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ANALYSING THE CHOICE BETWEEN SCHOOL AND WORK OF VIETNAMESE ADOLESCENTS

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Abstract
Vietnamese adolescents between 11 and 18 years old must make a choice between schooling for education and work to ensure income. In Vietnam vocational training is quite young and does not involve private economy enterprises to a major extent. Therefore, most work activity of adolescents is aimed at income. The factors determining the choice between school and work include family characteristics, family wealth, labor market conditions, infrastructure and policy measures. The objective of the study is to gain insight into the driving factors of the choices in order to help targeting government policies and educational development. The Vietnamese Household Living Standards Survey (VHLSS) provides a rich source of information for the analysis. VHLSS is a biennial survey in Vietnam that uses a complex sample design with three-stage clustering. A stratified sample of municipalities/districts and subsampling of municipalities for households is applied. Households are visited by trained interviewers and information about all household members is collected. The complex design needs proper weighting and inflates variances when compared with simple random sampling. Therefore, variance estimates and tests for any analysis must be adapted accordingly. Multinomial logistic models are applied on this data to determine the driving factors of the decision. These models generalize logistic regression to multiclass problems with our two discrete outcomes (schooling and work) of the Vietnamese adolescents between 11 and 18 years old. The analysis is carried out with the software R and Stata in parallel in order to check for potential differences in algorithms and to exploit the functionalities of the two packages fully.

Keywords: School, work, Vietnam, adolescents.

Introduction

Vietnamese adolescents between 11 and 18 years old must make a choice between schooling for education and work to ensure income. In Vietnam vocational training is quite young and does not involve private economy enterprises to a major extent. Therefore, most work activity of adolescents is aimed at income.

The Vietnamese Household Living Standards Survey (VHLSS) provides a rich source of information for the analysis. VHLSS is a biennial survey in Vietnam which uses a complex sample design with three-stage clustering. A stratified sample of municipalities/districts and subsampling of municipalities for households is applied.

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The complex design needs proper weighting and inflates variances when compared with simple random sampling. Therefore, variance estimates and tests for any analysis must be adapted accordingly.

This paper develops a multinomial logistic model to predict the probability of adolescents aged 11-18 to choose among four alternatives: (1) school only, (2) school and work, (3) work only, (4) no activity. In other words, a response variable with four levels is used. The status "school only" is the reference (base) outcome (group). The factors determining the choice between school and work include (1) personal characteristics, (2) household characteristics and (3) public programs in the community. The analysis is carried out with the software R and Stata in parallel in order to check for potential differences in algorithms and to exploit the functionalities of the two packages fully.

This paper contains 5 sections. The first section introduces the problem, the second section covers the review of literature review, the third introduces the multinomial logistic model and places it in the context of the present analysis, the fourth section presents the data and the results of the multinomial logistic model and the final section gives a conclusion.

Literature Review

Many econometric studies that have analyzed the work or schooling of children as the result of a discrete choice do not explicitly justify the approach adopted for their modeling nor the behavioral basis of the estimated model. For example, Ray (2000) uses independent binary modeling, implicitly assuming that: A) decisions to work and to go to school are independent; B) the employment decision is only compared with the decision to study; C) options to work and study in parallel as well as having neither activity are not part of the universe of choices.

A second approach consists in recognizing the simultaneity of the two decisions but assuming that they are independent or contingent, leading to a bivariate model as those estimated by Ersado (2005). However, the authors often do not discuss the observed general result, which indicates a trade-off between work and schooling and do not reflect the other options (work and school, inactivity).

A third approach, retained more frequently in recent works, is to adapt a polytomic model of choices (Cigno et al., 2002, Rosati and Tzannatos, 2000): all choices (three or four activity choices most often) are modeled. The approach has a well-known foundation in terms of maximizing well-being.

Most econometric studies that have analyzed the work or schooling of children as the result of a discrete choice often do not explicitly justify the approach adopted for their modeling nor the behavioral basis of the estimated model. Kruger, Berthelon and Soares (2010) applied generalized ordered logits (generalized ordered discrete choice model) to analyze the household choices of child labor and schooling in Brazil. Their model, using agricultural shocks to local economic activity (from coffee production

and overall agricultural production) as a way to distinguish between the roles of increases in family wealth (income effect) and in the opportunity cost of children's time (substitution effect), has three alternative allocations of children's time: work only, work together with schooling, and schooling only. Their results show that higher parental wages and household wealth are associated with lower child labor and higher school attendance. At the same time, conditional on household income and socioeconomic characteristics, and on long-term trends, exogenous temporary increases in local economic activity (increases in labor demand due to shocks to local economy) are associated with increased opportunity cost of children's time and, therefore, higher child labor and lower schooling.

Tran et al. (2017) conducted a secondary analysis of children living in low- and middle-income countries (LAMIC), collected in UNICEF's Multiple Indicator Cluster Surveys (MICS). They tried to describe and quantify the relationships among family poverty, parents' caregiving practices, access to education and the development of children. Their study classified 97 731 children from 35 LAMIC into three groups on the basis of the Human Development Index (HDI). They concluded that: (1) children living in low-HDI countries are at the greatest risk of failing to reach their developmental potential (2) optimizing care for child development at home is essential to reduce the adverse effects of poverty on children's early development and subsequent life.

Liu and Hannum (2017) estimated hazard models of dropping out of school in young adulthood with longitudinal data from China. Their findings include: (1) Children who experience spells in poverty leave school at a higher rate than others, even adjusting for poverty in later periods; (2) Transient poverty is more widespread, and shows a greater negative association with school-leaving, than chronic poverty; (3) Early childhood poverty shows greater negative associations with education outcomes than poverty in later periods; and (4) Girls may be more susceptible than boys to early poverty.

The mother and her education level plays a large role in her children's education decisions. For a woman farmer in Ethiopia, this can mean being able to provide adequate nutrition, health care, and education for her children (Robinson and Winthrop, 2016).

Our research estimates a multinomial logistic model by a simulated maximum likelihood method (Green, 2011). The model has a four-level outcome: (1) school only, (2) school and work, (3) work only, (4) no activity in which the status "school only" is treated as the reference outcome group. We use three groups of explanatory variables (1) personal characteristics (gender and ages); (2) household characteristics (income principal source, highest education level of male adults/of female adults in the household and (3) public programs in the community of residence.

Multinomial Logistic Model

The multinomial logistic model is a type of linear regression analysis geared to the situation that the dependent variable is nominal (categorical) with more than two outcomes and the outcomes are not ordered in any natural way. The multinomial logit regression is a uses a multinomial regression model as a first step to predict the probability that observation i has outcome k. The so-called linear predictor has the following form:

$$f(k, i) = \beta_{0,k} + \beta_{1,k} \, x_{1,k,i} + \beta_{2,k} \, x_{2,k,i} + \cdots + \beta_{p,k} \, x_{p,k,i} \,, \; i = 1, \ldots, n \,, \; k = 1, \ldots, h \,,$$

where $\beta_{l,k}$ is a regression coefficient associated with the l-th explanatory variable and the k-th outcome. In other words, the multinomial logistic model estimates several multiple regression models at the same time.

In our model, we have 20 explanatory variables but because of the categorical variables the number of parameters to estimate is $p = 36$. The variables are divided into three groups, which are related to personal, household and municipality characteristics:

1. Child characteristics: gender and age. Age is coded as categorical with reference category age 11.
2. Household characteristics: type of the household, ethnicity, rural/urban, number of adult men/ of adult women/ of boys and of girls under 11 years in the household, education level of father/mother or a man/woman in the household, and principal income source of the household (salary, agricultural, business, other).
3. Municipality characteristics: Rural/Urban, region, public programs in the municipality (program 135, employment program, poverty program, economic program, education program, health program and water program). These programs can be applied simultaneously to a particular household.

Most of the explanatory variables are categorical and the categories (except the reference category) are coded with dummy variables. The response variable has four levels (outcomes; h=4): (1) school only, (2) school and work, (3) work only, (4) no activity. The status "school only" is the reference (base) outcome (group). The regression coefficients and explanatory variables are normally grouped into vectors of size p+1, so that the predictor function can be written more compactly: $f(k, i) = \mathbf{X}_i' \boldsymbol{\beta}_k$, where $\boldsymbol{\beta}_k$ is the set of regression coefficients associated with outcome k, $\mathbf{X}_i'$ is the transpose of the vector of explanatory variables associated with observation i.

For h possible outcomes, h-1 binary logistic regression models are estimated. For each of the h-1 models the remaining outcome is chosen as a "base" (reference/pivot), in our case we choose k=1 "school only". The conditional probability that an individual choses outcome $k = 1, 2, 3$, or 4 is $P(y_i = k | X_i)$, where X_i is a vector of explanatory variables. Assuming a multinomial logit model with the reference outcome $k = 1$ the ratios of probabilities (odds ratios) are:

$$\frac{P(y_i = k|X_i)}{P(y_i = 1|X_i)} = \exp(X_i'\beta_k).$$

Since the probabilities must add up to 1, i.e. $\sum_{k=1}^{h} P(y_i = k|X_i) = 1$, we obtain

$$P(y_i = 1|X_i) = \frac{1}{1 + \sum_{k=2}^{h} \exp(X_i'\beta_k)}$$

and, therefore,

$$P(y_i = k|X_i) = \frac{\exp(X_i'\beta_k)}{1 + \sum_{k=2}^{h} \exp(X_i'\beta_k)}$$

Note that the coefficients β_k actually explain the difference in the log-odds compared with the base outcome due to a variable vector X_i. Therefore, the models for the different choices (outcomes) must involve the same variables to be interpretable. Furthermore, a single coefficient $\beta_{l,k}$, in principle, describes the difference in the logarithms of the odds, i.e. $\exp(\beta_{l,k})$ describes the odd ratios under the condition that all other explanatory variables are not changed ("ceteris paribus"). However, this condition is violated for categorical variables. For example it is not possible to change the age indicator for an age of 15 from 0 to 1 without changing, e.g., the indicator for age 14 from 1 to 0. Also, when the indicator for a region is changed from 0 to 1 some other region indicator which happened to be 1 must be set to 0.

Data and Results of the Multinomial Logistic Analysis
Data

The study is based on the Vietnamese Households Living Standards Survey - VHLSS 2014 (37'000 observations) (General Statistics Office of Vietnam, 2016). Our focus is on the children aged 11 to 18. We have 5519 observations with full information about their activity of school and work as shown in Table 1.1.

Table 1.1: Status of outcome - Vietnamese children aged 11-18

Status of outcome	Frequency	Percent	Cummulative
1: School only	3927	71.15	71.15
2: School and work	390	7.07	78.22
3: Work only	880	15.94	94.17
4: No-activity	322	5.83	100.00
Total	5519	100	

Estimation of the Multinomial Logistic Model

Our multinomial analysis was modeled on 5519 Vietnamese children from 11 to 18 years old in the VHLSS 2014. The outcome measure is their four choices (status): (1) school only, (2) school and work, (3) work only and (4) no activity coded in a variable LABOR_SCHOOL. We examine the determinants of these choices with the status "school only" as the reference group.

Multinomial logistic regression uses maximum likelihood estimation, which is an iterative procedure. The first iteration (called iteration 0) is the log likelihood of the "null" or "empty" model; that is, a model with no predictors except the three means for the log odds ratios. At the next iteration, the predictor(s) are included in the model and estimates of their coefficients are approximated numerically. At each iteration, the log likelihood decreases because the goal is to minimize the log likelihood. When the difference between successive iterations is very small, the model is said to have "converged", the iterating stops, and the results are displayed. Our model has converged at the 6ᵗʰ iteration.

We take clustering into account by adding the municipality as a cluster variable. The household may also act as a cluster but could not be taken into account explicitly. On the other hand our approach did not take into account the stratification of municipalities. Therefore, the variance estimates are rather conservative and as a consequence the tests on the coefficients for the null hypothesis $\beta_{l,k} = 0$ are conservative, too.

The best multinomial logit model that does not include income or expenditure variables is presented below. Monetary variables may be largely influenced by the other variables in the model and to show the full influence of variables like education of the parents a structural equation model would be necessary where direct and indirect effects of income could be taken into account.

The model quality indicators are the likelihood ratio statistics LR chi2(108)=2652.31 with a p-value of Prob > chi2=0.0000 and McFadden Pseudo-R-square. Logistic regression does not have an equivalent to the R-squared in OLS regression. McFadden's pseudo R-squared is 0.2706. This statistic does not mean what R-square means in OLS regression (the proportion of variance for the response variable explained by the predictors). Values of 0.2 to 0.4 for McFadden's pseudo R-squared indicate an excellent model fit.

Tables 1.2, 1.3 and 1.4 show the coefficients $\hat{\beta}_{l,k}$ together with the indication of the size of the p-value by stars (*** p<0.01, ** p<0.05, * p<0.1). The standard errors of the coefficients are given in parenthesis below the coefficients.

Table 1.2: Coefficients of the multinomial logistics model: Person variables

Child Characteristics	School and Labor	Labor Only	Inactivity
Boys vs Girls	0.338**	0.601***	0.354*
	(0.155)	(0.146)	(0.182)
Age 12 vs Age11	0.652*	-0.345	0.149
	(0.359)	(0.598)	(0.570)

Age 13 vs Age11	1.006***	1.063**	0.446
	(0.351)	(0.414)	(0.434)
Age 14 vs Age11	1.469***	1.783***	0.507
	(0.339)	(0.433)	(0.444)
Age 15 vs Age11	1.720***	3.395***	1.399***
	(0.339)	(0.406)	(0.466)
Age 16 vs Age11	1.932***	4.074***	1.747***
	(0.381)	(0.413)	(0.428)
Age 17 vs Age11	1.944***	4.772***	2.403***
	(0.370)	(0.410)	(0.443)
Age 18 vs Age11	1.494***	5.239***	2.772***
	(0.408)	(0.413)	(0.441)

Table 1.3: Coefficients of the multinomial logistics model: Household variables

Household Characteristics	School and Labor	Labor Only	Inactivity
Household 2 generations vs others	-0.773	-0.974**	-1.112*
	(0.525)	(0.487)	(0.642)
Household 3 generations vs others	-0.827	-1.070**	-1.308**
	(0.590)	(0.532)	(0.642)
Ethnic Majority vs Minority	-1.028***	-1.131***	-0.212
	(0.260)	(0.221)	(0.428)
Urban vs Rural	-1.171***	-0.154	0.110
	(0.340)	(0.210)	(0.214)
Male 18+	0.061	0.148	0.445***
	(0.137)	(0.123)	(0.133)
Female 18+	-0.160	-0.168	0.060
	(0.158)	(0.121)	(0.135)
Boy 11-	0.058	0.080	0.131
	(0.086)	(0.089)	(0.087)
Girl 11-	0.065	0.156*	0.194*
	(0.087)	(0.080)	(0.101)
Man Education Primary vs No Education	-0.248	-0.399*	-0.392
	(0.231)	(0.204)	(0.239)
Man Education Secondary vs No Education	-0.392	-0.869***	-0.994***
	(0.270)	(0.230)	(0.280)
Man Education University + vs No Education	0.116	-1.691***	-1.775***
	(0.654)	(0.553)	(0.520)
Woman Education Primary vs No Education	-0.173	-0.343*	-0.069
	(0.233)	(0.184)	(0.242)
Woman Education University vs No Education	-0.328	-1.138***	-0.447
	(0.290)	(0.236)	(0.277)
Woman Education University + vs No Education	-2.329***	-4.049***	-2.309***
	(0.871)	(0.769)	(0.694)
Income from agriculture Vs Salary + other sources	0.575**	-0.217	-0.572**
	(0.228)	(0.175)	(0.263)

Income from business Vs Salary + other sources	-0.321	-0.717***	-0.434**
	(0.270)	(0.243)	(0.218)
Red River vs Mekong River Delta Region	0.280	-0.666**	-0.409
	(0.386)	(0.259)	(0.309)
Midlands vs Mekong River Delta Region	0.992***	-0.615**	-0.672
	(0.329)	(0.265)	(0.501)
Central North vs Mekong River Delta Region	1.429***	-0.487**	-0.304
	(0.297)	(0.230)	(0.249)
Central Highlands vs Mekong River Delta Region	-0.208	0.151	0.413
	(0.411)	(0.268)	(0.423)
Southeast vs Mekong River Delta Region	0.020	-0.836***	-0.236
	(0.484)	(0.315)	(0.270)

Table 1.4: Coefficients of the multinomial logistics model: Public programs

Public Programs in the Municipality	School and Labor	Labor Only	Inactivity
Program 135 vs No Program 135	-0.102	0.094	-0.200
	(0.255)	(0.249)	(0.466)
Program Employment vs No Program Employment	0.022	-0.376	0.059
	(0.268)	(0.258)	(0.364)
Program Poverty vs No Program Poverty	-0.152	0.207	-0.369
	(0.253)	(0.217)	(0.358)
Program Economic vs No Program Economic	-0.141	0.256	0.215
	(0.247)	(0.194)	(0.330)
Program Education and Culture vs No Program Education and Culture	0.270	-0.015	-0.627**
	(0.238)	(0.213)	(0.319)
Program Health vs No Program Health	0.049	0.469*	-0.871**
	(0.371)	(0.251)	(0.381)
Program Water vs No Program Water	0.275	-0.183	-0.200
	(0.243)	(0.205)	(0.336)
Constant	-2.632***	-1.976***	-1.998***
	(0.720)	(0.639)	(0.769)

An important feature of the multinomial logit model is that it estimates h-1 models (h = 4 in our case), where h is the number of levels of the dependent variable. In this instance, we set "school only" as the reference choice and therefore estimated a model for "school and labor (2)" relative to "school only (1)", a model for "labor only(3)" relative to "school only (1)" and a model for "no activity (4)" relative to "school only (1)". Therefore, since the parameter estimates are relative to the reference outcome, the standard interpretation of the multinomial logit is that for a unit change in the predictor variable l, the log-odds of outcome k relative to the reference outcome's log-odds is expected to change by $\hat{\beta}_{l,k}$(given the other variables in the model are held constant).

For example, to analyze the choice of "school and labor (2)" relative to "school only (1)" for the predictor variable gender the log of the odds-ratio for boys relative to

girls is 0.3075. Since exp(0.3075) = 1.36 this can be interpreted as follows: A boy's chance to share school with work instead of going to school only is 36% higher than a girl's chance.

Results

1. **Gender**: All coefficients are significant. Comparing with girls, boys have more chance to combine school and work (status 2), to work only (status 3) and to have no activity (status 4) relative to the reference status "school only".

2. **Age:** Almost all coefficients are significant. Comparing with the children aged 11, older children have a higher probability to combine school and work (status 2) relative to the reference status "school only". From the age 13 the children have more chance to work only relative to the reference status "school only", comparing with age 11. From 15 years old, the adolescents have more "inactivity" relative to the reference status "school only". Between age 14 and 15 there is a clear increase of probability to work. In fact, following the lower secondary education (from age 14 to 15), an entrance examination is required for admission to upper secondary school. A good result gives the child a chance to be accepted by a quality public school with a moderate tuition fee. If not accepted, the child can move to a private secondary school (higher tuition fee) or a vocational school.

3. **Type of household:** The coefficients are not significant in the status (2) relative to the status (1), but the coefficients are significant in the status (3) and (4) relative to the status (1). Living in a household with 2 or 3 generations increase the chance of going to school only in comparison with other type of household.

4. **Ethnic:** Comparing to majority ethnic, children in minority ethnic have less chance to go to school only relative to the status (2) and (3).

5. **Rural/Urban:** Comparing to urban areas, children in rural areas have less chance to go to school only relative to the status (2). In other words, in the rural, the chance of combining work with school is higher than only going to school.

6. **Man/Woman:** Living with at least one man, children have more inactivity relative to the status "school only".

7. **Boy/Girl under 11 years old**: Living with at least one girl under 11 years old, children work more and have more inactivity relative to the status "school only".

8. **Education:** With a higher level of education of a man or woman living in the household, children work less and have less inactivity.

9. **Principal income sources:** Comparing with the principal income source from salary and other sources, living in a household with principal income from agriculture source, children have more chance to combine work with school, relative to school only. But they have less chance to have no activity. Adolescents from a household with principal income from business chose "work only" and "no activity" less probable than "school only".

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10. **Regions:** Comparing to Mekong River delta region, children in Midlands, Central North have more chance to combine work with school (2) than to go to school only (1). The children in Mekong River delta must work (only) more than going to school (only) relative to others regions of the country. They also have more inactivity than school only relative to their friends in Red river delta, Midlands and Central highlands.

11. **Public Programs:** Program 135 and the Water program are not significant at all. Comparing to children living in a commune with no mentioned program: (1) children living in a commune with an education and culture program have more probability to go to school (only) than to have no activity and (2) children living in a commune with a health program have more chance to work (only) or to have no activity than go to school (only).

Conclusion

This paper estimates a multinomial logistic analysis, applied on the Vietnamese children aged 11-18. The model has a four-level outcome: (1) school only, (2) school and work, (3) work only, (4) no activity in which the status "school only" is treated as the reference outcome group. We have 20 explanatory variables, divided in three group (1) Child characteristic; (2) Household characteristics and (3) municipality characteristics, in particular public programs. Our analysis finds that gender and age of the child are the strong significant predictors and the household characteristics like education level of the man or woman associated with higher probability of going to school. Living in a rural area and being a member of minority ethnic increase the chance of early working. The public program education and culture decreases the probability to be inactive while the health program decreases probability to be inactive and increases probability to work. There is a positive significant effect on probability to work for the adolescents aged between 14 and 18, relative to go to school only, in comparison with 11 years old. Furthermore, parents' education and regions are important factors to explain the adolescents' choices in our multinomial logistic model.

Acknowledgement

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2

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES ON CONSUMER PERCEIVED VALUE AND RELATIONSHIP QUALITY OF CONSUMER AND COMPANY: A CONCEPTUAL FRAMEWORK

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Abstract

Corporate social responsibility (hereafter CSR) is widely discussed in literature and gains increasing awareness in strategic marketing and management. Many streams of research have focused on the questions of whether a company should engage in CSR activities, and whether these activities have any influence on firm financial performance. However, the psychological mechanism that drives consumer responses to CSR activities is poorly known and explored. Employing the theories of consumption values, integrating the Holbrook value model, and relationship marketing, a conceptual framework is proposed, which explains how CSR activities generate consumer perceived value such as functional, emotional, social, and ethical, as well as their impact on the consumer-company relationship quality. The highlight of this framework is that ethical value is considered as one of consumption values. The moderating role of the socio-demographic factors (age, gender, income and educational level) on the relationships between these concepts are also discussed. Implications for management and future research are included.

Keywords: Corporate social responsibility, perceived value, relationship quality.

Introduction

Recently business has been facing various challenges conditioned by dynamic changes in economic, technological, political and social environments, which make companies search for means to ensure stability and to achieve long-term results (Gadeikienė and Banytė, 2015). The arguments that company's engagement in socially responsible activity mitigates the consequences of economic crisis and helps to recover from it are confirmed by close relations between CSR and sustainable development (Ebner and Baumgartner, 2006; Swanson and Zhang, 2012). Despite a considerable amount of studies that reveal the benefits of corporate socially responsible activity to the company at theoretical level (Gadeikienė and Banytė, 2015), there is still little guidance of how companies can implement CSR activity in order to maximize returns to CSR investment. Gadeikienė and Banytė (2015) conclude that scientific works researching and analyzing the impact of corporate socially responsible activity on various dimensions of relationship quality are fragmentary and are not sufficiently comprehensive. Theorists have identified many companies favoring outcomes of CSR, yet there is a dearth of research on the

psychological mechanism that drives consumer responses to CSR activities (Bhattacharya et al., 2009). Borrowing from the theories of consumption values and relationship marketing, a conceptual model is proposed that explains how CSR provides consumers with many forms of value and how the value perceived from CSR initiatives influences the quality of the relationship between the consumer and the company.

The rest of this paper proceeds as follows. In the next section, the literature review is presented to reveal the research gap. Following that, the conceptual framework is outlined. The study concludes with the implications for management and future research.

Literature Review

   Corporate Social Responsibility

In the past two decades, CSR has emerged as an important concept in both academic literature and business practices (Fatma and Rahman, 2015). There are many definitions of CSR found throughout literature (see Hopkins, 2006; Moura-Leite and Padgett, 2011; Sheehy, 2015; Carroll, 1999; Dahlsrud, 2008; Aguinis and Glavas, 2012; Bakker et al., 2005). There is still no consensus on a universally acceptable definition of CSR (Carroll, 1991; McWilliams and Siegel, 2001). Clarkson (1995) points out that despite hundreds of studies empirically examining CSR, no satisfactory and generally accepted definition for CSR exists. Carroll's definition of CSR has been investigated and widely accepted as well as largely supported by the findings (i.e., Arıkan and Güner, 2013; Bhaduri and Selarka, 2016; Mohr et al., 2001): "The social responsibility of business encompasses the economic, legal, ethical, and discretionary [later referred to as philanthropic] expectations that society has of organizations at a given point in time" (Carroll, 1979). He contends that the economic and legal responsibilities are 'required', the ethical responsibilities are 'expected', and the philanthropic responsibilities are 'desired'.

Concepts of CSR range from a narrow view of maximizing shareholder wealth (Friedman, 1970) to one that widely focuses on "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams and Siegel, 2001). Maignan and Ferrell (2001) mention CSR encompasses a whole set of philosophical and normative issues related to the role of business in society, CSR should be thus understood to be a broad concept. The study here adopts the relatively broad definition provided by Brown and Dacin (1997) as the company's status and activities with respect to its perceived societal obligations. Generally, in spite of its current popularity, CSR remains an ambiguous and much debated construct (Pedersen, 2006). Kakabadse et al. (2005) state that "CSR in practice tends to be very contextual, very sensitive to environmental, organizational, even individual specificities". For company, it is critical to acknowledge what consumers consider to be CSR or CSR activities. "The challenge for business is not so much to define CSR, as it is to understand how CSR is socially constructed in a

specific context and how to take this into account when business strategies are developed" (Dahlsrud, 2008).

CSR implicitly assumes "win-win" outcome resulting from societal support and positive consumer responses. However, in order to support firms that engage in CSR, consumer must receive values from the exchange, this is the "win" for the consumer. There is no study to date directly measuring consumption values perceived from CSR. A greater understanding of how different CSR activities create value for consumers is necessary given the sheer scope of investments in CSR (Green and Peloza, 2011). In the next part, we will find out what consumer perceived value is and how CSR activities can create value for consumer.

Consumer Perceived Value

The concept of 'perceived value' (hereafter PV) has emerged as the defining business issue of the 1990s, and continued to receive extensive research interest in the present century (Sweeney and Soutar, 2001). Organizations are increasingly recognizing that PV is a key factor in strategic management (LeBlanc and Nguyen, 2001; Mizik and Jacobson, 2003) and strategic imperative in building and sustaining a competitive advantage (Huber et al., 2001; Woodruff, 1997).

An overview of the literature identifies two main approaches to conceptualize the PV construct. The first approach conceives PV as a unidimensional construct, by a utilitarian perspective, whereby economic and cognitive reasoning is used to assess the relevant benefits and costs. However, this approach ignores the conceptual richness of the construct, which is too complex to be conceptualized as unidimensional (Sánchez-Fernández and Iniesta-Bonillo, 2007). The second approach confirms perceived value as a multidimensional construct. Woodruff (1997) defines perceived value: "Customer's perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations".

Reflecting on the behavioral nature of perceived value, Holbrook (1996) determines PV as an interactive relativistic preference experience. Value is interactive because it can be created only when a firm and stakeholder come together. Value is based in preference because people judge corporate actions as good/bad, positive/negative, or favorable/unfavorable. Finally, value is relativistic because individuals evaluate it differently. Holbrook (1996) presents an eight-celled framework of PV based on three criteria: extrinsic versus intrinsic value, internal versus external orientation, and reactive versus passive value.

The consumption value theory of Sheth et al. (1991) states that the multifaceted consumer choice – to buy or not to buy, to choose one type of product or service over another, and to choose one brand over another – entails various forms of value which can be categorized as functional, social, emotional, epistemic, and conditional. Functional value is the perceived utility through the possession of salient functional utilitarian or physical attributes. Social value is the perceived utility through the association with positively or negatively stereotyped demographic, socioeconomic

and cultural-ethic groups. Emotional value is the perceived utility through the creation or perpetuation of feelings or affective states. Epistemic value is the perceived utility through the arousal of curiosity, the provision of novelty and/or the satisfaction of a desire for knowledge. Finally, conditional value is the perceived utility through the presence of antecedent physical or social contingencies in a specific situation.

Customers are not homogeneous, and, therefore, various customer segments perceive diverse values within the same service (Yeh, 2016). For various customers, the components of PV might be differentially weighted. According to Boksberger and Melsen (2011), Sheth et al. (1991) is one of the most important contributions to the study of PV, in that three dimensions of the construct: functional, emotional and social appear to be at the forefront of the most recent research.

The literature of PV shows that few studies so far have explained how CSR activities can create value to consumer (see Chen, 2013; Sánchez-Fernández and Iniesta-Bonillo, 2007). The proposition is that CSR influences the value perceived by consumer through attempting to understand psychological mechanism which can explain the formation process of value perceived in the context of CSR related consumption.

