 University of Finance and Marketing, Vietnam
E-mail: khanhgiao@gmail.com
According to what mentioned above, the conceptual model for this study is presented in Figure 1.

3. Data Analysis

In the qualitative research, face-to-face interview and focus group were conducted: one group of six distributors was recruited for focus group discussion, face-to-face interview was applied for managers, staff of sales & R&D in the BOS supplier. In the quantitative research, the survey is conducted with face-to-face interview. There would be a list of roasting coffee customers from associate data which should be chosen randomly as samples for this research. The sample includes 55 men and 33 women, aged from 30 to over 40 years old with the majority 97% of respondents. Almost all of them (near 90%) have used BOS for coffee roasting for over a year. Of 88 respondents, 38% is director of company, 29% is technical chief, Purchasing staff take about 29% and the others (vice director) about 7.9%. It means that the decision maker depend mostly from owner, due to their small business. There are 47.2% of respondents who have BOS volume less than 0.5MT per month; 27% of respondents who have BOS volume from 0.5 to 1MT each month; 18% of respondents have 1 to 3MT per month and only 6.7% of respondents have BOS volume from 3MT per month. Regarding the customer experience, more than half of the respondents are above 3 years. The group of 1 – 3 years is the quit common with 30%. The others are under 1 year (11%).

4. Reliability Analysis

The resulting Cronbach’s alpha of each scale is presented in Table 4.

5. Factor Analysis

Principal axis factoring with rotating Promax, after two steps, still 5 factors were withdrawn from 13 variables; KMO = 0.782 and the significant at .000, so it can be concluded that sample was suitable for factor analysis. Besides, these items explained 73.05% of the overall variance and Eigenvalues of five factors are greater than 1.0. The five factors with factors loading are: Quality, Service, Channel, Relation, Price.

6. Multiple Regression

Multiple regression is used to identify the association between the dependent variable and many independent variables. The coefficients and significant levels are illustrated in Table 6.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>7.50</td>
<td>3.41</td>
<td>2.20</td>
<td>.031</td>
<td>1.733</td>
</tr>
<tr>
<td>QUALITY</td>
<td>0.011</td>
<td>0.053</td>
<td>.015</td>
<td>.201</td>
<td>.841</td>
</tr>
<tr>
<td>SERVICE</td>
<td>0.192</td>
<td>0.053</td>
<td>.273</td>
<td>3.633</td>
<td>.000</td>
</tr>
<tr>
<td>CHANNEL</td>
<td>0.032</td>
<td>0.068</td>
<td>.036</td>
<td>.464</td>
<td>.644</td>
</tr>
<tr>
<td>RELATION</td>
<td>0.229</td>
<td>0.057</td>
<td>.327</td>
<td>4.025</td>
<td>.000</td>
</tr>
<tr>
<td>PRICE</td>
<td>0.377</td>
<td>0.068</td>
<td>.425</td>
<td>5.509</td>
<td>.000</td>
</tr>
</tbody>
</table>

Therefore the relation between purchase decision and other factors is demonstrated by the following equation: PURCHASE DECISION = 0.75 + 0.192*SERVICE + 0.229*RELATION + 0.377*PRICE

Price has the strongest influence on the tendency of supplier selection for BOS in coffee roasting industry (β = 0.425), followed by Relationship (β = 0.327), then Service (β = 0.273) while quality and channel are not accepted statistically (sig. = 0.841 and 0.644 respectively). The Adjusted R² of the multiple regressions is 0.604 (Table 7), means that the remaining three factors account for about 60.4% of the variance in the dependent variable.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.791(a)</td>
<td>.626</td>
<td>.604</td>
<td>.27050</td>
<td>1.733</td>
</tr>
</tbody>
</table>
Variance inflation factor (VIF) value of 5 variables is under 2; therefore, it can be confirmed that this model is not violated by multi-collinearity (Trong and Ngoc, 2008).

7. Recommendations

As revealed by the study, customers of BOS products appeared to be influenced by the pricing, relationship and services with suppliers (the BOS seller). As customers increasingly care about their cost saving, and aware of quality of products and delivery, the BOS seller tends to play the role of a professional consultant. The best promotion strategy therefore will be the one that targets the sellers. Direct-to-customer promotion and rebate based on volume can be used to stimulate the supplier selection. Regarding pricing strategy the study provides an implication that may be of interest. As widely recognized, BOS are usually generics that have many substitutes so that the price is elastic. The suppliers could further incentivize sales to not sell on price by structuring their quarterly bonus around the obligation of maintaining an average gross profit percentage, and provide sales team with power to make deals successfully. Developing the buyer-seller relationship can be seen as a process of how to reduce the uncertainty and the gap between them; of how to enhance both actual and perceived commitment. The suppliers should try to impress the customers, to encourage them to raise feedback. Salesperson should spend more time to visit customers, the higher frequency of visiting the customers the more feedbacks they get. Besides suppliers should implement other methods such as loyalty program, or special offerings. Regarding the customer service, staff’s attitude, payment term and technical support to solve problem play the important roles in meeting customers’ requirements. The lack of follow-up and responsibility of action creates lower customer. Salespersons should contact customers directly, deliver service directly to customers and at the same time receive suggestions and complaints from customers, so salespersons play very critical roles in contributing to service quality. Therefore, improving the qualification of these staff will be the best way to enhance buying decision of customers.

References


Some Conditions to Develop the Service Sector of Urban in Vietnam

Nguyen, Nguyen Phong

Abstract

Service sector is a component and plays an important role in the country economy. The service sector is a bridge between input factors and output factors to the process of commodity production and product consumption. The appearance and development of the services have helped to overcome geographic obstacles, hasten the rate of commodity circulation, impulse needs of commodity transaction from one country to the other country and from one geographic region to another geographic region. This paper is researched some urban service sector development conditions. In order to develop service sector, the first principle is to recognize the importance the services as accelerator to the growth of the industrial and also agricultural sectors. In other hand, service sector itself is important component of the whole economy as its share in GDP has always increased. The average growth rate of the key services such as transport, communication, finance and insurance is often above the growth rate of the whole economy. To achieve fast grow of the service sectors, it is required to have the policy planning mechanisms so that all of the functional sectors and divisions in different ministries and the city municipals had coordinated synchronously and implemented the development strategies of the service sector. Related stakeholders have to contribute to the master plan of the city service sector development.

Keywords: Service sector, Urban, Services, Tourism, Vietnam

1. Introduction

The services sector has gained increasing importance over the last decade, contributing a growing share to gross domestic product (GDP) and employment in all countries. Services have become a fundamental economic activity and play a key role in infrastructure building, competitiveness, poverty alleviation, employment creation and trade facilitation. While the services sector has matured in developed countries, it is the new frontier for the expansion of trade, productivity and competitiveness, and for the provision of essential services and universal access in developing countries. The sector represents about 50 per cent of GDP and 36 per cent of employment in developing countries, and the shares of developing countries in world services exports has been relatively modest and increased only steadily from 23 per cent in 2000 to 26 per cent in 2010. Therefore, while there are existing huge potential for these countries to develop their services sector, they face a variety of challenges to build viable services sector and services trade to foster inclusive and sustainable development (UNCTAD, 2012). The potential of the services sector to induce growth in developing countries is great, but underutilized, often adversely affected by lacking regulation. While in the developed world this sector powers more than 70% of the economy and creates more than half of all jobs, in the developing countries it's contribution tends to be substantially lower. Therefore, urban service sector development conditions are researched in this paper is necessary.

2. Methods

Three major processes were systematically developed which consist of data collection, data analysis, conclusion and standpoint which the detail of each process are illustrated in the following sections. To achieve the objective of this research, not only primary data but also secondary data had to be collected in order to use such data for analysis and comparison. The found details were proposed to explain the methods used in each type of data.

3. Findings and Discussion

In recent studies (Barry Eichengreen, 2011) show that service growth has strong positive correlation with level of GDP per capita. Using annual data for real growth rate of different services over the period 1980 - 2007 where the service activities included are trade, hotels and restaurant, transport and storage, communication, banking and insurance, business services, public administration and defence, and education and health, the results confirm that the growth of value added in services increases with per capita income. Consistent with the above hypothesis, the growth rate is higher for services relative to their share in the advanced countries. For every one percentage point of GDP, its growth is about 0.40 per cent higher. Service sector in developing countries has relatively lower share than that in OECD economies. On the other hand, it grows faster than other 02 sectors leading to increasing contribution of service to GDP. Other studies also verified that services that have been liberalized have also grown significantly faster. This change has been quantitatively important as well: where essentially all services were heavily regulated in 1970, the majority have since been partially or wholly deregulated. The services segments which were both liberalized and tradable grew 7-8 percentage points higher than the control group (non-tradable/ non liberalized services). All this implies that free trade and appropriate regulations can play very important role in service sector development. Services ranging from transportation, communication, financial, business services to education, health care and retail trade need to mobilize ability of producers to meet international and domestic demand.

The third determinant of service growth is sufficient human resources. In overall, there is negative employment elasticity for unskilled labour hours, a positive but modest elasticity for medium skilled labour, and a large elasticity for skilled labour. Thus, the skill requirement of services sectors is increasing over time. It is shown
that modern services employ only highly-skilled labour. Developing countries are abundant of labour forces but mostly unskilled while they are lacking of high skilled employees. In order to achieve long term growth, the education and training must be in focus. Besides above mentioned three factors on macro level, the service sector development in a city is heavily correlated with urban management and governance.

Urban development planning aims at expanding the potential and capacity of each area, reflecting the strengths and opportunities of each location. This has the objective of increasing the production potential of each area to meet the demand of internal and external markets while gradually raising the quality of life of people. The urban master plan is an important basis for urban development and management aiming at ensuring the balance between socio-economic development and environmental protection. This master plan however needs to fit with national and regional development planning.

Urban land management is usually managed centrally and in unity by the Government across the country and the land right is given to the individual, family and organization for use, rent or franchise. The law on land determined different types of land including agriculture land, forestry land, construction land, industry land, communication land, culture land, national protection land and wetland. The construction land is divided further into several types such as construction lands for public utilities, housing, factories and offices. The construction land arrangement shall be implemented based on the urban master plan and shall be determined the ratio of construction land of each type. The state reserves the construction land to be used for public benefit. The construction of any building shall receive the permission from the urban planning authority, shall be implemented strictly based on the urban master plan and shall be determined based on the urban planning regulation and shall receive the permission from the authoritative authority that has relevant duties and shall ensure completely the technical standards together with the environmental protection.

Urban infrastructure development is to provide necessary conditions for services. Through the implementation of infrastructure construction projects, the city has been constructed urban centres, towns and new urban areas. The urbanization trend can be accelerated with improvement of transportation system including road and roadside drain. The development and improvement of roads shall be focused in economic zones, highly populated areas, and the arterial roads to markets, schools, hospitals, public places and government establishments. Energy and street lighting are also important.

Urban environmental management is an important issue. The Government has to invest in the rehabilitation and construction of drainage and sewerage systems in urban areas. These have included the construction of roadside drains, manholes and natural stabilization ponds in the city, secondary towns, provincial towns and some small towns. For a city, there must be centralized waste water treatment plant. The maintenance and the cleaning of drainage and sewerage systems have to be carried out regularly. Campaigns for raising public awareness on participation, contribution of funds for the construction, maintenance and cleaning of drainage and sewerage systems shall be in place. The city governance has also to give a high priority to solid waste collection and disposal. It has to construct solid waste disposal sites, supplied collection trucks and heavy equipment for transportation and disposal of municipal solid wastes. To be sustainable, the appropriate fee for solid waste collection must be implemented. In addition, all kind of practical non-environmental method of solid waste disposal such as open burning in backyards and along the roads, and littering onto road surfaces, into drainage canals, streams, ponds, swamps, and rivers need to be banned and heavy penalty shall be applied. The City also have to deal with rural - urban migration as people move extensively to larger urban areas where higher standards of infrastructure and services offer migrants the prospect of a better quality of life, and in which there are perceived to be better employment prospects.

4. Conclusion

In order to develop service sector, the first principle is to recognize the importance the services as accelerator to the growth of the industrial and also agricultural sectors. In other hand, service sector itself is important component of the whole economy as its share in GDP has always increased. The average growth rate of the key services such as transport, communication, finance and insurance is often above the growth rate of the whole economy. To achieve fast grow of the service sectors, it is required to have the policy planning mechanisms so that all of the functional sectors and divisions in different ministries and the city municipals had coordinated synchronously and implemented the development strategies of the service sector. Related stakeholders have to contribute to the master plan of the city service sector development.

References


The Research for Sustainable Poverty Reduction in Khmer Ethnic Community

Nguyen, Hong Ha

Abstract

The research for sustainable poverty reduction for Khmer ethnic people in Tra Vinh province was conducted by the use of statistic approach, the current situation of poor households of Khmer ethnic people in Tra Vinh province, the interview with 300 Khmer households living in 7 districts and cities of Tra Vinh province. Research findings show that there are a number of factors affecting the income of Khmer households, including the career of householders, the level of education, the ratio of dependants, living experience of the householders, the land square area, people’s participation in different festivals; the number of household members, the number of activities for income and the gender of the householders. Of all the factors, occupation, level of education, and the ratio of dependants are considered to have the biggest influence on the income of Khmer ethnic people in Tra Vinh province.

Keywords: Income, Career, Khmer ethnic people, Education, Tra Vinh province, Vietnam

1. Research Background

Tra Vinh, one of the provinces in the Mekong river delta, houses many Khmer ethnic people with approximately 324,877 households, accounting for 31.62% of the total number of residents in the whole province (Source: Tra Vinh Department of Statistics, 2015). The Khmer ethnic people mainly live in the districts of Tra Cu, Cau Ngang, Cau Ke, and Tra Vinh city. There are totally 35,506 of poor households in Tra Vinh province, accounting for 13.23% of the total households in the whole province. Of the total poor households, there are 19,756 poor households of the Khmer ethnic people, occupying 23.12% of the total Khmer households in the whole province (which makes up 55.64% of the total poor households in Tra Vinh province). During the past years, Tra Vinh province has proposed policies for formulating programmes, activities for developing the Central Resolution VII (Session 2) of term IX towards the ethnic minorities, Resolution 06 of Tra Vinh provincial Party Committee towards the overall development of the Khmer ethnic community, etc. These have resulted in considerable changes in socio-economic fields, and improved the livelihood of local people. Also, the proportion of poor households of Khmer ethnic people has decreased with an average of 4.3% per year. The policies for ethnic minorities, policies for recruitment, tuition exemption, vocational training, and job creation have been carried out quite well and effectively. Moreover, traditional festivals, cultural identities, and national unity have continued to be preserved and promoted. Since then, the livelihood of the Khmer ethnic people in Tra Vinh province has been greatly improved and there has been a dramatical decrease in the number of the Khmer poor households.

<Table 1> The current situation of poor household in Tra Vinh province

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total poor households</td>
<td>43,326</td>
<td>36,841</td>
<td>28,430</td>
<td>35,506</td>
<td>30,359</td>
</tr>
<tr>
<td></td>
<td>- Khmer poor households</td>
<td>23,653</td>
<td>20,841</td>
<td>16,310</td>
<td>19,756</td>
<td>17,946</td>
</tr>
<tr>
<td>2</td>
<td>Proportion of poor</td>
<td>16.64%</td>
<td>13.9%</td>
<td>10.66%</td>
<td>13.23%</td>
<td>6.6%</td>
</tr>
<tr>
<td></td>
<td>households/total</td>
<td>household in the whole province</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 - Khmer households/total poor households</td>
<td>28.44%</td>
<td>24.65%</td>
<td>43.32%</td>
<td>23.12%</td>
<td>20.46%</td>
</tr>
<tr>
<td>4</td>
<td>Proportion of the Khmer</td>
<td>54.59%</td>
<td>56.57%</td>
<td>59.13%</td>
<td>55.64%</td>
<td>59.31%</td>
</tr>
<tr>
<td></td>
<td>household/total poor</td>
<td>households</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: a synthesis from reports of Tra Vinh provincial People’s committee and other departments of Tra Vinh province)

However, due to objective and subjective conditions, the social and economic life of the Khmer ethnic community is often unstable. In the last years, the provincial Party Committee and the provincial People’s Committee have carried out the policies in order to stabilize and improve the livelihood of the Khmer ethnic community. Nevertheless, many Khmer ethnic families have encountered a number of difficulties in life due to the restrictions of educational level, financial resources and other objective causes. Based on this fact, this research has found the factors affecting income of Khmer ethnic group in Tra Vinh province. From that point of view, a number of suggestions for improving sustainable poverty reduction will be recommended, and at the same time a number of policy implications for relevant agencies will be proposed regarding the planning of social security related policies for the Khmer ethnic people in Tra Vinh province in future.

2. Research Overview

2.1. Foreign Studies

Shrestha and Eiummoh (2000) discusses the determinants of household income in Thailand. Multivariate regression results show that factors affecting total household income include income from agriculture, non-farm income, education level, productive land area and the number of active members. Honest Zhou (2002) studied the determinants of youth’s income: The case of Harare, in this study, work experience, demographic and socio-economic variables are not statistically meant. Schwarz (2004) studied the determinants of rural income generating activities in the Lore-Lindu National Park neighborhood in Sulawesi, Indonesia. The results show that the dependency ratio affects total household income. Aikaeli (2010) pointed out the determinants of rural income in Tanzania. In addition, the study found that female headed households had lower incomes than male-headed households.
2.2. Domestic Studies

Nguyen Quoc Nghi et al. (2011) studied the factors affecting household income in rural areas of Tra On district, Vinh Long province. The results show that, although the living standard of the rural population has been improved, many households still have relatively low income levels. Nguyen Quoc Nghi and Bui Van Trinh (2011) studied the factors affecting income of ethnic minorities in the Mekong River Delta. The results show that the educational level of the householders, education level of household members, household members, income generating activities, household working age and access to supporting policies all affect the income of the Khmer ethnic group. Huynh Thanh Phuong (2011) studied the factors affecting the income of non-agricultural farming households in Duc Hoa district, Long An province. The results show that the average education level of the householders, the number of household workers, household size, access to credit, the number of years of schooling of the householders influence the income of the non-agricultural farmers. The study conducted by Vien Ngoc Long (2012) and Truong Chau (2013) showed that there were seven factors affecting the income of farmers, including the level of education, the number of laborers in the household, the area of farming land, the number of agricultural extension visits, access to roads, total capital, and the access to water resources.

2.3. Research Methods

3.1. Research Model

Based on the research from experts, surveys and the use of previous research findings, a study on "Sustainable Poverty Reduction in the Khmer ethnic minority in Tra Vinh Province" was conducted as follows:

\[ Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \ldots + b_{11}X_{11} + b_{13}X_{13} + e \]

Of which:
Y is a dependent variable. Average income / person / month (Unit: 1000 VND/household / month); X1, X2 . . . X13: are independent variables. Of which:

3.2. Data and Methods

From the theoretical basis and through the results of qualitative research, Research data collection will be carried out by interviewing householders in the districts of Tra Cu, Cang Long, Cau Ke, Cau Ngang, and Tieu Can, etc. from August 2015 to November 2015 through direct questionnaire survey, with sample size \( n = 300 \) (Hoang, Trong & Chu, Nguyen Mong Ngoc, 2008).

4. Research Findings

4.1. Results of the survey on per capita income of the Khmer households

According to the survey, 300 households in the survey sample are Khmer ethnic people. The average income of the sample is 2,809,321 VND/household/ month.

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>The number of households</th>
<th>Lowest income</th>
<th>Highest income</th>
<th>Average/household/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khmer</td>
<td>300</td>
<td>2,500,778</td>
<td>3,118,236</td>
<td>2,809,321</td>
</tr>
</tbody>
</table>

Source: Survey data from Tra Vinh province, 2016

<table>
<thead>
<tr>
<th>Table 2</th>
<th>A summary of independent variables in the model and expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variables</td>
<td>Explanations</td>
</tr>
<tr>
<td>X2: TDVH</td>
<td>Level of education for the number of years of schooling</td>
</tr>
<tr>
<td>X3: NK</td>
<td>The number of household members</td>
</tr>
<tr>
<td>X4: GTCH</td>
<td>The gender of the householder</td>
</tr>
<tr>
<td>X5: TLPT</td>
<td>The dependency ratio</td>
</tr>
<tr>
<td>X6: HD</td>
<td>Activities: generating income, receiving to the number of income generating activities of the household</td>
</tr>
<tr>
<td>X7: KNCH</td>
<td>Working experience of the householder: receiving correspondent values the number of working years of the householder (year).</td>
</tr>
<tr>
<td>X8: V.VON</td>
<td>Loans</td>
</tr>
<tr>
<td>X9: DTD</td>
<td>Land area: showing the farming land area of each household (m²)</td>
</tr>
<tr>
<td>X10: TGDT</td>
<td>Group participation</td>
</tr>
<tr>
<td>X12: TG</td>
<td>Religion:</td>
</tr>
<tr>
<td>X13: TGLH</td>
<td>Attending festivals: the expenditure festeivals every year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Income of the households (unit: thousand dong)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic group</td>
<td>The number of households</td>
<td>Lowest income</td>
</tr>
<tr>
<td>Khmer</td>
<td>300</td>
<td>2,500,778</td>
</tr>
</tbody>
</table>
4.2. Factors affecting the income of the Khmer households

To determine the factors affecting income of Khmer households in Tra Vinh province, multivariate regression analysis was employed. In order to test the multi-collinearity in the model, testing through multipliers (VIF) of the variables did not show multiple collinearity.

<table>
<thead>
<tr>
<th>Table 4</th>
<th>The regression results of the model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average income/person/month</td>
<td>Coefficient</td>
</tr>
<tr>
<td>Occupation of the householders (X1)</td>
<td>23630.8***</td>
</tr>
<tr>
<td>Level of education (X2)</td>
<td>34841.77***</td>
</tr>
<tr>
<td>Number of the household members (X3)</td>
<td>-65690.46**</td>
</tr>
<tr>
<td>Gender of the householders (X4)</td>
<td>141109.3*</td>
</tr>
<tr>
<td>Dependency ratio (X5)</td>
<td>-367138.6***</td>
</tr>
<tr>
<td>Number of activities (X6)</td>
<td>80959.21**</td>
</tr>
<tr>
<td>Working experience of the householders (X7)</td>
<td>26274.82***</td>
</tr>
<tr>
<td>Loans (X8)</td>
<td>5383.87</td>
</tr>
<tr>
<td>Farming land area (X9)</td>
<td>78109.42***</td>
</tr>
<tr>
<td>Group participation (X10)</td>
<td>27797.32</td>
</tr>
<tr>
<td>Attending festivals (X11)</td>
<td>-9735.98***</td>
</tr>
<tr>
<td>Constant</td>
<td>148342</td>
</tr>
</tbody>
</table>

Notes: *** the significance of 1%, ** the significance of 5%, * the significance of 10%.
(Source: extracted from regression results)

The regression result shows that the occupation, the education level, the dependency ratio, and working experience of the householder, the area of farming land, participation in festivals reach a significance level of 1%; number of household members, number of income generating activities at 5% significance level and the gender of householders at 10% significance level. Specifically, the average income of the Khmer households is in line with the occupational variables of the householders, the level, and the gender of the householders, the number of income generating activities, the working experience of the householders, the size of the land area and it has a contrary correlation with the demographic variables, dependency ratio and participation in festivals.

5. Recommendations for Sustainable Poverty Reduction

5.1. Organizing Vocational Training Courses for the Khmer Ethnic People

The Department of Labor, War Invalids and Social Affairs (DOLISA) should propagate and encourage the Khmer ethnic people to participate in local vocational training courses, to help them actively participate in the economy, and actively create income generating activities. Specially, non-agricultural activities such as knitting, sewing, biting, etc. which are in accordance with beliefs and trade villages, etc.), should be encouraged in order to bring into play the available resources of the household. Vocational training centers in the localities where Khmer ethnic people live should organize vocational training courses for ethnic minority people and at the same time adopt policies to support production establishments and cooperative economic organizations, enterprises and farm owners who are doing their jobs effectively in the locality, creating conditions for these units to create more jobs and jobs for ethnic minority people. Preferential policies for labor-intensive units of ethnic minorities should be adopted. The Department of Agriculture and Rural Development, Department of Industry and Trade, Department of Planning and Investment, Department of Labor, War Invalids and Social Affairs, Science and Technology, ... should actively support the Khmer ethnic people about methods of production with highly effective export business through training activities, technology transfer production, practical workshops, replication of effective production and business models, and study tours inside and outside the locality.

5.2. Formulating Special Credit Policies for the Khmer Ethnic People

The State Bank and commercial banks, as well as the Social Policy Bank, should promote information on credit programs for Khmer people. Information publicity, transparency popular to all people in need of form of loans, interest rates, time with many incentives, simple procedures (focus on syndicated loan through guarantee Or local government); Consultancy to set up business plan, supervise the process of using capital. Maintaining production cycle loans, increasing the size of loans so poor households can organize production in the long run, avoiding the risk of policy loans becoming relief. It is also important to note that rural credit development must always be closely coordinated with land issues and income diversification. Local microfinance funds need to be supported, making it easier for the Khmer household to access state and local government support policies.

5.3. Building Special Infrastructure in the Areas of the Khmer Ethnic People:

The Department of Construction and the Department of Transport Affairs ... should pay attention to building traffic systems, roads, bridges, electricity and clean water, ensuring that poor households can afford these utilities at reasonable prices. Incentive, to help the Khmer poor to develop their economy and improve their livelihoods. Upgrading telephone and Internet infrastructure in ethnic minority areas, thus helping them understand and integrate knowledge of foreign languages in order to accumulate knowledge for production.

5.4. Promoting Cultural and Religious Structures in the Area of the Khmer Ethnic People

The Department of Culture, Sports and Tourism, together with the Department of Information and Communication, should focus on building and promoting the cultural values of the Khmer ethnic group, such as setting up funds for conservation, restoration The development of intangible cultural values of the Khmer, ... From it, help them peace of mind and production, and stabilize spiritual and spiritual life in harmony between price. Traditional culture and life improvement.
5.5. Improving and Building up Healthcare Clinics

The Department of Health of Tra Vinh province should pay attention to upgrading and building modern medical facilities in ethnic minority areas, in which it is possible to develop a specific health insurance policy for ethnic minority people. Of which 100% of ethnic minorities have health insurance, have quick access to basic health services, to protect the health of the community as well as protect the environment in the place where residents live.

References


People's Committee of Tra Vinh (2011-> 2016), Decision approving the survey of poor households in Tra Vinh.
Key Determinants and the Effects of Perceived Value on Online Repurchase Intention of E-Commerce in Vietnam

Nguyen, Ngoc Duy Phuong¹; Nguyen, Duy Long²

Abstract

The purpose of this paper is to explore how customers' repurchase intention of e-commerce in Vietnam which is considered as a potential country in developing this field. This paper focuses to the effects of perceived value on online repurchase intention of e-commerce in Vietnam and what key determinants affect to the perceived value. To test the proposed hypotheses, the quantitative method is applied to collect the data. The partial least square (PLS) was used as a technique to analyze the data included the measurement as well as structural model. Data from this research collected from 261 Vietnamese online shoppers who have already purchased in E-commerce in Vietnam.

Keywords: Online repurchase intention, Perceived value, Perceived reputation, Vietnam

1. Introduction

Many researchers have researched repurchase intention in e-commerce. Nevertheless, it seems that little previous research about intention to repurchase of e-commerce in Vietnam. The evolution of e-commerce platforms like Alibaba, Amazon which attract many Internet users around the world. As an inevitable trend, Vietnamese Internet users express their interest in buying through Internet. According to Nielsen's research, 72% of consumers in Vietnam agree that Internet purchasing is more convenient than tradition purchasing. In addition, the research shows that 92% of Vietnamese people want to have 24/7 Wi-Fi to connect to Internet. Besides that almost the top e-commerce companies in Vietnam received the investment from big companies such as Lazada received investment from Alibaba, Shopee received investment from Garena. It proves that the potential development in e-commerce in Vietnam is significantly. Basically, to get long term achievement, regardless of in which sorts of e-commerce, customer retention is considered by both scholars and practitioners to be one of the critical success factors for retail businesses with its implications for cost savings and profitability (Doyle, 2003). Perceived value is considered as an important factor of purchase intention, the benefits and sacrifices in customers' recognition always is considered carefully. Whether perceived value may change or how can it affect to repurchase intention after receive product and service from online seller. Therefore, in this study, the study investigates key determinants and effect of perceived value on online repurchase intention of e-commerce in Vietnam.

2. Conceptual Background and Hypothesis Development

2.1. E-commerce Context

E-commerce (electronic commerce) is a new concept that appeared in business through 1970s. E-commerce was defined that it includes any form of economic activity conducted via electronic connections. The bandwidth of “e-commerce” extends from electronic markets to electronic hierarchies and also incorporates electronically supported entrepreneurial networks and cooperative arrangements (Wigand, 1997).

2.2. Online repurchase intention

Intention to repurchase is the individual's judgement about rebuying a selected service from same provider and considering his/her situation as well as conditions (Heller, Geursen, Geursen, & Carr, 2003). Customer’ intention to repurchase is an imperative component for online stores to get achievement in long time. There are many literatures agree that repurchase intention in online context is much more important than offline context. There are 5 instruments were adapted from Qureshi et al. (2009), Zhou et al. (2009), Limayem (2000).

2.3. The relationship between perceived value and online repurchase intention

Most of literatures agree that perceived value is a trade-off between benefits and sacrifices perceived by customer in purchasing (Zeithaml, 1988). In addition, perceived benefits are considered as combination of economic, technical, service, and social benefits (Anderson & Chintagunta, 1993). Perceived sacrifices are described as a perceived risk (Snoj, Korda, & Mummel, 2004) include: financial risk, psychological risk, physical risk, functional risk, social risk (Murphy & Enis, 1986). Hume (2008) also showed that perceived value is the most essential factor of repurchase intention and has a direct relationship with satisfaction. If a purchase offered a high value to customer, it would improve consumer’s level of return and intent to repurchase in future. There are 5 instruments were adapted from Doods et al (1991), Parasuraman et al (2005). Therefore, the first hypothesis is developed as follows:

H₁: Perceived value positively affects online repurchase intention.

2.4. The relationship between expertise in order fulfillment and perceived value

Cao et al. (2003) suggest that, order fulfillment includes two steps: the first step is ordering process; the consumers search the
sites of products, compare the features, consider selection and give the decision. The second process is fulfillment process; it talks about the ability that the consumers can check on-hand delivery progress and having right to keep or give back the products when it arrives. Consumer perceptions of order process are essential influencing in electronic commerce success (Torkzadeh & Dhillon, 2002) which is meaningful for online consumer to take product consumers have purchased in a well-timed, effective and secure way. Accordingly, it is critical for the online sellers toward guarantee that they can give the items to purchaser in expertise later the online purchasers have paid. Consequently, the purchasers would feel they receive value that they are deserved. There are 6 instruments were adopted from Qureshi et al. (2009), Torkzadeh & Dhillon (2002). Hence, the second hypothesis is proposed:

\[ H_2: \] Perceived expertise in order fulfillment positively affects perceived value

2.5. The relationship between sellers’ reputation and perceived value

Based on (Doney & Cannon, 1997), reputation can be defined as customers’ perception on how firm/seller takes care of customers and is truly worried about their welfare. Customers can evaluate performance of seller both in past and present to identify seller’s reputation. Reputation is related to brand equity and firm/seller credibility so firm/seller requires maintaining a good reputation because it is easier to lose than building (Hess Jr, 2008). There are various components in seller reputation including clients’ view of the seller/ public image, innovativeness, product quality, service and commitment to consumer satisfaction (Koufaris & Hampton-Sosa, 2004). A prior study also showed that reputation is a significant factor in lowering risk (Antony, Lin, & Xu, 2006). It would affect to customers’ recognition about what they can sacrifice. Then, adopted from Qureshi et al. (2009) included 5 instruments. Thus, we posit that:

\[ H_3: \] Perceived seller’ reputation positively affects perceived value

2.6. The relationship between customer knowledge and perceived value

Customer knowledge is the combination of needed experience, value and insight information which is created and absorbed between customer and enterprise during process of transaction. (Gebert, Geib, Kolbe, & Riempp, 2002). It mentions about how sellers understand their customers’ wants, needs and aims. Understanding about customers’ needs, want and aims help seller to approach customer in efficient way. It means that having high customer knowledge – a collection of experience, value, information, insight of consumer is very important. Services/products providers need to have processes an systems to collect information and data about who their customer are, what they are thinking and what they want to do. Client knowledge about product is important for building customer response or evaluation about the product that may be called as product perceived value (Satish & Peter, 2004). There are 5 instruments were adopted from Bergeron (2004), Jayachandran (2004) and the research proposes that:

\[ H_4: \] Customer knowledge has positively effect to perceived value

3. Research Methodology

3.1. Measure of Constructs

The survey instrument constructed into 2 parts with a total of 33 items: The first part asked about Respondents’ demographics and where they did purchasing action in e-commerce in the past. The second part included items to measure the theoretical construct of online repurchase intention. Demographic information included gender, age, academic qualification, job, monthly salary, besides that information about whether they made a purchase in e-commerce or not and where they did it. The items were adapted from previous studies to ensure the content validity. Each item using a seven-point Likert Scale with ORI, PV, PR, CK are using 5 items and PEIOF is using 6 items.

3.2. Procedure and Data Collection

Before the actual data collection, the questionnaires were examined by 10 respondents to check the preliminary items and the extent of survey context how testers understand. According to Krosnick & Presser (2010), the 7-point scales are more optimal in many instances because the larger scales the more reliable but the upper 7-point scales make the choice less clear. The questionnaires are distributed from both online survey and offline survey. Through the online survey, there are 228 questionnaires collected but just 194 are usable. For offline survey, there are 79 questionnaires are collect and 46 of them are unusable. It means that there are totally 261 collected usable data and can reach the analysis requirement.

3.3. Statistical Method

This research employed the Partial Least squares (PLS) by means of SmartPLS version 3.0. There are the structural model and the reflective measurement model in a research. The analysis of the measurement model has a purpose that evaluating constructs validity as well as the internal consistency. The validation of the construct includes divergent and convergent validity. The two-stage approach was used in PLS analysis, as proposed by Hair et al. (2013). The initial step includes the examination of the model estimation, though the second step tests structural connections among the latent variables. This approach aims at establishing the reliability and validity of the measures before assessing the structural relationship of the model.

4. Results

4.1. Measurement Model

The reliability and validity of the reflective constructs were tested. Composite reliability (CR), which means Cronbach’s alpha, needs to be assessed to measure internal reliability. The CR values of all constructs were above 0.7 (Table 1), satisfying the rule of Hair et al. (2013). They suggested the acceptance of items with loadings of at least 0.7. Given that the loadings associated with each of the scales were all greater than 0.7, individual item reliability was judged to be acceptable. The convergent validity was evaluated using the average variance extracted (AVE). The AVE of all constructs was above 0.5, signifying a satisfactory degree of convergent validity.
To assess the discriminant validity of the constructs, two approaches were used. First, the cross loadings of the indicators were examined. This finding revealed that no indicator loads are higher on an opposing construct. Second, following the Fornell and Larcker (1981) criterion, the square root of AVE for each construct exceeded the intercorrelations of the construct with the other constructs in the model (Table 2). Both analyses confirmed the discriminant validity of all constructs.

### 4.2. The Assessment of the Structural Model

With the satisfactory results of the measurement model, the structural model was subsequently evaluated. The predictive accuracy of the model was evaluated in terms of the portion of variance explained. The results suggest that the model can explain 51.2% online repurchase intention model and 50.2% of the variance in perceived value. Aside from estimating the magnitude of $R^2$. In addition, The model fit assessment was also employed by testing predictive relevance developed by Stone and Geisser. This technique represents the model adequacy to predict the manifest indicators of each latent construct. Stone–Geisser $Q^2$ (cross-validated redundancy) was computed to examine the predictive relevance using a blindfolding procedure in PLS. Following the guidelines suggested by Chin (1998), a $Q^2$ value of greater than zero implies that the model has predictive relevance. In the present study, values of 0.339 and 0.301 were obtained as an average cross-validated redundancy (for all endogenous variables), respectively. These values are far greater than zero. In sum, the model exhibits acceptable fit and high predictive relevance for the analysis. Nonparametric bootstrapping was applied with 1500 replications to test the structural model. The analysis provides supports for all four hypotheses with all $p$-value below 0.001 (see Table 3). The statistical results confirm the hypotheses proposed in the model. The results suggest that perceived value is the key determinant influencing online repurchase intention ($\beta=0.715$). This result indicates that perceived value is an important mediator between perceived expertise in order fulfillment, customer knowledge, perceive reputation and online repurchase intention. Perceived expertise in order fulfillment ($\beta=0.375$), customer knowledge ($\beta=-0.276$) and perceived reputation ($\beta=0.265$) are showed to have significant effects on perceived value as the results lead to repurchase intention.

### 5. Discussion

For perceived value, the result show that perceived value is a significant factor to online repurchase intention. The benefits and sacrifices are an important factor to online repurchase intention. From the good value that customer can receive from the first purchasing, buyer can expect to maintain the relationship with seller. Besides that, the level of return increases when buyer supposes receiving a good value of purchasing and intent to repurchase in future. There is proven that perceived seller reputation has significant impact to perceived value; seller with good reputation will not take a chance to their reputation so they want to provide a good quality of service and product. It means that it helps the buyer avoid the worried about the risk when purchasing from this seller and the perceived value when purchasing from this seller will increase. Based on the result from this research, perceived expertise in order fulfillment has a significant impact with perceived value. Customers of e-commerce in Viet Nam consider that the order fulfillment is the most important factors related to perceived value. They want to receive the product on time as well as delivered fast and in suitable time. It means that most of purchasers expect to receive the right product in the most convenient time. The result showed that customer knowledge is a significant factor to perceived value. Understanding about customers’ needs, want and aims help seller to approach customer in efficient way. Having a system to collect information and data of customer to create a better product, it helps seller increase buying experience of buyer so the level of return is increased and perceived value increases too.

### 6. Implications

This study wants to know perceived value affect to online repurchase intention. In Viet Nam e-commerce, perceived value is proved that customer receives a good value product which is a significant factor to online repurchase intention where customer knowledge, and perceived seller’s reputation and perceived expertise in order fulfillment do are significant indicators to perceived value. With perceived reputation, customers will act an online purchasing with sellers who can be considered as having high reputation. In general, the risk in shopping online is higher than offline. For reducing the level of risk, customers tend to purchase in a shop with high reputation. Thus, it is clearly that the direction to Vietnamese sellers in e-commerce which is improving perceived value by increasing the perception of seller’s reputation to purchaser. Most of e-commerce’s pages have rating system so this is an important factor that related to perception of purchaser about seller’s reputation. The tendency of purchasers is concentrating in high rating shops because
it represents for the shop’s reputation. To make sure customer intent to repurchase, seller should keep relationship with their customers and reduce level of risk when products are ordered. Providing a well customer service in post purchase is a good idea for achieving high rating score. In fact, buyers can only rate the seller after the product is received and the confirmation is also given by purchaser. By providing post purchase customer service, it increases an ability that purchaser give a high rating score. Consequently, online sellers should have a process/system to collect information from customer and deliver products as promised. Having information of customer help sellers have deeper insight about what customer needs and wants, from that sellers can increase the level of return and meet the customers’ expectation about product or service quality to satisfy customer. Delivery is very important, improving the delivery system and should not promise more than they can deliver to customer. Providing customer service in post purchase is a good idea for achieving high rating score. Consequently, online sellers should have a process/system to collect information from customer and deliver products as promised. Having information of customer help sellers have deeper insight about what customer needs and wants, from that sellers can increase the level of return and meet the customers’ expectation about product or service quality to satisfy customer. Delivery is very important, improving the delivery system and should not promise more than they can deliver to customer because they expect to receive their expectation of delivering on time.

References


A Partial Least Squares Path Model of Repurchase Intention in Smartphone-based Ride Hailing Service

Nguyen, Ngoc Duy Phuong¹; Tran, Thi Dai Trang²

Abstract

The aims of this study are applying the Perceived value model and employing the three factors defining service quality of information system from DeLone and McLean’s success model to identify the key factors affecting repurchase intention in smartphone-based ride hailing service. The research framework was examined with 427 valid respondents from Grab and Uber customers in Vietnam. Partial Least Square (PLS) employed to analyze the measurement and structural model. The statistical results support all seven proposed hypotheses. The study confirm that service quality and electronic service quality of information system are significant predictors of overall perceived service quality. In addition, when customer perceives the service quality outweighs their sacrifices, the perceived value increase, subsequently results in higher repurchase intention towards smartphone-based ride-hailing service. Overall, other variables account for 51.1% of variance of repurchase intention. The study confirms the relationships of the three variables represent the electronic service quality and service quality with the overall service quality, which directly effects to perceived value, considering a more comprehensive model for service in m-commerce context.

Keywords: Perceived value, Perceived service quality, Perceived sacrifices, Repurchase intention, Uber customers, Vietnam

1. Introduction

In recent years, thanks to the advance of smartphone technology, customers could hail a taxis or motorbike taxis via their smartphones instead of going out and hail on street. The efficiency of communication between customers and drivers has been improved throughout the online ride-hailing service application. The platform typically follows the following procedure: after entering pick-up locations, destinations, the price with the corresponding vehicles appears, customers choose suitable vehicle and payment method then requests the ride; the information is sent out the nearby available drivers; after accepting service request, driver’s information will then send to that customer; driver contacts and comes to pick up customer and the ride-hailing process completes. Many convenience that the smartphone-based ride-hailing service offers such as reducing searching and meeting time, transparent price, flexible paying methods. It could be seen that this ride-hailing service platform would cause significant impacts on the riding service system. Since 2014, Vietnam market has witnessed a dramatic race of two popular smartphone-based ride-hailing service brand: Grab and Uber. The taxi market has been extremely competitive since the online ride-hailing service through mobile application Grab and Uber launched in Vietnam, which forces the traditional taxi service companies to develop themselves to survive in the market. Many traditional taxi companies now launched their own ride-hailing service mobile applications such as Mai Linh, Vinasun, Thanh Cong… New comer such as Facecar, a Vietnamese start-up, has also in the process entering market with different innovative features. The smartphone-based ride hailing service market becomes extremely competitive at this time. This create a strong push for competitors to improve the quality of service, invest in technology and new cars, minimize the cost and decrease the price to build up their competitiveness in the market. Hence, in the competitiveness of the smartphone-based ride-hailing service market, identifying the key factors effecting to customers’ perceived value of the service is very important. However, there are little studies conducted in the m-commerce context for providing a service. Although the studies on service quality or electronic service quality have been commonly discussed, the research on combination of the two quality are not concentrated, especially in m-commerce service. This study aims at researching on the effect on the perception of quality, cost and service value on repurchase intention of customer in the context of m-commerce is necessary for the service providers and the industry.

2. Methodology

Given that this research aims to understand customers’ repurchase intention in smartphone-based ride-hailing service. The target population of this study comprises all users of the online ride-hailing services in Vietnam. Respondents of the survey should meet these following requirements: (1) Consumers who used smartphone-based ride-hailing service at least one time; (2) Consumers who experienced the entire process of hailing a vehicle on mobile application till finish riding the vehicle. The convenience sampling technique was employed for this study due to the limited time and resources of the study. This method is preferred when the population are easily accessible to researchers (Given, 2008). To collect the data, online self-administrative survey link is published on several social networks and paper self-administrative surveys were also handed on to university students in campus and officers in the office. Comrey & Lee (1992) suggested that a minimum of 200 valid responses is required to achieve a fair assessment and a sampling accuracy with a confidence level of 95 percent and a confident interval of 5 percent. Out of a total of 450 distributed questionnaires, the total number of 427 usable responses were received, resulting in an effective response rate of 94.89% (427/450). In order to reduce the respondents’ inability to understand the question and their discomfort, both English and native language Vietnamese were used for the survey instruments and correspondence.

¹ University of Finance and Marketing, Vietnam
E-mail: phuongnuida@gmail.com
² International University - Vietnam National University HCMC, Vietnam
Email: trantdairtrang@gmail.com
3. Discussions and Implications

This study partially extended the application of three factors of Information System Success and the Perceived Value Model on smartphone-based ride-hailing service. Before the three factors and their indicators has just been proposed by Salameh and Hassan (2015) but haven’t been widely tested in the m-commerce industry. This research is an early attempt to uncover the application of the three factors on m-commerce. Many past researchers employed the service quality, information quality, system quality and service quality as the manifest variables for the perceived service quality latent variable. However, this study is interested in examining particular effect of individual factor on how customer perceive the overall quality of service. Furthermore, this research also confirmed the relationship between the overall service quality, with the contributions of the three electronic service quality factors on perceived value of customers (Salameh et al., 2015; Chang & Hsu, 2013). There are several key constructs that this research contributed to the e-commerce research further explains which crucial factors make customer decide to repurchase the service or product.

As being explained in detail in the previous sections, there are several advantages that this research offers to the smartphone-based ride-hailing service industry. This study provides a better understanding on how customer evaluate a qualified service in general. Both service provided by drivers and electronic service provided by mobile application are studied in this thesis. It can be inferred from the results that which factors have large, medium and small effect on perceived quality of service. To increase customer satisfaction, manager could select which factors to improve in case of limited resources. These findings show that perceived value is related directly to customer’s repurchase intention and satisfaction. Thus, to increase customers’ perceived value of service, it is important to know what is the determinants for the construct. In case the companies consider between increasing the service quality or reducing the price, the study recommends that service quality from drivers and mobile application quality should be focus more than the monetary price for the reason that when the company increases the mobile application quality, the perceived non-monetary price of customers accordingly reduces. This could be inferred that if a company employs the discount strategy to their service but not concerns on the service quality could not help retaining their customers.

References


Tax Policy and Housing Prices: Evidence from Vietnam*

Pham, Huu Hong Thai¹; Quach, Manh Hao²

Abstract

This paper examines the effect of tax policy on housing prices in Vietnam for the period from October 2004 to September 2009. The OLS regression approach suggests that the land use tax revenues is positively related to housing prices, while the personal income tax revenues negatively related. The event study approach finds that all five key changes made to the personal income tax, corporate income tax and non-farm land use tax have caused the housing prices to decline on average 6-11% during the event window, but only the impact of the personal income tax changes is statistically significant. Our findings offer some implications for the government. This, together with the finding from the test of determinants of housing prices, suggests that the personal income tax policy could be one of the key influential factors that determine housing prices. And hence, in order to monitor the housing market, in term of tax policy, the government could use personal income tax as a monitoring tool.

Keywords: Taxation, Housing prices, Vietnam

1. Introduction

In Vietnam, housing prices surged 2.6 times between October 2004 and September 2016. The housing prices rose rapidly between October 2004 and mid-2008, but have been increasing slowly since then. The main feature of the housing markets in Vietnam was that it was dominated by speculative investments, in which many buyers were simply investors. The major changes in terms of tax policies relating to the housing markets have been introduced in an attempt to curb the housing prices and to stabilize the market.

This paper attempts to estimate the effect of tax policy on housing prices in Vietnam. The findings are expected to offer some policy recommendations for Vietnamese government to monitor the housing prices through their taxation. As far as the authors know, this paper is the first to estimate the role of tax policies on housing prices in Vietnam. The paper first analyses the relationships between housing prices in the whole country, the urban and rural areas with taxation related and economic variables. It then follows an event study approach to estimate the role of tax changes on the change in housing prices. Five events representing five key tax policy changes relating to housing markets are included in the study. Among others, our findings suggest that the personal income tax revenues and government revenues in general are negatively related to the housing prices and that the all tax policy changes cause the housing prices to decline on average by 6-11% for the 13 month event window. However, in terms of statistical significance, the decline in housing prices is significantly related to the changes made to personal income tax.

2. Methodology

To estimate the relationship between the housing prices and tax policies, we employ two different approaches. The first approach involves with the OLS regression in which the housing prices are regressed against a set of variables that we believe to have influenced the housing prices. The second approach uses event study method to gauge the role of changes in taxation policy on the housing prices. The first approach would help us see what would be the key determinants of the prices, including tax variables, while the second approach provides additional information about how changes in tax policies may influence the housing prices in general.

3. Conclusions

This paper has estimated the determinants of housing prices in Vietnam for the period from October 2004 to September 2009. We find that land use tax revenues is positively related to housing prices while personal income tax revenues is negatively related. This finding however does not hold for the rural areas in particular. For the urban areas, it is also found the negative effect of government revenues on housing prices. Although the findings simply tell as the statistical relationships, it would be interpreted that a policy that increases the personal income tax revenues and government revenues in general would help reduce the housing prices, while a policy that increases land-use tax revenues would result in the inverse effect. Those policies however are mostly effective for urban areas rather than for rural areas. The event study of the role of tax policy changes suggest that all the five key changes made to personal income tax, corporate income tax and non-farm land use tax have caused the housing prices to decline on average 6-11% during the 13 month window period but only the personal income tax change in January 2009 sees statistically significant impact. This, together with the finding from the test of determinants of housing prices, suggests that the personal income tax policy could be one of the key influential factors that determine housing prices. And hence, in order to monitor the housing market, in term of tax policy, the government could use personal income tax as a monitoring tool.

*This research is funded by Vietnam National Foundation for Science and Technology Development (NAFOSTED) under Grant Number 15.3 - 2013.03.
¹ University of Finance and Marketing, Vietnam E-mail: phh.thai@ufm.edu.vn
² University of Lincoln, United Kingdom
Modelling Stock Market Volatility: Evidence from Vietnam

Ho, Thuy Tien¹; Ho, Thu Hoai²; Ngo, Van Toan³

Abstract

This study empirically investigates the volatility pattern of Indian stock market based on time series data which consists of daily closing prices of VN-Index for period 2005 - 2016. The analysis has been done using both symmetric and asymmetric models of Generalized Autoregressive Conditional Heteroskedastic (GARCH). According to Akaike Information Criterion (AIC) and Schwarz Information Criterion (SIC) criteria, the study proves that GARCH (1,1) and TGARCH (1,1) estimations are found to be most appropriate model to capture the symmetric and asymmetric volatility respectively. The study also provides evidence for the existence of asymmetric effects (leverage) by the parameters of the EGARCH(1,1) model that show that negative shocks have significant effects on Conditionally (fluctuate), but in the TGARCH(1,1) model the results are not as expected. This topic also provides investors with a tool to forecast the return of the stock market. At the same time, the results of the study will help investors and policymakers determine the profitability and volatility of the market so that they make the right decision to hold the securities.

Keywords: Asymmetric volatility; Conditional volatility; Garch models; Leverage effect; Stock market; Vietnam

1. Introduction

The volatility mentioned to as uncertainty of changes in the price of stock market around the mean value. High volatility means that the price of stock in that period has a high deviation compared with the mean value, while low volatility conveys the message that there is no significant change in stock price compared to the mean value. Over the last few years, the volatility pattern of the time series in finance has become the important field which has attracted lot of attention from scholars, researchers. Studies suggest that stock market volatility changes over time and changes in clusters in which a time series with some periods of low volatility and those of high volatility is thought to be the volatility clustering. Variation (or standard deviation) is often used as a measure of risk in risk management. Engle (1982) introduced Autoregressive Conditional Heteroskedasticity (ARCH) which could be applied to a time series in finance that showed variability over time of conditional variance. The Generalized Autoregressive Conditional Heteroskedasticity (GARCH) expanded by Bollerslev (1986) is a popular model used to estimate random volatility. This pattern have been used widely in different economic industries, especially in analysing a time series of finance and empirical applications in finance. However, GARCH cannot explain leverage effect, how to measure volatility clustering and distribute leptokurtosis of a time series, which requires to develop other models and extend GARCH to GARCH-M, EGARCH, TGARCH. GARCHs are designed explicitly and predict that the conditional variance changes over time of the time series data. Therefore, the aim of this study is to modelize the volatility of the stock market in Vietnam using different GARCH and providing empirical evidence of suitability of GARCH.

2. Literature Review

Many research GARCH in explaining the volatility of the emerging stock market (Bekaert and Wu, 2000; Chand, Kamal and Ali, 2012). Floros (2008) studied the volatility using daily data from the stock index Middle East, Egyptian CMA and Israeli-100 TASE and using GARCH, EGARCH, TGARCH and other extended ARCH model. This study found that coefficient of EGARCH had a negative impact and was significant, existed leverage effect. AGARCH showed the weak temporary leverage in conditional variance and this study also showed that increased risk would not necessarily lead to an increase in margins. Meanwhile, GC (2009) who performed research in the stock market Nepalese found the evidence of asymmetric conditional variance with rate of return because GARCH(1.1) and GARCH(1.1) were appropriate models. Karmakar (2007) found that the conditional variance was asymmetric in the study period and EGARCH-M found was a full model showing a positive relationship between risks and profits. Goudarzi and Ramanarayanan (2010) studied the volatility of the Indian stock market using index BSE-500 to be representative in ten years. The research suggested that GARCH (1,1) was the most appropriate model to explain volatility clustering and had the statistical significance for the data series at the research stage. Goudarzi and Ramanarayanan (2011) investigated the volatility of the stock index BSE 500 and two non-linear asymmetries model named EGARCH (1.1) and TGARCH (1.1) and they saw that TGARCH (1.1) was the best model according to AIC, SIC and Log likelihood.

Singh and Tripathi (2016) studied behavior of the stock market in India and checked if the volatility was asymmetric using the daily return from 2000 to 2010. The study also showed that GARCH and PGARCH were the best models for measuring symmetry and corresponding asymmetrical effects. Kulshreshtha and Mittal (2015) used eight different models to predict volatility on the stock market in India and in foreign countries. Based on the statistics of research prediction, it could be seen that TARCH and PARCH predicted the volatility better for the index BSE and NSE and ARMA (1,1), ARCH (5), EGARCH the foreign exchange markets.

In Vietnam (Man D.H & Anh H.D.V, 2013; Phuoc B.H, Hong P.T.T, & Toan N.V, 2016) also conducted research about Value At Risk combining using ARCH and GARCH to estimate standard deviation. The authors also affirmed that GARCH was a useful model for risk management. The research proved that the stock market had periods of unusual volatility that led to risky in the

¹ University of Finance and Marketing, Vietnam Email: tienht@ufm.edu.vn
² University of Finance and Marketing, Vietnam Email: hoaiho.ueh@gmail.com
³ University of Finance and Marketing, Vietnam Email: Ngovantoan2425@gmail.com
investment activity. The studies provided a method to determine stock price fluctuations so that the investors could make the right investment decision. However, most of the study confined the symmetrical model of the stock market index. The studies of volatility discovered that GARCH (1,1) were considered to be the best model to capture the effect of symmetry and leverage effects. In the previous studies, the authors found that EGARCH-M and TGARCH were also the appropriate models. Therefore, this study uses GARCH in symmetric effects and asymmetric effects in estimating volatility of the VN-Index.

3. Research Method

The goal of this study is to find the appropriate GARCH to estimate the volatility of market based on the VN-Index. First, in order to reach this purpose, symmetric and asymmetric models for the Vietnamese market are used. Second, to determine the presence of leverage effect in the daily return series of shock market, the asymmetry model is used. Finally, to analyze the proper of GARCH in the returns series of the VN-Index.

3.1. Data

This study is based on the secondary data collected from Vietnam's stock market index, VN-Index is used to represent the stock market. The daily closing price of VN-Index in the period 2005-2016 was collected and used to analyze, correlate with 2986 observed. Distribution of the daily returns series of market indicators (VN-Index) during the study period was described by statistical quantities as averages, standard deviations, kurtosis and Jarque-Bera.

3.2. Model

Testing unit root of data is necessary and this is done by the Augmented Dickey-Fuller (ADF) and Philips-Perron (PP) (Dickey and Fuller, 1979; Phillips and Perron, 1989). Heterogeneous variance control of the residual portion of the string by the LM test (Lagrange Multiplier Test) for ARCH (Engle, 1982). Heterogeneous variance testing was conducted on the residual part before applying GARCH method. GARCH models are analyzed by the software Stata 14.0. Volatility is estimated on the returns (rt) by date of VN-Index. VN-Index daily returns are calculated from daily returns using the following equation: \( r_t = \log(P_t / P_{t-1}) \). In which, \( r_t \) is natural logarithm the daily return at the time of t, \( P_t \) is the closed prices at the time t, and \( P_{t-1} \) corresponds with the closed price at the time of t-1. In this study, the authors use GARCH (1,1) and GARCH-M (1,1), the conditional volatility measure, the model EGARCH (1,1) and TGARCH (1,1) to measure asymmetric volatility.

4. Results

The positive mean value in Table 1 shows that the closing price increase in the period of doing the research. The kurtosis coefficients are greater than 3, this indicates that the rate of return times have fat tails. Test of Jarque-Bera shows that the meaning of the statistic is at 1% and this also means that the assumption H0 of standard distribution is rejected.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>Jarque-Bera</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVN_Index</td>
<td>2986</td>
<td>0.000352</td>
<td>0.0152</td>
<td>-0.061</td>
<td>0.077</td>
<td>-0.092</td>
<td>4.432</td>
<td>294.97</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Figure 1 shows volatility cluster of series the rate of return of VN-Index during time of study 2005 - 2016. From Figure 1, we can see that the time of high and low volatility tends to in series, which means that the volitility is the cluster and the rate of return volatilizes around the mean value unchanged but variance changes over time.
this shows that there is a positive relationship between risks and profits. GARCH-M (1,1) is estimated by mean equation of rate of return depending on the conditional variance equation. Constant of average equations with statistical significance at 1% indicates that there is asymmetric rate of return for the market. From table 2, it can be inferred that coefficient of variance with conditions (α) in average equation has positive value; however, it does not have statistic significance. This implies that there is no evidence the impact of volatility on the rate of return expectations, i.e. that means no tradeoffs between profits and risks over time. In the variance equation of GARCH-M (1,1), parameter like ω, α and β means statistics at 1%. The sum of α and β is 1.0012, this can help to infer that there is shock in the coming time.

Next is the result of EGARCH (1,1) and TGARCH (1,1) which are used to examine the asymmetries of data. Parameter γ shows asymmetric effect in EGARCH (1,1) and TGARCH (1,1). Table 2 shows that coefficient ARCH (α) and GARCH (β) is more than 1. This result illustrates that conditional variance is easy to fluctuate; all of the coefficient has statistical significance at 1%. γ is the leverage ratio which has negative value and statistical significance at 1%. This conveys the leverage effect in the rate of return during the study period. This analysis shows that there is a negative correlations between the past profit rate and that in the future. That means, EGARCH (1,1) shows the leverage effect against VN-Index. Table 2 also represents the result of verifying the model TGARCH (1,1). The leverage coefficient (γ) is negative and has statistical significance at 1%, indicating that positive shock or good news have better effect on variance equation shock than negative shock or bad news. This is not what we expect to find out an explanation that there is a leverage effect if we model profit rate variance. Thus, the model is shown not to appropriate to measure the variance in Vietnam stock market.

