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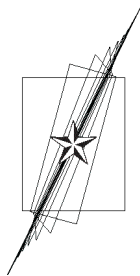
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From the Editors

The Editorial Board of the DLSU Business & Economics Review (DLSUBER) is continuously committed to publishing issues with specific themes on business and economics topics of significance to the Philippines and the Asia Pacific region. This volume has two parts. The first part consists of seven articles with special topics on the impact of the Covid-19 pandemic on the economies of both developing and developed countries, and contemporary macroeconomic issues with a focus on the Association of Southeast Asian Nations (ASEAN) countries.

We have invited Tomoo Kikuchi and Lawrence Dacuycuy as editors for these specific topics. Kikuchi is an Associate Professor of the Graduate School of Asia Pacific Studies at Waseda University in Tokyo, and an Associate Editor of the Journal of Asian Economics and Malaysian Journal of Economics. Dacuycuy is a University Fellow and Full Professor of the School of Economics at De La Salle University, and has served as Editor-in-Chief of the DLSUBER from February to September 2022. I thank Dacuycuy and Kikuchi for organizing the authors from the 3rd DLSU School of Economics (DLSU-SOE) and National Institute for Development Administration (NIDA) Joint Research Workshop, and for circulating their papers to various reviewers.

The second part of this volume is composed of eight articles on corporate governance, management of business firms, and investment decisions on financial markets written by researchers from the Philippines, the Asia-Pacific, and the Middle East and North Africa (MENA) regions. These papers aim to stimulate the academic and policy discussion on post-pandemic growth and development in the Asia-Pacific and MENA regions.

Editor's Note on the theme "ASEAN Beyond the Pandemic"

The first part of this issue is an outcome of the 3rd DLSU School of Economics (DLSU-SOE) and National Institute for Development Administration (NIDA) Joint Research Workshop with the theme "ASEAN Beyond the Pandemic," which was held online on 8 April 2022. The workshop has produced several papers, of which seven have been accepted for publication in this volume. All seven papers study contemporary macroeconomic issues with a focus on ASEAN countries and financial markets. Six papers are empirical studies, and one paper applies a dynamic stochastic general equilibrium (DSGE) model to the Philippine economy. Three papers show the impact of Covid-19 on the region and the world. The remaining papers are on topics including venture capital in the United States (US), carbon emission in the ASEAN, public investment in the Philippines, and private equity investment in China. The topics reflect the broader interests of the region on Covid-19, global warming, financial markets, the ASEAN, the US, and China.

The paper "**Dynamic connectedness in the ASEAN's equity markets during the Covid-19 pandemic**" by **Suthawan Prukumpai, Lawrence B. Dacuycuy, and Yuthana Sethapramote** studies how ASEAN stock markets are affected by global equity markets. The authors find that ASEAN stock markets have experienced higher spillovers from global equity markets during the pandemic than in normal times. They show that pandemic-related variables such as mortality rates have increased the spillovers while the number of vaccinated individuals has decreased the spillovers. This indicates how a pandemic and the policy response to it can influence the impact global equity markets have on ASEAN stock markets.

The paper **“On the volatility and market inefficiency of Bitcoin during the Covid-19 pandemic”** by **Cesar C. Rufino** utilizes a 1,306-day dataset to study the risk-return profile and the market efficiency of Bitcoin in pre-pandemic and pandemic periods. The author finds that the pandemic has strengthened the volatility of Bitcoin and made it an informationally inefficient asset. The author argues that this may give rise to tremendous profit opportunities for long-term investors in Bitcoin.

The paper **“Income recovery of Thai workers from the Covid-19 pandemic”** by **Athakrit Thepmongkol and Amornrat Apinanmahakul** conducts a survey of Thai workers from May to November 2020 to examine how the Covid-19 lockdown affected their income. Initially, 70% of the sample population suffered a dramatic income loss at an average of 47%. Over time, income started to stabilize while it recovered to the initial level for only a few. The authors find that being a formal worker helped income recover faster but the Covid-19 assistance schemes by the government had a negative impact on income recovery. The cheap loan policy helped recover income faster for workers whose incomes were in the middle and the top quantiles..