Relationship Quality

In current highly competitive environment, losing customers is indeed costly. Researchers have concluded that it is five times more expensive to acquire a new customer than to keep existing one (Athanasopoulou, 2009). Therefore, the development of successful, long-term, mutually beneficial relationships has attracted the attention of researchers for the past few decades and relationship quality has relevantly emerged as a very important issue.

The study of relationship quality (hereafter RQ) was begun by Dwyer and Oh in 1987 and established by Crosby and colleagues in 1990 (as cited in Athanasopoulou 2009). Exploring this construct has developed from 1995 onwards within the relationship marketing area.

There are many researches investigating the relationship quality concept in consumer market context (i.e., Bagozzi, 1995; Bhattacharya and Sen, 2003; De Wulf et al., 2001; Hennig-Thurau, 2000; Vesel and Zabkar, 2010; Wong and Sohal, 2002; Moliner et al., 2007; Roberts et al., 2003). Although there is not generally a common consensus regarding the conceptualization of RQ, it can be regarded as a meta-construct composed of several key components reflecting the overall nature of relationships between companies and consumers (Hennig-Thurau, 2000; Roberts et al., 2003). Based on prior research on RQ, the study submits three main components of consumer-company RQ: customer satisfaction with the company, customer's trust in the company, and customers' commitment to the company (see Athanasopoulou, 2009).

Conceptual Framework

The Relationship between CSR and Consumer Perceived Value

The literature on CSR and consumer behavior brings out the relevant conclusion that consumer shows to value CSR and to derive benefits from buying products coming from companies that invest in CSR (Ferreira et al., 2010). However, few studies so far have explained how CSR activities can create value to consumer.

This paper integrates Holbrook (2006)'s psychological paradigm and Sheth et al. (1991) theory of consumption values in order to explain the formation process of consumer perceived value in the context of CSR related consumption. Specially, the framework suggests that ethics is a value which consumers may obtain in addition to other types of consumption values.

Each of the four quadrants outlined in Holbrook's model represents potential types of value perceived from CSR activities. As shown in Table 2.1. On the vertical axis, the self-oriented or other-oriented dichotomy determines whether value exists directly for the self, or whether the value perceived requires some relevant other. On the horizontal axis, the extrinsic or intrinsic dichotomy determines whether value is created when CSR activities serve as a means to an end, or are prized for their own sake.

Table 2.1: Typology of consumer perceived value

	Extrinsic	Intrinsic
Self-oriented	Functional value	Emotional value
Other-oriented	Social value	Ethical value

In the first quadrant of Holbrook paradigm, functional value can be derived when a product or consumption experience serves as a means to a consumer's own objectives. It is extrinsic self-oriented. An example in Bhattacharya et al. (2009) shows that beneficiaries of a corporate sponsored dental hygiene program (extrinsic) can gain substantial functional benefits in the form of improved health (self-oriented value). Some researches conceive CSR initiative in a form that enhances the functional performance of a product (e.g. Brown and Dacin, 1997). The study of Green and Peloza (2011) shows that a large majority of interviewees suggested functional value is the leading driver behind integrating CSR into their decision-making processes. Overall, the opportunity for consumers to derive the functional value is directly and positively related to the nature and level of CSR activities which the company engages.

In quadrant 2, emotional value is related to the psychological and sociological well-being of the individual (Bhattacharya et al., 2009). This form of value arises from the pleasure of engaging (intrinsic) in some activities or in consumption experiences appreciated for one's own sake as end in oneself. Turning back to the example by Bhattacharya et al. (2009), beneficiaries (intrinsic) of a corporate sponsored dental hygiene program favor the company's products since they feel that the program is effective in improving their and their children's oral health (self-oriented). In the research of Green and Peloza (2011), when interviewees perceived

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CSR in some of the more "traditional" forms (e.g. donations to charity), the perceived value was commonly emotional. CSR activities results in the appreciation of the meanings behind the product that delivers potential affection to the owner (e.g., slow food) (Peloza and Shang, 2011).

In quadrant 3, social value occurs when one's own consumption behavior serves as a means to shaping the responses of others — as when a person consumes in a way that makes a status-enhancing favorable impression (Holbrook, 2006). The perception of value from CSR activities requires a relevant other such as the status that comes with being perceived as an environmentally conscious person. CSR product attributes can affirm the value of an individual that is other-oriented. Supporting a firm that recycles (this is extrinsic) can be used to define to others that one is environmentally conscious (this is other-oriented). By being seen as someone who cares for the environment, a consumer can ensure he meets social norms and community standards that reinforce such behavior (Green and Peloza, 2011). Yoon et al. (2006) findings that philanthropy is a means of gaining social status and impression management suggests that it can also be a source of other-oriented extrinsic value.

Finally, in quadrant 4 of Holbrook paradigm, altruistic value entails a concern for how one's own consumption behavior affects others where this experience is viewed as a self-justifying end-in-itself — as when engaging in ethically desirable practices in which "virtue is its own reward" (e.g., contributing to a charity) (Holbrook, 2006). Holbrook (1996) illustrates ethics as a customer value where it reflects doing good for its own sake and as a result of a sense of moral obligation or duty, by reference to wearing a white dress at one's wedding or a tuxedo to the prom. He adds that ethics is viewed as intrinsically motivated (hence its classification as intrinsic on the extrinsic/intrinsic dimension). He gives more detailed attention to moral philosophy, yet the essence of his perspective on ethics as a customer value remains the same. Ethical action involves doing something for the sake of others. The motivation for such action is intrinsic because "virtue is its own reward". In addition, Smith (1996) argued that ethics is as a customer value, and viewed as intrinsically motivated and truly selfless. The typology of value (Holbrook, 1996) proposes ethics as one kind of value in the consumption experience. for example, donating money to the United Way, one's blood to the Red Cross, and one's time to a soup kitchen. Such behaviors only constitute "an ethically virtuous action [i.e., ethics as a customer value] if one pursues helping others purely for its own sake." (Holbrook, 2006) refers to the value in quadrant 4 as covering "everything from 'green' consumption to charitable donations." So, it can be said that one more form of consumption values is ethical value, equivalent to altruistic value, derived from CSR activities. For the above discussions, the following hypotheses are suggested:

H1: The CSR activities impact positively to consumer perceived value in form of (a) functional value, (b) emotional value, (c) social value, and (d) ethical value.

These types of value are not mutually exclusive (Smith 1996). In other word, there is the interplay of functional, emotional, social (Green and Peloza, 2011), and ethical

value. Holbrook (1996) argues that anyone' s consumption behaviour can contribute to multiple or even all types of value, and this compresence of value types is the norm rather than the exception. Thus, the following hypotheses are suggested:

H2a: The functional value positively influences the emotional one.
H2b: The emotional value positively affects the social value.
H2c: The social value positively impacts the ethical value.

The Relationship between Consumer PV and Consumer-Company RQ

Three main dimensions of consumer-company RQ: satisfaction, trust, and commitment should be treated as interrelated rather than independent (De Wulf et al., 2001; Vesel and Zabkar, 2010). The literature posits that customer satisfaction is an antecedent of customer's trust (Moliner et al., 2007; Ou et al., 2015; Garbarino and Johnson, 1999). Hennig-Thurau et al. (2002) conclude that the greater the customer's satisfaction with the supplier, whether due to the product purchased or to the performance of the supplier itself, the more trust generated in the consumer. The past research recognizes trust as a prerequisite to building customer relationships and as a preceding state for the development of commitment (Garbarino and Johnson, 1999; Morgan and Hunt, 1994; Keh and Xie, 2009). The higher the level of customer's trust, the lower the transaction costs and the greater the customer's commitment to the supplier (Hennig-Thurau et al., 2002). Based on the above arguments, the following hypotheses are proposed:

H3a: Consumer's satisfaction with a company positively influences consumer's trust in the company.
H3b: Consumer trust positively influences consumer commitment to the company.

Perceived value is the essential result of marketing activities and is a first order element in relationship marketing (Moliner et al., 2007). However, it is said that there are not many studies investigating the link between the PV and the components that form the perceived relationship quality with a company. Now, this paper considers the relationship between PV with each ingredient of the RQ construct. Chen (2013) said that there is extensive support for the influence of PV on satisfaction in terms of consequences (e.g. Moliner et al., 2007). Morgan and Hunt (1994) convey that the benefits of the relationship are precursors of trust. The PV of a purchase can be considered part of the benefits of the relationship. For this reason, it can be posited that the PV of a purchase is an antecedent of customer's trust in the supplier (Sánchez-Fernández and Iniesta-Bonillo, 2007). In the same sense, the customer's commitment is a higher order relational link. If a purchase has offered a high level of value, this will improve the purchaser's level of commitment (Sánchez-Fernández and Iniesta-Bonillo, 2007). For all these reasons, the following hypotheses are suggested:

H4: The perceived value of consuming a CSR related product positively influences (a) the consumer's satisfaction with the company; (b) the consumer's trust in the company; and (c) the consumer's commitment to the company.

Moderating Variables

Athanasopoulou (2009) supposes gender may be an important moderator since males and females tend to differ in relationship quality perceptions. Inouye et al., 2014) investigate the effects of socio-demographic factors (i.e. age, gender, education level, income level) on consumer perceived value and conclude that these factors substantially affect the formation of CPV. Pérez and del Bosque (2015) identify customer gender, age, and education level are the most significant characteristics influencing customer perceptions of CSR. The degree to which the level of CSR activity influences perceptions of CSR programs, CSR related benefits, and RQ depends on a number of contingency factors (see for example Bhattacharya and Sen, 2004). They include characteristics of the consumer or the demographic profile of individuals (Bhattacharya et al., 2009).

In general, this paper pays attention to the moderating role of four demographic characteristics of consumers (gender, age, income level and educational level) on the relationships between CSR activities, consumer PV, and consumer-company RQ. Thus, the following hypotheses are proposed as shown in Figure 2.1:

H5: The demographic characteristics of consumer: (a) gender; (b) age; (c) income level; and (d) educational level moderate the relationship of CSR activities and consumer PV.
H6: The demographic characteristics of consumer: (a) gender; (b) age; (c) income level; and (d) educational level play the moderating role on the relationship between consumer PV and RQ.
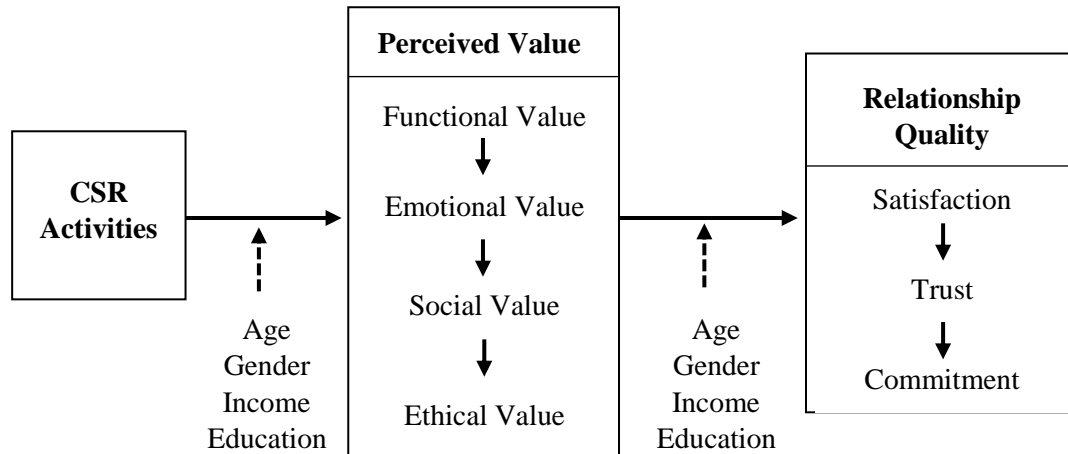
Figure 2.1: The conceptual framework

Conclusion

This conceptual framework has some important theoretical contributions. For academicians, this research supplies a deeper understanding of the psychological mechanism of creating consumption values through the role of CSR activities on consumer perspective. This study is as a recommendation for corporate managers that company can generate the consumption values through CSR activities and can thereby build long-term and quality relationships with consumers, which can guide its long-term profit.

Therefore, firms should encourage their customers to perceive their CSR activities. In this regard, CSR communications such as advertising, promotional campaigns and public relations efforts can facilitate this process. Consumers first need to become aware of a firm's level of social responsibility before this factor can impact their purchasing. Lack of awareness is likely, then, to be a major inhibitor of consumer responsiveness to CSR. Thus, this study sets the stage for future research that focuses on consumer awareness of the socially responsible activities of companies. In addition, the framework should be confirmed by future empirical research.

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3

POLITICAL CONNECTION AND COST OF DEBT: A STUDY OF VIETNAMESE LISTED FIRMS

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Abstract
This paper aims to explore the association between political connection and cost of debt in Vietnamese listed firms. Specifically, this study investigates (i) the impact of political connection on the cost of debt (ii) and the impact of corporate governance on the relationship between political connection and cost of debt. This study uses data including annual reports and financial statements of listed companies from 2009 to 2015. The raw data was collected from websites of HNX, HOSE and DataStream. Based on this raw data, all variables are manually calculated. Using the least-squares regression model OLS, the random-effect model REM, the fixed-effect model FEM and the dynamic system GMM method, this study found a negative relation between a political connection and cost of debt. Paper also finds that the same person acting as CEO and chairman (CEO duality) will reduce the negative relation between political connection and cost of debt, while the proportion of independent directors on board of supervisors does not affect to this relation. These results give an evidence to support that firms with political connection could have some preferences when accessing capital market.

Keywords*: Political connection, cost of debt, CEO quality, board of supervisors.

Introduction

Political connection is generally the linkage between politicians and firms through personal relationship or shareholding. Faccio (2006) stated that a politically connected firm has at least one of its large shareholders or senior managers is a member of parliament or minister. Myung Sub and Choi (2014) recognized the political connection in terms of "transparency" and "implicit". The "transparent" relationship is a personal relationship between a politician and a firm when a politician joins the firm as a board member or becomes a major shareholder. The "implicit" relationship is the financial relationship that is determined by tracking the contribution of firms to politician's campaign.

Previous studies also show that there are many benefits for firms with political connection. These firms could have lower tax payment (Faccio, 2006); have contracts with the government (Goldman et al, 2013); or is financed by the government when the firm is in financial difficulty (Faccio, 2006). One of the most important benefits is enhancing the accession to credit market including concessional lending from banks

as well as the government. The first channel is the accessibility to long-term loans from banks. Theoretically, banks tend to avoid long-term loans in countries with weak institutions and legal regime to decrease their risk. However, banks could have more motivations to provide long-term loans when they expect to receive other benefits, for example, an opportunity to maintain other firm transactions through a political connection. The second channel is accessibility to concessional loans from the government. According to Qin (2011), there are four mechanisms that make politically connected firms favored by the government. (1) Social networking aspect: Board members or friends of managements with political connection are considered as social capital of a firm. (2) Information aspect: In asymmetric Information environment, government officers are more reliant on firms which they have worked or are familiar than other firms. Therefore, they could give a priority to firms with political connection to ensure effective investment. (3) Building a reputation: When government officers become firm leaders, these firms get more attention from public. If a firm grows well, it could create a good image for their future career. As a result, they tend to transfer resources into these firms to promote firm's development, thereby building their reputations. (4) Personal aspects: Firms exchange personal benefit with government officers.

Vietnam as a developing country is changing from a centrally planned economy to a market-oriented one. In fact, most firms in Vietnam are strongly influenced by government, so political connections are popular. However, studies on this subject are limited. Therefore, this study is attempt to investigate: (i) The impact of the political connection on the cost of debt; (ii) The impact of corporate governance on the correlation between the political connection and the cost of debt.

Results of this study provide evidence that the cost of debt in politically connected firms is lower than non-politically connected one. When a firm has political connection, this firm has incentives that those without a relationship do not have. This study also finds the same person acting as CEO and chairman (CEO duality) will reduce the negative relation between political connection and cost of debt, while the proportion of independent directors on board of supervisors does not affect on this relation. Besides, the study shows that there is a positive correlation between financial leverage, loss level and firm's debt cost.

Section 2 contains literature review from which the hypotheses are developed. Section 3 describes the research methodology. Section 4 shows the research results in Vietnam. Section 5 is all about conclusions

Literature Review

Political Connections and Cost of Debt

Most research point out that a political connection could reduce firm's debt cost. In details, Houson et al. (2014) analyses how the political connection affect the cost of debt and terms of the loan agreement. By studying listed firms in the United State from 2003 to 2008, it found that the political connection increases firm value, reduces monitoring costs, credit risks and cost of capitals. By Tracking firms borrowing loans

from banks before and after the victory of Democratic Party in 2006, this study found that firms associated with Democratic Party have lower debt cost, meanwhile firms associated with Republican Party have higher borrowing costs after the election. The study of Infante and Piazza (2014) investigating the impact of political connection on concessional loans in Italy pointed out an evidence that politically connection firms get lower interest rates.

On the other hand, some research state that a political connection could increase debt cost. Bliss and Gul (2012) investigating the relationship between political connection and the cost of debt in Malaysian firms between 2001 and 2004, found that firms with political connection have significantly higher interest rate charged on debts. They argued that in 1997 when Asia financial crisis occurred, the market perceived higher risk, the stock price of this business falls more sharply than others. Thus, political connected firms had a high risk that increases the cost of debt. Nan Xu, Cai Jing et al. (2016) studying Chinese firms from 2003 to 2014 also showed that firms with political connection have a negative side when they borrow from banks. In particular, the politically connected firms meet more difficulties to obtain commercial credit and being charged a higher cost.

In addition, few studies suggest that the political connection do not affect the cost of debt. Specifically, Khwaja and Mian (2005) investigating the political connection and corporate borrowing preferences in Pakistan firms from 1996 to 2002. This study categorized a politically connected firm if its director participated in national and provincial elections using the data from 90,000 companies in Pakistan. As a result, the cost of debt in politically connected firms is close to those in non-politically connected one. As a result, this research concluded that the political connection does not affect the cost of debt.

Corporate Governance, Political Connection and Cost of Debt

Bliss and Gul (2012) showed that a presence of CEO duality in the Malaysian politically connected firms leads to a higher risk. Inconsistent with other previous studies stated that CEO duality could bring many benefits such as reduced information costs, increased leadership and reduced conflict of interest, this study claimd that the supervisory task of the board of directors could be intervened when the CEO is chairman of the board. CEO duality tend to concentrate power on one person. According to Alzoubi (2012), managers have motivations and opportunities to pursue management benefits. Hence, the quality of financial statements is low, which impacts on the perceived risk of the lender, the creditor therefore requires high interest for the debt.

Besides, the board of supervisors has a role in validating annual report as well as the effectiveness of internal controls. The Board of Supervisors' independence is defined as the number of members not participating in daily firm operations. The Board of Supervisors is concerned with the integrity of financial statements, and reduces fraudulent errors. An absence of independent members leads to a reduction in the ability to monitor the accounting process that increases borrower's risk perception.

Consequently, a higher proportion of independent directors on board of supervisors reduces firm risk. Many other studies share the some point of view such as Carcello et al. (2002). This research provided an evidence that firms are willing to pay more for independent members of the board of directors to have a high quality audit reputation and to promote the benefit of the shareholder. Beasley (1996) found that more independent members combined with lower financial reporting fraud.

Methodology

Data

This study uses data from annual reports and financial statements of Vietnamese listed companies for the period 2009-2015. Data was collected from websites of HNX, HOSE and DataStream. This study explores the information including history of company, personal information of CEO and Chairman, the working process of Board of Directors and Board of Supervisors to define whether a firm has the political connection, the CEO duality or not and the proportion of independent members on board of supervisors.

Model

To test the relationship between the political connection and the cost of debt, this paper uses the following model:

$$IR = \beta_0 + \beta_1 PCON + \beta_2 AGE + \beta_3 AUDITOR + \beta_4 LEV + \beta_5 CF + \beta_6 SIZE + \beta_7 PPE + \beta_8 GROWTH + \beta_{10} CR + \beta_{11} LOSS + \varepsilon \qquad (1)$$

To test the impact of corporate governance including the independent members on the board of supervisors and the CEO duality on the relationship between the political connection and the cost of debt, this paper uses the following model:

$$IR = \beta_0 + \beta_1 PCON + \beta_2 CEO + \beta_3 INDAC + \beta_4 PCON * CEO + \beta_5 PCON * INDAC + \beta_6 AGE + \beta_7 AUDITOR + \beta_8 LEV + \beta_9 CF + \beta_{10} SIZE + \beta_{11} PPE + \beta_{12} GROWTH + \beta_{14} CR + \beta_{15} LOSS + \qquad (2)$$

Measure the Variables in the Model

Dependent variable: cost of debt

Cost of debt (IR): measured by the firm's interest expense divided by the average of total debt. Interest expense is mentioned in the income statement, while total debt is presented in the balance sheet.

Independent variable: Political connection

It is a challenge to measure this variable because there is no specific general method to apply for all case. This study is based on the paper of Vu and Le (2016) to identify a political connection. According to these authors, a political connection is measured as following:

Connection with Government (GCON) is a dummy variable taking the value of 1 if the CEO or chairman used to work or has currently worked for the government, and zero otherwise.

Connection with State-owned firms (SCON) is a dummy variable taking the value of 1 if the CEO or chairman worked and held senior positions in state-owned firms before, and zero otherwise.

Political connection (PCON) is a dummy variable taking the value of 1 if either connection with Government (GCON) or connection with State-owned firms (SCON) is 1, and zero otherwise.

Corporate governance variables

Independent members on the board of supervisors (INDAC) is calculated as the percentage of independent members (not hold any other position in the firm) on the board of supervisors

CEO duality (CEO) is a dummy variable taking the value of 1 if chief executive officer is also chairman of the board, and zero otherwise.

Control variables

Age of a Firm (AGE) is measured by taking the current year minus the founded year. The variable is predicted to have a negative relationship with the cost of debt because of the reputation effects.

Auditor (AUDITOR) equals one if a firm is audited by one in the biggest four auditors. Financial statements audited by well-known auditors could be more reliable, then negatively correlated to the cost of debt.

Leverage (LEV) is measured by total debt divided by total asset. If a business has high debt, lenders perceive high risk. Hence it is expected that leverage has a positive correlation with debt cost.

Cash flow (CF) is measured by firm's operating cash flow. A higher cash flow is expected to reduce the lender's perceived risk because firm could be more likely to pay off debt.

Total asset (SIZE) is measured by the natural logarithm of total asset. Firm with large size is expected to have lower cost of debt because of low risk.

Property, plant and equipment (PPE) is measured by taking assets, plant equipment divided by total assets. A firm with a high PPE means that they have a large fixed asset to secure their loans, leading to a reduction in the cost of debt.

Revenue growth (GROWTH) is measured by the change in sales. Firms having high growth could be pay more loans and thus having a low debt cost.

Current Ratio (CR) is measured by current assets divided by short-term debt. Firms with this high ratio are more likely to meet their current debt obligations, thus leading a lower cost of debt.

Business Report Loss (LOSS) equals one if a firm is reported a loss. Lenders generally perceive more risky if a firm has a loss in the fiscal year.

Findings

Descriptive Statistics and Correlation Matrix

The statistical results of all variables are summarized in Table 3.1. The mean of the political connection is 0.66, that is, 66% of the total companies listed on HOSE and HNX have managers used to work for government or SOE. In particular, 35% of total companies have a relationship with the government, and nearly 50% of those have senior managers used to work for SOEs. It is a high proportion because a large number of Vietnamese listed companies are used to be SOEs before. The mean of interest rate is 7.48%. While the mean of the proportion of independent director on the board of supervisors is 72.13%. CEO duality occurs in 34.34% of the total firms.

The correlation matrix is shown in Table 3.2. There is a negative correlation between political connection and interest rate. CEO duality and proportion of independent members in the board of supervisors is negatively and insignificantly correlated with interest rate. Auditor and cash flow are founded to be negatively and significantly correlated with interest rate. Besides, there is positive correlation between loss and debt cost.

Table 3.1: Descriptive statistics and correlation matrix

Variable	Mean	Std Dev	Minimum	Maximum
PCON	0.6641	0.4723	0	1
GCON	0.3520	0.4776	0	1
SCON	0.4997	0.5001	0	1
IR	0.0748	0.1530	0	7.9097
CEO	0.3434	0.4749	0	1
INDAC	0.7213	0.3074	0	1
AGE	12.2029	3.8874	2	41
AUDITOR	0.2164	0.4118	0	1
LEV	0.5169	0.2259	0.0020	0.9836
CF	0.0497	0.1621	-1.3350	1.9027
SIZE	26.9998	1.6340	20.9746	34.3770
PPE	0.2419	0.2164	-0.6485	0.9764
GROWTH	0.4141	3.7030	-1	176.1942
CR	2.6478	7.4591	0.0577	242.5772
LOSS	0.0543	0.2267	0	1

Table 3.2: Correlations among variables

	IR	PCON	CEO	INDAC	AGE	AUDITOR	LEV	CF	SIZE	PPE	GROWTH	CR	LOSS
IR	1												
PCON	-0.0329**	1											
CEO	-0.0121	0.0821***	1										
INDAC	-0.001	-0.1982***	-0.1542***	1									
AGE	0.0025	0.2017**	0.0545**	-0.0247	1								
AUDITOR	-0.0509***	-0.0976**	-0.1385**	0.1669***	-0.0192	1							
LEV	0.0114	0.1232**	-0.0390**	-0.1172**	0.0201	0.1024**	1						
CF	-0.0344**	0.0378**	-0.0248	-0.0285*	0.0310**	-0.0237	-0.1208***	1					
SIZE	-0.0137	-0.0078	-	0.1387*	0.0491*	0.5044*	0.4032	-	1				

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			0.1605***	**	**	**	***	0.0622***					
PPE	0.0752***	0.0152	-0.0662***	-0.0706***	-0.0380*	-0.0589***	-0.014	0.1734***	-0.0027	1			
GROWTH	-0.0300*	-0.0638***	-0.0111	0.0407**	-0.0787***	0.0452**	-0.0212	-0.0147	0.0064	-0.0334**	1		
CR	-0.0242	-0.0857***	-0.0363*	0.0696**	-0.0563***	-0.0325*	-0.2993***	-0.0078	-0.0968**	-0.1072**	0.0116	1	
LOSS	0.0712***	-0.0471***	0.0332*	0.0072	-0.0013	-0.0144	0.0326**	-0.0270*	-0.0479**	0.019	-0.019	0.0248	1

*Significance at 0.1** significance at 0.05 *** significance at 0.01*

Regression Results

Political Connection and Cost of Debt

The coefficient of PCON is positive and significant (-0.0242, p<0.05). This suggests that the political connection negatively impacts on the cost of debt. That is, by having a political connection, these firms could reduce their cost of debt through receiving preference treatments from banks and government. This result is consistent with Houston et al. (2014) or Infante and Piazza (2014).

In addition, the coefficient of LEV shows a positive relationship between the firm's leverage and the cost of capital (0.1913, p<0.1). This finding means that having high leverage leads to an increase in the cost of debt. The coefficient of SIZE is negative and significant (-0.0528, p<0.05), indicating that there is a negative relationship between the size of the firm and the cost of debt .A large total asset firm could have lower cost of debt due to lower risk. The coefficient of CR is negative and significant (-0.0069, p<0.05). That result indicates that companies with high current ratio are more likely to meet current liabilities, so they will have low cost of debt. The coefficient of LOSS is positive and significant (0.1315, p<0.1). That is, creditors generally perceive more risky if a firm has a loss in the fiscal year. All results are consistent with Bliss and Gul (2012).

Corporate Governance, Political Connection and Cost of Debt

The coefficient of PCON is negative and significant (-0.0305, p<0.05). This outcome is consistent with the result in the first model, and studies of Houston et al. (2014) or Infante and Piazza (2014).

The coefficient of PCON *CEO is positive and significant (0.015, p<0.05). This finding indicates that the same person acting as both CEO and chairman (CEO duality) will reduce the negative relation between political connection and cost of debt. It could be explained that lenders tend to perceive more risk in firms with CEO duality, thereby requiring higher cost for firm debts. This finding is consistent with Bliss and Gul (2012).

Because the coefficient of PCON *INDAC is positive but not significant, this research does not give any conclusion of the impact the proportion of independent members on the board of supervisors on the relationship between political connection and debt cost.

In addition, the coefficient of LEV shows a positive relationship between the firm's leverage and the cost of capital (0.0978, p<0.05), so it could be concluded that firms with high leverage have to pay high cost of debt. The coefficient of LOSS is positive and significant (0.0782, p<0.05), that is, if a firm has a large loss, this will increase the cost of debt. The coefficient of GROWTH is negative and significant (-0.0182, p<0.05). This result indicates that a firm with high growth is more likely to repay more loans, thus reducing the cost of debt.