5. Conclusions

In GARCH (1,1) model, the sum of the (α + β) is 1.0014. This indicates that variance of VN-Index lasts long and for a long time. Meanwhile, GARCH-M (1,1) model, coefficient of conditional variation or risk premium (λ) in average equation is positive; however, there is no statistical significance, this indicates that the higher market risk from the conditional variance equation will not necessarily lead to higher the rate of return. In other words, there is no tradeoffs between profits and risks. Asymmetric effect described by parameter (γ) in model EGARCH is negative and has statistical significance at 0.1% which shows that there is leverage effect. Positive shock is shown to effect conditional variance when compared with negative shock. Asymmetric effect described by the leverage ratio (γ) of TGARCH (1,1) model is negative and has statistical significance at 1%, this shows that there is no leverage effect during the study period. The finding indicates that “positive and negative” expectations of two models EGARCH and TGARCH (negative and has statistic significant) is as expected. In order to determine the best model in all models GARCH, the criteria AIC and SIC are used to select model GARCH (1,1) to be the best symmetric effect model (AIC and SIC are the smallest). EGARCH (1,1) is rated to be the best model for describing asymmetric effect based on value criteria AIC, SIC and reasonable maximum value. In addition, the findings are consistent with the results of previous studies including Karmakar (2005), Mandimika and Chinzara (2012). Beside that, in choosing the appropriate model, this research is more special than the others. However, the findings shown above are not consistent with those of Karmakar (2007), in which risk premium has the statistical significance.

References


| Table 2 | The estimated results of the model |
|---|---|---|---|---|
| Coefficients | GARCH (1,1) | GARCH-M (1,1) | EGARCH (1,1) | TGARCH (1,1) |
| **Mean** | 0.000000000*** | 0.000000000*** | 0.000000000*** | 0.000000000*** |
| µ (Constant) | -0.425*** | -0.425*** | -0.424*** | -0.427*** |
| **Risk premium** | 0.805 | 0.805 | 0.805 | 0.805 |
| **Variance** | 0.000000000*** | 0.000000000*** | 0.000000000*** | 0.000000000*** |
| **α (ARCH effect)** | 0.145*** | 0.145*** | 0.297*** | 0.185*** |
| **β (GARCH effect)** | 0.857*** | 0.856*** | 0.970*** | 0.852*** |
| **γ (Leverage effect)** | -0.0458*** | -0.0702** | -0.0458*** | -0.0702** |
| Log likelihood | 8287.823 | 8287.451 | 8301.552 | 8290.645 |
| N | 2986 | 2986 | 2986 | 2986 |
| AIC | -16541.9 | -16563.6 | -16591.1 | -16569.3 |
| SIC | -16534.9 | -16527.6 | -16555.1 | -16533.3 |

*P<0.05, **P=they were, *P<by 0.001


Factors Impacting on the Supply Chain Collaboration of Vietnamese Furniture Industry

Huynh, Thi Thu Suong

Abstract

The collaborative supply chain (CSC) concept in Vietnam is quite new. Apart from obvious differences of doing business between Western and most of developing countries such as Vietnam, the literature suggests that collaboration in the supply chain (SC) of the furniture industry are quite low. The primary reason for such low adoption rates is low awareness of enterprises. Using Explore Factor Analysis method (EFA) and Regression Analysis method (RA) with primary data collected from 276 furniture companies in Vietnam, this paper explores and confirms that there exist six basic factors affecting the collaboration in supply chain including: (i) Trust; (ii) Power; (iii) Maturity; (iv) Strategy; (v) Culture; and (vi) Frequency. Results of the research show strong evidences for policy makers and enterprises for management the supply chain collaboration in furniture industry as well as its contribution to literature review of supply chain management.

Keywords: Furniture Vietnam; Collaborative supply chain; Collaboration; Vietnamese Furniture Industry

1. Introduction

Regarding to restructure the business activities towards escalating competitiveness and added values, SC is considered as a key strategy for the survival and development of any enterprise, especially in furniture industry. The furniture industry in Vietnam has a great deal of potential growth demonstrating During the past decade by increasing of numbers’s enterprise and export rate. In 2016, Vietnamese furniture industry was ranged as the 4th exporter in the world after China, Germany, Italy (2016) and the 2nd in the Asean just behind Malaysia, this industry has made significant progress in various aspects such as decent packaging or more efficient/time-saving assembling process. The Voluntary Partnership Agreement (VPA) on Forest Law Enforcement, Governance and Trade (FLEGT) between Vietnam and the European Union (EU) has enacted already. This is considered as a great opportunity for the Vietnam wood industry to expand competitiveness in export market. However, this industry has been showing many weaknesses whether not improving, causing substantial challenges for the development of the industry in the coming time including spontaneous production and distribution, lack of connection among stakeholders, and failure in meeting sustainability requirements for both objective and subjective reasons. To deal with this matter, the CSC should be conducted for this industry as soon as possible.

2. Literature Review

2.1 Supply chain (SC) and Collaborative Supply chain (CSC)

SC is a network of production and distribution which performs the functions of purchasing raw materials, converting raw materials into finished products, and distributing them to customers (Ganesan et al., 1995). SC is a process that starts from raw material until the end product which is made and delivered to consumers in order to achieve two basic objectives: (i) Establishing relation between suppliers of suppliers and customers of customers as they affect results and efficiency of the supply chain; (ii) Gaining effective and efficient throughout the supply chain. Therefore, building a collaborative relationship is necessary to improve the business efficiency in the SC. CSC is defined as a cooperation of two or more members by working together to create a competitive advantage through information sharing, joint decision making, and sharing the benefits from greater profits by satisfying the customer needs than acting alone (Simatupang and Sridharan, 2002). The cooperation can be described as a reciprocal relationship type, in which participants agree on investment in resources, along with achieving goals, sharing information, resources, rewards and responsibility as well as to make decisions and solve problems together. In conclusion, CSC helps a business organization to coordinate and operate efficiently, such as supply chain management, cost-saving and inventory, increasing the level of customers satisfaction (Suong, 2011). There are three forms building supply chain collaborations including vertical collaboration, horizontal collaboration and multi-dimensional cooperation (Suong, 2012). Depend on each industry, there are different actors in its SC. In the furniture industry, there are three major actors within SC including wood supplier – manufacturer – distributor in figure 1 as below.

Figure 1: Furniture supply chain of Vietnamese enterprises.


1 College of Finance & Customs, Vietnam Email: h.thusuong@gmail.com
2.2. Factors Affecting Collaboration of Furniture Supply Chain in Vietnam

Trust (TRU): A positive belief, attitude, or expectation of one party concerning the likelihood of action or outcome of another will be satisfactory. This factor therefore affects positively on CSC (Simatupang et al., 2004; Backstrand, 2007; Lambert, 2004; Nyaga et al., 2010; Suong, 2012)

Power (POW): When designing a SC and cooperating with other companies, one has to consider the other actor’s size, impact, and status. If the other actor is larger in size, which generate greater impact and higher status, it will have more power in that relation. With greater power, comes the ability to force a weaker actor to make decisions that are merely favorable for the powerful actor (Lawrence, 1988; Watson, 2001; Cox et al., 2004; Backstrand, 2007; Suong, 2012)

Maturity (MAT): Increasing SC interaction maturity leads to reduced uncertainty of what improved business performance, and is the best route to follow to achieve competitive advantage. The characteristics of maturity process are predictability, capability, control, effectiveness, and efficiency (Childerhouse et al., 2003; Backstrand, 2007; Suong, 2012)

Frequency (FRE): Frequency refers to how often a transaction occurs. More transactions suggest greater routinization of interaction and are hence, an implication/incitement to form a closer relationship to make sure that transactions run smoothly (Cooper, 1997; Ellarm, 1991; Sahay, 2003; Suong, 2012)

Distance (DIS): Distance between the partners in the SC refers as geographical distance, culture distance and organizational gap between partners through the SC (Cooper, 1997; Suong, 2012)

Culture (CUL): Defined as shared values and belief that can help enterprises of SC to understand organizational functioning process and provide behavioral norms. The collective programming of their mind which distinguishes the members of one group or category of people from others. Differences in organizational or social level could create differences in opinion or conflicts of interest (Dent, 2006; Suong, 2012)

Strategy (STR): Collaborative planning refers to collaborations among trading partners to develop various plans such as production planning and scheduling, new product development, inventory replenishment, promotions and advertisement. Decision synchronization refers to a process in which SC partners orchestrate decisions in SC planning and operations that optimize the SC benefits (Simatupang and Sridharan, 2005, 2008; Suong, 2012)

Policies (POL): Governmental intervention in business activities. Local governments exert more direct benefits (Simatupang and Sridharan, 2005, 2008; Suong, 2012)

2.3. Proposed Research Model

From the study of published research concerning, CSC showed that lots of factors affecting CSC in different industries. In this study, combining literature review and experimental basis, eight factors enable to create a model research for Vietnamese furniture industry.

3. Methodology Research

This research was conducted basing on two methods: (1) Qualitative research aims to construct, calibrate the component scale: the trust rate among the partners; the power of partner; the maturity level of the relationship among partners; the frequency of transactions among partners; the distance among partners; the policy of the government; the cultural cooperation, them and cooperation strategy; (2) Quantitative research aims to collect, analysis survey data, as well as testing the component scale, measuring the research theory model and the hypothesis. Preliminary research is built and calibrated by scale and added the observation variables through qualitative and quantitative methods.

4. Results and Discussion

The data collection instrument used a questionnaire which was administrated into a sample of 393 manufacturers who are classified in terms of business size, capital ownership, and location. Respondents are from Ho Chi Minh, Dong Nai, Binh Duong (Southern of Vietnam); Bac Ninh, Ha Tay, Thanh Hoa (North of Vietnam) and Binh Dinh, Gia Lai (Central, Highland of Vietnam). Datasets are cleaned after 276 samples which enough for the conditions of EFA and RA. Characteristics of sample includes Enterprise with foreign capital = 14.8%; Domestic enterprise = 85.2%; Enterprises with large capital = 8.6%, 62.7% SMEs and 28.7% super small; 81.3% enterprises form Southern, from central 10.6% and 9.1% from Nothern.

4.1 Reliability Analysis

The distance factor (DIS) consists of five observation variables, which run the reliability test of this factor prior to the introduction of an EFA factor analysis. Testing DIS for Cronbach Alpha = 0.445
<0.5 and all 5 observed variables including DIS_1, DIS_2, DIS_3, DIS_4, DIS_5 are <0.5. Using the method of trying gradually to diminish the observation variables in the DIS factor, the result is still less than 0.5. This proves that the DIS factor is not reliable because in practice it shows the gap does not significantly affect the cooperation among the actors in the flat world today. Enterprises are interested in efficient collaboration rather than geographical proximity. Similarity in organizational culture and scale of activity but not effective so this study eliminates the DIS factor and 2 observation variables TRU_1, TRU_2 are not accepted as well. This demonstrates the scale of measurement concepts in order to achieve reliability studies, and the data collected through this achieve scale internal reliability for the next in-depth analysis.

4.2 Explore Factor Analysis and Regression Analysis

Using Pearson’s correlation coefficient to analyze the correlation between credit variables, power, frequency, maturity, culture, strategy, and policy (independent variables). The results show the correlation between independent variables and dependent variables were positive, except for POL. Next, conducting a regression analysis, the results of the model conformity assessment are as follows:

<table>
<thead>
<tr>
<th>Concept</th>
<th>Variables</th>
<th>Observers</th>
<th>Cronbach’s Alpha</th>
<th>Cumulative Variance (%)</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaboration (COL)</td>
<td>Trust (TRU)</td>
<td>5</td>
<td>0.805</td>
<td></td>
<td>Accepted</td>
</tr>
<tr>
<td></td>
<td>Power (POW)</td>
<td>4</td>
<td>0.868</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Frequency (FRE)</td>
<td>4</td>
<td>0.874</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maturity (MAT)</td>
<td>4</td>
<td>0.860</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Policy (POL)</td>
<td>4</td>
<td>0.896</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Culture (CUL)</td>
<td>4</td>
<td>0.844</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategy (STR)</td>
<td>4</td>
<td>0.853</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture Supply Chain Collaboration (COL)</td>
<td>3</td>
<td>0.883</td>
<td>78.413</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Conclusion

The results showed that all six independent factors have positive impact on the statistical significance of Furniture supply chain collaboration (Sig. <0.05) and collaboration to the level of impact from the strong to the weak as follows: power (0.59), trust (0.415), maturity (0.403), strategy (0.234), culture (0.165), and frequency (0.138). Overall, the furniture industry in Vietnam has grown in size, export turnover and quality as well. However, this industry has been shown many weaknesses without improving, these are a lot of challenges for the development of the industry in the coming time. It is the spontaneous manufacturing and distribution. Due to objective and subjective reasons, this industry reveals there has weak connection between the actors in the supply chain and this matter hardly matches sustainable development. Therefore, the effective relation of factors involved in the production process is an indispensable trend to enhance the vitality in the context of international economic integration today. It is a big challenge for this industry to compete and meet the strict requirements of the global market.
A Study on the Development of Limitation of Liability in Maritime Cargo Claims

Le, Thi Thuy Dung¹; Chung, Cheng-Chi²

Abstract

The study is an attempt to analyze the concept of limitation of liability in maritime cargo claims with multiple legal and policy perspectives. Tentative efforts are used to make a comparison among different regimes of liability, to figure out it development. In trying to present a synoptic outlook at the evolution of limitation of liability in case of cargo lost or damaged, this study will briefly explore the historical background to the development of the concept of limitation of liability in maritime law. It will contribute to the discussion of the effect of limitation of liability within the context of the study. The paper will be conducted by analyzing various international conventions pertaining to limitation of liability in particular for maritime cargo claims. To some extent, the paper will take a comparative study among relating international conventions to create and develop the concept of limitation of liability.

Keywords: Limitation of liability, Maritime cargo claims, Maritime law

1. Introduction

All vital transportation conventions regulating the international carriage of goods comprise the limitation of liability regulation. Basically, limitation of liability is defined as the carrier’s right to limit its financial duty; is the maximum amount that the carrier must take responsibility for in case of cargo lost, damaged or delayed in delivery. The concept is not only entrenched in the maritime industry but also in carriage by air, carriage by land. The objective liability ranges from goods, pollution damage to the removal of wrecks, passengers and their luggage, etc.

Why it is so important to have international regulations of liability limitation? It is the fact that unexpected incidents are inevitable in transportation, no matter what kinds of transportation mode involve. The longer distance is, the greater risk is. Moreover, the carrier is the one directly carries most of risks. Therefore, it is necessary to launch an international regulation on limitation of liability which not only allocates the liability but also to maintains balance of rights among different parties. Besides the major role of balancing liability, it may delivery more benefits such as: Preventing the shipper from overpaid high prices for small pieces, foreseeing the scope of the responsibility of transportees and insurance liability, limiting the the high risk of military industry.

As we know that there is no international convention for the carriage of goods in general. Each transportation mode relies on several conventions that regulates the provision of international transport by sea, rail, road, air. Therefore, it is essential to distinguish among different modal regimes when considering liability limitation. This study only focuses on the liability regimes in case of loss or damage to goods applicable to maritime carriage.

2. The Origins of Limitation of Liability in Maritime Cargo Claims

Limitation of liability was first considered as a rule in maritime law at the time of Louis XIV in the seventeen century. At this time, the principle of shipowner’s limitation of liability was considered as a privilege since it could guarantee the shipowner responsibility but also reduce the liability by limiting it total exposure. However, it was realized that a cargo owner who shipped it goods was given such a special protection that the carrier began using the bill of lading to minimize their liability. In the late nineteenth century a regime of complete freedom of contract prevailed in the area of English law.

Deference to the freedom of contract, the shipper and carrier could negotiate for a different risk allocation. The dominance of British shipowners brought American shippers about being placed in disadvantageous position. Therefore, there was an essential need for regulating the liabilities of carriers that made the Harter Act 1893 passed in America. The general scheme of the Harter Act later was followed by many other countries as New Zealand, Australia and Canada. Specially, the Canadian legislation goes further than the Harter Act in introducing a package limitation.

“Limitation of liability comes into 2 flavors” the request about limitation from the shipowner, which normally known as tonnage or global limitation, and the limitation that can be invoked by the carrier, known as package limitation. The function of liability regime is balancing the responsibility between the carrier and the cargo interest in unfortunate case. According to Hendrikse et al. (2008), package limitation is generated from the shipping practices of the late nineteenth century. The freedom of contracts brought about the exemption of the carrier in almost all situations that the US Harter Act (1893) was the first legislative reaction to prevent this excessive. Under this Act, the carrier is never exempted from liability for cargo loss unless it performed effectively to promote ship seaworthy at the beginning of the voyage. Although the fact that it comprises most exemptions but not clauses that limit carrier’s liability to an agreed amount, the Harter Act obviously begins to erase the duty imbalance between cargo owner and the carrier in future legislative framework. In 1924, the Hague Rules was signed and provided the certain amount of compensation to limit the liability of the carrier, establishing the basic concept of limitation of liability in maritime cargo claims. Since then, there are several international conventions regulating international carriage of goods by sea such as: the Hague rules (1924), the Hague-Visby Rules (updated and amended in 1968 and 1979), the Hamburg Rules (1978), the United Nation Convention on International Multimodal Transport of Goods (1980),

Besides the Hague Rules, all mentioned conventions are presented not only in package/unit but also in kilograms figures, whichever is higher and apply the common unit account, known as Special Drawing Rights (SDR) rather than national currency. The SDR is an international reserve asset, created by the International Monetary Fund (IMF) in 1969 to supplement the existing official reserves of member countries. SDR is allocated to member countries in proportion to their IMF quotas. Its value is based on a basket of key international currencies (US Dollars, Euro, Chinese Renminbi, Japanese Yen, Pound Sterling). The new currency amounts will remain constant for five year SDR valuation period. The logic of compensation is illustrated in in the figure below:

A carrier is assumed responsibility for loss, damage or delay, unless it proves that it has taken all necessary measures. All in-carriage-contract parties are only able to enter into a valid agreement if the responsible limit is higher than treaty’s specified amount. Specifically, 1979 SDR Protocol regulates liability rate is 666.67 SDRs (Special Drawing Rights) per package or units or 2 units SDR per kilogram, whichever is higher. Freight rates are more and more on an independent basis by individual carriers, which benefits shippers only if there is an openness and predictability of an unified legal corridor.

Moreover, when the limitation is close to entire value of all cargoes, it is able to function as full value compensation for almost all shippers. The limitation rule is one of vital issues among the parties. There are different selections in adopting international rules and conventions in different regions. Some countries have adopted the Hague and Hamburg rules, others have adopted Hague-Visby amendments.

### 3. Concluding Remarks

Nowadays, vessels are equipped with modern facilities and high communication technologies; therefore, transportation is much safer than before. However, the more modern transportation mode, the more risky for third parties and the environment is since the development in the huge size of vessel, which leads to the large amount of hazardous cargoes. This phenomenon is the result of the increase in transporting-good demand as well as carriers’ competition.

The 21st century has recorded an emergence of the global economy which underscores the need for an effective risk allocation system for cargo loss or damage. Limitation of liability, at the practice level, has achieved the multiple purposes. It provides a way of decreasing and allocating risks, balancing rights and responsibilities among parties as well as contribute a basic ceiling of insurance; since then, promotes the settlement of disputes. Liability regimes which operate with a limitation on liability have their objective not only to allocate the risk of carriage but also to establish more uniformity of the terms of carriage. Limitation of liability should not be considered only as a matter of law. On the other hand, from an economy point of view, it should be seen as an effective tool for the allocation of the transportation risk’s among involving parties, protect them from unexpected heavy loss.

### References


The Relationship between Organizational Justice and Social Loafing in Ho Chi Min City

Vu, Ba Thanh¹; Ngo, Van Toan²

Abstract

This study aims to explore the relationship between organizational justice and social loafing of organizations in Ho Chi Minh City through quantitative analysis from the survey data for the 228 employees working at the Organizations in Ho Chi Minh City. The results showed that only two factors are Distributive justice and Procedural justice is to have the reverse effect on social loafing of employee. From the results of the study showed, Distributive justice and Procedural justice has the opposite effect of social loafing, which demonstrates that when individuals feel that their work is spent on Perform tasks in a clearly divided and they will receive a worthwhile result in the group when performing the task then the individual's collective indifference to the organization will decrease. And motivate the employee to make more efforts to work and contribute for the organization. In addition, the factor of Procedural justice also has the opposite effect of collective redundancy, which demonstrates that employees are more concerned about fairness in official policies and organizational procedures.

Keywords: Organizational justice, Social loafing, Ho Chi Min City, Vietnam

1. Introduction

In the organization, individuals in the group will realize that other members of the group effort less than the efforts when working group (Etemadi et al., 2015). This problem makes them feel that the benefits they have gained from teamwork are not fair to all the activities they have done, as a result, they would see inequality in the group (Etemadi et al., 2015). This phenomenon occurs will cause many negative consequences in the organization such as reduced performance, reduced satisfaction, and trust in the team (Aggarwal et al., 2008; Etemadi et al., 2015; Murphy, 2003), reduce the interaction between individuals, and thereby reduced organizational performance (Mortazavi et al., 2011; Liden et al., 2004). The trend of the individual from the independent activity to behave collectively and thereby reducing social loafing (Lin et al., 2009). Recognizing the importance mentioned above, the authors have chosen to study the relationship between organizational justice and social loafing in Ho Chi Minh City.

2. Theoretical Basis and Research Model

According to Greenberg (1987) organizational justice is the employee's perception of fairness in the place where they work, which means organizational justice is the way in which the employee feels they are treated publicly. In the work they receive, and whether that affects their behavior in the organization. The concept of organizational justice involves important factors such as commitment, performance, employee satisfaction (Lipponen et al., 2004). Etemadi et al. (2015) have outlined four types of institutional equity: (1) Distributive justice is the fairness of the results the employee receives, (2) Procedural justice is the process used to distribute the rewards in the organization, (3) Interactional justice is justice of organizational transferred to subordinates and subject to the supervision of superiors, (4) Systemic justice is The system shows the employee’s perception of workplace co-worker behavior, supervisors' behavior and the procedures of the entire organization where they work.

The origin of social loafing begins with the “Ringelmann Effect,” which describes the tendency of individuals will reduce labor productivity when they work in groups (Ringelmann, 1913, led by Simms, 2014). Ingham & Associates (1974) described the effect of "social loafing” when they succeeded in demonstrating individual efforts to be denied when people worked in groups. Williams & Associates (1981) have expanded the experiment and given the conclusion that if the efforts of individuals in the organization were measured, those who caused conflict or because indifference would decrease and Their research focuses on studying of measuring the output of individuals in the organization. With the conceptual basis of social loafing of Ingham et al. (1974) and of Latane et al. (1979), so far, many other authors have followed Karau et al., 1993; George, 1992; Etemadi et al., 2015 argue that social loafing is a phenomenon in which the individual's efforts to achieve their goal when they work in a team is lower when the individual works independently.

Research by Ligen et al. (2004) suggests that one's perception of interdependence in work is related to social loafing; A person's perceptions of a negative Distributive justice associated with collective redundancy, as well as the person's perception of justice in policies and procedures without affect the downward trend Indifference of the individual. Ferrante & Associates (2006) explored what needed for the group leader can do to help reduce social loafing. They compare between the group leader and the group has no leaders to see which group is less tolerant and they conclude that the groups with the leader are less likely to be idle, which proves equity was evaluated in the group to reduce social loafing. Etemadi et al. (2015) investigated the relationship between organizational justice and social loafing among nurses at Sanhayan's Tohrid Medical and Education Center. The results of the study also indicate that there is a negative interaction between the components of organizational justice and social loafing.

Based on the theory and inheritance of previous studies of the relationship between organizational justice and social loafing, the author proposes a research model as follows:

¹ Food Farm Co., Ltd, Vietnam Email: vbtthanhh1205@gmail.com
² University of Finance - Marketing, Vietnam Email: ngovantoan2425@gmail.com
The model aims to examine the relationship between organizational justice and social loafing of staff in organizations in Ho Chi Minh City with the regression equation as follows:

\[
SL = \alpha + \beta_1 * DJ + \beta_2 * PJ + \beta_3 * IJ + \beta_4 * SJ
\]

Research using non-probability sampling. The author sent the survey questionnaire to 260 employees in Ho Chi Minh City, collecting 244 votes and after removing the unsatisfactory 228 valid votes, meeting the sample size requirement. For research. In this study, the components of organizational equity were developed by Kaneshiro (2008) with distributive justice (DJ) consisting of nine observation variables, The Procedural justice (PJ) consists of 5 observation variables, Interactional justice (IJ) consists of 11 observational variables and a Systemic justice (SJ) of 10 observed variables. Social loafing factor (SL) developed by George (1992) consisted of 10 observed variables. The questionnaire for this study using Likert scale with 5 levels. Data analysis methods: descriptive statistics, Cronbach's Alpha scales, EFA, multiple regression analysis, Anova using SPSS 22.0 software.

2. Results

Reliability Analysis and EFA Analysis

The Cronbach’s alpha-scale reliability test showed that nine observed variables of the DJ variable, 5 observed variables of the variable PJ, 11 observed variables of the variable IJ, and 10 observed variables of the variable SJ has high reliability should be the variables of organizational justice components will be brought in to analyze the EFA for the next step. Meanwhile, Cronbach's Alpha reliability test of 10 observation variables of the variable SL, then we exclude variable SL3 and SL7 because the total correlation coefficient is not satisfactory. Therefore, only 8 observation variables of the SL variable are included in the EFA analysis. After implementing EFA 4 times, SJ1, IJ2, SJ5, IJ11 observation variables were excluded from the model. At the 5th EFA implementation results are as shown in Table 1, Sig value. = 0.000 ≤ 0.05 in the Battlet test showed that the results of the analysis were statistically significant greater than 95% and the observed variables were correlated in the overall. The total variance of 51.786% representing the factors derived from the analysis can account for 51.786% of the variation in the initial survey data.

Regression Results

The author performs regression analysis with SL dependent variables and the four independent variables are DJ, PJ, IJ, SJ. After the first regression analysis, the IJ and SJ variables did not affect the dependent SL variables. Therefore, we need to type 2 IJ and SJ variables out of the model and again the second regression. The results of the second regression are as follows.

<Table 1> Second regression result

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>.166</td>
<td>25.085</td>
<td>0.000</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>DJ</td>
<td>-.256</td>
<td>.039</td>
<td>-6.529</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>PJ</td>
<td>.245</td>
<td>.041</td>
<td>-.345</td>
<td>.000</td>
</tr>
</tbody>
</table>

The R2 coefficient is 0.371 and the correction R2 is 0.365. Thus, the model with two DJ variables and PJ explained 36.5% of the effect of Distributive justice and Procedural justice on the collective indifference in Ho Chi Minh City. The Sig value = 0.000 (<0.05), so the combination of two independent variables can explain the variation of the dependent variable. From table 3 found that variables of Distributive justice and Procedural justice affected the collective indifference of employees at enterprises in Hochiminh city with a significance level of 1% for both 2 variables DJ and PJ. Regression analysis gives us the linear regression equation as follows.

\[
SL = -0.379 * DJ - 0.345 * PJ
\]

Through the above equation, we see that Distributive justice has the strongest impact on collective bargaining, followed by Procedural justice, and both components have the opposite effect of collective bargaining. 2 balanced factors interact and balance the system do not affect social loafing.

3. Conclusions

From the results of the study showed, Distributive justice and Procedural justice has the opposite effect of social loafing, which demonstrates that when individuals feel that their work is spent on Perform tasks in a clearly divided and they will receive a worthwhile result in the group when performing the task then the individual's collective indifference to the organization will decrease. And motivate the employee to make more efforts to work and contribute for the organization. In addition, the factor of Procedural justice also has the opposite effect of collective redundancy, which demonstrates that employees are more concerned about fairness in official policies and organizational procedures. This is to determine the results of their work in the group. When clear policies and procedures will help employees determine the tasks and accomplishments they achieve and thereby reduce collective negligence. The two factors of Interactional justice and Systemic justice have no impact on social loafing, suggesting that employees are not paying much attention to these two factors.
References


Nguyen, Ngoc Duy Phuong¹; Nguyen, Tien Dat²

Abstract

This paper examines key determinants and the effect of country-of-origin on customer’s purchase intention of functional food and dietary supplement product in Vietnam. Data was collected from a survey of 242 Vietnamese who have experienced in buying functional and supplement food. This paper employed partial least square (PLS) as a technique used to analyze the measurement and structural models. The findings provide evidence that social prestige customer perceives and their positive attitude toward functional food which are main factors influencing on consumers’ purchase intention. Customer’s perceived prestige plays an important role in decision-making process to purchase. The higher social prestige taken up in consumers’ mind, the higher consumers’ purchase intention is. Moreover, the more positive attitude customer holds toward functional food, the higher consumers’ purchase intention. The research results provide useful information in current understanding of what antecedents determine factors influencing customer’s intention to purchase functional food and lead to managerial implications for business strategies.

Keywords: Consumer animosity, Consumer attitude, Country of origin, Social prestige, Functional product, Vietnam

1. Introduction

In the modern society, health is one of the central values. Consumers are increasingly aware that food influences health condition. This growing consumers’ awareness together with progress in various fields of science provides companies with opportunities to develop a range of new functional products. The objective of the developers of a technical product is to combine the obtained knowledge about the consumers’ requirements with the knowledge of what is technically possible. Healthy nutrition is essential to prevent diet-related chronic diseases so that functional food became increasing important. It is due to the long-term changes in the society, as well as socio-demographic trends. It is related with the rising costs of health care, steady increase of life expectancy and the fact that the elderly is interested in the improvement of their quality of life. Functional foods and nutraceuticals are defined as products that are demonstrated to affect beneficially one or more target functions in the body, beyond adequate nutritional effects, in a way that is relevant to either improved state of health and well-being and/or reduction of risk of disease’. Social country-of-origin factors such as: social prestige, social animosity and norms are also one of the important factors needed for the acceptance of functional food, especially for foreign product. An important motive for consumption of functional food is the level of consumer animosity and the belief of good health the product promises to bring, which form the attitude toward functional food consumption. This paper aims to examine how consumers’ purchase intention of functional food is jointly influenced by consumers’ perceptions of the individual and social country-of-origin factors where functional food products derive from.

2. Research Methodology

Operationalization of Constructs

To measure the various constructs, validated items were adapted from prior studies and revalidated for this study. All the focal constructs of the model were measured using reflective constructs that were adapted from literature and designed by using a seven-point Likert scale to facilitate measurement, with a rating scale from (1) “strongly disagree” to (7) “strongly agree.” The following briefly describes the eight variables used in our models. First, the measurement for belief was drawn from a prior study, which measured the consumer's belief of consequences of buying brands from a specific country, it used five survey items that are common in measuring belief as antecedent of attitude and indicator of purchase intention. Second, the consumer animosity construct is defined as consumers’ remnants of antipathy toward a country related to previous or ongoing military, political or economic events, the eight-item measurement for this construct was adapted from Klein et al (1998) study. The third variable uses the three-item measurement, which investigated the consumer’s attitude toward buying brands from country. Thirdly, the purchase intention construct is defined as one’s personal action tendencies relating to the brands from a country, the three-item measurement for this construct was adapted from Spears and Singh (2004) study. The fifth variable uses the six-item measurement, which is the perceived constriction of time available for an individual to perform a given task, it is generated mainly when individuals do not have enough time to find a solution or make a better choice. Sixthly, the social prestige construct is defined as consumer’s perceived social status associated with brands from a country in a product category, the three-item measurement for this construct was adapted from Baek et al, (2010) study. Further, the social animosity construct is defined as one’s perceived remnants of antipathy among relevant others toward a country related to previous or ongoing military, political or economic events, the three-item measurement for this construct was adapted from Klein et al (1998) study. And lastly, the social norm construct is defined as one’s perceived pressure from relevant others related to buying brands from a country, the five-item measurement for this construct was adapted from Ham et al (2015) study.
3. Survey Administration and Sample

This study employed a survey method, using a questionnaire to test the conceptual model and developed hypotheses. The prospective respondents were chosen randomly. This procedure enabled the researchers to access a sufficient number of prospective participants for this study. We use google online survey platform and then send it directly to each respondent together with an invitation letter to complete the questionnaire. Apart from using this online survey method, we use the former technique of questionnaire administration, which is giving out the questionnaire directly to respondents. The sampling frame of this study consisted of medical clinics, universities, offices. We distributed questionnaire by hand to the respondents in these areas. They completed the questionnaire and handed it to the researcher. A total of 300 were distributed with 242 being returned, expressing a return rate of 80.6%. Among these respondents, 35% were males and 65% were females. The result shows that 33% of the respondents are at the age of 18-22 year olds, and 67% of respondent is at the age of above 22. Most of respondent have a bachelor’s degree: 88%, the rest have high school diploma or college: 12%. Besides, 53% of respondent whose occupation is office worker, freelancer and some of them have other job, but student takes up 47% of respondent in this survey. The majority of respondent (43%) get a monthly income from 5 to 10 million VND, 42% has less than 5 million per month, 14% has 10 to 15 million, and only 1% has more than 15 million per month. More important, all of the respondent is aware of the existence of functional food and they have knowledge (27%) and experience both using (21%) and having intention to buy it (52%). Finally, among 4 countries that mentioned in this survey for consumer’s choice, US is the most voted country to buy functional food from, Japan come in second place and Korea and China take the third and fourth place. As the result from running pilot survey on 22 respondents indicate all the Cronbach’s Alpha values are more than 0.7, which means the internal reliability and consistency of the questionnaire are confirmed.

4. Conclusions

From the research data analysis and result, we can conclude some reasons why functional food and dietary supplement are consumed slowly in Ho Chi Minh City. According to the research result, the higher social status and prestige taken up in consumers’ mind (word-of-mouth, brand popularity, company’s fame, etc.), the higher consumers’ purchase intention is. Moreover, the more positive attitude customer holds toward the manufacturing process of functional food, its company’s marketing program, product’s packaging, network of distribution, and how the company performs corporate social responsibility, the higher consumers’ purchase intention. To get better understanding about what antecedent influencing factors affecting purchase intention, we look into the positive relationship between customer belief and their attitude, the negative relationship between customer animosity and their purchase intention. Specifically, if customer believe well in the good effects functional food can generate, their attitude toward it will be strengthened and vice versa. Those are partially the reasons why functional food is slowly consumed in market. Therefore, in order to increase consumers’ purchase intention, sellers and investors should: As any other previous research, this present study also has limitations. First of all, we examine limited factors which influence customer’s purchase intention on functional food. We suggest the next research should consider about other factors that can have significant relationship with customer’s purchase intention we were unable to cover. Second, this research is developed based on 242 respondents, in which 47% of sample was collected from undergraduate students who have relatively limited shopping experience and have a different view on the history and the relationship between counties compared to older age groups. Finally, due to time constraints, only 3 months were given for this research. If the research were extends to a longer period of time, the results may varies. The present study should be replicated using a larger sample size with more focused target respondent and with more suitable questionnaire. In addition, future studies may further test the robustness of this study and investigate other individual and contextual factors that might moderate the effect of social norms on purchase intention.

References


Disclosure of Environmental Information by Manufacturing Firms Listed on the Ho Chi Minh City Stock Exchange (HOSE)

Duong, Hoang Ngoc Khue¹; Nguyen, Thi Ngoc Oanh²

Abstract

This purpose of the study is to evaluate the level of the environmental information disclosures by manufacturing firms which practices the annual reports in accordance with the circular 155/BTC, circular on guidelines for information disclosure on securities market. A model including 16 indexes based on the Circular 155/BTC was used to measure the level of environmental information disclosure. The study has been conducted on the sample of 40 manufacturing firms listed on HOSE and 120 annual reports from year 2014 to 2016 have been used for the study. The findings show that (i) There was an increase in the level of environmental disclosures from 2014 to 2016, and (ii) The extent of environment information disclosure in 2016 is just under average (36.87%).

Keywords: Disclosure, Environmental information, Manufacturing firms, Ho Chi Minh City Stock Exchange (HOSE), Vietnam

1. Introduction

In the process of manufacturing together with creating employment for the society, making profit and paying tax to the government, corporations, particularly manufacturers, also dispose a large amount of waste into the environment and greenhouse gas into the air, which partly contributes to global warming. Hence, manufacturing firms need to not only publish their financial information required by law but also have their responsibility for negative impacts on the environment by disclosing environment-related information. According to the National Environment Report in the period of 2011 – 2015 by the Ministry of Natural Resources and Environment, socio-economic activity still causes harmful effects on the environment; several industrial and constructional manufacturing firms continue their environment polluting. Dust pollution, water pollution and other environmental issues are now increasing in quantity as well as influential extent. Thus, Vietnamese corporations should have to show their responsibility for the environment and society. In addition, they need to follow global standards of environment protection and ensure the information transparency to gain competitive advantages, attract investment and pursue sustainable development objectives. With the aim at strengthening corporations’ responsibility for the environment and society, the Ministry of Finance has promulgated the Circular 155/2015/TT-BTC about guiding public companies through information disclosure relating to sustainable and internationally suitable development. This Circular requires corporations to supplement information disclosure content relating to sustainable development and their influences on the environment and society on annual reports or sustainable development reports (if possible). The purpose of the study is to analyze environmental disclosure level of manufacturing firms when the Circular 155/BTC was promulgated and effective. Since then, the authors give some policies in order to increase the disclosure level of environment information of manufacturing firms listed on HOSE.

2. THEORETICAL FRAMEWORK

Theoretical Framework of Environmental Disclosures in the World

Environmental disclosure can be defined as the disclosure made by an organization about its positive and negative impacts on the broader physical environment within which it operates. According to ACCA, environmental reporting is the term commonly used to describe the disclosure by an entity of environmentally related data, verified, (audited) or not, regarding environmental risks, environmental impacts, policies, strategies, targets, costs, liabilities, or environmental performance, to those who have an interest in such information. Environmental information will be provided via the following media:

- Financial Statements
- Annual Reports
- Environmental Reports
- Social responsibility reports
- Sustainability reports
- Other media such as management letters, videos and websites

In most countries, making environmental reports is totally voluntary, and corporations are literally able to apply any reporting methods; however, a small number of criteria on voluntary reports have been presented. International guidelines on social responsibility, in which includes responsibility for environmental disclosure such as: The CERES Principles released by Coalition for Environmentally Responsible Economies in 1992. With the aim at improving environmental aspects and assuring sustainable development, the main contents of the Principles involve:

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Protection of the biosphere</td>
</tr>
<tr>
<td>2</td>
<td>Sustainable use of natural resources</td>
</tr>
<tr>
<td>3</td>
<td>Reduction and disposal of wastes</td>
</tr>
<tr>
<td>4</td>
<td>Energy conservation</td>
</tr>
<tr>
<td>5</td>
<td>Risk reduction</td>
</tr>
<tr>
<td>6</td>
<td>Safe products and services</td>
</tr>
<tr>
<td>7</td>
<td>Environmental restoration</td>
</tr>
<tr>
<td>8</td>
<td>Informing the public</td>
</tr>
<tr>
<td>9</td>
<td>Management commitment</td>
</tr>
<tr>
<td>10</td>
<td>Audits and reports</td>
</tr>
</tbody>
</table>

¹ University of Finance and Marketing, Vietnam
Email: ngockhuo@ufm.edu.vn
² University of Finance and Marketing, Vietnam
Email: oanhngoc.ufm@gmail.com
The PERI guidelines in 1993 by the Public Environmental Reporting Initiative. The guidelines were written by a group of specialists in environmental issues, health and safety with an objective that develops a comprehensive and credible framework for environmental reporting, provide a balanced perspective on environmental policies, practices and performance, and better meeting public expectations. The contents specifically shown in environmental reports include:

<Table 2> Categories of environment information followed by PERI:

<table>
<thead>
<tr>
<th>Content</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Firm’s organizational profile</td>
</tr>
<tr>
<td>2</td>
<td>Environmental policy</td>
</tr>
<tr>
<td>3</td>
<td>Environment management</td>
</tr>
<tr>
<td>4</td>
<td>Resource conservation</td>
</tr>
<tr>
<td>5</td>
<td>Environmental risk management</td>
</tr>
<tr>
<td>6</td>
<td>Environmental compliance</td>
</tr>
<tr>
<td>7</td>
<td>Product stewardship</td>
</tr>
<tr>
<td>8</td>
<td>Employee recognition</td>
</tr>
<tr>
<td>9</td>
<td>Stakeholder involvement</td>
</tr>
</tbody>
</table>

Global Reporting Initiative (GRI) provides specific guidelines on how to report environmental and social issues of corporations. Main information is demonstrated in Global Reporting Initiative such as economic – EC, environment – EN, human rights – HR and society – SO.

<Table 3> Categories of environment information followed by GRI:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENVIRONMENT</td>
<td>Env1 Energy</td>
</tr>
<tr>
<td></td>
<td>Env2 Water</td>
</tr>
<tr>
<td></td>
<td>Env3 Waste management</td>
</tr>
<tr>
<td></td>
<td>Env4 Waste disposal rights</td>
</tr>
<tr>
<td></td>
<td>Env5 Biodiversity</td>
</tr>
<tr>
<td></td>
<td>Env6 Compliance</td>
</tr>
<tr>
<td></td>
<td>Env7 Product and service management</td>
</tr>
</tbody>
</table>

Environmental reports designed by United Nation Environmental Program – UNEP include 50 sub-categories and have 5 main categories as follows:

<Table 4> Categories of environment information followed by UNEP:

<table>
<thead>
<tr>
<th>Content</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General introduction to environmental management system</td>
</tr>
<tr>
<td>2</td>
<td>Categories of materials</td>
</tr>
<tr>
<td></td>
<td>Energy, water Products</td>
</tr>
<tr>
<td></td>
<td>Waste and emission appearance at input and output of each manufacturing stage and products’ life cycle</td>
</tr>
<tr>
<td>3</td>
<td>Financial information relating to environment</td>
</tr>
<tr>
<td>4</td>
<td>Relationship among stakeholders in environment protection activity</td>
</tr>
<tr>
<td>5</td>
<td>Strategies for sustainable development of business and society</td>
</tr>
</tbody>
</table>

The environment-related ISO 14000 framework promulgated by International Organization for Standardization in 1996. In this framework, ISO 14001 is the core standard which is considered the archetype for organizations designing and implementing effectively the environmental management system (EMS). ISO 14001 is voluntary. Through ISO 14001’s guidelines, by voluntarily publishing information, corporations can prove that they have met requirements of environment protection and satisfied those of relevant parties. Specialists in International Standards of Accounting and Reporting (ISAR) at the 22nd summit have approved the guidelines of social responsibility index demonstrated on the social responsibility report (ISAR/29), in which environment information is indicated in the categories of health safety, value chains and violations of law.

Theoretical Framework of Environmental Disclosure in Vietnam

In Vietnam, regulations of environmental disclosure on the Circular 155/2015/TT-BTC about guidelines on information disclosure on the stock market, specifically as follows:

<Table 5> Categories of environmental information followed by the Circular 155/BTC

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Material resource management</td>
</tr>
<tr>
<td></td>
<td>Energy consumption</td>
</tr>
<tr>
<td></td>
<td>Water consumption</td>
</tr>
<tr>
<td></td>
<td>Compliance with laws toward environment protection</td>
</tr>
</tbody>
</table>

3. Conclusions

The research illustrated the scope and extent in disclosing environmental information of manufacturing firms at HOSE over the period of 2014-2016. Additionally, the research implemented a changeable comparison in the extent of environmental disclosure in annual reports of businesses in the research sample after Circular 155/BTC is enacted and in effect. Accordingly, the publication level of information increased gradually over three years, but the index of companies is still low (average 2016 is 27.4%). Much of the information published is informative and has not yet published much quantitative environmental information. This poses the requirement for the manufacturing enterprises to increase the level of environmental information disclosure further.
Unsolved Problem in Human Resources Qualities of Vietnamese Banking Industry in Integration

Truong, Van Khanh¹; Tram, Bich Loc²

Abstract

Economic integration become the inevitable trend of all countries around the world brings not only opportunities but also challenges for all aspects of society, especially the banking sector. Meanwhile, workforce in Vietnamese banking sector has been not only insufficient but also leftovers, which creates unsolvable problems for unemployment in the current period and for the competitiveness of the sector in near future. After conducting research in many different aspects, this paper finds out the main reasons why banker resources have not met the requirements of society, which can be summarized as follows: management methods of State agencies have only been implemented for form’s sake and their development planning is not appropriate for economic environment; most of training facilities focus on scale rather than the quality; the way of doing business of some banks creates a lot of potential risk but they have no appropriate management mechanism; and students majoring in banking sector have negligent learning attitude and deviant thinking of their career in future.

Keywords: Banker resources, Economic integration, AEC, Moral hazard, Vietnamese Banking Industry, Vietnam

1. Introduction

Economic integration has created not only many opportunities but also challenges for businesses; particularly, the challenges of risk management, increasing productivity, etc. Therefore, the banking system, which is essentially the lifeblood of the economy, is not out of the way. However, in recent years, the Vietnamese banking system has faced many difficulties, such as: high bad debt ratio making the State Bank restructure the entire banking system, and many serious cases caused by bankers like false records, forge signatures... happened to trick customers or bank itself out of billions Vietnam dong. "Talent is the life-sustaining element of the nation" so how is the quality of the banking sector that led to situations mentioned above? Are the current curricula and teaching styles at universities, professional training centers and banks appropriate for training human resources in order to meet the requirements of the integration phase? By analyzing the current state of banking human resources from various perspectives, the paper will in turn address these questions. Then, based on the results achieved, some solutions and recommendations will be boldly proposed.

2. Overview of Banking Human Resources in the Current Period

According to the master plan on the development of human resources in banking sector during 2011-2020 dated February 9, 2012 by the Governor of the Vietnamese State Bank: By 2020, the total workforce in banking industry is about 300 thousand people; the percentage of trained workers is about 87% (in which: middle level is about 13%, college and university level is about 83% and postgraduate level is about 4%); the percentage of human resources who will be trained to increase the level and skill in the total trained workforce of the banking sector is about 5% -10% in the period 2016-2020. This plan shows that the State Bank pays much attention to banking human resources training in the coming time. In addition, this master plan is in line with the International Labor Organization forecasts and other employment organizations. However, according to survey data collection of Hay Group and Institute of Manpower - Banking & Finance, the number of graduated banking - finance students are increasing: About 29,000 in 2012, 32,000 in 2013 and 61,000 in 2016, but only about 15,000 to 20,000 people were employed by banks. In fact, human resourced in the banking industry has been both surplus and shortage. Specifically, while the number of tellers and sales specialists in this industry is huge, the contingent of experts, middle and senior managers are very rare. Meanwhile, Vietnam's banking and finance sector has not kept pace with developments in the world as there is a lack of international expertise, especially practical skills, which is one of the great challenges in training and improving the quality of human resources in finance and banking.

2.1. Bankers – Who are They?

According to statistics of the Vietnamese State Bank: By the end of 2010, the total number of people in banking industry was 175,247. Their training level’s percentage is shown in Table 1.

<table>
<thead>
<tr>
<th>Level</th>
<th>No. of people</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary</td>
<td>19,553</td>
<td>11.16</td>
</tr>
<tr>
<td>Banking sector</td>
<td>39,553</td>
<td>23.05</td>
</tr>
<tr>
<td>Others</td>
<td>115,139</td>
<td>65.80</td>
</tr>
</tbody>
</table>

The data in table 1 shows that most of bank employees were trained (accounting for 86.85%), in which 68.15% are college educated or higher. However, the rate of bank employees whose majors are from sectors except banking were higher at all levels of education, which implies that banking sector is very competitive, not

References:
1. Finance and Banking Faculty, University of Finance – Marketing, Vietnam Email: vankhanh.ufm@gmail.com, khanhvu@ufm.edu.vn
2. Finance and Accounting Faculty, Saigon University, Vietnam Email: trambichloc@gmail.com
only with the people in the same sector but also in others. The reason is the expertise, skills and experience which are required for bankers are nearly the same for business people. Therefore, graduated students whose majors are finance, accounting, business administration, marketing, etc. can possibly apply to a bank position. This fact is not only true in Vietnam, but also in other countries around the world (Morris and Vines, 2014).

2.2. Current Situation of Training Finance - Banking in Universities

Currently, there are about 265 universities, colleges and institutes in Vietnam, of which 163 organizations training finance and banking (accounting for 61.5%). Moreover, while the 2016 benchmark for finance and banking sector was relatively high for some prestigious universities which was from 17 points to 26 points\(^1\); the benchmark of other 55 universities and colleges was just around the minimum requirement point (exactly 15 points). These facts illustrate that the quality of banking and finance students is very diverse. In addition, many training organizations just focus on quantity instead of quality. Specifically, class sizes are too large (sometimes up to hundreds of students per class) while facilities, teaching equipment, or even lecturers ... are not commensurate, or even not meet the rules set by the ministry of education; soft skills have not been emphasized; curricula are heavily theoretic academic and not updated to the economic developments. Besides, graduate internship which is the rare opportunity for students to be confronted with reality is not really effective. Last but not least, many students have misconception that knowledge from classrooms is not useful at workplaces. Therefore, their purpose when participating in training organizations is obtaining necessary degrees for job search process. This misunderstanding make students neither focus on improving their knowledge nor practice the necessary skills during their four years of schooling. That is the main reason why the amount of necessary knowledge, experience and skills (especially the self-learning skill) that graduated students accumulate are not significant. Meanwhile, the economy is constantly changing, if employees can not update knowledge by themselves, sooner or later they will be eliminated. All the factors concerned above make the students’ output quality meet neither the quality commitment of training organizations nor requirements of employers.

2.3. Business Ethics in Banking

According to Edelman (2013), finance is the most unreliable sector in the world (quoted by Morris and Vines, 2014). At the same time, a series of cases involving credit officers, branch leaders and even senior executives of some banks took banks’ money then escaped, or illegally appropriated the client’s property... have been exposed. These instances have prompted the society to question the ethics of bankers. Thereby, moral hazard is one of the risks that need careful attention and supervision. There are various reasons: (1) Ethical issues in banking sector are often unclear and only recognizable after careful scrutiny (Morris and Vines, 2014); (2) The risk of moral hazard in banking sector is higher than in some other industries, as some parts of the bank directly contact with money or high value assets; (3) Bank business is based on trust, once the people no longer believe in the bank (possibly due to the moral hazard that some bankers cause), the bank can not continue to operate. However, some of the moral risks arise from the way banks operate. Typically, some banks assign credit targets and raising capital targets for each employee, employees who fail to meet these targets will be cut salary and awards... This banks’ policy inadvertently forces their credit bankers to illegally cooperate with businesses, creating false records or cooking data to give businesses loans in order to meet their targets. Other illustration is that some banks do not provide medium and long-term credit to working capital loans, which is totally wrong because part of the working capital is always used in the business and the granting unreasonable credit terms make it difficult for banks to control customers’ cash flow. In addition, when the loans are due, the enterprises must temporarily borrow money outside while waiting for the bank to re-approve their loans, which can lead bankers to connect with external loan-sharks and prolong the approval process, or even refuse to re-lend, making disadvantages for both enterprises and banks.

3. Impact of Integration on Banking Human Resources

Banks around the world are facing various difficulties and risks. Typically, to foster economic growth, the Bank of Japan will continue to maintain low interest rates, even below zero, which severely affects net interest income of Japanese commercial banks. In addition, the future of the European and United States banking system remains unclear due to the British withdrawal from the European Union and the unforeseeable policies of the new elected United States president. Moreover, banks in many developing countries (including Vietnam) are facing difficulties in dealing with bad debts leading to slowdown in credit growth. Due to different operational conditions, the return on equity (ROE) of banks around the world are quite large difference. Specifically, in 2015, ROE in developed countries only ranged from 4.4% to 10%, which was much lower than developing countries (from 11.4% to 22.6%) (Table 2).

<table>
<thead>
<tr>
<th>&lt;Table 2&gt; ROE by region 2015 (Percent - %)</th>
<th>Developed</th>
<th>Emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>9.6</td>
<td>16.1</td>
</tr>
<tr>
<td>Western Europe</td>
<td>4.4</td>
<td>12.5</td>
</tr>
<tr>
<td>Latin America</td>
<td>6.5</td>
<td>10.0</td>
</tr>
<tr>
<td>Developed</td>
<td>EEMEA</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Different ROE makes the banking sector in developing countries become a potential market for developed countries to expand their operations, which is not only improving profitability but also spreading the risk system. This implies a fiercer competition in Vietnamese banking sector. Moreover, the progressive development

\(^1\) The list of prestigious schools is excerpted from the "Master Plan on the development of human resources in banking sector 2011-2020 period" and the 2016 benchmark is compiled from http://dienthi.tuyensinh247.com. Specifically, Foreign Trade University in the North and South Vietnam (from 24 to 26 points), National Economics University (24 points), University of Economics and Law (from 22.25 to 23.25 points), Banking Academy (21.36 points), University of Economics Ho Chi Minh City (21 points), Banking University of Ho Chi Minh City (20 points), Academy of Finance (from 17 to 19 points) and Danang University of Economics (18 points).
of Financial Technology Companies (Fintech)\(^1\) in recent time has also created new challenges for banking sector. If banks do not upgrade technology in order to improve their service delivery channels in the direction of more modern and more convenient for customers, Fintech companies, especially foreign ones, will gain market share of domestic banks in near future. In addition, accounting has become one of the eight career in which labors can move perfectly freely around 10 ASEAN countries\(^2\) due to commitments in the AEC Blueprint\(^3\). Free movement of ASEAN labors has been a challenge not only for accounting career, but also for banking human resources. There are a variety of reasons: (1) People whose majors in accounting can take most positions in banks, which is illustrated in section 2.1; (2) The demand for skilled labors in ASEAN countries will increase, requiring more appropriate education and training policies; (3) Recognition of labor skills from different countries has been becoming an extremely difficult issue; (4) The economic level as well as risk management, development planning of Vietnam... compared with most of ASEAN countries still far behind, making it hard for Vietnamese workers to be accepted by others while foreign workers may easily find a job in Vietnam, which implies the high possibility of losing jobs or just doing low-value jobs in our own home.

Besides, education field where banking human resources are trained will face many challenges. Specifically, these training institutions will have to raise the standard of output, change the curricula and teaching methods to provide learners with the necessary knowledge, skills and qualifications in order to compete in the area. The link between domestic and foreign training institutions as well as online learning are increasing, which is an opportunity for our country to learn how to teach, how to study and update knowledge quickly without spending a lot of money as study abroad. This modern trend also increases competitive pressure and requires lecturers to improve their professional competence, enhance their foreign language skills, inspire students to learn harder and set a good example for their students to follow... Lecturers or training institutions that do not meet the above requirements will soon be eliminated.

4. Recommendations

4.1. Training Institutions

- Training institutions should hold face-to-face meetings with experts or with successful graduated students to impart experiences, share opportunities and challenges in the current period, which help students orient their career, feel proud and love the way they have chosen. Therefore, students will try their best to study and achieve better results;

- In order for the training programs to meet the social requirements and workers’ qualifications be easily accepted by the ASEAN countries, domestic training institutions should actively cooperate with abroad ones; especially with prestigious institutions in Singapore;

- Integration will create favorable conditions for joint programs and prestigious universities in the world to enter Vietnam, which requires domestic training institutions to change their strategies, paying more attention to quality rather than quantity. Besides, in order to improve level of foreign language for students, some subjects should be taught in English to help students become aware of the importance of language earlier and will strive to learn for meeting a small part of quality in the integration phase.

4.2. Business Organizations

- Employers, especially banks, should actively cooperate with universities, exchange what they need and help training institutions tailor their curricula in order to meet practical requirements. Cooperation of employers and training organizations will help employers recruit loyal human resources who meet the needs of their organizations;

- Employers should organize training sessions to review or update their staff knowledge. Those sessions should be integrated with some recreational activities (such as: small games, contests...) to help employees instill organizational culture, nurture enthusiasm for their own jobs and their workplaces, which will increase labor productivity and reduce moral hazard. In addition, the business targets set by the organizations should be appropriate to labor capacity and organizations have reasonable control mechanisms to limit risks;

- Organizations, especially banks, should invest in modern technological innovation and diversify their service delivery channels, such as: mobile, tablet, Internet, etc. If it is difficult for the banks to do it by themselves, banks can actively cooperate, capitalize, outsource, or even acquire Fintech companies to rapidly improve their technology and take advantage of these companies' strengths.

4.3. The Vietnamese Government

- It is necessary for the Government to examine all banking and financial training institutions and only authorize qualified ones to recruit new students in order to ensure the quality of training, which avoid the situation that most graduates are unemployed or have to work in completely different industries;

- Government should also invest and equip additional support systems for learning and teaching in public training institutions, especially simulated banking, core-banking software, virtual stock market, etc.

- Raise salaries for lecturers working in public universities as the current salary which ranges from about 3 to 5 million Vietnam dong is too low compared with other private training institutions. This payment can not attract or keep talented people, so it is impossible to create a competitive educational environment in public training institutions.

\(^1\) Fintech takes advantage of technological innovation in the financial sector in order to provide intermediation services which are provided by traditional banks (namely: payment, lending, data collection and even asset management), but in a more convenient and faster ways.

\(^2\) 10 ASEAN countries are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

\(^3\) The AEC (ASEAN Economic Community) is the realization of the region’s end goal of economic integration. Once AEC is realized, ASEAN will be characterized by free movement of goods, services, and investments as well as freer flow of capital and skills. AEC came into effect at the end of 2015.
References
Fintech Credit – Opportunities for SMEs in Vietnam

Truong, Van Khanh¹; Tram, Bich Loc²

Abstract
Small and medium enterprises (SMEs) have an important role in the development of countries, especially in developing ones like Vietnam, but access to capital of this type of business is always difficult, while the support of the Vietnamese government has not been effective or negligible. However, the fourth industrial revolution (industry 4.0) have created a new type of business – Fintech companies which provide SMEs an easier way to access capital. Nevertheless, the concept of Fintech is relatively new in Vietnam and the operation of these companies implicit certain risks. Therefore, in order to help SMEs take advantage of this non-bank capital resource, the authorities are asked to promulgate laws or decrees for business environment of Fintech companies.

Keywords: Small and medium enterprises (SME), Fintech Credit, Industry 4.0, Vietnam

1. Overview of Small and Medium Enterprises

1.1. Definition of SMEs

Small and Medium Enterprises is a relative concept to large scale enterprises. Classification of SMEs is usually based on diversified criteria, such as the number of employees, total capital, total assets, market share, etc. or a combination of the above criteria. The SME classification criteria largely depend on the purpose of research and management, so different countries will have their own ones. Particularly, the concept and classification of SMEs in Vietnam are stipulated in Article 3 of the Decree No. 56/2009/ND-CP dated June 30, 2009 on SME development assistance: "Small- and medium-sized enterprises are business establishments that have registered their business according to law and are divided into three levels: very small, small and medium according to the sizes of their total capital (equivalent to the total assets identified in an enterprise’s accounting balance sheet) or the average annual number of laborers (total capital is the priority criterion)".

<table>
<thead>
<tr>
<th>Sector</th>
<th>Micro enterprises</th>
<th>Small-sized enterprises</th>
<th>Medium-sized enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>Total capital</td>
<td>Number of employees</td>
<td>Total capital</td>
</tr>
<tr>
<td></td>
<td>(million USD)</td>
<td></td>
<td>(million USD)</td>
</tr>
<tr>
<td>Agriculture, forestry</td>
<td>&lt; 10</td>
<td>&lt; 1</td>
<td>10 - 200</td>
</tr>
<tr>
<td>and fishery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Industry and construction</td>
<td>&lt; 10</td>
<td>&lt; 1</td>
<td>10 - 200</td>
</tr>
<tr>
<td>Trade and Service</td>
<td>&lt; 10</td>
<td>&lt; 0.5</td>
<td>10 - 50</td>
</tr>
</tbody>
</table>

Source: Decree No. 56/2009/ND-CP

1.2. The Present Status of Vietnamese SMEs

SMEs have been the backbone of economic growth in many countries, and Vietnam is not out of the way. Specifically, according to the General Statistics Office of Vietnam (01/2017), SMEs account for over 97% of total operating enterprises, contributing about 40% of GDP, 31% of exports, 29% of revenues to the State budget and creating 52% of job opportunities for society, etc. While SMEs are considered the key factor of the economy, they face many difficulties in accessing the capital of banking system. Particularly, according to data of the Vietnam Chamber of Commerce and Industry (VCCI) on November 2016, the number of SMEs accessing bank capital was only 30%; the total lending capital for SMEs was very low, only 3%. The main reasons that banks are reluctant to provide credits to SMEs include:

- Banks in developing countries lack experience in lending to the private sector. In particular, bank staffs have not yet developed necessary skills to analyze credit risk as well as cash inflows in some certain areas (Freedman, 2004);
- SMEs have no or lack of collateral; or even if they have, the liquidation of these assets are too costly or too risky, making banks difficult to accept (Kwanning et al, 2015; MU, 2002);
- Accounting records of SMEs are not available or are neither clear nor transparent, resulting in little or no credit information on this type of enterprises (Torre et al., 2008), and SMEs do not focus on building their own reputation (MU, 2002);
- Small scale of SMEs make them face difficulties in establishing specialized departments, especially those indirectly related to production such as market research, brand building, etc.

