

FROM THE EDITORS

The articles of the January 2015 issue of the DLSU Business and Economics Review (DLSU-B&ER) were drawn from a number of papers submitted mainly from the Asia-Pacific region but also from other parts of the world. Aside from maintaining the international make-up of submissions, the journal has also kept up with the diversity of topics covering a variety of inquiries in business and economics. For this volume four themes have emerged-vulnerability of economic sectors to shocks, capital market development, empowerment of women, and role of motivation in decision making.

On the first theme, increasing interdependence among economies emerging from the forces of globalization has made vulnerability to external shocks a major topic of discussion in international conferences and academic journals in years. The discourse on the topic has intensified recently with the impact of climate change being felt in vulnerable economies and sectors. But what motivates researchers to undertake further studies on this topic is its unevenness feature. External disturbances are temporally random while its impacts are spatially uneven. Because of these, the social costs are huge if risks are not properly understood and managed.

Four articles are included on the first theme. In the first article entitled *Development of a Fuzzy Linear Programming Model for Allocation of Inoperability in Economic Sectors Due to Loss of Natural Resource Inputs*, **Raymond Tan, Kathleen Aviso, Michael Angelo Promentilla, Krista Danielle Yu and Joost Santos** proposed an optimization model to assess the vulnerability of interdependent infrastructures brought about by external disturbances and determine appropriate actions in response to these disruptions. The paper presents a methodology that integrates fuzzy linear programming modeling and input-output analysis with an environmental extension to allocate and mitigate the scope of inoperability in a complex industrial network resulting from a loss in agricultural land due to climate change.

In a related article entitled *A Conceptual Framework for Estimating the Impact of Climatic Uncertainty and Shocks on Land Use, Food Production, and Poverty in the Philippines*, **Caesar Cororaton, Arlene Inocencio, Anna Bella Siriban-Manalang and Marites Tiongco** provided a research framework for analysing the impact of emission of greenhouse gases on climate change, agricultural productivity, agricultural activities, and land use. The framework used three simulation models: global computable general equilibrium (CGE) model, a Philippine CGE model, and a Philippine poverty micro simulation model.

Still on the topic of the impact of climate change but utilizing a different methodology, **Rosita Hamdan, Fatimah Kari and Azmah Othman** inquired on the effects of climate change on a specific sector in agriculture. In their article entitled *Biophysical Vulnerability Impact Assessment of Climate Change on Aquaculture Sector Development in Sarawak, Malaysia* the authors have verified, using multiple regression analysis, that “mean minimum temperature has a positive significant effect of on freshwater pond, while relative humidity has negative significant effect on brackish water ponds and cages”. The authors concluded that magnitude of the climate changes can reduce aquaculture production and farmers’ income due to the vulnerability of the quality of water.

Although not on the topic of climate change but still on the impact of external factors, **Chris Simon Sitienei Kipkorir and Marites Khanser** explored the impact of policy reforms brought about by regional integration measures on security food. In their article entitled *Trade Policy Implications*

on *Food Security in Rice and Maize in Kenya and the Philippines* the authors have shown that trade policies and agricultural policies pursued in Kenya and the Philippines over several decades have reduced the domestic production of rice and maize while the importation of these food grains has increased.

The second theme deals with the development of the capital market. An efficient and entrenched system of financial intermediation has been pursued as an offshoot of crises that brought havoc to the financial sector and to certain extent to the real sectors of the economy. One lesson learned from the Asian financial crisis in the late 1990's, for example, is the need for sourcing long-term credit from non-bank financial institutions within the region. Because of the thinness of the capital market in the region, surplus funds were channelled to the capital markets in the West and in turn flowed back to the region to finance the infrastructure projects of several developing economies. Aside from strengthening the spatial linkages, another important dimension of an efficient financial intermediation is the reinforcement of the link between the financial sector and real economy. Although financial inflows are even, financial outflows can be massive and variable which can trigger a financial crisis. Thus, one way of arresting this crisis is to make sure these financial inflows are channelled to the real sector.

There are three articles on this topic. In the article *Does Financial Cooperation Agreement Influence the Real Economy?: A GMM Panel Data Approach on ASEAN+3 Countries*, **Md. Saifur Rahman, Mohammed Aslam, Wee-Yeap Lau and Farihana Shahari** have shown that regional financial integration has positive effects on the real economy using General Methods of Moment (GMM). This result is encouraging since the potential instability associated with greater integration of the capital markets in the region can now be potentially mitigated.