Table 3.3: Relationship between the political connection and the cost of debt

	OLS	RE	FE	GMM
PCON	-0.0076**	-0.004	-0.0122	-0.0242**
	(0.0032)	(0.0042)	(0.0089)	(0.0123)
AGE	0.0004	0.0006	0.0044	-0.0005
	(0.0004)	(0.0006)	(0.0142)	(0.0013)
AUDITOR	-0.0177***	-0.0167***	-0.0138*	-0.0837**
	(0.0041)	(0.0050)	(0.0075)	(0.0362)
LEV	0.0288***	0.0113	-0.0696***	0.1913***
	(0.0074)	(0.0093)	(0.0164)	(0.0609)
CF	0.0196**	0.0242***	0.0305***	0.1638
	(0.0094)	(0.0092)	(0.0099)	(0.1113)
SIZE	-0.0008	-0.0003	0.0002	-0.0528***
	(0.0012)	(0.0015)	(0.0042)	(0.0202)
PPE	0.0604***	0.0575***	0.0529***	0.0049
	(0.0067)	(0.0084)	(0.0148)	(0.1410)
GROWTH	-0.0003	-0.0003	-0.0002	-0.0157
	(0.0004)	(0.0003)	(0.0003)	(0.0106)
CR	-0.0001	-0.000	0.0001	-0.0069**
	(0.0003)	(0.0003)	(0.0003)	(0.0036)
LOSS	0.0475***	0.0467***	0.0493***	0.1315**
	(0.0061)	(0.0059)	(0.0062)	(0.0751)
_cons	0.0637**	0.0477	0.0245	1.3891***
	(0.0307)	(0.0407)	(0.2145)	(0.5142)
Observation	3724	3724	3724	3156
R-square	0.0544	0.0523	0.0114	
Value	0.0000	0.0000		
Ftest	21.36		11.5	
Wald chi 2		148.6		
Ftest overall			2.8	
Hausman test			53.22	
			(0.0000)	
Breusch and Pagan test		502.65		
		(0.0000)		
AR(1)				0.039
AR(2)				0.582
Hansen				0.575

* Significance at 0.1** significance at 0.05 *** significance at 0.01

Table 3.4: Relationship between the political connection and the cost of debt when considering the impact of corporate governance

	OLS	RE	FEM	GMM
PCON	-0.0027	-0.0004	-0.0131	-0.0305[**]
	(0.0058)	(0.0071)	(0.0153)	(0.0141)
AGE	0.0004	0.0006	0.0030	0.0003
	(0.0005)	(0.0006)	(0.0158)	(0.0007)
AUDITOR	-0.0159[***]	-0.0153[***]	-0.0161[**]	-0.0033
	(0.0045)	(0.0053)	(0.0085)	(0.0079)
LEV	0.0315[***]	0.0187[**]	-0.0660[***]	0.0978[**]
	(0.0084)	(0.0101)	(0.0194)	(0.0468)
CF	0.0190[*]	0.0270[**]	0.0361[***]	0.0284
	(0.0111)	(0.0109)	(0.0120)	(0.0696)
SIZE	-0.0008	-0.0003	-0.0005	-0.0025
	(0.0013)	(0.0017)	(0.0051)	(0.0031)
PPE	0.0597[***]	0.0567[***]	0.0487[***]	0.1009
	(0.0077)	(0.0092)	(0.0168)	(0.0882)
GROWTH	-0.0003	-0.0003	-0.0003	-0.0182[**]
	(0.0004)	(0.0004)	(0.0004)	(0.0091)
CR	-0.0000	0.0001	0.0002	-0.0085
	(0.0003)	(0.0003)	(0.0004)	(0.0063)
LOSS	0.0488[***]	0.0476[***]	0.0514[***]	0.0782[**]
	(0.0068)	(0.0066)	(0.0072)	(0.0341)
PCON*CEO	-0.0002	0.0025	0.0111	0.0150[**]
	(0.0039)	(0.0046)	(0.0070)	(0.0071)
PCON*INDAC	-0.0122[**]	-0.0126[*]	-0.0075	0.0175
	(0.0061)	(0.0074)	(0.0129)	(0.0121)
_cons	0.0644[*]	0.0536	0.0598	0.0382
	(0.0350)	(0.0445)	(0.2425)	(0.0756)
Observation	3231	3231	3231	2643
R-square	0.0534	0.0518	0.0114	
Pvalue	0.0000	0.0000		
Ftest	15.12		7.58	
Wald chi 2		132.27		
Ftest overall			2.47	
Hausman			45.13	
			(0.0000)	
Breusch and Pagan test		348.64		
		(0.0000)		0.098
AR(1)				0.264
AR(2)				0.45

* Significance at 0.1** significance at 0.05 *** significance at 0.01

Conclusions

The study examines the impact of political connection on cost among listed companies in Hanoi Stock Exchange (HNX) and Ho Chi Minh City Stock Exchange from 2009 to 2015. In addition, the study also tests the impact of two corporate governance factors including the proportion of independent members in the board of supervisors and the CEO duality on this relation.

This study uses four regression estimation methods (OLS, REM, FEM and GMM) to define these relationships. Results show that there is a negative correlation between the political connection and the cost of debt. When a firm has political connection, it gains preference treatments that those without this relationship do not have. These firms could enhance to access credit market such as a long-term loans from banks or government, and a significant reduction in cost of debt. This research also finds that the same person acting as CEO and chairman (CEO duality) will reduce the negative relation between political connection and cost of debt, while the proportion of independent directors on board of supervisors does not affect to this relation. Moreover, there is a positive correlation between the leverage, the loss in the fiscal year with the cost of debt, while there is a negative correlation between audit quality, growth rate and debt cost.

This finding is consistent with the Houston et al. (2014), Infante and Piazza (2014). The negative impact of political connection on the cost of debt could be explained that the political connection give incentives such as access to long term loans, government loans or collateral. Besides, it could be supported by the government in crisis. These incentives help firms to overcome regulatory hurdles, reduce information asymmetries and thereby reducing the cost of debt. In addition, the findings are consistent with Bliss and Gul (2012), arguing that CEO duality increase the cost of debt because the authority is concentrated at the top management level. Managers thus have opportunities to pursue management benefits. The creditors therefore require high interest for the debt.

Through the outcomes state that firms with political connection have lower debt cost than those without this relationship by receiving preference treatments from banks and governments. The implication is that the cost of debt is different among firms, thereby creating unfairness between politically connected firms and non-politically connected firms. Therefore, the government need to improve the legal system, enhance the transparency as well as the fair treatment for all type of business. So that all firms with or without political linkage could access fairly to capital market. This therefore creates a fair competition among Vietnamese firms, thus boosting the economy for the whole country.

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4

ENTREPRENEURSHIP AND ECONOMIC GROWTH ALONG STAGES OF DEVELOPMENT

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Abstract
In the 1980s, productivity rather than capital accumulation has been academically considered a prime determinant of long-run economic growth in modern growth theories. Furthermore, the world witnessed few nations, including the US and the UK came to strategies for transformation to innovation-driven economies. Therefore, knowledge has become the predominant factor in these economies because it enhances productivity. More importantly, the endogenous growth theory assuming automatic knowledge spillover demonstrated the significance of investment in new knowledge to technological change. There have been many studies incorporating entrepreneurship into the growth economics since 1990. The knowledge spillover theory of entrepreneurship was the most popular considering entrepreneurship a knowledge spillover mechanism. Therefore, entrepreneurship facilitated by appropriate policies contributes to growth. It also showed economic growth and investments in new knowledge contribute to entrepreneurship. While private inputs, e.g. capital are critical to growth in the investment-driven economies, knowledge indeed is the primary input bringing about productivity-based growth in innovation-driven economies. Consequently, entrepreneurship plays a pivotal role in the upper stage, e.g., the US with Silicon Valley. However, the investment-driven economies have new knowledge from advanced economies through FDI and therefore require entrepreneurship either. This study determines whether entrepreneurship, a knowledge spillover mechanism, is integral to growth; entrepreneurship contributes to growth varies among stages, and the stage of economies influences their entrepreneurship. Two-stage least squares regression analysis is used for estimating the simultaneous equations of entrepreneurship and total output, using the data on 35 OECD nations from WDI over the period 2002 – 2014. Additionally, a dummy variable is added to classify economies into respective stages. The results support the model that not only is economic growth spurred by accumulation, but also by policies relevant to institutional settings in favor of the entrepreneurship. However, entrepreneurship predominates in innovation-driven economies. Finally, entrepreneurship varies according to stages of economies.

Keywords: Entrepreneurship, economic growth, investment-driven economy, innovation-driven economy, stages of development, productivity-based growth, knowledge spillover mechanism, knowledge filter, endogenous entrepreneurship, FDI.

Introduction

The world has witnessed profound changes since the late 1980s. Firstly, few OECD nations or China in recent years (Wei et al., 2017) came to strategies for structural transformation into an innovation-driven economy in which knowledge has become the predominant factor due to its integral role in enhancing productivity. Additionally, economic growth could be manipulated through the policy implications of the endogenous growth theories (Jones, 1995; Romer, 1986, 1990). However, the theories came with the critical assumption that knowledge spillover automatically occurs. Secondly, the resurgence of small-scale firms in the above nations and bursts of studies incorporating entrepreneurship into the growth economics marked the peak of entrepreneurship literature as well as proposed an alternative direction for the growth analysis. The knowledge spillover theory of entrepreneurship (KSTE) was an exemplification in which entrepreneurship is considered as a mechanism for knowledge spillover. In other words, entrepreneurship is the process of exploiting the unexploited profit opportunities (Kirzner, 1973). This study combines the KSTE and the endogenous growth theories with the purpose of testing the role of entrepreneurship in creating and sustaining long-run growth, especially in knowledge economies.

While knowledge is the main input contributing to productivity-based growth in innovation-driven economies, private inputs, e.g., physical capital is critical to the investment-driven economies. However, the investment-driven economies still acquire new knowledge through foreign trade and Foreign direct investment (FDI), thus requiring entrepreneurship either. Therefore, this study aims at determining if (1) entrepreneurship is integral to growth; (2) entrepreneurship's contribution to growth varies among stages; and (3) entrepreneurship differs among stages. With that purpose, it employs two-stage least squares to estimate a two-equation system, using the panel data on 35 OECD nations from World Development Indicator (WDI) and OECD database over the period 2002 – 2014. The results of the regression support the model.

Section 2 figures out the development stages and justifies structural transformation. Section 3 summarizes the entrepreneurship literature characterized by exogenous entrepreneurial opportunities. Section 4 develops a comprehensive framework for economic growth which features entrepreneurship as the knowledge spillover mechanism. Section 5 develops an entrepreneurship process in which entrepreneurial opportunities are endogenized. Section 6 presents the empirical model and results.

Stages of Economies

Investment-Driven Economies

Firstly, Solow (1956) considered capital and labor the primary factors and postulated growth in output took place as economies accumulated capital. These factors have the attributes of rivalry and excludability. Thus, production process

could be operated the most efficient at large scale. This fact was a justification for the dominance of large corporations as the engine of the economies and the declining importance of entrepreneurship in Europe and North America during the post-war era. As a result, policymakers were faced with tradeoffs between efficiency on the one hand and political and economic decentralization on the other hand (Audretsch and Thurik, 2004). Having been identified with efficiency focus, stability, and homogeneity, the economies in the time were called investment-driven economies (Audretsch and Thurik, 2001). Moreover, entrepreneurship was just a new scientific research programme in this era (Cuervo et al., 2007).

Innovation-Driven Economies

First of all, the above trend was reversed in the same economies in the early 1990s. The sales share of small firms in the US, for instance, increased to one-quarter in 1986. In addition, employment share in the manufacturing of small companies from the 1970s to the 1980s significantly increased in Netherlands (68.3 - 71.8%); UK (30.1 - 39.9%) and North of Italy (44.3 - 55.2%) (Audretsch and Thurik, 2004). This reemergence of entrepreneurship and small firms could be substantiated by the enormous significance of knowledge (Audretsch and Thurik, 2004), which was consistent with the theory of technological change (Romer, 1990). Secondly, the previous investment-driven economies, e.g., the US and the UK were transforming into the innovation-driven economies, which were inherently flexible, turbulent, novel, and innovative (Audretsch and Thurik, 2004). Finally, research on entrepreneurship also exploded into an avid interest in political and academic fields upon the arrival of Birch's (1979) report "The Job Generation Process." The report showed new firms accounted for up to 50% new jobs created in the US from 1969 to 1976 (Cuervo et al., 2007).

Why Structural Transformation?

Those investment-driven economies transformed into higher stage because of their inclination for sustaining comparative advantage. Traditional factors, e.g., capital or (unskilled) labor employed in large-scale operation had been replaced by knowledge. There were some research questions regarding the causes of this shift. Significant changes in information and communication technology (ICT) and globalization were considered underlying causes (Audretsch and Thurik, 2001; Thurik et al., 2013).

Exogenous Entrepreneurial Opportunities

Rationale for Entrepreneurship

The growth economics took a bold leap through the theory of technological change (Aghion and Howitt, 1992; Romer, 1990). Accordingly, long-run growth could be sustained by purposive efforts to generate new knowledge. However, the empirical data did not fully support the knowledge-based growth theories. Japan and

Sweden, for instance, which had spent significant expenditure on R&D grew slowly while Ireland with less investment in knowledge grew at persistent high rates (Cuervo et al., 2007). This paradox can be solved by abandoning the assumption about automatic knowledge spillover because in reality there always exist knowledge filters between new knowledge and new economic knowledge (Acs et al., 2004). More importantly, the knowledge filter could be mitigated by entrepreneurship which was introduced very early by Cantillon (Brown and Thornton, 2013) but was absent in explanations of long-run growth by neo-classical and new growth theorists (Holcombe, 1998). In other words, entrepreneurship is a knowledge spillover mechanism within economies contribute to growth (Acs et al., 2004; Acs and Varga, 2005; Landreth and Colander, 1994).

Exogenous Entrepreneurial opportunities

"Entrepreneurs like (Richard) Branson are born…From family, they inherit may traits key to entrepreneurship: creativity, drive, a willingness to take risks." (Hopkins, 2004). In entrepreneurship literature, the context in the term of knowledge is assumed fixed while the cognitive process of entrepreneurial opportunities and propensity to act on those opportunities through a start-up depend on individual-specific traits, characteristics, and ability (Audretsch and Keilbach, 2007). Specifically, those individual-specific characteristics including, attitude to risk, desire for autonomy and self-sufficiency and accessibility to a wide range of resources (Eckhardt and Shane, 2003; Shane and Venkataraman, 2000) entirely account for the variations in entrepreneurship. Thus, the literature seems to have no policy implications for economic growth because it could not exhibit sources of entrepreneurial opportunities (Audretsch et al., 2006; Holcombe, 1998) and posits that entrepreneurs are not made but born. Section 5 employs the KTSE to deal with this drawback.

Modern Growth Theories

Post-war era and physical capital

The post-war era exhibits some characteristics. Firstly, Solow-Swan model was built on Ricardian production function approach with assumptions of diminishing returns to private inputs, the smooth elasticity of substitution between the inputs and constant return to scale.

$$Y = K^{\alpha}L^{1-\alpha} \tag{1}$$

where Y is final output, K represents physical capital

In production function (1), the output and growth are determined by stock and accumulation of capital, respectively (Leibenstein, 1968). However, the private inputs failed to be the sole determinants of growth. Consequently, function (2) shows technological progress also determines growth. However, technological change is not

endogenously (Audretsch et al., 2006) because of the assumption of perfect competition. Therefore, the model failed to recommend the policies relevant to growth.

$$Y = AK^{\alpha}L^{1-\alpha} \tag{2}$$

where, A is current technology level.

Secondly, from the 1960s to 70s most developed nations were exactly positioned at the investment-driven stage, thus relying on the accumulation to achieve growth. The existence of distinguishing attributes of stability, which is resulted from the homogenous output, specialization associated with lower transaction cost, and homogeneity population (Audretsch and Thurik, 2004) allowed the economies to enjoy lower costs resulting from scale economies (Audretsch et al., 2006). Because of that, policymakers were confronted with the tradeoff between efficiency and economic decentralization and the field of the industrial organization got enormous attention from scholars. The findings of the literature of industrial organization supported the crucial role of large corporations and showed the far less importance of small firms (Audretsch et al., 2006). Finally, although big corporations dominated economic growth, entrepreneurship became a scientific research programme with main topics on small and medium-sized enterprises and entrepreneur and new venture creation (Cuervo et al., 2007).

Globalization era and knowledge capital

The new era was marked by the rise of ICT (Davis et al., 2002; Heizer and Render, 2011). The ICT has carried wide-ranging implications for globalization, entrepreneurship and even the demise of the communist system (Thurik et al., 2013). As a result, the globalization era featured several distinctive characteristics. Firstly, the US economy was hit by a catastrophic decline in industrial bases in the 1980s. This fact signaled the instability of market resulting from the demise of mass production and required US manufacturers to apply technical progress such as low-cost, highly-automated mini-mills with the fewer worker. In other words, the comparative advantage was shifted from physical capital to technological knowledge. Secondly, innovation-driven economies mainly include knowledge-based economic activities. Different from physical capital, knowledge is characterized by non-rival, uncertainty, asymmetry and high transacting cost (Arrow, 1962). Additionally, entrepreneurship in the form of new and small firms is the key to knowledge-based economic activities (Audretsch and Thurik, 2000). Therefore, policymakers, as well as scholars, witnessed the emergence and dominance of entrepreneurship over large corporations in contributing to growth as globalization deepened. This trend was seen clearly in North America (Audretsch and Thurik, 2004). Thirdly, the entrepreneurship research exploded with a burst in new entrepreneurship journal (Cuervo et al., 2007). Finally, the new growth theory has classified productive inputs of an economy into knowledge, e.g., a recipe and things, e.g., capital. Arrow pointed

out knowledge is radically different from things because of its non-rivalry and non-excludability (Romer, 1996). Additionally, basing on the above attributes of knowledge, Griliches posits that investments in knowledge have a higher propensity than that of conventional factors to spill over among agents in economies. Besides those above, knowledge also has three more characteristics - uncertainty, asymmetry, and high transacting cost (Arrow, 1962).

Innovation and increasing returns

The official statistics on knowledge and human capital of many economies in structural transition show that knowledge and skilled labor, rather than capital and unskilled labor are the drivers of growth (Audretsch et al., 2006). More importantly, in the realm of growth economics knowledge (Arrow, 1962; Romer, 1986) and human capital (Lucas, 1988) have spawned endogenous growth theories. Consequently, economic policies become so highly relevant that they allow transitions from Malthusian to the economy with positive long-run economic growth (Howitt, 2004).

First, although the AK model depicted in the production function (3) is the most straightforward version[*], it came up with the fundamental idea of how to sustain long-run growth as economies develop.

$$Y = AK \tag{3}$$

where A is a positive constant, K is broad capital

Second, Arrow (1962) and Romer (1986) provided a convincing explanation about the possibility of positive long-run growth by introducing a production function exhibiting increasing returns. Learning by doing is a mechanism through which new knowledge was an unintended by-product of production and investments made by individual firms (Barro and Sala-i-Martin, 2004). In other words, new knowledge is derived from the process of investment ($A = g(K) = K^{\beta}$).

$$Y = AK^{\alpha}L^{1-\alpha} = K^{\beta}K^{\alpha}L^{1-\alpha} = K^{\alpha+\beta}L^{1-\alpha} \qquad \text{with } \alpha + \beta = 1 \tag{4}$$

However, not only does this learning benefit the firm but also raise the productivity of others through the process of knowledge spillover. Therefore, at a higher level of analysis, e.g., industrial, region or economy, aggregate capital is not subject to diminishing, but constant marginal returns and production function exhibit increasing returns to scale (see. Production function (4)). Furthermore, knowledge was both considered a factor subject to increasing marginal product and assumed to spill over in economies because knowledge cannot be perfectly patented (Romer, 1986). Therefore, the production of final goods exhibits increasing returns. In this

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[*] "one-size-fits-all" view of growth process (Aghion and Howitt, 2009)

case, increases in the average product of capital leads to an upward sloping investment curve, $s\frac{f(k)}{k}$, and the growth rate, $\frac{\dot{k}}{k}$, as the economies expand.

Third, Romer (1990) developed a more formal endogenous growth models. The production function (5) is in the final output sector (Barro and Sala-i-Martin, 2004).

$$Y = L_Y^{1-\alpha} A X_i^\alpha = L_Y^{1-\alpha}(AX_i)^\alpha A^{1-\alpha} = (AL_Y)^{1-\alpha}(K)^\alpha \qquad i \in [0, \dots A] \qquad (5)$$

where, L_Y is workforce in the final output sector; A is an amount of specialized intermediate goods type; X_i is quantity of specialized intermediate goods of type i; K represents the total quantity of all types of capital employed in production $(K = AX_i)$

On the one hand, increases in "A" lead to growth in Y. On the other hand, increases in X_i, which make K subject to diminishing marginal returns, does not result in growth in Y. Therefore, the technological change should take the form of the growth in the number of intermediate goods to sustain economic growth. In turn, the technical change in function (6) is directly derived from firms' purposive effects, e.g., R&D activities (measured by L_A) and the discovery rate, $\bar{\delta}$ (Chamberlin and Yueh, 2006).

$$\dot{A} = \delta L_A A = \bar{\delta} L_A \qquad (6)$$

where, L_A is the workforce in research sector; δ is the research productivity parameter; $\bar{\delta}$ $(=\delta A)$ represents the discovery rate.

Fourth, the empirical data from 1971 to 1990 on the number of scientists conducting R&D activities and productivity growth rate in the US and OECD nations did not support the technological change theory (Barro and Martin, 2004; Cuervo et al., 2007). Consequently, Jones (1995) introduced the semi-endogenous model (see. function (7)).

$$\dot{A} = \delta L_A^\lambda A^\Phi \qquad (7)$$

where, $\lambda > 0$ and $\Phi < 1$.

According to the semi-endogenous model, investments in new knowledge, L_A does not necessarily create technological change because R&D is just an upstream part of innovation process (Holcombe, 1998). Rogers and Greenhalgh (2010) depict a general innovation process being started with new knowledge generated by basic research. Therefore, this study employs the semi-endogenous model to explain how entrepreneurship facilitates innovation process.

Entrepreneurship and innovation process

The function (7) shows that technological change can be manipulated by changes in either parameters or variables. Firstly, L_A stands for tacit knowledge which is created by R&D activities. This type of knowledge has attributes such as uncertainty;

asymmetry and high transacting cost and directly contribute to technological change. On the contrary, codified knowledge is characterized with certainty and low or even zero cost of transmission. The stock of codified knowledge, which in technology production function (7) is symbolized by A, is the base for technological change. Secondly, the extent to which A and L_A contribute to technological progress depends on the parameters of spillover – Φ and λ, respectively (Acs & Varga, 2005).

Between those two parameters of knowledge spillover, only could λ be endogenously determined by the spatial patterns of economics and entrepreneurship of the economy (Acs and Varga, 2005). A model to endogenize the parameter λ is developed by Acs and Varga (2005). (See. equation (8)).

$$\lambda = \beta_1 + \beta_2 log(entre) + \beta_3 log(Aggl) \tag{8}$$

where, ENTRE is entrepreneurship, and AGGL stands for agglomeration.

Taking log both sides of equation (7) creates the equation (9)

$$\log(\dot{A}) = \delta + \lambda \log(L_A) + \Phi \log(A) \tag{9}$$

Implementation of (8) into (9) creates a complex equation (10). Consequently, technological change, $\dot{A}$ could be determined by a wider range of determinants.

$$\log(\dot{A}) = \delta + \beta_1 \log(L_A) + \beta_2 log(\text{entre}) \log(L_A) + \beta_3 log(\text{Aggl}) \log(L_A) \\ + \Phi \log(A) \tag{10}$$

The empirical model (equation 10) shows the positive and significant effect of entrepreneurship on technological change (Acs and Varga, 2005). In other words, entrepreneurship is the answer to the question how innovation occurs (Acs, 2006; Stel et al., 2005; Wennekers et al., 1999). In additionally, Adam Smith postulated that innovation leads to technological change (e.g., increase in the division of labor), then makes production function subject to increasing returns, opposed to diminishing returns as suggested by the Ricardian approach. However, he failed to figure out how innovation occurs (Holcombe, 1998). Therefore, integrating entrepreneurship into the growth framework makes endogenous growth theories more comprehensive.

FDI and trade

The Heckscher-Ohlin model postulated that increased openness benefits countries through static effect, e.g., resource allocation. However, there exist many implicit benefits (Cameron, 1998). Firstly, trade partners can gain the flow of ideas, which is often called diffusion of knowledge as well as affect the domestic rate of innovation (Cameron, 1998). The diffusion of knowledge takes place as the domestic producers are in contact with the most efficient foreign producers from which they can learn and improve their technologies (Buera and Oberfield, 2016). Secondly, the

foreign direct investment (FDI) often is understood as bringing economic growth and know-how to developing countries (Lagace, 2002). Through FDI firms, knowledge can be learned by local workforce directly and quickly. Stated differently, FDI is an efficient channel through which knowledge can spill over (Cameron, 1998). Consequently, it is argued that entrepreneurship still play a role in creating and sustaining economic growth in the investment-driven economies.

Endogenous entrepreneurial opportunities

Entrepreneurial opportunities are endogenously determined by knowledge spillover (David B. Audretsch & Keilbach, 2007; David B. Audretsch et al., 2006) as well as economic growth (Holcombe, 1998).

Knowledge spillover entrepreneurship

The new growth theory assumes all new knowledge generated by investments is economic knowledge. However, there is a certain proportion of that new knowledge commercialized by originator firms. A gap between new knowledge and economic knowledge is called knowledge filter, θ.

$$\theta = \frac{\dot{A}_c}{\dot{A}} \tag{11}$$

Where, $\dot{A}$ is new knowledge created by investments, e.g., R&D; $\dot{A}_c$ is economic knowledge exploited by the originator firm. Because knowledge is asymmetric, the unexploited knowledge probably will be commercialized by entrepreneurs and be represented by $(1 - \theta)$.

$$\dot{A}_{Opportunity} = (1 - \theta)\dot{A} = (1 - \theta)\delta L_A^{\lambda} A^{\Phi} \tag{12}$$

where, $\dot{A}_{Opportunity}$ stands for entrepreneurial opportunities. $\dot{A}_{Opportunity}$ depends on investment in knowledge, L_A and the stock of knowledge, A. The positive marginal contribution of L_A to $\dot{A}_{Opportunity}$ as in equation (13) means a source of entrepreneurial opportunities is investment in knowledge.

$$\frac{d\dot{A}_{Opportunity}}{dL_A} = (1 - \theta)\delta\lambda L_A^{\lambda-1} A^{\Phi} \tag{13}$$

Entrepreneurship derived from the knowledge unexploited by the originator firms is called knowledge spillover entrepreneurship and presented in function (14). Besides determinant, there are some barriers in the form of institution and society to entrepreneurship. These barriers, β may include risk aversion, red tape constraint or lack of social acceptance.

$$E^* = \frac{1}{\beta} f(\pi[\dot{A}_{Opportunity}, \theta] - w) \tag{14}$$

where, π is profit from start-up firms; w is the wage paid by employer.

Growth entrepreneurship

Economic growth is an ideal condition in which entrepreneurship generates entrepreneurship. Particularly, entrepreneurial activities can disturb the equilibrium, expand market extent that leads to increased specialization, and create market niches for other entrepreneurial opportunities (Holcombe, 1998). Entrepreneur recognizing and taking advantage profit opportunities sourced from economic growth is called growth entrepreneurship and presented in function (15) (Audretsch et al., 2006).

$$\bar{E} = f(\pi[g_y] - w) \tag{15}$$

Empirical Model and Results

The econometric model has two equations. First, the production function consists of private factors, knowledge and human capital. More importantly, it includes entrepreneurship and agglomeration which determine how tacit knowledge spillover.

$$\log(y) = a_0 + a_1 A + a_2 INFRAST + a_3 HC + a_4 k + a_5 L + a_6 A \times ENTRE + a_7 A \times AGGL + a_8 ENTRE + a_9 AGGL + a_{10} ENTRE \times D$$

Second, the entrepreneurial opportunity is the function of the purposive investment in knowledge and economic growth. Additionally, the availability of opportunities is determined nation's openness level as well as barriers.

$$ENTRE = b_0 + b_1 A + b_2 FDI + b_3 GOV + b_4 W + b_5 Log(Y) + b_6 PATENT + b_7 AGGL + b_8 INFRAST + b_9 HC + b_{10} Log(Y) \times D$$

The study adds dummy variables into equations to find out whether the contribution of entrepreneurship to economic growth differs significantly between stages; and whether entrepreneurship varies between stages. (Entrepreneurial economies take value of 1, and managed economies take value of 0). It uses the panel data and the two-stage least squares to estimate the system of two equations. The panel data is made of 331 observations on 35 OECD nations from 2002 – 2014.

Table 4.1: Variable definition and data source

Variable	Definition	Source
A; Technological knowledge stock	R&D expenditures (%GDP)	WDI
PATENT: Knowledge filter	Total patent application (resident as well as non-resident)	WDI
ENTRE: Entrepreneurship	New registrations per 1000 people ages 15 – 64	WDI
FDI: Openness of the economy	FDI net inflow (%GDP)	WDI
GOV: Barrier to entrepreneur	General government final consumption expenditure (%GDP)	WDI
INFRAST: Infrastructure	Internet user per 100 people	WDI
HC: Human capital	Education expenditure (%GDP)	WDI
K: Physical capital	Gross fixed capital formation (%GDP)	WDI
Y: Output per capita	GDP per capita, PPP, (2011USD)	WDI
W: Wage	Average annual wage	OECD
L: Labor in industry (Excl Agri)	Employment in industry (% total employment)	WDI
AGGL: Agglomeration	Large city population (%Urban population)	WDI
HC: Human capital	Education expenditure (%GDP)	WDI

The results in Table 4.2 are consistent with the model and support the two first hypotheses. Firstly, entrepreneurship has statistically significant and positive contribution to long-run growth from model 2 to model 5. These results support the first hypothesis that entrepreneurship as a mechanism for knowledge spillover is integral to long-run economic growth. Secondly, agglomeration plays the critical role in enhancing entrepreneurship's contribution to growth (See. Model 1 versus model 2). An area with high density has an advantage in recognizing and acting on entrepreneurial opportunities. Furthermore, large population creates a broad variety of demand as well great quantity demanded. These are fertile sources for entrepreneurial opportunities. Thirdly, the fact that the coefficient of the interaction term between entrepreneurship and dummy is statistically significant in Model 5 supports the second hypothesis of the study. Entrepreneurship's importance to economic growth varies among stages of development. Entrepreneurship contributes explicitly to economic growth more in innovation-driven economies than in the investment-driven because knowledge is the primary factor to innovation-driven economies.

