

# DLSU BUSINESS & ECONOMICS REVIEW

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The DLSU Business & Economics Review (DLSUBER) publishes high quality theoretical, empirical, and methodological research in the fields of accounting, business management, commercial law, economics, finance, and marketing. The DLSUBER 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 DLSUBER 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, abstracted and Indexed in EBSCO since 2009, and listed in the ASEAN Citation Index. It is also an awardee of the Journal Challenge Grant of the Philippine Commission of Higher Education (CHED).

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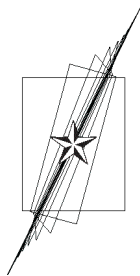
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## From the Editor

The Editorial Board of the DLSU Business & Economics Review (DLSU B&ER) is dedicated to continue publishing significant and timely research on business and economics, particularly relevant across Southeast Asia. Our mission remains steadfast: to provide a platform for scholarly work that addresses the most pressing issues.

This issue presents a collection of eight meticulously selected articles, each contributing valuable insights into diverse topics within economics and business management. These articles showcase the extensive research being conducted across Southeast Asia, offering perspectives that are both critical and transformative. Each article offers valuable insights into pressing issues affecting industries and communities in our dynamic region covering a wide range of themes: financial markets and investment, exchange rates and economic fundamentals, income inequality and wage disparities, community resilience and environmental sustainability, and the tourism industry.

The first two papers delve into the relationship between economic fundamentals and exchange rates, providing an in-depth analysis of currency dynamics and their broader economic implications. **Rocky Laurel's** paper "Exchange Rates and Fundamentals in Developed and Emerging Markets" investigates how economic fundamentals influence exchange rates in both developed and emerging markets. It contributes to the ongoing debate about the effectiveness of monetary models in predicting exchange rate movements. Through in-sample and out-of-sample analyses, the research provides valuable insights into the predictive power of flexible price monetary models, challenging long-standing perceptions and offering fresh perspectives on exchange rate dynamics in different market contexts. Central banks can use these insights to refine monetary policy tools for managing exchange rates and capital flows. Economic planners can incorporate foreign exchange movement insights into strategic economic plans. Additionally, businesses, including exporters, importers, and financial institutions, can benefit from a better understanding of foreign exchange dynamics for decision-making in inventory management, risk mitigation, and pricing strategies. The research is particularly valuable for businesses in emerging markets where bilateral trade has increased in recent years.

**Shi Ling Khek and Seuk Yen Phoong's** research paper "Nexus Between Electrical and Electronic Export Values with Exchange Rate Among Southeast Asian Countries: An Evidence from Finite Mixture Model" explores the relationship between electrical and electronic export values and exchange rates in Malaysia, Thailand, and the Philippines. The authors use a Bayesian approach to fit a normal mixture model to time series data, finding a negative relationship between electrical and electronic export values and exchange rates in these countries. The findings provide crucial insights for investors and policymakers aiming to navigate the complexities of trade in the electrical and electronic sector and economic stability in the Southeast Asian region.

The third paper by **Deden Tarmidi and Etty Murwaningsari**, "The Impact of Tax Compliance, Earnings Quality, and Financial Performance on Future Earnings Response Coefficient: Evidence from Indonesia and Thailand," examines financial performance, tax compliance, and bond yield spreads, enriching our understanding of financial markets and investment strategies. Through a quantitative analysis of panel data, the authors reveal the significant influence of earnings quality on predicting future earnings, emphasizing the importance of producing quality financial reports for investor decision-making. The findings on tax compliance and earnings quality align with broader research emphasizing the importance of transparency and financial reporting quality for investor confidence.

The next paper, “Access to Credit Loans and Firm-level Productivity of Philippine Manufacturing Firms: An Endogenous Switching Approach” by **Zandro Catacutan, Willington Onuh, and Rodiel Ferrer**, highlights the critical link between financial access and economic growth, emphasizing the importance of financial inclusion. By employing instrumental variables regression and an endogenous switching regression approach, the authors shed light on the nuanced effects of financial development on productivity, highlighting the importance of careful consideration in broadening access to financial products and services. These findings contribute to the existing literature by providing evidence of a causal link between credit access and productivity in the context of the Philippine manufacturing sector. This is particularly relevant to current issues such as promoting financial inclusion and supporting the growth of small and medium-sized enterprises in developing economies.