As a result, many SMEs do not know what are going on in the market, whether changing business environment has impact on their production and daily activities. Therefore, SMEs can not bring out the appropriate strategy to deal with unexpected situations (Nguyen Van Toan, 2017). At the same time, SMEs also face many difficulties in investing in new technologies, especially large capital-intensive technologies. Specifically, the cost of investing in science and technology innovation of Vietnamese enterprises was less than 0.3% of revenue, while this number was 5% in India, 10% in Korea, 50% in Japan (Le Anh Van, 2017). As a consequence, productivity and competitiveness of SMEs are quite low in marketplace, making SMEs vulnerable, or even going bankrupt when the economy changes;

- SME lending costs are often high due to the small size of the loans, leading fixed costs and information collection costs during loan process become relatively high (Kwanning et al., 2015; MU, 2002). In other words, lending a lot of small loans is more expensive than lending a few large ones. Therefore, to overcome this problem, many banks have increased interest rates for SMEs, which will increase risks because of reverse selection (O’Bryan, 2010);
- The governments in developing countries often have large deficits, which push interest rates up and overwhelm private
investments. Banks can make a good profit by using mobilized capital to buy government bonds instead of lending SMEs (Freedman, 2004).

Therefore, the Vietnamese government has put forth a lot of policies to help SMEs, such as: tax reduction, establishment of Credit Guarantee Fund, etc. However, in general, those solutions have not proved effectively, or have negligible effect. Meanwhile, the stock market and bond market of Vietnam have not strongly developed, their scales are very small compared to the world in general and the lower middle income countries in particular, leading to inability of SMEs to mobilize funds from these channels (Table 2).

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Data on Vietnamese stock market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market capitalization of listed companies / GDP (%)</td>
</tr>
<tr>
<td>The World</td>
<td>88.20</td>
</tr>
<tr>
<td>Lower middle income</td>
<td>46.61</td>
</tr>
<tr>
<td>Vietnam</td>
<td>23.40</td>
</tr>
</tbody>
</table>


2. Overview of Fintech Companies

2.1. Definition of Fintech

Fintech (Financial Technology) companies take advantage of technological innovation in the financial sector in order to provide intermediation services (namely: payment, lending, data collection and even asset management) which are provided by traditional banks, but in a more convenient and faster ways. Without being constrained by strict regulations like banks (1), Fintech is more flexible in diversifying its service delivery channels and has become one of the hottest sectors which has attracted investment capital up to billions USD (Table 3). However, this paper focuses only on FinTech - enabled credit provision.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Total global investment in Fintech companies, 2012-Q1/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Deal Value (Billions USD)</td>
<td>4</td>
</tr>
<tr>
<td>Deal Count</td>
<td>576</td>
</tr>
</tbody>
</table>

Source: KPMG International (2017)

2.2. Introduction to “Fintech Credit”

“FinTech credit” encompasses all credit activity facilitated by electronic platforms whereby borrowers are matched directly with lenders. These entities are commonly referred to as “loan-based crowdfunding”, “peer-to-peer (P2P) lenders” or “marketplace lenders”. Some commentators have suggested that FinTech credit innovations could transform lending markets by reducing costs (2), improving customer experience (3) and enhancing credit risk assessments (4). The largest FinTech credit market is China (USD 99.7 billion in 2015), followed at a distance by the United States (USD 34.3 billion) and the United Kingdom (USD 4.1 billion). In each of these three markets, new FinTech credit volumes were USD 60–110 per capita in 2015. Lending volumes were very small in other countries (CGFS & FSB, 2017). There are four FinTech credit platforms, which are: Traditional P2P lending model, notary model, guaranteed return model, balance sheet model, and invoice trading model. In Vietnam, Loanvi and some crowdfunding based on traditional P2P lending model have recently been operated. The overarching idea of P2P lending platforms is to provide an online market that allows lenders to trade directly with borrowers. The P2P lending process begins with a prospective borrower applying or registering for a loan on a platform. Borrowers provide a range of credit information, which is posted on the platform after it has been verified and approved by the platform. Prospective creditors can choose to fund loans available on the market. Importantly, individual loan contracts are established between borrowers and creditors, rather than with the platform. Funds and contractual loan repayments are segregated from the platform’s own account, with the platform operator earning its revenue from fees levied on the transacting parties, such as those for account setup, loan origination and ongoing loan repayment. This basic model is summarised in Graph 1.

1 The Monetary Authority of Singapore (MAS) has created the term "regulatory sandbox” which allows start-ups to operate in a more “favourable” environment with exclusive incentives. The government also creates a complete ecosystem of start-ups, with an open and attractive investment environment. Other countries (including Vietnam) are also learning Singapore to create "sandboxes” that are in according with their national and economic circumstances.

2 The intensive use of digital technologies reduces operating costs for credit intermediaries by removing the need for physical branch networks and allowing heavy (or full) automation of loan application, credit risk assessment and pricing processes.

3 Real-time transacting capability of internet-connected devices has given rise to higher customer expectations with regard to convenience, speed, cost and user-friendliness of financial services.

4 FinTech companies who offer online loans utilize a massive number of data points to determine how likely the borrower is to repay the loan. Initially, lenders used eBay or PayPal data to look at the amount of sales businesses were posting, and they offered loans based on sales data. However, fintech lenders have now incorporated data from UPS, Amazon, QuickBooks, Yodlee, Yelp, Facebook, LinkedIn and multiple other sites. The data can be collected and crunched within seconds to create a snapshot of the borrower’s creditworthiness and likelihood of repaying the loan. In addition to harnessing data in innovative ways, fintech companies are also automating the underwriting process. The automation process extends to risk assessment as well, and this helps to speed up the lending process (www.belatrixsf.com).
3. Opportunity to Access the Capital of Vietnamese SMEs in the Industry 4.0

According to a survey from 01/2016 to 01/2017, the number of Vietnamese using the Internet, social network and cell phone connected to the network accounted for a quite high proportion of the total population (more than 43%) and were higher than the average of the world (Table 4).

<table>
<thead>
<tr>
<th>Table 4</th>
<th>Digital services in the world and in Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total population</td>
</tr>
<tr>
<td>Thế giới (ý ngườí)</td>
<td>7.476</td>
</tr>
<tr>
<td>Each indicator/total population</td>
<td>50%</td>
</tr>
<tr>
<td>Growth (2017/2016)</td>
<td>10%</td>
</tr>
<tr>
<td>Vietnam (million people)</td>
<td>94.93</td>
</tr>
<tr>
<td>Each indicator/total population</td>
<td>53%</td>
</tr>
<tr>
<td>Growth (2017/2016)</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: We are social (01/2017)

At the same time, the survey results of the website "We are social" on January 2017 also showed that the average time per day Vietnamese people using the Internet through personal computers or tablets was 6 hours 53 minutes, using Internet by phone was 2 hours 33 minutes, surfing social networking sites was 2 hours 39 minutes; while the number of hours to watch TV was only 1 hour 26 minutes. Factors mentioned above imply that raising capital via the Internet is a relatively feasible scheme, as social networking and the Internet have become an indispensable part of the majority of Vietnamese population. At the same time, thanks to new lending models of Fintech companies, they are able to embrace more borrowers than ever before. As a result, a new crop of SME owners and others who may have struggled to access loans from traditional banks can now access the capital they need from Fintech companies. In particular, SMEs can now access loans and lines of credit without collateral, a virtual impossibility for many business owners a generation ago. In addition, the new procedure will help SMEs save time, effort and money. Moreover, rather than depositing idle money into banks, SMEs can increase profits by investing directly through P2P to gain higher interest rates. Although Fintech may be a good opportunity for SMEs to access capital, it should be noted that Fintech's operations are also experiencing certain barriers. Typically, though there are nearly 50 Fintech companies operating in Vietnam, only 16 companies are officially licensed by the Government. Besides, the trust of customers in Fintech is still in the forming phase, many customers hesitate about using the services of Fintech because they are afraid of being exposed personal information and losing money as a consequence. Moreover, even banks are reluctant to cooperate with Fintech due to the challenges of network security, information and customer database security.

4. Recommendations

In order to promote SMEs' access to finance through Fintech companies, the co-authors strongly recommend the following:

- In order to ensure the interests of all parties participating in P2P, the Government should have a regulation requiring P2P enterprises to "freeze" unallocated funds from investors and arrange for a third party to manage those outstanding loans. The Government can also require P2P organizations purchase insurance for the investors' deposits. In addition, the State should also promulgate laws or decrees to settle disputes that may arise during the mobilization and lending process of Fintech companies;
- When all activities from capital mobilization to lending are done online, information security is very important to protect people involved, especially the depositors (lenders). Therefore, the State should promulgate regulations to manage technology risks, and to enhance network and data security;
- In order to create trust not only for customers in using the services but also for the bank in association with Fintech, legal documents regulating the rights and obligations of Fintech should be promulgated and strictly enforced. In addition, the authorities should establish an official website providing accurate information about the licensing, scope and operating field of each Fintech company. Moreover, the Government should organize seminars which disseminate information on the Fintech operation so that people can recognize not only benefits but also the risks of using these companies' services;
- Fintech companies also have to focus on upgrading their systems to serve customers as quickly as possible, avoid the situations of network failure or hang network, and prevent hacker to steal customer information.

References

Developing Education Quality for Human Resource in the Tourism Industry – A Study in Ho Chi Min City, Vietnam

Nguyen, Thang Quyet¹; Ngo, Thanh Phuong Quynh²

Abstract 12

Human resource is a key element for developing Tourism in Vietnam. As the most important destination of Vietnam Tourism, Ho Chi Minh city (also known as HCMC) welcomes 60% total international tourists in Vietnam every year, but the qualification of training for HCMC tourism human resource is rated as low-quality as well as quantity, under the requirements of development and global integration. By synthesizing, document study combined with the survey method; this study has in-depth exploratory, analysis on the reality to conducted reasons of difficulties in human resource training in the Tourism industry, facing by universities, college, vocational centers majored in Tourism (also known as tourism institutions) in Ho Chi Minh City. The result has indicated the enterprises’ evaluation and difficulties in improving the qualification of tourism institutions. Therefore, the report proposed some solutions to improve training human resource efficiency in this field.

Keywords: Profession training quality, Human resource, Tourism institutions, Tourism industry, Ho Chi Minh City (HCMC), Vietnam.

1. Introduction

Training and developing human resource always play a key and decisive role in economic development of each country or organization. In tourism – one of the fastest growing economic sectors in Vietnam, training and developing quality human resource is the top priority to enhance competitiveness not only for companies but also for destinations. As Vietnam has significantly regionalization and globalization as well as tourism is one of eight (08) sectors accepted by other ASEAN countries, as cited in the Mutual Recognition Arrangement on Tourism Professionals (MRA-TP), training tourism workforce is more necessary and important nowadays.

Ho Chi Minh City (also known as HCMC) is the national largest city by population, located in South East Vietnam. It is an important center not only for political, economic, culture and technology science development but also for tourism development in Vietnam. Between 2011 – 2015, HCMC welcomed approximately over 50% international tourists in Vietnam (HCMC Tourism Statistics in 2015 and the period of 2011 – 2015, 2015). The tourism revenue was rated as 43% of national total revenue and contributed 11% to HCMC GDP (Research Institute for Tourism development, 2016). In 2016, there are 5.2 million international tourists visited HCMC, increased 10% more than the previous year. On the other hand, domestic tourists had significant growth as 21.8 million in 2016 and estimated 46% of national total domestic tourist (Vietnam National Administration of Tourism, 2017). The specific reasons are HCMC has not only good infrastructure, convenient traffic but also various attractive tourism destinations such as historical monuments, war remnants, sightseeing areas (e.g. Thanh Da, Binh Quoi,) and theme parks (e.g. Dam Sen, Ky Hoa, Suoi Tien.).

The number of tourism companies, accommodations, and restaurants in HCMC has rapidly increased in several years. Specifically, in the accommodation sector, in 2010, HCMC had 1461 hotels with 34,181 rooms, until 2016, it reached to 2186 hotels 52,000 rooms (HCMC Tourism Department, 2017). This significant growth of HCMC tourism has required equally a huge labour. According to researchers, recently, the qualification of training for HCMC tourism human resource that having many disadvantages, is rated as low-quality as well as quantity, so the role of training tourism labour has become more significant. However, these studies have not been analyzed and surveyed the firms about this concern in HCMC.

2. Research Purposes

1. Tourism firms will be surveyed about the reality and requirements of human resource training in HCMC tourism institutions as well as experts will be surveyed on the difficulties in increase training efficiency.
2. Recommendations to improve the tourism institutions’ training efficiency.

3. Conclusions

Improving the quality of tourism human resources training will contribute to sustainable development of tourism industry, accelerating the economic restructuring in Ho Chi Minh City. This study indicated the reality of human resource training for tourism institutions in HCMC by synthesizing the firms’ evaluation and

---

¹ Faculty of Tourism & Hospitality Management, University of Technology (HUTECH), Vietnam. Email: nq.thang@hutech.edu.vn
² Faculty of Tourism & Hospitality Management, University of Technology (HUTECH), Vietnam. Email: quynh.ngo22@gmail.com

<table>
<thead>
<tr>
<th>International tourists</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ho Chi Minh City</td>
<td>3,500,000</td>
<td>3,800,000</td>
<td>4,109,000</td>
<td>4,400,000</td>
<td>4,600,000</td>
</tr>
<tr>
<td>Vietnam</td>
<td>6,000,000</td>
<td>6,800,000</td>
<td>7,500,000</td>
<td>7,800,000</td>
<td>7,900,000</td>
</tr>
<tr>
<td>Estimated percentage of national international tourist</td>
<td>58.3%</td>
<td>55.8%</td>
<td>54.7%</td>
<td>56.4%</td>
<td>58.2%</td>
</tr>
</tbody>
</table>
experts in these institutions. This study also showed the important of skills - highly required by tourism firms, though many institutions have still taught theory more than training skills and knowledge for graduates. Additionally, there are 5 main difficulties of tourism institutions in developing qualification of training workforce for tourism, have been mentioned in this study already. Therefore, the government should synchronize many necessary aspects, such as planning policy, establishing departments of tourism and various tourism institutions, improving qualification for trainers, completing the training curriculum, investing in tourism facilities for training...

Thus, the development of tourism industry in Ho Chi Minh City will be ensured the sustainability and achieve their goals, contributing to local economic and social development. According to the results, as to improve the qualification of training in tourism institutions, this study mentioned some solutions, such as: having better orientation for training, investing on practicing facilities, improving the qualification of lecturers and trainers, sanitating training program, increasing the duration for practicing professional skills. Successfully applied these solutions will not only promoting human resource training for tourism but also reserving for the sustainable of tourism in HCMC.

References

Department of Tourism of Ho Chi Minh city (2017). *HCM City Tourism Statistics 2016, HCM City* (Vietnamese)

Can Taiwan’s New Government Respond to the Changing Character and Needs of Innovation and Entrepreneurship?*

Unger, Barry¹; Greiman, Virginia A.²; Wan, Wendy W. N.³

Abstract

This paper considers innovation based entrepreneurship and its challenges in Taiwan and the possible impact from the election last year as President of Tsai Ing-wen of the Democratic Progressive Party. We discuss changing views of innovation from being primarily incremental technological improvements resulting from a Triple Helix model of close collaboration between elite government, academic, and business institutions, to one more based on combinatorial innovation, networking, and lean startup practices allowing the rapid creation of novel businesses and service models. We augment this discussion with structured interviews of young Taiwanese entrepreneurs regarding their personal experiences and their impressions of how innovation and SME relevant policies and priorities of the new Taiwan government are evolving.

Keywords: Taiwan, Innovation, Entrepreneurship, SME, Economy, Government, Policies

1. Introduction

On May 20, 2016 in her Inaugural address Taiwanese President Tsai Ing-wen devoted her opening remarks to the young people of Taiwan when she said: “[t]o change young people's predicament is to change a country's predicament. When its young people have no future, a country is certain to have no future. It is the solemn duty of the new administration to help young people overcome difficulties, achieve generational justice, and deliver to the next generation a better country.” Following these remarks she went on to say, “[w]e have the vibrancy and resilience of a maritime economy, high quality human resources, the pragmatic and reliable culture of engineers, a well-developed industrial chain, nimble and agile small and medium enterprises, and of course, our relentless entrepreneurial spirit. In order to completely transform Taiwan's economy, from this moment on, we must bravely chart a different course to begin to chronicle perhaps the greatest opportunity the island has had in recent history – for Taiwan to develop a new model of economic development and government policies that will be a source of pride for Taiwan.”

Though it may be too early in her young presidency to determine if her transformation for Taiwan will be achieved, it is too early to begin to chronicle perceptions among its young entrepreneurs as to whether the frameworks are in place to accomplish her goals to lift the “entrepreneurial spirit” in Taiwan. This paper follows up on a 2015 study of Taiwan’s formal mechanisms for supporting innovation based entrepreneurship and the issues raised in that study, to see how these matters are now seen, especially by those starting businesses today. In our 2015 research and in related 2016 research, we especially focused on the degree to which science parks, “SBIR’s” (small business innovation research grants) and other mechanisms in Taiwan for stimulating R&D based economic growth now fit with the changing patterns of innovation and entrepreneurship in that country and elsewhere(Unger, et al., 2015, and Greiman, et al., 2106; Unger, 2016). Interviews in that study were conducted with representatives from science parks, government supported think tanks, national and private universities, small private sector companies and investors. A common theme that emerged was the increasing lack of adequacy of economic development and entrepreneurship based on “triple helix” (Etzkowitz, H., 2008; Etzkowitz, H. and Leydesdorff, L., 2000) models that had been patterned after the early success of Silicon Valley and had driven Taiwan’s growth in the past (especially the Taiwan Miracle in the 1970’s and 1980’s), and that were at the heart of the science park movement.

These older strategies were based on facilitating in Taiwan an export manufacturing economy largely in electronics and semiconductors, that derived cost and quality advantages from incremental improvements resulting from creating technological capability in universities and commercializing this through close coordination of the academic, government, and business sectors, and facilitated through the creation of science parks (with Hsinchu being the crown jewel in the system) with their clusters, special export zones, and proximity to major research universities. The reducing importance of the fast follower export manufacturing model of technological improvement – and its support mechanisms – may be related to major political, economic, and technological changes in the years since these approaches were first developed. This would include among many things the commoditization of manufacturing advances (implicit in Kim & Mauborgne’s critique of “red ocean” strategies and their declining margins and growth, 2005), as well as the profound role of the internet in allowing easy “friction-less” combination of elements and information, both tangible like shipping costs, and intangible like ideas and techniques, and perhaps most of all in the ongoing redefinition of innovation itself that these conditions have allowed.

Interviewees in 2015 thus expressed a sense that although not well defined, there is emerging a different kind of innovation that Taiwan therefore needs to become good at and support with its institutions and culture, what is increasingly labeled in management literature as the “Creative Economy” (Howkins, 2002, 2013; Florida, 2010, Henry and de Bruin, 2011) and combinatorial innovation (Varian, 2009) and often symbolized by the urban startup model of coffee house culture, software, and innovative apps, and referred to it by various names such as the digital economy, service innovation, web 3.0, and biotech 2.0. However while many interviewed saw these new paradigms of innovation as better models for the future, offering greater “blue ocean” opportunities for creating new markets and accompanying growth and profits, it was noted that to effectively support them would require: a) a greater emphasis in decisions such as noted that to effectively support them would require: a) a greater emphasis in decisions such

---

* We thank our past and present graduate students and research assistants Yu-Hsueh (John) Lin, Ming Hsuan (Nic) Chiang, and Dini Hajarrzrahmah for their helpful research and feedback regarding this paper.

1 Administrative Sciences Department, Metropolitan College, Boston University, United States Email: unger@bu.edu
2 Administrative Sciences Department, Metropolitan College, Boston University, United States Email: ggreiman@bu.edu
3 Department of International Business, Tunghai University, Taiwan Email: wendywan@live.com
as grant awards or science park admissions on opportunities and creative business models than on novelty of science employed or application of technology licensed from universities (at the heart of the triple helix model); and b) more emphasis on promoting networking, accelerators, and business plan competitions and other informal ways to support the innovation process (especially combinatorial innovation), and the process in which its business models are refined.

Additionally a persistent problem noted was that the national governance structure for formally designated innovation programs like the science parks and SBIR’s, placed it squarely under the control of the Ministry of Science and Technology and its constituency in academia, making these programs overly emphasize assessment of innovativeness by academic reviewers in narrow disciplines related to proposals, and also by the entrepreneur’s connection with specific well placed academics (Unger, et al., 2015). In recent years both the Science Parks and Taiwan generally have seen their growth stall (in such measures as profitability, revenues, and new company creation), leading to discussions on what kinds of innovation based economic development are feasible and appropriate for Taiwan and the role its Science Parks and related government institutions should play in this (Chen & Huang, 2014). The Tsai administration has said that the fields of smart machinery, green technology, biomedical technology and national defense will be the core of Taiwan’s future industrial structure (Bien & Hsu, 2016). As a result of this vision, the government has set up the Asia Silicon Valley to promote entrepreneurship, R&D activities, and innovations in these fields. Nevertheless, questions remain as to how well the government has been doing to achieve these goals and how challenging it is for entrepreneurs to survive and succeed in other fields or in locations out of the Science Parks.

This study tries to look via more structured interviews at how Taiwan’s younger generation of entrepreneurs views their current situation of doing innovation and entrepreneurship and their perceived challenges and unmet needs, and their experiences of and opinions about the relevance to them of various government led programs including science parks and other recently announced programs such as the Asian Silicon Valley initiative.

2. Research Methodology

Information for this current study has been collected through an in-depth literature review, analysis of government documents and historical records and semi-structured interviews to note broad themes. The goal of the research was to learn about young entrepreneurs experiences and perceptions of issues in developing a start-up business in Taiwan including the development of ideas for business models, the opportunities that existed in Taiwan, the support or lack thereof by the government, the entrepreneurial spirit, the perceptions of others trying to succeed in Taiwan, the regulatory and legal environment, and the successes, and challenges of starting their own business.

Table 1 highlights the Research objectives and questions that were presented to each interviewee. In addition to the questions there was also an unstructured portion of the interview where the interviewee would provide deeper background into their concerns and challenges, and sometimes pose their own questions.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>To understand the entrepreneurial motives</td>
<td>Describe how your business concept developed and how and why you started the business.</td>
</tr>
<tr>
<td>To analyze the scale and growth of the business</td>
<td>What is the current size of your business in terms of assets, revenues and employees?</td>
</tr>
<tr>
<td>To determine the marketing methodology and branding of the company</td>
<td>What are the target markets and how do you brand your product(s)?</td>
</tr>
<tr>
<td>To assess the value of the product</td>
<td>How do you deliver value to your customer to ensure your customer will remain with you?</td>
</tr>
<tr>
<td>To identify government policies and programs</td>
<td>Do you receive any support or financial aid from the government such as a grant or loan?</td>
</tr>
<tr>
<td>To determine the resources needed for business development</td>
<td>What kinds of resources (i.e., staff, equipment, facility) do you need for development of your business?</td>
</tr>
<tr>
<td>To understand participation in government educational programs</td>
<td>How often do you participate in conferences or seminars offered by small and medium enterprise administration, Ministry of Economic Affairs?</td>
</tr>
<tr>
<td>To understand the interviewee’s perception of business needs</td>
<td>What are you current business needs in terms of survival, expansion or growth?</td>
</tr>
<tr>
<td>To assess the areas for government support both politically and financially</td>
<td>In what areas can the government do more to help your business?</td>
</tr>
<tr>
<td>To determine the opportunities available for future growth</td>
<td>What is your next target or what do you hope to accomplish in terms of business growth in the future?</td>
</tr>
<tr>
<td>To identify the types of businesses young entrepreneurs may be interested in developing</td>
<td>What advice do you have for young entrepreneurs and what are the types of businesses they are trying to pursue in Taiwan?</td>
</tr>
<tr>
<td>To understand their perceptions of the present situation in Taiwan for young college educated entrepreneurs</td>
<td>What advice do you have for young entrepreneurs?</td>
</tr>
<tr>
<td>To identify whether the opportunities for entrepreneurs have improved or worsened under the new government</td>
<td>Is the current situation for business better or worse than two years ago and why?</td>
</tr>
<tr>
<td>To understand the relationship between Taiwan and China</td>
<td>How does the relationship between China and Taiwan affect your business?</td>
</tr>
<tr>
<td>To assess the perception of opportunities for young entrepreneurs in China</td>
<td>Is China more supportive of young entrepreneurs and do they encourage entrepreneurs from Taiwan?</td>
</tr>
<tr>
<td>To identify the concerns of the interviewee</td>
<td>What other comments or general concerns do you have, and what do you feel needs to change in the future to better ensure successful outcomes for entrepreneurs in Taiwan?</td>
</tr>
</tbody>
</table>

The qualitative research design for the interviews involved three stages: (1) conduct of interview with selected entrepreneurs; (2) review of data and documents provided at the interview with the research team to compare interpretation of responses; and (3) follow-up questions to the interviewees for further elaboration on areas that were not sufficiently documented in the first round of interviews. The data were collected via semi-structured interviews (approximately 1-2 hours with one lasting over 4 hours) with selected entrepreneurs. Quotes in the results section that follows are generally paraphrased rather than the exact sentences. Data was analyzed on an iterative reduction basis, following the Huberman and Miles (1998) Interactive Data Analysis model. The interview
framework is detailed in Table 2 below.

To maintain the confidentiality of those interviewed for this study, we have designated the interviewees below by letter in Table 2. Multiple Adobe Connect web-based video interviews were conducted with young innovators and entrepreneurs (including mostly several former Boston University graduate students or their acquaintances) now living and working in Taiwan who bring unique perspectives, as they work across different business models with different backgrounds. The entrepreneurs work in different industries, range from 23 to 35 (now 45) when starting their business, and have financing sources ranging from government, private banking, family and private sector investment, to bootstrapping while employed elsewhere. Four of the entrepreneurs had businesses in Taipei or Taipei city preferring the urban advantages of networking, nearness to customers and city life.

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founder A</td>
<td>Branded Leather, accessory add-on for consumer electronics. Distributed through its own retail shops.</td>
</tr>
<tr>
<td>Founder B</td>
<td>Organic fruits and vegetables sold from their parent’s rural farm and others in community directly to urban retailers via an internet application.</td>
</tr>
<tr>
<td>Founder C</td>
<td>Consulting assistance to startups seeking government grants.</td>
</tr>
<tr>
<td>Founder D</td>
<td>Novel retail coffee shops and branded coffee as well.</td>
</tr>
<tr>
<td>Founder E</td>
<td>Shared economy style mobile platform for linking regional chefs and tourist family groups</td>
</tr>
<tr>
<td>Founder F</td>
<td>Entrepreneurial Accelerator, plus corporate and government consulting.</td>
</tr>
<tr>
<td>Founder G</td>
<td>Importer of European food manufacturing equipment to Asian countries, and related value added consulting.</td>
</tr>
</tbody>
</table>

Their key concerns evolved around the lack of government support, financing for start-up businesses and regulatory restrictions that made it harder to advance their business interests. They all commented that China was a much more supportive place for entrepreneurs and that it was not uncommon for young start-up businesses in Taiwan to move to China.

References


Inaugural Address (2016). President Tsai Ing-wen, May 2016, Presidential Office, Taiwan.


Unger, B. (2016). Invited presentation to Chinese Academy of Social Sciences (Sun Yat-sen University, Guangzhou, Guangdong, China) Aug 16 2016 Seminar on Government Challenges In Innovation And Entrepreneurship. Topic of paper was “Rethinking The Triple Helix Model: Science Parks And Other Government Initiatives In The Age Of The Creative Economy”


Policies to Promote Start-up, Innovation and Developing SMEs in Vietnam: From Experiences of ASEAN Countries

Bui, Van Quyen

Abstract

Vietnam has good conditions for start-ups and development of SMEs because of young population, high internet penetration rate and the best IT personnel in South East Asia. However, Vietnam lacks many of the basic elements of a complete ecosystem of start-ups after a long period of self-development. According to the Startup Vietnam Foundation, in the flat world, global resources are a tremendous amount, free to move to where opportunities exist; some call centers cannot completely suck up and retain that free capital. Vietnam is gaining experiences of the policy support start-up and SMEs from ASEAN developed countries to complete Vietnam policies.

Keywords: Entrepreneurship; Start-up; SMEs; Innovation; Information technology; Vietnam; ASEAN

1. Promotion of Innovative Entrepreneurship and the Development of SME in Vietnam

Humankind is facing challenges of the Fourth Industrial Revolution. The combination of the real world, the virtual world and the creature world will greatly affect every rule, every economy, every industry, and challenge our notion of role. For human in order to develop, government leaders and business organizations will have to think outside of the boxes. They will also have to question everything from rethinking strategies, business models to investment decisions in human resources training or R&D, innovation.

With the goal of the Government, by 2020, Vietnam has approximately 1 million businesses operating effectively, starting a business in Vietnam is becoming a strong development movement and attracting attention not only business community but investors as well. The Vietnamese Government has many policies and guidelines to support the formation and development of eco-start-up business, supporting small and medium enterprises with the goal to 2020, out of 1 million enterprises to operate effectively, private enterprises can contribute about 49% of GDP.

2. Overview of Policies to Support the Start-up, Innovation and Development of SMEs of Some ASEAN countries

89 to 99% of businesses in the ASEAN region are SMEs, encouraging start-up and supporting SMEs is an indispensable foundation in the region’s economic developmental strategies. According to the assessment report on the level of effective state support for SMEs of the ASEAN economic community, countries in the region divide into two different groups. The top-ranking index of top policy support from top down includes Singapore, Malaysia, Indonesia, Thailand and the Philippines. This is a group that is assessed to have effective SME support policies and programs with an indicator ranging from 3.8 (Philippines) to 5.4% (Singapore). The group below the ASEAN average is 3.7% in descending order including Vietnam, Brunei, Myanmar, Laos and Cambodia.

2.1. Preferential Tax Policy

Preferential tax incentives of countries that provide incentives by subject or set criteria for industry and duration of incentives. In particular, corporate tax incentives include the reduction of personal income tax on income or reduction of social security contributions. The tax incentives for start-ups include corporate income tax incentives or depreciation and employment provisions in these businesses exempt from certain social security contributions. In addition, many countries allow the reduction of personal income tax on salaries and bonuses received from R&D and start-ups. If compared to other countries in the region, Vietnamese enterprises are subject to higher tariffs. In Thailand, the income tax on SMEs is 15%, in Indonesia it is 12.5% for businesses with less than IDR 50 million, while in Singapore it is only 17%. CIT reductions and CIT refunds

1 General Director of the Middle and Southern Division of the Ministry of Science and Technology (MOST), Vietnam; Vice Chair of the Vietnam Innovation Association (VIA), Vietnam. Email: bvquyen@hcm.fpt.vn
help businesses cope with the cost of tax breaks or partial exemption for start-ups.

**Singapore:** Corporate income tax incentives applied as follows: In the first three years, startups with revenues of less than $100,000 that it will be exempted from corporate income tax; Sales of $100-300,000 apply the corporate income tax rate of 8.5%; Turnover over $300,000 applies the corporate income tax rate of 17%. Start-ups from year 4 onwards with a turnover of less than $330,000 will be subject to a corporate income tax rate of 8.5%; Turnover over $330,000 applies the corporate income tax rate of 17%.

**Thailand:** The government does not levy personal income tax for 10 years for investors when investing in 10 key industries in technology and innovation including next-generation cars, smart electronics, rich travel experience, health care travel, agriculture and biotechnology, food, robotics, transportation and aviation, bio-fuels. In addition, venture capital firms are exempt from corporate income tax for the first five years.

**Australia:** To encourage investors to invest in innovative start-ups, the government has issued tax incentives to investors such as tax exemption for capital surpluses over 10 years for funds invested for at least 12 months and allow non-refundable tax offset equal to 20% of total investment, up to $200,000 per year. These incentives apply to investors satisfying two conditions: investment in enterprises are in the initial stage of establishment; and the business must have related to innovation that evaluated against two government tests or endorsed by the Australian tax authorities.

**India:** Start-ups through innovative innovation that qualifies as a Startup in the Indian Plan of Action will be exempt from corporate income tax for 3 years (for start-ups). Established after April 1, 2016; Tax exemption on capital surplus in government-recognized funds, applicable to both start-up small and medium-sized start-ups and intending to expand operations; Tax exemptions for higher-than-market investments in case venture capital funds invest in Start-ups above market value.

**2.2. Credit Policy**

Credit policy focuses on policies such as credit guarantees and loan assistance funds for start-ups in the early stages of settlement to address the problem of capital for the business. For credit guarantees, the government issues credit guarantees for start-ups with commitments on the use of loans and counterpart funds. About startup loans: OECD countries provide start-up loans through the SBV and commercial banks with a preferential loan ranging from 50,000 to 250,000 EUR for an entrepreneur. Support through funds such as start-up investment funds; Venture capital funds. In the OECD countries, private Venture Capital funds focus on the later stages (from the onwards) to reduce risk muzzle. Therefore, the VC funds of the state will focus on the idea stage, seed stage and launch to compensate for the shortage. The level of state investment through VC funds is about 100,000-2,000,000 EUR for a start-up.

**Singapore:** Singapore supports capital for start-up businesses through the Early Stage Funding Scheme (EVFS) managed by the National Research Foundation (NFF). The Fund is a joint venture between the state and venture capitalists, in which venture capitalists invest at least $10 million in start-up technology, EVFS will invest a comparable amount of money. Applicably, a maximum of $10 million to invest the first phase of start-up technology. In addition, the angel investment fund is invested by a Singaporean government company and a group of angel investors towards reciprocal capital into innovative start-ups with a maximum capital of up to $1.5 million; Seeds Spring is a company representing the Singapore government along with an independent third party that will invest in start-ups in the commercial sector with a capital adequacy up to $1 million and the first round, ratio of the capital is usually limited to $330,000.

**Thailand:** Thailand, which currently has competitive funds to support start-ups in five sectors: health care, financial technology, agricultural technology, tourism and digital technology. In addition, the government is also promoting a start-up fund of 20 billion baht, or about $571 million, and will allocate 10 billion baht in 2016. The fund is expected to fund 2,500 start-ups to transform traditional development strategies into newer ones to promote innovation. Thai governments have shown that they will open the financial market to attract foreign investors to help startup businesses. The National Debt Commission of Thailand and the Stock Exchange of Thailand (SET) announce plans to set up a stock exchange dedicated to technology companies. Currently there are two trading floors: SET for large enterprises and MAI for small and medium enterprises. Both have minimum capital requirements and profits for three consecutive years, so the land afforded to startup businesses is almost nonexistent. The Thai government has set a target of at least 10,000 start-ups by 2018 with tax incentives of 10 billion baht.

**Indonesia:** In March of this year, the Indonesian Stock Exchange also announced startup support by issuing shares to the public via the Technology Exchange. According to TechnAsia, up to now, Indonesia has 15 call-out companies, the lowest value is over 1 million USD, the highest is 100 million USD, stretching in 6 areas of e-commerce, , Communications, databases, technology platforms and culinary services. According to AVCJ Research, in the first quarter of 2016, Indonesian startup investments more than doubled to $ 18.9 million. Even so, Indonesia is aiming to create 1,000 promising startups by 2020. "Quality, not quantity, is the government's priority for this 1,000."

**2.3. Policy to Support Technology Incubation through a Nursery Model**

The nursery model is quite popular in the world and has grown rapidly from 5,000 in 2005 to about 7,500 in 2015.

**Thailand:** Thailand has 90 nurseries, Malaysia has 85 nurseries. The state plays an important role in the formation and development of nurseries, especially financial aid, in a variety of models. In particular, the state provides direct support through central and local government regulation for nurseries to support the costs of operating or combining budget capital and concessional loans from banks. Rate (60% - 40% or 70% - 30%).

**Singapore:** Direct government support for high potential start-ups (HPSUs) such as HPSUs feasibility study funding contributes to setting up cost-effective business plans, Percentage of total amount needed for research activities at start-ups; Cash support of up to $10 million for R & D and direct financial support for start-ups in conceptual stages, R&D and deployment phases.

**2.4. Priority for SMEs Contractors**

**Thailand:** "Thailand Team" is the simple name that the Thai
3. Current Status of Entrepreneurship, Innovation and Development of SMEs in Vietnam

The number of SMEs in Vietnam is 600,000 (accounting for 98% of total), accounting for 41% of budget revenue, 49% of GDP, 78% of labor force of the country. By the end of 2016, the number of start-ups in Vietnam is over 1600. At present, the start-up trend is increasing rapidly. However, start-ups and SMEs are facing many difficulties, which are important in policy, capital and technology.

3.1. Initial Success

- According to the Global Indicator Report (GEM) in 2015-2016, along with the recovery momentum of the economy, there are more and more opportunities to start a business in Vietnam.
- The results of the "Five Nations of the Year 2016" are worthy of respect and encourage the foundation and motivation for start-ups and SMEs to develop in the coming years.
- Strongly innovate thinking, startup awareness
- Formation and development of a nationwide start-up ecosystem, and a national start-up program to attract and attract young and talented young people.
- Build programs and investment support funds from the central level to the provinces and cities and at schools and businesses.
- Business incubators have made initial contributions to startups.
- Many startups succeed.

3.2. Limitations

- The sluggishness in creating and developing a start-up ecosystem
- Government support programs, business finance, and business education at the school level are the biggest constraints to starting a business.
- Not really attract startups in Vietnam
- Business activities in Vietnam are mostly non-innovative.
- The start-up activities in Vietnam are of low international orientation
- Fear of failure when starting a business.
- There are not many sources of money, investment funds for startups.

4. Policies, Mechanisms to Support Entrepreneurship, Innovation and Development of SMEs in Vietnam

4.1. To Implement the Scheme on "Supporting the National Start-up and Innovation System up to 2025"

In order to create a favorable environment to promote and support the formation and development of enterprises of which the ability to grow rapidly based on the exploitation of intellectual property, technology, new business model.

Main contents of the scheme include:
- Building the National Innovation Portal;
- Building a service center for innovation support services in ministries / localities with the potential to develop innovative activities;
- Provide financial support from the state budget for science and technology annually to organize the International Technology Startup Day (TECHFEST) on an international scale;
- To continue implementing the Scheme on commercialization of technologies with the scale of national-level scientific and technological projects up to 2020;
- Development of training, capacity building and services for innovative start-ups;
- To develop material and technical foundations in service of creative renewal activities;
- Support part of fund to set up communication program on start-up activities;
- Provides partial support to connect startup networks;
- Introduction of partners, investors, support procedures for investors, start-up enterprises in the country;
- Use science and technology development funds to fund and
support startups;
- Studying, proposing the promulgation of new ones, amending and supplementing necessary legal documents to promote the environment for creative renewal of enterprises.

4.2. Special Support for Start-up Businesses

Financial support, production premises; Renovation, improvement of technology capacity, technical level; Promotion of market expansion; Participation in public procurement and provision of public services; Information and advice; Support human resources development; Business incubator.
- Entrepreneurs get much tax support: import tax exemption for some goods and technology. Corporate income tax is applied a preferential tax rate of 10% for a period of 15 years, 4 years of tax exemption and a reduction of 50% of tax payable for the next nine years. (Business start-up and creativity shall apply uniformly the CIT rate of 17% for the period from 2017 to 2020).
- SMEs are funded by the development funds to innovate technology, improve the quality and competitiveness of products, and brand building, market development. Include:
  +) Vietnam Science and Technology Startup Fund.
  +) National Technological Innovation Fund.
  +) Small and Medium Enterprise Assistance Fund.
  +) Venture Capital Fund.
  +) Financial resources to improve product quality, brand building.
  +) Access to capital on the stock market
- Continue to innovate policies to encourage innovation and start-up. It focuses on the implementation of SMES, which is a necessary policy for SMES start-up and development in Vietnam.
- Innovate training programs, encourage people to learn about the business, start a business and improve their capacity.
- Enhance the content of science and technology in business
- Improve business conditions
- Build and perfect support programs to start a business and develop business
- Spread the knowledge and skills of starting a business for individuals who want to start, especially young people, including individual business households.
- Promote administrative reform and create favorable conditions for enterprises
- Support business start-ups, innovative businesses
- Review, propose amendments to regulations on taxes, tax administration, customs
- Simplify loan procedures; create conditions for enterprises to access capital
- Propose solutions to reduce business costs for businesses
- Proposed policies to support access and simplification of land procedures
- Create favorable conditions for the commercialization of the enterprise's products
- Publicize the bar, check the business; Do not criminalize economic, civil relations.

5. Further Main Solutions to Promote Entrepreneurship, Innovation and SME Development in Vietnam

- Continue to innovate policies to encourage innovation and start-up. It focuses on the implementation of SMES, which is a necessary policy for SMES start-up and development in Vietnam.
- Innovate training programs, encourage people to learn about the business, start a business and improve their capacity.
- Enhance the content of science and technology in business
- Improve business conditions
- Build and perfect support programs to start a business and develop business
- Spread the knowledge and skills of starting a business for individuals who want to start, especially young people, including individual business households.
- Promote administrative reform and create favorable conditions for enterprises
- Support business start-ups, innovative businesses
- Review, propose amendments to regulations on taxes, tax administration, customs
- Simplify loan procedures; create conditions for enterprises to access capital
- Propose solutions to reduce business costs for businesses
- Proposed policies to support access and simplification of land procedures
- Create favorable conditions for the commercialization of the enterprise's products
- Publicize the bar, check the business; Do not criminalize economic, civil relations.

References

Decision No. 844 / QD-TTg dated May 18, 2016 of the Prime Minister approving the Scheme on "Supporting the National Innovation System for Innovative Innovation to 2025" 5/2016
Ths. Le Minh Huong: Financial policy to support start-up businesses: experiences in some countries and suggestions for Vietnam; 3/2017
Charter of Development Funds
Laws, Decrees on SMEs; Law "Support SMEs" version 4, May 2017
Science and Technology – Efficient Solutions to Increase the Productivity, Quality, Efficiency of Businesses and Competitive Capacity of Vietnam Enterprises

Pham, Ngoc Minh

Abstract

Scientific and technological activities are scientific research, experimental research and development, technology development, application of technologies and services in science and technology, promotion of inventions and creative activities. Science and technology increasingly play a very important role in the country's economic development as well as in the production and business of each enterprise, especially for advanced companies. Multinational Corporation, with the motto: “To become a market leader is no other way than to always be one step ahead of the opponent on the development of products and technology to meet the maximum demand. In the period of 2011 to 2020, the Ministry of Science and Technology coordinates with relevant central ministries and localities to implement more than 10 national S&T Programs, including many S&T oriented programs. In addition to, the enterprises themselves invest resources and cooperate in research and application of science and technology for production and business, enjoy preferential policies of the State (tax, credit, etc.) need to access national and local S&T programs and support their S&T tasks to improve productivity, quality and efficiency and business production and business competitiveness as well as.

Keywords: Science; technology; productivity; Competitive advantage; SMEs; Vietnam

1. The Role of Science and Technology in Production and Business Development

Scientific and technological activities are scientific research, experimental research and development, technology development, application of technologies and services in science and technology, promotion of inventions and creative activities. Other to develop science and technology (Law on Science and Technology-2013).

Science and technology increasingly play a very important role in the country's economic development as well as in the production and business of each enterprise, especially for advanced companies. Multinational Corporation, with the motto: “To become a market leader is no other way than to always be one step ahead of the opponent on the development of products and technology to meet the maximum demand. Affordable and cost-effective.”

Developed industrialized countries invest heavily in science and technology, both state and corporate investment. Of which, the R&D investment is higher than that of the United States, with an average R&D ratio of about 1% for the R&D sector from the state budget 5 to 1: 3.

Research results of Global Innovation 1000 by Booz & Company in 2013, ranked the Top 10 companies investing in R&D the most in 2013.

<table>
<thead>
<tr>
<th>Xếp hạng</th>
<th>Nhà máy</th>
<th>Nhuộc</th>
<th>Linh vực công nghiệp</th>
<th>Chi cho R&amp;D Ty USD (SBn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Volkswagen</td>
<td>Đức</td>
<td>Ô tô</td>
<td>11.4</td>
</tr>
<tr>
<td>2</td>
<td>Samsung</td>
<td>Hàn Quốc</td>
<td>Máy tính và điện tử</td>
<td>10.4</td>
</tr>
<tr>
<td>3</td>
<td>Roche</td>
<td>Thụy Sỹ</td>
<td>Dược phẩm và y tế</td>
<td>10.2</td>
</tr>
<tr>
<td>4</td>
<td>Intel</td>
<td>Mỹ</td>
<td>Máy tính và điện tử</td>
<td>10.1</td>
</tr>
<tr>
<td>5</td>
<td>Microsoft</td>
<td>Mỹ</td>
<td>Phần mềm và internet</td>
<td>9.8</td>
</tr>
<tr>
<td>6</td>
<td>Toyota</td>
<td>Nhật Bản</td>
<td>Ô tô</td>
<td>9.8</td>
</tr>
<tr>
<td>7</td>
<td>Novartis</td>
<td>Thụy Sỹ</td>
<td>Dược phẩm và y tế</td>
<td>9.3</td>
</tr>
<tr>
<td>8</td>
<td>Merck</td>
<td>Mỹ</td>
<td>Dược phẩm và y tế</td>
<td>8.2</td>
</tr>
<tr>
<td>9</td>
<td>Pfizer</td>
<td>Mỹ</td>
<td>Dược phẩm và y tế</td>
<td>7.9</td>
</tr>
<tr>
<td>10</td>
<td>Johnson &amp; Johnson</td>
<td>Mỹ</td>
<td>Dược phẩm và y tế</td>
<td>7.7</td>
</tr>
</tbody>
</table>

2. The Situation of Scientific and Technological Research and Application Activities of Vietnamese Enterprises in the Past Time

Many enterprises, especially medium to large enterprises, have the strength in terms of material and technical facilities and human resources, which have been carrying out R&D activities for production and business activities. Enterprise and corporations has established research and development units (R&D); such as the Petroleum Research Institute (under the Vietnam Oil and Gas Group); the Rubber Research Institute (under the Rubber Industry Group) VN); SPT Research and Development Center under Saigon Postel – SPT; Viettel Research and Development Institute (Viettel Military Telecommunications Group), Institute of Posts and Telecommunications FPT technology research of FPT Corporation; R&D centers, R&D department of VINAMILK Company, Rang Dong Light Sources & Vacuum Flask Joint Stock Company, VISSAN Company, Thien Long Ballpoint Pen etc..

Many enterprises have set up Science and Technology Development Fund, such as Vietnam Oil and Gas Corporation, Vietnam Rubber Industry Group, Viettel Military Telecom
Corporation, FPT Corporation, etc.

Particularly, Ho Chi Minh city, in September 2014, 76 enterprises have reported the establishment of S&T Development Fund. Of which, 30 enterprises have deducted and used the Fund with the total amount of VND 430.1 billion, the total amount of investment for renovation of technology and equipment is VND 139.8 billion (accounting for 32.5% of total amount created).

Research activities and results has been put into use, which has helped enterprises to master imported technology, improve technology, process, research new products and services, etc. It has brought high efficiency for business activities of enterprises.

Typically the research activities of the following companies:
+ Viettel has studied the design and manufacture of cordless fixed telephone Homephone HP 6800; Dedicated phone for offshore fishermen SeaPhone 6810; USB 3G modem with Viettel brand, etc.
+ Rang Dong Light & Vacuum Flask Company has set up R&D Center and cooperated with scientists to research and produce successfully many of the best products accepted by the market, such as: In the manufacture of high performance compact lamps; Research and manufacture of lighting products for agriculture and lighting equipment for agencies, offices, public lighting ...
+ PV Shipyard, a subsidiary of Vietnam National Oil and Gas Corporation (PVN), has collaborated with the Research Institute of Mechanical Engineering of the state-level scientific and technological project. Successfully completed the first 90-meter "Made in Vietnam" jack-up rig at the end of March 2012, and was handed over to the Vietnam-Russia Joint Venture (Vietsovpetro). + A member of the Drainage and Urban Development Company of Ba Ria-Vung Tau Province (BUSADCO) has researched and created 30 scientific and technological products. Of which 23 products has applied widely; 17 products are patented and utility solutions. BUSADCO has won many domestic and international awards and became a "Science and Technology Enterprise".
+ Thien Long Joint Stock Company annually researched to market dozens of new product; Thien Long's stationery products can replace the products of Korea and some other countries.

R&D organizations in enterprises in fields such as construction, pharmaceuticals, mechanics, etc. have also had success in research and development and innovation to help them improve their business. Production efficiency and business standing on the market.

For the southern region, the survey of the Ministry of Science and Technology on scientific and technological activities of 150 enterprises at the three key economic sectors: plastics, food and foodstuff, mechanics (focusing on Ho Chi Minh City and neighboring provinces) from 2010 to 2012, as follow:

2.1. Plastic Sector

+ Many companies have established R&D organizations, such as Duy Tan Plastic Joint Stock Company, VAFACO Packaging Company, Dai Dong Tien Joint Stock Company, Tan Phu Plastic Joint Stock Company.
+ The majority of enterprises have had scientific and technological activities and innovation at different levels (37 enterprises / 50 enterprises surveyed). Number of enterprises with protected designs are two, industrial designs 23, etc.
+ A small number of enterprises have set up Science and Technology Development Funds in enterprises (03 enterprises / 50 surveyed enterprises).

2.2. Food Sector

Through the survey of 50 enterprises, 13 enterprises established Research and Development Department (R&D Dept.); three enterprises have set up Science and Technology Development Funds.
+ Hundreds of research results - new product development has been successfully introduced and produced and dominated the market. Typical examples are Dong Tam Nutrition Food Company (Nutifood), VISSAN Company, Vietnam Dairy Products Joint Stock Company (Vinamilk), etc.

2.3. Mechanical Engineering

+ Through the survey of 50 enterprises, 20 enterprises have set up R&D department or R&D department in the Technical Department, 6 have established the Science and Technology Development Fund (HF Technology, H vu Toan Joint Stock Company, Trung Hau, Ba Son TNMTV, Thiet Bao Co., Viet Phu Co., Ltd).

There are 31 enterprises that have R&D activities, such as: research and manufacture, production of new products; technology improvements; improved designs and designs, innovations ... have been put into production and supply on the market. Typical such as Trung Hau New Machinery Manufacture and Production Company, Kim Binh Industrial Joint Stock Company, Duy Khanh Mechanical Company, Hoang Thang Company.
+ Intellectual Property activities: protected 3 inventions, 6 industrial designs, etc. Many companies have exploited and commercialized successful inventions, such as Trung Hau Joint Stock Company, Hoang Thang Company.

In general, investment and S&T investment and innovation of enterprises have grown and made an important contribution to improving the efficiency of business production and business, creating jaw products. The amount of science and technology and high added value and improve the competitiveness of enterprises, contribute to the economic development of the country and international integration.

2.4. Limitations

(1) Investment in R&D of enterprises is still low. The investment in research and development (R&D) of the business is only about 0.01% of turnover.
(2) Most enterprises do not have research and development (R&D)
(3) The shortage of high quality human resources of enterprises Scientific and technological resources in Vietnamese enterprises account for only 7.25% of the labor force.
(4) Production technology is largely backward. Currently, most of our enterprises are using backward technology compared to the world average of 2 to 3 generations. The machinery, equipment and technology used in Vietnamese enterprises are only 10% modern, 38% medium and 52% are obsolete and very backward. For Ho Chi Minh City, based on the results of technological assessment of 400 enterprises in industrial zones in the city in 2008, it was found that only 13% of enterprises had average technological level. Up to now, 46% have reached the average level, 51% have low technology level and backward (survey results of Department of Science and Technology of Ho Chi Minh City in 2008).
(5) Vietnam's competitiveness and productivity are low.
- Competitiveness: In 2013, Vietnam's competitive position at 70/148 countries and territories.
- Labor productivity: Less than Singapore 15 times, Japan 11
times and Korea 10 times. Compared to ASEAN countries, Vietnam's labor productivity is equal to one fifth of Malaysia and two fifths of Thailand.

3. Some Recommendations to Promote Science and Technology Activities for Production and Business of Enterprises

1) Establish and strengthen R&D organizations in line with business practices.
2) Develop and implement R&D plan, technological innovation according to corporate strategy and development goals.
3) Cooperate with universities and research institutes in the research and training of S&T human resources in enterprises.
4) Business leaders should have policies to encourage the movement of creative labor in the enterprise.
5) To set up a scientific and technological development fund in the enterprise so as to meet the funding requirements for research and development, technological renewal and creative activities of enterprises.
6) Access to state policies on stimulating S&T activities and take advantage of state support (human resource training, investment funding, credit incentives)

In the period of 2011 to 2020, the Ministry of Science and Technology coordinates with relevant central ministries and localities to implement more than 10 national S&T Programs, including many S&T oriented programs. The focus is on supporting S&T activities in enterprises, such as:
- The national program on raising productivity and quality of Vietnam's commodity products and goods up to 2020;
- National technology innovation program;
- High technology development program;
- National Product Program;
- Intellectual Property Development Assistance Program;

In addition to, the enterprises themselves invest resources and cooperate in research and application of science and technology for production and business, enjoy preferential policies of the State (tax, credit, etc.) need to access national and local S&T programs and support their S&T tasks to improve productivity, quality and efficiency and business production and business competitiveness as well as.
A Study on Recent Credit Loan from Households in South Korea*

Jeong, Dong-Bin

Abstract

In this paper, we examine a causal relationship between a response variable credit loan from households and several explanatory variables such as interest of certificate of deposit (CD) and loan collateralized with housing and so on. Based on 31 observations sampled from the 4th quarter in 2008 to the 4th quarter in 2016, the optimal forecasts can be obtained and expected to apply to the distribution area comprehensively. In order to accomplish the objectives, both the multiple regression model with correlated errors and several exponential smoothing methods are, in main, analyzed by using IBM SPSS 23.0. A number of goodness-of-fit statistics, at the same time, are also exploited as a tool of optimal model-building.

Keywords: Credit Loan from Households, Multiple Regression Model With Correlated Errors, Exponential Smoothing Methods.

1. Introduction

Statistics Korea reported that household consumption spending diminished 0.5 percent on-year to an average $2,220 a month in 2016, showing the first decay since 2003. Bank of Korea released credit loan from households in South Korea came to a record of about 1.334 trillion won in the 4th quarter in 2016, which is 11.7 percent rise from a year earlier. Mortgages increased 2.1 trillion won month-over-month to some 536 trillion won in this February, and climbed 800 billion won from a month earlier (Korea Herald, 2017).

Hwang and Lee (2015) investigated profiles of households loan in South Korea and examined the influences of households loan on consumption and income using observations from 2003 to 2014. They found that both consumption and income are cointegrated with credit loan from households and also loan from households has significantly positive influences on consumption both in the long-run and in the short-run.

Lee (2016) examined the affecting factors on households debt and found that persons who have less schooling year or women rather than men or the older or persons engaged in primary industry seem to be more vulnerable to the psychological burden of households debt.

In this work, a causal relationship between credit loan from households and several major independent variables are investigated, and predicted values based on the optimal regression model can be obtained by analyzing the regression model with correlated errors and exponential smoothing methods such as Holt’s linear trend, Brown’s linear trend and damped linear trend.

In section 2, a brief summary for econometric models will be represented, along with goodness-of-fit measures and in section 3, the results of multiple regression analysis with correlated errors and upcoming predicted values for credit loan from households will be shown. Finally, concluding remarks and future study will be mentioned.

2. Econometric Analyses

In order to mining a causal relationship between a response variable credit loan from households and several explanatory variables such as interest of certificate of deposit and loan collateralized with housing and so forth, the following econometric model given below is analyzed.

Primary model to forecast a response variable

\[ y_t = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \cdots + \beta_p x_p + \epsilon_t, \quad t = 1, 2, \ldots, n \]

where

\[ \epsilon_t = \frac{\varrho_1(B^s) \varrho_2(B) \epsilon_t}{\varphi_p(B^s) \varphi_o(B) (1 - B)^2 (1 - B^s)^2 \nu_t}; \]

such that

\[ \varrho_1(B^s) = (1 - \varrho_1 B^s - \varrho_2 B^{2s} - \cdots - \varrho_p B^{ps}) \]
\[ \varphi_p(B) = (1 - \varphi_p B - \varphi_2 B^2 - \cdots - \varphi_p B^p) \]
\[ \varphi_o(B) = (1 - \varphi_o B - \varphi_2 B^2 - \cdots - \varphi_o B^o) \]

And, \( \nu, \varphi \) are white noises.

Once building the optimal linear multiple regression model with correlated errors on given above, the predicted values of predictor variables should be generated for the purpose of forecasting the dependent variable, credit loan from households. At this time, considering the type of the linear trend and existence of seasonality of the given time series (omitted), we can produce the predicted values of several predictors based on the following three exponential smoothing methods:

Exponential Smoothing methods to forecast predictor variables

- Holt’s linear trend. This method is appropriate for the time series in which there is a linear trend and no seasonal variation, and it contains smoothing parameters \( \{ \alpha, \gamma \} \) of level and trend, respectively. The overall slope shows linearity and forecasts, with two smoothing parameters \( \{ \alpha, \gamma \} \).

- Brown’s linear trend. This method is proper for the time series in which there is a linear trend and no seasonal variation, and it...
contains smoothing parameters of trend. The overall slope shows exponential shape and forecasts, with one smoothing parameter $\theta$.

- Damped linear trend. This method is appropriate for the time series in which there is a linear trend with dying out and no seasonal variation, and it contains three smoothing parameters $\{\alpha, \gamma, \phi\}$ of level, trend and damped trend, respectively. The overall slope shows linearity and forecasts, with three smoothing parameters $\{\alpha, \gamma, \phi\}$.

In order to perform the optimal modelling and to select predicted values of predictors, the following criteria can crucially be considered:

**Goodness-of-fit measures to choose the optimal forecasts**

- Stationary R-squared. This statistic is dominant to ordinary R-squared in the case that we can find a trend or seasonality in time series. Negative values of this measure show that the baseline model is better than the model under consideration.

- R-squared. A statistic of the proportion of the total variation in the time series explained by the model. This statistic is very useful once the time series is stationary. Similarly, negative values show that the baseline model is better than the model under consideration, whereas positive values do that the model under consideration is dominant to the baseline model.

- Root Mean Square Error (RMSE). A statistic of how much a dependent time series changes from its model-predicted level.

- Mean Absolute Percentage Error (MAPE). A statistic of how much a dependent time series changes from its model-predicted level. It is independent of the units exploited and can thus be exploited to compare series with different units.

- Mean absolute error (MAE). A statistic how much the time series changes from its model-predicted level.