There are three valuable findings of the determinants of entrepreneurship in Table 4.3. Firstly, human capital plays an integral role in facilitating entrepreneurship (see model 4 and 5). Each person has his knowledge specific to time and place. With this specific knowledge, some people can notice profits opportunities that other people cannot notice (Holcombe, 1998). Secondly, infrastructure has a significantly

positive effect on entrepreneurship in model 2 and 3. Good infrastructure is a facilitator. On the contrary, poor infrastructure is a barrier to entrepreneurship. Finally, the statistically significant coefficients of Log(y) and Log(y)xD imply that entrepreneurship considerably varies between various stages. Particularly, the same change in output level makes a change in entrepreneurship greater in investment-driven economies than in innovation-driven economies. This result also supports the third hypothesis

Table 4.2: Regression results for Log(y)

	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**
Intercept	4.3(0.00)	4.39(0.00)	4.39(0.00)	4.39(0.00)	4.16(0.00)*
A	0.08(0.00)	0.13(0.00)	0.13(0.00)	0.13(0.00)	0.18(0.00)*
INFRAST	0.001(0.00)	0.000(0.38)	0.000(0.38)	0.000(0.38)	0.00(0.44)
HC	0.01(0.01)	0.02(0.00)	0.02(0.00)	0.02(0.00)	0.014(0.02)**
K	0.00(0.72)	0.001(0.43)	0.001(0.43)	0.001(0.43)	0.00(0.73)
L	-0.006(0.00)	-0.007(0.00)	-0.007(0.00)	-0.007(0.00)	-0.00(0.02)**
AxENTRE	-0.002(0.64)	-0.02(0.06)	-0.02(0.06)	-0.02(0.06)	-0.03(0.00)*
AxAGGL	-0.001(0.00)	-0.00(0.24)	-0.00(0.24)	-0.000(0.24)	-0.00(0.00)*
ENTRE	0.0003(0.73)	0.036(0.07)***	0.036(0.07)	0.036(0.07)	0.05(0.00)*
AGGL		-0.003(0.054)	-0.003(0.054)	-0.003(0.054)	
ENTRExD					0.03(0.00)*
Adj-Rsrq	0.54	0.44	0.44	0.44	0.53

Note: p-value in brackets

- Statistically significant at the two-tailed test for 99% level of confidence

** Statistically significant at the two-tailed test for 95% level of confidence

*** Statistically significant at the two-tailed test for 90% level of confidence

Table 4.3: Regression results for entrepreneurship

	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**
Intercept	-92.9 (0.00)	118.7 (0.00)	91.6 (0.03)	-133 (0.00)	-61.8 (0.1)
A	-1.125 (0.00)	-1.29 (0.00)	-1.39 (0.00)	-1.5 (0.00)	-1.32 (0.00)*
FDI	-0.00 (0.97)	-0.019 (0.37)	-0.01 (0.47)	0.0009 (0.68)	0.004 (0.83)
GOV	-0.021 (0.78)	0.045 (0.53)	0.007 (0.92)	-0.136 (0.1)	-0.164 (0.02)**
W	-0.00 (0.09)	0.00 (0.00)	0.000 (0.02)	-0.00 (0.00)	-0.00 (0.64)
Logy	22.7 (0.00)	-30.3 (0.00)	-23.7 (0.02)	32.11(0.00)	14.22 (0.10)***
PATENT	-0.00 (0.24)	-0.00 (0.00)	-0.00 (0.06)	0.00 (0.3)	-0.00 (0.08)***
AGGL	0.1 (0.00)	0.14 (0.00)	0.133 (0.00)	0.08 (0.00)	
INFRAST		0.14 (0.00)	0.13 (0.00)		0.076 (0.00)*
HC			0.37 (0.16)	1.3 (0.00)	1.33 (0.00)*
LOGYxD					-0.95 (0.00)*
Adj-Rsrq	0.06	0.19	0.25	0.04	0.28

Note: p-value in brackets
* Statistically significant at the two-tailed test for 99% level of confidence
** Statistically significant at the two-tailed test for 95% level of confidence
*** Statistically significant at the two-tailed test for 90% level of confidence

Conclusion

Endogenous growth theories have academically succeeded in determining sources of technological change, then provide implications for policies to sustain long-run growth. However, their two fundamental assumptions that all new knowledge could be successfully transformed into technological change and that knowledge spillover could occur automatically have weakened endogenous growth theories. The empirical data about R&D expenditure and growth rate did not fully support the theories.

Knowledge is a production factor which is not only non-rival but also uncertain and asymmetric. For example, new knowledge generated could be not commercialized the originator firm but by others. Because of these characteristics of knowledge, entrepreneurship plays as a mechanism for knowledge spillover and is an excellent choice for complement the endogenous growth theories. If entrepreneurship is good for economic growth by this way, there is a question about entrepreneur's equal contribution to economic growth in economies at different stages.

The study develops an empirical model from a combination of endogenous growth theories and the KSTE. The panel data is analyzed with the method of two-stage least squares. The results show that entrepreneurship significantly contributes to economic growth. Additionally, the difference in the contribution of entrepreneurship to economic in economies at different stages is statistically significant.

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5

ORGANIZATIONAL FACTORS AND QUALITY OF ACCOUNTING INFORMATION SYSTEM – IN VIETNAM

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Abstract
The study was conducted to examine the role of organizational commitment and organizational structure factors for the quality of accounting information system (AIS) in enterprises in Ho Chi Minh City. Research samples of 175 people that working in accounting positions in different types of company. Research data were collected primarily through questionnaire (March, 2017 – June, 2017) and then it is used to analyze descriptive statistics and perform hypothesis testing tests through a linear regression analysis with the support of SPSS software. The result shows that the quality of AIS is influenced by organizational commitment and organizational structure. In that, organizational structure factor is more impact.

Keywords: Organizational commitment, organizational structure, quality of accounting information system.

Introduction

In the current context, when information technology has strong influence in all aspects of life, economy and society, besides the opportunities from globalization, Vietnam also has to face with many challenges, difficulties, there are difficult challenges related to the application of information technology to serve the development of enterprises. The development of enterprises is one of the strong impacts on the development of the AIS along with factors influencing the operation of the AIS such as requirements on the control and management of administrators, legislation in the field of accounting and the development of information technology.

In a competitive environment, businesses are exposed to a variety of factors that influence the effectiveness and effeciency of the AIS in implementing the system's functions and impact the quality of accounting information. According to many published studies, the quality of accounting information derives from the implementation of a quality of AIS (Sacer et al, 2006), so quality of AIS will generate good and useful accounting information and that is also the most important function of the AIS. By implementing the functions of AIS, it will help the company achieve its business objectives and help improve and enhance the efficiency and effectiveness of operations (Soudani, 2012), support for activities including the decision-making

process of the manager (Gelinas et al, 2011). In addition, a quality of AIS and the effectiveness of internal controls also have a significant impact on the quality of financial statement, the effectiveness of AIS can lead to better decision-making by managers, the internal control system is more effective, improving the quality of financial statement and make a good condition for processing financial transactions (Sajady et al, 2008).

As such, it is possible to see a particularly important role of AIS in enterprises in Vietnam. This shows the necessity and appropriateness in the study of the quality of AIS, as well as the need to identify the key factors affecting the quality of AIS in accordance with the characteristics of the accounting system as well as the business transformation environment is very diverse and developing as Vietnam nowsday.

Therefore, this study was conducted to provide more empirical evidence of organizational factors, namely organizational commitment and organizational structure that influences the quality of AIS in Vietnamese enterprises. To achieve this goal, the author based analysis of previous studies, combining qualitative and quantitative methods through the survey of 175 agents working in different enterprises.

Literature Review and Research Model
Organizational Commitment

Organizational commitment, as defined by Porter et al (1974), has three main components: (1) strong belief and acceptance of organizational goals, (2) willingness to effort significantly on behalf of the organization, and (3) a certain desire to maintain the membership of the organization. This study shows that commitment is not only a predictor factor of employee retention but also predict employees's efforts and accomplishments (Mowday et al, 1979).

Organizational commitment is the extent to which an employee determines the organization and its goals and wishes to remain a member of the organization (Robbins and Judge, 2009). According to Robbins and Coulter (2009), the organizational commitment is the orientation to the organization about loyalty for identity and participation in the organization. According to Luthans (2008), organizational commitment is (1) a strong desire to remain a member of a particular organization; (2) the willingness to make great efforts on behalf of the organization; and (3) a certain belief, acceptance with the values and goals of the organization. From the above, it can be said that the organization commitment is the loyalty and involvement of employees to achieve the target and to survive in the organization.

Quality of Accounting Information System

The views on the quality of AIS are mainly based on the viewpoint of the quality of the information system that has been implemented in prior studies and is analyzed from the quality viewpoint of the successful DeLone and McLean model. Specifically, according to DeLone and McLean, 1992 and 2003; Seddon, 1997, the

quality of system is associated with success, and they use information system quality scales in line with the developed model including: ease of use, system functionality, reliability, flexibility, data quality, integration and importance. The quality of the information system involves measuring the output information of the actual system and are the desired characteristics of the system including: usability, availability, reliability, response time and meet demand. In the study by Peter et al (2008) on measuring the success of information systems related to modeling, dimensions, measuring scale and relationships, the authors claim that the system quality represents the desire characteristics such as ease of use, flexibility, reliability, ease-of-use, sophistication, and system response time. At the same time, in this study, the author uses the system quality scale of Sedera et al (2004), which includes nine observed variables to measure the quality of information system.

On the basis of the concept of quality of information system, there are many opinions of many authors about the quality of AIS, because in terms of the relationship of nature, the AIS is also information system and AIS has the characteristics of a information system. Specifically the quality of accounting information comes from the implementation of a quality of AIS. The quality of AIS is the integration of the quality of hardware, software, people, technology networks, databases, quality of work and user satisfaction (Sacer et al, 2006). Some authors have described the quality of the information system through: effectiveness, usefulness, efficiency, user satisfaction. The effectiveness of AIS is the evaluation of the successful AIS to meet established objectives, and one of the key objectives of the AIS is to provide accounting information for the decision-making process of the manager and the related parties. The effectiveness of AIS is to measure the success of the AIS to meet established objectives, or the satisfaction of the user (Stair and Reynolds, 2010). According to him, the quality of AIS is often flexibility, effectively, accessibility and timely.

Organizational Structure

Organizational structure is the arrangement of organizational units in the organization. Organizational structure shows the division of labor and shows how different functions or activities combine to achieve established goals (Robbins and Coulter, 2009; Jones and Jones, 2010). At the same time, the organizational structure is the formal pattern in which tasks are divided and coordinated, organizational structure reflects the division of responsibilities, authority, and accountability in the organization. According to Greenberg (2011), organizational structure is a formal structure between individuals and groups of employees with the assignment of responsibilities, responsibilities and authority in the organization. One way to understand organizational structure is look at the organization chart, the organizational structure that provides the framework in which the activities of the enterprise are planned, implemented, control and monitoring activities. Each enterprise has an organizational structure that suits its needs and business characteristics, so there is no common pattern; the organizational structure depends

on the size and nature of the business. However, organizational structure of the business must help enterprises implement the strategy that is planned to achieve the goals through the role and function of AIS.

Research model and Hypothesis

The research model is based on the assumption that organizational commitment and organizational structure have a direct impact on the quality of AIS as shown in Figure 5.1.
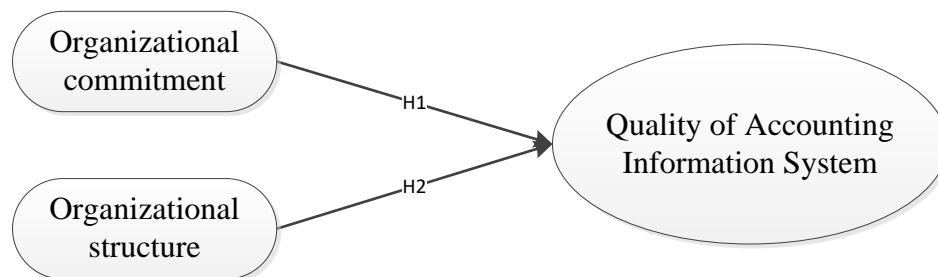

Figure 5.1: Research model

Organizational commitment is a state in which an employee identifies with a particular organization for his or her goals, and wants to remain a member of the organization. Based on these explanations, organizational commitment can be defined as the attitudes and beliefs of employees engaged and loyal to their organization in achieving goals. Luthans (2008) explains aspects of organizational commitment, including emotional commitment, commitment to continuity, commitment to norms, he explains that there is a positive relationship between organizational commitment and expected results include high efficiency and low unemployment. Koskosas et al (2011) found that organizational commitment was positively related to the promulgation of information security behaviors such as new security policies and new technologies that effected business objectives of the unit.

One of the factors influencing the development of the information system is the support and organization commitment, not only the support of the management but all employees are required to adjust with the new system to ensure a smooth transition in the organization. The purpose of implementing information system can be more effective when people in organizations implement commitment (Lucey, 2005). According to Lucey, when employees commit, they are motivated and managers try to motivate that motivation through their leadership style. Organizational commitment and information system are inseparably linked; the power of organizational commitment can be seen from the support and acceptance of the goals and values of the organizations. A strong organizational commitment is characterized by strong belief and acceptance of organizational goals and values, strong willingness to work for the organization, strong desire to remain a member of the organization (Kusluvan, 2003), Some studies in the world on the influence of organizational

commitment factor on the quality of AIS as studied by Syaifullah (2014); Indahwati and Afiah (2014), Carolina (2014) show that organizational commitment has a significant impact on the quality of AIS, so the study assumes that:

H1: The organizational commitment has a positive impact on the quality of AIS

A good organizational structure is showed through the specificity, clarity and completeness of functions, rights and obligations of each employee, each part of the company, and good organizational structure will assure for effective control procedures. When managers develop or change an organizational structure, they are involved in organizational design. According to Robbins and Coulter (2009), the aspects and elements of organizational structure include: job specialization, the division of work activities into specific work tasks; scope of control is the number of employees that a manager can manage effectively and effectively; the chain of commands is the flow of authority from the top to the bottom of the hierarchy and is clearly assigned at the managers level; formalization, how this relates to the standard of organization's work and the level of performance of employees by conduct guided by procedures and rules; authorization (concentration and dispersion), centralization is the extent to which decisions are made at the high level, on the other hand the dispersion indicates that employees at the lower levels of supply more input data or make more current decisions.

Organizational structure is the main issue to be considered for the preparation of the AIS. The AIS is influenced by the organizational structure and organizational structure influences the AIS. Some studies in the world on the influence of organizational structure on the quality of AIS as studied by Rapina (2014); Anggadini (2013); Nusa (2015); Carolina (2014) shows that the organizational structure has a direct impact on the quality of AIS, therefore, the study assumes that:

H2: The organizational structure has a positive impact on the quality of AIS

Research Methodology
  Research Design
The author uses the quantitative method to test hypotheses. The study was conducted by sending questionnaires to individuals working in companies, mainly in HCM city, regardless of size of enterprise, location of operation, type of enterprise and form of ownership. In particular, the main object surveyed in that business is the person in charge of accounting work or the accountant directly using AIS in the enterprise. Survey was conducted from March to June, 2017.

The content of the quantitative study was a questionnaire with the main content being scales related to measuring the organizational commitment factor according to Porter (1974) and Luthans (2008) scale of 7 observed variables (OCO1 to OCO7), the organizational structure used by Robbins and Coulter (2009) consists of 5 observed variables (OST1 to OST5). The scale of quality of AIS by Gable et al (2003) and

Sedera et al (2004) consisted of seven observed variables (ASQ1 to ASQ7). These observed variables were measured using a 5-point Likert scale (1: strongly disagree; 5: highly agree).

Statistics on the Research Pattern and Data Analysis Method

Information about the sample: A sample of 175 surveyed individuals working in a variety of businesses, including 71 limited liability companies (40.6%), 60 joint stock companies (34.3%), 20 private enterprises (accounting for 11.4%), the remaining 24 enterprises, including state-owned enterprises and joint-venture enterprises (13.7%). Regarding business activities of enterprises, the author classifies 6 types, the first one is financial investment accounting for 29.8%, and the second is the trade and services with 25.8%, followed by construction (21.5%), manufacturing (15.2%) and education and training and others at a rate of 7.8%). The size of enterprises in the sample also varies, focusing mainly on medium and large enterprises with a total of 108 enterprises (61.8%), followed by small enterprises 28% corresponding to 49 enterprises, followed by micro enterprises with 18 enterprises (rate of 10.3%). Regarding the application of IT in accounting work, the largest number is application accounting software with 120 enterprises (accounting for 68.6%), followed by is use Excel in accounting with 28 enterprises (16%) and finally ERP software (15.4%) corresponding to 27 enterprises using ERP software.

The sample size (n=175) was evaluated by the Cronbach's Alpha coefficient, total correlation coefficient and EFA with criteria: Cronbach's Alpha coefficient greater than 0.6 (Hair et al, 2006), the total variable correlation coefficient is greater than 0.3 (Nunnally and Bernstein, 1994), the KMO coefficient is greater than 0.5, Bartlett's test has P-value <0.05, explanation variance greater than 50%. Research hypotheses were tested by multiple linear regressions, assessment and considered the effects of independent variables on dependent variable.

Result and Discussion
Result of Assess Scales

After complete data collection and input into SPSS 22 software, the author performs a scale measurement using the Cronbach alpha coefficient to eliminate unreliable variables or trash variables in the scale. After eliminating the variables with a corrected item total correlation coefficient of less than 0.3, the concepts of internal consistency, cronbach Alpha> 0.6.
The results of Cronbach alpha coefficient analysis in Table 5.1 (Source: Author calculates).

Table 5.1: The results of Cronbach alpha coefficient analysis

Variable	Cronbach's Alpha	Result of Eliminate Variable
Organizational commitment	0.863	No
Organizational structure	0.761	No
Quality of AIS	0.835	No

The results of factor analysis for independent variables show that the KMO = 0.885 satisfies the condition > 0.5 and < 1, so the factor analysis is consistent with the sample data. The results show that two factors were extracted with the total variance explained by two factors greater than 50% (54.85%), the weight factor was greater than 0.5.

The results of factor analysis for the quality of AIS showed that the KMO = 0.840 > 0.5 and < 1, the total variance explained was 50.6% (> 50%), observation variables do not change, so factor analysis is consistent with sample data.

Result of Analysis Multiple Linear Regression

From the results of the exploratory factor analysis, linear regression analysis was performed to determine the linear relationship between the independent variables (organizational commitment and organizational structure) and the quality of AIS. The regression model has the following form:

$Y = \beta 0 + \beta 1 X1 + \beta 2 X2 + e$
Y: quality of AIS (ASQ)
X1: organizational commitment (OCO)
X2: organizational structure (OST)

The Pearson correlation coefficient shows correlation between independent variables and dependent variable as well as between independent variables, including the correlation between independent and dependent variable with (p-value <0.05).

Results of multiple linear regression analysis between independent variables and dependent variable are presented in Table 5.2. Correlation coefficient $R2 = 0.292$, p-value < 0.05 showed that 29.2% the variability of the dependent variable is explained by independent variables. There are two factors that affect the quality of AIS, so hypotheses H1, H2 are accepted.

The multiple linear regression model is expressed as follows:

$ASQ = 4.877 + 0.174*OCO + 0.589*OST$

Table 5.2: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4.877	.922		5.291	.000		
	OCO	.174	.072	.194	2.424	.016	.645	1.551
	OST	.589	.117	.402	5.026	.000	.645	1.551

Conclusions and Implication for Research

Conclusions

From the two factors derived from theoretical analysis and based on the results of previous studies in the world, the result of the study after perform in Vietnam also found that there are two factors impact on the quality of AIS is: (1) organizational commitment; (2) organizational structure, in which the organizational structure is the biggest impact on the quality of AIS.

Implication for Research

The result of this study also has implications for enterprises to pay attention to and improve the quality of AIS as well as to consider the organizational factors in the operation AIS to help the managers have trust orientation for the development of AIS in the process of international economic integration. Recognizing the importance of AIS in increasing the value of the company and improving the quality of AIS is an important task in the competitive environment. Specifically, enterprises should focus on enhance the following issues.

Promoting organizational commitment among employees, organizational commitment demonstrates that employees are dedicated to the company, they are willing to dedicate and loyalty to the direction and strategy of the company. In addition, the commitment also shows an effort of the employees because they are proud that they are an integral part of company. Hence, the greater the employee's organizational commitment, the greater the impact on the work and the performance of the employee through their performance at work, the performance of the work will be better. Thus, in order to have a strong organizational commitment in the employees, enterprises need to fully support employees in the work, company need to have commitments of policies and strategies for training personnel, in particular for accounting staff, next to accounting knowledge, the accountant need knowledge and skills in the use of IT, foreign language skills and the ability to analyze financial statement analysis of accounting information to assist managers in making decisions. In addition, employees need to be provided with adequate working conditions, such as working environment support, staff communication, and other physical and mental conditions for the staff to feel company is a place where they can stick to the long-

term and willing to devote to the work, when the staff is oriented and dedicated, the quality of work will improve and certainly AIS with the main component is the people will improve the quality.

The organizational structure demonstrates the ability to manage and operate the business, the assignment of personnel, the clarification of the rights and responsibilities of employees in the process of work will affect the way the work of personnel. The organization staff is reasonable with position, function and level of staff will help to maximize the work capacity of employees. When employees are arranged, assign properly with their abilities, they will feel loved and responsible of completing the work well, thereby improving productivity and efficiency of work. Suitable organizational structure is considered an effective management method in business environment, helping accountants improve the quality of work and improve the quality of AIS.

Although the initial purpose was to assess the impact of organizational factors on the quality of AIS, however, the research has some limitations:

Firstly, the author has just conducted a survey in Ho Chi Minh City, so the generality of the research is not high and can be limited. In addition, the study uses a convenient sampling technique by sending questionnaire directly. Consequently, further studies should be conducted in different areas so that a more comprehensive picture of the effect of factors on the quality of AIS can be seen.

Second, this study was conducted over a short period of time due to time and budget constraints in conducting the study, so the sample size was not large.

Third, the level of interpretation of the independent variables for the dependent variable is not high, because there are many other factors that may affect the quality of AIS. Therefore, further studies should be conducted with a larger sample size and consideration of other factors that may affect the quality of AIS in the Vietnamese market.

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6

DETERMINANTS OF FINAL PRICE IN ONLINE AUCTION: MORE EMPIRICAL EVIDENCE IN VIETNAMESE INTERNET AUCTION DATA

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Abstract
The auction is a form of selling with price determined by the highest bid from the bidders. The aim of this study to investigate the factors that impact on the winning/final price and the probability of successful auctions such as the seller characteristics, buyer characteristics, auctioned item characteristics, and online auction design by the sellers. This study uses the smart phones' auction data in www.handheld.vn, one of the most popular websites in the e-commercial market in Vietnam. Using OLS, binary logistic to explore the relationship between these factors and the auction outcomes such as the winning price and the probability of sale. The study's results may make recommendations to the seller in an auction designed to attract more participants, increasing the likelihood of success and achieve higher final price.

Keywords: Vietnamese online auction, final price, probability of sale, auction theory.

Introduction

Nowadays, the buyers can buy the brand new or second-hand (used) products with fixed prices or final prices in the online auction sites. One of the most well-known examples of Internet auctions is eBay, a company founded in 1995. Then there are many websites that have similar functionality like Alibaba.com of China, and Handheld.vn of Vietnam. The auction mechanisms are usually classified as (1) English or ascending auctions, (2) Dutch or descending auctions, (3) first-price seal-bid auctions, (4) Second-price sealed bid or Vickrey auction; (5) reverse auctions (McAfee and McMillan, 1987). Actually, there are two common kinds of auctions: the ascending auctions in which the prices are continuously increased until only one bidder remains and the winner wins the auctioned item at her price; and the first price sealed-bid auction, in which each independent bidder submits a bid without knowing another bid and the auctioned item is sold to the bidder with highest price.

The factors that impact on the final price and the probability of successful auctions such as seller reputation, buyer experience, auctioned item characteristics, and online auction characteristics which are designed by the sellers. Data for this research are collected by hand in www.handheld.vn. It uses ascending auction rule. This study has collected 628 smart phones' auctions in 2016 to test 12 hypotheses.

This item was selected for research because the smart phone is one of the most popular sold items on Handheld.vn.

The outline of this paper is: first, we present the introduction; second, we review the theories are employed to explain the relationships between four group characteristics and online auction outcomes; we also develop the system hypotheses based on the theories and the related empirical evidence; third, we present methodologies included data source, models and variables and analysis strategies; fourth, we present the analysis results; final, we list the preferences.

Literature Review

This research employs game theory, asymmetric information theory and auction theory to investigate and explain the factors contributing to final price and the bidders' strategies in the online auction market. Rubinfeld and Pindyck (2013), "game theory can be applied to auction design and bidding strategies". They clarified that a game is any circumstance in which players (the participants) make strategic decisions that consider each other's activities and reactions.

The auctions can be considered as the game with incomplete information. There are two types of asymmetric transmission: one is asymmetry between the seller and the buyer and the other is the asymmetry only among buyers. The asymmetric information between the seller and the buyer can be a barrier to successful transactions. The sellers do not know the willing-to-pay price of the bidders. They use some strategies to successfully auction and reach the highest possible final price. In contrast, the buyers do not trust the seller and do not evaluate the product as two types of asymmetric information between buyer and seller. The sellers' strategies are specific to the design of the auction, such as the starting price, price step, buy-it-now price, auction closing time, and information on auctioned items. Product information includes condition, warranty, item photos and description words to help buyers evaluate the value of the product. However, buyers can rely on the feedback system to evaluate the seller's reputation. Highly reputable sellers are likely to be trusted by buyers. Real product information acts as signals sent by the seller to potential buyers.

Auction theory is a way of explaining the information asymmetry between bidders and bidding strategies. Auction theory is based on three valuation models that explain the strategic behavior of bidders to direct the auction at minimal cost. Vickrey (1961) describes an independent private value model (IPV), each of which determines the value of the item they are bidding with the certainty but not the value of the others. Conversely, the Common Value Model (CV) assumes that the value of the bid is generally unclear before the end of the sale. A bidder collects data on the estimation of the auctioned item by looking at the behavior of different bidders who may have a variety of different data about their level of validity (McAfee and McMillan, 1987). An integrated approach, referred to as the Affiliated Values Model (AV), has been shown as an illustration of the real behavior of the bidder (Milgrom and Weber, 1982). In this model, the bidding is based on the auctioneer's personal preferences, the interests of others, and the intrinsic quality of the auctioned item.

This best theory describes actual auctions, including Internet auctions, where bidders can be affected not only by their value for the item but also by the behavior of other bidders.

Previous Empirical Research and Hypotheses Development

There were many researches which investigated the determinant of auction outcomes include Gilkeson and Reynolds (2003), Ariely and Simonson (2003), Andrews and Benzing (2007). Based on the previous research we divide the factors that affect the final price into four groups following sellers' characteristics, bidders' characteristics, auction item attributes, and auctions' characteristics.

Buyers cannot consider the product directly instead they consider the seller's description of the product to make decision to participate the auction. Text information such as title and listing description can only provide information within the scope of language, while the valuable visual information is lost. Product images provide a unique and profound channel for conveying visual information to buyers. It gives buyers a way to view and check product and its quality before making a decision.

Warranty Time Remaining

Many manufacturers offer customers warranties to reduce the risk of getting a low-quality product or poor service. Warranty is a quality evaluation mark of the product as it relates to the characteristics of the auction item that can protect the buyer from product uncertainty (Shimp and Bearden, 1982). New products have full warranty period while second hand products only have remaining warranty period or have expired.

H1. The remaining warranty period of auctioned item should result in (a) a higher final price and (b) a greater likelihood of auction success.

Description Words

Kauffman and Wood (2006) measured this variable by the number of bytes contained in the description. Van Heijst et al. (2008) describes that the item description text affects the final price. Cypryjański et al. (2016) shows that inexperienced buyers tend to buy products with more friendly descriptions.

H2. Number of **description words** should result in (a) a higher final price and (b) a greater likelihood of auction success.

Number of Item's Photos

Previous studies have shown that shoppers appreciate the role of image when considering buying on eBay (Gilkeson and Reynolds, 2003). Number of image can

be considered as an alternate source of information about quality of auctioned items. Lewis (2011) found the significantly relationship between photo and price in the final price of used motors auction. Eaton (2005) also reported a positive impact of the images posted on the probability of a sale and auction prices. Li et al. (2009) show that real product photographs compared with stock photographs improve consumer confidence in an online auction and increase the probability of sale. However, there are some empirical evidences that do not find the relationship between posting actual item photos and final prices. Ottaway et al. (2003) and Hou and Blodgett (2012) pointed out that the number of pictures of the item had no significant impact on the winning bid.