The next paper by **Endah Saptutyningsih, Romi Bhakti Hartarto, and Wanggi Jaung** explores the role of social capital in a fishing community’s adaptation to climate change, intersecting with broader themes of community resilience and environmental sustainability in Indonesia. Their study underscores the importance of fostering social cohesion and trust within communities vulnerable to climate-related challenges, offering valuable insights for policymakers seeking effective strategies for climate change adaptation. Essentially, fishermen who trust their peers and are actively involved in their community lead to greater support for climate change adaptation measures.

The sixth paper, “The Yields That Bind: Treasury Bill Yields and the Philippine Corporate Bond Yield Spreads” by **M. Arce, C. Dorado, J. Pascua, P. Robles, and J. Perez**, investigates the relationship between US Treasury bill yields and Philippine corporate bond yield spreads. Although the Philippine bond market is less developed than the US market, this study suggests that the basic economic principles governing the relationship between these two variables hold true in both countries. This is an important finding for investors and policymakers in the Philippines, as it provides insights into the factors that affect corporate bond yields. The study is particularly relevant given the growth of the Philippine bond market and the country’s increasing integration into the global economy. Understanding the factors that drive bond yields is essential for managing risk and making informed investment decisions.

The next paper, “Wage Gaps in the Philippines: A Decomposition Analysis” by **Neriza C. Chow, Maria Fe Carmen L. Dabbay, and Mariel Monica R. Sauler**, contributes to the ongoing discourse on income inequality, offering fresh insights into its determinants. The authors use data from the Philippine Labor Force Survey from 2007 to 2017 and apply a wage gap analysis and the Oaxaca-Blinder decomposition method to understand the factors contributing to these gaps. The research shows that while there was a steady increase for the 90th percentile average wage, the 10th percentile experienced a significant jump after 2013. Surprisingly, factors like age, gender, location, education, and sector did not significantly explain the wage disparities. However, education had the most substantial influence, followed by location and sector. This paper builds upon previous research on wage inequality in the Philippines. It contributes to the literature by providing a detailed analysis of wage gap trends and highlighting the persistent influence of education and location on wage disparities. These findings are particularly relevant to current discussions on income inequality and social mobility in developing countries.

The final article, “Measuring Branding Variables that Affect the Brand Choice Intention toward Tourism Destinations in Thailand’s Eastern Coastal Region” by **Passarin Phalitnonkiat, James Vincent Johnson Phalitnonkiat, and Siwaporn Kunnapapdeelert**, focuses on the tourism sector, specifically branding and marketing strategies, underscoring the economic significance of tourism in regional development. Through empirical analysis, they found that perceived value, interest, brand awareness, and brand image significantly impact both brand loyalty and a tourist’s intention to choose a destination. They suggest that tourism organizations should focus on these elements in their marketing strategies to enhance Thailand’s tourism industry. The study contributes to existing literature by providing insights into the specific branding variables that are most effective for coastal destinations. This is particularly relevant to current issues as the tourism industry seeks to recover from global events and adapt to changing traveler preferences.



Together, these eight papers offer valuable contributions to their respective fields, providing insights that can inform policy decisions, drive industry innovation, and contribute to the advancement of economic and business research in Southeast Asia.

I wish the DLSU Business and Economics Review continuous success in strengthening the research foundation to study issues relevant to regional economies, by providing a platform for young researchers to build an academic network in the region at a high international standard of scholarship that DLSU B&ER has set.

I trust that these diverse and insightful contributions presented in this issue will stimulate further discussions in the dynamic fields of business and economics. I extend my sincere appreciation to the esteemed authors for their outstanding contributions, which collectively reflect the vibrant intellectual discourse and dedication that underpin the success of the De La Salle Business and Economics Review. I eagerly anticipate a continuation of impactful research and the fostering of collaborative endeavors.

My deepest appreciation extends to the members of the Editorial Board for their ongoing partnership and support. The diverse and international composition of the Editorial Board has been instrumental in attracting a wealth of submissions from around the globe over the past sixteen years. Special recognition is extended to our Associate Editors, namely Dr. Christopher Cabuay, Dr. Arnel Uy, and to our Managing Editor, Ms. Jahm Mae Guinto, for their dedicated efforts and remarkable efficiency. Additionally, I express my deep appreciation to Ms. Daisy Mojares, the ever-reliable Editorial Assistant, who has been an integral part of the journal since its inception. Their collective efforts have been vital to the growth and impact of the DLSU Business and Economics Review.

Marites M. Tiongco, PhD  
*Editor-in-Chief*