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DLSU BUSINESS & ECONOMICS REVIEW

Table of Contents

FROM THE EDITORS

RESEARCH ARTICLES

Effects of Brand Experience and Product Involvement on Brand Loyalty for Vietnamese Consumers <i>Renee Kim, Dong Hyun Yoon, Yan Chao, and Noctan Dang</i>	1
Brand-Celebrity Match and Its Impact on Advertising Effectiveness <i>Aditya S. Mishra</i>	16
Customer Store Loyalty Determinants: A Case of the Czech Republic <i>Inna Čábelková, Boris Pogorilyak, Wadim Strielkowski, Václav Strítěský, and Radek Tahal</i>	28
The Influence of Unrelated Diversification and Ownership Structure on Firm Value: Evidence from Philippine Conglomerates <i>Rorian Pratyaksa, Mika M. Koga, Michael Dominic O. Siy, and Rosanina A. Sayoc</i>	45
The Three Factors of Creativity Management: Visual, Number, and Word Creativity <i>Junius W. Yu</i>	63
Did Indonesian Political Economic Reform Reduce Economic Growth Disparities Among Regions? <i>Abd. Jamal, Said Muhammad, Raja Masbar, and Aliasuddin</i>	81

A Decade of Reforms in the Philippine Power Sector: A Price-Concentration Analysis on the Whole Sale Electricity Spot Market <i>John Lourenze S. Poquiz</i>	95
The Joint Estimation of Filipino Child's Participation in Schooling and Employment and New Stylized Facts on the Philippine Child Labor Situation <i>Cesar C. Rufino</i>	119
RESEARCH NOTE	
Catastrophic Disasters as Opportunities for Sustainable Reconstruction: The Case of Typhoon Yolanda <i>Andrea L. Santiago and Fernando Y. Roxas</i>	143
THE CONTRIBUTORS	155
GUIDELINES FOR CONTRIBUTORS	159

FROM THE EDITOR

The July 2015 issue of the DLSU Business and Economics Review (DLSU B&ER) is a collection of a wide range of topics in contemporary business and economics contributed by young and promising researchers coming from South Asia, South East Asia and Central Europe. The nine articles in this issue profoundly contribute to the continuing discourse on strategic marketing and effective advertising, creative management, education and employment, and policy reforms for economic growth and sustainable development. Several methodological approaches are used to analyze current economic and business issues, spanning from simple comparison of means and correlation analysis to logit and multinomial logit regression analysis, to truncated regression and generalized method of moments estimation, price concentration analysis, structural equation modeling, experiential marketing and customer satisfaction surveys.

With consumers' changing consumption behavior and patterns along with changing business environment, more research is needed on strategic marketing so we can optimize consumers' satisfaction and loyalty to help firms maximize their long term profits. For this topic, we have four articles that revolve around loyalty business models, celebrity brand endorsement, brand equity, and diversification. One paper that looks at customer experience and brand loyalty is by **Renee Kim, Dong Hyun Yoon, Yan Chao, Noctan Dang** titled *Effects of Brand Experience and Product Involvement on Brand Loyalty for Vietnamese Consumers*. This paper postulates that consumers nowadays, in particular Vietnamese consumers, look at a product as an experience rather than just a mere object. They used brand-equity emotions to determine if consumers make differentiated responses to brand experience for products with different involvement levels. Findings of their study showed that Vietnamese consumers have differentiated brand experience in developing their brand loyalty for three different types of products which have different product involvement levels. Hence, marketing communication should now adapt a relational approach by engaging consumers' experience with the brand that could transform to desired brand knowledge. One of the challenges of markets is how to develop and design marketing communications and promotion strategies in order for consumers to transform brand knowledge structure in a way that could broaden and deepen their relationship with the brand.

Another paper on strategic marketing by **Aditya S. Mishra** on *Brand-celebrity match and its impact on advertising effectiveness*. The paper investigated the effect of the personality-based brand-celebrity match on the advertising effectiveness measures. The analysis goes beyond the usual determinants of effective advertising strategies for brand endorsements using source characteristics like attractiveness and expertise, to selecting appropriate celebrities to specific brand match on a personality trait of the celebrity endorser. Among the important measures of advertising effectiveness that need to be verified and evaluated congruence in creating effective celebrity endorsements are subsequent impact on advertisement believability, consumer attitude toward advertisements and brand, and purchase intention.

The third paper on strategic marketing by **Inna Čábelková, Boris Pogorilyak, Wadim Strielkowski, Václav Strítěský, Radek Tahal** titled *Customer store loyalty determinants: a case of the Czech Republic*. With the enormous expansion of the vending industry including supermarket chains in Central and Eastern Europe, the authors attempted to investigate what it takes to sustain customer loyalty. The authors conducted a face-to-face interviewer with 257 loyal customers in six largest

supermarket chains in the Czech Republic. They investigated the main qualities that supermarkets may offer for the customers to remain loyal. Results showed that loyalty of Czech consumers was linked to “traditional” factors such as low prices, discount sales, accessibility and quality of goods and gifts. On the other hand, factors such as assortment of goods or the level of services in stores did not come through as significant. Our results are explained in the light of economic behavior of people in post-transition economies.