H3: The number of item's pictures is positively related to (a) the auction price and (b) a greater likelihood of auction success.

Opening Price

The sellers set the opening price for the auctioned items in the beginning of the online auction. Some research found that the opening price has a positive effect on the closing price. Highfill and O'Brien (2007) found that the starting price had a positive effect on the final price of sofa art. Kostandini et al. (2011) implies that the opening price has a positive effect on auction price and probability of sale with only one bid and does not affect auction results at multiple prices. The opening prices may have reference price effects on final prices (Ariely and Simonson, 2003). Kamins et al. (2004) explained that the starting price played a quality indicator of the auction item's value. It was supported by the signalling theory (Spence, 1974).

Conversely, the others report that high opening price lead to negative impact on the auction outcomes. Chen et al. (2013) found that the initial bid has a strong negative impact on the probability of a successful transaction. Lower opening prices attract more the bidders than a higher one. A high initial price does not encourage the bidder to participate the auction because they will want to avoid winner's course situation or overbidding. However, Li et al. (2009) found that the minimum starting bid has an insignificant impact on consumers' bidding amount, entry, and bidding time.

H4: The starting price has negatively effects on (a) the auction price and (b) a probability of auction success.

Step-Price

Step-price is the minimum bid increment of a bid compared to the previous ones specified by the seller in the beginning of auction. Peters and Severinov (2006) show that there is a balance in which bidders always use an incremental strategy and cross auction if another auction has a lower price. Anwar et al. (2006) found that a significant percentage of bidders bidding across competing auctions and they tend to

bid on an auction with the lowest bid and the auction ends at that time with more cross bids.

H5: The volume of step-price has positive effects on (a) the auction price and (b) a probability of auction success.

Auction Duration

The length or duration of auction is the period between the starting and the ending time of the auction. The relationship between auction length and final price is explained in different ways such as impatience, frenzy and the effect of number of bidders. Kwasnica and Katok (2007) show that impatient bidders who have the opportunity cost of time higher than the other will jump bids to respond the auction duration. Secondly, bidding activity due to the excitement or competitive arousal in shorter auctions, also called frenzy (Ariely and Simonson, 2003). Thirdly, more bidders imply a higher probability of success sale and a higher closing price (Melnik and Alm, 2005). Highfill and O'Brien (2007) reports that the auction length has a significant positive effect on the number of bids but has not significant effect on the closing price. In contrast, Ariely and Simonson (2003) found that the length of the auction has negatively impact on closing prices. Houser and Wooders (2006) was not able to find any relationship between the duration and the final price.

H6: Auction duration has positive effect on (a) the auction price and (b) a probability of auction success.

Number of Bids

Number of bids is the total bid of bidders in an auction in which each bidder may bid one or more times. According to the standard theory of auctions, the number of bidder increases the final price and the probability of success of a certain auction (Wilcox, 2000). The increasing of number of bidders can pick up the bidding momentum or auction fever, and the bidders bid higher than their original intention. A bidder can see the other bids and use this behavior as an information signal of some positive attributes such as quality of the goods and the seller's credibility (Dholakia and Soltysinski, 2001).

H7: Number of bids has positive effects on the final price.

Number of Comments during the Auction

Consumers search and collect information to help them make buying/selling decisions (Moore and Lehmann, 1980). The Internet provides an information-rich environment that allows consumers to easily find, access, and compare information, not surprisingly, when seeking information is also considered an online shopping

motivator as well (Hou and Elliott, 2010). The effective communication between buyer and seller is very important to reduce the information asymmetry problem in online transaction. The interaction between the seller and the buyer one another can create buyers' trust and increase information on auctioned goods (Perea et al., 2004). Especially, the lack of social interaction can be considered as a threat (Houser and Wooders 2006).

H8: Number of comments between sellers and bidders (a) led to higher final price; and *(b)* should result a greater likelihood of auction success.

The Ending Time of Auctions

Research interested in the auction closing date is on weekdays or weekends and their impact on auction outcomes. Weekend ending auctions are likely to attract more bidders and get higher attention and, which tends to lead to a higher final price and the probability of overbidding (Melnik and Alm 2005). According to Bajari and Hortacsu (2000), the bidding activity was concentrated at the end of the auction. However, Lucking-Reiley (2000) points out that the impact of the weekend on the auction price was not statistically significant at 5%.

H9: Auctions ending on a weekend has positive effects on (a) the auction final price and (b) a probability of auction success.

Sellers' Reputation

Seller's reputation has an important impact on the success of the auction as well as final price. Seller's reputation is a number of positive feedbacks, negative feedbacks, or neutral feedback scores from the buyers after a transaction. The bidders can believe that the seller with high rating will provide a fair deal. Houser and Wooders (2006) concludes that the number of feedback can be used for measuring seller reputation. Ottaway et al. (2003) concluded that high seller rating positively influences its final price of item because a higher rating implies higher seller credibility. Sun et al. (2015) indicated that the seller reputations impact significantly on closing prices.

H10: Seller reputations have positive effects on (a) the auction final price and (b) a probability of auction success.

Winners' Experience

Some studies are testing experience of bidder can directly affect the final price of the auction. Wilcox (2000) found many experienced bidders will wait to bid at the last time of an auction. They rarely take multiple bids. This strategy which consist

with private-value assumption, provides little information to other bidders, which reduces the final price. In contrast, Ottaway, Bruneau, and Evans (2003) conclude that the bidder feedback rating has no impact on the final price of the auctioned item. Cypryjański et al. (2016) show that inexperienced and experienced buyers have similar buying behavior.

H11: All else equal, winners' experience has negative impact on final price.

Intermediary Transactions

The distance and anonymity of the buyers and the sellers significantly increase the transaction risk. Therefore, there is a need for third party guarantees for delivery and payment. Li, Srinivasan and Sun (2009) shown that the use of third-party payment methods helps high-credibility sellers distinguish themselves from low-credibility sellers by revealing their true credibility. Duan (2010) shows the role of intermediaries in the electronics market, which has a significant impact on market liquidity, more successful transactions, and higher auction prices. In Vietnam, the winners use intermediary services instead of the seller because those are usually their first purchase trade with each other so there is no mutual trust. This is a different point from previous studies that focus solely on the seller's payment through a third party as a way of reassuring customers when dealing.

H12: The winner's use of the intermediary transaction service negatively impacts on final price.

The hypotheses are shown in Figure 6.1. The following section will present to contents as data source, analysis framework, models, and variables.
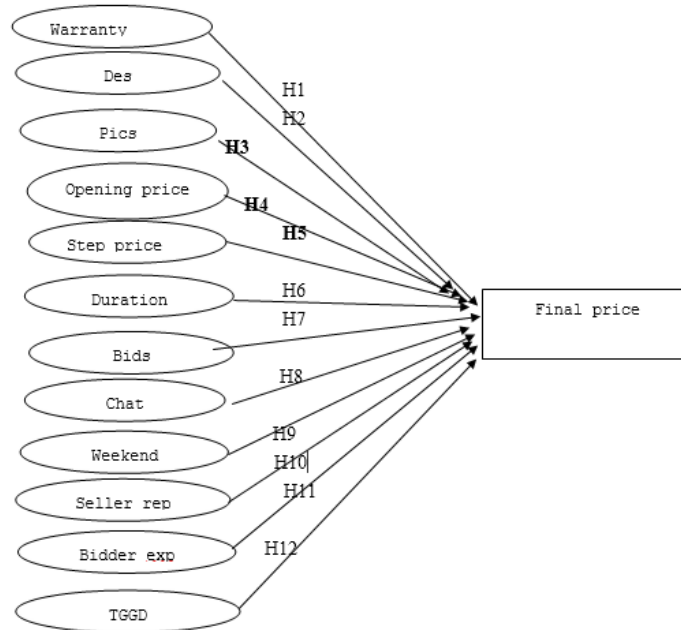
Figure 6.1: Analysis framework

Data Source

Data for this research are collected by convenience method in www.handheld.vn. The observed auctions held between 1/1/2017 and 8/1/2017.

Model and Variables

i. Final price = (Sellers' sellers' reputation, Bidders' experiences, Auctioned item characteristics, Auctions' characteristics).

ii. Probability of successful sale = (Sellers' reputation, Bidders' experiences, Auctioned item characteristics, Auctions' characteristics).

The independent variables are the auctioned item's characteristics include number of pictures, number of description words, warranty months remain; Auction characteristics such as number of bids, the length of the auction, the opening price, step-price, and the ending time; the sellers' reputation; and the bidders' experiences.

Descriptive Statistics

This study uses data from smartphone auctions. The author has obtained details about 628 auctions include 478 successful auctions and 150 failures. The descriptive results are shown in Table 6.1.

The number of product photos vary from 0 to 21 photos with a mean of 7.55. The length of item description is range between 10 words and 299 words with 63.678 as its mean. Opening prices of total observations are range between 0 VND and

20,456,790 VND with 6,077,392 VND as its mean. The final price of auctions in this example varies from 280,000 VND to 21,500,000 VND with a mean of 6,531,040 VND. The number of bids has the minimum at 0 which means that the item is unsold and maximum at 45 with 3.738 as mean. The average duration of the sample is 42.823 hours. Weekend auctions accounted for 23.4% of the total. The sellers' positive feedback point ranges from 5 to 2733 with 475.821 as mean. The winners´ experience varies from 0 to 2718 points with a mean of 175.288.

Table 6.1: Descriptive statistics

Variable	Obs	Mean	Std. Dev	Min	Max
Final price	478	6531.04	3452.323	280	21500
Warranty months	628	1.087978	2.853047	0	12
Description length	628	63.67834	47.13074	10	299
Number of pictures	628	7.550955	3.188739	0	21
Opening price	628	6077.392	4225.546	0	20456.79
Step_price	628	26.16831	15.52603	0	100
Auction length	628	42.82357	15.66143	18	108.85
Number of bids	628	3.738854	5.120116	0	45
Chat	628	17.54777	15.12508	0	119
Weekend days	628	.227707	.4196868	0	1
Sellers' reputation	628	475.8217	387.4522	5	2733
Buyers' experience	478	175.2887	330.007	0	2718

Determinants of Final Price

In this model, we regress the natural logarithm of final auction price against independent variables in a log-lin regression. The initial regression model has the Heteroskesdaticity problem so the author corrected this phenomenon by using the firm estimate of the error covariance matrix proposed by White (1980) to recalculate estimate values. Table 2 provides the final results of multiple linear regression estimates of the closing price on auction features for only successful auctions. The final model proved significant R-squared = 0.6038, $F_{(12, 465)} = 39.77$, $p < .0001$. The coefficients for the different predictors are showed in Table 6.2.

Table 6.2: Regression results for smart phone auctions

	Coefficient	Robust Std. Err.	t Value	p Value
Warranty months	.0030313	.0066245	0.46	0.647
Description length	-.0017433	.0005777	-3.02	0.003***
Number of pictures	.0234006	.0085174	2.75	0.006***
Opening price	.0001383	7.33e-06	18.88	0.000***
Step-price	.0041086	.0014718	2.79	0.005**

Auction length	.0033083	.0014839	2.23	0.026**
Number of bids	.0315556	.0054486	5.79	0.000***
Chat	-.0017573	.0020241	-0.87	0.386
Weekend days	-.0378257	.0496367	-0.76	0.446.
Sellers' reputation	.0001714	.0000596	2.87	0.004***
Buyers' experience	.0000617	.0000997	0.62	0.536
TGGD	.0797873	.0535054	1.49	0.137

* p<0.1, ** p<0.05, *** p<0.01

Table 6.2 shows that the final price was positively related to the opening price, the step-price, number of pictures, auction length, number of bids and Sellers' reputation. In contrast, the final price was negatively related only the description length. Finally, final price was not significantly related with the number of warranty months remain, number of comment during the auction (chat), the weekend days such as Saturdays and Sundays (dummy variables), buyers' experience, and intermediate transaction using by buyer (TGGD).

Determinants of the Probability of Sale

Table 3 provides the results of binary logistic regression of auction success—a dummy variable equal to one if the auction was successful and zero otherwise—on the seller, bidders, and auction characteristics variables. The analysis results show that opening prices, the communication between seller and buyer, sellers' reputation are associated with higher probability of auction success. The other hypotheses have no basis to conclude that the so variables are not statistically significant.

Table 3: Binary logistic regression results for smart phone auctions

	Coefficient	Robust Std. Err.	t Value	p Value
Warranty months	.0609742	.0399042	1.53	0.127
Description length	-.0029633	.0028155	-1.05	0.293
Number of pictures	-.0275634	.0397074	-0.69	0.488
Opening price	-.0001874	.0000281	-6.66	0.000***
Step-price	.0017505	.0071731	0.24	0.807
Auction length	.0051519	.0081715	0.63	0.528
Chat	.0347129	.0162157	2.14	0.032**
Weekend days	-.1611619	.2420417	-0.67	0.506
Sellers' reputation	.0012493	.0003563	3.51	0.000***

* p<0.1, ** p<0.05, *** p<0.01

Conclusions

The seller reputations and opening price are associated with both auction success and final price. The commercial market in Vietnam still have information asymmetry and lack of mutual trust between buyers and sellers. Seller reputation generally impacts both final price and the likelihood of successful auction. Based on the analysis results, buyers are greatly concerned about seller reputation. New auction retailers must create a reputation from scratch. The opening price has positive effects on the auction price and negative effects on probability of auction success. In this situation, sellers face a trade-off between the starting price and the probability of successful sales. Sellers can benefit from considering include more item's pictures in the auction but describing a product with too many words can have the opposite effect. The auction duration does not increase the likelihood of an auction, but longer auction length allow more participants to increase bids that can help to increase the final price.

Limitations and Suggestions for Further Study

Future research might also focus on exploring and confirming the impact of four group factors on auction success and final price for other product types such as laptop, tablet, and other electronic accessories. Further research can consider the role of shipping fee and the present for winner.

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7

THE DETERMINANTS OF TOURIST TRAVEL INTENTION IN MALAYSIA: THE ROLE OF PERCEIVED RISK AND DESTINATION IMAGE

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Abstract
The issue of safety and security are important elements for travellers and the tourism industry. One characteristic that influences travel intention is the type and the level of safety and security risks associated with destinations. These perceived risks can represent a range of concerns including; safety, fear of physical harm due to terrorism, crime, political turmoil or possible disease, and waste of time and money due to an unsatisfactory travel experience or social unacceptance. Previous literature indicates gaps related to the understanding of tourists' perceived risk towards destination image and intention to travel to other places as well as to Sabah, Malaysia. Among all the studies investigated, tourist destination image and perceived risk appears to have been overlooked and has normally been treated as a uni-dimensional construct, measured separately in a single study through past visitation of a destination or previous international travel experience in general. An exploratory sequential design will be employed to achieve the research questions of interest to this study. This study aims to investigate the role that perceived risk plays in tourist planning for international travel, specifically to destinations perceived to be risky.

Keywords: Destination image, perceived risk, safety and security, travel intention.

Introduction

Tourism destinations mainly compete based on their perceived image relative to competitors. Whether tourists plan their travel or actually visit a destination, they are likely to make decision based on their perceived risk (George, 2010; Lepp et al., 2011). Whatever the issues may be, the perceived risk is an influential factor of the tourist behaviour in the presence of advance purchase (Scott et al., 2013). Upon identifying the significant role of each factor, current studies are moving towards examining the importance of other factors, like destination image, besides investigating the connection of multiple factors such as demographics and personality. This can be seen as a flaw whereby the influence on perceived risk of a single factor in past studies may limit the understanding of other relative relevant factors (Lenggogeni, 2014). However, there is still limited research regarding the relationship between the destination image factor, perceived risk and intention to

travel, particularly looking at the multi-dimensional constructs. In fact, there is still a lack of empirical studies looking at the tourist destination image and perceived risk which focus on safety and security issues. Understanding the roles of destination image on specific types of perceived risk may be used to suggest strategies to reduce tourist's perceptions of each type of perceived risk when making the decision to travel.

It is important to understand the differences in destination image, perceived risk, and travel intentions between actual and prospective tourists to visit a destination prone to safety and security issues. Previous studies reveal that more attention has been paid to international travellers in areas prone to crises management, because perceived risk is a crucial factor that deters international tourists from visiting a particular region of the world (Sharifpour et al., 2014; Kozak et al., 2007). While these studies only provide an understanding of the downturn of international tourists in a country or geographic region assumed to be risky, they fail to provide both an understanding of the prospective travellers' and actual travellers' decision-making behaviours. There are different behaviours perceived by different categories of tourists, because travel risks are accepted differently by the different travel markets (Dolnicar, 1995). Thus, it is important to understand the behaviour of both the actual tourists and prospective tourists toward travelling to Sabah, Malaysia as a risky destination related to safety and security issues.

Literature Review

Tourists' perceived risk in term of safety and security is related to a destination's image (Lepp and Gibson, 2003) hence, binding tourism to the risk concept (Hall et al., 2003, as cited in Lehto et al., 2008). Images of safety and risk that individuals perceive in a destination have traditionally been studied as part of destination image, and have been found to influence future travel behaviour (Kozak et al., 2007). However, classifying factors that influence perceived risks held by individuals might contribute to a better understanding of the relationship between destination image and intention to travel. Within destination image, there might be various pull factors related to safety (see Baloglu and Mangaloglu, 2001; Beerli and Martin, 2004).

Studies of destination image on cognitive image provide scant explanation about travel safety and security with only limited references related to the risk literature (Tasci and Gartner, 2007; San Martin and Rodríguez del Bosque, 2008.) Tasci and Gartner (2007) developed a model on destination image that consists of an attribute component (cognitive and affective image) and a comprehensive image component dominantly draws upon attributes through the formation of cognitive and affective images, while the combination of these images forms the overall image. However, few studies have looked at the unique image and the combination of these attributes between image and risk in a single study. The concern of safety and security has often become an attribute of the destination while using content analysis. A review by Beerli and Martin (2004) on existing scales, they identified a common dimension characterised by political tendencies, political stability, and development of

economics and prices, but also comprised safety-related attributes; thus further confounding the risk issues. Image is most likely to be an antecedent evaluation of the tourist-perceived risk. Facilitators were found to have significant influence in the earlier stages of decision-making, whereas inhibitors had more influence in later stages when the outcome becomes more serious (Um and Crompton, 1992). Particularly, destination image is a prime concern at the beginning of the decision process whereas risk poses the biggest concern at a later stage. For an example, for a tourist during his trip, threat sensation or insecurity develops a bad image of the destination (Georges, 2010). Based on the above arguments, the current study contents that the more favourable the destination image, the more positive the tourists' perceptions of risk in visiting the tourism destination.

Furthermore, the perceived risk is believed to influence tourists' decision-making processes in planning their travel particularly when it is connected with their personal safety and security. It is evident that many factors can influence the relationship between perceived risk and travel intention. Despite many studies using perceived risk in determining the intention to travel, there are still limited studies of perceived risk in determining the tourist's intention in the safety and security context. Hence, investigation of the effect of safety and security-related perceived risk on behavioural intention in this study is justified. As stated by Henthorne et al. (2013), perceived risk and security are the most important determinants of tourist's decision making before they decide to travel. Therefore, this study uses perceived risk as another determinant of behavioural intention to travel to a destination prone to safety and security issues. This has been supported by Mitchell (1999) who stated that perceived risk is an influential determinant in consumer's behaviour as individuals tend to avoid mistakes rather than maximise purchasing benefits. Additionally, perceived risk has directly influenced tourist's intention and also being referred to as a successful indicator in predicting actual behaviour.

Methodology

This study employed an exploratory sequential design research method. The data collection process use both qualitative and quantitative approaches. In the stage one, the researcher conducted semi-structured interviews with potential international prospective tourists and actual tourists. This qualitative phase is important because the findings of this stage will help to develop the dimensions of tourists' perceived risk relating to the safety and security context for the quantitative second phase. Thematic analysis was used to uncover themes and subthemes in the qualitative research phase (Clarke and Braun, 2013). As for the quantitative stage, a self-administered questionnaires were distributed to potential prospective tourists and actual tourists. It is proposed that a minimum of 362 respondents are sufficient for the study to represent the population. The samples were selected to meet specific criteria. As for the prospective tourists, they must be travellers who have never visited Sabah, and for the actual tourists, they must have been to Sabah for leisure purposes. All

participants must be willing to participate, aged 18 years and above, male or female and constitute any race.

Conclusion

At the time of writing, the result of this study is still in progress. However, the results will be available and presented at the conference. By comparing prospective and actual tourists, this study will contribute to current understanding and knowledge of international tourists' decision-making processes and enhance the existing body of knowledge on perceived risk, destination image and intention to travel. This study will extend the knowledge of destination image, perceived risk and intention to travel related to this study area in general and Malaysia in particular.

Acknowledgement

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8

FACTORS AFFECTING SUSTAINABLE DEVELOPMENT OF AGRICULTURAL COOPERATIVES IN THE MEKONG RIVER DELTA, VIETNAM

Ha Nguyen Hong

Abstract

The objective of the article is to identify factors that impact on sustainable development of the Mekong River Delta agricultural cooperatives. The article uses multivariable regression to find the factors affecting the business performance of cooperatives through the survey of 80 agricultural cooperatives in three provinces of Tra Vinh, Ben Tre and Soc Trang in the Mekong River Delta from April to December 2016. The results show that labor, business capital, affiliated with input enterprises, and consumption of products affect the efficiency of business activities of agricultural cooperatives. Through research results, a number of solutions for the development of sustainable agricultural cooperatives in the Mekong River Delta will be recommended.

Keywords: Cooperatives, cooperative economy, benefits of cooperation, cooperative needs, cooperative members, sustainable, agricultural cooperatives.

Introduction

The Cooperative Law of Vietnam was launched in March 1996 and officially came into effect on January 1, 1997, creating a legal corridor and motive for cooperative development in various forms, and many different areas of the economy, especially agriculture and handicrafts. Co-operatives play an important role in the socio-economic development of Vietnam in general and in Tra Vinh province in particular: creating jobs, supporting rural communities, creating tools for farmers, artisans, workers of all occupations, disadvantaged groups in society to improve their level, capacity, voice and position, social cohesion and harmony, etc., especially the context of economic integration and globalization today. Seeing that importance, the Party and State are always concerned about the development of cooperatives; In particular, the Resolution of the IXth National Party Congress affirmed "Developing cooperative and cooperative economy is a very important issue in the socio-economic development strategy." In particular, on July1st, 2013, the amended and supplemented Cooperative Law is considered to be a milestone marking the change in the organization of the collective economy, of which the cooperative is the key. The change in the nature of the 2012 Cooperative Law compared to the 2003 Cooperative Law will help the cooperatives grow to a new height.

According to the objective of the 5th Central Resolution on "Renovation, Development and Enhancement of Efficiency of Collective Economy", concrete

contents in each aspect such as organizational restructuring, congress Cooperative members, accounting books, deductions for setting up funds, production and business plans and principles of organization and operation under the cooperative law.

The Mekong River Delta has a natural area of about 3.96 million hectares, of which agricultural land area is about 3.21 million hectares. The biggest advantage of this area is the production of rice, fruit trees and aquaculture, in which rice is not only food supply, ensuring national food security but it also provides rice for export. However, agricultural production in the region still has many shortcomings such as individual, small, and scattered production; link the "four houses" in the weak value chain; "output" for agro products is more difficult, frequent occurrence of bumper crops, but loss of price.

In addition, due to small scale production, when there is a great demand for purchasing, people cannot meet, hindering the application of modern science and technology achievements to production, impulsing the grows of agricultural production force. Therefore, the development of cooperatives in agriculture will help overcome these shortcomings.

Table 7.1: Number of cooperatives in the Mekong River Delta in 2016

Numeri cal Order	Provinces	Agri	Trade-service	Transport	Construction	Handi-craft	Credit fund	Electricity/ water	Environment	Total
1	An Giang	98	0	20	0	7	24	0	0	149
2	Đong Thap	171	2	7	1	6	17	0	1	205
3	Bac Lieu	46	5	9	5	3	7	0	6	81
4	Ben Tre	12	5	6	4	3	7	0	7	44
5	Can Tho	51	7	29	33	9	8	0	2	139
6	Hau Giang	150	7	5	38	14	0	0	0	214
7	Kien Giang	200	1	8	5	5	22	0	0	241
8	Tien Giang	45	9	11	4	14	16	0	0	99
9	Long An	55	1	17	3	3	19	0	0	98
10	Soc Trang	86	3	3	5	6	12	0	0	115
11	Tra Vinh	41	1	7	18	7	16	3	1	94
12	Vinh Long	25	7	12	17	23	4	0	0	88
13	Ca Mau	111	20	19	17	16	2	0	0	185
	Total	**1,091**	**68**	**153**	**150**	**116**	**154**	**3**	**17**	**1,752**

Source: Vietnam Cooperative Alliance (2016)

The total number of cooperatives in the Mekong River Delta in by 2016 is 1,752. Of which, there are 1,091 agricultural cooperatives, accounting for 62.3% as in Table 7.1. Developing cooperatives in agriculture aims to efficiently exploit the resources from agriculture, facilitating the process of industrialization and modernization of agriculture and rural areas in the Mekong River delta. Developing cooperatives facilitates the efficient exploitation of resources from agriculture as inputs and services for agricultural production, which is provided in time, sufficiently and quality ensuring; Production is carried out in the direction of concentration, facilitating the improvement of production efficiency. Cooperative development in agriculture facilitates the acceleration of new rural construction in the Mekong River Delta. One of the criteria of new rural communes is to have cooperative groups, or cooperatives to work effectively. The cooperatives also play the role of creating links between farmer households, improving economic efficiency in production, participating in the construction of rural infrastructure and environmental protection. The effective operation of the cooperative contributes to the consumption of products and helping farmers feel calm in production. This is a channel to mobilize resources promoting agricultural economic restructuring in the direction of commodity production, career development and income raising for farmers. In addition, agricultural cooperatives also play the role of organizing the reception of state support to farmers. However, agricultural cooperatives still have many limitations: (i) The activities of agricultural co-operatives have weaknesses in internal resources (capital, assets, co-operation, cohesion, management staff, services), still not linked to market supply and consumption of products yet, especially agricultural cooperatives newly established in the field of agriculture; (ii) The scope of the operation of the agricultural cooperative is still small in terms of management capacity, capital - assets and production and business aspects. Therefore, the level of support to cooperative members is limited, the efficiency of production and business is low, contributing to local socio-economic is not much; (iii) 30% of agricultural cooperatives show weakness in organization and operation not complying with the principle of Cooperative Law; 46% of the cooperative stopped or just formal existed; Not linking the input market for production, output for product consumption, product quality is not identical, not stable, so the competitiveness is weak; (V) Cooperative activities are formal, individual members, some households have not seen the benefits of cooperatives. (Son et al., 2012).

These constraints and weaknesses have hampered the development and performance of the Mekong River Delta agricultural cooperatives. Facing with that situation, the research on sustainable development of agricultural cooperatives is very necessary and urgent.

Theoretical Foundations and Research Methodology
Theoretical Foundations and Analytical Frameworks

According to the Law of Cooperatives 2012, the cooperative is a collective economic organization, co-ownership, legal entity, founded by at least 07 members voluntarily and mutually support each other in production and business activity, creating jobs to meet the general needs of members, on the basis of self-control, self-responsibility, equality and democracy in cooperative management.

Cooperative is a type of business organization. In order to survive and develop in a market economy, cooperatives must ensure the basic elements of a business organization: finance, technology, human resources and knowledge for business administration. In addition to those basic factors, the cooperative is a social organization, which is different from other types of businesses that help the members. Cooperatives were established from the requirement of household economic development, supporting the development of household economy. Thus, for sustainable development, cooperatives in the development process depend on many factors.

According to Naoto Imagawa (2000), experience in the development of Japanese agricultural cooperatives and studies indicate that the Japanese Cooperative is a positive factor contributing significantly to the economic development and social stability. The cooperative should strengthen the management and business support guidelines for member cooperatives and planning. Suwanna Thuvachote (2006) stresses that the development and provision of products, insurance programs and information networks should meet the needs of members. Also, it is important to organize courses and workshops on management and education for member cooperatives and Export-import of consumer good, etc. (Ibrahim Ngah, 2014).

According to Nguyen Van Vu An (2010), the number of operation years of agricultural co-operatives has positively influenced the profitability of agricultural cooperatives, which means that long-term cooperatives will have better performance. However, there is a view that long-time agricultural cooperatives are affected by older agricultural cooperative models leading to limited performance (Nguyen Manh Hung, 2008). In order to ensure the co-operative sustainable development, the capital and labor factor are two important factors that determine the effectiveness of the cooperative's activities, promoting the production and business activities of the cooperative. According to Nguyen Van Tuan (2014), the cooperatives have high charter capital and business capital, the number of labor force more will bring higher profits. In addition, association with the input business is very important because when the cooperative linked with the input enterprises will create conditions for members to buy input materials for production and business at cheaper prices than the non-affiliated stores.

As a result, cooperative members are also advised by technical consultants on the use of more efficient input material (Tran Quoc Nhan et al., 2012). According to Nguyen Dinh Khang (2008), the role of state policy is very important, contributing greatly to the success and sustainable development of the cooperative. The State

issued policies to assist cooperatives in the process of building and development through tax exemption, reduction, land allocation, land lease...