- Maximum Absolute Percentage Error MaxAPE). The largest forecasted error, denoted as a percentage. This statistic is available to guess a worst-case scenario for predicted values.

- Maximum Absolute Error (MaxAE). The largest forecasted error. As MaxAPE, this statistic is available to guess the worst-case scenario for predicted values. Both MaxAE and MaxAPE may happen to different time series points once the absolute error for a large time series value is a little bigger than that for a small time series one.

- Normalized Bayesian Information Criterion (BIC). A general statistic of the total fit of a model that tries to explain model complexity. This measure is a score stressed on the MSE and includes a penalty for the number of parameters in the considered model and the length of the time series.

3. Research Findings

First, we finally choose the predictor variables, interest of certificate of deposit and loan collateralized with housing by using STEPWISE procedure in IBM SPSS 23.0. This method shows that at each step, the explanatory variables not in the equation which has the smallest probability of F-value is entered, if that probability is sufficiently small and variables already in the equation are deleted if their probability of F-value is getting sufficiently large.

Second, based on the linear regression model under consideration, three options of correlated errors are considered: Moving Average of order 2, Autoregressive of order 5 and Autoregressive Moving Average of order (1,5). The final model can include the correlated term ARMA(1,5) by comparing the eight goodness-of-fit measures and Box-Ljung statistic at the same time. That is, ARMA(1,5) shows strong superiority in terms of all goodness-of-fit statistics (having largest stationary R-squared, R-squared and smallest RMSE, MAPE, MAE, MAXPE, MAXAE and Normalized BIC).

Third, loan collateralized with housing, one of the predictor variable chosen, has the predicted values 13.27, 13.29, 13.32, 13.35, 13.38, 13.41, 13.44 and 13.47, which are taken natural logarithm of loan collateralized with housing. These values are produced on Holt’s linear trend by comparing the superiority of three exponential smoothing methods.

Fourth, interest of certificate of deposit, the other predictor variable, has the forecasts 1.51, 1.57, 1.62, 1.65, 1.68, 1.70, 1.72, and 1.74, which are obtained based on damped linear trend by similarly comparing the superiority of three exponential smoothing methods. Fifth, the optimal forecasts of the response variable from the 1st quarter in 2017 to the 4th quarter in 2018 will be 58,259, 60,223, 63584, 65,398, 69,013, 69,270, 71,607 and 74,025.

We can find out the steep and persisting increase of credit loan from households can be expected over the next two years, with moderate increase of two predictor variables.

4. Concluding Remarks

Considering 2017-2018 forecasts for credit loan from households, we will produce the useful information for reforming financial conditions and related policies to stabilize national economy.

Policy makers should be more active in implementing expansionary fiscal policy, which needs to be coupled with structural reform and deregulation to increase employment as fundamental way to boost consumption and also measures to stir up consumption need further review and elaboration. However, the conditions for climbing income are challenging, so that Korea authority has to act more aggressively to create jobs and evade the consumption crisis (Korea Herald).

**References**


Reviews, 17(2), 127-153.
A Review on Sales on Large-scale Retailing Types in South Korea*

Jeong, Dong-Bin¹

Abstract

In this work, we investigate several time series models to forecast sales at department stores and at discount stores in South Korea. Considering two large-scale retailing types are homogeneous and comparable in size based on 86 realizations taken from January in 2010 to February in 2017. The dataset of this work is got from Korean Statistical Information Service (KOSIS) and Survey of Service Trend of Korea Statistical Administration, and we exploit the procedures of IBM SPSS 23.0 such as TSPLOT, TSMODEL, EXSMOOTH, ARIMA and MODELFIT. Several model-fit measures, simultaneously, are also used as criteria of the optimal model construction. Time series models can not only predict future sales but can account for economic or business mechanism and increase our understanding of relationships among phenomena or variables under consideration.

Keywords: Sales of Retailing Types, Arima Model, Exponential Smoothing Methods, Model-fit Measures.

1. Introduction

Industry data reported that major South Korean discount retailers found their sales edge up 1.8 percent last year in 2016 to exceed 40 trillion won, by virtue of an increase in new outlet. In recent time, big retailers in South Korea have suffered sluggish sales growth due to slower-run discount chains from operating (Korea Herald, 2017). Jeong (2017) examined the optimal forecasting for sales of small-scale retailing types such as convenience stores and supermarkets in south Korea. He found that the predicted values of sales at convenience stores can have the pattern of the precipitous and lasting increase over the next year by using a seasonal ARIMA-Intervention model.

Youn (2004) suggested a vision on distribution by considering the fact that most works in South Korea are focused on marketing and analyzed the distribution industry from the internal viewpoints of distribution companies.

In this research, we analyze several time series models such as ARIMA model, exponential smoothing method, intervention model and so forth, so that we can forecast the upcoming values of two large-scale retailing types in South Korea.

A short outline for time series models will, in section 2, be shown, together with model-fit statistics and in section 3, the results of several time series analyses and forecasts for sales of two large-scale retailing types will be presented. Finally, summary and concluding remarks will be stated.

2. Time Series Analysis

For the purpose of forecasting the future values of sales at department stores as well as discount stores in South Korea, several time series models can be considered as follows:

**ARIMA (Autoregressive Integrated Moving Average) model**

An autoregressive integrated moving average (ARIMA) model forecasts future values of a time series by a linear combination of its past values and a series of errors.

\[ \phi(B) \delta(B) (1 - B)^d u_t = \theta(B) \eta(B) \epsilon \]

where \( \phi, \theta, \delta \) are polynomials, \( \epsilon \) is a white noise, \( B \) is the backshift operator, \( u_t \) is the time series, and \( \eta(B) = \delta(B)^{-1} \phi(B)^{-1} \).

**Exponential smoothing method (ESM, Hyndman et al, 2008)**

This method is one of most widely used models to make a smoothed time series. While in single moving averages the past realizations are weighted equally, exponential smoothing allots exponentially decreasing weights as the realizations is older. In other words, recent observations are given relatively more weight in forecasting than the older observations.

- **Simple Exponential Smoothing method** is used for forecasting a time series when there is no trend or seasonal pattern, but the mean (or level) of the time series is slowly changing over time. This is used for short-range forecasting, usually just one month into the future. The model assumes that the data fluctuates around a reasonably stable mean (no trend or consistent pattern of growth). The forecast for the next period is

\[ \hat{y}_{t+1} = \hat{y}_t + \alpha (y_t - \hat{y}_t) \]

where \( \alpha \) is a smoothing parameter between 0 and 1.

- **Holt’s linear method**

Holt (1957) extended the simple exponential smoothing to linear exponential smoothing to allow forecasting of realizations with trends. The forecast for this method is found that using two smoothing parameters, \( \alpha, \beta \) (with values between 0 and 1), and the
following equations:

\[
\text{Level: } L_t = \alpha y_t + (1-\alpha)(L_{t-1} + Q_{t-1}),
\]

\[
\text{Slope: } Q_t = \beta (L_t - L_{t-1}) + (1-\beta)Q_{t-1},
\]

\[
\text{Forecasts: } \hat{y}_{t+1} = L_t + Q_t,
\]

where \(L_t\) and \(Q_t\) are estimates of the level and the slope of the series at time \(t\), respectively.

- Damped linear trend method
  This method is a modification of Holt’s linear method to allow the “damping” of trends. The equations for this method are

\[
\text{Level: } L_t = \alpha y_t + (1-\alpha)(L_{t-1} + \delta Q_{t-1}),
\]

\[
\text{Slope: } Q_t = \beta (L_t - L_{t-1}) + (1-\beta)\delta Q_{t-1},
\]

\[
\text{Forecasts: } \hat{y}_{t+1} = L_t + (\sigma + \delta^2 + \ldots + \delta^{12})Q_t.
\]

The next two Hot-winters methods are based on three smoothing equations - level, slope and seasonality, depending on whether seasonality is modeled in a multiplicative or an additive way.

- Multiplicative seasonality method
  We can use this model in case that as realizations increase, so does the seasonal pattern.

\[
\text{Level: } L_t = \alpha y_t + (1-\alpha)(L_{t-1} + \delta Q_{t-1}),
\]

\[
\text{Slope: } Q_t = \beta (L_t - L_{t-1}) + (1-\beta)\delta Q_{t-1},
\]

\[
\text{Seasonality: } S_t = \delta (y_t - Q_{t-1}) + (1-\delta)S_{t-1},
\]

\[
\text{Forecasts: } \hat{y}_{t+1} = (L_t + Q_t)(S_{t+1} + \delta S_t).
\]

- Additive seasonality method
  We can use this model in case that the magnitude of the seasonal pattern does not change as the series goes up or down.

\[
\text{Level: } L_t = \alpha (y_t - S_{t-1}) + (1-\alpha)(L_{t-1} + Q_{t-1}),
\]

\[
\text{Slope: } Q_t = \beta (L_t - L_{t-1}) + (1-\beta)Q_{t-1},
\]

\[
\text{Seasonality: } S_t = \delta (y_t - L_{t-1} - \gamma_{t-1}) + (1-\delta)S_{t-1},
\]

\[
\text{Forecasts: } \hat{y}_{t+1} = L_t + Q_t + S_{t+1} + \gamma_{t+1}.
\]

### Intervention model

Upon condition that intervention in time series happens \(r\) times, the intervention model can be expressed as follows:

\[
y_t = c + \sum_{i=1}^{r} \beta_i x_{t-i} + \xi_t
\]

where \(c\), \(\alpha_i\)'s and \(\xi_t\)'s are constant, coefficients of intervention variables \(x_t\) and disturbances terms, respectively. At this time, \(\xi_t\) can be denoted as the following ARIMA\((p, d, q)\) mechanism:

\[
\xi_t = \frac{G(\Phi(B))\xi_t(B)}{\sigma(B)\Phi(B)} + \frac{G(\Phi(B))\xi_t(B)}{\sigma(B)\Phi(B)} + \frac{G(\Phi(B))\xi_t(B)}{\sigma(B)\Phi(B)} + \epsilon_t.
\]

Here, \((p, d, q)\) are nonseasonal order and seasonal order, respectively (Anderson, 1971; Choi, 1992; Fuller, 1976; Hamilton, 1994; Pankratz, 1983; Pankratz, 1991; Tsay & Tiao, 1984).

For the purpose of satisfying the optimal model-construction, the following statistics can be exploited:

### Model-fit measures to select the optimal model

- Stationary R-squared. This measure is better than ordinary R-squared when a trend or seasonality in time series can be detected. If it is a negative value, then we can conclude that the baseline model is dominant to the model under consideration.

- R-squared. A measure of the proportion of the total variation in the series accounted for by the model. This measure can be valid when the time series satisfy stationarity. A negative value of this measure means that the baseline model is dominant to the model under consideration, while a positive value does that the model under consideration is better than the baseline model.

- Root Mean Square Error (RMSE)

- Mean Absolute Percentage Error (MAPE). This measure is not dependent on the units detected and be taken advantage of comparing the time series with different ones.

- Mean absolute error (MAE). A measure how much the time series fluctuate its model-predicted level.

- Maximum Absolute Percentage Error MaxAPE). The biggest predicted error, depicted as a percentage. This measure is useful to estimate a worst situation for predicted values.

- Maximum Absolute Error (MaxAE). This measure is useful to estimate the worst-case scenario for predicted values.

- Normalized Bayesian Information Criterion (BIC). This statistic is a score focused on the MSE and covers a penalty for the number of parameters in the model under consideration and the length of the time series.

### 3. Research Results

First, several time series models, in this work, are applied to get the optimal forecasts by using TSAPPLY and MODELFIT procedures in IBM SPSS 23.0. The several reasonable time series models can be detected and then compare eight goodness-of-fit measures as well as Box-Ljung statistic for sales at discount stores and at department stores, respectively.

Namely, the multiplicative seasonality method gains the upmost hand in view of eight goodness-of-fit statistics (with biggest stationary R-squared, R-squared and smallest RMSE, MAPE, MAE, MAXPE, MAXAE and Normalized BIC).

Second, forecasts of sales at discount stores from March in 2017 to February in 2018 in South Korea can be 4451399, 4307456, 4650779, 4849130, 4338728, 4604838, 4665628, 4984796 to February in 2018 in South Korea can be 4451399, 4307456, 4650779, 4849130, 4338728, 4604838, 4665628, 4984796, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on 4520199, 4785251, 4849130 and 4537496, which are got on.
In detail, $ARIMA(0.1;1|0;0.1)^{\alpha}$ and $ARIMA(3.1;0|0;0.1)^{\alpha}$ models are chosen by taking an optimal step of ARIMA model-building and also two exponential smoothing methods such as multiplicative seasonality and additive seasonality, simultaneously.

Third, the optimal predicted values of sales at department stores in South Korea can be $2455732, 2407499, 2509269, 2116523, 2029492, 1901866, 2262218, 2544386, 2591044, 2689916, 2289461$ and $1956662$, which are, similarly, obtained on multiplicative seasonality exponential smoothing method.

In this case, $ARIMA(1.0;0|1.0;0.1)$ and $ARIMA(0.0;3|1.0;0.1)$ models are selected by carrying out the optimal ARIMA model-construction and also three exponential smoothing methods such as damped linear trend, multiplicative seasonality and additive seasonality at the same time.

The shape of the persisting and rather moderate rise of sales at discount stores can be forecasted over the upcoming 12 months, while sales at department stores just keep things tickling over, with both sales maintaining the seasonality pattern.

4. Concluding Remarks

Empirically calculated estimates of sales at department stores and discount stores and accurate predicted values of future sales are of much importance for sales planning and policy making. The sensitivity of sales to the transition of its determinants can support policy makers to assess plan B policy options in adjusting future sales magnitude and to produce the useful information for policy makers to assess plan B policy options.

Taking into account 2017-2018 forecasts for sales at department stores and discount stores, it is of importance to be able to predict future sales magnitude and to produce the useful information for reforming financial conditions and related policies, so that the impacts of any marketing or management scheme can be compared against the do-nothing scenario.

References


A Study on Factors Affecting Turnover Intention of Jewelry Distribution Distributor

Lee, Sangki¹; Lee, Donghae²

Abstract

The purpose of this study is to analyze the components of internal marketing, job satisfaction, organizational commitment and turnover intention in jewelry distribution companies and to verify the relationship among these components. In order to achieve the purpose of this study, a literature survey related to internal marketing, job satisfaction, organizational commitment and turnover intention was carried out, and an empirical analysis was conducted by the use of a questionnaire method among employees in jewelry distribution companies. In the empirical research, a survey was conducted among 210 individuals working at jewelry distribution companies with the results analyzed. Additionally, Cronbach’s α analysis, factor analysis, and regression analysis were conducted by means of SPSS Window ver 18.0. Among internal marketing components of jewelry distribution companies, the two factors - management support and reward system - have positive (+) effect on job satisfaction and organizational commitment while internal communication and education/training have negative (-) effect on employees' turnover intention. Jewelry distribution company employees' job satisfaction and organizational commitment have negative (-) effect on their turnover intention. Internal marketing of a jewelry distribution company was positively related to job satisfaction and organizational commitment. Internal marketing, job satisfaction and organizational commitment were negatively related to turnover intention.

Keywords: Jewelry Distribution, Internal Marketing, Job Satisfaction, Organizational Commitment, Turnover Intention

1. Introduction

In the jewelry industry, consumption has increased drastically as monetary values of jewelry items and their usefulness in expressing one's beauty and characters are recognized. Jewelry sales are based on the technical knowledge and customer treatment of jewelry distributors' employees as well as customers' trust in jewelry distributors. Specifically, employees' expertise for appraisal and discernment of jewelry items, understanding of latest design trends, rich experiences for proper customer treatment, and continued management of relationships with customers are important factors for customer satisfaction. Since these factors affect the corporate performance directly, they are vital assets to jewelry distributors. For this reason, jewelry distributors invest a lot of time and expenses until new employees finally become able to provide quality services.

2. Existing Studies

Internal marketing is to regard employees as internal customers and to satisfy and motivate them to provide quality service to customer satisfaction. The present study aims to present ways to secure capable employees by examining key factors of internal marketing applicable to the jewelry distribution business and analyzing the relations among job satisfaction, organizational commitment, and turnover intentions among employees who play important roles in jewelry distributors.

2.1. Study Model and Hypothesis Establishment

With the aim to verify the effect of jewelry distributors' internal marketing on employee's job satisfaction, organizational...
commitment, and turnover intentions based on existing studies, this study sets up a study model as in <Figure 1>.

3.1.1. The Relation between Internal Marketing and Job Satisfaction and Organizational Commitment

The effects of internal marketing factors such as employee's involvement in education and training, management support, reward, internal communication, and external communication on employee royalty, job satisfaction, trust in management have been presented (Conduit & Mavondo, 2001). One research on the effects of internal marketing elements such as role clarification, reward system, working condition, and management evaluation on job satisfaction suggests that the 3 factors except reward system affect job satisfaction (Arnett et. al., 2002). According to one research, 5 internal marketing factors working condition, leave system, empowerment, collection of employee's opinions, education training, communication system, and role clarification except reward system have positive effect on job satisfaction and organizational commitment (Han & Kim, 2005). Based on the findings of existing studies above, the present study sets up <Hypothesis 1> and <Hypothesis 2> as below:

<Hypothesis 1> Internal marketing activity of jewelry distribution companies will have positive (+) effect on employee's job satisfaction.

<Hypothesis 2> Internal marketing activity of jewelry distribution companies will have positive (+) effect on employees' organizational commitment.

3.1.2. Relation between Internal Marketing and Turnover Intentions

One research group asserted that education/training could prevent employees' complaints and turnover (Pigors & Myers, 1997); another suggested a finding that internal marketing elements such as reward system, education/training system, communication system, etc. have negative (-) effect on turnover intentions (Doo et. al., 2005). Based on the findings stated above, the present study sets up <Hypothesis 3> as below:

<Hypothesis 3> Internal marketing activity of jewelry distribution companies will have negative (-) effect on employees' turnover intentions.

3.1.3. Relation among Job Satisfaction, Organizational Commitment, and Turnover Intention

One existing research suggests the finding that job satisfaction or dissatisfaction affects turnover intentions (Mobley et. al., 1978). According to one survey conducted among golf service employees, as the level of job satisfaction increases, turnover intentions are reduced (Kim, 2014). According to another survey conducted among employees at 5-star hotels in Seoul, emotional commitment and continued commitment of employees have negative (-) effect on turnover intentions (Koo et. al., 2016). Based on the findings of existing studies stated above, the present study sets up <Hypothesis 4> as below:

<Hypothesis 4> Job satisfaction and organizational commitment among employees at jewelry distribution companies will have negative (-) effect on employee's turnover intentions.

3.2. Analysis Method

For the empirical analysis of this study, SPSS Window ver. 18.0 was utilized. The specific analysis procedures are as follows: First, A frequency analysis was conducted to examine demographic characteristics of the objects. Second, a factor analysis was conducted to structure internal marketing factors, job satisfaction factors, organizational commitment factors, and turnover intention factors. Cronbach's α coefficient was utilized in the reliability test. Third, a regression analysis was conducted to test the study hypotheses.

4. Study Results

4.1. General Characteristics of Samples

To achieve the purpose of this study effectively, a questionnaire-based survey was conducted. For sampling in the survey, the judgmental sampling method was utilized. The survey was conducted among employees working at jewelry wholesalers and retailers over metropolitan cities including Seoul, Busan, and Daegu between November 1 and 15, 2016. 400 copies of the questionnaire were distributed, and 225 were collected. The collecting rate was 56.3%. With 15 copies where the responses were incomplete, 210 copies were used for the analysis.

Among 210 respondents, 34(16.2%) were men and 176(83.8%) were women. As for age brackets, 48 were in the group of 20 to 24 (22.9%), 88 25 to 29(41.9%), 32 30 to 34(15.2%), 22 35 to 39 (10.5%), and 20 40 or older (9.5%). 36 were married (17.1), and 162 (77.1%) were unmarried, and 12(5.7) were single. As for academic backgrounds, 8(3.8%) were highschool graduates or lower, 54 (25.7%) college graduates, 142(67.6%) four-year university graduates, 6(2.9%) with a master's degree or higher. As for working career, 50(23.8%) had 1-year or less working experience, 78(37.1%) 1 to 3 year experience, 34(16.2%), 3 to 6 year experience 24(11.4%) 6 to 10 year experience, and 24(11.4%) 10 year or longer experience. As for positions at work, 98(46.7%) were in junior class positions, 54(25.7%) in senior class positions, 30(14.3%) in master class positions, 28(13.3%) in chief class positions. 90 individuals, about 42.9% of the entire respondents, had an experience of turnover. 90 individuals, about 42.9% of the entire respondents, had an experience of turnover.

4.2. Reliability and Validity Test

The results of the factor analysis for the reliability and validity test in this study are presented in Table.

4.3. Hypothesis Tests

To test the hypotheses of this study, the multiple regression analysis was conducted.
5. Conclusion

The objective of this study is to present a way to manage and secure capable employees by examining core factors of internal marketing applicable to employees playing a key role in jewelry distributors and by analyzing the relation among job satisfaction, organizational commitment, and turnover intentions.

According to the study results, it turned out that among the internal marketing components of jewelry distribution companies including management support, education training, internal communication, reward system, and physical environment, the two factors - management support and reward system - had positive (+) effect on the employees' job satisfaction and organizational commitment while education training and internal communication had negative (-) effect on the employees' turnover intention.

The above-mentioned findings empirically verify that internal marketing of jewelry distribution companies such as management support and reward system have significant effect on the employees' attitudes of doing their best in given tasks with a pride of working at a jewelry distribution company. In addition, as jewelry distribution companies' internal marketing activity reduces the employees' turnover intention and plays a key role in securing capable employees who have expertise and customer response skills in the area of jewelry, provide excellent service, and thus are trusted by customers and maintain long-term relations with them.

This is an exploratory study that aims to find out ways to prevent employee turnover in the perspective of jewelry distribution companies' organizational measure - internal marketing.

References


<Table 1> Regression Analysis Test of Hypothesis 1, 2, 3, and 4

<table>
<thead>
<tr>
<th>D.V.</th>
<th>I.V.</th>
<th>B</th>
<th>β</th>
<th>t</th>
<th>p</th>
<th>VIF</th>
<th>D.V.</th>
<th>I.V.</th>
<th>B</th>
<th>β</th>
<th>t</th>
<th>p</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>JS (constant)</td>
<td>.981</td>
<td>4.261</td>
<td>.000</td>
<td>3.481</td>
<td>.000</td>
<td>4.358</td>
<td>OC (constant)</td>
<td>.547</td>
<td>2.914</td>
<td>.004</td>
<td>4.358</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MS</td>
<td>.487</td>
<td>.495</td>
<td>5.861</td>
<td>.000</td>
<td>4.358</td>
<td>.470</td>
<td>.498</td>
<td>6.932</td>
<td>.000</td>
<td>4.358</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ED</td>
<td>.132</td>
<td>.126</td>
<td>1.676</td>
<td>.095</td>
<td>3.481</td>
<td>ED</td>
<td>-.133</td>
<td>-.133</td>
<td>-2.074</td>
<td>.039</td>
<td>3.481</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IC</td>
<td>-.098</td>
<td>-.095</td>
<td>-1.733</td>
<td>.085</td>
<td>1.838</td>
<td>IC</td>
<td>.009</td>
<td>.009</td>
<td>1.199</td>
<td>.843</td>
<td>1.838</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RS</td>
<td>.441</td>
<td>.424</td>
<td>5.108</td>
<td>.000</td>
<td>4.208</td>
<td>RS</td>
<td>.461</td>
<td>.463</td>
<td>6.557</td>
<td>.000</td>
<td>4.208</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE</td>
<td>-.154</td>
<td>-.147</td>
<td>-2.044</td>
<td>.042</td>
<td>3.184</td>
<td>PE</td>
<td>.067</td>
<td>.067</td>
<td>1.086</td>
<td>.279</td>
<td>3.184</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

R²=.667, F=81.583, p=.000, Durbin-Watson 1.615

| TI (constant) | 7.381 | 18.938 | .000 | 3.481 | .000 |
| MS | -.191 | -.168 | -1.355 | .177 | 4.358 |
| ED | -.317 | -.265 | -2.386 | .018 | 3.481 |
| IC | -.225 | -.190 | -2.353 | .020 | 1.838 |
| RS | -.054 | -.045 | -3.70 | .711 | 4.208 |
| PE | .084 | .070 | .659 | .511 | 3.184 |

R²=.759, F=128.208, p=.000, Durbin-Watson 1.879

| TI (constant) | 6.894 | 20.160 | .000 | 3.481 | .000 |
| JS | -.254 | -.221 | -2.328 | .021 | 2.419 |
| OC | -.347 | -.289 | -3.050 | .003 | 2.419 |

R²=.278, F=15.699, p=.000, Durbin-Watson 1.722

R²=.230, F=30.959, p=.000, Durbin-Watson 1.658
Complexity and Algorithms for Optimal Bundle Search Problem with Pairwise Discount

Chung, Jibok¹; Choi, Byungcheon²

Abstract 12

This paper aims to introduce an optimal bundle search problem (OBSP) which must be solved for online recommendation system to provide an optimized service considering pairwise discount and delivery cost. We propose a mathematical formulation with numerical example for the (OBSP) and analyzed the complexity of the problem.

Keywords: Bundle Search Problem, Matching Problem, Online Shopping Recommendation.

1. Introduction

A product bundling strategy is a marketing approach where multiple products or components are packaged together into one bundled solution (Yang and Lai, 2006). It is known that Amazon was one of the firsts to utilize bundle sales online and has seen huge success because of it. For example, a digital camera is bundled with accessories like an SD card, light and a camera case. Typically, product bundles are appealing for online retailer for several reasons. First, bundling can effectively increase sales amount by selling more without additional transaction costs. Second, bundling makes it harder for customers to compare price compositely and return to the site where the absolute price is lowest. Third, bundling can encourage cross-selling if the product bundles include items from new categories. As the price competition in the online market becomes more intense, the prices for the same products vary widely and online retailers have their own discount policies. Discount of online retailers may happen based on the total purchasing price or between pairwise items. Total purchasing price discount means that if the total price of products bought from same retailer is greater that some threshold, there are discounts proportional to the total price of purchasing. Pairwise discount means that there are benefits of saving money between product pairs if you buy them from same retailer.

Suppose that you are going to buy multiple items in the online market, there are two ways for online shopping. One is to select a lowest product individually while the other is to select all products simultaneously with a comparison. If a customer has a long shopping list, finding an optimal combination of retailers that results in spending a best price is a time consuming and boring work with individual search. Online shoppers are increasingly purchasing multiple items in a single order due to the convenience of shopping, shipping costs and various recommendation systems.

The rest of paper is organized as follows. In section 2, we provide a literature review and overview for the problem. In section 3, we provide a mathematical formulation for the problem with numerical example. In section 4, we provide two results from of the complexity analysis.

2. Literature Reviews

Starting with Stigler (1963), there has been several streams of research on bundling problem in the economics and management science and many authors studied the benefits from the relationships between reservation prices and product prices. Ernst and Kouvelis (1999) studied the inventory decision of a company with mixed bundling strategy. Jedidi et al. (2003) developed an optimal product-line pricing policy considering heterogeneity in the joint distribution of reservation process. Stremersch and Tellis (2002) provided a comprehensive survey of the literature in bundling problem. Beladev et al. (2016) introduced a novel model of bundle recommendations that integrate collaborative filtering techniques, demand functions, and price modeling.

Chang et al. (2003) studied bundle search problem for optimal travel package and proposed a heuristic algorithm for generating top-K bundles from pairwise relationship graphs. He and loeger (2004) studied bundle search problem with total purchasing price discount and proposed a heuristic algorithm by combining price itself and discount ratio. Garfinkle et al. (2006) studied to design bundle search and recommend system considering the bundle pricing and discount promotions. They illustrated a disadvantage of using one-product-at-a-time search to purchase a bundle and proposed an mathematical model based on the set covering problem. They developed a greedy heuristic algorithm and showed the performance of heuristic by computational experiment.

The web-based comparison shopping agents (CSAs) or shopbots have emerged as important business intermediaries that provide decision support to both the shoppers and the retailers (Pathank, 2010). Beladev et al. (2016) proposed that online recommender systems (ORS) will enhance e-commerce sales by recommending relevant products to their customers.

3. Mathematical Formulation

This section gives a formal definition of the bundle search problem addressed in this paper. To explain our problem, we give a simple numerical example. Suppose that there are 5 items (item-1, item-2, item-3, item-4, item-5) to buy and 3 retailers (shop-1, shop-2 and shop-3) are candidates for shopping. Each retailer has a different price and discount policy for same product or product pair. From <Table 1> below, individual price of item is different such that the price of item-1 is 20 at shop-1 and 19 at shop-3 and the price of item-
2 is 30 at shop-1 and 28 at shop-3. Furthermore, discount policy is different at each retailer such that pairwise discount between item-1 and item-2 is 5 at shop-1 while there is no pairwise discount between item-1 and item-2 at shop-3. Therefore, buying item-1 and item-2 at shop-1 is more economical than shop-3 while the shop-3 suggests a least price for item-1 and item-2 respectively.

<Table 1> Price of a bundle at each retailer

<table>
<thead>
<tr>
<th>bundle</th>
<th>contents</th>
<th>shop-1</th>
<th>shop-2</th>
<th>shop-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>item-1</td>
<td>20</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>2</td>
<td>item-2</td>
<td>30</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>item-3</td>
<td>20</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>4</td>
<td>item-1&amp;2</td>
<td>45</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td>5</td>
<td>item-2&amp;3</td>
<td>45</td>
<td>46</td>
<td>47</td>
</tr>
</tbody>
</table>

4. Results of Problem P

Consider the instance in <Table 1> such that
\[ m = 3, n = 3 \text{ and } b = 5. \]
\[ w_{ij} = 1 \text{ if } j = 1, 2, \ldots, n \text{ and } c_i = 0 \text{ if } i = 1, 2, \ldots, m. \]

Since this instance satisfies the properties in Theorem 3, it can be reduced to the MWPM problem. Note that according to the reduction scheme in Theorem 3,
\[ N = \{1, 2, 3\} \text{ and } \]
\[ \mathcal{E} = \{0, 1\}, \{0, 2\}, \{0, 3\}, \{1, 2\}, \{1, 3\}, \{2, 3\}. \]
\[ \mathcal{C}_{0, 1} = \min \{p_1(\{1\}), p_2(\{1\}), p_3(\{1\})\} = 10. \]
\[ \mathcal{C}_{0, 2} = \min \{p_1(\{2\}), p_2(\{2\}), p_3(\{2\})\} = 25. \]
\[ \mathcal{C}_{0, 3} = \min \{p_1(\{3\}), p_2(\{3\}), p_3(\{3\})\} = 15. \]
\[ \mathcal{C}_{1, 2} = \min \{p_1(\{1, 2\}), p_2(\{1, 2\}), p_3(\{1, 2\})\} = 45. \]
\[ \mathcal{C}_{1, 3} = \min \{p_1(\{1, 3\}), p_2(\{1, 3\}), p_3(\{1, 3\})\} = 35. \]
\[ \mathcal{C}_{2, 3} = \min \{p_1(\{2, 3\}), p_2(\{2, 3\}), p_3(\{2, 3\})\} = 40. \]

Note that there exists no the bundle consisting of items 1 and 3. In this case, for each \( i, \) the value of \( p_i(\{1, 3\}) \) can be calculate as \( p_i(\{1, 3\}) = p_i(\{1\}) + p_i(\{3\}). \) Thus, we can construct the graph for the reduced MWPM problem as follows:

<Figure 2> The graph for the reduced MWPM problem

Note that the optimal solution for this MWPM problem is \( \{\{0, 1\}, \{2, 3\}\} \), which implies that an optimal schedule for Problem P is to purchase item 1 at retailer 1.

References


The Analysis of Product Design Effect on Consumer Emotional Satisfaction by Brand Type

Kim, Soon-Hong¹; Park, Jong-Chan²

Abstract ¹

When a consumer chooses a product in the market, given the two products with the same price and performance, consumers generally tend to choose products that are more attractive in shape or design. The form of product is the best way to attract consumers' attention in the competition market and is an important means of conveying various information to consumers. Companies must provide consumers with a positive belief, in other words, a consumer satisfaction through attractive product forms in the marketplace.

Keywords: Product Design, Design Shape, Emotional satisfaction, Brand Type.

1. Introduction

When a consumer chooses a product in the market, given the two products with the same price and performance, consumers generally tend to choose products that are more attractive in shape or design. The form of product is the best way to attract consumers' attention in the competition market and is an important means of conveying various information to consumers. Companies must provide consumers with a positive belief, in other words, a consumer satisfaction through attractive product forms in the marketplace.

Christopher Alexander emphasized the importance of form as "the ultimate goal of design is form", and stated that the problem of all designs should be found in two substantive relationships: form and situation.

The form of design consists of a technical form and an emotional form, while a technical form means to be a part to be produced, i.e. a form associated with a design, part or manufacture, emotional form means form for emotional sympathy that can give a pleasant new feeling. In other words, it means that the consumer chooses the product as useful instrumental or practical performance, or chooses the product as a pleasing value or aesthetic performance.

Therefore, in this study, we try to investigate how the sensory characteristics of product form in the market stimulate the psychological reaction code of the consumers and how the selective effect appears as purchase behavior.

2. Literature Review

Park(2009) studied the causal relation between the product design and the consumers' response. How the consumers respond on the vividly design of the products in the process of comparison and evaluation when consumers purchase products in the market.

In this study, in order to find out how the product design is accepted by consumers depending on the consumer involvement level, three products are selected for the each case of high/low involvement products. The value of product design was consist of four attributes values such as functional, sensual, semantic, and informational value, and the response of consumers is categorized into the responses of recognition and emotion.

This research examined whether these values attribute is related to the consumer's response factors(cognitive and emotional responses). As a result of analysis, this research showed that the functional value had a effect on the consumers' recognition and emotion in the both cases of high/low involvement products. However, it was found that the sensual and semantic values had a effect only on consumers' recognition, in the case of low involvement product different from high involvement products.

Peter (1995) also emphasizes the importance of product design. The physical form or design of a product is an unquestioned determinant of its marketplace success. A good design attracts consumers to a product, communicates to them, and adds value to the product by increasing the quality of the usage experiences associated with it. Gestalt psychologists argue that objects are perceived as a whole rather than atomistically(Ellis 1950; Jones 1991; Katz 1950). Complex designs and those with conflict among elements tend to elicit the most elaborate cognitive processing. To bring needed attention to the subject of product design and enable researchers to better investigate design issues, he introduces a conceptual model and several propositions that describe how the form of a product relates to consumers' psychological and behavioral responses.

Park and Shin (2012) investigated the causal relationship between two components(Perceived Design Quality, Perceived Brand Reputation) and basic factors of a revised TAM(Perceived Usefulness, Playfulness, Customer Loyalty) by SEM(Structural Equation Model) analysis. This study found that the perceived design quality of Smart phone had a positive significant effect on the perceived brand reputation and the customer loyalty. Lee and Oh (2012) investigated and analyzed the level of customer satisfaction with the industrial design case for service upgrade. The result of examination shows that an end user is satisfied with a new design shopping cart.

3. Research Methodology

3.1. Methodology

In this paper, we will divide product design value as morphological value, functional value, semantic value, material value, and sensory value. And then, we will analyze whether there is a difference in the effect of these design attributes on consumers'
emotional satisfaction according to brand type. As products will be used in the experiment of this study, coffee pots which are easy to use in life will be selected. Consumers use these coffee pots each day to be aware of the form or function of the product and feel good or bad memories and experiences about the product design value. The emotional satisfaction factor will be measured by follow items: attitude, fitness and evaluation.

As an analysis method, After experimenting with showing selected products directly to students, questionnaire surveys will be conducted with university students in Incheon were examined. ANOVA analysis method will be used for the statistical analysis method for examination of changes in the values variables according to changes in two or more independent treatment variables.

3.2. Hypothesis

Based on the theoretical background above, the following hypotheses were made.

Hypothesis 1-1> morphological value will have a positive effect on consumers' emotional satisfaction.

Hypothesis 1-1> functional value will have a positive effect on consumers' emotional satisfaction.

Hypothesis 1-1> semantic value will have a positive effect on consumers' emotional satisfaction.

Hypothesis 1-1> material value will have a positive effect on consumers' emotional satisfaction.

Hypothesis 1-1> sensory value will have a positive effect on consumers' emotional satisfaction.

Hypothesis 1-1> there is a difference in the effect of these design attributes on consumers' emotional satisfaction according to brand type.

References


Case of Cargo Collided with Unlicensed Vehicle

Kwak, Young-Arm¹; Cho, Young-Sang²

Abstract¹²

If a contracting goods destroyed or delivered lately, seller, buyer and carrier duly faces a lot of big trouble that causes in turn claims of cargo and indemnification on the basis of both sales agreement (contract) and transit agreement. In view of this, this study analyzes case of accident between cargo truck and rental car in South Korea. From this, with a view to reducing any possible accidents caused by unlicensed driver and an illegal use of other’s name, particularly by teenage, this paper proposes some ideas.

Keywords: Case of cargo, unlicensed vehicle

1. Introduction

Whatever the reason may be, if a contracting goods destroyed or delivered lately, seller, buyer and carrier duly faces a lot of big trouble that causes in turn claims of cargo and indemnification on the basis of both sales agreement (contract) and transit agreement along with discreditable reputation.

It is well known that inattentive and careless driving arising form very mere error or mistake, like as sending short message, watching movie, calling, chatting, touching the monitor on phone in a rental car can be made numerous and serious loss or damage to the anybody including valuable and priceless cargo. For instance, in cases of neither substitutes nor exchanges, there are death of body, extreme disability of body, cargo’s breakage of cargo, loss of cargo, remaining priceless pain.

In view of this, this study analyzes case of accident between cargo truck and rental car in South Korea, and purpose of study recommends some ideas of the decrease and prevention of car accident.

2. Car Sharing with Accident and Liability

2.1. Car sharing

‘Car sharing service’ has been commenced since 2012 in South Korea.

Sharing Economy is a corporative demand economy that shares and uses products and services among the people, which differs from a word of ownership under mass production age.

In addition to this, developing information technology based on internet and social network service did expand sharing economy system, because transaction of peer to peer becomes more easily and conveniently.

In the meantime, explanation of ‘car rental’ from wikipedia is as follows : -

A car rental, hire car, or car hire agency is a company that rents automobiles for short periods of time, generally ranging from a few hours to a few weeks. It is often organized with numerous local branches (which allow a user to return a vehicle to a different location), and primarily located near airports or busy city areas and often complemented by a website allowing online reservations.

Car rental agencies primarily serve people who require a temporary vehicle, for example those who do not own their own car, travelers who are out of town, or owners of damaged or destroyed vehicles who are awaiting repair or insurance compensation. Car rental agencies may also serve the self-moving industry needs, by renting vans or trucks, and in certain markets other types of vehicles such as motorcycles or scooters may also be offered.

Alongside the basic rental of a vehicle, car rental agencies typically also offer extra products such as insurance, global positioning system (GPS) navigation systems, entertainment systems, mobile phones, portable WiFi and child safety seats.


2.2. Accident of Cargo Truck and Liability

In point of accident liability from car, car accident has to consider the two sides, the one is a offender and another is a victim. And then consider whether he or she has any insurance goods or not, and whether he or she has sufficient economic power or not in case of no insurance in order to compensate loss or damage to victim.

2.3. Procedures of car sharing

Procedures of car sharing are as follows. Whoever wants to hire do touching car sharing app, and then do searching some place with a car waiting for customer, finally he/she(user) makes a reservation with automatically effecting payment.

The user moves to parking lot designated, and touches and controls his smartphone, which plays a role in smart key for engine start and stop without any real key.

User may drive freely the car of car sharing service without any limitation and may entertain time he wants to hire, also it is possible to return the car within reservation time or to extend time. Additional fare of fuel surcharge that run road by movement distance charges duly toward the user’s smartphone.

Procedure of car sharing is really simple and convenience for customer in South Korea.

3. Case of Cargo Collided with Unlicensed Vehicle

Renting a car and returning the car by way of Application on the smartphone is very easily and swiftly processed within two minutes
by the user who temporary needs to drive. This is because that all step of reservation can be touched by user only on phone, nobody watches all process of rental car, that is to say ‘unmanned operation’.

However, ‘unmanned operation’ may lead to adverse effect(by-effect) as no man of the staff of car sharing company watches and monitors a course of renting a car.

To put it more concretely, case of cargo accident incurred by the minor (age 18 years below old) is as follows:

On August 2016 at Gosung-gun in Kyungnam-province, a high school girl with 2 girls in the rental car service, car sharing was dead by collision to the cargo truck stopped where a cargo that four(4) pallets of ic chip, amounting USD10,000.00 from Indonesia to Ansan, Korea was loaded.

It was found that amount of loss based on invoice value was USD5,000.00(CIF Busan) by this accident.

4. Recommendation and Discussion

From this kind of cargo accident, this paper proposes some ideas with a view to reducing any possible accidents caused by unlicensed driver and an illegal use of other’s name, particularly by teenage on auto life.

4.1. Technical Complementary Measures

These day car sharing company does not choose neither ‘Fingerprint Identification Security System’ nor ‘certificate verification’ because of cost of purchase and maintain.

Naturally, ‘Fingerprint Identification Security System’ as a program of driver identification should apply to parking lot where a car for hire is waiting for customer.

4.2. Amendment of the law

As a whole, every rental car company has a duty of confirmation who is a driver on ‘application for the tire agreement’ while hiring a car, and simultaneously has to identify whether the driver has a driving license or not. Naturally car sharing company has to obey this regulation for the sake of all parties.

Article 34-3 (Installation of system for identifying driver)

① The Ministry of Land, Infrastructure and Transport shall install system for identifying driver, and shall use this system for rent-a-car business entity.

② The Ministry of Land, Infrastructure and Transport may demand inquiry of information in relation to Article 34 each paragraph (2) 2 through Article 36 paragraph (1) of Electronic Government Act to the chief of the National Police Agency. Also the chief of the National Police Agency shall respond to this demand without due cause.(free translated by author by imperfection of amended act upto now).

source: Passenger Transport Service Act
http://www.law.go.kr/lsNewHwpSave.do?trSeq=188193&efDvPo p=&nwJoYnInfo=Y

However, this is not proper to fix it, alternatively it is strongly needed to amend that car sharing company must check who is a real driver and whether a teenage is a driver or not. Further it is strongly needed to make a legislation too that those who are not checking a driver and a teenage will be punished by breach of the law and will be charged heavy penalty to company.

5. Conclusion

Damage or loss by unlicensed driving is much serious to the victim, the injured and the damaged goods, properties including also offender, unlicensed driver and carrier consequently.

In view of this, this study analyzes case of accident between cargo truck and rental car in South Korea in chapter III.

From this, with a view to reducing any possible accidents caused by unlicensed driver and an illegal use of other’s name, particularly by teenage, this paper proposes some ideas of and Technical Complementary Measures and Amendment of the law.

This study has significance for analyzing accidents arising from car sharing, as no study on analyzing accidents arising from car sharing is found to date in particular in South Korea.

References


Abstract

This study purposes to comparative analysis between private and public tourism destination in terms of sustainable tourism, and derive each marketing strategy which are suited on each characteristic. As a research method, we chose in-depth interviews, which are qualitative research method, we conducted comparative analysis between private and public tourism destination in economic aspect, environmental aspect and socio-cultural aspect that are elements of sustainable tourism marketing. And we derived critical differences of each tourism destination. As a research results, private tourism destination revealed comparatively easy to obtain environmental, socio-cultural sustainability, and hard to obtain economic sustainability. In contrast, public tourism destination revealed comparatively easy to obtain economic sustainability and hard to obtain environmental, socio-cultural sustainability. We conclude it is essential to build different marketing strategies which are suited on each tourism destination characteristic.

Keywords: Effect, Stakeholder’s Mutual Cooperation, Sustainable Tourism Marketing.
How Do Retail Regulations Influence a Retail Sector? 
A Comparative Study of Korea and Other Countries

Cho, Young-Sang1; Kwak, Young-Arm2

Abstract

By comparing South Korea and advanced countries, in terms of the effects of retail legislations on a retail sector, the authors are to provide new insights for Korean policy makers. The research will review existing literature concerned about the effects analysis of retail regulations. When comparing Korea and other countries, the authors will focus on identifying the effects of retail employment and productivity, how regulations influence retail price, and further, whether retail restrictions really protect independent retailers. The authors found that developed countries have made a significant effort to protect small- and medium-sized retailers for social stability with many different regulations and/or budget. With regard to results, however, the degree of its achievement is lower than expected. In order to protect mom and pops efficiently and effectively, policy makers need to develop better sophisticated retail regulations than those of advanced countries.

Keywords: Retail Regulations, Effect Analysis, Retail Policy, Comparative Study, Effect Measurement.

1. Introduction

Due to the declining number of independent retailers over the world, retail regulations have attracted many researchers' attention (e.g. Dixon and Mclaughlin, 1968; Dawson and Kirby, 1979; Baron et al., 2001; No, 2003; Viviano, 2008; Sadun, 2008; Shin, 2009; Cho, 2014; Cho et al., 2014). Furthermore, Korea has introduced a retail policy to keep independent stores in 2010, even though there is doubt whether its effect is really available (Cho et al., 2014).

By comparing Korea and foreign countries, in terms of the effects of retail regulations, the research is to provide new insight for policy makers in Korea.

2. Regulation Aims and Types

2.1. Objectives of regulations

Cho (2014) has categorized the objectives of retail legislations into six groups: (1) Protection of small- and medium-sized retailers (2) Development of retail industry (3) Improvement of life quality (4) Promoting fair trading (5) Protection of human right, and (6) Environmental protection.

2.2. Legislation types

2.2.1. Store size limit

Generally speaking, store size limit is preferred by many advanced countries like Japan, Germany, France, USA, Italy, Belgium and UK, because they tend to believe that the rapid growth of large box retailers results from large store size (e.g. Abe, 2001; Denning and Lary, 2005; Viviano, 2008; Katou, 2012). There is, thus, no doubt that big box retailers with large selling spaces are characterized by a huge amount of SKUs for one-stop shopping, and furthermore, better store atmosphere.

2.2.2. Opening hours and closing days

Most of developed countries have introduced the limitation of business hours and store closing days (e.g. Mineo, 2008; Wenzel, 2010; Asensio, 2012). Similarly, Sunday trading was prohibited in the west European countries, although being deregulated recently (Sentftleben-Konig, 2014). With respect to the limitation of opening hours, however, most countries are likely to deregulate, although France, Germany and Norway have still prohibited Sunday trading (Cho, 2014).

2.2.3. Land use or zoning planning

Many industrialised countries tend to introduce planning and zoning restrictions. As evidence, Germany in 1968, the UK in 1993, Japan in 1998, Netherlands in 1965, USA 1916, Belgium in 1962 and Italy in 1998 (e.g. Baily and Solow, 2001; Viviano, 2008; Sadun, 2008) have introduced this restriction on the retailing sector. The above countries have commonly categorized land as three zones such as residential, commercial and industrial area (Pilat, 1997).

2.2.4. Limitation of below-cost pricing

To beat competitors, large stores tend to use lower prices to make their competitors out of markets (Bliss, 1988). Consequently, to protect independent retailers, some governments have prohibited the practice of below-cost pricing. As examples, there are Ireland in 1987, Belgium in 1991, Portugal in 1993, Spain in 1996, Greece in 2001, Italy in 2001, and Luxembourg in 2002 (e.g. Colla, 2003; Restrictive Practices (Groceries) Order 1987, 2011; Cadete and Oda, 2013).

2.2.5. Other methods

Except for above regulation types, it can be said that the Competition Test introduced by the UK (Competition Commission, 2000) and the Delegation of authority from central government to local authority might be seen as part of efforts to boost regional economy.

---

1 First Author, Professor of Industrial Channels and Logistics, Kong-Ju National University, Korea. Tel: +82-10-4182-4664, E-mail: choyyskr1@kongju.ac.kr
2 Corresponding Author, Professor, Department of Global Trade Management, Shinhan University, Korea. Tel: +82-31-870-3542, E-mail: yakyak@shinhan.ac.kr
3. Effect Evaluations of Regulations

Associated with the key evaluation criteria to measure the results of retail law introduction, the authors suggest the followings: retail employment, retail productivity, retail price, protection of independent retailers, and the growth of a retail industry.

3.1. Retail employment

Bertrand and Kramarz (2002), Viviano (2008), Sadun (2008), Jodar (2009) and Ciarreta et al. (2009) have stressed that retail regulations have an impact on lowering retail employment growth, that is to say, restrictions do not create new jobs.

On the other hand, the deregulation that central or local governments encourage retail firms to open new shops is more likely to increase retail employment in Italy (Viviano, 2008). In the same vein, it is found that the entry barriers for large retailers have restrained employment growth in the retail trade sector in France (Bertrand and Kramarz, 2002). In the UK, Sadun (2008) examined the effects of planning and zoning controls on retail employment, and stressed that less restrictive regulations have made a significant contribution to the higher growth of retail job creation.

Based on the previous research, the authors conclude that stringent restrictions on a retail trade industry have a negative effect on retail employment.

3.2. Retail productivity

With regard to the comparison of retail productivity, Pilat (1997) found that the USA, Germany, Switzerland, France, Belgium and Luxembourg relatively show higher labour productivity, whilst Baily and Solow (2001) highlighted that it is lower in the emerging countries like Brazil and South Korea, including Japan. By contrast, Foster et al. (2002) argued that the growth of retail productivity in the American retailing trade industry resulted from the increasing number of new shops, rather than productivity improvement in the existing stores.

On the basis of literature review, it can be said that strict regulations for retail giants results in lowering retail productivity. If governments want to improve retail productivity, thus, it is necessary to encourage retailers to compete with each other.

3.3. Retail price

With regard to the relation between regulations and retail price increase, many authors argued that there is a positive relationship (Collins and Oustapassidis, 1997; Pilat, 1997; Collins et al., 2001; Pita et al., 2003; Griffith and Harrgurt, 2005), that is to say, the fact that governments have regulated large retailers to sharply cut regular prices gives rise to price increase. In other words, retail constraints tend to increase product prices for customers, because of limited price war, (Griffith and Harrgurt, 2005).

Although there is a conflict debate about the effects of retail restrictions on retail price, it is clear that deregulation is a better option to stabilise good prices in market than any regulation.

3.4. Protection of independent retailers

It is demonstrated by Orea (2010) that retail barriers have achieved their own objective which protects small- and medium-sized establishments. The prohibition of below-cost selling in Ireland in 1988 is likely to protect mom and pops from price wars (Collins et al., 2001). There is, nevertheless, a debatable argument that traditional shops within town centre have been replaced by large chain stores, although central or local governments have a considerable effort to protect them (e.g. Baily, 1993). According to the research conducted by Biscoupr et al. (2013), it is unlikely that below-cost legislation slowed down the rate of closure of corner shops after 1997 in the French market. Even though the British government introduced planning regulations to keep mom and pops, it would be difficult to say that its objective has been achieved (e.g. Viviano, 2008; Sadun, 2008). In more detail, the number of ‘non-affiliated shops’ decreased from 24,000 in 1996 to 22,000 by 1998 in the UK (Gordon and Wilson, 1999), as seen in Spain (Coca-Stefaniak et al., 2005).

Although governments cannot protect all of small- and medium-sized stores completely, it has become apparent that restrictions have contributed to slowing down the rate of decrease of those retailers.

4. Comparison of South Korea and Foreign Countries

4.1. Characteristics of Korean regulations

As one of the significant differences between Korea and the above-advanced countries, the Korean government has focused on protecting conventional markets, rather than the whole independent retailers (Cho, 2014). With the rapid expansion of large retailers, the decline of traditional markets has attracted many politicians’ interest. Since 2005, conventional markets have started to organize merchants to protect themselves, with the help of the government.

Compared with other advanced countries in which have introduced stringent legislations for mom and pops, Korea might not be able to achieve the same results, as demonstrated by the research conducted by Agency for Traditional Market Administration in 2014.

4.2. Retail employment and productivity

The authors found that regulations tend to negatively affect a retail sector. In particular, Jung and Choi (2013) argued that retail legislations resulted in the decrease of retail market size, although slightly helped conventional market improve sales revenue. In the same vein, Cho et al. (2014) explored whether regulations protected independent retailers as well as traditional market or not, and drew a conclusion that restrictions rarely created new jobs in a retail sector.

In terms of retail productivity, KERI in 2014 tried to compare Korea with advanced countries like USA, Germany, Japan and UK. Through international comparison, KERI points that Korea relatively shows lower retail productivity than the above countries. Furthermore, what is important is that the growth rate of retail productivity was improved before 2010, but declined from 2010 to 2013 (Kim, 2015).

To sum up, even though the number of business units increased after 2010 introduced retail legislations, it is nothing to do with the improvement effect of retail employment. In addition, the introduction of retail restriction negatively influences retail productivity.

4.3. Retail price

Given that previous researches argue that the prohibition on
below-cost selling is regarded as one of the reasons causing inflation (Colla, 2003; Allain and Chambolle, 2005), there is no doubt that the absence of such a regulation can help governments keep stable consumer price index, thanks to a fierce price competition between big box retailers and small- and medium-sized retailers.

When it comes to the effect of the ban of below-cost pricing, thus, the authors can conclude that corner shops can be protected from the predatory price of large retail giants at the expense of customer protection and rights for products and services. However, considering the fact that Korea has not developed price-related regulations and is not interested in the price wars between multiple retailers and independent retailers, it would be difficult to compare Korea with the above countries such as Ireland, Belgium, Portugal, Spain, Greece, Italy, and Luxembourg who have regulated below-cost selling, in term of retail price.

4.4. Decline of independent retailers

The number of traditional local shops has continuously decreased from 43,874 in 2005 to 35,250 in 2010 in the UK, according to the data published by IGD. In contrast, during the same period, major operators increased their supermarkets from 6,578 in 2005 to 7,970 in 2010. In the same vein, Japan witnessed the decline of independent retailers with less than 4 employees from 74.6% in 1997 to 66.5% in 2007, in terms of the number of stores (Minakata, 2001). This trend is not characterised by the British and Japanese market. If the authors take a look at the degree of retail concentration rate, it is obvious that the market power of top retailers has become stronger than ever before (Mesic, 2015). It means that there is no improved market position for independent retailers.

Similar to the above countries, although Korean government has financially invested a lot of resources in revitalizing conventional markets and independent shops, that kind of trend has been witnessed to date. According to Traditional Market Administration in 2013, the sales revenue continuously decreased after the introduction of restrictive regulations for large retailers from 24 trillion won in 2010 to 19.9 trillion won in 2013, that is, more than 17%.

Consequently, the authors draw a conclusion that there is no retail regulation which can completely protect independent stores, through international comparison. It is, however, apparent that restrictions are able to slow down the decline of those stores, although Orea (2010) in Spain stressed that regional regulations have effectively protected independent retailers and improved their market positions.

5. Conclusions

Through international comparison, the authors conclude that the regulations for large retailers tend to negatively influence a retail industry in terms of retail employment, retail productivity, and retail price. Furthermore, the research found that the protection of declining independent retailers is one of the difficult jobs from a policy maker’s point of view. There are some research limitations to measure the effects of restrictions on a retail trade industry. Whenever analyzing the economic effects of regulations, researchers highlight that different measurement models give rise to different results (Gradus, 1996). It is, therefore, necessary to develop a right technique to evaluate those effects.

In addition, there are many differences between Korea and other advanced countries. Future researches should, thus, consider different retail environments. Also, given that e-retailing exceeds the sales volume of hypermarket/discount stores in 2016, the future research has to explore whether the existing regulations are truly available for independent stores or not.

References


Shin, Seok-Hoon. (2009). Problems in Legislative Reasoning on Regulation of Super-Super Markets (pp.21-64), Seoul, Korea: KERI.


The Impact of Intrinsic Characteristics of Modularity on Supply Chain Performances

Lee, Sang-Hyun¹

Abstract

The purpose of this study is to establish the basic concept of module characteristics and to investigate how those module characteristics affect supply chain performance through understanding of the key factors of modularization. To identify the characteristics of the modules that affect the supply chain performance, measurement items and questionnaires were constructed through literature review and in-depth interviews. Secondary factor analysis is used for determination of module characteristics. Regression analysis is applied to determine how those of characteristics of modularity affect the supply chain. The purpose of this study is to construct and demonstrate questionnaires on the module characteristics that are conceptually presented in the previous research. In this study, component commonality, component combinability, functional binding, interface standardization, and decomposability are presented reflecting the characteristics of module characteristics proposed by Salvador (2007) and Vickery et al., (2016). This study verified how these characteristics affect supply chain performance. This study is expected to contribute to the follow-up studies on the module by empirically analyzing the main characteristics of the module. Since the causal relationship between module and supply chain performance is demonstrated, it can be suggested how the module specifically affects supply chain performance. The results of this study are expected to contribute greatly to firms.

Keywords: Component Commonality, Component Combinability, Functional Binding, Interface Standardization, Decomposability, Modularity, Supply Chain Performance.

¹ Assistant Professor, Department of Business Administration, Sahmyook University, Seoul, Korea. Tel: +82-2-3399-1561. E-mail: sanghyun@syu.ac.kr
A Study on the Consciousness for Korean-Chinese Adaptation in Korea

Kim, Jong-Jin¹; Hwang, Moon-Young²; Cho, Kyung-In³; Kim, Pan-Jin⁴

Abstract

As the Korean society rapidly moves towards a multicultural society, the need for multicultural social integration of Koreans and new members of society (children of multicultural families, immigrants, and foreign children) is increasing. There is an urgent need for multicultural education than ever for recognizing differences and diverseness among the community members and for avoiding discrimination and exclusion. The formation of learners' identity, understanding and respect for social diversity, realization of the society of equality and justice, development of good citizenship, and alternatives to multicultural cross-curricular education for the creation of new culture should also be urgently prepared.

Keywords: Consciousness, Korean-Chinese, Adaptation

1. Introduction

1.1. Background

The number of the foreigners who have been staying in Korea exceeded 1.2 million people as of 2013, and a variety of discussions over the social position of migrants have been widely made with the increased policy interest in the influx of foreigners. There can be high expectations that the entry into a multicultural society will expand the diversity and creativity of the members of the society and can be utilized as an alternative to the phenomenon of population decline; however, a careful strategic choice by the government is required because the burden of public spending increases of social anxiety simultaneously arises due to the conflicts between different norms(Kim, 2014).

The results of the studies on the multicultural society has presented a critical discourse on multiculturalism while mainly dealing with the existence of immigrant groups, the problems they are facing, the nature of specific immigrants, and the interest in minorities or their relationships with the Korean society in a situation where the basic examination of the structural environment of the Korean society is insufficient.

As the Korean society rapidly moves towards a multicultural society, the need for multicultural social integration of Koreans and new members of society (children of multicultural families, immigrants, and foreign children) is increasing. There is an urgent need for multicultural education than ever for recognizing differences and diverseness among the community members and for avoiding discrimination and exclusion. The formation of learners' identity, understanding and respect for social diversity, realization of the society of equality and justice, development of good citizenship, and alternatives to multicultural cross-curricular education for the creation of new culture should also be urgently prepared.

