

# DLSU BUSINESS & ECONOMICS REVIEW

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The *DLSU Business & Economics Review (DLSU B&E Review)* publishes high quality theoretical, empirical, and methodological research in the fields of accounting, business management, commercial law, economics, finance, and marketing. The *DLSU B&E Review* aims to reach an audience in these six fields and is published twice a year. Unless otherwise noted, the ideas, opinions, and conclusions expressed in the *DLSU B&E Review* are those of the authors and not necessarily those of the Editorial Board of the journal or the management and staff of De La Salle University. It is listed in SciVerse Scopus since 2011 and abstracted and Indexed in EBSCO since 2009. It is also accredited by the Commission on Higher Education as one of the most distinguished Philippine journals classified in Category A level since 2009. It is also listed in ACI database ([www.asean-cites.org](http://www.asean-cites.org)).

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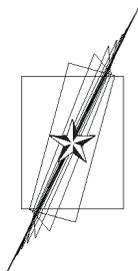
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# From the Editors

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In the past, the *DLSU Business and Economics Review (DLSU B&ER)* has published a special issue focusing on responsible management. To continue this tradition and in line with our thrust to be a venue for discourse on specific topics in business and economics in the region, this issue of the *DLSU B&ER* will have two parts, one with a special topic of inquiry. The first part is a collection of papers of researchers from the Philippines, Argentina and Togo using the Community-Based Monitoring System (CBMS) data in probing on the major issues on social protection and youth employment. We have invited Dr. Celia M. Reyes as guest editor for this specific topic. Dr. Reyes is the Team Leader the CBMS Network and a Senior Research Fellow of the Philippine Institute for Development Studies (PIDS). She also serves as chairperson of the Technical Committee on Poverty Statistics convened by the Philippine Statistics Authority in the Philippines.

The second part is composed of articles on finance and marketing written by researchers from Indonesia, India, Jordan, the Philippines, Singapore, and the United Arab Emirates. Dr. Marites Tiongo, our Managing Editor, will be the editor for this section.

At this point I would like to thank our reviewers from various universities in the Philippines and the Asia-Pacific region for their insightful evaluation of all paper submitted to the journal. We hope that you will continue your support in making *DLSU B&ER* a major vehicle for dissemination of business and economics research in the region.

**Tereso S. Tullao, Jr.**  
*Editor-in-Chief*

## **Editor's Note on the CBMS Research on Social Protection and Youth Employment**

In 2008, the collapse of the US credit and housing markets causes a global economic downturn which resulted in an increase in the unemployment figures around the world. The youth are among the hardest hit, with unemployment rates tripling or even quadrupling in some countries during its onslaught. Several years after, recovery prospects remain bleak as the World Bank estimated the global youth unemployment rate at 13.5 percent in 2015 and 13.6 percent in 2016. Regional estimates show that youth unemployment is highest in Middle East and North Africa at 29.7 percent and lowest in South Asia at 10.1 percent. Meanwhile, youth unemployment in the Philippines is at 13.9 percent, which is higher than the average within its region and the world.

Recognizing the importance of addressing the issues of youth unemployment and lack of social protection to workers in the informal sector, the Partnership for Economic Policy launched a call for proposals to examine these issues in the context of developing countries. This volume includes seven articles looking at these issues using data generated from the CBMS implemented in these countries. Research studies under the CBMS program focuses on the profile of the youth particularly on their employment status and the kind of entrepreneurship they are involved in. The employment situation was given emphasis as this provides a background on the levels of income the youth

obtain, the potential opportunities for employment of the youth, and how to access these opportunities. The CBMS studies tackle the main factors behind youth unemployment and some measures to improve and/or assist the youth to gain (better) employment. In terms of entrepreneurship, the CBMS studies focus on the nature of the business or organization the youth established. The studies also provide a background on the perception of the youth towards entrepreneurship, the influence of other household members on the youth entrepreneur, and some measures to assist the youth entrepreneurs. In addition, the research studies discuss the potential risks related to youth employment and entrepreneurship. On the other hand, the research studies on social protection in the informal sector focus on several pressing issues like the situation of the workers, the social protection programs available, the important social assistance programs that are not yet available to the workers, and the willingness of workers to pay for these social protection programs.

The lack of employment opportunities is considered as the primary factor that discourages the participation of young individuals in the labor market. Aside from low pay, young people frequently work in informal, part-time or temporary jobs.<sup>1</sup> In many instances, they are not covered by social protection schemes.