Cooperatives were established and functioned as the representative of individuals and households when consuming products. Co-operatives can directly sell products to consumers, can mediate between producers and traders by signing sales contracts or directly signing export contracts (Phan Huy Duong, 2009). One issue raised for the development of co-operatives is the lack of production facilities, the ability to invest in fixed assets of cooperatives is limited, not meet the demand for production materials to support for production and business of cooperative members. This discourages members' trust in the cooperative. With this situation, cooperatives find it difficult in production and business activities and support members (Nguyen Dinh Khang, 2008).

Research Methodology

Method of Data Collection

The figures used in the article are primary data collected from a questionnaire survey. The survey was conducted from April to December 2016 with the interview of 80 agricultural cooperatives in 03 provinces of Tra Vinh, Soc Trang and Ben Tre. The cooperative selected the interview form based on the list of agricultural cooperatives in Tra Vinh, Ben Tre and Soc Trang provinces.

Methods of data analysis

Study on the use of multivariable regression of inheritance and development from the studies of Abdulai and CroleRees (2001), Dinh Phi Phuc (2009) and Nguyen Van Vu An (2010). For sustainable development, agricultural cooperatives depend on a a number of factors, specifically the model as follows:

$$Y_i = \beta_0 + \beta_1 X\text{-}1i + \beta_2 X_{2i} + ... + \beta_9 X_{9i} + u_i$$

Of which: Y variable is the annual income of cooperative (million VND). The X variables are explained in detail in Table 8.2.

Table 8.2: A description of the independent variables that affect the profitability of the cooperative

No	Name of Variables	Definition of Variables	Expectation of Base Sign	Basic of Selecting Variables
1	Years of operation (X1)	Years of operation(year)	+/-	Nguyen Van Vu An (2010) Nguyen Manh Hung (2008)
2	Chartered capital (X2)	Chartered capital (million vnd)	+	Nguyen Van Tuan (2014)
3	Total number of employee (X3)	Total number of employees (persons)	+	Nguyen Van Tuan (2014)
4	Business capital (X4)	Business capital (million VND)	+	Nguyen Van Tuan (2014)
5	Link to business input (X5)	The dummy variable, the cooperative is associated with the input business that receives the value 1, otherwise returns the value 0	+	Tran Quoc Nhan và cộng sự (2012)
6	Tax reduction policy (X6)	Grade 9 is in ascending order, 1 the lowest, and 9 the highest	+	Nguyen Đinh Khang (2008)
7	Policy on land allocation, land lease (X7)	Grade 9 is in ascending order, 1 the lowest, and 9 the highest	+	Nguyen Đinh Khang (2008)
8	Consumer product (X8)	The dummy variable, the co-operative has the product of the member receiving the value 1, otherwise the value is 0	+	Phan Huy Đuong (2009)
9	Fixed assets (X9)	Fixed assets (VND million)	+	Nguyen Đinh Khang (2008)

Results and Discussion
Facts on the Factors Affecting the Performance of Cooperatives

Fact surveys show that agricultural cooperatives operate on average 11 years, the highest up to 28 years. As such, agricultural cooperatives in the area have been operating for a long time. This has both advantages and disadvantages; in particular, the perennial agricultural cooperatives experience in operating the cooperative is better but is greatly influenced by the old cooperative model, which limits the development of the cooperative. Due to the advantage of the number of years of operation, the cooperatives in the provinces have business capital as well as the chartered capital is relatively large. When participating in a cooperative, the cooperative members contribute their capital to the cooperative and will be divided according to the share of the cooperative based on the principle of equality, mutual benefit and democracy.

With survey data, the average agricultural cooperative has 24 employees; the lowest is 3 and the largest 150 employees. In general, the current number of laborers of the cooperative meets the needs of production and business of the cooperative. However, the level of management of the cooperative is weak and short of experience, unfamiliar with the business management under the market mechanism. This also causes the quality constraints and the attractiveness of the agricultural cooperative model. Many cooperatives still lack people of technical qualification. Therefore, in order to do well in technical services, they need support and assistance from the state.

The state always plays an important role in supporting, nurturing and developing the cooperative movement. Experience of countries with strong cooperative movements, such as the Federal Republic of Germany, Japan, Korea, etc., show that the role of the state is very important in creating the environment and conditions for the cooperative development. Data from Table 8.3 shows the state's interest in the development of cooperatives. However, the level of beneficiaries of the cooperative from state policies such as the policy of tax exemption, land allocation, and land lease was only averaged (5/9) and low (3/9) evaluation of the cooperative.

Table 8.3: Factors affecting the performance of agricultural cooperatives

Targets	Number of Observations	Smallest	Medium	Biggest	Std. Dev.
Years of operation(year)	80	1	11	28	7
Charter capital(VND million)	80	13	1.076	6.800	1.213
Total number of employees (people)	80	3	24	150	26
Business capital (VND million)	80	32	6.828	45.200	11.708

Tax exemption policy (scale from 1 to 9)	80	1	5	9	3
Policy on land allocation, land lease (scale from 1 to 9)	80	1	3	9	2
Fixed assets (VND million)	80	3	388	1.700	466

In addition to the above factors, the lively condition of the cooperative is to care for inputs and outputs for the cooperative. In fact, only 25.5% of cooperatives have linked with input enterprises to provide input services to cooperative members, 37.7% of cooperatives have consumption products for cooperative members. Thus, many cooperatives in the area have not expressed their role to members. Many cooperatives have not oriented towards the members in the production process, not represented the members while consuming products, have not built and protected the brand. These things make the income of the cooperative in general and the members in particular are limited. The cooperatives are still moving from the old cooperative model to the new cooperative model, the business practices are also heavily influenced by the old mechanism, not actively and dynamically in the search for input market and output for cooperatives.

Factors Affecting the Performance of Cooperatives

As presented in the research methodology, the article uses multivariable regression to analyze the factors affecting business performance of agricultural cooperatives. Table 4 shows that the X3 variable is significant with a 90% confidence level; Variables X5, X8 are significant with 95% confidence; The X4 variable makes sense with 99% confidence. Verification of the suitability of the model, multi-collinearity (Vif <10), self-correlation, and variance have been shown to point out no offense. Provided that other factors are remained: Total labor (X3): This independent variable has negatively correlation with cooperative profits at a significance level of α = 10%. Business capital (x4): This independent variable has a positive coefficient. This coincides with the results of research by Nguyen Van Tuan (2014). Business capital is a very important factor in production, increased business capital will be proportional to the income of cooperatives.

Table 4: Results of regression model estimation

Affected Factors	Estimated Coeefficient	T Value	Vif
Constant (C)	2.502,707	1,450	
Years of operation (X1)	51,961	0,819	4,131
Chartered capital (X2)	-0,294	-1,443	1,870
Total number of employees (X3)	-53,963	-2,190*	2,714
Business capital (X4-)	0,082	3,193***	2,428
Link to Business Input (X5)	1.275,632	2,261**	1,271
Tax reduction policy (X6)	91,491	1,173	1,517
Policy on land allocation, land lease (X7)	105,443	0,927	1,146
Consumer Products (X8)	1.924,789	2,205**	3,584
R^2: 0,759 ANOVA: F: 4,326** d = 1,973 Spearman correlation coefficient has sig. From 0.161 to 0.868			

Note: *, **, *** are significant at the α level of 10%, 5% and 1% respectively.
Source: Survey Group (2016)

Link to input business (X5): This variable correlates well with the profitability of the cooperative at a significance level of α = 5%. As expected initially, when the cooperative is linked to the input business, the profits of the cooperative will be higher than in the none of affiliation with the input business. Product consumption for members (X8): This variable correlates well with cooperative income at significance level of α = 5%. This is correlated with the results of research by Phan Huy Duong (2009), when the cooperative has product consumption for members; the income of cooperatives will be higher. Factors of operating years (X1), charter capital (X2), tax exemption (X6), and land allocation policy (X7) are not statistically significant. In other words, with the survey data, there is insufficient evidence to show that these factors affect the income of the agricultural cooperative.

Some Solutions and Suggestions for Sustainable Development Policy of Agricultural Cooperatives
Developing the Policy of Supporting Agricultural Cooperatives

Continue to support and expand available policies (technology, breeding, input, and output). Policies must be specific and implemented promptly; some policies should be prioritized for members of agricultural cooperatives than individuals to attract people to participate in cooperatives. When the policy is set, information should be provided promptly and widely so that the beneficiaries can capture the information.

tural cooperative model and then replicate the model. To implement the policy of open air mainly is to help difficult groups to operate in the early establishment (loan assistance, investment in equipment ...). To have a policy to help groups working in the same career link together, exchange experience or share the output contracts and must develop strategies for the development of different types of agricultural cooperatives. There should be policies to attract enterprises to supply raw materials for cooperatives.

Organizing the Training and Team

It is vital for the Agricultural Cooperative Management Board to have Regular training, capacity testing and retraining. The state needs to have payroll for the director or vice president of co-operatives to support co-operative development in two years, with priority should be given to agricultural co-operatives. There should be remuneration for staff working in cooperatives.

Set up payroll for staff of district, city, commune, ward and township officials in charge of cooperatives in order to understand and supervise the situation of cooperatives so as to have timely supports. The support and advisory units for the cooperative need to have professional staff and stable positions. It is important to improve capacity for cooperative alliance staff, commune and district officials working in consultancy, care and support to develop agricultural cooperatives. There should be emulation and commendation for individuals and collectives whose ideas and practices have successfully applied to help cooperatives develop.

About Capital Policy

There should be policies to encourage commercial bank loans based on feasible and effective production and business plans of cooperatives so as to provide them with preferential loans in line with plans through credit guarantee funds when the cooperative does not qualify mortgage.

It is important to support the deferred payment policy of machinery and equipment for production for agricultural cooperatives. Credit unions, group incentives or unsecured credit for cooperatives are bound to be subject to state inspection and supervision. Provide regular operating budget to the board of directors, team leader for the first year. Provide financial support to organize visits, exchanges and learning experiences. Increase budget to ensure regular and continuous training for co-operatives and investment in building models for 3-5 cooperatives / year.

Linking Outputs for Agricultural Cooperatives

Cooperative members, production members have not followed a technical process and not up to market requirements, so the product is not uniform. Therefore, the State supports the linking input – output market, create stable output, and build

the raw material area. In addition, purchasing companies buy quality products at higher prices than conventional products.

Study the classification of product quality and have an effective investment plan. For example, assessing which products can be exported, sold in supermarkets developing, products that cannot be developed should not be invested for development.

Support for branding and market information. Cooperatives must have specific business goals, ideas and then set up teams. When establishing a team, there must be a plan for development and specific activities to develop in a sustainable way.

Limitations of Research and Future Research

This study was based on the survey of only 80 agricultural cooperatives and 3 provinces in the Mekong delta that did not adequately reflect the activities of agricultural cooperatives in Vietnam. Therefore, the research is conducted only in agricultural cooperatives without reflecting all types of cooperatives in Vietnam. In addition, the number of survey samples is low and implemented over a period of one year. There is a need for studies on the type of co-operative in Vietnam to see the status and development prospects of cooperatives in Vietnam as well as in other countries.

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SOCIAL ENTREPRISE FOR ECONOMIC DEVELOPMENT: THE THAI CASE (KOK KHIEN VILLAGE OF NARATHIWAT PROVINCE)

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Abstract
The province of Narathiwat is located at the southern tip of Thailand and it is well known for its enterprising people. The Faculty of Islamic Sciences (FaIS), Prince of Songkla University (PSU) Pattani Campus has embarked on a programme called Mini Social Enterprise for Economic Development (SEED) project in the deserted and barren land of Kok Khien Village which has been running for almost two years. The methodology used in this real case study was the participative approach through self-involvement in the project for almost two years. Interviews with the participants namely students and villagers were quantitatively analysed using general themes found in the interviews. In general, the most salient factors in making this project successful are the close and friendly relationships between the participants and the villagers as well as strong support from the government and universities in Southern Thai towards the project. This paper highlights some collaborative factors that have contributed to the success in turning Kok Khien productive and more feasible for better livelihood. The factors contributing to the running of this Mini SEED programme in Kok Khien are presented in this paper.

Keywords: Social enterprise, economic development, success.

Introduction

Social enterprise is a new area in most universities in ASEAN. It has been the in-thing incorporated under the social engagement between universities and the community. PSU is of no exception in visioning the urge to be more relevant to the society especially in transferring the huge knowledge in the university to the community.

Transforming PSU's very noble tagline "our soul is for the benefit of mankind" into real action, social engagement is one of the thrust in the university's priorities. Embracing the need to be socially engaged, FaIS through its division of community engagement has given special attention especially in implementing projects with community. SEED is one of the programs which have been executed by the faculty together with its close relationship with the initiator of SEED that is ASEAN Learning Network (ALN).

FaIS through his connection and aspiring Dean, was able to convince the top management of PSU to join ALN as a member in 2010 by joining SEED UMK in

Pantai Tujuh, Kelantan. Since then, PSU has not looked back and every SEED programs organized by members of ALN were participated by PSU staff and students. Its sheer determination in learning about making a difference in community engagement has proven to be successful when PSU embarked in Mini SEED in 2016.

This paper discusses the beginning of SEED footage and its precious journey in PSU and its development. Supports from PSU, the faculty members, students and outside agencies are discussed further in the findings.

The Concept of Social Entrepreneurship

Mohd Yunus and Karl Weber (2010) refer to social entrepreneurship as social business in helping poor community when Mohd Yunus the founder of Grameen Bank has proven its success in giving loan to the poor in starting a business. They mention that there are two types of businesses that are for personal gain and for helping others. In business, the objective is to maximize profits for the owners with little or no consideration for others. In helping others, everything is for the benefit of others and nothing is for the owners except for the pleasure of serving humanity. They mention that social business is built on the selfless part of human nature that is not being able to help them trapped in poverty. In social business, a person who invests aims at helping others without making any financial profit to himself. Therefore social business is a business because it must be self-sustaining while generating enough income to cover its own costs. Part of the economic surplus created in the social business is then invested in expanding the business while a part is kept in reserve to cover the upcoming uncertainties. This concept has been received overwhelmingly by the world, so much so that Mohd Yunus and Grameen Bank were awarded the Nobel Peace Prize Winner in 2006.

Arthur (2008) argues that there are some differences between the concept of entrepreneurship and social entrepreneurship. He describes that entrepreneurship in the commercial world consists of five parts as listed below:

i.   Opportunity recognition
ii. Business concept development
iii. Resource determination and acquisition
iv. Launching and growth of business venture
v.   Harvesting the venture (gains and profit)

He then expands his discussion on the variety of definitions of this new area called social entrepreneurship by pointing out three related concepts as mentioned below:

i.   Social entrepreneurship addresses social problems or needs that are unmet by private markets or governments
ii. Social entrepreneurship is motivated primarily by social benefit
iii. Social entrepreneurship generally works with and not against the market forces

The area of social entrepreneurship is developing and has received overwhelming response from many scholars around the world. In the United States of America, statistics from 1996 to 2004 has shown a growing figure that is 3% in all non-profit organizations, 6% in public charity organizations and 7% in private foundations.

In Thailand, the process of defining social entrepreneurship is still in its pathway since it is a new area to be ventured by scholars and practitioners of general entrepreneurships. Confusion on whether entrepreneurship is strictly equal to business or encompassing social venture is still running at large.

However, FaIS has set a clear benchmark quoting that entrepreneurship is entangling about nothing else except mind setting, be it in the business or social perspective, making people of any religion better off. To FaIS, Social Entrepreneurships is a concept embedded in Islam whereby Prophet Muhammad was propagating it from the beginning of Islam. Prophet himself is a good example of social entrepreneur since he was a successful entrepreneur yet when he died he left no wealth. All his wealth was contributed to the community especially towards the development of Islam.

Nevertheless, the writer finds that there are many definitions of Social entrepreneurship on the Website of the internet which are similar to what mentioned by Mohd Yunus and Arthur. Below are some of the definitions quoted from a few websites:

i.   Social entrepreneurship is the work of a social entrepreneur. A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change. (en.wikipedia.org/wiki/Social_entrepreneurship)

ii. The application of the principles of business entrepreneurship including risk-taking and ingenuity to social causes (en.wiktionary.org/wiki/social_entrepreneurship)

iii. An entrepreneur who engages in business seeking both financial and social return (www.pfc.ca/cms_en/page1112.cfm)

Roger L. Martin and Sally Osberg from the Stanford Graduate School Business School (Social Innovation Review, Spring 2007) point out that social entrepreneurship is attracting growing amount of talent, money and attention. However, its vague side of the definition has placed social entrepreneurship in a grey area. Hence, all sorts of activities are now labeled as social entrepreneurship which range from volunteerism to welfare work. According to them, any definition of the term social entrepreneurship must start with the word entrepreneurship. The word social simply modifies entrepreneurship. The word entrepreneurship connotes a special, innate ability to sense and act on opportunity, combining out of the box thinking with a unique brand of determination to create or bring about something new to the world. The critical distinction between entrepreneurship and social entrepreneurship lies in the value proposition itself. For entrepreneurs, the value proposition is designed to create financial profit whereas social entrepreneurship

neither anticipates nor organizes to create substantial financial profit for his investors and himself. Instead, the social entrepreneur aims for the value in the form of large-scale, transformational benefit that accrues either to a significant segment of the society.

Ashoka International websites (retrieved on 28 June 2010, 2.30 P.M) defines Social entrepreneurs as individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. The website mentions that rather than leaving societal needs to the government or business sectors, social entrepreneurs find solutions to problems by changing the system and later persuading entire societies to take new leaps. Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both visionaries and ultimate realists, concerned with the practical implementation of their vision above all else.

Each social entrepreneur presents ideas that are user-friendly, understandable, ethical, and engages widespread support in order to maximize the number of local people that will stand up, seize their idea, and implement with it. In other words, every leading social entrepreneur is a mass recruiter of local change makers, a role model proving that citizens who channel their passion into action can do almost anything.

Patrick (2007) presented some findings in his search for the definition of social entrepreneurship. He found out that The Skoll Foundation defines a social entrepreneur as "society's change agent: a pioneer of innovation that benefits humanity."

Wikipedia on the other hand defines "social entrepreneur as someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change". However it does not say that the change must be positive.

However, the NYU Professor Paul Light in his Social Edge blog writes:

"The challenge is not to define social entrepreneurship so broadly that it becomes just another word that gets bandied about in funding proposals and niche building. Other terms such as innovation have gone that route, and may never be rescued from over-use. At the same time, social entrepreneurship should not be defined so narrowly that it becomes the province of the special few that crowd out potential support and assistance for individuals and entities that are just as special, but less well known."

Akshay Surve, the founder of a social venture startup in the website PluGG (retrieved from Wikipedia, goggle 6 July 2010) mentions that:

"Social entrepreneurship is the work of a social entrepreneur. A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change. Whereas a business

entrepreneur typically measures performance in profit and return, a social entrepreneur assesses success in terms of the impact s/he has on society."

He then expands his discussion as to whether Social Entrepreneurship equate to starting Non-profit organizations? His argument is that:
"Social Entrepreneurship by its nature is essentially only bound by the social mission and theory of change. The general perception of equating Social Entrepreneurship to starting Non-profit organizations probably arises out of the strong social missions that these organizations pursue. Although, it is not wholly inaccurate, there are far many examples of for-profit sustainable revenue generating enterprises with a social value generating structure prompting us to re-think the traditional models and conceptualize new hybrid business models. In general, it seems that after reviewing some definitions, this paper concludes social entrepreneurship as an effort to change a situation or mindset for the prosperity of the society which shy away from the normal stream of entrepreneurship that is making a monetary profitable return".

As of now, FaIS is embarking on blending its fundamental Islamic studies with the prophetic Sunnah that is Islamic Entrepreneurship for a progressive outlook of Islam. Hence, it is timely for FaIS to seriously embrace this area of social entrepreneurship in the Islamic Sciences based faculty.

Faculty of Islamic Sciences (FaIS) , Prince of Songkla University (PSU)

Faculty of Islamic Sciences (FaIS) which was previously named as College of Islamic Studies has taken the leading role of propagating Social Enterprise and Economic Development through the deep interest of his Dean on the approach of social entrepreneurships. The Dean believes in aiming objectively high on the outcome of learning cross culturally and transformational leadership through the creation and development of business plan. FaIS was established in 1989 (2032 Buddhist year) as the one and only Islamic teaching faculty in Thailand and its inception was considered as part of the unique Strategic Business Unit of PSU.

It all begins with the joining of PSU as members of ALN and from there on the journey of SEED have never stopped. In 2012, PSU hosted the ALN committee meeting at Hatyai campus whereby PSU has shown great interest in running the SEED program. Visits were organized for the committee to witness by themselves the potential of running SEED program in PSU. Two visits to different potential villages were organized namely the coastal village in Songkla and Rhu Samilae village close to PSU Pattani campus.

Since Pattani is located in an area of political security concerned, the project was put on hold by FaIS. However, FaIS has never failed to send his students to join any SEED programs organized by Universiti Malaysia Kelantan (UMK), San Beda College, Philippine, Parahyangan Catholic University, Indonesia, Ho Chi Minh City Banking University, Vietnam and Instititut Teknologi Bandung, Indonesia. FaIS has been very supportive towards the running of SEED in other countries which is considered as a training ground for staff and students to finally realize it in 2016 at

PSU Pattani campus. SEED finally carved its debut in Thailand, with the humble beginning of Mini SEED 2016. 4 local universities and one international university had participated then. It was later expanded in September 2017 for Mini SEED second series extending its participating university to 7 universities locally and internationally. Both SEEDs have embossed the name of community engagement through the approach of social entrepreneurship in PSU. Without any exaggeration, in PSU, Mini SEED is synonymously inter-twined as the noble community program of FaIS. Although it is very green since founded last two years in the SEED village of Hutae Tuwo of Kok Khien sub district, it has shown tremendous outcomes in terms of village development. It is not too boasting to say that the village is given a new lease of life with the intervention of SEED in this beautiful vicinity of so called "Old Forest".

The FaIS SEED Approach

The FaIS SEED approach is based on the mission of creating a SEED based village. It is therefore the prerogative responsibility of FaIS Dean and staff to sit together and brainstorm on how to come out with the self-proclaimed SEED village. A group was formed and the main source of authority in the village which is "Tok Nebe" (or literally the head of the village) was incorporated into the team. The support of "Tok Nebe", villagers, FaIS (the Dean and the staff) has formed a synergy of different ideas combined in an effort of making visible changes at the village.

From not having the piece of land, FaIS Dean has worked out constantly with Tok Nebe to scout for the piece of land, seeking approval from the land department in utilizing the barren land to become more productive and bringing it to good use. Having the approval, then they worked on getting the voluntarily interested villagers to work on the land by giving them the accounted personal plot of land to plant or work on. Those who received the plot and did not work on the land, then the plot will be given away to other interested farmers. Having the support from the villagers and the "Tok Nebe" is like giving the accountability to the villagers. FaIS and PSU is just facilitating and motivating the so called settlers to assist them in their daily routines such as giving expert opinion and advisory on the project that they working on. To ensure success of the project, FaIS also sought assistant from other related government agencies such as Princess Narathiwat University (PNU), Agriculture Department, Land Department and many others.

After almost all arrangements were settled, then the village is declared as SEED Village through the implementation of SEED projects. In this manner, it is observed that SEED in PSU is built based on the ever ready land available, infrastructure and help from other government agencies including universities. The SEED Village approach of FaIS PSU is illustrated in Figure 9.1.
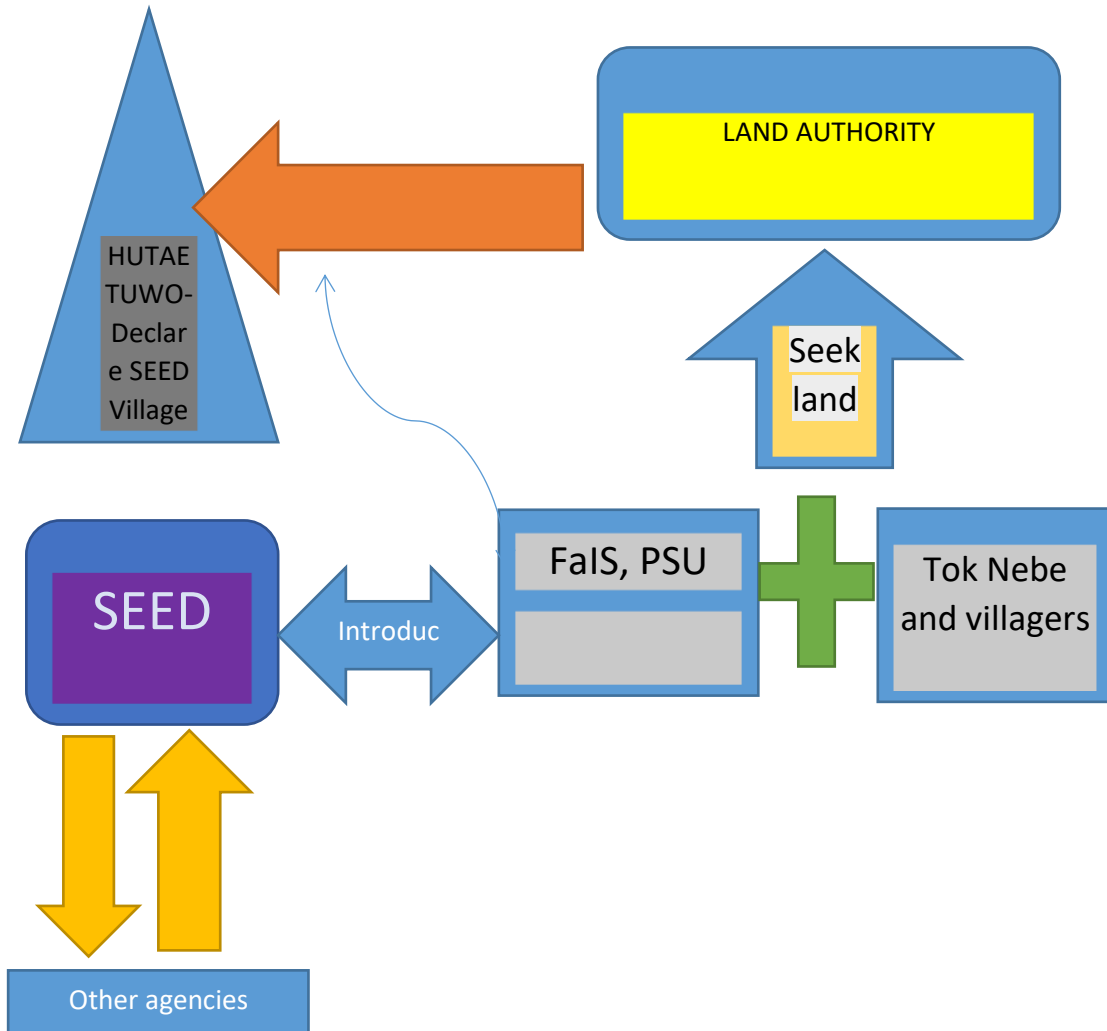
Figure 9.1: The SEED Village approach of FaIS PSU

Research Objectives

The main objective of this survey is to identify the immediate support received by FaIS, PSU, as viewed by the participants and facilitators of the program in engraving Mini SEED 2017 successful. However, specifically, the objectives are as follows:

i.   To identify the support received for Mini SEED 2017 FaIS, PSU program from the   perspectives of the participants, facilitators and administrators

ii. To identify agencies involved in supporting Mini SEED 2017 FaIS, PSU.

Research Methodology

The methodologies used in this research are qualitative participative involvement, observation and short descriptive survey using a structured questionnaire. In the participative involvement, the researcher joined the program as facilitator, hence allowing him to get indulge personally with the running of the real program. Apart from actively involved in the program, the researcher was able to observe closely what is happening in the program, hence, primarily and personally listened to the comments by the participants and other parties related to the program. The findings are then descriptively computed, analyzed and tabulated in the form of tables. Descriptive simple frequencies were tabulated and presented in this paper.

Findings

Based on the questionnaire designed to seek supportive responses from the participants on how they view supports rendered by PSU and others towards this program, below are the findings:

General Background

66% of the participants of this program are from Thailand and only 34% are from Malaysia, Indonesia and Philippines. Majority (97%) of the participants experienced this program for the first time and they had never joined such a program before. Since Southern Thailand is badly promoted as an area of politically turmoil due to the unrest that happen now and then in this area, the researcher found that all of the participants have good impression on the region of Southern Thai. Majority also felt comfortable (88%) and safe (97%) being in this area and they were not scared off by the news.

Support Received in Running This Program

The Mini SEED Thai 2017 was considered as a successful by a bigger majority (84%) of the participants. 81% also agreed to the statement that the local government has played an important role in the success of this program. However, when cross checked, the participants really keep their opinion intact in tandem to the previous answers whereby majority disagreed to the statement that the government do not support this program. Only a small percentage disagreed or felt unsure of the situation due to the lack of knowledge on the assistance given by the government and its agencies. They also unanimously agreed that supports from the villages also play a monumental role in ensuring the success of Mini SEED Thai 2017.

In conclusion, three quarter (75%) of the participants agreed that without full support from other parties in Thailand such as local government, other universities, public agencies, the head of the village and villagers, this program might not be smooth running and successful.