1.2. Significance of Research

History is the foundation of a country's culture. By learning its history and acquiring the knowledge of its history, we can get close to the essence of culture more easily, realizing that we ourselves are in the process of history beyond just the level of knowledge. and is in the process of history itself. Through the study of history, it is possible to understand the cultural diversity that has been inherent in history for hundreds of years. This will be a basis for mutual understanding and communication in today's multicultural society in Korea. In addition, the values which are pursued in common in the relationship between multicultural education and history education should be sought prior to the selection of the concrete contents of multicultural education(Park, Kim, & Lee, 2011). For example, included are diversity, anti-racism, equality, peace, respect for other cultures, globalization, communication and coexistence. Therefore, efforts are needed to reconstruct multicultural history education by selecting the contents that contain such values among the numerous historical facts. For this purpose, it is necessary to take overall review of the contents of existing history textbooks. That's because existing Korean history education includes some ethnic and cultural exclusiveness to inspire pride and patriotism as a Korean. Therefore, it is necessary to seek an alternative by examining whether the terms that are biased toward specific perspectives are used or there are negative expressions about other people in Korean history books(Kim, 2014).

2. Theoretical Background

2.1. Increase of Foreigners Staying in Korea

As of 2013, the number of the foreigners staying in Korea was 1,219,192, which is an increase of approximately 10% as compared to that in 2012 (98,593 foreigners). The main reasons for the increase of foreigners staying in Korea are the expansion of F-4 qualification for Korean-Chinese compatriots and the expansion of F-5 qualification for the Korean compatriots with the foreign nationality who are qualified for acquiring Korean nationality(Kim, 2016).

If a foreigner leaves his or her home country to reside in another country for a certain time of period or longer, it is generally referred to as residence, a long-term stay or an immigration(Kim, 2015).

The stays of foreigners in Korea can be divided into short-term stays (if the duration of stay is 90 days or less), long-term stays (if the duration of stay is 90 days or more), and permanent residence (if
there is no restriction on the duration of stay). In the case of long-term stays or permanent residence, foreigner registration or the report of the place of residence should be made within 90 days from entering Korea (Kim, 2014).

### 2.2. Historical Appearance Background of the Korean-China

It was around in the 17th century when Korean people moved their home from the Korean Peninsula to China, where hundreds of thousands of Koreans were forcibly relocated from the western part of Joseon to the area of Liaodong starting from the first Manchu invasion of Korea in 1627 and the second Manchu invasion of Korea in 1636. In the 1860s, Korean farmers emigrated to the area of Manchuria due to the natural disasters that lasted for many years to cultivate the land and do farming for the purpose of earning livings (Kim, 2016). With the abolition of the regulation that put the immigrants to death in 1885, more Koreans emigrated to Manchuria. At this time, the number of Koreans in the areas called the Northeast Three Provinces of China in Manchuria reached 220,000 (Lee, Lim, & Pathak, 2011).

### 2.3. The necessity of historical education to understand Korean society

The process where Korean-China immigrant to Korea to settle down in Korea is closely linked to the historical background of Korea and China. Korean-China are a comprehensive result appearing as a result of the interlink of the historical background of Korea and the historical and political situation of China.

They were formed through the historical process of 200 years, and it can be seen that their identity is connected to both Korea and China. There has been a flow of Korean-Chinese compatriots into the Korean society in earnest since the end of the 1980s. This caused the debate over the inflow of foreign workers to Korea, and the Korean government announced its policy of “importing foreign trainees” in November 1993, which were the Korea's most basic foreign labor utilization policy until 2004 (Kim, & Kim, 2012).

### 2.4. Identity Based on Homogeneous Historical Consciousness

One of the problems of multicultural families is the loss of identity of foreign migrant women. As previously mentioned, it can be seen that the majority of foreign migrant women complain about communication. Such a communication problem has a great influence on the loss of identity of foreign migrant women.

Foreign migrant women are not able to make contact with Korean people fully due to the communication problem because of their life patterns in Korea (Lee, 2008). This leads to a decline in self-confidence and an increase in fear, and thus making the foreign migrant women increasingly take a passive attitude toward life in Korea after all (Kim, 2014).

### 2.5. Concept of Korean Chinese

After middle of 19th century, Koreans Chinese migrated to China because of economic and political reasons: By taking opportunity of China-Korea diplomatic relations in 1992, they did return - migration to Korea. Immigrants who came to Korea to be employed temporarily because of gap of development of the Korean government's policy and inter-country development to supply labor force in shortage, and to get married and to study in Korea and to visit relatives in Korea (Veciana, Aponte, & Urbano, 2005).

### 3. Methodologies

As a study method, the influence analysis of the history education and the Korean-Chinese compatriots' adaptation to Korean society, who account for the largest portion of the multicultural families in Korean society will be examined. As data survey methods, those who are interested in participation in history education were selected from Korean-Chinese compatriots living in Korea, and a survey was conducted using the samples of a total of 200 questionnaires.

#### 3.1. Contents and Hypotheses

The research hypothesis of the research problem is shown in the following <Table 1>.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>The understanding (education) of Korean history will have a positive impact on Korean-Chinese compatriots' adaptation to Korean society.</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>The demographic characteristics of Korean-Chinese compatriots a positive impact on their adaptation to Korean society</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>The adaptation to Korean society will have a positive impact on future nationality and residence areas.</td>
</tr>
</tbody>
</table>

#### 3.2. Variables

The operational definitions of the variables selected in this study were made as follows according to the purpose of this study based do the variables used in the previous studies (Kim, & Hong, 2008).

The questionnaire survey was conducted on 5~7 items for each of the level of Korean history education, the level of necessity of Korean history, and the level of perception of Korean history (measurement item: a 5-point scale). The dependent variables for the Korean-Chinese compatriots' adaptation to Korean society will be analyzed by the duration of stay in Korea or the impact of departure <Table 2>.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Content</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The level of Korean history education</td>
<td>- The level of Korean history education (China) - The level of Korean history education (Korea) - The level of additional Korean history education</td>
<td>5-point scale</td>
</tr>
<tr>
<td>Demographic characteristics</td>
<td>- Gender, age, educational background, marital status, current nationality, adaptation to Korean society</td>
<td>5-point scale</td>
</tr>
<tr>
<td>Adaptation to Korean society</td>
<td>- Period of residence in Korea, residence</td>
<td>5-point scale</td>
</tr>
</tbody>
</table>
### 3.3. Methodologies

SPSS 19 was used. Not only data coding but also data cleaning was used to do statistical processing.

First, frequency analysis was done to investigate common characteristics of the sample. Second, factor analysis was done to classify items of test tool by areas: Cronbach's $\alpha$ coefficient was used. Third, not only multi-regression but also hierarchical moderated regression analysis was done to test hypotheses (Lee, Park, & Sun, 2015).

### 4. Findings

#### 4.1. Frequency Analysis

A frequency analysis was conducted to analyze the demographic characteristics of the survey samples.

In terms of the duration of the respondents' stay in Korea, the number of the respondents who stayed less than one year was 42 (20.4%), while that of respondents who stayed between one and 5 years was 106 (51.5%). Thirty persons (14.6%) stayed between 5 and 10 years and 12 people (5.8%) stayed between 10 and 15 years, while 16 people (7.8%) stayed for more than 15 years.

In terms of current nationality, 56 people (27.2%) were Korean nationals, while the rest were Chinese nationals.

In terms of their future nationality, 84 people (40.8%) wanted to live in China by acquiring Chinese nationality. The rest wanted to have Korean nationality.

### 4.2. Regression Analysis

#### 4.2.1. Analysis of the impact of Korean history (education) on the adaptation to Korean society

This analysis was conducted for <Hypothesis 1> to verify whether the understanding (education) of Korean history has a positive impact on Korean society.

#### 4.2.2. Analysis of the impact of the adaptation to Korean society on future nationality and residence areas

This analysis has been conducted for <Hypothesis 3> to verify whether the Korean-Chinese compatriots' adaptation to Korean society has a positive impact on future nationality and residence areas.

#### <Table 3> Korean history (education) on the adaptation to Korean society

<table>
<thead>
<tr>
<th>Model</th>
<th>Non-standardization factor</th>
<th>Standardization factor</th>
<th>Probability of significance</th>
<th>Collinearity statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Standard error</td>
<td>beta</td>
<td>t</td>
</tr>
<tr>
<td>(A Constant)</td>
<td>1.150</td>
<td>.367</td>
<td></td>
<td>3.129</td>
</tr>
<tr>
<td>Period of Korean History</td>
<td>-.175</td>
<td>.063</td>
<td>-.204</td>
<td>-2.793</td>
</tr>
<tr>
<td>Education in China</td>
<td>.141</td>
<td>.048</td>
<td>.188</td>
<td>2.952</td>
</tr>
<tr>
<td>Korean History education in</td>
<td>.312</td>
<td>.074</td>
<td>.321</td>
<td>4.192</td>
</tr>
<tr>
<td>Korea</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent variable: duration of residence in Korea (duration for adaptation to Korean society)

The results of the analysis of the variables influencing the adaptation to Korean society revealed that the longer the duration of adaptation would be and that the greater the necessity for Korean history education in Korea was, the longer the duration of adaptation would be.

#### <Table 4> Korean society on future nationality and residence areas

<table>
<thead>
<tr>
<th>Model</th>
<th>Non-standardization factor</th>
<th>Standardization factor</th>
<th>Probability of significance</th>
<th>Collinearity statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Constant</td>
<td>1.250</td>
<td>.128</td>
<td>9.768</td>
<td>.000</td>
</tr>
<tr>
<td>Duration of stay in Korea</td>
<td>.289</td>
<td>.050</td>
<td>.372</td>
<td>5.732</td>
</tr>
</tbody>
</table>

a. Dependent variable: desired place of residence (selection of future nationality)

The results of this analysis of whether the residence adaptation in Korea has a positive impact on future nationality and residence areas revealed that the longer the residence duration in Korea, the greater the hope for living in Korea.

### 5. Summary

The study, we have studied the historical consciousness and related demographic characteristics of Korean compatriots living in Korea.

First, The results of the analysis of the variables influencing the adaptation to Korean society revealed that the older they are, the higher the adaptation to Korean society becomes and that unmarried persons showed the higher adaptation to Korean society than married persons. Double-income couples were found to have difficulty in adapting themselves to their residence areas or Korean society according to job selection or job location. In addition, adaptation was higher according to their current nationality and future residence areas.

Third, The results of this analysis of whether the residence adaptation in Korea has a positive impact on future nationality and residence areas revealed that the longer the residence duration in Korea has a positive impact on future nationality and residence areas.
Korea, the greater the hope for living in Korea. This will help students establish a spiritual foundation to proudly live as a 'Korean' in our society through establishing self-identity and cultivating cultural diversity.

References


Consumer Regret: Effect of Counter-Factual Thinking on Post-Purchase Behavior

Yang, Hoe-Chang¹; Kim, Young-Ei²

Abstract

This study inspected effect of counter-factual thinking on post-purchase behavior producing consumer regret at HMR selection and purchase to find out factors that HMR production and distribution business should consider. The consumers who often resented HMR purchase did counter-factual thinking on post-purchase behavior to be likely to do switching purchase. Counter-factual thinking on post-purchase behavior had negative influence upon consumer's satisfaction with HMR safety and marketing characteristics.

Keywords: Counter-factual Thinking, Post-purchase behavior, Switching purchase, Repeated purchase, HMR Satisfaction Factor.

1. Introduction

This study investigated HMR (home meal replacement) that was convenient to take and not to be healthy food. HMR has grown remarkably to compete with large businesses as well as many of small businesses at home and abroad. HMR market in Europe had volume of 11.67 billion dollars (52.4%), followed by 4.6 billion dollars (20.7%) in Asian and Pacific Rim, market volume in each country was 4.3 billion dollars in the United States (73% of the American Continent), 3.26 billion dollars in Japan and 2.12 billion dollars in France (Kim, 2017). In Korea, HMR market had grown up from 717 billion KRW in 2009 to trillion 700 KRW in 2014 according to Korea Agro-Fisheries Food Trade Corporation survey on consumers' demand. Various kinds of HMR products and premium products were released at the market to let HMR producers and distributors inspect effects of regret of HMR upon satisfaction with HMR, and effects of HMR upon switching buying as well as repeated buying to establish production, distribution and marketing strategy reflecting consumers' demand. In this study, independent variable was set to be counter-factual thinking of alternative that consumer has not selected.

This study inspected regret of HMR of consumers (61.9%) who did not buy HMR because of taste, safety and hygiene according to Korea Agro-Fisheries Food Trade Corporation survey on consumers' attitude. Various kinds of HMR products and premium products were released at the market to let HMR producers and distributors inspect effects of regret of HMR upon satisfaction with HMR, and effects of HMR upon switching buying as well as repeated buying to establish production, distribution and marketing strategy reflecting consumers' demand. In this study, independent variable was set to be counter-factual thinking of alternative that consumer has not selected.

This study investigated repeated buying through consumer's satisfaction with HMR:

Switching purchase, Repeated purchase, HMR Satisfaction Factor.

2. Theoretical Background

Consumer's regret is said to be consumer's emotion after comparing decision-making with forgone alternative and to be opposite to consumer's pleasure (Landman & Manism 1992). Consumer's regret is said to be negative emotion when consumer experiences and takes action under current situation. (Zeelenberg et al., 2002). In other words, regret is said to be cognitive emotion (Sudgen, 1985; Zeelenberg et al., 2002) after counter-factual thinking of alternative that consumer has not selected.

Satisfaction with HMR is said to be favorable experience and cognition of either product or services and to maximize business profit (Swan & Comb, 1976). Satisfaction with HMR is defined to experience favorable feeling at comparison, evaluation and selection of product and/or services (Westbrook et al., 1978). Satisfaction with HMR is said to be emotion between men's value and perceived outcome and to be individual's pleasure (Kotler, 1991), and to be consumer's response to product and/or service and to be feeling after consumption and to evaluate pleasure (Oliver, 1996).

Behavioral intention is said to be an individual's will and belief that take actions after deciding (Fishbein & Ajzen, 1980). Behavior after buying includes affirmative buying intention and negative buying intention based on assumption that behavioral intention is to make change after buying. This study investigated repeated buying intention and switching buying intention after buying.

3. Methodologies

3.1. Research Model and Hypotheses

Regret is said to be unpleasant experience at comparison between selection and non-selection (Landman, 1987) to pay regret premium (Bell, 1982) and to delay buying time (Cooke et al., 2001) and to be likely to switch product brand when buying similar type of product. Regret level varied depending upon responsibility of decision-making (Simonson, 1992) and inconsistency of the selection and cognition on give up alternative (Tsirou & Mittal, 2000). Therefore, the following hypothesis was established.

Hypothesis 1: A consumer who experienced regret has more counter-factual thinking than the who has not experienced.

A consumer who has selected or has not selected HMR product may regret to produce counter-factual thinking and to have influence upon either switching buying intention or repeated buying intention of consumers and to be likely to have influence upon satisfaction with HMR and to let consumers think much of selection and buying of satisfaction factors having negative influence. Hypothesis was based on counter-factual thinking and satisfaction factor had sub-factors. Therefore, the following hypothesis was established.
<Hypothesis 2> Consumer's counterfactual thinking of HMR buying and use has negative influence upon satisfaction with HMR.

Expectancy-discrepancy model was often used to account for judgment of consumer's satisfaction because consumer's satisfaction was influenced by difference between expectation and preliminary expectation level (Jun et al., 2001). Consumer's satisfaction can be precedent variable of either switching buying or repeated buying to give HMR producer and/or distributor reinforcing factors. Therefore, the following hypothesis was established.

<Hypothesis 3> Consumer's satisfaction factor that counterfactual thinking has negative influence may increase switching buying intention to decrease repeated buying intention.

The conceptual research model reflecting all the above hypotheses is shown in <Figure 1>.

![Figure 1](conceptual_research_model.png)

<Figure 1> Conceptual Research Model

3.2. Data collection and Measurement Scale

The subject was students at 'J' college in Metropolitan area. The survey was done from September 5, 2016 to September 23, 2016 by using structured questionnaires. 237 effective copies of experienced respondents were used.

4. Empirical Analysis

4.1. Demographic characteristics

The interviewees consisted of 134 men (56.5%) and 103 women (43.5%), and 21 to 29 years old (33.3%) of 79 persons to be the largest, followed by below 20 years old of 58 persons (24.5%) and 40 to 49 years old of 48 persons (20.3%) and 50 to 59 years old of 48 persons (20.3%). College students of 135 persons (57.0%) was the largest, followed by office workers of 49 persons (20.7%), housewives of 26 persons (11.0%) and self-employed of 19 persons (8.0%) in order.

4.2. PCA: Principal Component Analysis on consumer's satisfaction

The study measured 25 factors of satisfaction with HMR (Park et al., 2015; Yang et al., 2016; Yang et al., 2016) to produce minimum number of new variables by principal component analysis. Factor 4 with product price and brands was not used; And, the study inspected 3 factors without cognition on manufacturer of factor 1 that was thought to have no face validity. Factor 1 had 8 questions, for instance, state of food additives, main material (raw material), nutrition value, country of origin, safety, freshness, environment friendly certification, and nutrition contents, to name HMR safety characteristics. Factor 2 included 11 questions, for instance, convenience to buy, cooking time, cooking method, place to sell, taste, time to supply food, shelf life, kinds of menu, discount event, capacity, and type of packing (appearance) to name HMR selection characteristics. Factor 3 included 3 questions such as distribution path, recommendation of neighboring persons, advertising and public relations to name HMR marketing characteristics. Kaiser-Meyer-Olkin (KMO) value was 0.918 found to be good at PCA analysis, and sphericity was found to be good at Bartlett's sphericity test ($\chi^2=3052.490$, df=300, $p=.000$).

4.3. Reliability, validity and correlation

Confirmatory factor analysis was done to verify validity, and reliability was tested to verify internal consistency to have reliability of 0.808–0.927, AVE of 0.465–0.616 and Cronbach’s $\alpha$ coefficient of 0.698–0.896.

4.4. Hypothesis test

T-test was done to inspect independent samples of one group (n=147 persons) having regret experience, and the other group (n=90) to verify hypothesis 1. Group having regret experience had counterfactual thinking and switching buying intention (<Table 4>). Hypothesis 1 was adopted.

<Table 1> Results of Independent t-test

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Mean Difference</th>
<th>t-value</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterfactual</td>
<td>Exp.</td>
<td>3.23</td>
<td>0.53</td>
<td>0.283</td>
<td>3.561</td>
<td>.00</td>
</tr>
<tr>
<td>Thinking</td>
<td>No Exp.</td>
<td>2.94</td>
<td>0.62</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switch</td>
<td>Exp.</td>
<td>3.20</td>
<td>0.56</td>
<td>0.256</td>
<td>2.987</td>
<td>.003</td>
</tr>
<tr>
<td>Purchasing</td>
<td>No Exp.</td>
<td>2.95</td>
<td>0.75</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note) Exp. means Regret Experience.

Correlation was used to inspect effect of gender, age and occupation to verify hypothesis 2. And, regression analysis was done to inspect HMR safety, selection and marketing. Counter-factual thinking had significantly negative influence upon HMR safety ($\beta=-.196$, $p<.01$) and HMR marketing ($\beta=-.169$, $p<.05$), and had no significant influence upon HMR selection ($\beta=-.057$, $p=.391$). Hypothesis 2 was partially adopted.

Regression analysis was done to inspect effects of HMR safety and HMR marketing that counter-factual thinking had negative influence: HMR safety had no significant influence upon switching buying intention ($\beta=-.109$, $p=.102$) and repeated buying intention ($\beta=-.128$, $p=.053$). HMR marketing had no significant influence upon switching buying intention ($\beta=.010$, $p=.874$) and repeated buying intention ($\beta=.083$, $p=.208$). Hypothesis 3 was not adopted.

5. Summary

This study inspected effect of counter-factual thinking upon switching buying intention as well as repeated buying intention through consumer's satisfaction attributes. The study found out effect of counter-factual thinking upon HMR, and effect of consumer's
satisfaction upon switching buying intention as well as repeated buying intention to find out condition of the appeal that HMR producer and distribution thought much of.

The findings and implications were:
First, consumers who regretted HMR buying had more counterfactual thinking than the ones who did not regret: The former was likely to do switching buying. As shown in expectancy-discrepancy model, consumers who were not satisfied with HMR buying and use were likely to produce more counterfactual thinking and to neglect products and/or brands bought and to do switching buying.
Second, counterfactual thinking had negative influence upon satisfaction with HMR safety and marketing. Nonetheless, consumers were likely to believe in their own selection of cognition dissonance theory proposed by Festinger (1957), and the psychological mechanisms of the contrast effect and causal inference proposed by Roese & Olson (1997). After counterfactual thinking, regret of HMR buying was likely to destroy not only satisfaction with HMR product but also appeal through marketing.
Third, counterfactual thinking for lessening of regret could reduce satisfaction factors, and HMR safety could control switching buying intention to be consumer's important satisfaction. This study supported upward of counter-factual thinking not to switch product immediately at one time error at selection, buying and use of product when HMR producer and/or distribution got consumer's satisfaction.

References
Amazon’s Distribution Strategy: Doing the Right Things

Hahn, Yoonah\textsuperscript{1}; Yoon Myoung-Kil\textsuperscript{2}; Kim Dongho\textsuperscript{3}

Abstract \textsuperscript{123}

The purpose of this paper is to analyze and illustrate Amazon’s distribution strategy and its success. This paper examines Amazon’s distribution strategy to demonstrate the importance of distribution strategy to the success and sustainability of its organization. The analysis indicates that the distribution strategy, including technology, shipping, and distribution infrastructure, is the most vital factor for the success of Amazon. Recognizing the importance of distribution systems, constantly innovations convenient and on-time delivery methods, and taking control of inventory and shipping activities have separated Amazon from its competitors and led Amazon to establish many different types of fulfillment facilities all over the world. Given Amazon’s continued growth that came with its constant strive for delivery and cost efficiency and customer satisfaction, it was inevitable that Amazon would eventually venture into the actual shipping business and emerge as the competitor of the traditionally well-known shipping companies such as DHL, FedEx, and UPS. The previous and current Amazon’s distribution strategies demonstrate that Amazon will continue to focus on developing and implementing new and creative distribution strategies to separate itself from the rest of the retail and e-businesses.

Keywords: Amazon, Distribution Strategy, Right Things.

1. Introduction

Starting as an online bookstore in 1995, Amazon.com Inc. (hereinafter “Amazon”) has grown to be the world’s largest online retailer, operating more than 361 fulfillment centers, Prime Now hubs, and other facilities in 14 different countries as of January 2017 (MWPVL, 2017). It sells almost everything from electronics to baby and beauty products to gardening tools to music and videos, among vast others. Despite the ups and downs and the misgivings of the Wall Street throughout the years, Amazon and its founder Jeff Bezos have insisted on the three criteria that “revolve around the customers and their demands: the best selection, the lowest prices, and cheap, convenient delivery options” (Amazonian Strength, 2008). It is now no secret that Amazon has revolutionized the online retailing business and delivery systems around the world.

While “gauging its strategy county-by-country with the goal of securing capacity and increasing customer convenience”, Amazon has changed the game of the e-tailers by first launching the same-day delivery service, soon followed by one-hour delivery service in major U.S. cities and even a Wi-Fi-connected Dash buttons for immediate re-ordering of select products, making it a “when-I-want-it and where-I-want-it” delivery service for its customers (Lierow, Janssen, & D’Inca, 2016). In order to accomplish this feat, Amazon has not only partnered with several delivery companies and acquired its own fleet of trucks, but also developed an app called Amazon Flex, which registers private drivers and matches them for an Uber-like delivery service for packages (Id.).

2. Conclusions

Amazon’s efforts into distribution infrastructure may have initially been to control rising costs and efficiency of its delivery system. With Amazon’s continued growth and constant strive for innovation and customer satisfaction, it seems inevitable that Amazon would eventually command its own network of distribution infrastructure from direct last mile deliveries to cross-border and oceanic distribution service, which will create a situation all over the world with additional benefits that other traditional shipping companies would not be able to provide. Based on the analysis, Amazon’s distribution strategies demonstrate that Amazon would continue to focus on developing and implementing new and creative distribution strategies to separate itself from the rest of retail and e-businesses.

References


A Study on Predicted Expansion of Electric Vehicles Using the Technology Adoption Life Cycle Model: Focusing on the U.S. Market

Kim, Yong-Tae¹; Choi, Sung-Wook²

Abstract¹²

With the rise of environmental issues, regulations on carbon emissions of automobiles are rising. In response to this, governments around the world are providing full support for electric vehicles. Accordingly, many market experts expect the electric vehicle market to rapidly develop and expand in the near future. This study aims at providing implications from various angles for the government, companies and individuals by predicting the demand of electric vehicles. This study applied the technology adoption life cycle model based on internal combustion automobiles, digital cameras, and cable TV market data as the main methodology for this. It is expected that this study will provide directions for various strategies to those involved in the electric vehicle industry, future users, and government personnel.

Keywords: Electric Vehicle, Internal combustion engine, Technology adoption life cycle, Target Market

1. Introduction

There are no objections to the claim that the paradigm of the automobile industry will shift from internal combustion engines to electric energy. However, there are different opinions on when electric vehicles will become the mainstream market. As of 2016, electric vehicles account for 2.24% of the entire automobile market in the US. This is a very fractional amount, and considering the fact that Former President Obama signed an executive order that mandated 50% of official-use vehicles to be purchased among plug-in hybrid vehicles (PHEV) or battery electric vehicles (BEV), it can be said that aside from public institutes, almost no general consumers use electric vehicles.

Despite this, experts all agree that electric vehicles are the most probable eco-friendly vehicle that can replace today's internal combustion engine vehicles. Though current sales are low, I believe that EVs will soon enter the mainstream market, and accordingly, now is the time to predict demands for EVs from various perspective.

This study will ultimately assist consumers who have difference preferences make their decision to purchase electric vehicles, and it is expected to contribute in establishing directions or plans that EV makers should take or make. It will also contribute to creating plans for constructing infrastructure and for predicting the energy demand, while also providing various implications for Korea's EV industry as well.

2. Theoretical Background and Prior Study

Chae and Jung (2013) proposed the analysis model to estimate the life cycle costs of electric vehicles based only on the attributes of EVs, and also analyzed the life cycle expenses of EVs in Korea based on empirical data. Based on this, he applied the Bass diffusion model to come up with various scenarios to predict the future demand for EVs. It was presumed that EVs would have better price competitiveness in terms of life cycle expenses than internal combustion engine vehicles after 2019, and that once a mass production system is established, it will be able to reduce air pollution significantly, while also being an alternative for the finite petroleum resources. He claimed that through such support, it will be possible to procure competitiveness in the future for EVs, while also accelerating the implementation of EVs.

Chae et al (2011) identified how the demand of EVs in the future will be proliferated through SP investigations by categorizing passenger vehicles as compact, mid-size and full-size automobiles. Judging that there are limitations to predict the demand of EVs with the Bass model, Chae et al proposed the choice-based multigeneration diffusion model. Upon carrying out SP surveys using the hybrid vehicle market, it was analyzed that the price of EVs will not be as price competitive as internal combustion engine vehicles and hybrid vehicles in the initial stages, but the price will begin to drop, and that more people will begin selecting EVs as the charging time shortens. However, this methodology also has room for improvement so further research is necessary.

3. Research Model and Proposition Setting

This study is not an empirical study based on surveys, but is based on case studies instead. The reason for this is because the technology adoption life cycle is theoretically an 'analogy' operation (Robert et al., 2000). Moreover, it is also validated empirically (Goldenberg & Muller, 2002). Therefore, we need a systematic and organized methodology to obtain logical feasibility, and five essential propositions were selected for predicting the demand for electric vehicles in the US market. <Figure 1> is a diagram for the research methodology of this study.
Proposition 1. Chasm and tornado analysis of internal combustion engine automobiles
Proposition 2. Analysis regarding early majority target market of internal combustion engine automobiles
Proposition 3. Tornado analysis of electric vehicles
Proposition 4. Current location analysis of electric vehicles
Proposition 5. Prediction regarding early majority target market of internal combustion engine automobiles

4. Verification of Proposition

4.1. Proposition 1. Chasm and tornado analysis of internal combustion engine automobiles

<Figure 2> shows that production volume increased greatly from 1920 to 1930. But after 1930, production volume decreased considerably and then began to rise again. However, it did not exceed the production volume of the previous period, so it cannot be said to be in the tornado in which it goes to the early majority. Therefore, this period can be said to be the stage that appears to be in the tornado before going to the mainstream market in the early adopter stage before going to chasm.

Production volume, which can be used to estimate sales, also increased by approximately four million vehicles from one million in the 1920s to five million. As it drew an unprecedented ascending curve after the second world war, it would be appropriate to view this period as the tornado period.

4.2. Proposition 2. Analysis regarding early majority target market of internal combustion engine automobiles

The period to take notice of during the course of analyzing the period where the continuously rising automobile production volume began to drop was the Great Depression in 1929. During this time, consumer confidence dropped in the American market, and since automobile prices did not drop, there were not many consumers who wished to make purchases. With the start of the second world war, automobiles became even less essential for general consumers. Excluding this period, there are no periods in which there were rapid changes in trends. Therefore, the chasm period of internal combustion engines can be said to be from 1929 when the Great Depression occurred until 1945 when the second world war ended.

In order to diagnose this period as the chasm period and to examine whether it led to the early majority market, analyses were made from the two perspectives of automobile production volume and sales volume. For the sales volume, it can be viewed from two different aspects. They can be looked at from the total automobile sales as shown in <Figure 4> and automobile sales compared to population as shown in <Figure 5>. There are no great differences in the two different data types, and there were increases and decrease both small and large. However, it is evident that sales are dropping continuously since 1986. Therefore, 1986 can be viewed as the apex
4.3. Proposition 3. Tornado analysis of electric vehicles

In the case of internal combustion engine automobiles, it took approximately 45 years to reach the tornado. Then, the period it requires for EVs to reach the tornado was identified for comparison.

<table>
<thead>
<tr>
<th>Year</th>
<th>Automobile</th>
<th>EV</th>
<th>Rate(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6,089,403</td>
<td>17,425</td>
<td>0.29</td>
</tr>
<tr>
<td>2012</td>
<td>7,243,654</td>
<td>52,607</td>
<td>0.73</td>
</tr>
<tr>
<td>2013</td>
<td>7,780,710</td>
<td>97,507</td>
<td>1.25</td>
</tr>
<tr>
<td>2014</td>
<td>7,918,601</td>
<td>122,438</td>
<td>1.55</td>
</tr>
<tr>
<td>2015</td>
<td>7,731,429</td>
<td>116,099</td>
<td>1.50</td>
</tr>
<tr>
<td>2016</td>
<td>7,105,162</td>
<td>159,139</td>
<td>2.24</td>
</tr>
</tbody>
</table>

First, when examining the sales of electric vehicles in the US market in the past six years, it was only 345 in 2010, which rose explosively to 159,139 in 2016. However, when looking at it from the total sales of all vehicles, EVs only accounted for 2.24% in 2016. Though the growth rate (4960%→201%→85%→26%→5.2%→37%) increased significantly, sales of 2010 is limited to December, and due to the low initial sales of EVs, it has an optical illusion effect that makes it appear as though the rate was huge. Objectively speaking, this is a very insignificant level, and when considering the actions that required the US public institutes to purchase 50% of official-use vehicles as PHEV or BEV, it falls way short to be able to say that this has become commercialized. Though it is certain that sales increased greatly, it would be overhearing to say that the early majority are making purchases. When examining the characteristics of the early majority, they are pragmatists and tend to be interested only in innovative technologies verified through results. However, EVs still have many challenges to overcome such as charging infrastructure issues, battery issues, and price issues. To sum up, the sales rate of EVs is only 2.24% and when taking into account that consumers who purchased EVs do not show the characteristics of the early majority, it can be said that the EV market in the United States has not yet reached the tornado period.

4.4. Proposition 4. Current location analysis of electric vehicles

The current position of EVs will be examined through consumer features and numerical data. First, when examining based on consumer features, Also, according to <Table 1>, it is evident that sales increased after partially resolving the defect of the absolute lack of battery capacities in 2015. Therefore, it can be said that it is passed the innovator stage and is now in the early adopter stage. But when considering that automobile makers are producing EVs due to government support and regulations, rather than to make profits, current consumers are unable to fulfill the role of fund procurers needed to formulate the early market. Thus, while the early adopter stage has been entered, it cannot be said that it has landed successfully yet. Ultimately, chaos has not yet arrived, and is currently in the initial early adopter stage.

According to data, sales of EVs are continuously growing, but not by much. When examining the data from 2011 to 2016, the rate of EV sales among all automobile sales does not exceed 3% yet. This is a very low level when considering the fact that many experts and professionals point EVs as next-generation vehicles and the massive amount of support provided by the government.

4.5. Proposition 5. Prediction regarding early majority target market of internal combustion engine automobiles

This study states that EVs target a market in which it would substitute approximately 50% of existing internal combustion engine vehicles. This is because when examining the number of automobiles per household in the United States for the past 25 years, it has been maintained at about two automobiles. However, it is expected to difficult to substitute both automobiles by the time that the electric vehicles reach the highest point of early majority. Therefore, it is expected that one car per household will remain as an internal combustion vehicle, while the other remaining automobile will be an EV. Hence, it would not be plausible to predict the demand of EVs just by looking at internal combustion engine vehicles, and therefore, other household appliances that each household would at least have one of, and are prone to have another substitute of the said product. Among the various products, those with the most suitable data type for this study were color TV, cable TV programs, and digital cameras.

First, when analyzing the time it takes to go from the initial stage to the early adopter stage, color TV accounted for more than 2.5% in its first year to reach the early adopter stage. It took two years for digital cameras, six years for cable TV, and approximately nine years for internal combustion engine vehicles. Excluding 2010 where data exists only for the month of December, when compared to the above, EVs took approximately six years from 2011. Based on these numbers, the time it will take for EVs to account for one vehicle per household in the United States was estimated. First, when compared to cable TV, the data from 1960 when cable TV subscription first appeared was analyzed, and it was calculated that it EVs would reach the highest point of the early majority in 28 years, which would be faster than 2038. Next, when compared to internal combustion engine vehicles, it is predicted that EVs will reach the highest point of the early majority in 2043. However, it is expected that the time it takes to reach the pinnacle of the early majority will be faster than that for internal combustion engine vehicles. In the case of digital cameras, it is the most recent discontinuous innovative product, and so it is likely that EVs will have a similar flow in terms of speed to reach the target market. Therefore, when substituting digital cameras in the technology adoption life cycle model of EVs, it is predicted that EVs will reach the apex of the early majority in 2037.

When summing up all the data above, it was judged that the time in which EVs account for one automobile in each household in the US will be between 2037 and 2038, which is 27-28 years after sales begin.

5. Conclusion

Because EVs were judged to be discontinuous innovative products
in this study, the future predicted demand was deduced based on the technology adoption life cycle model focusing on the chasm and tornado periods (Elgort, 2005). In particular, after examining the chasm, tornado, early majority apex period based on the production volume and number of registered vehicles from the 1900s, and the sales volume from 1951 for the internal combustion vehicle industry, which is the backbone data, the time needed until reaching the pinnacle of early majority was predicted. However, there is a time difference of 110 years since the first sales of EVs and internal combustion engine vehicles. Therefore, in order to offset this, cable TV and digital cameras, which have relatively closer sales times as that of EVs, were used to predict how much further EVs would be accelerated in reaching the target market, which is the high point of the early majority.

When comparing the future of the EV market based on the internal combustion engine vehicle data, it is expected that the highest level of the early majority for EVs will be reached by approximately 2043. But when analyzing based on cable TV and digital cameras, which are relatively more modern products, it is expected that it may be reached as early as 2037 or 2038. The biggest variable for this prediction, however, is the speed of development of relevant industries and the social environment. For example, EVs will be more likely to reach the tornado depending on how fast and how vastly charging infrastructure is built. In addition, the speed of constructing the charging infrastructure according to the speed of development of batteries will also have a huge impact on how quickly it progresses.

References


Traditional Markets Performance Analysis Considering the Impact of Large Discount Stores

Yoo, Byong-Kook¹; Kim, Soon-Hong²

Abstract

The support policy for the traditional market has been a uniform support method focused on facility investment. As a result, it did not show any remarkable achievement compared to huge financial support. Therefore, the need for differentiated support methods based on more rigorous performance evaluation for each traditional market has been raised. In this paper, we will modify the traditional DEA model using the two stage method for a more reasonable evaluation of the traditional markets. After calculating the bias-corrected estimator of efficiency scores using bootstrap from original ones in the first stage, the relationship between environment factors and the bias-corrected scores is assessed. Among the five environmental factors, the residential population and the presence of large discount stores or SSMs were statistically significant.

Keywords: Traditional markets, Large discount stores, Bias-corrected efficiency scores, Two stage Data Envelopment Analysis (DEA).

1. Introduction

A study on the existing performance analysis of the traditional markets can be said to require improvement in the following points. First, until now, the traditional market support policy was a almost unified support system considering all traditional markets as a unit. However, it is necessary to consider each traditional market as a distinct and independent decision-making unit to improve the performance of each traditional market. Therefore, each traditional market’s own efforts should be an important factor in performance evaluation (Park, 2017). Second, each individual traditional market is often in a different external environment that is difficult to control by itself. The presence of such an external environment can be also an important factor influencing performance regardless of the efforts of the traditional market itself. The impact of competitive retailers such as large discount stores on sales and management efficiency of traditional markets has attracted much attention (Chun & Chae, 2003; Park, 2003). In spite of this policy importance, however, many researches have been mainly based on the subjective estimation of the impact based on the questionnaire. Therefore, more robust study based on the quantitative analysis are necessary. The performance evaluation and support strategies should be devised in accordance with the situation of each traditional market considering the external environment such as the existence of large discount stores or SSM(super supermarket), the size of resident population and so on.

In this study, we propose a modified two stage DEA model of the traditional DEA model by identifying the influence of external environmental factors including large discount stores as non-discretionary variables or environmental factors in DEA. In other words, the aim of this research is not only to evaluate the relative technical efficiency of Korean traditional market in the first stage, but also to reveal the external determinants of their performance in a comparative setting. To achieve this, analysis is enriched by the second stage in which the DEA scores are regressed on a couple of potential external determinants of efficiency with the use of Simar and Wilson’s bootstrap procedure (2007), in order to ensure statistical proficiency.

2. Data

The data used for the study are data on 49 traditional markets in Incheon, which were surveyed by the small enterprise and market service (SEMAS) in 2013.

3. Results of the Empirical Analysis on Efficiency Performance

3.1. First step DEA results

In <Table 1>, we present the summary of two efficiency estimates: original efficiency scores and bias-corrected scores. The mean value of the original efficiency scores is 0.73 (73%), the highest efficiency score is 1 (100%) and the lowest efficiency score is 0.36 (36%). 17 of the 48 traditional markets (29%) in our data are 100% efficient, obtaining efficiency scores equalling 1. To eliminate the bias and improve the discrimination of DEA, we first estimate the bias and obtain a bias-corrected estimate. Bias-corrected efficiency scores obtained by bootstrap method described by Simar and Wilson (1998) are presented. Their mean value is 0.61 (61%), the highest efficiency score is 0.83 (83%) and the lowest efficiency score is 0.31 (31%). Since we are assuming an input-oriented approach, the traditional market would have to decrease its input by the factor (1-DEA score)100% in order to reach the frontier. Therefore, the efficiency score of 0.61 indicates that, when examining the traditional markets analyzed here, their input could be saved by as much as 39%, keeping their output stable.

<Table 1> Comparison of two efficiency scores

<table>
<thead>
<tr>
<th>efficiency scores</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Median</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>original</td>
<td>0.72662</td>
<td>0.21798</td>
<td>0.69604</td>
<td>0.35763</td>
<td>1</td>
</tr>
<tr>
<td>bias-corrected</td>
<td>0.60522</td>
<td>0.15589</td>
<td>0.60259</td>
<td>0.31182</td>
<td>0.82649</td>
</tr>
</tbody>
</table>

¹ Professor, Department of International Trade, Incheon National University. E-mail: bkyoo@incheon.ac.kr
² Correspondent Author, Professor, Department of International Trade, Incheon National University, Korea. E-mail: snow8817@incheon.ac.kr
As shown in <Figure 1>, the bias-corrected scores for all the traditional markets are shown to be reduced from the original scores indicating lower efficiency in relation to the original ones. The vertical difference between the two graphs represents the magnitude of the bias for each DMU.

<Figure 1> Efficiency scores of DMUs

3.2. Second step bootstrap regression results

At this stage, DEA scores are linked through a parametric model with additional variables, describing resident population, floating population, presence of large discount stores or SSMs, number of the commercial facilities, number of the transportation facilities. The model to be estimated takes on the following form:

\[ \theta_i = \alpha + \beta_1 \text{Pop}_i + \beta_2 \text{Flow}_i + \beta_3 \text{Mart}_i + \beta_4 \text{Facility}_i + \beta_5 \text{Traffic}_i - e_i, \]

where \( \theta_i \) is a bias-corrected score of traditional market and, indicate resident population, floating population, presence of large discount stores or SSMs, number of the commercial facilities, number of the transportation facilities of traditional market, respectively. We obtain 500 replications for each parameter estimate of the marginal effect of these environmental variables. Last, we construct bootstrap-based 95% confidence intervals for each parameter estimate.

<Table 2> gives the results of the second stage truncated regression. The bootstrapped coefficients, standard errors and p-values, 95% confidence intervals are reported. The Wald \( F \) test for model fitness for five degrees of freedom is 15.091 with a \( p \)-value of 0.01. The model appears to fit the data well. The model reveals that efficiency scores are statistically significant with two variables pop and mart, positively and negatively, respectively. Thus, the Bootstrapped procedure shows that the resident population and the presence or absence of large discount store or SSM can be considered as the driving forces influencing efficiency of traditional markets in Korea. In other words, if there is a large discount store or SSM around a traditional market, the efficiency of the traditional market is reduced by about 0.125 compared with the case without a large discount store or SSM. On the other hand, as the number of residents in the surrounding area increases by 10,000, the efficiency increases by about 0.02.

References


The Effects of Retirement Buying Factors and Satisfaction on Retailer's Online Shopping

Kim, Jong-Jin

Abstract

These days, online shopping at virtual space has grown up rapidly owing to developed information technology. Inexpensive online shopping can meet reasonable consumption pattern despite long time stagnation to be new growth power of distribution industry. In 2015, online shopping sales including Internet and mobile shopping reached 52 trillion KRW to be larger than sales of big mart and/or department stores and to be likely to be the largest distribution channel in the nation. Not only businesses but also academic circles have paid attention to rapid growth of online shopping market to research actively and to research elderly consumers' online shopping rarely.

Keywords: Retirement Buying Factors, Satisfaction, Retailer's Online Shopping

1. Introduction

These days, online shopping at virtual space has grown up rapidly owing to developed information technology. Inexpensive online shopping can meet reasonable consumption pattern despite long time stagnation to be new growth power of distribution industry. In 2015, online shopping sales including Internet and mobile shopping reached 52 trillion KRW to be larger than sales of big mart and/or department stores and to be likely to be the largest distribution channel in the nation. Not only businesses but also academic circles have paid attention to rapid growth of online shopping market to research actively and to research elderly consumers' online shopping rarely. Businesses and academic world think that young people in their 20s and 30s make use of Internet, while the elderly do not make use of online shopping. The thought has made change at growth of the elderly having buying power and high consumption. Being different from elderly generation in the past relying upon children, today's elderly generation is independent to consume a lot. New elderly generation in their 50s and 60s consumes a lot to look for consuming life more than young consuming group and to be main consuming group(Kim, 2014). The ones in their 50s and 60s live consuming and leisure lives based on economic power after retirement to participate in social life actively and to differ from elderly generation having passive life styles. Currently, the ones in their 50s occupy 13.7% of total population, and in 2020, the elderly having economic power is likely to occupy more than half of total population of elderly. Market scale for the elderly is likely to increase 3 times from 44 trillion KRW in 2010 to 148 trillion KRW in 2020 (Statistics Korea). More elderly has participated in economic activity at extension of life expectancy to let distribution business have more influence(Oh, Nam, & Yun, 2014).

The purpose of the study was to investigate online shopping behavior and effects of the ones in their 50s and 60s based on mediating effect of buying satisfaction upon online shopping. The study investigated causal relation between effects having influence upon online shopping behavior to give theoretical base on the use of online shopping. The study gave implications of consumption attitude of silver generation as well as senior consumers in aging society.

2. Theoretical Background

2.1. Definition of senior and elderly

Terminologies of senior and elderly have been widely used to be difficult to define exactly. The elderly has been defined to be the one who makes change of psychology and physical body to decrease psychological function and to belong to social relation in the past. Time of the retirement is said to lose function of physical body from point of view of physiology and to decrease adaptation to environmental change as well as integration and to retire from first line life at retirement and/or transfer of rights of home affairs(Choo, 2015). The elderly is said to be the one who makes change of behavior at aging process. Aging speed may vary depending upon individual to be difficult to decide upon by chronical age so that reference age of the elderly has been on dispute(Federico, 2005). Recent studies said that reference age of elderly consumer groups varied from 45 years old to 65 years old. In Korea, the elderly is allowed to subscribe to the Korean Senior Citizen Association at the age of more than 60 years old, and not only the Act on Life Protection but also the Act on Elderly Welfare said that 65-years old person was the elderly, 50-years old or more person was said to be the elderly from point of view of user and/or consumer. These days, new type of the elderly having buying power and consumption ability increased, so that terminology of senior instead of either older consumer and/or silver consumer was used(Eastman & Iyer, 2005).

2.2. Influence upon consumers' buying decision

Consumers cognized by product price, assortment and expectation of quality of the product at Internet shopping mall. Attitude and buying behavior of Internet shopping varied depending upon difference of the reaction. At investigation into consumer's buying behavior on Internet, consumers thought much of price (29.1%) followed by quality (24.7%) and brand (21.4%). Consumers could not perceive quality by using sense and studies gave solution. Consumers buy by making use of various kinds of factors, for instance, trademark, packing, delivery and services of online, and smell, taste, texture and display of offline(Koufaris, 2002).
E-commerce's buying process is customer's shopping by web surfing at virtual place, and consumer's reliability upon shopping mall business may have influence upon buying decision. TMON, social commerce business, said that sales of the consumers in their 50s or older occupied 3.83%. Customer transaction of the 50s or older accounted for 127,432KRW was the largest to be more than that of the 20s (83,193KRW), the 30s (112,644KRW) and the 40s (121,043KRW). Customers in their 50s or older buying musical instrument from auction of 1st quarter of 2013 occupied 16% to be more than 50% up to 2 years ago. Hyundai Home Shopping allocated silver use commodity at golden hour such as Phonak and adult use diaper(Collier & Bienstock, 2006).

2.3. Buying decision of elderly Internet shopping

Consumers relying upon Internet and/or smart phone got information by Internet surfing (46.9%), Internet shopping mall (37.9%) and advertising (32.1%) before buying commodity and/or service. And, indexes of business website (3/2%), advertising e-mail (10.6%) and TM/letters (3.7%) were low. Digital media and IT equipment were supplied so that traditional channels had less influence than current online channels did. Online channels such as Internet surfing retrieval (48.7%), product price information of online shopping mall (42.5%) and review of blog and/or bulletin board had influence upon consumer's buying(Eastman & Iyer, 2005). Ratio of the customers relying upon advertising accounted for no more than 14.2%. Construction can be effective to inform brands and/or cognition on the product at the stage of information retrieval and to play limited role when consumers compare product after selecting preferred product. Internet and media environment made change at time elapse to differ from environment of traditional media to expand effect of digital media rapidly: Consumers were asked to give information based on patterns and motives and to exercise power at decision-making. Consumers accept affirmative impression not from words but from words and/or image. When consumers are given first impression of the product, they buy regardless of minor defect(Koufaris, 2002).

2.4. Customer satisfaction

Since the 1970s, scholars actively researched marketing area of customer satisfaction. Precedent studies defined concept of customer satisfaction in different way to vary depending upon focus on the result. Customer satisfaction comes from consumption experience from point of view of result to inspect cognition, rating and psychological process. Customer satisfaction can be made at repurchase of commodity and/or reuse of service when customers are satisfied with desire and expectation(Choo, 2015). Customer satisfaction was thought to be proper of customer's sacrifice regarding product quality, performance, employee's service at the shop and after sales service and others, for instance, supply of commodity, customer's actual satisfaction comparing with expectation. Prices had influence upon customer satisfaction along with shopping convenience, commodity assortment, commodity information and seller's characteristics. Customer satisfaction includes overall rating based on buying and consumption of commodity and services at time elapse. Customer satisfaction is said to be customer's favor at consumer's buying, comparison and evaluation(Federico, 2005).

References


Capital Structure Adjustment: Evidence from the Korean Financial Market

Lee, Jeong-Hwan¹; Yoon, Bohyun²

Abstract

The existence of capital structure adjustment costs potentially influences the test of the trade-off theory of capital structure. We analyze whether there exist economically meaningful adjustment costs in the Korean financial market. We adopt the duration analysis of Leary and Roberts (2005) to estimate the hazard rate of capital structure adjustments. The publicly traded firms listed in the KOSPI market are examined from 2000 to 2016. Our empirical analysis finds inactive capital structure adjustments for the listed Korean firms, consistent with the U.S. evidence. However, our duration analysis emphasizes the significant role of fixed adjustment cost in the determination of capital structure adjustments, in contrast to the existing studies emphasizing both of fixed and convex cost components. This paper verifies the existence of capital structure adjustment costs for the publicly traded Korean firms. Yet, our results argue for the importance of fixed adjustment costs in capital structure decisions, unlike the existing studies.

Keywords: Capital Structure, Adjustment Costs, Trade-off Theory

1. Introduction

While the standard trade-off theory (Modigliani & Miller 1958) predicts that a firm continuously maintains optimal debt to equity ratios, extant empirical studies highlight deviations from these optimal levels. For instance, Fama and French (2002) show that firms' leverage ratios adjust slowly toward their target levels. Baker and Wurgler (2002) report that historical effects of equity issuances based on market timing have a persistent impact on capital structures variables. Leary and Roberts (2005) confirm that these slow rebalancing behaviors are in line with the existence of fixed and convex adjustment costs by conducting a duration analysis.

We adopt the duration analysis of Leary and Roberts (2005) and study the role of capital structure adjustment costs in the Korean financial market. We employ their semi-parametric duration model to estimate the hazard rate curve for a firm’s capital structure adjustments. Then we compare the shape of the estimated hazard curves with the simulated ones analyzed in Learn and Roberts (2005).

This paper presents two interesting findings. First, we confirm that Korean firms are inactive with respect to their financial policies. For 70% of our sample’s firm-quarter observations, the Korean firms neither issue nor repurchase their own securities, in line with the U.S. evidence of Leary and Roberts (2005). Next, our duration analysis confirms that the estimated hazard rate curve monotonically increases. This increasing hazard rate is in line with the significant role of fixed adjustment costs. Such an importance of fixed cost is inconsistent with the results of Leary and Roberts (2005), which highlight both of the fixed and convex adjustment costs in directing capital structure variables.

This paper proceeds as follows. Section 2 reviews the literature. Section 3 depicts our empirical model. The estimation results in Section 4. Section 5 concludes.

2. Related Literature

Although the trade-off theory (Modigliani & Miller 1958) posits that firms maintain an optimal leverage ratio that balances the costs and benefits of debt outstanding, a growing branch of literature has examined the importance of capital structure adjustment costs driving slow rebalancing toward target leverage ratios. Fischer et al. (1989) theoretically verify that even a small cost of recapitalization can result in long periods of financial inactivity. The implication of this view is that leverage ratio will be persistent, in the sense that firms would not always respond to shocks that affect their capital structure. Altinkilic and Hansen (2000) verify the significance of direct financing costs in capital structure choices by estimating equity and debt issuance cost functions. Leary and Roberts (2005) empirically examine the trade-off theory of capital structure, allowing for costly adjustment in capital structure. In particular, their simulation analysis shows that under the fixed cost of adjustment, the hazard rate is increasing in time; under the proportional cost of adjustment, the hazard curve is steeply downsloping; under a fixed plus a weakly convex cost of adjustment, the hazard curve becomes a more moderately downward-sloping. They conclude that the convex and fixed adjustment costs properly explain capital structure policy of U.S. firms.

3. Econometric Model

We employ the semi-parametric duration model developed by Leary and Roberts (2005). Let us denote T as a random variable capturing the duration or time between capital structure adjustments. The period of financing inactivity between adjustments is denoted as a spell. Then the hazard rate function is defined as

\[ h(t) = \lim_{m \to 0} \frac{P[T \leq t + m, T > t]}{m} \]

and specifies the instantaneous rate at which a firm changes its capital structure conditional on not having done so for time t. With less formality, h(t|m) gives us the probability that a firm will change its capital structure in the following m units of time, given not having adjusted up to time t.

Leary and Roberts (2005) parameterize the hazard rate function of
the jth spell as
\[ h_j(t|\omega) = w_j h_0(t) \exp(\omega_j(t) / \beta) \]
where \( \omega \) is a random variable representing unobserved heterogeneity, \( h_0(t) \) is a step function indicating the baseline hazard, \( \omega_j(t) \) is a vector of covariates, and \( \beta \) is the parameter vector corresponding to the covariates. In line with the extant models, they assume that the unobserved heterogeneity component has a gamma distribution and conduct the estimation by using the maximum likelihood method.

4. Empirical Analysis

We use the WISEfn database to collect quarterly data of Korean firms listed in the KOSPI market from 2000 to 2016. To indicate whether a change in capital structure has occurred or not, we adopt the approach of Leary and Roberts (2005). We define six types of financing “spikes” in line with Leary and Roberts (2005): leverage increase, leverage decrease, equity issuances, equity repurchases, debt issuances, and debt retirements, each of which is represented by a binary variable describing whether or not a spike has occurred for firm i in a given time period t. A spike is defined as having occurred if the net change in the ratio of debt to asset, equity to asset or leverage is larger than 5%. Exception is debt retirement which uses a 1.25% cutoff. We also include several firm characteristic variables related to firm size, M/B ratio, profitability, volatility, tangibility, stock return and z-score as in Leary and Roberts (2005).

<Table 1> Summary Statistics

<table>
<thead>
<tr>
<th></th>
<th>No. Adj</th>
<th>Percentage of periods</th>
<th>Right Censored</th>
<th>Median duration</th>
<th>Adj per Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Mean</td>
</tr>
<tr>
<td>No adjustment</td>
<td>25053</td>
<td>70.10%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Debt Issue</td>
<td>5625</td>
<td>15.74%</td>
<td>1512</td>
<td>3</td>
<td>5.32</td>
</tr>
<tr>
<td>Debt Retirement</td>
<td>4394</td>
<td>12.30%</td>
<td>1479</td>
<td>4</td>
<td>6.29</td>
</tr>
<tr>
<td>Equity Issue</td>
<td>639</td>
<td>1.79%</td>
<td>1723</td>
<td>6</td>
<td>10.96</td>
</tr>
<tr>
<td>Equity Repurchase</td>
<td>739</td>
<td>2.07%</td>
<td>1715</td>
<td>7</td>
<td>13.02</td>
</tr>
<tr>
<td>Leverage Increase</td>
<td>5745</td>
<td>16.08%</td>
<td>1502</td>
<td>3</td>
<td>5.26</td>
</tr>
<tr>
<td>Leverage Decrease</td>
<td>4725</td>
<td>13.22%</td>
<td>1471</td>
<td>4</td>
<td>5.98</td>
</tr>
</tbody>
</table>

<Table 1> provides the results of summary statistics for each type of capital structure decisions. One interesting result is that in 70% of the quarters in our sample, no adjustment in capital structure occurs. To be precise, a majority of the time firms are inert with respect to their financing policies. However, because we are examining the data with a quarterly frequency, a 70% inactivity rate points out that firms change their capital structures once a year, on average. Accordingly, financing activity is frequent but not continuous as in Leary and Roberts (2005).

<Table 1> also documents summary information on the spell durations of financing policies. The median duration of each financing policy of spell ranges from three quarters for debt issuances to seven quarters for equity retirements. Leverage increase has three quarter of median duration but leverage decrease has four quarter of median duration.

<Figure 1> estimates the hazard rate curve for the six types of capital structure adjustments depicted above. The estimation takes account of the firm characteristic variables as well. Our estimates of the baseline hazard \( h_0(t) \) are presented in <Figure 1>. Each panel describes the hazard rate along the quarter of interval according to the six types of financing activities.

<Figure 1> clearly shows that the hazard rate reveals a monotonically increasing pattern. To be precise, except the case of equity issuance, all other capital structure adjustments are involved with increasing hazard rates along the time dimension. Only the stock issuance case shows a hump shaped hazard rate curve unlike other capital structure changes.

Such an increasing hazard rate curve stresses the importance of fixed adjustment costs in the decision of capital structure changes. The simulation analysis of Leary and Roberts (2005) argues that the hazard rate is increasing in time under the fixed cost of adjustment. Other adjustment costs do not provide such a pattern. Accordingly, the result of <Figure 1> is consistent with the fixed adjustment cost case in the duration analysis of Leary and Roberts (2005).

This finding is inconsistent with the U.S evidence of Leary and Roberts (2005). Their empirical examination shows moderately decreasing hazard rate curves for almost all cases. This slowly decreasing curve occurs in the presence of fixed and convex adjustment costs for capital structure adjustments. Yet, our finding points to a rather increasing hazard rate curve, which supports the important of fixed adjustment cost component in capital structure policies.

5. Conclusion

This paper examines the adjustment of capital structure in the Korean financial market, which is an important factor affecting the test of trade-off theory. We use the semi-parametric duration model of Leary and Roberts (2005) for the quarterly data from 2000 and 2016.

Our main empirical findings are as follows. First, the listed Korean firms are inactive with respect to their financial policies. In
70% of our firm-quarter observations, the Korean firms neither issue nor repurchase debt or equity. Such infrequent adjustments are consistent to the U.S. evidence. Next, our duration analysis shows that the estimated hazard rate curve has monotonically increasing shapes, which highlight the importance of fixed costs in capital structure adjustments. Yet, this finding is inconsistent with the U.S. evidence emphasizing the importance of both of the fixed and convex adjustment cost components.

Our results argue for the existence of capital structure adjustment costs in the Korean financial market. Yet, our findings highlight the significance of fixed adjustment costs in capital structure adjustments, contrary to the existing studies such as Leary and Roberts (2005).

References


**Do Firms Rebalance Capital Structure? Evidence from Korean Retail Firms**  
Kim, Sang-Su¹; Lee, Jeong-Hwan²

---

**Abstract¹²**

The existence of capital structure adjustment costs affects the test of the trade-off theory of capital structure significantly. We analyze whether there exist economically significant capital adjustment costs for the Korean retail firms. We use the duration model of Leary and Roberts (2005) to estimate the hazard rate of capital structure adjustments. The publicly traded retail firms listed in the KOSPI and KOSDAQ markets are analyzed from 2000 to 2016. Our empirical analysis finds infrequent capital structure adjustments for the Korean retail firms, which is in line with the U.S. evidence. However, our duration analysis argues that the role of fixed adjustment cost is important in the determination of capital structure adjustments, unlike the existing studies emphasizing both of fixed and convex cost components. This paper confirms the existence of capital structure adjustment costs for the Korean retail firms. However, our results argue for the significance of fixed adjustment costs in capital structure adjustments, inconsistent with the existing studies.

**Keywords**: Capital Structure, Adjustment Costs, Retail Industry

---

1. Introduction

The trade-off theory of capital structure decisions (Modigliani & Miller 1958) argues that firms have an optimal or target leverage ratio that balances the benefits and costs of debt issuance. A noteworthy aspect of the trade-off theory and a number of following empirical tests is the assumption of costless capital structure adjustment. Without adjustment costs, the trade-off theory expects that firms continuously rebalance their capital structures to achieve the value-maximizing leverage ratio. Yet, in the presence of such costs, firms may not consider it optimal to respond instantaneously to shocks that push them away from the target ratios. If the costs of such capital structure adjustments outweigh the benefits, firms may wait to recapitalize. By taking account of these costs, firms may not simply have an optimal level of leverage but an optimal range where they are inactive with regard to their financial policy. 