In recent years, the size of the informal sector around the world has been growing. With this trend, many countries are interested in the size and performance of the informal sector as it provides livelihood and employment for a vulnerable segment of the population. People who are in this segment are more exposed to various risks than those who are in the formal sector.<sup>2</sup>

While there has been a propagation of the social protection agenda, formulating policies and programs that are designed to mitigate or manage the risks of vulnerability in the informal sector remains a challenge given the existing linkages of informality and social

protection. Although social protection is crucial to developing countries given their vulnerability to ever changing global markets and concentration of socioeconomic hazards, implementing social security programs is a difficult task due to their fragile capital and insurance markets and budget restrictions.

In the article **Gender Gap in Entrepreneurship: Evidence from Argentina** by Sebastián Auguste and Alejandro Bricker, factors affecting the gender gap in entrepreneurship are studied using the CBMS data and Oaxaca-Blinder decomposition for nonlinear models. A series of personality variables such as risk aversion, social aversion, outgoing attitude, flexibility desire, and effort aversion are constructed from the available CBMS data which are usually missing from the standard household surveys in Argentina. The authors find that there is no evidence of discrimination in the event of starting up a business. The small gap observed between men and women in the start-up stage can be fully explained by taking into account the personality variables. However, there is a higher rate of failure for women and this cannot be explained with the observable individual characteristics. As a consequence, it is a gender gap in attrition and not in the event of starting up that explains the current gap in entrepreneurship.

Still on youth employment and entrepreneurship, the article entitled **The Impact of Remittances on the Youth's Human Resource Development, Employment, and Entrepreneurship: Evidence from Philippine CBMS Data** by Christopher James Cabuay utilizes a multinomial logistic regression to estimate the influence of remittances on the development outcomes and choices of the youth in selected communities. The author looks into the effect of remittances on human resource development (whether the youth is working or studying), and on employment outcomes (e.g., youth member working for a private or public household/establishment, self-employed, etc). It was revealed that youth in households who receive remittances are more likely to end up studying than working or being idle. Meanwhile, young individuals are more likely to work for private household or a public/private establishment than be self-employed. Furthermore, the author finds that remittances have little to no impact on the likelihood of households and individuals being engaged in entrepreneurship, but it encourages the accumulation of human capital.

The article **Evaluating Government Programs**

<sup>1</sup> International Labour Organization (2016). World Employment Social Outlook. Retrieved February 16, 2016 from [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_513739.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_513739.pdf)

<sup>2</sup> Beegle, Kathleen G.; Benjamin, Nancy Claire; Recanatini, Francesca; Santini, Massimiliano. 2014. Informal economy and the World Bank. Policy Research working paper; no. WPS 6888. Washington, DC: World Bank Group. Retrieved February 20, 2017 from <http://documents.worldbank.org/curated/en/416741468332060156/Informal-economy-and-the-World-Bank>

**for Enhancing the Welfare of the Youth towards Entrepreneurship** by Mitzie Irene Conchada, Marites Tiongco, Paulyne Castillo, and Divina Edralin underscore the need to promote entrepreneurial programs among the youth, to monitor their progress, and to continually support their efforts in sustaining entrepreneurial endeavors. The authors apply the propensity score matching (PSM) to assess the impact of government projects particularly the Youth Education-Youth Employment (YE-YE) and Youth Entrepreneurship Support (YES) projects in improving the welfare of the youth. Results show that those who availed of one or two entrepreneurial programs received higher incomes compared to those who did not. However, only a small portion of the youth avails of these government-sponsored training and education programs.

Meanwhile, the article **Role of Education in Encouraging Youth Employment and Entrepreneurship** by Brian Gozun and John Paolo Rivera highlights how demographic characteristics and level of education influence a youth's likelihood to be employed or to engage in entrepreneurial activities. Using a multinomial logistic regression, the results provide a framework to policymakers in improving the program design and policy implementation targeted towards youth employment and support for youth entrepreneurial undertakings.

The article **Determining the Credit Risk Factors in Accessing Debt Financing for Entrepreneurial Activities** by Junette Perez, Denmark Alarcon, and Mar Andriel Umali calls for examining alternative sources of collateral and guarantees for micro, small and medium enterprises (MSME)'s debt financing; for empowering resource stewardship and risk management skills at the household level and championing a need for a credible source of information through credit exchange bureau or comprehensive database center solely for MSMEs. The study reveals that business capital is positively affected by the total sales and expenses of the household entrepreneur. Meanwhile, the probability of accessing loans is anchored on the collateral of the borrower such appliances, business assets, and other assets which shows his capability to pay the loan. Further, it was observed that access to debt financing improved total sales performance, total family income, and business assets of the entrepreneur.