Kind of Support

When posed with the statement "PSU spends a lot of money to this program", 88% of the participants expressed their agreement to the above mentioned statement. Those unsure of disagree answers is basically due to their inability to figure out the huge amount of budget allocated and spent for this program.

Pertaining to the basic infrastructure such as land, building, water and electricity supply and other kinds of infrastructure, almost more than half (66%) of the respondent agreed that Mini SEED PSU received these infrastructure facilities from the help of the government. It is in line with what was mentioned by Mr. Zainuddin Nima, the Community Engagement Officer of FaIS. He said that these infrastructures were legally obtained through proposal submission to the land office as well as serious deep negotiation with them.

"Initially we sat down with the Tok Nebe (head of the village) and discuss the possibility of getting this piece of land. Then we both make the effort to propose to the officer in charge of the idle land and we negotiate with them to let us use and utilize this piece of land by offering plots to the villagers. After we had the clearance then we started getting supports from those agencies involve in giving basic amenities such as water and electricity. PSU bought them the material to make the piping but the villagers have to fix the pipe line to their plot themselves" (Zainuddin Nima, Head of FaIS Community Engagement Division, interviewed on the 18 September 2017 at 11.00 am. Hutae Tuwo village, Kok Khien Sub district).

In terms of security, only 59% of the respondent viewed that security is being looked after by the patrolling army. 41% were not able to comprehend whether security is the task of those armies at the road side of that area. It is merely due to the lack of knowledge by the international participants who do not really know the source of security in the area they visited.

Other universities around the southern Thai also rendered full support to this program. This was clearly observed by the participation of Fatoni University (FTU) in Yala and Thaksin University (TU) in Songkla. However Princess Narathiwat University (PNU) which is merely 3 kilometers away from the village was unable to join the program due to its important event held at the university. However, their expert on Crab Mud cultivation offered a helping hand by explaining to the participants on the process and method of rearing Mud Crab to the participants and the potential farmer.

Friends in the ASEAN Learning Network (ALN) have also demonstrated their full support to this program by sending participants to this noble project. Universiti Malaysia Kelantan sent 13 students and 5 facilitators due to the close vicinity to Narathiwat, let alone close friendships. Universiti Malaysia Perlis sent 2 participants, Parahyangan Catholic University, Indonesia sent 6 participants including 2 observers while San Beda College, Philippine was represented by a facilitator cum observer.

All participants unanimously agreed that the villagers were very supportive towards this program especially moral support through their full personal

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involvement in this short program. This was clearly demonstrated when all farmers and villagers involved were presence in all meetings held as well as during the presentation of business to the villagers and the expert panels. It is worth citing that the villagers were so supportive to this program in such a way that one group (the catfish group) was even invited to the house of the villager to cook local dishes and eat together with them. This act conveys the indication that good and friendly relationship exist like brothers and sisters with the villagers since they allow them to cook and eat at their house with their family. The researcher was observing the participants in that Cat Fish group and with an excited smile they uttered this to me:

"Are you following us? Come let us go to Pokhad house to cook cat fish pahdphet (spicy) and eat together. We have bought a sack of rice and the ingredient to cook there"

Mr Zainuddin chipped in and said:

"If we did not go then he will feel bad"

Suggestions

The above findings have given way for the researcher to suggest the followings action:

i. SEED is an important project to PSU and should be emulated in other villages in Thailand. It is nothing impossible to extend it to other regions in Thailand such as Northern Thailand that has many creative small businesses.

ii. It is advisable for FaIS, PSU to spare some yearly budget on this program so as to ensure the smooth planning of this program.

iii. Concurrently with the running of this SEED program, field research in many related areas can be carried out for the benefit of our academic learning and teaching.

iv. SEED can be regarded as a project of unity in Thailand whereby people from different background and belief can sit and work together in uplifting their economic well-being.

v. The running of this program can be regarded as an academic course by offering credit hours and awarding grades to the students involved in this program. Academic evaluation must be properly designed so as to make it more academic in terms of its quality.

vi. Continuous meetings and brainstorming within SEED committee members has to be held periodically so as not to lose the momentum and rhythm of the program. SEED Club among students and staff should be initiated.

vii. Follow-up program is a must and should be planned accordingly so that problems related to the project can be timely tackled and solved.

Conclusions

Mini SEED Thai has proven to be the bridging arms between the university, villagers and other government agencies in Southern Thailand. Money was pumped into this project due to the awareness of PSU towards the need to bring people together through a social entrepreneurship program. The noble effort of FaIS Dean and their dedicated staff and socially inclined religious "Ajarn" (lecturers) has brought about closeness in terms of relationship or simply said unity among the villagers.

Apart from unity, the uplifting of economic welfare among the villagers has demonstrated their ever willingness to change their mind set for a better living. As what "Seman", the highly motivated Siamese farmer of Hutae Tuwo enthusiastically said "we need to always move on in making things better so that what we have planted will have more added values such as vegetables free of chemical pesticides/ organic vegetables". Parallel to what the Dean of FaIS, Ajarn Dr. Yusof Talek had once said "I always dream through my vision that one day we will emulate this project to other villages in our lovely green Pakthai (Southern Thai). The journey is still far and we will keep on going."

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AN INSIGHT ON SABAH TOURISTS' GASTRONOMIC PREFERENCES

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Abstract
Nowadays, gastronomy is a tourism product that attracts people to visit a particular destination and Malaysia is indeed one of its kind. Sabah is known for its unique and wealthy culture. With a broad selection of food and beverages, Sabah is now drawing researcher's attention. This study aims to recognize the preferences between genders on Sabah gastronomic products. Aligned with the objective, this study was done in four phases for a clearer view. It begins with preliminary data gathering followed by framework construction. Then data collection was conducted personally by approaching 400 tourists who have tasted and consumed Sabah's gastronomic products in Kota Kinabalu via administered questionnaire. Data analysis has been done with a series of statistical analysis by looking at the frequencies and cross tabulation analysis, through descriptive statistics. Evidently the result proves that, a majority of Sabah gastronomic tourists are single and are aged in between of 18 up to 29 years old. These people are known to visit Sabah for holiday purposes and prefer to choose local authentic food and beverages adjacent to western delicacies. Results also indicate that a majority of tourist agreed that the food and beverages sold truly describes Sabah as a gastronomic destination. Interestingly the level of acceptance on the Sabah gastronomic products are great. The government authorities can identify the popular Sabah's gastronomy products and make use of these findings as a guideline to make Sabah's gastronomic product as additional tourism products to attract more tourists. Through this study also travel agencies and non-governmental organizations are recommended to enhance their current package by adding up food based activities in order to gain more profit.

Keywords: Sabah, gastronomic products, preferences, gender and tourist.

Introduction

Tourism is a major word that is related with all kinds of industries. It can be defined as a combination of activities, services, and industries that delivers a travel experience to individuals or groups who are travelling. Goeldner and Ritchie (2006); Hall (2003); and Jalis et al. (2009), agreed that tourism itself plays a significant role in the economic and financial health of most economies.

This is due to the fact that most of the countries in this world rely on tourism industry to generate their revenues besides from other sectors. Culpan (1987) suggest that tourism is a system that consists of few main components namely,

accommodation, demand, transportation, marketing and also including minor sector which involves food.

Food is an essential item when travelling to other places. But now, it is slightly difference. Food and beverages is one of the factors that caused people travel to one place. As mentioned by Santich (2004) and Jalis et al. (2009), beverages and food related activities are considered as basic components of a travel experience. Food and beverage expenditures amount to one-third of overall tourists expenditures of the global tourism turnover (Meler and Cerović, 2003). With the increasing number travellers that focusses on food, a term called food tourism has exist. Food tourism is defined as "a visitation to primary and secondary food producers, food festivals, restaurants and specific locations for which food tasting and/or experiencing the attributes of specialist food production region are the primary motivating factor for travel" (Hall and Mitchell, 2001, 2003).

Food and beverages in this country are one of the attractions that capture the tourists' attention. The multiracial population in this country allows it to offer a wide arrays of food, delicacies and beverages and Sabah which is one of the state in Malaysia is no exception. Sabah's unique and wealthy culture makes it popular destination for local and international tourists. Although the statistics of the arrival among tourists increased annually, there are lacks of specific studies on tourist's preferences on Sabah Gastronomic product. Therefore, this study aims to recognize the preferences of Sabah gastronomic tourist in selecting food and beverages based on their gender differences.

Literature Review

As the world approaches the 4th industrial revolution, prominent researchers around the world are now voicing for better innovations to close the gap of inequalities between nations. The world economic forum has now highlighted strategic ways to close inequality gap in the fourth industrial revolution due to the mourn of locals who are losing faith on their future due to the defeat by new technologies and Benioff (2017) highlighted that building trust, stimulating growth, spurring innovations and driving equalities are some of the ways to be taken by the nations. Thusly, innovations in the gastronomic industry could be one of the tool for refurbishing the tourism as a whole. Tourism and hospitality are interrelated with one another.

Smith and Costello (2008) stated that hospitality services that serve food, beverages and accommodations have played a supporting role within the larger tourism industry. As time passes, food and beverages become a factor that people goes to travel. Lately, food tourism is developing as an important growth area within the travel industry. Hall and Mitchel (2001) defined food tourism as 'visitation to primary and secondary food producers, food festivals, restaurants and specific locations for which food and tasting and/or experiencing the attributes of a specialist food production region are the primary motivating factors for travel'. Nowadays, food tourism is one of the popular trends. The demand in food and wine tourism is growing

and becoming an important sector of the travel and tourism industry (Santich, 2004). Food tourism, surely is one of the main contributors in generating income of a country. Therefore, many countries nowadays have started to acknowledge the potential of food tourism. As Malaysia, the introduction of Malaysian International Gourmet Festivals (MIGF) for the eleventh successive years showed that the food and gastronomic product is one of the marketing tools to attract tourist (Day, 2011). This is aligned with the recent World Tourism Conference held at Penang early last year, where the Minister of Tourism And Culture, Dato' Seri Mohamed Nazri has emphasized that in delivering the unexpected, the Tourist First mantra has to be given priority and the visitors experience can indeed be improved, as if they are attended correctly due to their well-informed attitude in this digital age.

Malaysia is one of the well-known countries in South East Asia with wide arrays of gastronomic products that can be offered to international tourists (Jalis et al., 2009). This is due to the fact of multi ethnics, multi culture and multi lingual society that lives in Malaysia (Hutton, 2000). Each state in Malaysia encompasses gastronomic products of their own due to geographic factors, culture and practices. Similarly, this applies the same to Sabah, the area researched in this study. Sabah, which is located at the North of Borneo, is a part of East Malaysia that currently has thirty two officially recognized ethnic groups in Sabah with the largest non-indigenous ethnic group being Chinese and the largest indigenous group being is Kadazan-Dusun people (Tourism Malaysia, 2011). Despite being a destination with multicultural residence, this state is also now well-known for its diversity and uniqueness of food and beverages. Mohd Hairi et al. (2007) highlighted that Sabah a state renowned for the title 'Land below the Wind' has their own food-related activities and event that represent each of the ethnicity. The food culture in this state begins with the Ka'amatan Harvest Festival, a joyous and exuberant rice harvest festival, which marks the end of the planting cycle.

Other than Ka'amatan festival, there are also Sabah Fest, Sabah Dragon boat Race, International Folklore Festival and also Tamu Besar Kota Belud beside the main celebration in Malaysia which are Hari Raya, Chinese New Year and Deepavali which these festivals offer a wide variety of food and beverages (Tourism Malaysia, 2011). Eventually, this brings up to a mass variety of delicacies inherited from their ancestors and now a must try variety for gastronomic tourist. Table 10.1 shows the some of the prominent delicacies recognized by the Sabah tourism board.

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Table 10.1: Renowned Sabah delicacies

Local Foods of Sabah	Descriptions
Tuaran Mee	A famous hawker dish made from a batter of egg yolk and flour. It is a stir-fried with local vegetables and garnished with slices roast chicken and more eggs.
Ambuyat	Also known as Nantung, this is a thick gluey porridge made of sago, tapioca or rice. Rolled or twisted around a chopstick and savoured with a sauce is its unique way of eating.
Hinava	A salad made of raw fish or prawns. The main ingredient is bambangan, or grated seeds of a wild mango that is indigenous to Sabah.
Tuhau	Fresh salad made from a ginger-like plant. It is pounded and mixed with lime juice, onions and chillies. It can be eaten by itself, or savoured together with rice.
Kelupis	Made of glutinous rice wrapped in a fragrant leaf called daun nyirik and cooked in coconut milk.
Amplang cracker	Very famous in Tawau, amplang is made from Spanish mackerel mixed with tapioca flour and selected. It is formed round and fried until crispy before packed in plastic.
Pinjaram	It is a type of local cake that is popularized by the Bajau people. This Mexican hat-shaped cake has a nice, chewy texture with a tantalizing pandan aroma.

Source: Sabah Tourism Board (2011)

Research Methodology

The study employed quantitative research methodology, as such the research instrument has been set to be grounded questionnaire survey. The target population for this study is focused on the international and local tourists who have visited Sabah for gastronomic experiences. Simple random sampling technique has been used in selecting the respondents of the study. A self-administered questionnaire was employed to collect the data. Several items were used to measure all variables and for each item, a corresponding Likert Scale ranging from 1 as "Strongly Disagree" and 5 as "Strongly Agree" was used to measure the variables. To understand the respondents' preferences on gastronomic experience, self-administered questions with open ended answers has been included in the questionnaire for better understandings. The collected data were then analysed using statistical computer programs, SPSS Version 22. In ensuring the validity and reliability of the instrument, a pilot test has been conducted. With the reliability of more than 0.75 Cronbach alpha, the

instrument has been proceeded with data collection. Since the tourist who visits Sabah for gastronomic experiences are hard to be known, the population size for this research has been set to be "unknown". Thus, based on the formula presented by Rose, Spinks, and Canhoto, (2015), the valid sample size employed in this research was 400 responses.

Results and Discussion

The primary aim of this research was to investigate the preferences between genders on Sabah gastronomic products. This chapter therefore will present and discuss the descriptive analyses which are frequencies and cross tabulation which was derived from the survey responses. First, the demographic profile of the respondents will be illustrated. Following this, the preferences between genders on Sabah gastronomic product will be presented. Both the demographic profiles and the gender preferences are displayed in Table 10.2.

Table 10.2: The profile and preferences of Sabahs' gastronomic tourist

Profile	Male Tourist (%)	Female Tourist (%)	Preferences	Male Tourist (%)	Female Tourist (%)
Age Group			**Purpose of Visit**		
- 18 – 29	45.6	46.0	- Holiday	22.6	49.4
- 30 -39	6.2	18.4	- Business	11.1	5.7
- 40 -49	32.7	23.0	- Shopping	19.9	21.8
- 40 – 59	10.2	12.6	- Others	8.0	17.2
- 60 above	5.3	0	**Preferred Outlet**		
Marital Status			- Hotel Restaurants	6.2	12.1
- Single	52.2	54.6	- Fast – food Restaurant	10.6	16.1
- Married	47.8	45.4	- Local Restaurants	14.6	29.3
Academic Qualification			- Local Food Courts	33.2	23.0
- Higher Degree	19.0	13.8	- Hawker Stalls	31.0	4.0
- Bachelor Degree	29.2	25.9	- Others	4.4	15.5
- Diploma	24.3	25.3	**Choices of F&B**		
- High school	27.4	35.1	- Excellent	84.5	82.4
Country of Origin			- Bad Choice	15.5	17.6
- Malaysia	55.8	59.2	**Preferred Choice of Food**		
- Indonesia	22.1	5.7	- Sabah's Native deli	69.5	72.4
- Korea	15.0	13.2	- Non Sabah Native	30.5	27.6
- Japan	1.8	13.2	**Do you Prefer Sabah F&B as part of your tourism experience**		
- Spain	3.1	1.1	- Yes	83.6	89.1
- Australia	2.2	7.5	- No	10.2	8.6
Length of stay			- Unsure	6.2	2.3
3 nights and below	20.8	23.0	**Would you come again ?**		
4 - 6 nights	27.4	48.9	- Yes	83.0	94.0

7 – 9 Nights	5.8	14.9	- No		17.0	6.0
More than 10 nights	46.0	13.2				
Total (%)	**100**	**100**			**100**	**100**

The sample comprised a total of 400 respondents which the total number of male tourists are 226 and female tourist are 174. The demographic questions includes the age group, the marital status, academic qualification, country of origin and length of stay. Based on the results, the highest age group is between 18 – 29, where for male tourist is 45.6% and for female tourist is 46%. The lowest respondent for both male and female tourist are 60 and above. As for the marital status, 52.2% of male tourist are single and the rest are married whereas for female tourist, 54.6% are single and 45.4% are married. More than quarter of the male tourist (29.2%) hold a bachelor degree, followed by those who with high school qualification (27.4%) and diploma (24.3%). The smallest number were those who hold higher degree which 19%. Meanwhile, for female tourist, the highest respondent hold a high school qualification (35.1%), followed by bachelor degree (25.9%), next is diploma (25.3%) and the lowest were those who with higher degree which is 13.8%. As for the country of origin, majority of both male and female respondents were Malaysian accounting for 55.8% for male and 59.2% for female. For male tourists, the remaining are from Indonesia (22.1%), Korea (15%), Spain (3.1%), Australia (2.2%) and the least is from Japan (1.8%). While for female tourist, following after Malaysian is Korea and Japan which with 13.2%, followed by Australia (7.5%) and the remaining respondents are from Indonesia (5.7%) and Spain (1.1%). Next is the length of stay. For male respondents, 46% have stay in Sabah for more than 10 days, whereby 27.4% stayed between 4 – 6 nights. Followed by those who stayed less than 3 nights with 20.8%. The smallest group in terms of length of stay is between 7 – 9 nights with 5.8%. Meanwhile for female respondents, the highest is those who stay between 4 – 6 nights, followed by those who stayed less than 3 nights (23%) and 14.9% stayed between 7 – 9 nights. The least is female respondents that stay more than 10 nights with 13.2%.

By further delving into their preferences, both male and female have their own preferences when it comes to food, especially during traveling. The following discussion are about the preferences between male and female on Sabah gastronomic products.

Based on the survey responses, almost half of female respondents (49.4%) are visiting Sabah for holiday purposes and for male respondents, only 22.6% are travelling for the same purpose. Besides holiday, business and shopping are also the main reason they are visiting Sabah where 19.9% of male respondents and 21.8% of female respondents come to Sabah for shopping. The remaining came for business purposes which are 11.1% male and 5.7% female respondents. As for the preferred outlet, the result shows that female respondents are more particular on selecting the outlet whereby they prefer to have their meal at local restaurants (29.3%) rather than hawker stalls (4%). The other female respondents prefer to have their meal at local food courts (23%), fast-food restaurant (16.1%) and hotel restaurants (12.1%).

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Meanwhile the other 15.5% female respondents prefer to self-cater their meal during travelling. As for the male respondents, they are more relax in choosing their outlet whereby they preferred to have their meal at local food courts (33.2%) and hawker stalls (31%). Following is local restaurants (14.6%), fast-food restaurant (10.6%) and hotel restaurants (6.2%). Only 4.4% of male respondent prefer to self-cater their meal.

When it comes to the variety of food in Sabah both male (84.5%) and female (82.4%) respondents agree that Sabah have offered excellent variety of food and the remaining 15.5% male respondent and 17.6% female respondents found that Sabah have less variety food. Sabah has his own local delicacies, and most of the respondents, both male and female prefers to have Sabah native delicacies rather than Non Sabah delicacies. Only 30.5% male respondents and 27.6% female respondents did not preferred Sabah local food. When the respondents been asked about their experience on the food and beverages in Sabah, for male respondents, 83.6% agreed that food can be one of their tourism experience when travelling to Sabah while 10.2% did not agree and the remaining 6.2% was unsure about it. As for female tourist, 89.1% agree that food can attract them to visit Sabah, while 8.6% did not agree and the other 2.3% was not sure about it. Majority of the respondents especially female (94%) would come back to Sabah in future. However 6% of female respondents are not willing to come to Sabah again. Meanwhile for male respondents, 83% are happy to visit Sabah again but 17% are not keen have Sabah as their travelling list in future.

Conclusion

Sabah has various, unique and a wide array of food and gastronomic products that rarely can be found at other places in peninsular Malaysia. This research has provided a deep insight to the world of gastronomic experience. Even though both male and female tourist have their own preferences when it comes to food while travelling, it can be concluded that the tourist being it male or female, they do accept and appreciate the gastronomic products that has been offered at Sabah. The uniqueness of gastronomic product that is available in Sabah have become one of the reasons for tourist to come and visit Sabah. To be precise this research has further proved the preferences of gastronomic tourist when it comes to Sabah tourism industry. Generally, this research is expected to be a primary document for the tourism related officials to further refurbish the gastronomic niche in this state. Being the demand for local food at Sabah are now certain, the relevant food sectors should take this opportunity to enlarge their scale of offerings and to segment their offers based on the variance of local delicacies. On the other hand, this research findings is also expected to be a tool for the relevant authorities to reinvent their marketing efforts precisely, the tourism marketing department and the food suppliers. Where, the marketing efforts done by any related parties should be directed to the age group as suggested in this paper and thusly the success of the gastronomic experience can be attained. Future researches is suggested to further document the unknown local

delicacies which is still being practiced by the Sabahan indigenous society and to further find right tools to market the products.

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11

HOW TO IMPROVE ACCOUNTANT PERFORMANCE IN AN ENTERPRISE RESOURCE PLANNING (ERP) ENVIRONMENT

Quyen Thi Bao Phan

Abstract
Because of its dramatic evolution almost three decades, the Enterprise Resource Planning (ERP) system is becoming increasingly at the core of every organization. Utilizing it effectively and efficiently contributes to increasing business organizations' competitiveness, and then, stimulating the country's economy. Issues of ERP and how to successfully employ it at both organizational and individual level have received growing attention from researchers. Little is known about how to make the ERP-adopted firms' accountants increasingly productive while accountants are subjects influenced too significantly by the implemented ERP system to not change their role and even their nature. Therefore, the objective of this study is to examine how an ERP success model for accountants (ESMA) can be designed in an effort to improve their performance. Drawing on an extensive review of literature on the ERP's perceived accounting benefits and relevant theories on innovation adoption including the DeLone and McLean success model and the Task-technology Fit model, this research proposes a conceptual framework, which is expected to assist in understanding the main drivers making enhance accountant performance. This framework, the ESMA, is precious due to its contributions. First, it supports accountants to adjust their ERP adopting behavior in order to improve their work performance. Second, it guides managers how to predict as well as evaluate organization's accountant performance. As a result, the ESMA allows managers to better manage as well as control accountants and their work.

Keywords: ERP, perceived accounting benefits, accountant performance, the Delone and McLean success model, the Task Technology Fit model.

Introduction

In the last decades, business organizations have relied more on information and communication technologies (ICT) to handle their day-to-day operations in an efficient manner. Thus, enterprises and their management spend a great amount of resources on information technology (IT) with expectation of increasing productivity, efficiency and long-term benefits to adapt globalization and market's substantial changes (Alshare et al., 2004). In other words, a new IT is expected to enhance firms' global competitiveness. However, the new IT may put much pressure on users. Smith et al. (1999) discuss that many stressors of human-computer interaction at work are similar to stressors who have historically been observed in automated jobs. In general, computer technology may involve higher demand on learning and adoption, and thus, be one of the main causes of increase in workload (Galinsky et al., 1998; Mikkelsen et al., 2002). This may be quite common for users with less computer knowledge,

because they need to spend more time to learn and adopt the new IT. If such pressure cannot be reduced, it may lead to users' poor performance, and as a result, prompt negative impact on organization performance.

Enterprise Resource Planning (ERP) is one of the most popular forms of IT among new IT for businesses. ERP is a natural evolution of the 80's manufacturing resource planning (MRP II) with first attempts in relation to rationalize lead times and possession stock costs. Rapidly, it has constituted the standard improving operational efficiency with the integration of business processes throughout the whole organization (Akkermans et al., 2003; Davenport, 1998). However, the numbers of business organizations that have failed in its implementation, even in its post-implementation are not less. The most important and common reason in most ERP project failures is weakness of human resources (Nah et al., 2004). Therefore, making people adopt a new system is not easy process, but is vital to the success of every enterprise (Basoglu et al., 2007). As a result, study of how individuals adopt ERP to improve their work performance is one of the most considerable concerns in ERP research field.

Among individuals utilizing the ERP system, accountants are considered as subjects to be paid more attention to as the relationship of accountants and ERP has become more increasingly intertwined (Newman and Westrup, 2005). This relationship is confirmed via the findings of Newman et al.'s survey (2005) in which about 83% of those who have some experience of ERP system choose the statement 'ERP system have positive effects on management accountants' in comparison with a total of 55% interviewees agree with the statement 'ERP system have positive effect on organizational performance' when required to give opinions about perceived effects of ERP systems on organizations and on management accountants. According to these statistics, there is no denial that users who experience ERP system easily recognize the impacts of ERP system on management accountants, rather than on organizational performance. Ultimately, because of increasingly intertwined relationship between accountants and ERP system in practice, making accountants (instead of all different users) use successfully ERP in order to improve their work performance has become a main issue that requires researcher community to investigate as soon as possible. To do so, basically, it is necessary to build up a model of ERP success for just accountants in an effort to maximize positive effects of ERP on accountant performance.

Out of the practical call as mentioned above, the essentialness of the study is again confirmed via theoretical aspect. Namely, an extended review of literature shows that numerous studies considering the impacts of ERP system on individual work performance have been primarily taken for the whole different users, but no study for just accountants. Hence, this study is to develop an ERP success model for accountants (ESMA), specifically, the objectives of the study are as follows:

i.   To examine perceived accounting benefits from ERP;
ii. To conduct an extensive review of literature on relevant theories on adoption of an innovation;

iii.   To build up a conceptual model with relevant hypotheses for ERP adoption to improve accountants' work performance;

iv.   To offer implications for future research.

Perceived Accounting Benefits from ERP

Recall that the ESMA is considered as the first-time study that combines ERP research and study of accountants. Hence, the gap in the knowledge about designing of the ESMA is due to a lack of work on the integration of the ERP success model (ESM) and accounting (Grabski et al., 2011). This means that it is difficult for the author to have a proper understanding of accounting profession behind the phenomenon studied. Therefore, in order to deal with this issue, it is of crucial important to incorporate accounting-related construct(s) into the appropriate ERP success model.

An extensive review through leading journals in accounting information systems, and information systems, along with supplemental articles from other journals with the goals of seeking accounting-related construct(s) linking between ERP and accounting processes and practices is conducted. As a result, accounting benefit construct is found out and constituted a 'rich' construct linking between ERP and accounting process and practices, as Kanellou and Spathis (2013) stated.

The number of researches in relation to investigating accounting benefits perceived from ERP system is an extremely few. As far as we know, up to now, there are just four articles studying such issue (Kanellou and Spathis, 2013; Spathis, 2006; Spathis and Ananiadis, 2005; Spathis and Constantinides, 2004). All these four studies focus on finding out what benefits derived from the adoption of ERP in relation to accounting information and practices, however, only Kanellou and Spathis's (2013) study additionally explores the impact of these perceived accounting benefits on ERP user satisfaction. In other words, only Kanellou and Spathis (2013) are interested in how accounting benefits influence ERP system success, as user satisfaction often is constituted one of the key dimensions measuring system success (Mukti and Rawani, 2016). For this, Kanellou and Spathis's (2013) framework is chosen to develop the ESMA.
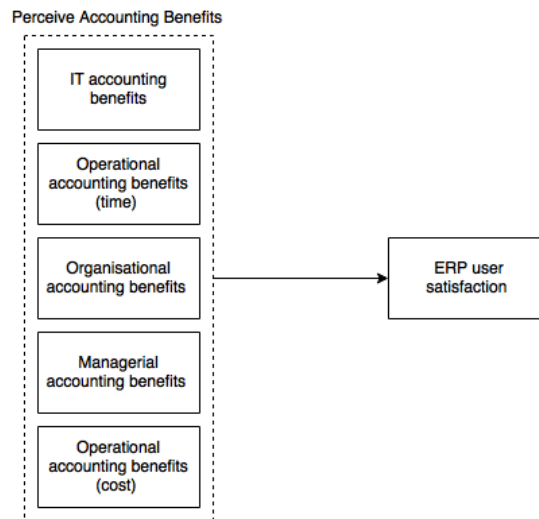
Figure 11.1: The links between perceived accounting benefits and ERP user satisfaction
Source:Kanellou and Spathis (2013)

Literature Review

To identify factors, which are very likely to have impacts on accountants' work performance in ERP environment, our research is going to use Information System (IS)/ Enterprise System (ES) success theories. In brief, this study is to find out how to improve accountants' work performance considered as ERP system's outcome, and thus, is to explain how to enhance its outcome at individual level. Therefore, absolutely, choosing IS/ES success theories is completely suitable in order to clarify the issue stated.

In an extensive review of literature, there are numerous successful adoption theories relating to IS or ES. For example, IS success models consist of DeLone-McLean (D&M) model (DeLone and McLean, 1992, 2003), IS function performance evaluation model (Saunders and Jones, 1992), Task-Technology Fit (TTF) mode (Goodhue and Thompson, 1995), the Contingency Theory of IS assessment framework (Myers et al.,1997), The Seddon model (P. B. Seddon, 1997), and The Gable/ A Priori model (Gable et al., 2003). ES success models include Balanced Scorecard (BSC) approaches (Rosemann and Wiese, 1999), and ERP success a priori model (Sedera, 2006).