Prior empirical studies confirm such deviations from the target leverage ratios. Fama and French (2002) argue that firms’ debt ratios adjust slowly toward their target levels. In other words, firms seem to take a long time to return their leverage to its long-run target or, loosely speaking, optimal ratio. Moreover, Baker and Wurgler (2002) document that historical effects to time equity issuances with high market valuations persistently affect corporate capital structures. Leary and Roberts (2005) indeed confirm that these slow rebalancing behaviors are consistent with the existence of fixed and convex adjustment costs based on their duration analysis.

This paper conducts the duration analysis of Leary and Roberts (2005) for Korean retail firms. They adopt a semi-parametric duration model to estimate the hazard curve for the firm level capital structure adjustments. Then they compare the shape of the estimated hazard curves with the simulated ones according to a different set of adjustment cost specifications. We adopt their approach to examine the existence of leverage adjustment costs for the Korean retail firms.

This paper provides a couple of interesting results. First of all, we confirm that the Korean retail firms are inactive with regard to their financial policies. In almost 66% of our sample’s firm-quarter observations, the Korean retail firms either issue nor repurchase their own securities. This finding is in line with the results of Leary and Roberts (2005), which also support infrequent capital structure adjustment for the U.S. firms. Next, our duration analysis shows that the estimated hazard rate curve monotonically increases, which stresses the significant role of fixed adjustment costs. Such an importance of fixed cost is not well aligned with the results of Leary and Roberts (2005), which emphasize both of the fixed and convex adjustment costs components in capital structure rebalancing.

This paper proceeds as follows. Section 2 reviews the related literature. Section 3 depicts the econometric model. In section 4, we report the estimation results. Section 5 concludes.

2. Related Literature

The trade-off theory of capital structure (Modigliani & Miller 1958) assumes that firms have an optimal debt-to-equity ratio that perfectly balances the costs and benefits of debt issuance. The costs of debt financing include the potential loss for costly bankruptcy and agency conflicts. The benefits encompass the tax deductability of interest payments and the relaxation of free cash flow problems. A natural implication of the traditional trade-off theory is the dynamic rebalancing of capital structure. Over time, both the target and actual leverage ratios of firms may vary in accordance with changes in firm characteristics or market perturbations to the value of equity and debt. If this change causes a firm's actual capital structure deviating from the target one, the trade-off theory argues that the firm will adjust its leverage in order to equate its actual leverage ratio with the optimal leverage one.

There has been a growing body of literature related to the importance of capital structure adjustment costs on a firm’s capital structure targeting. Theoretically, Fischer et al. (1989) show that even a minor cost of recapitalization can drive long periods of inactivity in financing policies. This theory implies that leverage ratio will be persistent; firms will not always respond to shocks that perturb their capital structure choices. Hence, observed leverage ratio is a noisy proxy of corporate financial policy indicating that one may look elsewhere to uncover the motivation behind corporate capital

---

¹ Corresponding Author, Assistant Professor, Department of Economics, Korea National Open University, Korea. Tel: +82-2-3668-4618. E-mail: skim512@knoou.ac.kr
² First Author, Assistant Professor, College of Economics and Finance, Hanyang University, Korea. Tel: +82-2-2220-1036. E-mail: jeonglee@hanyang.ac.kr
structure choices.

On the other hand, Altinkilic and Hansen (2000) show the significance of direct financing costs in capital structure decisions. They estimate equity and debt issuance cost functions that have significant implications for the actual financing policies. Their results are in line with the existence of SEC rule 10b-18, which regulates the size and frequency of such transactions (see Cook et al., 2003).

Our work is most closely related to the result of Leary & Roberts (2005). They empirically examine the trade-off theory of capital structure, allowing for costly capital structure adjustment. Their analysis confirms that the financing behavior of U.S. firms is consistent in the presence of adjustment costs. Their duration model also clarifies the different implications of fixed, proportional and convex adjustment costs on a firm's leverage dynamics. In particular, the simulation analysis shows that under the fixed cost of adjustment, the hazard rate is increasing in time; under the proportional cost of adjustment, the hazard curve is steeply downsloping; under a fixed plus a weakly convex cost of adjustment, the hazard curve becomes a more moderately downward-sloping.

3. Econometric Model

We adopt the semi-parametric duration model developed by Leary and Roberts (2005). Let us denote $T$ as a random variable measuring the duration between adjustments. The period of financing inactivity between capital structure adjustments is referred to as a spell. Then the hazard function is defined as

$$h(t) = \lim_{\Delta t \to 0} \frac{P(t \leq T < t + \Delta t | T > t)}{\Delta t}$$

and specifies the instantaneous change of probability at which a firm adjusts its capital structure conditional on not having done so for time $t$. Informally, $h(t|m)$ indicates the probability that a firm will adjust its capital structure in the next $m$ units of time, conditional on not having adjusted its capital structure up to time $t$. For instance, the hazard rate function for debt issuances at $t = 4$ provides us the probability that a firm will issue debt during the next quarter, conditional on not having done so up to the last four quarters ($t = 4$). Therefore, by modeling the time between financing activities such as issuance and repurchase, the hazard rate function provides a description of the dynamic behavior of firm level financing decisions.

Leary and Roberts (2005) parameterize this hazard function of the $j$th spell for firm $i$ as

$$h_{ij}(t|\omega_i) = \omega_i h_0(t) \exp(x_{ij}(t)'\beta)$$

where $\omega_i$ is a random variable capturing unobserved heterogeneity, $h_0(t)$ is a step function pointing to the baseline hazard, $x_{ij}$ is a vector of covariates, and $\beta$ is the corresponding parameter vector. As in the existing studies, they assume that the unobserved heterogeneity has a gamma distribution and estimate the model with the maximum likelihood method.

4. Empirical Analysis

4.1. Data Description

We investigate the sample of retail firms listed in the KOSPI and KOSDAQ markets from 2000 to 2016. The WISEfn database is used to obtain quarterly financial statements and returns of the sample firms. The firm-quarter observations with missing data for the book value of assets, stock issuances, stock repurchases, short-term debt, or long-term debt are excluded. To characterize when a change in capital structure has indeed occurred, we follow the approach of Leary and Roberts (2005). An issuance or repurchase is occurred in a given quarter if the net change in equity or debt, standardized by the book asset value at the end of the previous period, is larger than 5%. We examine four basic types of financing “spikes”: equity issuances, equity repurchases, debt issuances, and debt retirements, each of which is formulated mathematically by a binary variable representing whether or not a spike has occurred for firm $i$ in period $t$. Except the case of equity repurchases, all spike variables use the 5% cutoff. Equity repurchases employ a 1.25% cutoff to avoid missing a number of smaller-sized repurchase programs in place during the sample period. We also examine two additional measures of capital structure adjustment – leverage-increasing decisions and leverage-decreasing decisions. Because our focus is on corporate decisions that change leverage ratio, we require measures that isolate the effect of financial policies on leverage ratios. We denote a leverage increase as net debt issuance minus net equity issuance, divided by book asset values, greater than 5%. Similarly, we denote a leverage decrease as net equity issuance minus net debt issuance, divided by book asset value, greater than 5%. In line with the four financing spikes defined above, the representation of each of these leverage adjustments is a binary variable.

All control variables are normalized by book assets and constructed at time $t-1$ and are defined as follows: Size is the ratio between sales for firm $i$ in quarter $t$ and the sum of sales for all firms in quarter $t$; MA/BA is the ratio of book assets minus book equity plus market equity to book assets; CapEx ($t+1$) represents capital expenditures in quarter $t+1$; Cash indicates cash and short-term marketable securities; DepAmort refers to depreciation and amortization; Tangibility is the value of tangible assets over book assets; Profitability is net operating income over book asset value; Volatility is the absolute value of the change in net income; $Z$ score refers to the sum of 3.3 times earnings before interest and taxes plus sales plus 1.4 times retained earnings plus 1.2 times working capital, all divided by book assets; Selling Expense points to selling expenses as a proportion of sales; Equity Return refers to the cumulative four-quarter stock return.

4.2. Empirical Results

<table>
<thead>
<tr>
<th>Table 1 &gt; Summary Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Adj</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>No adjustment</td>
</tr>
<tr>
<td>Debt Issue</td>
</tr>
<tr>
<td>Debt Retirement</td>
</tr>
<tr>
<td>Equity Issue</td>
</tr>
<tr>
<td>Equity Repurchase</td>
</tr>
<tr>
<td>Leverage Increase</td>
</tr>
<tr>
<td>Leverage Decrease</td>
</tr>
</tbody>
</table>
In <Figure 1>, we estimate the hazard rate curve for the six types of capital structure adjustments described above. The estimation includes all of the above firm characteristic variables. Estimates of the baseline hazard $h_b(t)$ are depicted in <Figure 1>. Each panel contains the hazard rate along the quarter of interval in accordance with the six different types of financing activities. <Figure 1> clearly indicates that the hazard rate shows a monotonically increasing pattern. To be specific, except the case of stock issuance, all other capital structure adjustment decisions have generally increasing hazard rate curves. Only the stock issuance case shows a hump shaped hazard rate curve unlike other capital structure decisions. This increasing hazard rate curve indicates the importance of fixed adjustment costs in the decision of capital structure adjustment. In fact, the simulation analysis of Leary and Roberts (2005) argues that the hazard rate is increasing in time under the fixed cost of adjustment. The result of <Figure 1> is exactly in line with the fixed adjustment cost case of Leary and Roberts (2005).

This finding contrasts the result of Leary and Roberts (2005) that examines the publicly traded U.S. firms. Their analysis shows slowly decreasing hazard rates for almost all cases. This slowly decreasing curve is in line with the existence of fixed and convex adjustment costs in the dynamics of capital structure. Yet, our analysis shows a rather increasing hazard rate curve, which supports the significance of fixed adjustment cost component for the capital structure policy of Korean retail firms.

5. Concluding Remarks

This paper examines the capital structure adjustment of the Korean retail firms, which is an important factor in testing the trade-off theory of capital structure. We use the semi-parametric duration model of Leary and Roberts (2005) for the quarterly data from 2000 and 2016. Our main findings are as follows. First, the Korean retail firms are generally inert with respect to their financial policies. In almost 66% of our sample’s firm-quarter observations, the Korean retail firms neither issue nor repurchase their own securities. Such an infrequent capital structure adjustment is in line with the U.S. evidence. Next, our duration analysis shows that the estimated hazard rate curve monotonically increases, which highlights the significant role of fixed adjustment costs. This finding is not well aligned with the U.S. evidence, which argues for the importance of both of the fixed and convex adjustment cost components. Our work supports the existence of capital structure adjustment costs for the Korean retail firms. Yet, our findings highlight the significance of fixed adjustment costs in capital structure adjustments, in contrast to the existing studies such as Leary and Roberts (2005).

References


An Empirical Study on Consumer Value Innovation for Global Retail Company in Vietnamese Distribution Market

Lee, Jongkook

Abstract

Regarding restructuring value factor of Lotte Mart, key strategies could be proposed as follows; First of all, Lotte Mart would be recommended to launch the lowest price discount store, as new category to be created, with enhancing brand image of cheaper price to take a lead the market ahead of Bic C and Vin Mart. Another strategy is expanding business scale. Lotte Mart would be recommended to expand new openings focusing on the commercial area of Hanoi, the capital city of Vietnam, to overcome less numbers of stores. (Lotte Mart: 2 stores, Bic C: 13 stores in North part of Vietnam) At the last point, PB (Private Brand) developing needs to be expanded to enhance the competitiveness of product better than Bic C and Vin Mart for changing perception of local customer. Lotte Mart should establish the strategy following direction to zero base approach from the customer viewpoint, strengthen the product innovation having attraction to customers and accumulating internal capabilities.

Keywords: Consumer Value Innovation, Global Retail Company, Vietnamese Distribution Market.

1. Introduction

Korea and Vietnam have promoted political, social, economic and cultural cooperation as a strategic partnership, since the establishment of diplomatic ties in 1992. Commercial environment between two countries has been improved following the FTA in May 2015 and the investment and amount of trade are also gradually expanding. According to the special reports of the World Bank and other international economic organizations, the Vietnam’s macro-economy is expected to maintain steady 6% annual growth. With the effect of the improvement of economic and commercial environment in Vietnam, local investment activities of foreign companies also have been actively conducted. As well as Korean leading global firms and the investors around the world have diversified investment sections and enlarged investment amount by selecting Vietnam as a target market.

Under WTO agreement on 2009, Vietnam will allow foreign retailers to set up business with 100% foreign capital from Jan 2015, for which it is estimated that a scale of the market will be grown up rapidly due to an increase of personal disposable income according to a consecutive annual economic growth of 6% for coming up 3 years, an abundant population reaching up to 94 million, an expansion of young consuming population having a high purchasing power. According to Economist Intelligence Unit, Vietnam has evolved into middle-income country with a total personal income of USD 138 billion and total consumer expenditures of USD 124 billion. In Vietnam, consumptions have been mainly done through Vietnamese traditional markets until now, however, the distribution markets have come to be expanded by entering on being newly merged retail types such as supermarkets, and hypermarkets when global retail enterprises had entered the market since 1998.

2. Result

In this Study, Korean and French global retail companies performing successful operation in local market, and local retail company invested by Vietnamese leading giant-corporation, were selected and the consumer value elements were analyzed through comparative study of these three companies. As a background of this study, Korean global retail company (Lotte Mart) needs to focus on indentifying differentiated customer value and maximizing it, which would be difficult to provide to local customer by French leading retail company (Bic C), for continuous growth in Vietnam market.

The purpose of this study is to propose core strategy of key differentiated factors, which analyzed from the study on consumer value, for reflecting longterm growth strategy of Lotte Mart. In addition, the sustainable growth pursuit of Lotte Mart in Vietnam market can be importantly considered in the aspect affecting the entire industry of the country, not only influencing growth of the company. It will be the significance of this study that Korean leading retailer (Lotte Mart) enhances positioning in Vietnam market through reestablishment of customer value can be the future vision of leading position of Korea value in the global context.

3. Conclusion

This study recovers meaning that international status about Korea could be evaluated by the status Lotte Mart, Korean representative retail distributor, raises its competitiveness in Vietnamese market from value restructured. Previous studies on Vietnamese retail market suggested how to launch its business successfully into local market. On the other hand, this study provides value to figure out what is the most important factor to create improved performance in Vietnamese retail market after its business launched. ‘Cheaper price’, ‘reliable quality’, ‘various food composition’ and ‘excellence in quality, value for money’ were high value factors for customers to evaluate discount store from the practical survey results of 262 local customers responded to the survey. Korean Lotte Mart needs to be differentiated from Big C, being French global retail distributor, by restructuring value factors of the customer survey result concerning ERRC (Eliminate, Reduce, Raise, Create). In this study, the value factors for Lotte Mart are proposed to restructure as follows;

First of all, it is cheaper price in terms of price. Secondly, Lotte Mart should increase diversity of various products, such as home appliance, fashion apparel and accessories, regional product and food

---

1 Ph.D. President of External Relations Vietnam, LOTTE Coralis Vietnam Co., Ltd. (LOTTE Center Hanoi), E-mail: jongkooklee@lotte.net
in terms of product. Thirdly, Lotte Mart should improve convenient transportation and enhance the access to store due to less point marked than Bic C, in the consumer value survey result. The value factors of Lotte Mart required for decrease and removal are removing low rotary and low profit products at first, in term of product and price. Second of all, cultural program, convenient online shopping, continuous provision of information and contacting on celebration day should be reduced in terms of operation and service.

Regarding restructuring value factor of Lotte Mart, key strategies could be proposed as follows;

First of all, Lotte Mart would be recommended to launch the lowest price discount store, as new category to be created, with enhancing brand image of cheaper price to take a lead the market ahead of Bic C and Vin Mart. Another strategy is expanding business scale. Lotte Mart would be recommended to expand new openings focusing on the commercial area of Hanoi, the capital city of Vietnam, to overcome less numbers of stores. (Lotte Mart: 2 stores, Bic C: 13 stores in North part of Vietnam). At the last point, PB (Private Brand) developing needs to be expanded to enhance the competitiveness of product better than Bic C and Vin Mart for changing perception of local customer. Lotte Mart should establish the strategy following direction to zero base approach from the customer viewpoint, strengthen the product innovation having attraction to customers and accumulating internal capabilities.
A Research on the Relationship between Accrual-based Earnings Management and Real Earnings Management in the Retail Industry

Kang, Shin-Ae; Kim, Tae-joong

Abstract

This study had conducted an empirical research for the retail corporations as focusing on the relationship between accrual-based earnings management and real earnings management. In addition, this study examined primarily the impact of the largest shareholder who could use the earning management for himself and foreign investors who would monitor the largest shareholders’s activities. The study also checked the relationship between accrual-based earnings management and earnings management additionally in consideration with corporate growth. The largest shareholder’ ratio (M) and affiliate persons were known to have a significant correlation with accrual-based earnings management and real earnings management. When controlling the growth, the largest shareholder’ ratio (M) and affiliate persons were known to have a significant correlation with real earnings management but not with accrual-based earnings management. Second, foreign ownership (FT) was found to have a significant positive correlation with accrual-based earnings management and real earnings management when not including the growth dummy. When controlling the growth, foreign ownership (FT) was found to have a significant negative correlation with accrual-based earnings management and real earnings management. Results imply that the largest shareholder is closely related to real-earnings management through real activities regardless of the corporate growth.

Keywords: Corporate Governance, Accrual-Based Earnings Management, Real Earnings Management, Foreign Investors, Growth.
A Study on Korean Products' Distribution through Overseas Purchasing in China

Dai, Wen-Qian¹; Lee, Jong-Ho²

Abstract

Nowadays, Korean products are prevailing all over the world. Especially in China they including cosmetics, clothes, etc. are very popular. But because of THAAD, China's people can't go or travel to Korea. Instead of travelling Korea, they usually make use of overseas direct purchasing with the booming in current online shopping. Ironically, in spite of bad conditions, they used to buy Korean cosmetics by way of "overseas purchasing". Therefore the revenue on Korean cosmetics is growing up more and more. According to the results, first, the security, convenience and information provided by the overseas direct purchase have already had a positive impact on the satisfaction. Second, the quality of the delivery service is composed of four factors: rapidity, reliability, intimacy and correctness. Third, the research results indicate that the satisfaction level has a positive impact on the re-purchase intention.

Keywords: Overseas Purchasing, Distribution, Information, Reliability, Intimacy, Correctness.

1. Introduction

With the booming in current online shopping, "overseas purchasing" has been talked about frequently as a way of resource integration. In many brand products, some own lower prices in foreign countries, some are not on sale in China, and while some in shortage in China. In order to solve similar problems and to expand the consumers' purchase scope, "overseas purchasing" came into being at the right moment. Online shopping overseas refers to overseas shopping, which means that through the Internet to retrieve overseas commodity’s information, and issue a shopping request through the electronic order, and then fill in the private credit card number, afterwards the overseas shopping site will deliver goods through international express, or by the transit company to collect goods and forward the goods to China. The general payment method is delivery on payment (online credit card payment, PayPal account payment).

Therefore, the purposes of this study are as follows.

First, taking the characteristics of overseas direct purchase sites and delivery service quality as the center, it conducts the relevant analysis on the related factors about the satisfaction and the re-purchase intention, so as to grasp the consumer's influence on the re-purchase intentions. Second, through the analysis of the characteristics of overseas direct purchase websites and the relevant empirical analysis of the quality of service delivery, the activated theory/strategy and significance of the overseas direct purchase are sorted out.

2. Theoretical Background

China also has lots of overseas purchasing site and websites of special offers, you can learn the detailed information of the overseas purchasing process and related raiders through these websites, and these sites can also provide purchasing service. In addition, there are the provisions of overseas time-limited discount navigation service to bring together the daily discount items on specific website, and the classification of a wide variety of goods in accordance with the category, saving the users’ time, build better and safer channels for users and these sites. There are also some ancillary sites or tools. Through these sites, users can easily access to prices, evaluation information, as well as the products’ popularity of the same goods in the mainstream electric business sites at home and abroad. Besides, it also provides one-key query function on the logistics information of Overseas shopping goods, through the provision of domestic and international express information inquiry service for major transit companies and YOTO, ZTO, STO, HT, Yunda and EMS, help people with express query syndrome out of the anxiety, makes the overseas shopping online easier!

The website based on the characteristics of the study of literature data for review. The site of the existing the research of online shopping site, most of the characteristics of the process. The research tendency of the foreign office. "and" satisfaction and the characteristics of the procurement "to study the concentration observed. the ball straight to the site and the success factors, and to judge it. The universal meaning of convenience is convenient and easy to use or use, and the universal definition of convenience means comfortable and good characteristics (Brown, 1990). Hosin Kwang(2012) applied the extended technology acceptance model to smartphone applications with convenience, response speed, design quality, reliability, and connectivity as exogenous variables. The results of the study proved that convenience, design quality, response speed, and connectivity have a beneficial effect on customer satisfaction. In this study, convenience is defined as the degree to which consumers can easily access web apps, and convenience has a positive (+) effect on the satisfaction of web apps. Interactivity is a characteristic of the communication process, which defines the degree to which messages are exchanged in a series of message exchanges to the extent that the messages follow the previous messages, and emphasizes the consistency of messages (Rafaeli, 1988).

3. Empirical Analysis

3.1. Data Collection and Measurement

We surveyed Chinese users who have used foreign direct
shopping malls. The survey was conducted for 20 days from March 12th to April 1th, 2017. The questionnaire were distributed to students, housewives, professionals, self-employed, and public officials in China such as Beijing, Zhengzhou, Wuhan, and Guangzhou through online research specialists. Collection. The questionnaire collected 300 copies, and 272 copies were used for the empirical analysis except for 28 copies. In the process, to make more effective analysis, several analysis tools and analysis programmes are used, IBM SPSS Statistics 23.0 and IBM SPSS AMOS 23.0.

Of the 272 respondents, 197 (72.43%) were female. More than a third of the respondents (n = 128, 47.0%) were 20–29 years old, while 37.1% were 35–44 years old (n = 101), 6.62% were 40–49 years old (n = 18), 6.62% were 50s or older old (n = 18), and 7.72% were younger than age 20 (n = 21).

More than a third of the respondents (n = 114, 41.91%) held a University (Bachelor's), while 32.72% held a two-year University student (n = 89), and around 19.12% had done Master's or higher degree (n = 52), 103 (37.87%) were Company employee(<Table 1>).

<table>
<thead>
<tr>
<th>Classification</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>75</td>
<td>27.57</td>
</tr>
<tr>
<td>Female</td>
<td>197</td>
<td>72.43</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 20s</td>
<td>21</td>
<td>7.22</td>
</tr>
<tr>
<td>20s</td>
<td>128</td>
<td>47.06</td>
</tr>
<tr>
<td>30s</td>
<td>101</td>
<td>37.13</td>
</tr>
<tr>
<td>40s</td>
<td>18</td>
<td>6.22</td>
</tr>
<tr>
<td>50s or older</td>
<td>4</td>
<td>1.47</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school graduate</td>
<td>17</td>
<td>6.25</td>
</tr>
<tr>
<td>University student</td>
<td>89</td>
<td>32.72</td>
</tr>
<tr>
<td>University (Bachelor's)</td>
<td>114</td>
<td>41.91</td>
</tr>
<tr>
<td>Master's or higher degree</td>
<td>52</td>
<td>19.12</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>68</td>
<td>25.00</td>
</tr>
<tr>
<td>Housewife</td>
<td>45</td>
<td>16.54</td>
</tr>
<tr>
<td>Company employee</td>
<td>103</td>
<td>37.87</td>
</tr>
<tr>
<td>Freelancer</td>
<td>34</td>
<td>12.50</td>
</tr>
<tr>
<td>Public servant</td>
<td>19</td>
<td>6.99</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>1.84</td>
</tr>
</tbody>
</table>

4. Conclusions

4.1. Result and Summary

The results of this study are as follows. First, Among the characteristics of the overseas direct purchase website, the security, convenience and information provided by the overseas direct purchase have already had a positive impact on the satisfaction. In particular, the safety of overseas direct purchase sites has shown the most significant impact on satisfaction, which means that with the technological development of overseas direct purchase sites, the improvement of customers’ satisfaction and the re-purchase intention has produced greater importance. Second, the quality of the delivery service is composed of four factors: rapidity, reliability, intimacy and correctness. From the verification results, the quality of delivery service has positive effect on the satisfaction and the re-purchase intention. Third, the research results indicate that the satisfaction level has a positive impact on the re-purchase intention. And the users of overseas direct purchasing sites who are satisfied with the services provided by the website will also increase their intentions of the re-purchasing. The significance of this study has the characteristics of overseas direct purchase sites which have confirmed that security convenience and intelligence availability have a positive impact on satisfaction and re-purchase intent. It is important to have a safe and reliable access to shopping sites on overseas direct purchase sites. In the characteristics of overseas direct purchase sites, the interaction has no positive effect on satisfaction and re-purchase intention. But the interaction with consumers in the exchange of customer service questions and comments will be accompanied by emotional communication. This kind of emotional communication has a certain impact on the shopping itself. The quality of the delivery service of the overseas direct purchase website is composed of four factors: rapid trustworthiness and correctness, and it is confirmed as positive (+) influence on the customers’ satisfaction and repurchase. Overseas direct purchase sites’ delivery management makes the constant pursuit of marketing strategies, in order to highlight the quality of services to provide continuous efforts. With the service customer satisfaction in the overseas direct purchase sites, it also brought the results of the repurchase. Therefore, the manager should ensure that through the improvement of services, it will improve service users’ satisfaction and improve the degree of the re-purchase.

4.2. Limitations and Future Research

Limitations of the study and directions for future research are presented. First, the study accounted for most of the sample of women aged 20 to 30 and office workers. Future research will examine the entire consumer sector, and through the sample of all ages and target industries, consumers will systematically expand the overall analysis of the respondents. Secondly, although the study characteristics of overseas direct purchase website is convenience and security information, the interaction of four factors, future research, research review, according to the overseas direct purchase of the characteristic of the website service wide area before, it is necessary to study a variety of other factors. Finally, the current international trend of direct purchase website is showing a rapid development trend. After that, the research will compare the direct purchase websites of China and Korea as well as the cultural and social characteristics of China and Korea.

References


A Study on the Strategic Implications from Successful Sharing Economy Companies as a Distribution Platform in Korea

Li, Qing-Zhu¹; Lee, Jong-Ho²

Abstract ¹ ²

The concept of sharing economy(shared economy) is being interested in Korea especially. Many related companies are interested in its concept, situation, successful cases and methods suitable for real world. At that point, it is necessary to look for or investigate them in detail. Similarly, in Korea, too. Therefore, the purposes of this study are as follows. First, to review and define the concept of sharing economy from both previous literature studies and successful companies including their leaders. Second, to analyze market status in detail and find out what is the problem to make better or what is good point fit for situation. Third, to make research and provide their strategic implications for related companies.

Keywords: sharing economy, strategic implication, case study, distribution platform

1. Introduction

Sharing economy is, as the term was first used in Harvard Law Professor, Lawlence and Lessig in 2008, a traditional economic model. This new cooperation model is different from traditional mass production and mass consumption to share with other economic resources by recycling the existing resources. In addition, as the goods or services, types of resources that do not even utilize the intangible resources of knowledge, experience, and time have been accepted as a concept borrowed from other concepts. In other words, the sharing economy holds the meaning of collaborative consumption sharing, and consuming the product or service in the peer-to-peer platform. In 2008 global financial crisis, many companies had faced bankruptcy and unemployed had soared. Had caused a slow-growing economy, difficulties of getting jobs, income decreased due to the global economic crisis was a chance to switch to the rational consumption from excessive consumption. Sharing in the economy in an effort to solve this economic crisis began to receive attentions worldwide. The biggest advantage of shared prayer is that the economy will lead to the activation of the economy in the face of this economic crisis, and provide public services to the community members of the community. Thus sharing economy can overcome the limitations of traditional economy and has received attention as an alternative.

From the industry aspects, housing, bicycles, books, clothing, as well as even 'labor' is 'sharing economy' to create a new business model as the representative model of the creative economy.

According to revenues from US market research firms, its solution fee has exceeded 10 billion US dollars this year. Uber last June an additional 12 billion (1.2 trillion won) worth of $ 18.2 billion in investment company's success (18.6 trillion won) and has grown into a big company. Airbnb has grown to 400.005 million in April, maybe now to attract an additional million dollars (about 467 billion won) is now worth $ 10 billion (10.8 trillion won).

2. The Concept of Sharing Economy

Sharing Economy (Shared Economy) is an alternative economic model that will lead the new era of the Industrial Revolution. Sharing economies are leading the economy facing Korea's economic crisis, and drawing attention to the economic system of social innovation to provide public services to society. The economy, a way to share produced goods, as collaborative consumption includes tangible as well as intangible resources like knowledge, experience, and time (Lawlence, 2008; Lessig, 2008). Sharing economy can be defined as the use of information technology such as the Internet, collaborative consumption and consumption (Felson & Spaeth, 1978; Algar, 2007; Lessig, 2008).

3. Characteristics and Types of Sharing Economy

Sharing economy is being focused on characteristics not only to exchange or share products but also by sharing their interests (Gold, 2010; Botsman & Rogers, 2010). Building a platform on the Internet drives to activate the network and to maximize the performance (Gansky, 2010; Walljasper, 2010). As facilitating factors sharing economy may include social factors, economic factors, technological factors (Botsman & Rogers, 2010). Promoting social factors includes an increase in population density (Kriston, Szabo & Inzelt, 2010), sustainable development orientation (Porter & Kramer, 2011), demand for communication, responsibility and altruism, etc. for the next generation. Economic factors are the over-consumption and unused resources (Botsman & Rogers, 2012), convergence growth, access to own. Technical factors are the development of social networks (Constantinides & Fountain, 2008), mobile devices and platforms, the maturity of the payment system (Black & Lynch, 2004) and so on.

Sharing economy is devised into 3 categories, according to provided service type, namely, Product Service Exchanges, Redistribution Markets, Collaborative Lifestyles.

4. Market Status of Sharing Economy

Recently, sharing economy was included in "10 Trends of domestic and foreign scientific and technological innovation in 2016" by STEPI(Science & Technology Policy Institute). According

1. 1st Author, MBA Student, Graduate School of EC, Kongju National University E-mail: dat0630@naver.com
2. Corresponding Author, Professor, Dept of Business Information Education, Kongju National University, E-mail: leejh@kongju.ac.kr
to the US consulting firm, Price water house Coopers(PwC), the whole market size is expected to about $15 billion in the world in 2014, and increased by 20 times than that in 2014, the global sharing economy market will grow to $335 billion size in 2025. Also, according to the US economy, Crowd Company, research firm for sharing economy, Crowd Company, about $260 billion was introduced into the past 15 years. Global sharing economy market size is estimated to range from $110 billion (₩120 trillion) to $5,300 billion (₩585 trillion), maximum, in the annual. An organization for the expansion of sharing economy, The People Who Share, is estimated to $5,300 one hundred million as sharing economy size in 2013.

Domestic sharing economy can be referred to the introductory stage, the numbers of its company are increasing since 2011. They are less than ₩100 million in capital and 5 employees. Although Korea is a little later than the United States at the introduction of sharing economy, Korean sharing economy is expected to be widespread quickly owing to high smart phone penetration and abundant human resources (KIET, 2015)

5. Case Studies of Sharing Economy

5.1. Zipcar

Zipcar is a service of renting cars. This is similar to car rental business but different from the existing rental business on renting ways and system. Zipka is a membership-based rent car sharing company. Members can rent a car per by day or hour unit. Since founded in 1999 in Cambridge, Massachusetts, USA, and October 31, 2007, the merger with Flexcar was conducted. Now, that services are carried out in Seattle, Boston, New York, Washington DC, Atlanta, Minneapolis, Oregon, Chapperhill, Oakland, San Francisco, Stanford University, Pittsburgh, Toronto, London, Chicago, Ann Arbor, Vancouver etc. Zipka is the biggest provider and car sharing company in the world. In general, members usually pay a fee of $3 to $6 per hour and $30 a month. Zipka is a perfect example of utilizing a shared economic system.

5.2. Thredup

Thredup started the business as a clothing exchange site for adults in San Francisco in 2009. James Rein hart, founder of Thredup, had ideas to sell used men's clothes consignment and to exchange them efficiently and easily by way of online. After that, he began to start-up with Oliver Lubin and Chris Homer, his alumni at Harvard Business School. First motto by Thredup is "omit old clothes and fill new one".

5.3. Airbnb

Airbnb was founded in August 2008 in California, USA, as a
social lodging company. Headquarters in San Francisco, is both a community and marketplace based on online and mobile and connects people who have unique accommodations with other people who look for a place to stay all over the world. Airbnb's business model is very simple. That, as a mediator, connects lodge- owners who have available vacancies or accommodation with travelers going on a trip to that area. Airbnb explains how to use the accommodation for travellers and to register informations and pictures on the site for owners in detail. Once travellers use the site and enroll data, airbnb shows the room or accommodation suitable for the conditions. In the processes of communications are performed through PCs or smart phones over the internet. The user should pay the money to Airbnb, not the owner. If users enter the room and do not have any problem to use it, airbnb pay money to owners except 3% fee.

5.4. Task Rabbit

Task Rabbit began talent trading business as a small venture company in the United States in 2008. Task Rabbit is online job market between job seekers and employee seekers, its headquarter is in San Francisco. The founder, Leah Busque got a start-up idea when he wanted someone to see windows in stead of him falling snow in winter night in Boston. The website automatically connects between people who want job seeker(job loser) and other people(hirer) who want to hire talented people. From the origin, Rabbit started from simple laundry or markwt-task by online with low fee. But the service is gradually expanding and users are more increasing.

6. Conclusions

According to 3 successful cases of sharing economy, following strategic implications are derived out as follows. First, sharing economic services remain at an early stage, but it is meaningful to identify the revenue mechanism of the business model of the sharing economic platform. Second, in this study, it is meaningful that we systematized the theoretical structure by examining existing studies on the characteristics of the sharing economic service and consumer characteristics, and by examining empirically. Third, Satisfaction and Reliability are related to the characteristics of Sharing Economic Service (Security, Conveniency, Discount, Sharing, Social Interaction), Consumer Characteristics (Personal Innovation, Word-of-Mouth) It is meaningful to broaden the understanding of the factors by verifying the mediating effect.

References


Walljasper, J. (2010). All that we share: How to save the economy, the environment, the internet, democracy, our communities, and everything else that belongs to us.
A Study on Effect of the Elderly Living Alone's Date upon Psychological Loneliness and Happiness

Jung, Myung-Hee¹; Joo, Min-Kyung²

Abstract

The purpose of the study is to investigate the elderly's date by elderly's experience and others and to examine effects of the elderly's date upon psychological loneliness and happiness by experimental methodologies. The study investigated welfare approach to psychological loneliness and happiness at old age according to social welfare practice. The study investigated effect of the elderly's date upon psychological loneliness and happiness, and existence, degree, needs and friendliness of the date, and mediation between psychological loneliness, date and happiness, and between psychological loneliness and happiness, and the problems of the elderly's date, and to suggest political ways.

Keywords: Elderly Living; Loneliness; Happiness; Korean.

1. Background

Men's life has been extended owing to development of modern science to increase number of the elderly. The elderly having empty nest syndrome at social change such as nuclear family, industrialization and individualism increased very much to let them have loneliness. The United Nations said that aging society had more than 7% of the elderly and aged society had more than 14% of the elderly. The elderly and the society thought much of not only long life but also quality of aged life. The elderly population occupied 3.1% in 1970 and 3.8% in 1980 to be 5.1% in 1990 and 7.2% in 2000 to enter aging society. The society is likely to enter aged society in 2019, and super aged society (20% of ratio of the elderly) in 2026. Korean women have life expectancy of 84.1 years and Korean men have that of 77.2 years, and Korean people have average life expectancy of 80.8 years to let the elderly extend average life expectancy by 0.3 to 0.4 years each year. It took 92 years for the UK to reach aged society, and 86 years of the United States, and 80 years for Germany, and 80 years for Germany and 36 years for Japan. And, it shall take no more than 26 years for Korea.

Korea has recorded 2 times high suicide rate of less than 75 years old elderly than Japan with quick aging rate, and 3 times high suicide rate of more than 75 years old elderly. As many as 14,500 persons in the nation committed suicide at psychological loneliness and happiness at living life in 2016. 4,600 persons of more than 61 years old (31.6%) committed suicide to give shock and to evidence seriousness of elderly problem. In aging society, Korea with the highest rate of suicide among OECD membership countries should pay attention to such a thing. The elderly's loneliness had the greatest influence upon lives to commit suicide at the worst case. Elderly community culture shall be made to get rid of elderly's psychological loneliness. Physical aid is needed to overcome poverty and disease, and emotional aid is needed to solve psychological loneliness. The elderly needs date to be given psychological support and affection. So far, young people's date was thought to be good. Date was thought to disappear at old age, and date, remarriage and sex at old age were thought to be negative from negative point of view. Many studies said that the elderly was active at the date. Confucianism culture of Korea regarded date of the elderly as impurity and/or frivolity.

In this study, the elderly's date gave life satisfaction: Men elderly's date gave self esteem, and women elderly's date did satisfaction with the realities. This study investigated effect of the elderly's date upon psychological loneliness and happiness to give material of alternatives.

2. Concept of the Elderly's Date

The elderly's date can be applied to meeting and/or love with opposite gender person. The elderly's date is difficult to define because of mixture with friend of opposite sex, love and boy friend and/or girl friend. Date was used at precedent studies to define rarely. Studies on the date had described actual conditions to understand sexual impulse and/or sexual behavior and to describe needs of sex education. The elderly's date shall be defined from two kinds of views: The one is ideal type, attraction, feeling and thought, while the other is experience of the date. Most of studies said that the elderly who were exposed to mass media wanted to do date and to be love rather than boy friend and/or girl friend when date was popular. In this study, date is to love either man or woman and to make relation of accidental love and to like the one who is interested in him or her. Date is said to experience love spiritually and to include concept of friend and not to meet sexual sexual desire and affectionate desire without separation of love from opposite sex friend, and not to make border fine.

The elderly is satisfied with life at better life and health, and less psychological loneliness can improve satisfaction with life. The elderly's date can make physical relation to be satisfied with friend and minor physical contact. The elderly wanted date to talk with opposite sex partner, and men elderly wanted date much more than women elderly did. Common elderly had better quality physical condition, mental health and psychology than living alone elderly had. The elderly living alone after date had much loneliness after separation by death. The elderly living alone wanted to have boy friend and/or girl friend like a spouse and to be satisfied with life by

---

1 Professor, Department of Social Welfare, Jungwon University, Korea. E-mail: jnhs subject@hanmail.net
2 Professor, Hoseo University Lifelong Education, Head of the Department Tel: +82-041-560-8069, E-mail: joomin386@hanmail.net

343
date.

2.1. The elderly's date

The elderly's date is difficult to distinguish either friendship or love. Most of the elderly said that the date is based on either friendship or love. The elderly thought that the date was influenced by friend groups to have close relation with either boy friend or girl friend and to develop the relation and to be continuous love. The love shall be interpreted from point of view of not love relation but friendship including love. The elderly thinks of the other party to be a friend and to have joint goal and to live life as either boy friend or girl friend and to keep new and mature relation. The date allows the elderly to have emotional and sexual friendliness and to let men and women meet continuously. The elderly do not live with children at same house because of long average life expectancy and high divorce rate, so that the elderly living alone has increased. The elderly with loneliness, isolation and loss of roles needs the one who can be of help psychologically instead of children. The elderly has agony of meeting with new boy friend and/or girl friend and rejection of sexual relation with wife. A person of the elderly sexual problems consulting center said that the elderly's date had problems of shortage of sound meeting with boy friend and/or girl friend, children's shortage of understanding, and great difference of cognition between men and women. The elderly living alone occupied more than 25% of total elderly population of more than 65 years old had close relation of the date. In this society, the elderly's date should be accepted in affirmative way.

2.2. State of the elderly's date

Men are forced to live together as soon as being born to be old. Men, social animal, shall live together with someone. The elderly who is rich to live with children and/or grandchildren does not communicate with young people because of difference of value to have psychological loneliness at physical difficulty. Loss of human relations is said to be the most serious problem in aged age. Men want to be free from aged and loneliness. Young children and/or grandchildren are busy to work and not to pay attention to lives of old parents and grandparents. The situation at home makes the elderly have psychological loneliness, isolation and anger. The elderly is eager to have the one who talks to pay attention to him or her and satisfies dependence desire. The person of same sex can play such a role, and the person of different sex can do it. The one of different sex is more demanded. In Korea, the Korean elderly's consulting cases by phone investigated the elderly's date: The elderly himself or herself applied to consulting of the date (80.1%), followed by daughter (7.1%), daughter in law (3.3%), son (2.4%) and friends, intimates and neighboring person (3.8%), so that the elderly himself or herself was much interested in the date, for instance, women (55.7%), men (32.1%) and unknown (12.2%). And, 60 to 64 years old elderly was the highest, followed by 65 to 69 years old (24.1%), younger than 60 years old (14.2%) and 70 to 74 years old (12.3%).
A Study on Effect of the Elderly Living Alone's Date upon Psychological Loneliness and Happiness

Jung, Myung-Hee¹; Joo, Min-Kyung²

Abstract ¹

In this study, the elderly's date gave life satisfaction: Men elderly's date gave self esteem, and women elderly's date did satisfaction with the realities. This study investigated effect of the elderly's date upon psychological loneliness and happiness to give material of alternatives. These days, the elderly population rapidly increased to produce social issue and to be short of welfare policy and studies on the elderly. The elderly has lost roles in the society because of aged to give up human reason and love in accordance with traditional concept: Models and subjects had relation with the elderly's date, loneliness and happiness. The elderly's date degree had significant influence upon psychological loneliness. Hypothesis was adopted. The elderly's date degree had significant influence upon psychological loneliness (.230**) to account for 13.2% of psychological loneliness. needs of the elderly's date had influence upon psychological loneliness. Psychological loneliness mediated with the elderly's date opportunity and happiness. Hypothesis was the elderly's date has influence upon happiness. At testing of the hypothesis, the elderly's date opportunity, degree, needs and friendliness had no significant influence upon happiness.

Keywords: Elderly living; Loneliness; Happiness; Korean

1. Introduction

Men's life has been extended owing to development of modern science to increase number of the elderly. The elderly having empty nest syndrome at social change such as nuclear family, industrialization and individualism increased very much to let them have loneliness. The United Nations said that aging society had more than 7% of the elderly and aged society had more than 14% of the elderly and super aged society had more than 20% of the elderly. The elderly and the society thought much of not only long life but also quality of aged life. The elderly population occupied 3.1% in 1970 and 3.8% in 1980 to be 5.1% in 1990 and 7.2% in 2000 to enter aging society. The society is likely to enter aged society in 2019, and super aged society (20% of ratio of the elderly) in 2026. Korean women have life expectancy of 84.1 years and Korean men have that of 77.2 years, and Korean people have average life expectancy of 80.8 years to let the elderly extend average life expectancy by 0.3 to 0.4 years each year. It took 92 years for the UK to reach aged society, and 86 years of Korea(Han & Yoon, 2001). Korea has recorded 2 times high suicide rate of less than 75 years old elderly than Japan with quick aging rate, and 3 times high suicide rate of more than 75 years old elderly. As many as 14,500 persons in the nation committed suicide at psychological loneliness and difficulties at living life in 2016. 4,600 persons of more than 61 years old (31.6%) committed suicide to give shock and to evidence seriousness of elderly problem.

In aging society, Korea with the highest rate of suicide among OECD membership countries should pay attention to such a thing. The elderly's loneliness had the greatest influence upon lives to commit suicide at the worst case(Kim, Ko, & Kwon, 2007).

Elderly community culture shall be made to get rid of elderly's psychological loneliness. Physical aid is needed to overcome poverty and disease, and emotional aid is needed to solve psychological loneliness. The elderly needs date to be given psychological support and affection. So far, young people's date was thought to be good. Date was thought to disappear at old age, and date, remarriage and sex at old age were thought to be negative from negative point of view. Many studies said that the elderly was active at the date. Confucianism culture of Korea regarded date of the elderly as impurity and/or frivolity(Manzoli, Villari, Pirone, & Boccia, 2007).

In this study, the elderly's date gave life satisfaction: Men elderly's date gave self esteem, and women elderly's date did satisfaction with the realities. This study investigated effect of the elderly's date upon psychological loneliness and happiness to give material of alternatives.

2. Theoretical Background

2.1. Concept of the elderly's date

The elderly's date can be applied to meeting and/or love with opposite gender person. The elderly's date is difficult to define because of mixture with friend of opposite sex, love and boy friend and/or girl friend. Date was used at precedent studies to define rarely. Studies on the date had described actual conditions to understand sexual impulse and/or sexual behavior and to describe needs of sex education(Jun, & Kim, 2000). The elderly's date shall be defined from two kinds of views: The one is ideal type, attraction, feeling and thought, while the other is experience of the date. Most of studies said that the elderly who were exposed to mass media wanted to do date and to be love rather than boy friend and/or girl friend when date was popular. In this study, date is to love either man or woman and to make relation of accidental love and to like the one who is interested in him or her. Date is said to experience love spiritually and to include concept of friend and not to meet sexual desire and affectionate desire without separation of love from opposite sex friend, and not to make border line(Carr, 2004).

---
¹ First Author, Professor, Department of Social Welfare, Jungwon University, Korea. E-mail: jmhsubject@hanmail.net.
² Corresponding Author, Professor, Department of Social Welfare, Hoseo University Lifelong Education head of a department Tel: +82-41-560-8069 E-mail: joomin386@hanmail.net
2.2. The elderly's date and psychological loneliness

2.2.1. The elderly's date

The elderly's date is difficult to distinguish either friendship or love. Most of the elderly said that the date is based on either friendship or love. The elderly thought that the date was influenced by friend groups to have close relation with either boy friend or girl friend and to develop the relation and to be continuous love(Kim, 2014). The love shall be interpreted from point of view of not love relation but friendship including love. The elderly thinks of the other party to be a friend and to have joint goal and to live life as either boy friend or girl friend and to keep new and mature relation. The date allows the elderly to have emotional and sexual friendliness and to let men and women meet continuously(Kim, 2015).

2.2.2. State of the elderly's date

Men are forced to live together as soon as being born to be old. Men, social animal, shall live together with someone. The elderly who is rich to live with children and/or grandchildren does not communicate with young people because of difference of value to have psychological loneliness at physical difficulty. Loss of human relations is said to be the most serious problem in aged age(Lee, Park, & Kim, 2014). Men want to be free from aged and loneliness. Young children and/or grandchildren are busy to work and not to pay attention to lives of old parents and grandparents. The situation at home makes the elderly have psychological loneliness, isolation and anger. The elderly is eager to have the one who talks to pay attention to him or her and satisfies dependence desire(Kang & Kim, 2002).

2.2.3. Psychological loneliness at aged age

Terminologies of psychological loneliness, loneliness and isolation were used. Psychological loneliness that many persons experienced were difficult to define exactly. The elderly was disappointed at no human relation in the future. The elderly experienced uncomfortableness at low control of human relations(Kwon & Cho, 2000). Psychological loneliness is not loneliness to differ from isolation and/or desolation and to be individual's loneliness at human relation with another person. The word of the elderly was used to be aged person for a long time and to be difficult to define exactly(Hwang, 2010). The Act on the Elderly Welfare says that the elderly is 65 years old or higher to be the one retired. Most of the people who are 65 years old or higher have physical difficulty to suspend economic activity, so that the one of 65 years old or higher is thought to be the elderly(Kim, Ko, & Kwon, 2007).

2.3. The elderly's date and happiness

The elderly's date has been given much attention in Korea. A study on effect of the elderly's date upon life satisfaction investigated needs of the date, friendliness of boy friend and/or girl friend, difficulty at the date, degree of the date, and life satisfaction by using structured questionnaire. Men who were highly educated needed date significantly. Men who were outgoing to have good family relation had friendliness with either boy friend or girl friend(Carr, 2004). Men who spent more monthly pocket money to earn high income and to be outgoing in the nature and to be healthy had active date. The date can alleviate psychological loneliness to have friendliness(Ahn, 2011). The society and children may have prejudice upon the elderly's date. Sex at aged age shall be considered to express affection and/or friendliness (happiness) not to have sexual intercourse.

3. Methodologies

This study had some of stages.

First, the study investigated demographic factors such as gender, age, educational level, economic state, occupation and health state. Second, the study investigated opportunity, degree, needs and friendliness of the elderly's date. Gender made dummy variable, for instance, men of 1 and women of 0. Age was divided into the 60s, the 70s, the 80s, and the 90s and more than the 90s. Educational level was divided into illiteracy, elementary school graduate (including drop out), middle school graduate (including drop out), college graduate (including drop out) and graduate school graduate or higher. Economic state had 5 stages ranging from 'very much rich' to 'very much poor'. Health state had 5 stages ranging from 'very much bad' to 'very much good'. The study investigated effect of the demographic factors upon the elderly's date. The study investigated effect of existence of opportunity, degree and needs of the elderly's date upon the elderly's loneliness and happiness.

3.2. Control variable (psychological loneliness)

Control variable included the elderly's gender, age, educational level and health state. Control variable consisted of the elderly's date and elderly's sex factor.

First, the study investigated demographic factors such as gender, age, educational level, economic state, occupation and health state. Second, the study investigated opportunity, degree, needs and friendliness of the elderly's date. Gender made dummy variable, for instance, men of 1 and women of 0. Age was divided into the 60s, the 70s, the 80s, the 90s and more than the 90s. Educational level was divided into illiteracy, elementary school graduate (including drop out), middle school graduate (including drop out), college graduate (including drop out) and graduate school graduate or higher. Economic state had 5 stages ranging from 'very much rich' to 'very much poor'. Health state had 5 stages ranging from 'very much bad' to 'very much good'. The study investigated effect of the demographic factors upon the elderly's date. The study investigated effect of existence of opportunity, degree and needs of the elderly's date upon the elderly's loneliness and happiness.

4. The Findings

Hypothesis test result was:

First, the elderly's date had influence upon psychological loneliness. The interviewee's characteristics, the elderly's date opportunity, degree, needs and friendliness had frequency and distribution. Number of women was larger than that of men. With control of age, educational level, economic state and health state,
the elderly's date accounted for psychological loneliness (14.3%), and the elderly's date opportunity had significant influence upon psychological loneliness. The elderly's date opportunity had significant influence upon psychological loneliness (2.60*** to account for psychological loneliness (17.4%). Gender, health state and gender*educational level had significant influence upon psychological loneliness. The elderly who did date had more loneliness than the one who did not date.

Second, the elderly's date degree had significant influence upon psychological loneliness. Hypothesis was adopted. The elderly's date degree had significant influence upon psychological loneliness (.230**) to account for 13.2% of psychological loneliness.

Third, needs of the elderly's date had influence upon psychological loneliness. The hypothesis was adopted. Needs of the elderly's date had significant influence upon psychological loneliness (.223*) to account for psychological loneliness (14.9%). Fourth, the elderly's date friendliness had significant influence upon psychological loneliness (.253**) to account for psychological loneliness (14.7%). Hypothesis was adopted. Needs of the elderly's date had significant influence upon psychological loneliness than absolute value of 1.96 and to be significant (<.05).

Sixth, the elderly's date has influence upon happiness. Date opportunity, degree of the date, needs of the date and friendliness of the date were used to inspect effect upon happiness. With control of gender, age, educational level, economic state and health state, the elderly's date accounted for happiness (17.0%) and date opportunity, degree of the date, needs of the date, and friendliness of the date did not have significant influence upon happiness.

5. Summary

The findings were as follow:

In precedent studies on needs of the elderly's date, the elderly needed date very much to be free from loneliness and to find out good partner of communication. Men, extrovert character and good family relation had significantly good at date and friendliness. The elderly often did date to be free from psychological loneliness. The elderly's date put an emphasis upon physical relation and looked for friend to talk with and to be satisfied with skin-ship each other. The elderly needed date to have friend to talk and to be satisfied with life. Korean elderly thought of date in affirmative way. Precedent studies said that the elderly's date had influence upon psychological loneliness and happiness at aged age (Lee, & Lee, 2014).

The elderly's date had influence upon not only psychological loneliness but also happiness:

First, the elderly's date has psychological loneliness. The elderly's date opportunity, degree, needs and friendliness had significant influence upon psychological loneliness. Second, degree of the elderly's date has influence upon psychological loneliness: The hypothesis was adopted. Third, needs of the elderly's date has influence upon psychological loneliness: The hypothesis was adopted. Fourth, friendliness of the elderly's date has influence upon psychological loneliness: The hypothesis was adopted.

Fifth, psychological loneliness mediates with the elderly's date opportunity and happiness. The hypothesis was adopted. Sixth, the elderly's date has influence upon happiness. Date opportunity, degree of the date, needs of the date and friendliness of the date were used to investigate effect upon the happiness. Date opportunity, degree of the date, needs of the date and friendliness of the date had no significant influence upon happiness. And, gender, age, health state and gender*economic state had significant influence upon happiness.

The elderly's date had great influence upon the elderly's happiness and psychological loneliness. The elderly's date had significant influence upon opportunity, degree, needs and friendliness.

Psychological loneliness mediated with the elderly's date opportunity and happiness. Hypothesis was the elderly's date has influence upon happiness. At testing of the hypothesis, the elderly's date opportunity, degree, needs and friendliness had no significant influence upon happiness.

References


A Study on Effect of the Elderly's Leisure Life upon Psychological Loneliness and Life Satisfaction and Social Support's Mediating Effect

Jung, Myung-Hee¹; Kim, Hong-Sun²

Abstract

This study, it is intended to obtain a theoretical understanding on the relationship among the elderly's leisure activity; social support, life satisfaction and mental loneliness while, together with this, it is also intended to draw policy implications for enhancing the psychological well-being of the elderly in a practical dimension. The objective of this study consists in doing research on the influence of leisure activity exerted upon both life satisfaction and mental loneliness of the elderly over 60 and also on the moderating role of social support. The purpose of this study was to search for the influence of leisure activity and social support being exerted upon life satisfaction and mental loneliness as well as the moderating role of social support. In this study, as leisure activities, the 2 types of productive leisure activity and consumptive leisure activity, and as social support, the 3 types of spouse support, children support and friend support, and the 2 factors of life satisfaction and mental loneliness have been reviewed. The result of this study is suggesting policy implications that are important for enhancing life satisfaction in senescent period of the elderly.

Keywords: Productive Leisure Activity, Consumptive Leisure Activity, Mental Loneliness, Social Support Variable.

1. Introduction

Today our country has become to confront the two issues of population structure, i.e. both the low birth rate and the rapidly aging population due to the increase in average life expectancy as resulted from the rapid downfall of birthrate and the development of the scientific and technological development in medicine. The average life expectancy of the people in our country has increased from 62.1 years in 1970 to 79.4 years in 2010, which means that people would live 18 years more when 1970 is taken as the standard point. Such a result implicates that the relative weight taken by the senescence in the overall stages of our life cycle is becoming longer and longer. As such, the issue of rapidly aging population is emerging as an issue of social dimension beyond the level of an individual, and the increased aged population in particular is raising issues on the reinterpretation of the elderly generation's happiness caused by the extended life of the elderly as well as on the life satisfaction during senescent period.

In other words, with regard to the extended senescent period, the life satisfaction issue for one's successful later years is becoming an important social conversational topic, and as a solution for the modern society's issue on the elderly that will inevitably emerge due to the decline in the elderly's physical, mental and social abilities, the interest in the life satisfaction during the senescent period is increasing ever more. In spite of such increase in interest, if we look at the previous studies available with regard to the elderly, they have been focused mostly on the issues of the health, economy, alienation and families of the elderly from a negative view on the elderly(Han, Yoon, 2001).

Hence, it is intended in this study to research the social support empirically on whether it is playing the moderating role with regard to the relationship among the leisure activity, life satisfaction and mental loneliness when the social support is divided into spouse support, children support and friend support. Throughout this study, it is intended to obtain a theoretical understanding on the relationship among the elderly's leisure activity, social support, life satisfaction and mental loneliness while, together with this, it is also intended to draw policy implications for enhancing the psychological well-being of the elderly in a practical dimension.

2. Theoretical Background

2.1. Leisure Activity of the Elderly

The definition of leisure is not easy to make as it is construed variably depending on the situations of the times and the viewpoints of scholars. The leisure of the modern times has been changing from licere to a french word of loisir which means 'free hours,' to the English word of license (original meaning of official exemption of responsibility), and to liberty. These words are being used with a meaning similar to each other, but all of these mean the freedom of choice without any forcibleness. In addition, as a different meaning, leisure means taking a rest being freed from labor's physical sense of duty in the opposite concept of labor i.e. it is an action of escaping from forcibleness and duty while it is related to freedom, pleasure, rest, etc. in a mental-emotional aspect(Ataca & Berry, 2002).

The types of leisure activity of the elderly are influenced by the various factors like an individual's character, educational background, economic level, past habit, etc. and because such factors are also working complexly, they can be classified into various types. Scholars' various viewpoints on the types of leisure activity of the elderly are seen to be as follows: Depending on the degree of experssional involvement in the cognitive, emotional and physical aspects, leisure activity has been divided into the four categories of sensible pleasure-seeking activity, creative activity, developmental activity, and relaxation activity. In addition, they have been divided to be those individual activity that can be done without being influenced directly by any other person and those paralleled activity utilizing lifeless matters with limited

---

1 First Author, Professor, Department of Social Welfare, Jungwon University, Korea. E-mail: jmhsubject@hanmail.net.
2 Corresponding Author, researcher at the Department of Social Welfare, Goesan Association of Social workers.
opportunity for interacting with others. And then, they have been classified to be those combined activity of making active interactions through physical activity with others and they have been classified into sports cultural activity, negative activity, productive activity, intellectual activity, etc. depending on the type of activity (Park & Bae, 2005).

2.2. Life Satisfaction of the Elderly

2.2.1. Concept of Life Satisfaction of the Elderly

Life satisfaction is a subjective evaluation about an overall life, thus being the concept that indicates the successful adaptation in the process of a life. The concept of life satisfaction has been first emerged with the life satisfaction being used as a dependent variable in order to verify both the activity theory and the separation theory (Kwon & Cho, 2000).

Life satisfaction is said to be the subjective and overall sense of mental stability, and it is being defined as the sense of happiness or the degree of satisfaction that is felt by an individual about the overall or whole life. In addition, life satisfaction is said to be a subjective recognition being achieved within the experience of an individual not being anything that changes requisitely depending on the objective situations although it may be influenced by the objective situations. Life satisfaction is also said to be the concept that incorporates the aspects of an individual's life in overall (Lee, 2010).

2.2.2. Components of Life Satisfaction of the Elderly

Regarding the approach to life satisfaction, it can be viewed to be divided into the one dimensional approach where both the positive and negative aspects are figured out on a straight line and the two dimensional approach where they are figured out as independent territories. The concept of life satisfaction has been studied with the positive aspect of the sense of happiness or satisfaction, etc. as well as the adverse effect like sorrow, depression, anger, etc. placed on continuous one dimension, but life satisfaction has been classified into the two dimensions of the positive and negative dimensions (Manzoli, Villari, Pirone, & Boccia, 2007).