The article **Togolese Informal Sector Workers'**

**Willingness to Pay for Access to Social Protection** by Esso-Hanam Atake and Akoété Ega Agbodji examines the profile of workers in the informal economy and how much money they are willing to pay to have access to the national social insurance in Togo. The study reveals that the proportion of women in the informal sector is larger than men. Informal jobs are higher in the sectors of trade, agriculture, and handicrafts. Findings show that many of these workers are interested to subscribe to social protection services; however, half of them are only interested if the fee is below USD 2.55 per month. Also, it was observed that men are more willing to pay for a higher contribution than women. Furthermore, using logit regression to estimate an individual's willingness-to-pay (WTP), results indicate that income and education are the key determinants of WTP.

Meanwhile, the article by Mitzie Irene Conchada and Marites Tiongco entitled **Making Social Health Insurance and Micro-Savings Programs Work for the Informal Sector in the Philippines** dwell on the effect of social protection programs of the government such as PhilHealth (a social health insurance) and ALKANSSSYA (a micro-savings program) on informal sector workers who are poor and are self-employed. Using the 2015 CBMS data of selected provinces in the Philippines, propensity score matching was utilized to show that those who availed of PhilHealth (individually-paying and sponsored members only) have a higher total income compared to those who did not. Also, it was observed that PhilHealth beneficiaries are more likely to have higher total sales from entrepreneurial activities in the informal sector than non-beneficiaries. On the other hand, ALKANSSSYA beneficiaries have higher annual income, higher total sales from entrepreneurial activities, and higher expenditure compared to non-beneficiaries. The result supports the claim that social protection is effective in improving the income of the poor, particularly those who are dependent on activities in the informal sector. Thus, expansion of the coverage of the program for the informal sector will aid in increasing social inclusion and in reducing poverty levels.

We hope that these studies can inform policies and programs directed at promoting entrepreneurship among the youth, and providing social protection to the informal sector. Decent and productive employment for the youth and stronger social protection would lead

to more inclusive growth.

**Celia M. Reyes**  
*Guest Editor*

### Editor's Note for the Regular Issue

The second part is composed of five articles and one research note related to international trade, unemployment, labor market regulations, finance, and marketing. Each article presents empirical evidence to support the authors' views and perspectives.

The first paper on **“International Trade and Unemployment: Evidence from Selected ASEAN+3 Countries”** by Atif Awad and Ishak Yussof examines the effect of trade liberalization policies on unemployment in selected ASEAN+3 countries covering the period 1990–2013. The authors use various proxies for trade policies such as demographic change, governance, labor market regulations and institutional quality to analyse the effect of trade liberalization policies on unemployment rate of selected ASEAN+3 countries. They showed that trade has a marginal negative effect on unemployment rate overtime. Their findings also suggested that for the ASEAN+3 countries to compete globally, the trading sector should shift to a more capital intensive and high skilled labor production. This will reduce trade barriers as jobs are created and unskilled workers become skilled. These countries therefore should improve the skill levels of their labour force in order to benefit from trade liberalization in the form of more employment opportunities.

The second paper, by Mohammed Yasin Ghadi, is on **Transformational Leadership, Job Satisfaction, and Intention to Quit: A Sequential Mediation Model of Meaning in Work and Work Engagement** adds to employee engagement literature on the role of employee engagement and how transformational leadership enhances attitudes about work-related outcomes. The authors collected data from 530 full-time employees working in Australia and analysed it using structural equation modeling and sequential mediation analysis. Results reveal that transformational leadership influences both job satisfaction and intention to quit directly and indirectly, through the sequential mediating influence of employees' experiences of meaningful work and employee engagement.

These direct and indirect effects of transformational leadership raise the issue of how organizations can accelerate positive changes such as conducting suitable training programs to design meaningful and purposeful jobs and develop transformational leadership skills for supervisors. Moreover, organizations could help employees to build their self-efficacy and self-esteem, and provide opportunities to develop self-awareness, and work values resulting in more meaningful work.