This study is based on two theories used widely, namely D&M success theory (DeLone and McLean, 2003) and TTF theory (Goodhue and Thompson, 1995). D&M model (DeLone and McLean, 2003) includes six constructs: (1) system quality, (2) information quality, (3) service quality, (4) use, (5) user satisfaction and (6) net benefits. However, there are two adjustments conducted in terms of D&M success model (DeLone and 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 and 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 and McLean, 2003) in relation to service quality construct. Indeed, service quality measure may be more contextual than system quality and information quality. Sometimes, it is described as system's functioning and information content in terms of willingness to answer the question: 'How good is the service provide by your IT organization?'. Unfortunately, until now, just a very few studies are done to explore whether such service quality creates value of IT organizations (i.e., business success, or organization benefits). In other cases, service quality names 'IT Organizational Service Quality' (ITOSQ) that refers to the quality of the supporting IS organization and its staff. Also, 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 redefined in order to be more appropriate for ERP system, which is a kind of mandatory systems. To sum up, the D&M success theory (DeLone and McLean, 2003) in terms of five constructs: (1) system quality, (2) information quality, (3) use, (4) user satisfaction, (5) and net benefits is chosen to develop a conceptual framework for this study.
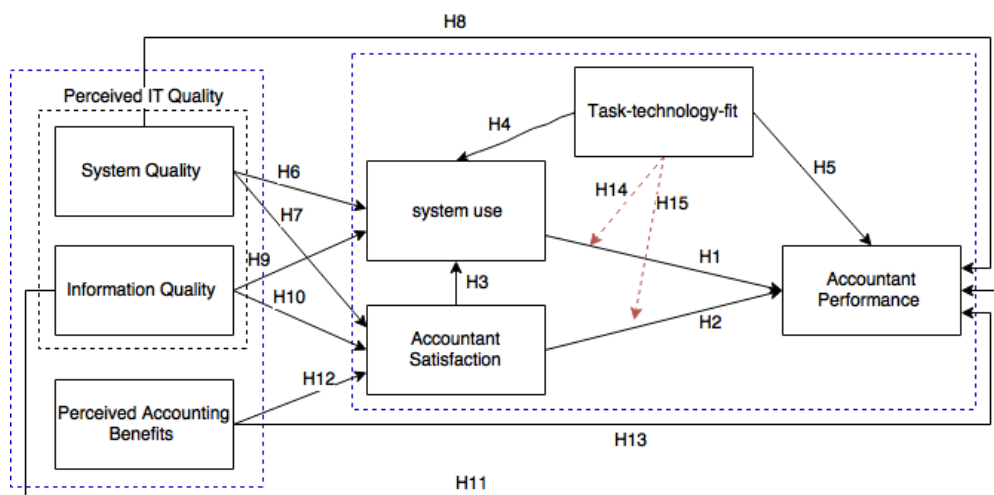
The other theory is selected to develop the conceptual framework is TTF theory (Goodhue and Thompson, 1995) because of its nature. The TTF model theorizes that the fit between task characteristics and technology characteristics influences the use and performance impact at individual level. Importantly, task characteristics are one of five determinant success categories (DeLone, and McLean, 2013) leading to the value of business. For those reasons, TTF theory (Goodhue and Thompson, 1995) is completely suitable for this paper's research objectives. This model consists of five constructs: (1) task characteristics, (2) technology characteristics, (3) task technology fit, (4) use, and (5) performance impact (at individual level). However, the analysis unit of this study is accountants who are not experts on IT, then, they are able to give inappropriate opinions on technology characteristics, and as a result, technology characteristics and task characteristic constructs will be removed from the conceptual framework of this study.

Out of those two theories, the theoretical framework also is built up to test whether accounting benefits from ERP system influences accountants' work performance. In the study of Kanellou and Spathis (2013), accounting benefits from ERP system is 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 and McLean, 1992), TTF theory (Goodhue and Thompson, 1995) and accounting benefits instrument (Kanellou and Spathis, 2013). We describe our model in more detail in the following section.

Research Model and Hypotheses

To address the research purpose, we have modified the D&M IS success model (DeLone and McLean, 2003), cooperated with a part of TTF mode, and then, added accounting benefits on to elucidate how accountants assess the success of an adopted ERP system (Figure 11.2). The research model consists of seven main constructs that are categorized into two groups: (1) one group for perceived accounting benefits and perceived IT quality including system quality and information quality; (2) the other for the impacts on accountant performance. By taking into account both the characteristics of implemented ERP system and characteristics of accountants, the framework examines how two perceived IT quality constructs (system quality and information quality) as well as perceived accounting benefits construct, independently and through their interactions, affect extended use and satisfaction of accountants. In addition, the framework also posits that extended use and satisfaction of accountants will influence accountant performance.

Note: The red dash line reflects the effects of moderated variable (task-technology fit) on the link between accountant's extended use and performance as well as on the link between accountant's satisfaction and work performance.

Figure 11.2: A proposed ERP success model for accountants

Relationship among Constructs of Individual-Level Impacts
Accountant Performance

Individual benefits are described as 'the effect of information on the behavior of the recipient' (DeLone and McLean, 1992) or 'the extent to which the information system has influenced users' capabilities and effectiveness' (Gable and Sedera, 2008). Even though the main objective of any businesses is to maximize organizational profits, it is essential to recognize that profits, in nature, are generated from productive employees, and as a result, it is vital for any enterprise to find out how to

improve information system's positive impacts on individuals. As information system's these impacts on an individual are high, it seems likely that the effect for organization that the individual participates in will also be high (Ifinedo, Rapp, Ifinedo, and Sundberg, 2010). Furthermore, the organization will obtain beneficial outcome only when the whole constructs (include individual benefits) are positively influenced (Ifinedo et al., 2010). Therefore, this study is interested in individuals' benefits rather than firms' profits. To put it another way, it investigates the effects arising from ERP system for accountants who are significantly affected when implemented ERP system. There is no denial that evaluation of ERP system on accountants' work performance is necessary because it not only justify whether ERP's investments are worth, but also provide insights concerning how to better manage accountants' behavior. 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.

System Use

In the original D&M IS success model, system use is considered as the 'recipient consumption of the output of an information system' (DeLone and McLean, 1992, p. 66), and use is often measured as the number of times visiting an IS and transaction execution (DeLone and McLean, 1992, 2003). However, many researchers suggest that use of amount of use (i.e. time, frequency) may not adequately explain IS success in some contexts. Specifically, measuring system use in the old manner only makes sense for voluntary users (Ifinedo et al., 2010; Gable et al., 2008; Seddon, 1997), in contrast to situations in which using ERP is mandated for users. This leads a call for deeper consideration of use construct in IS success model. In response of the need, Doll and Torkzadeh (1998) suggest that more use is not always better, then system use should be measured by the effects of use. Given Doll and Torkzadeh's view (1998), system use in this study is referred to how effectively an ERP system is used in the organizational context.

Empirical studies provide evidences supporting for the relationship between system use and benefits at the individual level. Burton-Jones and Straub (2006) find a strongly significant relation between system usage and working-task performance. More specifically, Moreau (2006) investigates IS impacts on users' task and the way users implement the task while Foster and Flynn (1984) state that the use of IS also affects task performance, task structure, time taken to perform task and quality of task performed. Other empirical studies also report a strong relationships between IS and quality of work (Goodhue, 1998; Goodhue and Thompson, 1995; Millman and Hartwick, 1987; Weber, 1988). Recently, it is worth noting that Hsu, Yen, and Chung (2015) explore positive impact of using information system on individuals' perceived work-performance, that is exactly what we are being interested, but under the view of accountants. Thus, we hypothesize that:

H1. Accountant system use has a positive influence on accountant performance.

Accountant Satisfaction

User satisfaction which refers to the 'recipient response to the use of the output of an information system' or the degree to which users feel that the IS meets their requirements (DeLone and McLean, 1992). As an ERP is a complicated information system, it involves almost all business processes, and thus, users' requirements for an ERP also cover all business processes, across vertical levels or horizontal sectors (Somers et al. 2003). Accordingly, the definition of 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 shows that in terms of mandatory system, IS user satisfaction is the significant and even the only indicator that is more likely to influence system benefits (Seddon, 1997; Somers et al., 2003). In another series of studies, user satisfaction has been found to have a positive impact on users' job (Guimaraes and Igbaria, 1997; Torkzadeh and Doll, 1999; Yoon and Guimaraes, 1995), on individual performance (McGill et al., 2003), on users' productivity and effectiveness (Halawi et al., 2008; Igbaria and Tan, 1997; McGill and Klobas, 2005; Rai et al., 2002), and on users' job satisfaction (Ang and Soh, 1997; Cegielski et al., 2012; Morris et al., 2002).

Furthermore, according to the IS-continuance theory (Bhattacherjee, 2001), accountant satisfaction also has significantly positive impacts on the IS adopting continuance, then resulting in effects on system use.

Thus, a hypothesis is given below:

H2. Accountant satisfaction has a positive influence on accountant performance.
H3. Accountant satisfaction has a positive influence on accountant system use.

Task Technology Fit (TTF)

TTF is defined as the perception of fit amongst the task characteristics and technology characteristics when implemented information system (Goodhue and Thompson, 1995). TTF will positively influence the technology's use and individual performance (Goodhue, 1998; Goodhue and Thompson, 1995) as the users once feel the technology is capable of supporting the task at hand, then, it is likely they are productive one. Therefore, perceived TTF is predicted to be a significant precursor of accountants' ERP extended use and accountants' performance. We hypothesize that:
H4. Task-technology fit has a positive influence on accountant extended use.
H5. Task-technology fit has a positive influence on accountant performance.

Perceived IT Quality, Perceived Accounting Benefits and Individual-Level Impacts

System quality

System quality constitutes the measures of the information processing system itself, namely, the quality of the performance of the IS from a technical perspective (DeLone and McLean, 1992).

Many studies measure system quality as perceived ease of use and discover positive relation with various operationalization of use in a variety of systems at the individual level of analysis. For example, perceived ease to use is related to system dependence (Kositanurit et al., 2006; Rai et al., 2002), or behavioral intentions to system use (Hong et al., 2002; Morris and Venkatesh, 2000; Venkatesh and Davis, 2000), or extent to use (Po-An Hsieh and Wang, 2007), or self-reported use (Adams et al., 1992). However, some other studies give opposite findings. For instance, perceived ease to use is only weakly related to actual use (Straub et al., 1995) and even is not significantly related to system dependence (Goodhue and Thompson, 1995), intention to use (Agarwal and Prasad, 1997; Klein, 2007; Lucas and Spitler, 1999; McGill et al., 2003; Subramanian, 1994), and self-reported use (Gefen and Keil, 1998; Lucas and Spitler, 1999; Straub et al., 1995). Therefore, inconsistency in the relationship between system quality and use is enthusiasm for this investigation in order to obtain better understanding on it from accountants' perception.

On the other hand, lot of empirical evidences show that there is strong support for the relationship between system quality and user satisfaction at the individual unit of analysis (Almutairi and Subramanian, 2005; Bharati, 2003; Guimaraes, Yoon, and Clevenson, 1996; Iivari, 2005; McGill et al., 2003; McGill and Klobas, 2005; Rai et al., 2002; Seddon and Yip, 1992; Seddon and Kiew, 1996; Wixom and Todd, 2005; Yoon et al., 1995).

Furthermore, the relationship between system quality and individual performance also is determined within the literature. In general, there is a positive impact between system quality measured as perceived ease of use and individual performance measured as perceived usefulness (Adams et al., 1992; Agarwal and Prasad, 1998; Devaraj et al., 2002; Gefen and Keil, 1998; Hong and Kim, 2002; Lucas and Spitler, 1999; Morris and Venkatesh, 2000; Po-An Hsieh and Wang, 2007; Venkatesh and Davis, 2000; Wixom and Todd, 2005; Yang and Yoo, 2004). Hence, it should be essential to test this impact in terms of individual performance measured as productivity and effectiveness, which is understood as accountant performance in this study.

Based on discussions mentioned above, we hypothesize the following:

H6. System quality has a positive influence on accountant extended use.
H7. System quality has a positive influence on accountant satisfaction.
H8. System quality has a positive influence on accountant performance.

Information Quality

Information quality refers to the measures of information system output, namely, the quality of information the system produces, primarily in the form of reports or screens (DeLone and McLean, 1992).

Little studies have examined the relationship between information quality and use at the individual level. A common reason for this is probably that information quality in most previous studies tends to be measured as a component of user satisfaction instrument, rather than, be evaluate as a separate construct. Just studies based on a whole IS success model have explored this relation. A particular example of the series of those studies is Rai et al. (2002), and their result explores a considerable impact of the link between information quality and use in terms of the individual analysis unit.

In addition, evidences from numerous empirical studies have identified a consistent, strong relationship between information quality and user satisfaction at the individual unit of analysis (Iivari 2005; Wu and Wang 2006; and Seddon and Yip 1992).

In connection with the relation between information quality and individual performance, most of research findings show that information quality has positive impact on various type of individual performance. For instance, Gatian (1994) explores that information quality relates to decision-making efficiency; D'Ambra and Rice (2001) and (Shih, 2004) find that information quality associated with quality of work and time savings; Kraemer et al., (1993), Seddon and Kiew (1996), Rai et al. (2002), Shih (2004), and Wu and Wang (2006) determine that perceived information quality is also significant related to perceived usefulness (i.e. a net benefit). It is worth noting that Kositanurit et al. (2006) discover a significant relationship between information quality and performance among users of ERP system.

According to what are presented above, we propose the following hypotheses:

H9. Information quality has a positive influence on accountant extended use.
H10. Information quality has a positive influence on accountant satisfaction.
H11. Information quality has a positive influence on accountant performance.

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 Kanellou and Spathis (2013) is the only investigation at present time for the relationship between perceived accounting benefits and users satisfaction. The findings are 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 a number of previous empirical studies. Therefore, we expect that perceived accounting benefits also bring positive effects on accountant performance.

Based on these reasons, we hypothesize the following interaction effects:

H12. Perceived accounting benefits have a positive influence on accountant satisfaction.

H13. Perceived accounting benefits have a positive influence on accountant performance.

Moderated Variable: Task Technology Fit

We expect that TTF moderates the effect of accountant extended use on their work performance. This can be explained that when accountants perceive that ERP system supports them in requiring day-to-day routine work, the TTF will be high. Then, as their experience rises, accountants will expect that higher TTF will positively moderate the effect on their work performance. On the other hand, the moderating effect of TTF on the link between accountant satisfaction and accountant performance can be understood that increases or decreases in the level of TTF will be able to lead to increases or decreases in the level of impact of accountant satisfaction on their performance. Hence, we hypothesize the following:

H14. TTF will moderate the effects of accountant extended use on their performance, such that the effects will be stronger among accountants with high TTF.

H15. TTF will moderate the effects of accountant satisfaction on their performance, such that the effects will be stronger among accountants with high TTF.

Conclusions and Further Studies

The purpose of this study is to develop an ERP success model for just accountants 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 and Westrup, 2005). Thus, this model is actually essential to guide accountants how to successfully adopt ERP system, and as a result, in order to improve their work performance. When their experience increases, productive accountants who together with different users in business organizations contribute to create considerable value for the whole firm.

The model proposed in this paper is unique as at present, there is no ERP success model for accountants, to put it differently, there is no comprehensive theoretical and practical model for analyzing ERP adoption according to just accountants' characteristics and perceptions. None of the prior models have taken into account the role of 'perceived accounting benefits' in the success of ERP adoption at the individual level. For these, the findings of this study will contribute more deep insights into how to improve accountant performance in ERP environment.

The next step in the development of this model is to statistically test six-teen aforementioned hypotheses in the context of data collected in Vietnam. Each of the factors identified in this study will form the basic for analysis in the empirical study of accountants' ERP adoption. Furthermore, this model will expand new research

directions focusing on interaction between ERP system and accountants' behaviors or between ERP system and accounting process and practices.

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12

DO COMMUNITY ENGAGEMENT MATTERS IN SUSTAINABLE TOURISM PLANNING? ISSUES AND CHALLENGES IN DEVELOPING AND DEVELOPED NATIONS

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Abstract
Community engagement being an essential part of sustainable tourism is a noteworthy edge to be considered in long term community development. The community as a whole is a significant agent for solving sustainable resources management issues and enhances project effectiveness through community ownership and decision making. The advancement of community engagement can be visualized with the sovereignty given to the public by their respected authorities. Being it so, the community engagement towards developing and developed countries is seen to confront limitations which serve as a gap between local people and authorities. Therefore, this paper intends to recognize the issues on community engagement with regards to developing and developed nations and to entirely analyze the relevance of its application in tourism planning context. Content analysis has been used to review the selected case studies from both nations. Evidently, this paper reveals that dominance in public administrations, community attitude and alertness, incomprehensive legal system, public – private partnership are the communal issues confronted in the framed countries. Pertaining to the issues highlighted, this paper has addressed on the conceivable impacts could be exiled by those nations. Thusly, future research scopes have been recommended in tourism planning context for the researchers to further reconcile the issues that impede community engagement for a sustainable tomorrow.

Keywords: Community engagement, issues and reality, sustainable tourism planning.

Introduction

Sustainable tourism is a concept that takes full account of its current and future economic, social and environmental impacts, addressing the need of visitors, the industry, the environment and host communities (WTO, 2014). Community engagement is an important agent for effective path of solving sustainable resources management issues and enhances project effectiveness through community ownership of development efforts and decision making. According to the White (1981), community engagement has an intrinsic value for participants and it is a catalyst for further development. Although community engagement in tourism development planning benefits the local people, there are some factors that limits community

engagement approach in this development process. According to Tosun (2000), there are many factors that have been contributing to the community engagement in developing countries. The legal system is one of the factors that influences and serves as a barrier in accelerating the developing countries. Similarly, this factor is known to be seen in developed countries and creates limit of participatory system. It is important to identify the reality of community engagement in developed and developing countries which could bridge the gap of the public participation.

Therefore, in questioning the issues of community engagement that emerged in tourism planning context, an in-depth study over the developed and developing nation would bridge the gap for the problems appears related to community engagement. Thus, this study aims to identify the issues on community engagement in developing and developed countries and to compare and contrast the reality of community engagement in tourism planning.

Community Engagement in Developing and Developed Nations

Tourism industry is believed to be a supreme asset of a country. Succession of tourism industry in recent years vivid, its potential to reach the peak with mutual commitment from the local community. Certainly community engagement is a key for tourism development. Tourism development process (TDP) has a notable positive involvement from the local community in developing countries (Tosun, 2000). It has been explained that community engagement in TDP can be visualized in two perspectives: in the decision-making process and in the benefits of tourism (Timothy, 1999). The involvement of the public in the decision making process would desirably embark new idea generation towards the production of tourism products based on current demand. Considering the entire chain of stakeholders, this will certainly lead towards the development of products that will provide utmost advantage to the provider, user and also to the host country. Incredibly community engagement provides mutual understanding, strengthen relationships, support and information exchange between the public, government and non-government organization (Cavric, 2011).

Thus, with such flow, it is promising that the entire development system will be sustained, but still the implementation process would be arguable. The development of tourism with the significant support from community engagement has been supported by The Director of UNESCO Tehran Cluster Office (UTCO) in a conference when she highlighted about the long term outcome in engagement of local communities in tourism development that could build strong and flexible nation and assist to preserve their culture and enhance their skills, elimination of poverty, human empowerment and participation, and provides indirect protection to the environment (UNESCO, 2014). This argument can be generalized in the context of Malaysian community where youths are being empowered with skills and engagement in volunteering activities by joining activities organized by government organization namely 1Malaysia For Youth (1M4U) which is an initiative by the current Prime Minister (Bernama, 2013). Similarly, past researchers in developed countries

supported that, the development of tourism definitely depends on local residents' involvement and action for its sustainability (Nicholas et al., 2009).

Having convinced that both community engagement and tourism development are in interrelated relationship, Tosun (2000) argues that structural, cultural and operational limitations incurs in many developing counties in its TDP as a part of community engagement. Though the world has been convinced with the positive site of local participation, past researchers exhibits that, in developing countries the local's participation are not being given wide attention in the tourism development processes and their involvements are manipulated.

This has also been supported by (Todaro, 1994 and Tosun, 2000) in terms of power and wealth distribution, the developing countries are being controlled by a group of well-organized team to a larger extent as compared to developed countries. Jenkins (1982) in Tosun (2000) penned that developing nations' planning process is fragmented on one authority as impetus for development process. For instance, in tourist destinations such as Bali Indonesia, it has been argued by local community that the tourism projects did not benefits with full coordination between the locals and tourism planner, and often the traditional powerful bureaucracy dominates the legislative. Some has also uttered that, lack of appropriate legal system may bring unorganized groups into the policy making process. This is supported by Marzuki (2012) in the case of Langkawi Island, Malaysia, the legal system of participatory approach is weak and not effective enough to achieve the satisfactory. Green (2009) added that the decision making process in developing countries is performed with top down approach and locals are often excluded. Denying the involvement of locals in the planning process would largely lead to colliding interests among stakeholders and could lead to less corporation, public dissent and conflicts (Boswell, 2005; Ishiwa and Wiegleb, 2012). While in developed countries, it is argued that local people are not generally incorporated into administrational associations (Svels, 2015) and the local community to have less interest or motivated to participate in local tourism development are reflected in many cases.

The conflict of interest among community and stakeholders seemed to be a contributing reason Hiwasaki, (2006) and Vinals and Morant in Albert et al. (2012) claimed that residents tend to have less confidence towards the idea of tourism as an economic contributor in a particular destination. This has further been verified with the case of Britain, poor attendance visualized in the neighborhood forums with only 6 attended against the requirement of 30 residents (Bahaire and Elliott-White, 2010). Despite the attitude of locals, excluding the local community in the decision making process seemed a challenge too. In the case of High Coast, Sweden, community is not always included in the management organization and only few meetings been carried out between locals and authorities (Svels, 2015). On the other hand, public-private partnerships are known as a tool used to encourage community to join in the tourism development planning process among developed nations. Contrarily, lack of coordination and inactive governance has turned the mutual relationship into threats. In the case of developed country, High Coast, Sweden, the site-management requested help from the authorities to take charge of the management due to the idle

support from locals (Svels, 2015). On the hand, some nations have also highlighted issues on overlapping of power among authorities which leads to coordination and delay in the development process, for instance in the case of Venice City.

It can be uttered that the rationality of community engagement in tourism development in developing and developed countries could be heterogeneous. Highlighting on the nature of the approach being implemented as compared to the real concept of community engagement would be encouraging for both decision makers and local community to address the real status of community engagement.

Research Methodology

In order to address the different scenario and issues of community engagement, the context of discussion in this paper will be focused on the implementation of community engagement in tourism planning in the context of developed and developing countries. This study is motivated by (Yin, 2009) with the explanations on the advantage of multiple case study design which predicts similar and different results with literal replication and theoretical replication. This was further underpinned by (Marzuki, 2015) with the approach of comparing case studies from different discipline, to study the public participation challenges and decision making process. Thus, content analysis has been used to review the selected case studies. To understand the similarities and differences of issues in local participation, case studies from first world countries to represent the developed region and third world countries have been analyzed. As for the developing region, England, Japan, Australia, Finland and Sweden have been chosen. These countries are the top 30 under developed region with the highest Human Development Index (HDI) which published annually by United Nation (United Nation Development Program, 2015) through analyzing the three main key indicators of life expectancy at birth, education level and standard of living. Therefore, with the similar financial capability and local community education standard, comparing and contrasting are able to be done within the same framework. While for developing region, seven countries including Malaysia, Thailand, Indonesia, India, Turkey, Bangladesh and Mexico have been chosen for an insight studies. According to the World Bank 2014 under the World Development Indicator Report (WDI2014) has stated that these countries are stated under the developing countries. According to the Gross National Income (GNI) per capita per year, a country with a GNI of US $ 11,905 and less are defined as developing countries. The discipline of this paper has been set to be focused on issues related to local participation in tourism planning context. In line with the focus of this paper, all the cases have been selected based on tourism planning background for each country.

Finding and Discussions

Dominance in Public Administrations

As uttered earlier, few meetings are done between the local people and the authorities in developed countries. Participants are able to voice out their views

towards the higher management, but lacks of power to secure their views and decision power are given. The council has less attempts to invite community group to participate in planning forums and their non building comments are not considered in the list. Power within the forum remains unequal due to the dominance of tourism industry and local authority as the main player who also controls the finance. Therefore, the chair does rotate for other parties to handle and city council always remains as the dominant player. Whereas in developing countries, local politic cultures aren't encouraging and limits community involvement in local policy making and decision-making. The public participation in developing country has limitations on the operational level, such as lack of communication between involved parties and local people. The dominance in public administration by the authorities in planning process adding with relationship between planners and local people is quite not promising.

Insufficient information disseminated to the locals has made low public involvement to participate in tourism development projects. The continuation of the mentioned scenario would largely lead to reprehensible policy making standard with regards to the exclusion of local communities. The implications can be seen as the time passes in terms of long term economic run down and project development issues due to the nature of favorable decisions made in the planning process by the dominators.

Incomprehensive Legal System

Interestingly, both developing and developed countries are found to be aligned with their failure to engage locals with the comprehensive legal system. As referred to the case of developing countries, an inappropriate legal system that embarks the involvement of unorganized groups in the decision making has led to double standard operation with personal interest gain that neglects the participation of local community. While in developed countries, the policy which doesn't require consulting the public prior to decision making and insufficient regulation on people's participation appears as a barrier for public participation. The similarities in terms of less regulation that requires peoples concern in decision making appears to serve as a negligence towards local participation. Opportunities given with the one-way communication approach in planning process and failure to provide in-depth information to the public are seen to be the weakness attained from ineffective participatory procedure. Hence, the local community remains uneducated about establishing a fair bond to promote their interest and local politic culture serves as a barrier for the locals to participate in planning process. This scenario could lead to the rival of groups among locals who provokes their rights against the ruling party due to the incomprehensive legal system which neglects their presents. Indestructibly the impacts would indirectly affect the nature of democracy and hiccups in the development process can be found.

Local Awareness and Attitude

In developing countries, the lack of expertise in tourism planning has led the destination destruction by not involving the local participation. The importance of local community involvement and decision making have been void by the foreign investor and stakeholder. Meanwhile, in developed countries, there is a lack of interest in participation of local tourism development due to the conflict between stakeholder and the local community. Most of the tourism projects failed to engage with the local community because of the diference in interest and the local residence involvement are not accessed. Apart from that, the perception of local community towards the participation process will influence the number of participatory in tourism planning. In the developing countries, low level of awareness among local community limits public participation and the local community only tends to participate there are benefits. Similarly, in developed countries the local community emphasizes that only those who will gain a benefit from tourism activities will involve the public participation.

Public-Private Partnership (PPP)

Public-private partnership (PPP) being the effective approach to apply in tourism in providing assistantants to local community through training, sharing knowledge and skills and even offering fund to aid for the destination maintenance and preservation where government does not reach. In developed countries, as shown in the case study in Japan that nature tourism development is primarily led by private and nonprofit sectors (Hiwasaki, 2006). Hence, it reveals that the government relies on this mutual relationship to increase the operational efficiency in the tourism destination while the management risk and financial burden are shared together by both parties. In the context of encouraging locals to participate in the community development, developed countries are on their way to go beyond tokenism and stress on citizen power by using partnership as one of the approaches to facilitate the establishment of local governance. Contrary situation possesses in developing countries where government is highly centralized and it holds the ultimate decision making power, hence leaves no space for the local community to participate in or even to voice out their views. As compared to developed countries, the partnership is difficult to implemented in such condition where the authorities are dominating the whole planning and decision-making process, resulting in imbalance development in cities and rural area where profit return placed as the highest priority over local community benefits. Due to lack of knowledge, people are unaware of the possible benefits behind the conservation of local resources instead of vast construction that aims to increase the tourists flow and subsequently increase in financial income which is the main concern of the dominant decision makers. When people's benefits are being neglected and furthermore, locals are lack of ability to go against government decisions and policies, they will be demotivated and subsequently disregard the impact until it has become intolerable (Bahaire and Elliott-White, 2010). In such case, the level of governance is minimal in developing countries where public

involvement is limited or none within the planning process and hence there are less NGOs being established unlike what happened in developed countries.

Conclusion

This paper has explored and discussed the issues and problems that limits the community engagement in tourism planning in both contexts of developed and developing countries. Apparently, by compared and contrasted both environments through analyzing the findings, it could be assessed from the aspects of public administration, local legal system, local community perspective and the relationship between public and private sectors. However, the discussed issues do not only happen in a specific nation, some may see as the common issues that shared by few destinations regardless their development status. Undoubtedly, in most cases, the barriers that prevent community to participate in the tourism development planning often relate to social, environmental and economic aspects, while furthermore through reviewing past scholars' works, it could assess from the different point of view where it is involving two key bodies which is the authority and the community. Furthermore, by exploring these issues that will lead to negative implications in local tourism planning, it is essential to sort out effective solutions to tackle these obstacles. Hence, further research would suggest to investigate in depth the characteristics of different tourism stakeholders as to examine their perspective and diversity of interest. In such, their relationship could be known and through analyzing these factors, thus a better plan and strategy could be planned ahead to facilitate the community-based projects to ease the pathway for sustainable development in these destinations for the wellbeing of the community and stakeholders as a whole.

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