The paper **“The effects of venture capital network centrality on earnings management and profitability of portfolio company: Evidence from the US market”** by **Yosavee Niranvichaiya and Sorasart Sukcharoensin** uses a sample of 788 US venture capital (VC)-backed IPO companies from 2006 to 2015 to evaluate the impact of network centrality, VC, and earnings management on the future profitability of VC-backed portfolio companies. The authors find that companies backed by VCs with higher network centrality are more likely to have better future profitability after an IPO, even with the use of accrual-based earnings management.

The paper **“A sector prioritization index with carbon emission intensity considerations”** by **Krista Danielle S. Yu, Christine Alyssa P. Solis, and Viknesh Andiappan** proposes a sector prioritization index with carbon emission intensity considerations to include the environmental effects based on a multi-regional input-output model. The authors show that electricity sectors, services sectors, transport sectors, and energy-intensive industries in ASEAN countries are among the sectors that should be prioritized.

The paper **“The role of public investment in pandemic recovery”** by **Aris Zoleta** estimates a DSGE model of the Philippine economy and shows that an increase in government spending is associated with an increase in private investment and both public and private investment respond positively to government spending shocks. However, output is more persistent in response to technology shocks than government spending shocks.

The paper **“The impact of private equity investment on the market performance of listed companies on the A-share market in China”** by **Mengyu Zhan and Sorasart Sukcharoensin** analyzes Chinese initial public offerings (IPOs) during 2010-2014 and follows their performance for five years. They find that private equity (PE)-backed IPOs tend to have significantly higher initial returns than non-PE-backed ones during the first three years of listing. This implies that private equity firms serve an effective function of quality screening, which is directly related to the probability of a successful exit in the year after the lockup period.

The seven papers contained in this volume obtain results that are intuitive and broadly consistent with known theoretical and empirical results. We congratulate the authors who successfully showcase the application of empirical techniques and methodologies that are widely used in the literature to study issues that matter to the region.

Tomoo Kikuchi
Lawrence Dacuycuy
Guest Editors

Editor's Note for the Regular Issue

The paper **“Incumbent Competition and Private Agenda”** by **Anne Marie Go**, provides a perspective on how politicians determine policy choices by considering a relative popularity model. The model was used to explore how a politician's private interests and public opinion affect policy outcomes, and how they measure their responses based on the performance of their opponents. The results showed that higher payoffs from the private sector increases the propensity of politicians to become dishonest. If politicians have good decision-making abilities, sufficiently high payoffs in policy implementation, given moderate private benefits, push toward the implementation of popular policies. For very poor decision-making abilities, at sufficiently high policy rewards, politicians vote for the same action to implement a policy regardless of what the electorate wants - converging to a decision without regard to the popular choice. For issues of very high relevance to the electorate, only popular policies are passed. A key takeaway of this paper is that it is possible to induce honest behavior by increasing public regard for successful law implementation and a stronger perception of implementing the choices of a well-informed electorate.

The paper **“Nexus of Innovation and Firm-level Productivity: Evidence from Philippine Manufacturing Firms”** by **Zandro Catacutan and Willington Onuh** examines firms' propensity to engage in innovation activities and the impact of innovation on firm-level productivity in Philippine manufacturing firms. Using the 2015 World Bank Enterprise Survey to evaluate the impact of innovation on productivity, results suggest that the propensity of firms to engage in innovation is low and is negatively affected by R&D intensity and capital intensity. The authors find evidence of beneficial effects for both product and process innovations on firm-level productivity for firms that innovate compared to non-innovating firms. Findings further imply that programs designed to improve human capital development, particularly education, may help productivity. The results advocate for innovation policies aimed primarily at promoting reasonable access to investments relevant to the adoption of up-to-date technologies for firms.