2.2.3. Sociodemographic Influence Variables Affecting Life Satisfaction of the Elderly

Life satisfaction of the elderly may be diversified according to the home environment that surrounds the elderly and moreover to the social environmental factors like interest in the society or the nation, value, attitude, etc. Studies on the influence variables affecting the psychological well-being of the elderly have been carried out in a very diversified ways at home and abroad. In general, sociodemographic variables of the elderly are known to be sex, age, educational level, occupation, income, marital status, leisure activity (participation), etc. (Chang, 2004).

There are a lot of studies on sex and life satisfaction. In general, the life satisfaction of elderly males has been found out to be somewhat higher than that of elderly females, whereas some study results show no difference irrespective of sex. As for the age and life satisfaction, it has been found out that the higher the age, the lower the life satisfaction, whereas there are some studies that show no correlation between age and life satisfaction (Kim, Kim, & Seo, 2011).

2.3. Social Support of the Elderly

2.3.1. Concept of Social Support of the Elderly

Social support is said to be what is given to people from the social environment while it is also said to a meaningful, appropriate and productive feedback that makes it possible to deal well with intermittent or continuous stress factors, and it is defined in the 4 aspects as follow: First, As a useful human relationship, social support is indicated to be the individuals and groups connected to social relationship networks that are useful for the elderly like spouses, children, brothers and sisters (Kim, 2014).

Second, As a frequency of social interaction, it is the number of practical interactions being achieved in the social relationship networks. In other words, it is the number of conversations that are carried out personally or on the phone by an elderly person with the people in the social relationship networks (Carr, 2004).

Third, As a perceived social support, it means an elderly person's subjective evaluation about the supportive social networks, a sense of closeness with members in the relationship networks.

Fourth, As an instrumental support, it is said to be specific and observable services, etc. that are provided to the elderly by the social relationship networks such as food preparation, means of transport, nursing service, etc. (Kim, 2016).

This means that providing emotional, material or informational support may be helpful for an individual's psychological aspect or psychological sense of well-being. A negative aspect is that social relationship networks are not only the sources of social support, but also the sources of stress and conflict (Kim, 2014).

2.3.2. Components of Social Support of the Elderly

The components of social support can be classified by source depending on the main providing agent of the support and by function depending on the functions of social support. The sources of social support have been divided into superior, fellow worker, family and friend (Kim, 2014).

Social support has been divided into psychological support and specific support, and on the basis of stress situation, it has been divided into social- emotional support (affection, understanding, acceptance, enhancement of self-respect) and instrumental support (information, advice, responsible help, economic assistance).

Social support is being classified into source support, children support and friend support. In this study, it is intended to divide the types of social support depending on the main providing agent into the 3 sub-dimensions of spouse support, children support and friend support (Kim, 2016).

2.3.3. Moderating Effect of Social Support of the Elderly

According to theories on social support, when a stress-causing incident has taken place, if the situation is uncontrollable, an individual becomes to have a negative psychology. It is said that, in such a situation, social support works in a positive direction in their relationship (Kim, Ko, & Kwon, 2007).

Social support is explained to exert a protective buffering effect that can promote adaptive coping behavior in a stress situation. In a study on the relationship between the health of an elderly person and its stress/depression, it has been found out that social support (family support, friend support) plays the role of moderating the relationship between these (Kwon & Cho, 2000).

Studies on the thought of suicide of the elderly who live alone are
reporting that, in the relationship between depression and suicide, thought of an elderly person who lives alone, social support (emotional support, instrumental support) plays the role of moderating the relationship between these(Kim, Ko, & Kwon, 2007).

2.4. Mental Loneliness of the Elderly

2.4.1. Definition of Mental Loneliness of the Elderly

Entering the senescent period, such events as children's independence, loss of spouse, death of friends with whom social links have been maintained are deepening the mental loneliness of an elderly person, while the anxiety on its own is growing larger and larger(Lee, 2010).

Looking at the factors that provokes mental loneliness of the elderly, mental loneliness of the elderly gets stronger as the age gets higher, and restrictions in activities caused by economic weakness extends their time spent without playing any role, thus lengthening their time of loneliness, and furthermore physical hypofunction caused by health problems worsens the degree of mental loneliness even more, thus provoking ill health and disease. In addition to this, the mental loneliness that is experienced by the elderly is getting stronger as the scope of activities in human matters is gradually reduced depending on the physical weakness, visual disturbance, and reduced cognitive function(Park, & Bae, 2005).

2.4.2. Components of Mental Loneliness of the Elderly

Mental loneliness of the elderly means an emotional experience of sorrow and frustration that is felt when an elderly person has lost a person who has been in social friendly relationship for a long time or when an elderly person has lost social roles that have been played by the elderly person. The mental loneliness that is experienced by the elderly is not a temporary one but a chronic one in most cases and the sense of meaninglessness and alienation or the failure in establishing human relationships will eventually lead the elderly to death. Mental loneliness of the elderly is one of the problems that will have to be encountered inevitably in the aging process and that can not be overcome, and mental loneliness of the elderly means to be not the mental loneliness of psychopathological basis but the social mental loneliness caused by the loss of social roles, and when the elderly fail to maintain each other's relationship, they can be said to be feeling the sense of alienation and mental loneliness. Most of the elderly take a complacent posture with the negative thought that it will be all right simply to rest comfortably with no worries by resorting to the reasons of physical degeneration and mental weakening, and the resulting mental loneliness of the elderly may be more serious(Patterson, 2004).

3. Methodologies

The objective of this study consists in doing research on the influence of leisure activity exerted upon both life satisfaction and mental loneliness of the elderly over 60 and also on the moderating role of social support. As mentioned previously, in this study, it is intended to consider the two variables of life satisfaction and mental loneliness which are the productive leisure activity and the consumptive leisure activity as factors of leisure activity. In addition, it is also intended to review the social support as divided into spouse support, children support and friend support depending on the main agent of providing support.

4. Findings

A hierarchical regression analysis has been carried out additionally to verify whether or not the 3 variables of spouse support, children support and friend support moderate the relationship between leisure activity and life satisfaction, and the result is provided in <Table 6>. In this table, <Model B> is the result of regressing <Model A> with the 2 leisure activity variables and the 3 social support variables added, and <Model C> is the result of regressing <Model B> and the 6 interaction terms that have been made by multiplying the 2 leisure activity variables and the 3 social support variables together. All of the regression coefficients provided in each table are standardized regression coefficient values (Beta).

First of all, in the <Table 6>, looking at <Model C>, which is <Model B> with the 6 interaction terms added together, the 6 interaction terms are explaining 49.2% of life satisfaction variation additionally, which is significant on the level of .01. This means that a moderating effect exists. Looking specifically at the individual interaction terms, it has been found out that the 2 interaction terms of productive leisure activity * spouse support (β=.233, p<.05) and productive leisure activity * friend support (β=.250, p<.05) are exerting a significant positive influence upon life satisfaction. Such a result means that spouse support and friend support are moderating the relationship between productive leisure activity and life satisfaction. Specifically speaking, it means that the more the spouse support and the more the friend support, the larger the positive influence of productive leisure activity being exerted upon life satisfaction.

<Table 6> Analysis Result of Moderating Effect On Life Satisfaction

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Model B</th>
<th>Model C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sex</td>
<td>-.127</td>
<td>-.127</td>
</tr>
<tr>
<td>Age</td>
<td>-.134</td>
<td>-.134</td>
</tr>
<tr>
<td>Educational level</td>
<td>-.116</td>
<td>-.116</td>
</tr>
<tr>
<td>Spouse existence</td>
<td>-.115</td>
<td>-.115</td>
</tr>
<tr>
<td>Living with or without children</td>
<td>.116</td>
<td>.116</td>
</tr>
<tr>
<td>Monthly household income</td>
<td>.134</td>
<td>.134</td>
</tr>
<tr>
<td>Leisure variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productive leisure activity</td>
<td>.326</td>
<td>.326</td>
</tr>
<tr>
<td>Consumptive leisure activity</td>
<td>.195</td>
<td>.195</td>
</tr>
<tr>
<td>Social support variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spouse support</td>
<td>.395</td>
<td>.395</td>
</tr>
<tr>
<td>Children support</td>
<td>.254</td>
<td>.254</td>
</tr>
<tr>
<td>Friend support</td>
<td>.223</td>
<td>.223</td>
</tr>
<tr>
<td>moderated regression</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productive leisure activity * Spouse support</td>
<td>.233</td>
<td>.233</td>
</tr>
<tr>
<td>Productive leisure activity * Child support</td>
<td>-.106</td>
<td>-.106</td>
</tr>
<tr>
<td>Consumptive leisure activity * Spouse support</td>
<td>.250</td>
<td>.250</td>
</tr>
<tr>
<td>Consumptive leisure activity * Friend support</td>
<td>.135</td>
<td>.135</td>
</tr>
<tr>
<td>Consumptive leisure activity * Child support</td>
<td>.115</td>
<td>.115</td>
</tr>
<tr>
<td>Consumptive leisure activity * Friend support</td>
<td>-.120</td>
<td>-.120</td>
</tr>
<tr>
<td>R²</td>
<td>Adj-R²</td>
<td>Adj-R²</td>
</tr>
<tr>
<td></td>
<td>.454</td>
<td>.492</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>12.322</td>
<td>18.226</td>
</tr>
<tr>
<td></td>
<td>p=.000</td>
<td>p=.000</td>
</tr>
</tbody>
</table>

*P<.05 **P<.01 ***P<.001
In the <Table 7> which is the analysis result of the moderating effect on mental loneliness, if we look at <Model C>, which is <Model B> with the 6 interaction terms added together, the 6 interaction terms are explaining 33.9% of mental loneliness variation additionally, which is significant on the level of .05. This means that a moderating effect exists. Looking specifically at the individual interaction terms, it has been found out that the interaction term of productive leisure activity * spouse support (β=−261, p<.05) is exerting a significant negative influence upon mental loneliness. Such a result means that friend support is moderating the relationship between productive leisure activity and mental loneliness. Specifically speaking, it indicates that the more the friend support, the smaller the negative influence of productive leisure activity exerted upon mental loneliness, thus mental loneliness becomes much lower.

<Table 7> Analysis Result of Moderating Effect On Mental Loneliness

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Model B</th>
<th>Model C</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>t</td>
</tr>
<tr>
<td>Control variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sex</td>
<td>-139</td>
<td>-689</td>
</tr>
<tr>
<td>Age</td>
<td>.151</td>
<td>.826</td>
</tr>
<tr>
<td>Educational level</td>
<td>.153</td>
<td>.888</td>
</tr>
<tr>
<td>Spouse existence</td>
<td>.105</td>
<td>.171</td>
</tr>
<tr>
<td>Living with or without children</td>
<td>.137</td>
<td>.719</td>
</tr>
<tr>
<td>Monthly household income</td>
<td>.105</td>
<td>.161</td>
</tr>
<tr>
<td>Leisure variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productive leisure activity</td>
<td>.231</td>
<td>1.989</td>
</tr>
<tr>
<td>Consumptive leisure activity</td>
<td>-.115</td>
<td>-.336</td>
</tr>
<tr>
<td>Social support variable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spouse support</td>
<td>-.289</td>
<td>-2.742</td>
</tr>
<tr>
<td>Children support</td>
<td>-.227</td>
<td>-1.695</td>
</tr>
<tr>
<td>Friend support</td>
<td>-.518</td>
<td>-5.829</td>
</tr>
<tr>
<td>moderated regression</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productive leisure activity * Spouse support</td>
<td>.188</td>
<td>1.227</td>
</tr>
<tr>
<td>Productive leisure activity * Children support</td>
<td>.166</td>
<td>.958</td>
</tr>
<tr>
<td>Productive leisure activity * Friend support</td>
<td>-.261</td>
<td>-2.352</td>
</tr>
<tr>
<td>Consumptive leisure activity * Spouse support</td>
<td>.133</td>
<td>.551</td>
</tr>
<tr>
<td>Consumptive leisure activity * Children support</td>
<td>-.160</td>
<td>-.922</td>
</tr>
<tr>
<td>Consumptive leisure activity * Friend support</td>
<td>-.188</td>
<td>-1.177</td>
</tr>
<tr>
<td>R²</td>
<td>Adj-R² = .310, F</td>
<td>Adj-R² = .339, F</td>
</tr>
<tr>
<td></td>
<td>12.333, p = .000</td>
<td>18.327, p = .000</td>
</tr>
</tbody>
</table>

*p<.05  **p<.01  ***p<.001

5. Summary

The purpose of this study was to search for the influence of leisure activity and social support being exerted upon life satisfaction and mental loneliness as well as the moderating role of social support. In this study, as leisure activities, the 2 types of productive leisure activity and consumptive leisure activity, and as social support, the 3 types of spouse support, children support and friend support, and the 2 factors of life satisfaction and mental loneliness have been reviewed. For this study, relevant data have been collected from the 380 elderly persons who were participating in leisure activities at the 10 places of senior welfare service centers, colleges of the elderly and cultural centers of the elderly located in the Seoul area. As a data collection instrument, a structured questionnaire sheet was used, and as the main analysis method for hypothesis verification, the hierarchical regression method was used. As a result, the study findings are as follows:

First, productive leisure activity of the elderly was found out to exert an important influence upon the enhancement of the positive dimension of life satisfaction as well as upon the reduction of the negative dimension of mental loneliness, but consumptive leisure activity was found out to exert a relatively small influence upon the enhancement of only the life satisfaction.

Second, upon life satisfaction of the elderly, spouse support was found out to exert the most important influence, and the next were in the order of children support, and friend support. On the other hand, upon the reduction of mental loneliness, friend support was found out to exert the most important influence and the next was spouse support, whereas children support did not exert a significant influence.

Third, of the 3 types of social support for the elderly, the 2 types of spouse support and friend support were found out to moderate the relationship between productive leisure activity and life satisfaction, and as for the relationship between productive leisure activity and mental loneliness, only the friend support was found out to play the moderating role.

The result of this study is suggesting policy implications that are important for enhancing life satisfaction in senescent period of the elderly. First of all, it is necessary to make efforts to provide policies for promoting and expanding the elderly's participation in leisure activity, especially in productive leisure activity. Currently our country is lacking absolutely in professional manpower that will take the responsibility of not only operating various leisure activity programs and facilities for health-sports activities, hobby activities, learning activities, social participation activities, etc. of the elderly, but also developing and guiding those programs.

Therefore, the elderly's opportunities for participating in leisure activities should be enlarged substantially by means of expanding the facilities, programs and responsible professional manpower for the diversified productive leisure activities of the elderly.

Next, an institutional support should be provided for maintaining and expanding a stable social relationship network of the elderly. Expanding opportunities for participating in leisure activities of the elderly may be linked to the formation and expansion of friend relationship quite naturally. Meanwhile, it's a sad reality that never a small number of the elderly are living miserably in their later years due to their worsened relationships with their spouses and/or children. It is, therefore, necessary to prepare an institutional strategy for allowing local societies to intervene positively in the adverse situations of the elderly who are experiencing difficulties in their family relationship in a local society's dimension. In addition to this, various psychotherapies and educational programs for recovering and normalizing family relationships should be activated.

References


A Study on Export Promotion Strategy of K-Beauty Korean Wave Products: Focused on Cosmetic

Jeon, Dong-Han¹; Lee, Pyoung-Soo²; Seo, Yong-Won³

Abstract

This study aims to inquire into strategies for promoting export by investigating the real Korean Wave products of K-Beauty through approaching closer to the formation process of Korean Wave and Korean Wave products. In the first place, this study chose classification method of Korean Wave products from K-Beauty products by examining and reviewing general situations and various factors of Korean Wave. After this process, this study inquired into the strategies for promoting export of K-Beauty products. In the last place, the implications of the study were clarified. The items which benefited most from Korean Wave by the recent Korean Wave fever correspond to cosmetics, accessories, women's wear, cellular phones, confectionery, beverages and cigarettes. In addition to K-Beauty, it will be required to expand the area in a more diversified way toward K-Food, K-Health and K-Town, aiming at sustainable development of Korean Wave.

Keywords: Korean Wave, Export Product, Promotion, Strategy.

1. General Aspects of Korean Wave

1.1. Concept

Korean Wave refers to a phenomenon of which Korea-related contents including Korean culture spread in foreign countries and gain popularity. Korean Wave is considered a phenomenon of which people like and admire popular culture of Korea and has multifaceted features not only as a cultural phenomenon but also as an economic phenomenon. Korean Wave is a newly-coined word which appeared when Korean cultural influences of the 1990s experienced drastic growth abroad and this concept embraces music, dramas, films and games of Korea as well as Korea-related cultural products(Lee, 2015).

1.2. Korean Wave Products

Classifying Korean Wave products by industry, it is possible to sort them into cultural content industry, K-Beauty industry, tourism industry, medical service industry, culturalization industry and mechanical industry. The details are described in <Table 1>.

<Table 1> Korean Wave products

<table>
<thead>
<tr>
<th>Classification</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural content industry</td>
<td>film, broadcasting, music, game, publication, cartoon, animation, advertisement, characters, knowledge information, content solution, performance</td>
</tr>
<tr>
<td>K-Beauty industry</td>
<td>cosmetics, women's wear, clothes (fashion)</td>
</tr>
<tr>
<td>Medical service industry</td>
<td>cosmetic/plastic procedure, medical check-up, traditional Korean medical treatment, health food</td>
</tr>
<tr>
<td>Culturalization industry</td>
<td>hangul (Korean language), values of Korea, way of living</td>
</tr>
<tr>
<td>Mechanical industry</td>
<td>cellular phones, electrodomeestic goods, automobiles, machinery</td>
</tr>
<tr>
<td>Tourism industry</td>
<td>culture content + K-Beauty + medical service + culturalization + machine</td>
</tr>
<tr>
<td>Promising export items</td>
<td>cosmetics, accessories, women's wear, cellular phones, items of personal preference (confectionery, beverages, cigarettes)</td>
</tr>
</tbody>
</table>

2. K-Beauty Cosmetics Status

2.1. Domestic Production Scale of Cosmetics

In tune with the high fever of K-Beauty, the domestic production scale of cosmetics as of 2015 increased up to 10.7 trillion won. The CAGR (Compound Annual Growth Rate) of domestic cosmetics industry from 2011 to 2015 reached up to 13.9%, showing the rapid growth of the production scale.

2.2. Export Scale of Cosmetics

As of 2015, the domestic market scale of Korean cosmetics reached up to 12.1 trillion won, ranking No. 8 in the world. The market share of the world cosmetics market is 3.0%. The export amount of Korean cosmetics as of 2016 was 4.76 trillion won and showed rapid annual growth in spite of overall concerns of export slowdown. For instance, while the export increase rate in computer-related industry was only 5.9%, that of cosmetics industry recorded no less than 47.3%(KCA, 2016).
3. Risk factors of Korean Wave products of K-Beauty

3.1. Forgery of the Chinese Production

- Cases of overseas preoccupancy or piracy without permission (From November of 2014 to May of 2016): Among 1,019 cases, 1,005 cases happened in China(KOTRA, 2016).

3.2. High Dependence on the Chinese Market


According to the progress of export amount for the last 2 years, the export sum to China increased by 34.1% compared with the same period of the previous year, and the export sum to Hong Kong increased by 81.9% compared with the same period of the previous year(KOTRA, 2016).


Moreover, in the Chinese cosmetics market, the market share of Korean cosmetics drastically increased from 5.4% in 2010 to 23.7% in June of 2016. In the past, it was ranked No. 4 followed by France, Japan and USA but it leapt to No. 2 in 2015(KOTRA, 2016).

- Market share of imported cosmetics in the Chinese cosmetics market (as of the end of June of 2016): France 29.3%, South Korea 23.7%, Japan 15.2%, USA 10.9%, UK 6.6%

3.3. Control Enhancement of China

China's enhancement of administrative instructions such as complicated hygienic permission and regulation strengthening of Korean cosmetics will work as serious risk factors from the perspective of export of Korean Wave products of K-Beauty.

3.4. Reinforcement of Hygienic Permission

In the past, there used to be an exemption of the hygienic permission of imported cosmetics via direct cross-border purchase. However, from May of 2017 on, the Chinese government will strengthen the hygienic permission of the imported cosmetics via direct cross-border purchase. It is estimated that Korean enterprises will be highly affected by this policy.

3.5. Concerns on Market Encroachment of Market of Low and Middle-Priced Goods

Currently, the cosmetics industry of China remains in the noticeably lower level than Korea since it requests product manufacturing to ODM companies of Korea. There is no big concern of market encroachment yet in the sense that the Chinese market still produces low and middle-priced goods due to the low technology. However, in case the technology catchup continues through manpower outflow and company takeover, it is estimated that it will be inevitable for the small and medium Korean enterprises supplying low and middle-priced goods to China to suffer from sales reduction in the future.

3.6. Share Takeover and Joint Venture of Korean Cosmetics Manufacturer

It is required to consider the loss of industrial competitiveness in the long-term perspective, in the sense that China takes advantage of the chance of manpower outflow or obtainment of technology possessed by the Korean company during the joint venture period by investing capital to Korean cosmetics manufacturer equipped with technology.

4. Successful Factors of Korean Wave Products of K-Beauty

4.1. Technical Competitiveness

Korean cosmetics industry of the level approaching the world-best technology is leading the fever of K-Beauty based on the accumulation required for long-term expertise and skill. The technological gap between Korea and other advanced countries such as USA, France and Japan is 4.9 years on the average. In terms of detailed type, the gap appeared to be 3.6 years in consistency formulation technology, 4.5 years in assessment technology, 5.7 years in container and recipient technology, and 5.8 years in material technology.

4.2. Innovative Idea

Korea commercializes products based on innovative ideas and releases world-first and original K-Beauty products.

4.3. Quick Power of Execution

In accordance with the replacement period meeting the needs of consumers, innovative products are rapidly produced. This way, Korean cosmetics industry can have enhanced competitiveness.

5. Efficient Strategies for Export Promotion

5.1. STP Strategies Toward ASEAN Region

Recently, ASEAN-focused Southeast countries show distinct development in terms of politics and economy in the international stage. In particular, the economic activation of Vietnam that joined ASEAN as a new comer is conspicuous, and the remarkable progress can be equally seen in Laos, Myanmar and Cambodia that opened the doors toward the world. ASEAN is a region with the most active consumption of Korean Wave-related content such as food, cosmetics and clothes, showing constant growth of Korean Wave beneficial item export with the growth rate of 11% on the average for the last 3 years. In particular, in company with Korean Wave boom, countries such as Indonesia, the Philippines, Thailand, Vietnam and Malaysia are expected to have rapid export growth of K-Beauty products due to the introduction of ASEAN integrated cosmetics regulations. Therefore, it will be required to establish strategies for export in accordance with features of each country(KOFICE, 2015).
5.3. Expansion Strategies for Diverse Areas Covering K-Food, K-Health, K-Town

Followed by K-Beauty, there is a growing demand of Korean Wave consumption in K-Food and K-Health. In particular, by creating large-scale K-Town in famous resort city, it can be used as an overseas expansion base of Korean Wave by bringing in Korean-brand specialized stores such as Korean-style restaurants, coffee shops, cosmetics, clothes and bakeries popular to the local people, based on Korean Wave content (KOFICE, 2015).

6. Summary of Research Results and Implications

Korean Wave products of K-Beauty are facing multidirectional challenges from China-centered East Asian countries. The production of forgery and altered imitations of popular K-Beauty products made in China are disturbing the order of distribution market. Other risk factors lie in the high market dependence on the Chinese market and the strong control of China toward K-Beauty products. Moreover, there are big concerns on the possibility of China's encroachment of low and middle-priced market of cosmetics with poor technology by acquiring the shares of Korean cosmetics manufactures or investing jointly.

Regarding the priority area for export promotion of K-Beauty products, ASEAN region will be appropriate as "next China", STP strategies toward ASEAN region applying Online and Offline distribution market and differentiated technology will play a role as successful factors of Korean Wave products of K-Beauty. In addition to K-Beauty, it will be required to expand the area in a more diversified way toward K-Food, K-Health and K-Town, aiming at sustainable development of Korean Wave.

References

Political Economy, 21(1), 143-162.
Development of High efficiency Food Waste Treatment System for Entering New and Renewable Energy Industry in Southeast Asia

Kwon, Ki-Tae; Lee, Woo-Sik; Kwon, Lee-Seung; Seong, Seung-Hwan; Kim, Young-Do; Kwon, Woo-Taeg

Abstract

It is possible not only to treat high concentration organic matter such as food wastes but also to utilize food wastes as resources according to the bio-energy generation such as methane. The method of co-digestion of mixed wastewater mixed with organic wastes such as sewage sludge concentrated waters together with drinking wastewater is the most ideal method. Radiation not only has germicidal power in water treatment, but also is effective in decomposing degradable organic matter. Second chemical contamination problem is also solved because it does not use chemicals. Introduction of radiation pretreatment system to solve problems caused by mixing of waste water and organic waste resources. Biological electrochemical fusion system is used to remove the nutrients contained in the organic matter-removed mixture. Through the development of a system for treatment of high concentration wastewater, the processing efficiency is verified through the universal water treatment system for wastewater containing high concentration organic matter in addition to treatment of wastewater.

Keywords: Non-degradable organic matter, Radiation, Anaerobic digestion, High efficiency Food Waste Treatment System, Renewable Energy Industry, Southeast Asia

1. Introduction

In accordance with the prohibition of direct landfill of food wastes, most of the food wastes are treated in composting or feed facilities. In recent years, interest in biogas production due to anaerobic digestion has increased for the treatment of food waste. It is difficult to treat wastewater containing high concentrations of organic matter and a large amount of nitrogen in conventional processes. Anaerobic digestion is a process in which organic matter is converted into anaerobic biogas by methane and carbon dioxide by anaerobic microbial communities.

It is possible not only to treat high concentration organic matter such as food wastes but also to utilize food wastes as resources according to the bio-energy generation such as methane. The method of co-digestion of mixed wastewater mixed with organic wastes such as sewage sludge concentrated waters together with drinking wastewater is the most ideal method. Radiation not only has germicidal power in water treatment, but also is effective in decomposing degradable organic matter. Second chemical contamination problem is also solved because it does not use chemicals. Introduction of radiation pretreatment system to solve problems caused by mixing of waste water and organic waste resources. Biological electrochemical fusion system is used to remove the nutrients contained in the organic matter-removed mixture.

Through the development of a system for treatment of high concentration wastewater, the processing efficiency is verified through the universal water treatment system for wastewater containing high concentration organic matter in addition to treatment of wastewater.

2. Method and Material

2.1. Influent Properties

The wastewater used in this study is COD 518,957 mg / L, which is very high in the content of refractory organic matter compared to the concentration of solids, and high in carbohydrate and protein content. In case of lack of alkalinity in anaerobic digestion, the process may become unstable easily, and digestion of food wastes is necessary by using complex digestion process through macro / micro nutrient and alkaline supplement.

2.2. Configuration of instruments

![Schematic configuration of instruments](Image 1)
2.3. Operation condition

<table>
<thead>
<tr>
<th>Condition</th>
<th>Anoxic Digestion</th>
<th>Ion Exchange Biological Reactor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Thermophilic</td>
<td>Activating Sludge</td>
</tr>
<tr>
<td></td>
<td>Mesophilic</td>
<td>Activating Sludge</td>
</tr>
<tr>
<td>Seeding</td>
<td>Activating Sludge</td>
<td>Activating Nitrification Sludge</td>
</tr>
<tr>
<td>pH</td>
<td>7~7.5</td>
<td>6.5~7</td>
</tr>
<tr>
<td></td>
<td>6.5~7</td>
<td>7~7.8</td>
</tr>
<tr>
<td></td>
<td>7.5~8.2</td>
<td></td>
</tr>
<tr>
<td>Temperature (°C)</td>
<td>55</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>HRT (days)</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Input volume (mL/day)</td>
<td>450</td>
<td>450</td>
</tr>
</tbody>
</table>

3. Results

3.1. Increase of solubilization rate by irradiation

The amount of methane produced by the BMP test was 366 mL CH4/g VS and the average methane content was 82% when irradiated with 100 kGy of gamma ray.

3.2. Difference due to process operation condition

The total removal efficiency of total COD removal from irradiated and non-irradiated samples was 51% in the irradiated samples and 48% in the non-irradiated samples. In the thermophilic digestion, the irradiated specimens showed relatively stable removal efficiency in about 40 days, whereas the irradiated specimens did not exceed 80 days.

At the mesophilic digestion, the irradiation efficiency of the irradiated sample was about 90% at the final removal efficiency, while the nonirradiated sample at 80%. Similar to the tendency in the high temperature digestion tank, it is confirmed that organic matter is removed from the irradiated sample within a short period of time.

3.3. Reduction of organic matter by anaerobic digestion

Total COD is reduced by about 50% - Sludge containing primarily organic matter was introduced into the mid-temperature digester and decreased to about 5,000 mg/L after stabilization over a period of time. In the case of soluble COD, it was confirmed that the operation was reduced to 5,000 mg/L in the high temperature digester and 1500 mg/L in the middle temperature digestion tank according to the operation of the abnormal digestion tank. Decreasing trend confirms higher reduction efficiency compared to total COD - This is due to the fact that the solubility COD is distributed more in the raw water than the COD induced by the solids.
3.4 Ion exchange biological reaction

The irradiated wastewater is subjected to an anaerobic digestion process and then injected into the IEBR process for removal of residual organic matter and nitrogen. The behavior of nitrate is also stable, and the removal rate is over 95% during the operation period. The nitrate concentration of 100 mg/L or less was analyzed and the concentration of nitrate was similar to that of the influent during the stay period of A. The residual nitrate in the sample moved to the C group was discharged into the form of nitrogen gas through denitrification, and the result was maintained at 30 mg/L or less.

With the introduction of the intermittent aeration process, the result of the reduction of the organic matter in the group C is confirmed. Introduced intermittent aeration process in group A due to organic matter reduction by intermittent aeration process and identified in - Thereafter, the result of additionally removing soluble COD of about 20% or more was confirmed.

4. Conclusion

Evaluation of degradable organics treatment performance in combined digestion of waste water by ionization using gamma ray. Based on the results of the BMP test, we have developed a combined digestion process for sewage sludge / food waste combined digestion process and evaluated the treatment characteristics of food waste by ionization reaction and complex digestion by gamma-ray pre-treatment. A more stable and efficient complex digestion process can be achieved by the solubilization effect of the degradable organics by the ionization reaction.

From the technical point of view, it is possible to greatly reduce the environmental pollution load by decomposing refractory materials of food wastes by using radiation and inducing complex digestion with organic matter, nutrient salts and pathogenic microorganisms, which are representative environmental pollutants, together with sewage sludge or livestock wastewater. Economic and social aspects, it is possible to produce biogas and recover renewable energy through digestion process, and to reduce digestion cost of sewage sludge and livestock manure through complex digestion.

As a difficult problem that needs to be overcome urgently
nowadays, it has secured leading technology in the rapidly growing market every year and it is possible to reduce the processing cost by releasing it without additional process because of the elimination technology through the IEBR. Although there is a burden of adding a radioactive treatment facility to the existing process, it is expected to reduce the treatment cost continuously by increasing solubility COD and increasing anaerobic digestion efficiency by decreasing solids, by increasing biogas production rate.

Reference


A Study on the Analysis of Start-Up Success-Failure Factors to Small Enterprise in Seoul, Korea

Kim, Se-Jin¹; Lee, Sang-Youn²; Kim, Pan-Jin³

Abstract

Microenterprises in Seoul serve as a foundation for the regional economy and are a driving force for national economic growth. It’s necessary to establish the “Start-up bible for microenterprises (myeongsimbogam)” for its success based on empirical case analysis (10 tips for startup success and shortcuts to failure). To be used as basic data for improvement of support policies and policy making development based on causes of microenterprises’ liquidation.

Keywords: Analysis, Start-Up Success-Failure Factors, Small Enterprise, Korea

1. Introduction - Task Overview

1.1. Task Title

Analysis of factors for success and failure and microenterprises in Seoul, 2014
(Academic Service of Seoul Credit Guarantee Foundation)

1.2. Task Period

3 months (November 19, 2014 – January 30, 2015)

1.3. Task Purpose

Microenterprises in Seoul serve as a foundation for the regional economy and are a driving force for national economic growth. It’s necessary to establish the “Start-up bible for microenterprises (myeongsimbogam)” for its success based on empirical case analysis (10 tips for startup success and shortcuts to failure). To be used as basic data for improvement of support policies and policy making development based on causes of microenterprises’ liquidation.

1.4. Task Scope

Spatial scope: Seoul
Time scope: Performance data from 2006 to 2012
Contents scope:
- Data analysis of the Foundation-owned start-ups’ guarantee and insolvency (quantitative analysis)
- Case analysis and investigation of start-up success and failure (qualitative analysis)
- Analysis of effects of the Foundation’s supporting policies on startup success
- 10 tips for start-up success and 10 shortcuts to failure based on the analysis

1.5. Quantitative Analysis

Data analysis from 2006 to 2012
Statistics of guarantee and insolvent companies
Using variables including company types, characteristics, region, age, lifespan, accidents, cooperation Statistical verification

1.6. Qualitative Analysis

Targeted to start-up success and failure (200 companies)
Success and failure factors through statistical analysis
Analysis of effects on supporting policies for business management
Association with quantitative analysis Discovering symptoms of failure

1.7. 10 Tips for Start-up Success and Shortcuts to Failure

Providing precautions and solutions through case analysis of overcoming crisis
Plans to foster prepared start-ups
Crisis solutions
Suggesting policies for start-up success.

2. Results of Quantitative Analysis (electronic data)

2.1. Analysis Overview

Extracting Data from Start-up Success and Failure Case Standards for Selecting Start-up Success and Failure
- Total sample size: 24,125 start-up companies supported by the guarantee program from 2006 to 2012 (counted by company registration numbers)

2.2. Analysis Result

Different factors of Success and Failure through Analysis Types
Main causes include: credit rating, total debt, internal funds, monthly rental rates
3. Results of Qualitative Analysis

3.1. Survey Overview

1) Survey Period and Collection

Total Conducted Surveys: 345 (companies answered in
affirmative whether available beforehand)
Collected Surveys: 124

2) Survey Result

18 surveyors conducted for 10 days
1st: 103 surveys collected out of 240 / 2nd: 105 more conducted
(21 collected)
124 valid sample surveys collected out of 200 from companies
Reasons for not responding to surveys: 345 companies were
visited, some representatives refused to, absent, out of the town,
closure

3) Analysis Method

Collected surveys through editing and coding entered into the
Excel 2010
Entered data processed in statistics using the SPSS

3.2. Result of Correlation Analysis

Different factors of success and Failure through result of
correlation analysis
Comparison of Types of Start-up between Successful and Failed
Companies
- Choosing a type of business when launching start-up, one of the
factors for success and failure, was reconfirmed through X2 test.
- Successful ones: Food service, retail and wholesale business,
other service business - Failed ones: Manufacturing business,
personal service business
- Comparison of Sales Management between Successful and
Failed Ones
Sales management is necessary in managing start-up, which can
also be one of the factors for success and failure.
- Comparison of Effect of Increase in Sales
The effect of increase in sales is a natural consequence for
successful ones, while can be challenging for failed ones.
- Comparison of Methods for Raising Emergent Funds between
Successful and Failed Ones
Methods of raising emergent funds can be one of the factors for
success and failure, which is proved by x2 test.

3.3. Result of Personal Interview Analysis

Drawing Tips for Startup Success and Shortcut to Start-up
Failure from Personal Interview Analysis
① The economic conditions of the time of launching start-up
didn’t really matter.
② Make use of government-owned fiduciary institutions when
launching start-up and managing it.
③ Location of a store should be chosen taking into account
residence, surroundings of workplace, and money; in other words,
commercial supremacy should be thoroughly considered including
flows of human traffic.
④ A founder should work on the spot.
⑤ Familial atmosphere should be created to improve employees’
business skills
⑥ Faithfulness and improvement of customer service are crucial
in continuing start-up business.
⑦ It’s important to remain stable in business.
⑧ Differentiation strategies against rivals are good service,
quality, unique design and taste.
⑨ The shortcut to success is thorough market research.
⑩ Steady efforts are crucial in avoiding failure. Success is not to
be done in a day.

4. Results

10 Tips for Success and Shortcuts to Failure

References

firm and manufacturer firm working partnerships, Journal of
Marketing, 54(1), 42-58.
maintaining relationships with service providers, Journal of
Retailing, 73(1), 107-118.
substitute for satisfaction in business markets?, Journal of
Business and Industrial Marketing, 17(2/3), 107-118.
Flint, D. J., Woodruff R. B., & Gardial S. F. (2002). Exploring the
phenomenon of customers’ desired value change in a business-
The value of B2B relationships, Industrial Management and
Data Systems, 109(5), 593-609.
interdependence and interfirm interaction: Research in a
simulated channel setting, Journal of Marketing Research, 31,
516-532.
Keaveney, Susan M. (1995), Customer Switching Behavior in
Service Industries: An Exploratory Study, Journal of Marketing,
59(April), 71-82
Kingshott, R. P. (2006), The impact of psychological contracts upon
trust and commitment within supplier-buyer relationship: a social
exchange view, Industrial Marketing Management, 35(6), 724-
739.
McGraw-Hill.
Payne, A. & S. Holt. (2001), Diagnosing customer value:
integrating the value process and relationship marketing, British
Journal of Management, 12, 159-82.
Ping, R. A. (2007), Salesperson-Employer Relationships:
Salesperson Responses to Relationship Problems and their
Antecedents, the Journal of Personal Selling and Sales
differences and trust on the effectiveness of selling partner


Efficient Construction Process and Distribution System through Construction IT Convergence based on 4th Industrial Revolution Technology: Focused on Distribution Management of Free-form Structural External panel

Lee, Dong-Woon¹; Kim, Dae-Geon²

Abstract

The distribution of construction materials and the schedule management of a project are important elements in ensuring an effective construction system and reasonable construction duration and cost. Therefore, IT convergence technology of distribution to the construction industry, a BIM module is composed as a 4D model more easily, which is considered to contribute to a reduction in construction duration, an improvement in quality and a reduction in cost through efficient management of manpower and the minimization of errors arising from the site construction by reflecting information in real time through an RFID system.

Keywords : distribution of construction, IT convergence technology, RFID, BIM

1. Introduction

As the era of the 4th Industrial Revolution begins, there is high demand worldwide, both in the construction company, for new innovation in a variety of areas to address the challenges of a dramatically changing industrial landscape. Compared with the three previous industrial revolutions, the 4th Industrial Revolution is seeing radically accelerated changes, making it impossible for some companies to transition. For this reason, companies have had a high interest in technology innovation and its underlying IT convergence, on the basis of which new economic values can be created, both internally and externally.

The distribution of construction materials and the schedule management of a project are important elements in ensuring an effective construction system and reasonable construction duration and cost. Significantly, the conventional wired communication technique used for schedule management and the network for supplying pre-fabricated materials including precast concrete has resulted in more errors and time loss. For this reason, it is necessary to develop an IT convergence system based on the fourth industrial revolution through which a precast concrete manufactured at factory is carried into a construction site and then placed. More specifically, an automatic manufacturing system is introduced, and through the core values of Supply Chain Management(SCM) including right time, right price, right commodity, right quantity, and right place, it is transported to the site and then built-in.

1 ¹ Department of Architectural & Civil Engineering, Dongseo University, Email : ldu21@hanmail.net
2 Corresponding Author, Department of Architectural & Civil Engineering, Dongseo University, Republic of Korea, Tel: +82-51-320-2876, E-mail: un43@hanmail.net

2. Distribution Management of Free-form Structural External panel

In construction, digital technology was first used to make and visualize 2D drawings and then was extended to make 3D models for non-formed buildings material it is now applied even to production and maintenance of non-formed building materials. As
such, an automated design and production system is developed by sending a double curve as a form of data to a CNC machine using a digital model.

In addition, for the design of a member, a management process through which the information collected from the tags attached to each member using the Building Information Modeling (BIM) technology for the 3D spatial design and a mobile-based Radio Frequency Identification (RFID) reader can be checked is developed. Through this, any waste factors including a delay in reflecting information caused by a non-formed construction material such as a precast concrete can be resolved, and precise construction management can be achieved by applying the concept of real-time production and materials management used in the IT distribution system.

Breaking away from the conventional distribution system including the old wired operation method and these parated web system and delayed reflection of information, the process of a new IT convergence system is illustrated in Figure 1. To utilize the real-time information collected and managed from RFID tags and on the web system based on the information extracted from a BIM, IDs of precast concrete members are stored on the webserver and can be managed in real time by processing the geometric information by ID in a batch using a IT program used for a web game.

In addition, a real-time 4D simulator was developed as shown in Figure 2 to reflect any changes in information in real time, and a solution that enables a BIM module to be used as CAD and VR commercial engines was also developed. Figure 3 illustrates the composition of functions of the 4D simulator, a 4D model composed using a IT program. Figure 5 is a web-based 4D simulator, which illustrates a construction process simulation using a web system based on an IT convergence system of BIM and RFID tag technologies. In particular, a cloud-based web system was built in order to link the web-based IT process to a mobile phone from a precast concrete, creating a significant improvement in efficiency so that site managers and constructors can check the transported quantity and the installation process simultaneously. A quantitative analysis of the efficiency of the system was performed as indicated in Table 4 in terms of the time taken to search information, construction simulation and the time taken to reflect web data.
3. Conclusions

The aim of this study is to introduce an IT convergence technology to realize efficiency in material distribution, construction process and management using a non-structural construction material, such as a precast concrete manufactured at a factory. The efficiency of production, distribution and construction is believed to be a technology in which a swift operation speed of an artificial intelligence and IoT based on the recent 4th industrial revolution. For the optimal construction system, a process to produce exterior materials of non-structural construction materials through an automated system is studied in this study. In addition, as part of applying an IT convergence technology of distribution to the construction industry, a BIM module is composed as a 4D model more easily, which is considered to contribute to a reduction in construction duration, an improvement in quality and a reduction in cost through efficient management of manpower and the minimization of errors arising from the site construction by reflecting information in real time through an RFID system. It is necessary to develop IT collaboration with other companies to realize a change in perceptions in the future, so that supply chain management can be changed into an innovative system to actively utilize the system developed in this study.

References


<Figure 3> Web system based on an IT convergence system of BIM and RFID tag technologies>
A Study on the Effect of Brand Globalness and Green National Image on Customer Satisfaction and Repurchase Intentions based on the Effect of Green Marketing - Chinese Consumers -
Tang, Lin¹; Lee, Sung Joon²

Abstract

In the recent years while the globalization process continues in its full speed across the world, aforementioned environmental problems have started to come to the agenda more and more then people have started to probe into these negativities. Consumers have worry about the future of the world, as results mostly prefer environment-friendly products. In order to cater to these attitudes of consumers, companies have started to considering the environment problem and form their marketing strategies so as to work in with the increasing green awareness all over the world. We should find out how importance the green marketing can be influenced the consumers' decision then prove the relation with green marketing, brand globalness, brand image and they will influenced the consumer's satisfaction and repurchase intentions of Chinese consumer. In order to find out the difference of Chinese consumer between with high green consciousness and low green consciousness this thesis divided consumers to 2 groups. This thesis will also make Demographic characteristics analysis, reliability analysis, feasibility analysis and especially hypothesis verification for twice for finding the difference between high green consciousness consumer and low green consciousness consumer’s attitude on enterprise’s green marketing. This paper is expected to make a contribution to the enterprise who want to increase the ability of green marketing to get a direct strategy on Chinese consumers.

Keywords: Green Marketing; Brand Globalness; National Image; Consumer Satisfaction; Repurchase Intention.

1. Introduction

Apart from producing environment-friendly products and selecting environment-friendly markets, essentially understanding of "Green" is required to be integrated into the corporate culture. Consumers encounter with terms such as ozone-friendly, environment-friendly and recyclable products in green marketing. However, green marketing isn't limited to these terms but is a much wider concept of marketing activity which can be applied to consumer goods, industrial goods and even to services (Erbaslar, 2010). Green marketing term was first discussed in a seminar on "ecological marketing" organized by American Marketing Association (AMA) in 1975 and took its place in the literature. In this seminar where the impact of marketing on natural environment was analyzed with the contribution of academicians, bureaucrats and other participants, ecological marketing concept was defined as follows: Studies regarding adverse or positive impacts on environmental pollution, energy consumption and consumptions of other resources as result of marketing (Cevreorman, 2010).

Most of the industries make new strategy to make a large market and left a good image to consumers effectively. Every marketer must realize the fact that there is no single green-marketing strategy is right for a company. The company which understands these strategies and the underlying reasoning behind them will be better prepared to help themselves benefit from an environmental friendly approach to marketing. In order to develop goods that can appeal to the consumer, reasonably affordable prices and environment-friendly products causing minimal damage are required reflect an image of high quality, environmental sensitivity and hence production of products compatible with environment are required. We should find out how important the green marketing can be influenced the consumers' decision. And prove the relation with green marketing, brand globalness, brand image, then prove they will influence the consumer satisfaction and repurchase intentions of Chinese consumer. Then we will find out which factor will increase Chinese consumers' repurchase intentions in order to give a direct advice to industries to make a direct decision about marketing strategy.

The paper is organized as follows: Section 1 shows the purpose of this study and how important of this subject. Section 2, related literature is provided and the theoretical background of the study is clearly identified. Section 3 presents the proposed theoretical mathematical model. Several scenarios are given to demonstrate the value of model in this Section then provided a direct method to demonstrate the relation between factors, Section 4 will show the result about data through the SPSS and the process and result of this study, Section 5 also the last section contains conclusions and future research directions.

In order to find out the difference between the consumer with high green consciousness and low green consciousness I divided consumers to 2 groups. The Measure of classification is whether respondents have a high Green consciousness or a low green consciousness that according to the marks of survey’s Question item. This thesis will also make Demographic characteristics analysis, reliability analysis, feasibility analysis and especially hypothesis verification for twice then find the difference between high green consciousness consumer and low green consciousness consumer’s attitude on green marketing.

This paper is expected to have meaning for the enterprise to get a direct green marketing strategy on Chinese consumer.

1 First Author. PhD student, Department of International Business Management, Woosong University
2 Corresponding Author. Professor, Department of International Business Management, Woosong University
2. Literature Review

<table>
<thead>
<tr>
<th>Researcher</th>
<th>Annual</th>
<th>Research of Factors</th>
<th>Relation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belz, Peattie</td>
<td>2008</td>
<td>green price—purchase attention</td>
<td>positive</td>
</tr>
<tr>
<td>Akenji</td>
<td>2014</td>
<td>green price—purchase attention</td>
<td>positive</td>
</tr>
<tr>
<td>Gladwin</td>
<td>1992</td>
<td>green marketing—competitive advantage</td>
<td>positive</td>
</tr>
<tr>
<td>Ottman</td>
<td>2006</td>
<td>green marketing—environmental quality, customer satisfaction</td>
<td>positive</td>
</tr>
<tr>
<td>Grant</td>
<td>2007</td>
<td>green marketing—green behavior</td>
<td>positive</td>
</tr>
<tr>
<td>Churchill, Peter</td>
<td>1998</td>
<td>green marketing—marketing mix(Green Product, Green pricing, Green marketing channels, Green marketing communication)</td>
<td>positive</td>
</tr>
<tr>
<td>Laroche et al.</td>
<td>2001</td>
<td>green price—purchase attention</td>
<td>positive</td>
</tr>
<tr>
<td>Aim, Joung</td>
<td>2004</td>
<td>demography statistics—green product's purchase attention</td>
<td>negative</td>
</tr>
<tr>
<td>Steenkamp, Batra, Alden</td>
<td>2003</td>
<td>brand globalness—purchase, brand quality</td>
<td>positive</td>
</tr>
<tr>
<td>Özsomer, Ahtaras</td>
<td>2008</td>
<td>brand globalness—brand's consumer perspective</td>
<td>positive</td>
</tr>
<tr>
<td>Friedman</td>
<td>1990</td>
<td>global reputation—purchase</td>
<td>positive</td>
</tr>
<tr>
<td>Batraetel</td>
<td>2000</td>
<td>brand globalness—brand attitudes</td>
<td>positive</td>
</tr>
<tr>
<td>Jung, Kim</td>
<td>2004</td>
<td>brand globalness—brand quality, brand reputation—purchase intentions</td>
<td>positive</td>
</tr>
<tr>
<td>Han, Lee, Lee</td>
<td>2011</td>
<td>origin image—brand globalness</td>
<td>positive</td>
</tr>
<tr>
<td>Henion</td>
<td>1972</td>
<td>green consciousness—purchase</td>
<td>positive</td>
</tr>
<tr>
<td>Kotler</td>
<td>2003</td>
<td>customer satisfaction—repurchasing</td>
<td>positive</td>
</tr>
</tbody>
</table>

3. Research Methodology

3.1. Research model

This study is based on a theoretical review of green marketing activities then Setting the green consciousness as Adjustment Variables and research the influence of consumers’ management activities on national image, brand globalness, customer satisfaction and repurchase intentions as follows.

![Diagram](image)

3.2. Research hypothesis

H1: Green Marketing will have a positive(+) impact on Brand Globalness.
H2: Green Marketing will have a positive(+) impact on National Image.
H3: Brand Globalness will have a positive(+) impact on Customer Satisfaction.
H4: National Image will have a positive(+) effect on Customer Satisfaction.
H5: Brand Globalness will have a positive(+) impact on Repurchase intentions.
H6: National Image will have a positive(+) effect on Repurchase intentions.

3.3. Data collection and analysis

In order to carry out this study, we surveyed 330 randomly selected consumers from various age groups in various cities in China and distributed the questionnaires and conducted the survey.

The survey period was from December 20, 2016 to April 20, 2017, and 330 questionnaires were distributed and 315 copies were collected. Among them, 8 consumers who did not purchase green products were excluded from the analysis. In this study, the following analysis method was used to verify hypotheses. Frequency analysis is used to determine the distribution of various variables based on demographic variables. In this research model, reliability analysis is used to evaluate the reliability of the questionnaire items to clarify the relationship between the green marketing activities, brand globalness, national image, customer satisfaction, and repurchase intentions. Factor analysis is used to assess the validity of the questionnaire items for each factor. In addition, for the intensiveness of the independent variables, correlation analysis was performed on the question items and the hypotheses were verified by regression analysis.

All of the Survey items except the demographic characteristics consisted of a 7-point Likert scale consisting of responses from ‘very agree’ (7 points) to ‘not at all’ (1 point).

In order to find out the difference between the consumer with high green consciousness and low green consciousness I divided consumers to 2 groups. The Measure of classification is whether respondents have a high Green consciousness or a low green consciousness that according to the marks of survey’s Question item. This thesis will also make Demographic characteristics analysis, reliability analysis, feasibility analysis and article verification for twice then find the difference between high green consciousness consumer and low green consciousness consumer’s attitude on green marketing.

There are 4 items for green product, green price, green place, green promotion, brand globalness, national image and green consciousness, then 2 items for consumer satisfaction and repurchase. This thesis divided respondents for 2 groups according to the Average of green consciousness. whose answers average less than 5 points would be recognized as low green consciousness consumers, on the other side, respondents whose answers average more than 5 points would be recognized as high green consciousness consumers.
4. Results

① The analysis result of low green consciousness consumer

<table>
<thead>
<tr>
<th>Research hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Green Marketing → Brand Globalness</td>
<td></td>
</tr>
<tr>
<td>1-1. Green Product will have a positive(+) impact on Brand Globalness..</td>
<td>Adoption</td>
</tr>
<tr>
<td>1-2. Green Price will have a positive(+) impact on Brand Globalness..</td>
<td>Rejection</td>
</tr>
<tr>
<td>1-3. Green Place will have a positive(+) impact on Brand Globalness..</td>
<td>Rejection</td>
</tr>
<tr>
<td>1-4. Green Promotion will have a positive(+) impact on Brand Globalness..</td>
<td>Adoption</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2: Green Marketing → National Image</td>
<td></td>
</tr>
<tr>
<td>2-1. Green Product will have a positive(+) impact on National Image.</td>
<td>Adoption</td>
</tr>
<tr>
<td>2-2. Green Price will have a positive(+) impact on National Image.</td>
<td>Rejection</td>
</tr>
<tr>
<td>2-3. Green Place will have a positive(+) impact on National Image.</td>
<td>Rejection</td>
</tr>
<tr>
<td>2-4. Green Promotion will have a positive(+) impact on National Image.</td>
<td>Adoption</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3: Brand Globalness will have a positive(+) impact on Customer Satisfaction.</td>
<td>Adoption</td>
</tr>
<tr>
<td>H4: National Image will have a positive(+) effect on Customer Satisfaction.</td>
<td>Adoption</td>
</tr>
<tr>
<td>H5: Brand Globalness will have a positive(+) impact on Repurchase Intentions.</td>
<td>Adoption</td>
</tr>
<tr>
<td>H6: National Image will have a positive(+) effect on Repurchase Intentions.</td>
<td>Adoption</td>
</tr>
</tbody>
</table>

② The analysis result of high green consciousness consumer

<table>
<thead>
<tr>
<th>Research hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Green Marketing → Brand Globalness</td>
<td></td>
</tr>
<tr>
<td>1-1. Green Product will have a positive(+) impact on Brand Globalness..</td>
<td>Adoption</td>
</tr>
<tr>
<td>1-2. Green Price will have a positive(+) impact on Brand Globalness..</td>
<td>Adoption</td>
</tr>
<tr>
<td>1-3. Green Place will have a positive(+) impact on Brand Globalness..</td>
<td>Adoption</td>
</tr>
<tr>
<td>1-4. Green Promotion will have a positive(+) impact on Brand Globalness..</td>
<td>Adoption</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2: Green Marketing → National Image</td>
<td></td>
</tr>
<tr>
<td>2-1. Green Product will have a positive(+) impact on National Image.</td>
<td>Adoption</td>
</tr>
<tr>
<td>2-2. Green Price will have a positive(+) impact on National Image.</td>
<td>Adoption</td>
</tr>
<tr>
<td>2-3. Green Place will have a positive(+) impact on National Image.</td>
<td>Adoption</td>
</tr>
<tr>
<td>2-4. Green Promotion will have a positive(+) impact on National Image.</td>
<td>Adoption</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3: Brand Globalness will have a positive(+) impact on Customer Satisfaction.</td>
<td>Adoption</td>
</tr>
<tr>
<td>H4: National Image will have a positive(+) effect on Customer Satisfaction.</td>
<td>Adoption</td>
</tr>
<tr>
<td>H5: Brand Globalness will have a positive(+) impact on Repurchase Intentions.</td>
<td>Adoption</td>
</tr>
<tr>
<td>H6: National Image will have a positive(+) effect on Repurchase Intentions.</td>
<td>Adoption</td>
</tr>
</tbody>
</table>

5. Conclusion

This study was conducted with literature research and empirical studies in parallel. Survey on Chinese consumers who have been with green marketing experience and we studied about the green marketing’s 4 factors effected on consumer satisfaction and repurchase intention with the parameter of brand globalness and the national image. The implications as follows are based on the results of the empirical analysis.

Firstly, Focus on the Chinese consumers with low green consciousness, analysis about influence factor of brand globalness and national image shows that green product and green promotion is important. It is important for company to improving the quality of green products and communicate the green information using advertising and a direct sales promotions. Therefore, it is suggested that the consumers with low green consciousness would like to purchase products with better quality and a direct advertising and other sales promotions it will effect consumer’s image about the producer’s nation and the brand globalness. And company should pay more attention on green product and green promotion in order to improve the national image and brand globalness.

Secondly, we can get the result of the low conscious consumers do not pay much attention to environmental pollution that occurs during the distribution process and if price has been control by companies. Because of the low green consciousness customer’s environmental awareness is not as much as high green consciousness consumers, so they wouldn't emphasis on environmental issues occurred during all stages of company. The high consciousness consumers think that if the company is active in green marketing, the image of the producing country will improve and the globalness of brand is also high.

Thirdly, national image and brand globalness are important factors affecting satisfaction and repurchase intention. In order to maximize products’ sales volume and profits of the company, it is necessary for the enterprise to consider the consumers thought. If consumers make a good impression about image of the producer country, the consumer will becomes more familiar with the brand. If we improve the globalness of brand, consumers tend to be satisfied with the product and repurchase if the impression is good about the global range and International scale of the brand.

The purpose of this study is to analyze the effect of green marketing, brand globalness and national image on consumer satisfaction and repurchase intention. There is a limitation that it is meaningful only for the strategy to enter into the Chinese market, and there is a limitation that global brands can not be surveyed and compared to consumers all over the world. Therefore, comparative studies will be conducted for China and other major countries in the future.
A Study on Factor that Effect on Consumer’s Behaviour on Cross-Border E-Commerce in Vietnam - Ho Chi Minh City -

Dao, Duy Thang¹; Hyun, In Gyou²

Abstract

Vietnam E-commerce has been used and developed 10 years ago but recently, with removing tariff barriers, Vietnam’s customer can easily buy almost thing in the foreign web-site. However, little research has been done to study how to customer’s using intention on across national borders. This study aims to find the factors that effect to customer’s using intention on foreign direct online shopping. A conceptual model is developed from the perspectives of customer’s trust and value. We also examine the impact of information’s signal, security and safe, country image on customer’s trust, as well as the impact of benefits, innovation, cost on customer’s perceived value. This study use an online survey to make questionnaire about the factor and use the answer to test the research model. Our findings can help researchers and practitioners understand the barriers and behaviour of Ho Chi Minh City’s customers to cross-border e-commerce and devise strategies to make profit.

Keywords: Vietnam E-Commerce, Cross-Border Shopping, Consumer’s Behaviour

1. Introduction

The increasing globalization of world trade and the digitalization of society has caused online consumers to look beyond their border[33]. Cross-border e-commerce, also called international e-commerce[9] or foreign direct online shopping[34], refers to buying online from merchants located in other countries and jurisdiction. To 2018, the global B2C cross-border e-commerce generated transactions is forecast that total US$236 billion and it have grow-rate 10% per years[29]. According report of the Vietnam Chamber of Commerce and Industry in 2017, in 2016, the number of Vietnamese member accounts on the website Alibaba.com has reached 500,000. For the last three years the number of members has increased by 100,000 on average each year which is 10 times higher than that of the period before 2009. The number of transactions by individual customers in the foreign website like Amazon, eBay, Rakuten etc. is rapidly increasing. In the case of Fado.vn, it has assisted Vietnamese customers in making online purchase of more than 800 million products on Amazon, and the product information from Amazon (US, Germany, Japan) is fully updated on Fado.vn in real time to help customers fully experience all the promotions abroad. The system automatically calculates shipping costs and import tariffs to help customers know the whole package cost instantly. Not only providing international quality products from Amazon, Fado.vn also expanded its activities by creating a support network for 20 enterprises with more than 100 type of Vietnamese high-quality products entered the US market through Amazon, opened the roads for Vietnamese exporters worldwide. Revenue growth in 2016 compared to 2015 is 140% and is expected to double in 2017.

However, little research has been done to understand the factors that lead customer’s behaviour on foreign direct online shopping. This study aims to fill up this knowledge gap.