In the development of the capital market, the equities market is crucial as a potential alternative

to bank-sourced credit in financing investment projects. In the article *Determinants of Investor's Subscription Level of IPOs: Evidence from Indian Capital Market in Post Mandatory IPO Grading Regime*, **Souvik Banerjee and K.T. Rangamani** identified the key features on what investors are looking for when they subscribe to initial public offerings. The authors found out that the demand for graded initial public offerings in the Indian capital market are influenced mostly by company specific factors. This means that investors are likely to demand IPOs issued by established companies that are in the process of expanding their physical plants and thus linking their sourcing of credit to the expansion of the real economy. This result reinforces the need to link the financial sector with the real sector to arrest any potential threat to stability.

Although stability is a major and legitimate concern in financial intermediation, the core objective of financial intermediation is to link sectors with surplus funds with sectors with deficient funds. The article by **Tania Pereira Christopoulos, Lauro Gonzalez and Tomás Costa de Azevedo Marques** entitled *Evaluating Banking Agents: A Case of Brazilian Banking Correspondents* tackled an example on how to make financial intermediation focus on inclusivity rather than stability. The article explored how branchless banking operates in Brazil including its sustainability and impact on the community particularly the poor.

The third topic is women empowerment. There are a number of economic reasons for empowering women. As women are empowered through skills training, they can actively participate in the productive activities of the economy. With enhanced labor force participation, this can lead to higher productivity and income. Empowered women are also crucial for future investment in human capital as these women are more able to rear their children properly and likely to send them to schools as well. Aside from education and skills training, women are also empowered by providing them with a working environment

that is conducive for their job performance and at the same time complements their roles as mothers.

There are two articles on this theme. In the article by **Divina Edralin, Maria Victoria Tibon and Florenz Tugas** entitled *Initiating Women Empowerment and Youth Development through Involvement in Non-Formal Education in Three Selected Parishes: An Action Research on Poverty Alleviation* various interventions in non-formal training programs were administered and later assessed on their impact on women empowerment. Using outcome mapping procedures, some indicators of progress in empowerment have been identified which imply the contributions of non-formal training programs on women empowerment.

The article on *Breastfeeding in the Philippine Workplace: What's Wrong with the Right?* **Emily Sanchez-Salcedo** reviewed the legal provisions on breastfeeding in the American, Philippine and Canadian laws. These laws have recognized the importance of breastfeeding in the workplace since it addresses the complementation of familial responsibilities of women with their employment opportunities. However, the author argued that there should be an optimal level for such legal provision. Under-provision may be too restrictive for women to pursue their objectives while over-provision may be costly for the firms. A happy balance should be explored.

Lastly, the topic is on the role of motivation in decision making. Understanding the role of motivation is crucial in making optimal decisions among consumers and producers. Objective functions of consumers are colored by various motivations. These motivations, in turn, are important inputs for suppliers in understanding their consumers. On the other hand, managers can also use motivation to enhance the productivity of their workers.

In the article by **Ma. Luisa Delayco and Hazel Biana**, entitled *Dine in or out: Understanding the Budgeting and Eating Out Behavior of De la Salle University Students* the authors has traced

how motivation influence the eating habits of students using Fishbein and Ajzens's Theory of Reasoned Action. Using factor analysis the results of the study confirmed that students perform socio-economic mapping when deciding to eat outside the school. In addition, "delicious taste is an underlying variable of beliefs and evaluation, budgeting is an underlying behavioral intent and bringing *baon* and budgeting are underlying variable of actual behaviour". In the light of intense competition in food service in a university setting, various restaurants and food service-providers can use these results to shape their food planning and pricing.

These ten articles have contributed in expanding the discourse on important topics including adjustments to external shocks, capital market development, women empowerment and motivational studies. Aside from these important contributions, these articles have also highlighted the use of varied methodologies to explore common issues confronting contemporary business and economy. The use of inoperability input-output model, computable general equilibrium model, micro simulation model, general methods of moment, multiple regression, action research, factor analysis, and legal research shows that no single methodological frame can adequately examine current economic and business issues. The variety of articles and methodologies reinforces 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.

Lastly, I would like to thank all the contributors of this volume as well as the numerous reviewers from all over the world for the continued support and in making DLSU Business and Economic Review an academic journal of note in the Asia-Pacific region.

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