The paper **“Cash Conversion Cycle and Investment Cash Flow Sensitivity”** by **Ilker Yilmaz** investigates the effect of firms' cash conversion cycle on their investment cash flow sensitivities. Results from the dynamic panel regressions using a generalized method of moments showed that there is investment cash flow sensitivity for the sample firms (energy companies), indicating the existence of financial constraints. It was also found that firms with longer cash conversion cycles have higher levels of investment cash flow sensitivity, more apparent for large firms.

Another perspective on understanding factors that influence good corporate governance, the paper **“Explicating the influence of religion in forming corporate governance: Insights from the Philippines”** by **Leveric Tan Ng and John Paolo Rivera** investigate the role of religion in corporate governance practices. Guided by the stewardship theory, analysis of in-depth key informant interviews suggest that religious conviction was one of the foundations of good corporate governance through ethical leadership. The authors also suggested that religion impacts ethical leadership/behavior, which could influence their behavior and decision-making toward achieving organizational goals.

The paper **“Power Asymmetry in Ongoing Business Relationships”** by **Mdarhri Alaoui Saad and Amine Nouredine** examines how coercive power and value sharing could influence business relationship and partner attitude and behavior. Results from the structural equation model indicate that coercive and non-coercive sources of power differentially influence value creation and stakeholder satisfaction. Value creation was found to be positively related to value appropriation. Thus, a fair and equitable sharing of value created is a critical prerequisite for partner satisfaction and relationship continuity.

Another application of the structural equation model is presented in the next paper **“Antecedents of Investment Decision-Making in Mutual Fund: an Indian Perspective”** by **Som Nath Paul, Rajesh Upadhaya, and Garg Ashima**. The authors examine investment decisions and explore the relationship between investor's knowledge

and risk perception, expected returns, and decision to invest in mutual funds. Findings from the analysis, indicate a positive relationship between investor's knowledge and expertise with investment decision, which is partially mediated by perceived risk. The significant effect of financial literacy on the perception of risk of investors could serve as a reminder to fund managers and policymakers that educating investors is a critical factor in promoting and encouraging investors toward investing in mutual funds.

The DLSU Business and Economics Review continue to acknowledge the role of systematic literature reviews. The review article **“Emotional Intelligence and Conflict Management in Family Firms: Using Systematic Literature Review and Bibliometric Analysis”** by **Kris G. Lobo** analyses existing bodies of literature on the relationship between emotional intelligence (EI) and conflict management (CM) in family businesses in Asia. Based on bibliometric analysis, the author used six clusters from the nine papers reviewed. The author uncovered that EI is a factor and an outcome, and that EI also prevents the occurrence of conflict. With limited literature on how Asian families manage their businesses, the author highlighted the lack of studies in this area of research, particularly on the relationship between family business and psychology.

Finally, we are featuring a Research Note on **“Inequality, Oligarchy, and Dynasty”** by **Ronald U. Mendoza** that discusses oligarchy and political dynasty as elements of inequality in the Philippine context. The paper suggested a three-point agenda to address the root of inequality in the Philippines and enhance genuine competition in the political arena and the market economy. The paper called for promoting more inclusive societies, political and institutional reforms, and more inclusive and competitive market economy. The paper concludes that reducing inequality is the key to political stability, crisis resilience, and sustained economic development.

On behalf of the Editorial Board and the publishing team, I thank all the contributors to this volume for choosing the DLSU Business and Economics Review as an outlet for their research work. I am grateful to all the reviewers from various universities for their insightful evaluation of all papers submitted in this journal, and for their support in making the journal a leading journal in the Asia-Pacific region. My heartfelt gratitude to our Editorial Assistant, **Ms. Daisy Mojares**, for managing the papers submitted to our ScholarOne online submission portal, and making sure that all published papers are uploaded online in a timely manner.

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.

Marites M. Tiongco, Ph.D.

Editor-in-Chief