Related to strategic marketing is the use diversification strategy in corporate companies. A paper that looks at the relationship between corporate diversification and firm valuation is titled *The Influence of Unrelated Diversification and Ownership Structure on Firm Value: Evidence from Philippine Conglomerates* by **Rorian Pratyaksa, Mika M. Koga, Michael Dominic O. Siy, and Rosanina A. Sayoc**. This paper examines the effect of unrelated diversification on firm value by ownership structure, particularly the supermajority status and family ownership. The findings of the study suggest negative average excess value effect of diversification strategies of single firms and conglomerates. However, conglomerates can extract benefits from diversification strategies through the composition of their ownership structure, i.e., having supermajority status and being family-owned. The findings of this paper can help potential investors in evaluating firm’s characteristics before deciding to diversify. When firms choose to diversify, the authors recommend that they should address the following issues: (1) amount of subsidization allotted for other or new segments; (2) protection of most valuable segments; and (3) vigilance in protecting minority shareholder interests.

Another paper related to marketing strategy is on creativity management that plays a key role in a competitive business environment constantly demanding for innovation. A paper related to creative management by **Junius W. Yu** on *The Three Factors of Creativity Management: Visual,*

Number and Word Creativity examines the concept of creativity from a historical, psychological and development stage using quantitative measures like frequency, diversity, and novelty in a given idea. Results of this study reveal that students are inclined towards visual creativity thus it is imperative for university to ensure the growth of students in this field that could lead to transformative learning. A key component to that learning is to create a flexible curriculum that combines creativity and management with a classroom setting that was set by Sternberg’s investment theory of creativity.

The next four papers contribute to the discussion on policy reforms for economic growth and sustainable development. One of these papers is *Did Indonesian political economic reform reduce economic growth disparities among regions?* by *Abd. Jamal, Said Muhammad, Rajah Masbar, and Aliasuddin*. The authors have shown success of economic development by decentralization in Aceh Province in Indonesia. Using panel regression analysis, their findings indicated that proliferation of autonomous districts work in closing the per capita income growth disparities, which was brought about by conflict and the industrial-based development that drove some districts to rapid economic growth and slowed others down. The role of decentralization is very important in promoting economic growth particularly in providing public facilities such as good transportation facilities and other related infrastructures.

Another article on policy reforms is on the effect of power reforms on competitiveness and power rates prevailing in the market titled *A Decade of Reforms in the Philippine Power Sector: A Price-Concentration Analysis on the Whole Sale Electricity Spot Market* by **John Lourenze S. Poquiz**. The paper evaluated the price effects of privatization of the power industry after more than a decade. It used a structure-conduct-performance paradigm to explain the relationship between power rates and market concentration in

the wholesale electricity spot market (WESM). Results of the price concentration analysis show that liberalization of the power industry in the Philippines did not stimulate competition and did not result to lower electricity rates. In fact, in cases where the supply of power is tight, there was a tendency to raise the price of power in the WESM.

Another paper related to policy reforms is on education policy that would prevent and eliminate child labor. Related to this topic is a paper on *The Joint Estimation of Filipino Child's Participation in Schooling and Employment and New Stylized Facts on the Philippine Child Labor Situation* by **Cesar C. Rufino**. The paper provides new insights on the child labor situation of the Philippines and jointly estimates children's decisions on choosing any of the four mutually exclusive permutations of studying or working: study only; study and work; no study, no work; and work only. The proportion of children who are full time workers are quite alarming despite the government's accelerated effort for a free and compulsory elementary and high school education for all. Results of the study confirm the influence of certain covariates on schooling/work choice formation of Filipino children. Some of these variables include: presence of children below 12 years old and are studying, per capita expenditure, engagement in self-employment and poverty status of the household.

Still on policy reforms, a research note shares the current findings of the assessment of the Philippines' Yolanda Comprehensive Rehabilitation and Recovery Plan, entitled

Catastrophic Disasters as Opportunities for Sustainable Reconstruction: The Case of Typhoon Yolanda, written by **Fernando Y. Roxas** and **Andrea L. Santiago**. The discussion aims to advance the idea for a sustainable strategies and investments rather than just response and recovery in the wake of catastrophic disasters. The authors argue that the country should consider shifting to "sustainable reconstruction" by which investments in disaster mitigation, prevention and preparedness should look beyond rebuilding of physical infrastructure and work towards balancing the needs of the environment and the economic and societal needs. The challenge is applying the elements of good governance to ensure that the sustainable reconstruction plans are implemented as envisioned.

The variety of topics of these nine articles highlights the commitment of the DLSU Business and Economics to publish a wide range of topics in business and economics and its respect for differences in methodological approaches.

Finally, in behalf of the editorial board and the publishing team, I would like to express my gratitude to all the contributors of this volume for making DLSU Business and Economic Review their choice in publishing their articles as well as the hundreds of volunteer peer reviewers from all over the world for the comprehensive reviews and continued support to our journal.

Marites M. Tiongco, PhD
Managing Editor