The third paper on **The economics of brand and marketing activities** by Mehir Baidya, Bipasha Maity, and Kamal Ghose contributes to the body of knowledge on the economics of branding for regional brands in India. The authors investigate the contribution of branding and marketing to revenue. The authors find that the responses of sales to brand and total marketing effort differ within and between brands. They, however, recognize that weight of brand equity represents the outcome of past actions. Hence they recommend that adjusted brand equity would be a better predictor of brand performance. Their findings on brand equity and marketing equity will assist managers in framing branding and marketing strategies to generate more demand, in allocating funds between marketing and branding tactics, and also in minimizing fluctuations in revenue.

The fourth paper on **Market Sensing Capability and Product Innovation Advantages in Emerging Markets: The Case of Market Entry Quality and Marketing Performance at Batik Industry in Indonesia** by Gita Sugiyarti, and Elia Ardyan assesses the effect of market sensing capabilities and product innovation advantage on market entry quality and marketing performance in emerging markets. Results from structural equation modeling suggest three important points: (1) the product innovation advantage can improve market entry quality and market performance, (2) the quality of market entry has significant and positive effect on marketing performance, (3) the capability to market sensing positively and significantly affect the quality of market entry, but there is no significant effect on marketing performance.

The paper by Elvira de Lara-Tuprio, Ramil Bataller, Allen Dominique Torres, Emmanuel Cabral and Proceso Fernandez Jr. on **Forecasting the Term Structure of Philippine Interest Rates Using the Dynamic Nelson-Siegel Model** applies the three-factor Nelson-Siegel model with fixed shape parameter

in forecasting the term structure, which is essential in designing an optimal debt strategy for the government. Using a time series Philippine market data, the model used was  $ARMA(p,q)+eGARCH(1,1)$  for each of the beta parameters. Results showed forecast of interest rates for different tenors—short, medium or long—is reliable up to only for the next three months. For an active market, this is good enough since the models for the parameters can be adjusted every trading day. Forecast of interest rates will help the policy makers determine the appropriate mix of debt instruments that will minimize cost subject to a prudent risk level.

The final paper in this issue is a Research Note on “**Trans–Pacific Partnership and Political Motivations: Interpretive Work based on Analyses of the Chinese State Media**” by Tai Wei Lim, which provides a glance at how political motivations for and against Trans–Pacific Partnership (TPP) is reported in three major media platforms in China. He used Google index search to look for articles on TPP from three state-owned newspapers (English versions) available online from January to April 2016. The author analysed the official statements behind the pronouncements and ideological inclinations of the state leaders or the Chinese Communist Party. He categorized the writings into cognitive and emotive ideas, and analysed the political implicaitns and futute outlooks arising from TPP agreement and implementation in a Sino-centric perspective. The author has three key findings: a) the Chinese mass media, even its official state-owned dailies, are showing signs of creeping pluralism, which is observed as a schizophrenic entity of Chinese journalism’s multiple identities that reflects rudimentary grassroots democracy but also simultaneously a sophisticated disseminator of official propaganda and

vanguard/defender of regime criticisms; b) Tendencies to veer media debates often influences public opinion and has the overall effect of moderating Chinese and perhaps foreign public opinions towards a one-party autocratic state, even in times of highly-centralized administration; c) the presence of new media and social media with investigative and critical contents will spur greater media competition, thus advertising revenues and readership interests will become increasingly competitive for national state-owned media.

On a final note, I would like to thank all the contributors for choosing the *DLSU B&ER* is a venue for intellectual discourse in issues pertinent to marketing, finance, economic development, and on special topics related to social protection and youth employment.

I also want to express my sincerest gratitude to a growing number of reviewers for their commitment to this academic pursuit. Your objective evaluation of the papers is well appreciated by the authors as it improves the quality of their papers. More importantly, your commentaries raise the level of critical discourse that contributes in enhancing the credibility, impact, and reputation of the *DLSU B&ER* as a regional journal of significance in commerce and economy.

I would also like to thank our Guest Editor for this issue, Dr. Celia Reyes, for ensuring that the articles are of high quality and providing high level coordination with authors during the review process, and our Editor in Chief, Dr. Tereso Tullao, for his unwavering support and guidance. Special thanks also goes to Ms. Daisy Mojares, our Editorial Assistant, for her excellent management, constantly communicating with reviewers and authors to make sure that the journal is regularly published on time.

**Marites M. Tiongco**  
*Associate Editor*