2. Research Model and Hypotheses

2.1. Innovation

Rogers (1995)[44] proposed that the influence of innovation on consumers included the advance of relative predominance, that is, product innovation brings consumers positive value. Flint et al. (1997)[16] argued that customer value would improve due to the influence of critical events, such as technological and service innovations. Bourdeau et al. (2002)[6] also proved that consumers advanced each type of value while using innovative technology. Weerawardena (2003)[58] addressed that innovation gradually improves products, production, service, and marketing systems to increase customer value. Tsai et al. (2010)[52] discovered that developing new products and new services positively influences consumers’ expectations and satisfaction and further enhances customer value. Therefore, this study proposes the following hypothesis:

H1: Innovation is positively related to the consumer’s perceived value

---

¹ Researcher, Woossong University Asia Research Center Email: mrthangpro0@naver.com
² Professor, SoonChunHyang University, Korea Email: ighyun@sch.ac.kr
2.2 Costs

The business magazine Finweek[32] reported that shopping costs, delivery time, and return shipping costs are barriers to online shopping worldwide. Based on this report, we consider the costs of shopping on a foreign website to be comprised of the following: communication costs, waiting costs, and return costs. When these costs are high, the consumer’s perception of the value of shopping on the website may decrease.

Low communication costs and less time spent in coordination add up to a lower transaction cost[36]. In cross-border online shopping, consumers may have to read and understand other countries’ languages in order to buy from foreign websites. Consumers may also need to interact or negotiate with foreign vendors via email, message boards, or apps. Thus, using another language for communication is also a kind of cost that may decrease the perceived value as perceived by the consumer. Language familiarity plays a critical role in persuasion behavior in e-negotiations. In the context of cross-border trade, non-native language speakers are less active than native language speakers[17]. Consequently, when people consider shopping on foreign websites, they may assess the communication cost of the transaction. When they think that understanding the content on the foreign website might require more time and effort, they may become less willing to engage.

When seeking good deals around the world, consumers’ biggest concerns regarding cross-border purchases involve logistics, e.g., receiving the ordered item in a timely and cost-effective manner. Forrester Research[21] pointed out that high shipping costs and long delivery times are the top two concerns when considering cross-border purchases. The waiting cost is the total amount of time required for the purchased item to arrive at the target destination. Cross-border delivery times are usually longer than domestic delivery times because of the geographical distances between countries and the complex procedures involved in overseas purchases. When shopping online, consumers consider how long it will take for them to actually receive the goods. Consumers who wish to reduce waiting costs are not likely to shop on a foreign website since the probability of a longer delivery time decreases the overall value.

“Cost of return” is defined as the perceived difficulty and monetary cost of returning goods. International Post Corp.[31] addressed the main barriers for cross-border online shopping and noted that one of the perceived costs to the consumer is the long and complicated return process. PostNord[40] survey report of the European e-commerce market found evidence that, in all markets, a very high proportion of consumers regard simple return processing as an important factor in the decision to shop online. According to a 2015 UPS survey of online shoppers, cost and convenience are the top factors influencing purchase decisions. Shoppers favor having the option to either return the product for free or ship it back with a convenient prepaid label supplied by the retailer. When it comes to having to pay for return shipping, only about four in ten are likely to complete the transaction[53]. Returning goods across borders usually costs more and is less convenient than returning goods to a domestic vendor. Consumers consider whether they must pay the refund and return costs (such as cross-border shipping costs and/or other custom costs) if anything goes wrong with the product.

H2: Cost is negatively related to the consumer’s perceived value of shopping on a foreign website.

2.3 Benefits

Studies investigating the drivers of cross-border online shopping have found the two main drivers to be price and product exclusiveness[21][31]. Thus, we selected price competitiveness and product uniqueness as the variables that represent consumer perceived benefits of cross-border online shopping. “Price competitiveness” refers to a lower, comparable or better price resulting from lower taxes or exchange rates. One reason why consumers shop on a foreign website is that the total cost of the purchase (including duties, taxes and shipping fees) from the foreign site is less than the cost of the same purchase in their home country. Regardless of whether the shopping is done online or offline, price is unquestionably one of the most important cues involved in a consumer’s decision-making process. According to previous studies[28], perceived price influences the consumer’s choice of shopping channel. Therefore, we posit that a foreign website’s offering of competitive prices will positively influence the consumer’s perceived value of shopping on that site.

Another benefit is product uniqueness. Many people shop on foreign websites because they cannot buy a particular product in their own country[15]. Some products which have limited availability or cannot be found in the consumers’ home country might be popular or common in other countries. Unique products can reshape consumer preferences and differentiate themselves from other products[26]. Furthermore, Kleinschmidt and Cooper[14] found that a relative advantage such as product uniqueness is often one of the most important drivers of product and firm adoption.

H3: Customer’s benefits is positively related to the consumer’s perceived value of shopping on a foreign website.

2.4 Information Signal

Signals are messages that a vendor can deliver to consumers to better communicate the vendor’s ability, benevolence or integrity. As mentioned before, information signals encompass the micro factors that the vendors can control to affect consumers’ perceived trust. In accordance with previous studies[11], we specifically investigate website design quality, and perceived vendor reputation as the key information regarding a foreign website. Wakefield, Stocks and Wilde[42] noted that website design quality is determined by an appealing appearance, a clear layout, effective navigation, and up-to-date information. In the context of Internet shopping, the online vendor is faceless and consumers cannot know what the vendor looks like, so the website interface becomes the “online storefront” which forms the viewer’s first impression of the vendor. If a consumer perceives the vendor’s website as one of high quality, the consumer will be more likely to develop a positive belief in the vendor’s trustworthiness. Fung and Lee[41] noted that site information quality and a good interface design strengthen the formation of consumer trust.

H4: Information Signal is positively related to the consumer’s perceived trust in the vendor.

2.5. Security & Safe

“Security & Safe” refers to a list of statements telling consumers and visitors how the organization protects their privacy and ensures safe and secure shopping, including notification of order confirmation, a clear exchange policy, Internet transaction security,
appropriate handling of private information, and detailed information on the warranty[30][27]. According to a PayPal[39], 88% of cross-border online shoppers believe that buyer protection is important or very important when making an overseas online purchase. According to previous studies[51], security strongly influences consumer enthusiasm and website utilization. A guaranteed return policy ensures a less risky environment that will increase trust[37]. Bahmanziari, Odom and Ugrin[50] also found that participants’ initial trust is significantly affected by eassurances, which include return policies, guarantees, etc. A United Parcel Service (UPS) white paper regarding online shoppers[53] reported that protection of personal information is the top non-product factor that influences the likelihood that a consumer will shop with an online retailer. Thus, consumers tend to regard system security as one of the most important factors.

H5: Security and safe is positively related to the consumer’s perceived trust in the vendor.

2.6. Country of origin

In the product evaluation literature, the concept of COO has become to be an important concept in exploring consumers’ evaluation of products from different countries. It is the consumers’ perception of a country that has an impact on the consumer’s product quality judgment from a particular country [57] [25] [7] [48] [24] [13] [43]. Nagashima[1] defined COO as: “image is the picture, the reputation, the stereotype that businessmen and consumers attach to products of a specific country. This image is created by such variables as representative products, national characteristics, economic and political background, history and traditions”. Maheswaran[13] argues that consumers are influenced by the perceived COO when judging product quality. Fong and Burton [22] show that COO is a mental shortcut for purchasing decisions. The concept has also been applied in the e-commerce literature [1][56]. In an international online context[1] it has been shown that consumers are affected by COO when it comes to trusting an e-vendor or not. Negative country perception affects the consumers in a negative direction and led to distrust, while positive country image had opposite effects. In this study trust is explored as a matter of country perception-the consumers’ perception regarding a country and how this affects their trust toward online retailers from these countries.

H6: Country of origin is positively related to the consumer’s perceived trust in the vendor.

2.7. Customers Trust and Perceived Value

“Intention” has been defined as “a plan or will to behave in certain ways”[19]. Several studies[12][45] have noted that online trust significantly affects purchase intention. Trust has also been shown to have a positive impact on the intention to use an online shopping mall[8]. According to the Theory of Reasoned Action[35] and the Theory of Planned Behavior[20], beliefs affect a person’s attitudes, which, in turn, influence behavioral intentions. Online trust affects the consumer’s attitude toward both online shopping and the intention to shop online[5]. Therefore, we make the following hypothesis.

H7: Consumers’ trust in the vendor is positively related to their Using intention to purchase on a foreign website.

Value is an important factor relating to usage intention. Pi, Liao, Liu and Hsieh[46] found that consumers’ perception of value can influence their intention to use a website or blog service. A number of studies have demonstrated that the perception of value has a significant effect on Internet user behavior[38][10]. Consumers demonstrate greater levels of purchase intention when a higher level of trust is built based on exchanges which provide value[5]. When trust and value increase, purchase intention also increases. Thus, we believe that consumers who perceive a higher value in cross-border shopping will be more willing to purchase on a foreign website. Thus, we propose the following hypothesis.

H8: Consumers’ perceived value of shopping on a foreign website is positively related to their using intention to purchase on such a website.

3. Research Methodology

3.1 Questionnaire Construction

We developed a questionnaire in which each item is measured via a 7-point Likert scale(1 = strongly disagree, 4 = neutral, and 7 = strongly agree). The items measuring Information Signal was measured via items adapted from McKnight, Choudhury, and Kacmar Kim, Ferrin, and Rau (2008)[12]. Security and safe were measured via item adapted from Kim and Kim(2006)[27]. Country of origin was measured via item adapted from Aswo Safari(2012)[4]. Cost was measured via items adapted from Lai, Lin, and Kersten(2010)[17], Host and Knie(2004)[55]. Benefits was measured via a scale adapted from van Everdingen, Sloot, van Niero, and Verhoeof(2011)[59]. Innovation was measured via a scale adapted from Shwu-Ing Wu, Yen-Jou Chen(2014)[47]. We measured consumer perceived trust and value via scales adapted from Ashraf, Thongpapanl, and Aiuh(2014)[3] and Kim,Chan, and Gupta(2007)[17]. Intention to purchase was measured by the items adapted from Kim, Ferrin, and Rau (2008)[12].

3.2. Main survey

To test the hypotheses, we used Google Forms to create Survey and sharing in SNSs channel like Facebook, Zalo, Google+, etc. to recruited sampling. The qualifications for participating of the survey live in Ho Chi Minh City and have experience use Internet Shopping in domestic at least 6 months; have experience shopping in a foreign website or considering and comparing about shopping on foreign website.

4. Results

We will use SPSS 22.0 to determining reliability of the questionnaire in this research, used Cronbach’s alpha and construct reliability and AMOS 22.0 to analysis the relationship of variable.

References

consumers?,” Young Consumers: Insight and Ideas for Responsible Marketers, 12(3), 229-242


[40] PostNord (2015), E-commerce in Europe 2015, PostNord


“The role of web site characteristics in initial trust formation,” *The journal of computer information systems*, 45(1), 94.


LIST OF PAPERS AND PRESENTATIONS IN ICBE2017

G1 Constructs and Variables in Environmental Research: A Secondary Review Using Canonical Correlation Analysis.
Abeysekera, Indra - S P Jain School of Global Management Sydney, Australia
Huong, Nguyen Thi Thanh - Ton Duc Thang University, Vietnam
Cowley, Julie Louise - S P Jain School of Global Management Sydney, Australia
Nguyen, Thi Kim Loan - Ton Duc Thang University, Vietnam

G3 Long-Run and Short-Run Dynamics Relationships between Exchange Rate Fluctuations and Foreign Direct Investment Flows in China
Lee, Jung Wan - Boston University, United States
Brahmasrene, Tantatape - Purdue University Northwest, United States

G4 Determinants of Online Purchase Intension: A Study on Indian Young-Adult Consumers
Potluri, Lohith Sekhar - Amrita University, India
Potluri, Rajasekhara Mouly - American University of Nigeria, Nigeria
Vajjhala, Narasimha Rao - American University of Nigeria, Nigeria

G5 An Exploratory Treatise on Jay Customers Behavior in Indian Banking Industry: A Dyadic Perspective
Potluri, Rajasekhara Mouly - American University of Nigeria, Nigeria
Potluri, Lohith Sekhar - Amrita University, India

G6 Monetary Transmission Channels, Sectoral Output and Augmented VAR Analysis
Rao, Doki Tripati - Indian Institute of Management Lucknow, India
Singh, Sunny Kumar - Birla Institute of Technology & Science (BITS), India

G7 Economic and Environmental Impacts of Mass Tourism on Regional Tourism Destinations: A Case Study of Ten New ‘Bali’ in Indonesia
Syah, Ahmad Mujafar - Boston University, United States
Lee, Jung Wan - Boston University, United States

G8 Indonesian Youth Shoppers Typology
Halim, Rizal Edy - Universitas Indonesia, Indonesia
Iqbal, Egi Widya Nur - Universitas Indonesia, Indonesia

G9 The Basic Directions of the Formation of IT Clusters Based on Kazakhstan's Technological Platforms
Kireyeva, Anel A. - Institute of Economics, Kazakhstan
Nurlanova, Nailya K. - Institute of Economics, Kazakhstan
Ruzanov, Rashid M. - Institute of Economics, Kazakhstan

G10 Methodological Approaches of Evaluation of Economic Potential of the Regions of Kazakhstan
Nurlanova, Nailya K. - Institute of Economics, Kazakhstan
Kireyeva, Anel A. - Institute of Economics, Kazakhstan
Alzhanova, Farida G. - Institute of Economics, Kazakhstan

G11 Financial Disclosure and the Cost of Equity Capital: The Empirical Test of the Largest Listed Companies of Kazakhstan
Baimukhamedova, Aizhan - Baskent University, Turkey
Baimukhamedova, Gulzada - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan
Aimurzinov, Murat - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan
Luchaninova, Albina - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan

G12 The Integration of Science, Education and Business: Application in Al-Farabi Kazakh National University
Mutanov, Galym M. - Al-Farabi Kazakh National University, Kazakhstan
Ramazanov, Tlekkabul S. - Al-Farabi Kazakh National University, Kazakhstan
Akhetmetova, Aigul B. - Al-Farabi Kazakh National University, Kazakhstan
Togambayeva, Altnay K. - Al-Farabi Kazakh National University, Kazakhstan
Karagulanova, Arda K. - Al-Farabi Kazakh National University, Kazakhstan

G13 The Relationship of Middle Income Trap and Employment in Kazakhstan
Jumambayev, Seisembay - Al-Farabi Kazakh National University, Kazakhstan

G14 International Experience in the Integration of Science, Education and Business: Perspectives for Application in Kazakhstan
Mutanov, Galym M. - Al-Farabi Kazakh National University, Kazakhstan
Ramazanov, Tlekkabul S. - Al-Farabi Kazakh National University, Kazakhstan
Togambayeva, Altnay K. - Al-Farabi Kazakh National University, Kazakhstan
Akhetmetova, Aigul B. - Al-Farabi Kazakh National University, Kazakhstan

G15 Phenomenon of Hallyu: An Outside Perspective - Kazakhstani Viewpoint
Toganbayeva, Karlygash - Al-Farabi Kazakh National University, Kazakhstan
Mirzoyeva, Leila Y. - Sulyman Demirel University, Kazakhstan
Timberlake, Alan H. - Columbia University, United States

G16 A Structural Compendium on Application of Web 3.0 Technologies in Small and Medium Enterprises in India
Vajjhala, Narasimha Rao - American University of Nigeria, Nigeria
Potluri, Rajasekhar Mouly - American University of Nigeria, Nigeria
Potluri, Lohith Sekhar - Amrita University, India

G17 Exploring Consumer Cosmopolitanism and Ethnocentrism Effects in the Purchase Intentions towards the Products of a Foreign Country
Sousa, Ana F. Antunes - University of Minho, Portugal
Nobre, Helena M. - University of Aveiro, Portugal
Farhangmehr, Minoo - University of Minho, Portugal

G18 Financial Economics of Innovation: Policies and Mechanisms for Enhancing Innovative Entrepreneurship
Wonglimpiyarat, Jarunee - Thammasat University, Thailand

G19 Building Bridges on the Silk Road: A Strategy for Vietnam
Greiman, Virginia A. - Boston University, United States

G20 Research on the Environmental Issues in China's Sustainable Economic Development
Zhao, Yue - Shandong University of Political Science and Law, China

G21 Effective Model of Social and Labor Relations: Approaches to Regulation
Chulanova, Zaure K. - Institute of Economics, Kazakhstan

G22 State Regulation of Regional Entrepreneurship in the Market Economy: A Case of Kazakhstan
Mukhtarova, K.S. - Al-Farabi Kazakh National University, Kazakhstan
Mylytkbayeva, A. T. - Al-Farabi Kazakh National University, Kazakhstan
Mukhtar, E. S. - Al-Farabi Kazakh National University, Kazakhstan

G23 The Prospects of Development of Green Economy in the Republic of Kazakhstan
Sansyzbayeva, Gallia N. - Al-Farabi Kazakh National University, Kazakhstan
G24 Management of Innovative Activity of the Enterprises of Small and Medium-sized Business in the Competitive Environment
Zhaxylykova, Ayan - Al-Farabi Kazakh National University, Kazakhstan

G25 The Economic Diagnostics of Competitiveness of Companies in the Republic of Kazakhstan
Zhunissova, Gulnar E. - Al-Farabi Kazakh National University. Kazakhstan

G26 Management of High-Tech Project Risks in the Condition of Economic Crisis
Mukhtarova, Karlygash S. - Al-Farabi Kazakh National University, Kazakhstan
Kozhakhmetova, Assel - Al-Farabi Kazakh National University, Kazakhstan

G27 Economic Efficiency of Development of Transport Infrastructure in the Multipurged Regions of Kazakhstan
Sharapiyeva, Madina - Al-Farabi Kazakh National University, Kazakhstan

G28 The Ways of Commercialization of Scientific Developments of Foreign Countries
Usmanov, Ali - Al-Farabi Kazakh National University, Kazakhstan

G29 A Supportable Format for Attribute Based Encryption in Cloud Computing
George, Salu - American University of Nigeria, Nigeria

G30 Analysis of Development of Project Management in the Republic of Kazakhstan
Mukhtarova, Karlygash S. - Al-Farabi Kazakh National University, Kazakhstan
Yesmurlzayeva, Aknur - Al-Farabi Kazakh National University, Kazakhstan

G31 A Comparative Analysis of Corporate Governance Guidelines: Bangladesh Perspective
Rahman, Md. Musfiqur - University of Dhaka, Bangladesh
Khatun, Naima - Kobe University, Japan

G32 Does Agricultural Production Contribute to Poverty Reduction in Cameroon?
Ofeh, Moses A. - University of Bamenda, Cameroon
Dinictri, Soh Wenda Boris - University of Dschang, Cameroon
Fon, Dorothy A. - University of Dschang, Cameroon

G33 A Model to Predict Corporate Failure in the Developing Economies: A Case of Listed Companies on the Ghana Stock Exchange
Oduro, Richard - University of Education, Winneba, Ghana
Aseidu, Michael Amoh - University of Education, Winneba, Ghana

G34 Estimating Total Factor Productivity and Its components – Evidence from Manufacturing Sector of Tamilnadu, India
Kumar, T. Sampath - Government Arts College, Tamilnadu, India
Pradeep, V. - Great Lakes Institute of Management, Tamilnadu, India

G35 Trends in the Development of Fiscal Authorities of Kazakhstan
Ilimzhanova, Zaida A. - Zhetysu State University named after I. Zhansugurov, Kazakhstan
Burnasheva, Venera R. - Zhetysu State University named after I. Zhansugurov, Kazakhstan
Gussenov, Barkhudar S. - Zhetysu State University named after I. Zhansugurov, Kazakhstan

G36 A Qualitative Study of the Effects of a Government-Mandated Online Transaction Standard Acting as a Technical Barrier to Trade in South Korea
Callinan, Nigel - Pusan National University, Korea

G37 Determinants of Commercial Banks’ Efficiency in Bangladesh: Does Crisis Matter?
Banna, Hasanul - University of Malaya, Malaysia
Appendix

Ahmad, Rubi - University of Malaya, Malaysia
Koh, Eric H.Y. - University of Malaya, Malaysia

G38 Banking Lending Behavior towards SME Businesses during Global Financial Crisis 2008: Evidence from Malaysia
Shammo, Anisul Mannan - International Islamic University Malaysia, Malaysia
Mahbub, Meshkat - International Islamic University Malaysia, Malaysia
Yahya, Abdul Aziz - International Islamic University Malaysia, Malaysia

G39 Thailand's Efficient Trade Agreement and Its Impacts on Poverty and Income Inequality
Durongkaveroj, Wannaphong - Ramkhamhaeng University, Thailand

G40 The Impact of Property Management Services on Tenants’ Satisfaction with Industrial Buildings
Seetharaman, Arumugam - S P Jain School of Global Management Singapore, Singapore
Saravanan, A. S. - Taylor's University, Malaysia
Patwa, Nitin - S P Jain School of Global Management Dubai, United Arab Emirates
Bey, Jiann Ming - S P Jain School of Global Management Dubai, United Arab Emirates

G41 The Role of Investment Attraction in Vietnamese Industrial Parks and Economic Zones in the Process of International Economic Integration
Nguyen, Tien Dzung - University of Economics and Law, Vietnam National University - HCMC, Vietnam
Nguyen, Anh Tuan - University of Economics and Law, Vietnam National University - HCMC, Vietnam
Do, Phu Tran Tinh - University of Economics and Law, Vietnam National University - HCMC, Vietnam

G42 Food Security amongst Small Grains and Long Grains Smallholder Farmers of Masvingo Province in Zimbabwe
Mapfumo, Alexander - Great Zimbabwe University, Zimbabwe

G43 The Determinants of Current Account in the Southeast Asian Countries
Dang, Thi Ngoc Lan - University of Finance and Marketing, Vietnam

G44 Ownership Structure and Dividend Policy of Vietnamese Enterprises after the Global Financial Crisis
Pham, Quoc Viet - University of Finance and Marketing, Vietnam
Luong, Quoc Trong Vinh - University of Finance and Marketing, Vietnam
Tran, Bao Vy - Bank for Investment and Development of Vietnam – North Saigon Branch, Vietnam

G45 The Determinants of Dynamic Debt Maturity Structure: Evidence from Vietnam
Nguyen, Thanh Nha - University of Finance and Marketing, Vietnam
Tran, Thi Thuy Linh - University of Economics HCM City, Vietnam

G46 Building Firm’s Competitive Advantages through Supplier Development
Nguyen, Phi Hoang - University of Finance and Marketing, Vietnam

G47 Key Attributes of Banking Website Quality in Vietnam: A Decision Tree Approach
Pham, Thi Thanh Xuan – University of Finance and Marketing, Vietnam
Nguyen, Tien Nhat - Hue College of Economics – Hue University, Vietnam

G48 Factors Affecting a Successful Deployment of Enterprise Resource Planning for Organizations in Vietnam
Nguyen, Xuan Hiep - University of Finance and Marketing, Vietnam
Nguyen, Thi Cam Loan - University of Finance and Marketing, Vietnam

G49 The Impacts of Tax Procedures Reform to Business Environment in Vietnam: Achievements and Further Reforms
Le, Xuan Truong - Academy of Finance, Vietnam
G50 Role of Corporate Social Responsibility in Managing Customer Loyalty: An Empirical Study in Vietnam Retailing Industry  
Hoang, Phuong Dung - Banking Academy, Vietnam

G51 A Provincial Analysis of Formal Economic Institutions and Growth in Vietnam  
Bui, Thanh Trung - University of Economics HCM City, Vietnam  
Diep, Gia Luat - University of Economics HCM City, Vietnam

G52 Understanding the Impact of Enterprise Resource Planning (ERP) System on Accountants’ Work Performance  
Phan, Thi Bao Quyen - University of Economics HCM City, Vietnam  
Nguyen, Phuoc Bao An - University of Economics HCM City, Vietnam

G53 Determinants of Vietnam’s Outward Direct Investment: In Cambodia Case  
Vo, Thu Thanh - University of Economics HCM City, Vietnam  
Le, Quang Huy - University of Finance and Marketing, Vietnam

G54 Convergence Strategy VAS with IAS/IFRS to Fit International Business and Economy  
Pham, Thi Lai - Quy Nhon University, Vietnam

G55 Difficulties and Challenges in Applying IFRS for Enterprises in Developing Countries: A Case of Vietnam  
Le, Thi Thanh Hue - Nha Trang University, Vietnam  
Phan, Hong Nhung - Nha Trang University, Vietnam

G56 A Review of Accounting Research Trends in the World  
Tran, Thi Phuong Thanh - University of Economics HCM City, Vietnam

G57 Macroeconomic Conditions and Capital Structure Adjustment Speed - The Evidence in Vietnam  
Tran, Thi Muoi - University of Finance and Marketing, Vietnam  
Nguyen, Thi Uyen Uyen - University of Economics HCM City, Vietnam

G58 Determinants of Entrepreneurial Intentions: A Case of University Students in HCMC  
Nguyen, Xuan Hiep - University of Finance and Marketing, Vietnam  
Nong, Thi Nhu Mai - University of Finance and Marketing, Vietnam

G59 Factors Influencing Purchasing Decision of Butter Oil Substitute in Vietnam  
Ha, Nam Khanh Giao - University of Finance and Marketing, Vietnam

G60 Some Conditions to Develop the Service Sector of Urban in Vietnam  
Nguyen, Nguyen Phong - HCM City University of Culture, Vietnam

G61 The Research for Sustainable Poverty Reduction in Khmer Ethnic Community  
Nguyen, Hong Ha - Tra Vinh University, Vietnam

G62 Key Determinants and the Effects of Perceived Value on Online Repurchase Intention of E-Commerce in Vietnam  
Nguyen, Ngoc Duy Phuong - University of Finance and Marketing, Vietnam  
Nguyen, Duy Long - International University - Vietnam National University HCMC, Vietnam

G63 A Partial Least Squares Path Model of Repurchase Intention in Smartphone-based Ride Hailing Service  
Nguyen, Ngoc Duy Phuong - University of Finance and Marketing, Vietnam  
Tran, Thi Dai Trang - International University - Vietnam National University HCMC, Vietnam

G64 Tax Policy and Housing Prices: Evidence from Vietnam  
Pham, Huu Hong Thai - University of Finance and Marketing, Vietnam  
Quach, Manh Hao - University of Lincoln, United Kingdom
G65 Modelling Stock Market Volatility: Evidence from Vietnam
Ho, Thuy Tien - University of Finance and Marketing, Vietnam
Ho, Thu Hoai - University of Finance and Marketing, Vietnam
Ngo, Van Toan - University of Finance and Marketing, Vietnam

G66 Factors Impacting on the Supply Chain Collaboration of Vietnamese Furniture Industry
Huynh, Thi Thu Suong - College of Finance & Customs, Vietnam

G67 A Study on the Development of Limitation of Liability in Maritime Cargo Claims
Le, Thi Thuy Dung - National Taiwan Ocean University, Taiwan
Chung, Cheng-Chi - National Taiwan Ocean University, Taiwan

G69 The Relationship between Organizational Justice and Social Loafing in Ho Chi Min City
Vu, Ba Thanh - Food Farm Co., Ltd, Vietnam
Ngo, Van Toan - University of Finance - Marketing, Vietnam

Nguyen, Ngoc Duy Phuong - University of Finance and Marketing, Vietnam
Nguyen, Tien Dat - International University - Vietnam National University HCMC, Vietnam

G71 Disclosure of Environmental Information by Manufacturing Firms Listed on the Ho Chi Minh City Stock Exchange (HOSE)
Duong, Hoang Ngoc Khue - University of Finance and Marketing, Vietnam
Nguyen, Thi Ngoc Oanh - University of Finance and Marketing, Vietnam

G72 Unsolved Problem in Human Resources Qualities of Vietnamese Banking Industry in Integration
Truong, Van Khanh - University of Finance and Marketing, Vietnam
Tram, Bich Loc - Saigon University, Vietnam

G73 Fintech Credit – Opportunities for SMEs in Vietnam
Truong, Van Khanh - University of Finance and Marketing, Vietnam
Tram, Bich Loc - Saigon University, Vietnam

G74 Developing Education Quality for Human Resource in the Tourism Industry – A Study in Ho Chi Min City, Vietnam
Nguyen, Thang Quyet - University of Technology (HUTECH), Vietnam
Ngo, Thanh Phuong Quynh - University of Technology (HUTECH), Vietnam

G75 Can Taiwan’s New Government Respond to the Changing Character and Needs of Innovation and Entrepreneurship?
Unger, Barry - Boston University, United States
Greiman, Virginia A. - Boston University, United States
Wan, Wendy W. N. - Tunghai University, Taiwan

G76 Attracting Talents - How Corporate and Employer Brand Affect Employer Attractiveness
Laßleben, Hermann - ESB Business School, Reutlingen University, Germany
Schwendner, Christine - Bayerisches Staatsministerium für Arbeit und Soziales, Familie und Integration, Germany

G77 Future Strategic Partnerships between KODISA Scientific Journals and Universitas Indonesia Faculty of Economics and Business
Halim, Rizal Edy - Universitas Indonesia, Indonesia
Chalid, Dony Abdul - Universitas Indonesia, Indonesia

G78 Future Strategic Plan and Policies of Science and Technology Development of Vietnam
Tran, Van Tung - Deputy Minister of the Ministry of Science and Technology(MOST), Vietnam
Deputy Minister is in charge of the construction, legal documents, mechanisms and policies on science and technology enterprises and market. Deputy Minister also have a duty to help the Minister in charge of the registration activities of scientific and technological institutions and organizations and individuals working in science and technology; The development of science and technology market, science and technology enterprises; The investment, construction projects of the Ministry of Science and Technology ...

G79 Future Development Strategies for KODISA Journals: Overview of 2016 and Strategic Plans for the Future
Lee, Jung Wan - Boston University, United States
Kim, Dong Ho - SUNY Empire State College, United States

G80 Taiwan and the Current Situation of Its Younger Generation of Entrepreneurs and Innovators
Wan, Wendy W. N. - Tunghai University, Taiwan

G81 Entrepreneurial Solutions to Poverty: Impact Investing in SMEs
Mak, Wing Yan - Boston University, United States

G82 Policies to Promote Start-up, Innovation and Developing SMEs in Vietnam: From Experiences of ASEAN Countries
Bui, Van Quyen - The Middle and Southern Division of the Ministry of Science and Technology (MOST), Vietnam

G83 Science and Technology – Efficient Solutions to Increase the Productivity, Quality, Efficiency of Businesses and Competitive Capacity of Vietnam Enterprises
Pham, Ngoc Minh - The National Science and Technology Program for Mekong Region, The Ministry of Science and Technology (MOST), Vietnam

L1: A Study on Recent Credit Loan from Households in South Korea
Jeong, Dong-Bin - Gangneung-Wonju National University, Korea

L2: A Review of Sales on Large-scale Retailing Types in South Korea
Jeong, Dong-Bin - Gangneung-Wonju National University, Korea

L3: A Study on Factors Affecting Turnover Intention of Jewelry Distribution Distributor
Lee, Sangki - Kaya University, Korea
Lee, Donghae - Kaya University, Korea

L4: Algorithms for Optimal Bundle Search Problem with Pairwise Discount
Chung, Jibok - Kongju National University, Korea
Choi, Byungcheon - Chungnam National University, Korea

L5: The Analysis of Product Design Effect on Consumer Emotional Satisfaction by Brand Type
Kim, Soon-Hong - Incheon National University, Korea
Park, Jong-Chan - Incheon National University, Korea

L6: Case of Cargo Collided with Unlicensed Vehicle
Kwak, Young-Arm - Shinhan University, Korea
Cho, Young-Sang - Kongju National University, Korea

L7: Effect of Stakeholder’s Mutual Cooperation in Sustainable Tourism Marketing
Choi, Kwang-Woong - Jeju National University Korea
Hwang, Yong-Cheol - Jeju National University Korea
L8: How do Retail Regulations Affect a Retail Sector? A Comparative Study of Korea and Other Countries
Cho, Young-Sang - Kongju National University, Korea
Kwak, Young-Arm - Shinhan University, Korea

L9: The Impact of Intrinsic Characteristics of Modularity on Supply Chain Performances
Lee, Sang-Hyun - Sahmyook University, Korea

L10: A Study on the Consciousness for Korean-Chinese Adaptation in Korea
Kim, Jong-Jin - Hansei University, Korea
Hwang, Moon-Young - Daejeon Institute of Science and Technology, Korea
Cho, Kyung-In - Daejeon Institute of Science and Technology, Korea
Kim, Pan-Jin - Chodang University, Korea

L11: Effect of Counterfactual Thinking on Switch Purchasing and Repeat Purchasing
Yang, Hoe-Chang - Jangan University, Korea
Kim, Young-Ei - Seoul Digital University, Korea

L12: Amazon’s Distribution Strategy: Doing the Right Things
Hahn, Yoonah - SUNY Empire State College, United States
Youn, Myoung-Kil - Eulji University, Korea
Kim, Dongho - SUNY Empire State College, United States

Kim, Yong-Tae - Korea University, Korea
Choi, Sung-Wook - Sahmyook University, Korea

L14: Traditional Markets Performance Analysis Considering the Impact of Large Discount Stores
Yoo, Byong-Kook - Incheon National University, Korea
Kim, Soon-Hong - Incheon National University, Korea

L15: The Effect of Green Marketing Based on Brand Globalness and Green National Image on Customer Satisfaction and Repurchase Intentions
Kim, Jong-Jin - Hanse University, Korea

L16: A Study on Factors that Effect on Consumer Behaviour on Cross-Border E-Commerce in Vietnam
- Ho Chi Minh City -
Dao, Duy Thang - Woosong University Asia Research Center, Korea
Hyun, In Gyou - SoonChunHyang University, Korea

L17: Capital Structure Adjustment: Evidence from the Korean Financial Market
Lee, Jeong-Hwan - Hanyang University, Korea
Yoon, Bohyun - Kangwon National University, Korea

L18: Do Firms Rebalance Capital Structure? Evidence from Korean Retail Firms
Kim, Sang-Su - Korea National Open University, Korea
Lee, Jeong-Hwan - Hanyang University, Korea
L19: An Empirical Study on Consumer Value Innovation for Global Retail Company in Vietnamese Distribution Market
Lee, Jongkook - LOTTE Coralis Vietnam Co., Ltd, Vietnam

L20: A Research on the Relationship between Accrual-based Earnings Management and Real Earnings Management in the Retail Industry
Kang, Shin-Ae - Seoul National University of Science and Technology, Korea
Kim, Tae-Joong - Hansung University, Korea

L21: A Study on Korean Products' Distribution through Overseas Purchasing in China
Dai, Wen-Qian, Kongju National University, Korea
Lee, Jong-Ho - Kongju National University, Korea

L22: A Study on the Strategic Implications from Successful Sharing Economy Companies as a Distribution Platform in Korea
Li, Qing-Zhu - Kongju National University, Korea
Lee, Jong-Ho - Kongju National University, Korea

Jung, Myung-Hee – Jungwon University, Korea

L24: A Study on Effect of the Elderly Living Alone's Date upon Psychological Loneliness and Happiness
Jung, Myung-Hee – Jungwon University, Korea
Joo, Min-Kyung - Hanseo University, Korea

L25: A Study on Effect of the Elderly's Leisure Life upon Psychological Loneliness and Life Satisfaction and Social Support's Mediating Effect
Jung, Myung-Hee – Jungwon University, Korea
Kim, Hong-sun Kim – Jungwon University, Korea

L26: A Study on Export Promotion Strategy of K-Beauty Korean Wave Products
Jeon, Dong-Han - Chung-Ang University, Korea

L27: Accepting Information Technology in Traditional Markets
Cho, Kyung-In - Daejeon Institute of Science and Technology, Korea

L28: An Exploratory Research for Identifying the Role of Spiritual Education at Workplace: A Longitudinal Analysis
Jeong, Taeseog - Sahmyook University, Korea
Yim, Myung-Seong - Sahmyook University, Korea

L29: Relationship among Social Support, Coping Strategies and Strain under Mobile Stress
Yim, Myung-Seong - Sahmyook University, Korea

Kwon, Ki-Tae - Eulji University, Korea
Lee, Woo-Sik - Gachon University, Korea
Kwon, Lee-Seung - Catholic Kwandong University, Korea
Seong, Seung-Hwan - Eulji University, Korea
Kim, Young-Do - Eulji University, Korea
Kwon, Woo-Taeg - Eulji University, Korea

L31: The Study on the Analysis of Start-up Success-failure Factors to Small Enterprise in Seoul, Korea
Kim, Se-Jin - Yuhan University, Korea
Lee, Sang-Youn - Caroline University, United States
Kim, Pan-Jin - Chodang University, Korea

L32: Efficient Construction Process and Distribution System through Construction IT Convergence based on 4th Industrial Revolution Technology: Focused on Distribution Management of Free-form Structural External Panel
Lee, Dong-Woon - Dongseo University, Korea
Kim, Dae-Geon - Dongseo University, Korea

L33: A Study on the Effect of Brand Globalness and Green National Image on Customer Satisfaction and Repurchase Intentions based on the Effect of Green Marketing - Chinese Consumers -
Tang, Lin - Woosong University, Korea
Lee, Sung Joon - Woosong University, Korea
LIST OF REVIEWERS FOR ICBE2017

1. Ajlouni, Moh'd Mahmoud - Yarmouk University, Jordan
2. Baten, Md. Azizu - Universiti Utara Malaysia, Malaysia
3. Blueschke, Dmitri - Alpen-Adria-Universitat Klagenfurt, Austria
4. Brahmasrene, Tantatape - Purdue University Northwest, United States
5. Burt, Steve - University of Stirling, United Kingdom
6. Chin, Thoo Ai - Universiti Teknologi Malaysia, Malaysia
7. Choi, Nak-Hwan - Chonbuk National University, Korea
8. Gaia, Silvia - University of Essex Colchester, United Kingdom
9. Govender, J. P. - Potchefstroom University, South Africa
10. Hojjat, Tahereh Alavi - DeSales University, United States
11. Hsiao, Jung-Lieh - National Taipei University, Taiwan
12. Hwang, Hee-Joong - Korea National Open University, Korea
13. Ioniţă, Florin - Romania Higher Education and Research, Romania
14. Iwu, Chux Gervase - Cape Peninsula University of Technology, South Africa
15. Jung, Yong-Gyu - Eulji University, Korea
16. Kim, Chang-Gon - Sunchon National University, Korea
17. Kim, Dongho - SUNY Empire State College, United States
18. Kim, Pan-Jin - Chodang University, Korea
19. Kim, Young-Ei - Seoul Digital University, Korea
20. Kireyeva, Anel K. - The Institute of Economics, Kazakhstan
21. Lau, Wee-Yeap - University of Malaya, Malaysia
22. Lean, Hooi Hooi - Universiti Sains Malaysia, Malaysia
23. Lee, Jong-Ho - Kongju National University, Korea
24. Lee, Jooh - Rowan University, United States
25. Lee, Jung Wan - Boston University, United States
26. Lee, Kang-Young - Chungbuk National University, Korea
27. Lee, Seul-Ki - Sejong University, Korea
29. Lee, Yong-Ki - Sejong University, Korea
30. Lee, Yu-Je - Takming University of Science and, Technology, Taiwan
31. Mehyaoui, Ouafaa - University of Wahran, Algeria
32. Mukoyama, Masao - University of Marketing and Distribution Science, Japan
33. Nurlanova, Nailya K. - The Institute of Economics, Kazakhstan
34. Park, Joon-Hyung - Nottingham University Business School China, China
35. Park, Sang-Bum - Korea Aerospace University, Korea
36. Park, Young-Eun - Prince Sultan University, Kingdom of Saudi Arabia
37. Pedaug, Luis Enrique - University of León, Spain
38. Peña-Vinces, Jesús C. - University of Seville, Spain
40. Pham, Quoc Viet - University of Finance-Marketing, Vietnam
41. Potluri, Rajasekhara Mouly - American University of Nigeria, Nigeria
42. Pyper, Neil - Coventry University, United Kingdom
43. Rakhmonov, Dilshodjon - University of World Economy and Diplomacy, Uzbekistan
44. Rao, Doki Tripati - Indian Institute of Management Lucknow, India
45. Salehi, Mahdi - Ferdowsi University of Mashhad, Iran
46. Satybaldin, Azimkhan A. - The Institute of Economics, Kazakhstan
47. Selesho, Jacob - University of Free State, South Africa
48. Shao, Lin - QiLu University of Technology, China
49. Shin, Donggin - Paichai University, Korea
50. Siddiqui, Muhammad Ayub - Bahria University, Pakistan
51. Singh, Devinder Pal - Punjabi University Regional Centre, India
52. Sorooshian, Shahrayar - University Malaysia Pahang, Malaysia
53. Spahaj, Emira - University of Tirana, Albania
54. Su, Shuai - Shandong University of Political Science and Law, China
55. Suh, Geun-Ha - Busan Economy Promotion Agency, Korea
56. Sutarso, Yudi - Perbanas Business and Banking School, Indonesia
57. Tsai, Chen-Tsang Simon - Tainan University of Technology, Taiwan
58. Tu, Teng-Tsai - National Taipei University, Taiwan
59. Unger, Barry - Boston University, United States
60. Usman, Hardius - Sekolah Tinggi Ilmu Statistik, Indonesia
61. Wang, Aihua - Shandong Academy of Social Sciences, China
62. Yang, Hoe-Chang - Jangan University, Korea
63. Yang, Yi-Feng - Shu-Te University, Taiwan
64. Yim, Myung-Seong - Sahmyook University, Korea
65. Youn, Myoung-Kil - Eulji University, Korea
### LIST OF AUTHORS AND CONTRIBUTORS FOR ICBE2017

1. **Abeysekera, Indra** - S P Jain School of Global Management Sydney, Australia
2. **Ahmad, Rubi** - University of Malaya, Malaysia
3. **Aimurzinov, Murat** - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan
4. **Akhmetova, Aigul** - Al-Farabi Kazakh National University, Kazakhstan
5. **Alzhanova, Farida G.** - Institute of Economics, Kazakhstan
6. **Aseidu, Michael Amoh** - University of Education, Winneba, Ghana
7. **Baimukhamedova, Aizhan** - Baskent University, Turkey
8. **Baimukhamedova, Gulzada** - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan
9. **Banna, Hasanul** - University of Malaya, Malaysia
10. **Bey, Jiann Ming** - S P Jain School of Global Management Dubai, United Arab Emirates
11. **Brahmasrene, Tantatape** - Purdue University Northwest, United States
12. **Bui, Thanh Trung** - University of Economics HCM City, Vietnam
13. **Bui, Van Quyen** - The Middle and Southern Division of the Ministry of Science and Technology (MOST), Vietnam; The Vietnam Innovation Association (VIA), Vietnam
14. **Burnasheva, Venera R.** - Zhetysu State University named after I. Zhansugurov, Kazakhstan
15. **Callinan, Nigel** - Pusan National University, Korea
16. **Chalid, Dony Abdul** - Universitas Indonesia, Indonesia
17. **Chee, San** - Boston University, United States
18. **Cho, Kyung-In** - Daejeon Institute of Science and Technology, Korea
19. **Cho, Young-Sang** - Kongju National University, Korea
20. **Choi, Byungcheon** - Chungnam National University, Korea
21. **Choi, Kwang-Woong** - Jeju National University, Korea
22. **Choi, Sung-Wook** - Sahmyook University, Korea
23. **Chulanova, Zaure K.** - Institute of Economics, Kazakhstan
24. **Chung, Cheng-Chi** - National Taiwan Ocean University, Taiwan
25. **Chung, Jibok** - Kongju National University, Korea
26. **Cowley, Julie Louise** - S P Jain School of Global Management Sydney, Australia
27. **Dai, Wen-Qian** - Kongju National University, Korea
28. **Dang, Thi Ngoc Lan** - University of Finance and Marketing, Vietnam
29. **Dao, Duy Thang** - Woosong University Asia Research Center, Korea
30. **Diep, Gia Luat** - University of Economics HCM City, Vietnam
31. **Dinictri, Soh Wenda Boris** - University of Dschang, Cameroon
32. **Do, Phu Tran Tinh** - University of Economics and Law, Vietnam National University - HCMC, Vietnam
33. **Duong, Hoang Ngoc Khue** - University of Finance and Marketing, Vietnam
34. **Durongkaveroj, Wannaphong** - Ramkhamhaeng University, Thailand
35. Farhangmehr, Minoo - University of Minho, Portugal
36. Fon, Dorothy A. - University of Dschang, Cameroon
37. George, Salu - American University of Nigeria, Nigeria
38. Greiman, Virginia A. - Boston University, United States
39. Gussenov, Barkhudar S. - Zhetysu State University named after I. Zhansugurov, Kazakhstan
40. Ha, Nam Khanh Giao - University of Finance and Marketing, Vietnam
41. Hahn, Yoonah - SUNY Empire State College, United States
42. Halim, Rizal Edy - Universitas Indonesia, Indonesia
43. Ho, Thu Hoai - University of Finance and Marketing, Vietnam
44. Ho, Thuy Tien - University of Finance and Marketing, Vietnam
45. Hoang, Duc Long - University of Finance and Marketing, Vietnam
46. Hoang, Phuong Dung - Banking Academy, Vietnam
47. Huong, Nguyen Thi Thanh - Ton Duc Thang University, Vietnam
48. Huynh, Thi Thu Suong - College of Finance & Customs, Vietnam
49. Hwang, Moon-Young - Daejeon Institute of Science and Technology, Korea
50. Hwang, Yong-Cheol - Jeju National University, Korea
51. Hyun, In Gyou - SoonChunHyang University, Korea
52. Ilimzhanova, Zaida А. - Zhetysu State University named after I. Zhansugurov, Kazakhstan
53. Iqbal, Egi Widya Nur - Universitas Indonesia, Indonesia
54. Jeon, Dong-Han - Chung-Ang University, Korea
55. Jeong, Dong-Bin - Gangneung-Wonju National University, Korea
56. Jeong, Taeseog - Sahmyook University, Korea
57. Joo, Min-Kyung - Hanseo University, Korea
58. Jumambayev, Seisembay - Al-Farabi Kazakh National University, Kazakhstan
59. Jung, Myung-Hee – Jungwon University, Korea
60. Kang, Shin-Ae - Seoul National University of Science and Technology, Korea
61. Karagulanova, Ardash - Al-Farabi Kazakh National University, Kazakhstan
62. Khatun, Naima - Kobe University, Japan
63. Kim, Dae-Geon - Dongseo University, Korea
64. Kim, Dongho - SUNY Empire State College, United States
65. Kim, Hong-Sun - Jungwon University, Korea
66. Kim, Jong-Jin - Hansei University, Korea
67. Kim, Pan-Jin - Chodang University, Korea
68. Kim, Sang-Su - Korea National Open University, Korea
69. Kim, Se-Jin - Yuhan University, Korea
70. Kim, Soon-Hong - Incheon National University, Korea
71. Kim, Tae-Joong - Hansung University, Korea
72. Kim, Yong-Tae - Korea University, Korea
73. Kim, Young-Do - Eulji University, Korea
74. Kim, Young-Ei - Seoul Digital University, Korea
75. Kireyeva, Anel A. - Institute of Economics, Kazakhstan
76. Koh, Eric H.Y. - University of Malaya, Malaysia
77. Kozhakhmetova, Assel - Al-Farabi Kazakh National University, Kazakhstan
78. Kumar, T. Sampath - Government Arts College, Tamilnadu, India
79. Kwak, Young-Arm - Shinhan University, Korea
80. Kwon, Ki-Tae - Eulji University, Korea
81. Kwon, Lee-Seung - Catholic Kwandong University, Korea
82. Kwon, Woo-Taeg - Eulji University, Korea
83. Laßleben, Hermann - ESB Business School, Reutlingen University, Germany
84. Le, Quang Huy - University of Finance and Marketing, Vietnam
85. Le, Thi Thanh Hue - Nha Trang University, Vietnam
86. Le, Thi Thuy Dung - National Taiwan Ocean University, Taiwan
87. Le, Xuan Truong - Academy of Finance, Vietnam
88. Lee, Donghae - Kaya University, Korea
89. Lee, Dong-Woon - Dongseo University, Korea
90. Lee, Jeong-Hwan - Hanyang University, Korea
91. Lee, Jong-Ho - Kongju National University, Korea
93. Lee, Jung Wan - Boston University, United States
94. Lee, Sang-Hyun - Sahmyook University, Korea
95. Lee, Sangki - Kaya University, Korea
96. Lee, Sang-Youn - Caroline University, United States
97. Lee, Sung Joon - Woosong University, Korea
98. Lee, Woo-Sik - Gachon University, Korea
99. Li, Qing-Zhu - Kongju National University, Korea
100. Luchaninova, Albina - Kostanay Social-Technical University by Z.Aldamzhar, Kazakhstan
101. Luong, Quoc Trong Vinh - University of Finance and Marketing, Vietnam
102. Mahbub, Meshkat - International Islamic University Malaysia, Malaysia
103. Mak, Wing Yan - Boston University, United States
104. Mapfumo, Alexander - Great Zimbabwe University, Zimbabwe
105. Mirzoyeva, Leila Y. - Sulyman Demirel University, Kazakhstan
106. Mukhtar, E. S. - Al-Farabi Kazakh National University, Kazakhstan
107. Mukhtarova, Karlygash S. - Al-Farabi Kazakh National University, Kazakhstan
108. Mutanov, Galym M. - Al-Farabi Kazakh National University, Kazakhstan
109. Myltykbayeva, A. T. - Al-Farabi Kazakh National University, Kazakhstan
110. Ngo, Thanh Phuong Quynh - University of Technology (HUTECH), Vietnam
111. Ngo, Van Toan - University of Finance and Marketing, Vietnam
112. Nguyen, Anh Tuan - University of Economics and Law, Vietnam National University - HCMC, Vietnam
113. Nguyen, Duy Long - International University - Vietnam National University HCMC, Vietnam
114. Nguyen, Hong Ha - Tra Vinh University, Vietnam
115. Nguyen, Ngoc Duy Phuong - University of Finance and Marketing, Vietnam
116. Nguyen, Nguyen Phong - HCM City University of Culture, Vietnam
117. Nguyen, Phi Hoang - University of Finance and Marketing, Vietnam
118. Nguyen, Phuoc Bao An - University of Economics HCM City, Vietnam
119. Nguyen, Thang Quyet - University of Technology (HUTECH), Vietnam
120. Nguyen, Thanh Nha - University of Finance and Marketing, Vietnam
121. Nguyen, Thi Cam Loan - University of Finance and Marketing, Vietnam
122. Nguyen, Thi Kim Loan - Ton Duc Thang University, Vietnam
123. Nguyen, Thi Ngoc Oanh - University of Finance and Marketing, Vietnam
124. Nguyen, Thi Uyen Uyen - University of Economics HCM City, Vietnam
125. Nguyen, Tien Dat - International University - Vietnam National University HCMC, Vietnam
126. Nguyen, Tien Dzung - University of Economics and Law, Vietnam National University - HCMC, Vietnam
127. Nguyen, Tien Nhat - Hue College of Economics – Hue University, Vietnam
128. Nguyen, Xuan Hiep - University of Finance and Marketing, Vietnam
129. Nobre, Helena M. - University of Aveiro, Portugal
130. Nong, Thi Nhu Mai - University of Finance and Marketing, Vietnam
131. Nurlanova, Nailya K. - Institute of Economics, Kazakhstan
132. Oduro, Richard - University of Education, Winneba, Ghana
133. Ofeh, Moses A. - University of Bamenda, Cameroon
134. Park, Chul-Ju - Sahmyook University, Korea
135. Park, Jong-Chan - Incheon National University, Korea
136. Patwa, Nitin - S P Jain School of Global Management Dubai, United Arab Emirates
137. Pham, Huu Hong Thai - University of Finance and Marketing, Vietnam
138. Pham, Ngoc Minh - The National S&T Program for Mekong Region, The Ministry of Science and Technology (MOST), Vietnam
139. Pham, Quoc Viet - University of Finance and Marketing, Vietnam
140. Pham, Thi Lai - Quy Nhon University, Vietnam
141. Pham, Thi Thanh Xuan – University of Finance and Marketing, Vietnam
142. Phan, Hong Nhung - Nha Trang University, Vietnam
143. Phan, Thi Bao Quyen - University of Economics HCM City, Vietnam
144. Potluri, Lohith Sekhar - Amrita University, India
145. Potluri, Rajasekhar Mouly - American University of Nigeria, Nigeria
146. Pradeep, V. - Great Lakes Institute of Management, Tamilnadu, India
147. Quach, Manh Hao - University of Lincoln, United Kingdom
148. Rahman, Md. Musfiqur - University of Dhaka, Bangladesh
149. Ramazanov, Tlekkabul S. - Al-Farabi Kazakh National University, Kazakhstan
150. Rao, Doki Tripati - Indian Institute of Management Lucknow, India
151. Ruzanov, Rashid M. - Institute of Economics, Kazakhstan
152. Sansyzbayeva, Gallia N. - Al-Farabi Kazakh National University, Kazakhstan
153. Saravanan, A. S. - Taylor's University, Malaysia
154. Schwendner, Christine - Bayerisches Staatsministerium für Arbeit und Soziales, Familie und Integration, Germany
155. Seetharaman, Arumugam - S P Jain School of Global Management Singapore, Singapore
156. Seong, Seung-Hwan - Eulji University, Korea
157. Shammo, Anisul Mannan - International Islamic University Malaysia, Malaysia
158. Sharapiyeva, Madina - Al-Farabi Kazakh National University, Kazakhstan
159. Singh, Sunny Kumar - Birla Institute of Technology & Science (BITS), India
160. Sousa, Ana F. Antunes - University of Minho, Portugal
161. Syah, Ahmad Mujafar - Boston University, United States
162. Tang, Lin - Woosong University, Korea
163. Timberlake, Alan H. - Columbia University, United States
164. Togambayeva, Altynay K. - Al-Farabi Kazakh National University, Kazakhstan
165. Toganbayeva, Karlygash - Al-Farabi Kazakh National University, Kazakhstan
166. Tran, Bich Loc - Saigon University, Vietnam
167. Tran, Bao Vy - Bank for Investment and Development of Vietnam – North Saigon Branch, Vietnam
168. Tran, Thi Dai Trang - International University - Vietnam National University HCMC, Vietnam
169. Tran, Thi Muoi - University of Economics HCM City, Vietnam
170. Tran, Thi Thuy Linh - University of Economics HCM City, Vietnam
171. Tran, Van Tung - The Ministry of Science and Technology (MOST), Vietnam
172. Truong, Van Khanh - University of Finance and Marketing, Vietnam
173. Unger, Barry - Boston University, United States
174. Usmanov, Ali - Al-Farabi Kazakh National University, Kazakhstan
175. Vajjhala, Narasimha Rao - American University of Nigeria, Nigeria
176. Vo, Thu Thanh - University of Economics HCM City, Vietnam
177. Vu, Ba Thanh - Food Farm Co., Ltd, Vietnam
178. Wan, Wendy W. N. - Tunghai University, Taiwan
179. Wonglimpiyarat, Jarunee - Thammasat University, Thailand
180. Yahya, Abdul Aziz - International Islamic University Malaysia, Malaysia
181. Yang, Hoe-Chang - Jangan University, Korea
182. Yesmurzayeva, Aknur - Al-Farabi Kazakh National University, Kazakhstan
183. Yim, Myung-Seong - Sahmyook University, Korea
184. Yoo, Byong-Kook - Incheon National University, Korea
185. Yoon, Bohyun - Kangwon National University, Korea
186. Youn, Myoung-Kil - Eulji University, Korea
187. Zhao, Yue - Shandong University of Political Science and Law, China
189. **Zhaxylykova, Ayan** - Al-Farabi Kazakh National University, Kazakhstan
190. **Zhunissova, Gulnar E.** - Al-Farabi Kazakh National University, Kazakhstan
INTRODUCTION OF HOST ORGANIZATION OF ICBE2017
University of Finance – Marketing (UFM)

- The University of Finance-Marketing (UFM), operating directly under the Ministry of Finance, was established in 1976, and has by now reached its 36th year of operation. At present, UFM has a variety of training programs, with its 13 academic departments offering 20 majors, which lead to the awarding of diplomas, undergraduate and graduate degrees in such fields as business administration, banking & finance, accounting, marketing, valuation, real estate trading, international business, hospitality management, management information system, Business English, etc.
- The training scope of UFM has sharply increased in the past years, with nearly 20,000 students now taking part in the University's various training programs ranging from 3-year, 4-year undergraduate to graduate studies. Most of UFM graduates whose qualifications are appreciated by the society have secured relevant and well-paid jobs.

The University's scientific research and international cooperation have been well developed and effectively conducted and operated.

- Research-doing is one of the most important tasks for UFM as it is a prerequisite for improving its training quality and increasing the quality of its teaching staff. During the past few years, UFM has taken a number of measures to enhance academic research and to build the developmental strategy for technological sciences. The University's thematic research, scientific and academic works, textbook and other teaching material compiling have year by year increased not only in terms of quantity but also in terms of quality, demanding the needs of high quality in training by UFM. Research-doing by students has also become more active and fruitful. UFM's students have in the past several years won various awards of academic research at national and municipal levels.
- In terms of international cooperation, under the guidance of the Ministry of Finance, UFM has effectively cooperated with the Lao People’s Democratic Republic (LPDR) in training the country's human resources. During the past few years, UFM has actively supported LPDR's colleges and universities in training their human resources for the financial sector. UFM has also provided LPDR's Southern College of Finance with such leading training programs as accounting, banking & finance for undergraduate students and a Master’s program in Business Administration for graduate students. UFM has also granted a number of undergraduate and graduate scholarships to Lao officials who are working for the Lao’s Ministry of Finance to study at UFM campus. Furthermore, UFM has greatly contributed to upgrading the LPDR’s Southern College of Finance to the present Champasac Institute of Finance and Economics under the cooperation program between Vietnam’s and Lao’s Ministry of Finance. All these cooperation programs between UFM and Lao’s Southern
College of Finance have been successful and highly appreciated by Lao’s Ministry of Finance.

- UFM also partnered with the NGO Mercy Relief of Singapore to successfully implement the projects of “English for Everyone” (EFE) in Vietnam and Lao in three consecutive years of 2009, 2010 and 2011.
- In addition to those programs, UFM has already signed MOUs on post-graduate programs and exchange programs of teaching staff and students with HELP University College of Malaysia; Northern Polytechnic University (NPU) and California Miramar University (CMU) of the US; Algoma University of Canada; James Cook University (JCU) and Management Institute of Nanyang of Singapore, etc.

Together with these developmental trends, UFM’s management mechanism has also been increasingly improved and appropriately adapted to the modern educational environment with an aim to enhance its staff’s quality for UFM’s future development.

- Currently, UFM is building up a soundly organizational structure, operating comprehensively and effectively, and making contribution to fulfilling UFM’s political missions in education and training.
- In the past 35 years, UFM’s teaching staff have constantly been trained and retrained and developed in terms of quantity as well as quality, particularly the number of post-graduated teaching staff has increased sharply. At present, more than 80% of the teaching faculty hold Master’s and Doctoral degrees, associate professorships and professorships. Furthermore, UFM’s administrative staff have also been expanded with new recruits of higher working quality to meet the needs of the University’s development in the new period.

Learning and teaching facilities have increasingly been upgraded and modernly equipped.

Facilities are one of the most important factors to UFM’s development and enhancement of training quality. Investments in training facilities have been well taken care of by UFM, which is now a university equipped with modern facilities with spacious classrooms and IT labs.

Head office: 2/4 Tran Xuan Soan, Tan Thuan Tay Ward, District 7, HCMC, Vietnam

- Tel: 08.39970940 - 39970941
- Fax: 08.39971065
- Email: trungtamthongtin@ufm.edu.vn
- Website: http://ufm.edu.vn
CAMPUS VIEW

MAIN BUILDING
HOW TO GET TO CONFERENCE VENUE
University of Finance – Marketing (UFM)

FROM AIRPORT (Tan Son Nhat International) TO UFM: 2 km

FROM HOTEL NOVOTEL SAIGON (via Vissai Saigon Hotel) TO UFM: 4.5 km