



Editorial

Contemporary Issues in Business and Economics in Vietnam and Other Asian Emerging Markets

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Abstract: This Special Issue publishes high quality papers on contemporary issues in business and economics in Vietnam and other Asian emerging markets. These papers were accepted and presented at the 2019 Vietnam's Business and Economics Research Conference (VBER2019) organized by Ho Chi Minh City Open University, Vietnam in July 2019. Emerging issues in business and economics from Vietnam and other emerging markets in the Asian region have been addressed from various angles, from economics, finance, and statistics to management science. Five out of the 14 studies in this book were conducted to investigate various issues in relation to the Asian region such as the exchange rate regime in Asia, financial inclusion, and financial development and income inequality in Asian emerging markets. Seven studies were conducted in response to emerging business and economic issues in Vietnam such as fiscal decentralization, urbanization, foreign direct investment, and corporate financial distress. Other papers even considered various relevant aspects from the United States and Europe to the Asian region including double taxation treaties and agricultural shocks to the oil price. The findings from these papers are useful for practitioners, policymakers, and academics.

Keywords: Vietnam; financial inclusion; fiscal decentralization; economic growth; financial development; exchange rate; Asian region

This book publishes high quality papers accepted and presented at the 2019 Vietnam's Business and Economics Research Conference (VBER2019) organized by Ho Chi Minh City Open University in 18–20 July 2019. The Special Issue is associated with a broad coverage of contemporary issues in Business and Economics in Vietnam and other emerging markets reflecting a key theme, VBER2019: Vietnam's Place in the Asia Pacific Region. Fourteen papers are published from more than 120 papers submitted to the VBER2019 Conference. The published papers have undergone a rigorous reviewing process conducted by the *Journal of Risk and Financial Management*.

The papers incorporated in this book address contemporary issues in business and economics from Vietnam and other emerging markets in the Asian region from various angles, from economics, finance, and statistics to management science. At the time of writing this note, some of the papers have attracted more than 1000 downloads in 3 months. In particular, a paper on "Foreign direct investment and economic growth from developing countries in the short run and long run" by [Dinh et al. \(2019\)](#) has attracted almost 6000 downloads in 3 months. These statistics indicate that the papers published in this Special Issue have attracted interest from the readers. Among these 14 published papers, three main areas of important contemporary issues in Business and Economics in the Asian region can be identified.

First, a block of papers deals with various important and fundamental issues in the emerging markets the Asian region, from the exchange rate regime, financial inclusion, and financial development to

energy consumption and environmental degradation. On the issue of CO₂ emissions, energy consumption and economic growth in the Association of Southeast Asian Nations (ASEAN), [Vo et al. \(2019a\)](#) utilized various time-series econometrics approaches. The key findings from this paper indicate no long-term relationship between carbon dioxide (CO₂) emissions, energy consumption, renewable energy, population growth, and economic growth in the Philippines and Thailand, but a relationship does exist in Indonesia, Myanmar, and Malaysia. In a similar manner, [Nguyen et al. \(2019d\)](#) conducted a study on the important finance–inequality nexus by examining a sample of 21 emerging countries for the period of 1961–2017. The findings from this paper confirm the existence of an inverted U-curve relationship between financial development and income inequality, implying that income inequality may rise at the early stage of financial development and fall after a certain level is achieved. [Loo \(2019\)](#), in his paper on financial inclusion for the ASEAN, concluded that advancing internet capability and availability present investors an opportunity to offer financial technology, or Fintech, to meet the need for financial services in this digital era. [Ha and Hoang \(2020\)](#) discussed the contribution of the exchange rate regime and economic growth in the Asian region. The authors concluded that a country with a less flexible exchange rate regime will have a higher growth rate in the Asian region. In addition, the impact of urbanization on income inequality in Vietnam was examined by [Nguyen et al. \(2019e\)](#). The findings from this paper indicate that in the long term, urbanization has an impact on reducing income inequality. In the short term, urbanization has a negligible impact on income inequality.

Second, a challenge in quantitative studies for a single country such as Vietnam with limited data is generally noted. However, various empirical studies on Vietnam's business and economic issues have been conducted. [Nguyen et al. \(2020\)](#) examined the cultural distance and entry mode of foreign direct investment in Vietnam. The key findings from their paper show that when the cultural difference between Vietnam and their home country is high, foreign-invested firms prefer wholly-owned subsidiaries over equity joint ventures. Within the Vietnamese market, [Vo et al. \(2019b\)](#) conducted a study on the issue of corporate financial distress. The authors concluded that the corporate financial distress prediction model, which includes accounting factors with macroeconomic indicators, performs much better than alternative models. In addition, the evidence confirms that the global financial crisis (GFC) had a damaging impact on each sector, with the Health and Education sector demonstrating the most impressive recovery post-GFC and the Utilities sector recording a dramatic increase in bankruptcies post-GFC. At the other extreme of the spectrum, [Van and Nguyen \(2019\)](#) considered that the competitive context, social influences, the understanding of managers of corporate social responsibility (CSR), and the internal environments of companies are the four drivers of CSR. The authors also argued that in the four drivers, the competitive context has the strongest impact on adopting CSR. [Nguyen et al. \(2019a\)](#) examined the appropriateness of various capital structure theories in the context of Vietnam using the sample of 227 listed firms in the Ho Chi Minh City stock exchange over the period from 2008 to 2017. The findings from this study suggest that the Vietnamese listed firms follow the trade-off theory to determine their capital structure. In addition, the effect of the degree of internationalization on firm performance and the influence of organizational slack on this relationship was examined by [Nguyen et al. \(2019c\)](#). Using a fixed-effects model for data from 569,767 Vietnamese enterprises from 2007 to 2015, a significant W-shaped linkage between internationalization and firm performance was revealed in the paper.

Third, last but not least, various papers focus on an important aspect of public finance. For example, [Pham et al. \(2019\)](#) documented the effect of double taxation treaties on the bilateral trade of Vietnam with ASEAN member states, thereby making an extensive comparison with its EU partner countries. Their findings indicate the significant contributions of the tax treaties to Vietnam's trade performance, not exclusively with ASEAN but also with EU partner countries. In addition, on public finance for Vietnam, [Nguyen et al. \(2019b\)](#) investigated the contribution of fiscal decentralization to economic growth across provinces in Vietnam. For the first time in Vietnam, the fiscal decentralization index, together with its two sub-components including fiscal importance and fiscal autonomy, are developed. The findings from this paper indicate that while fiscal importance and an overall level of fiscal

decentralization have provided a negative impact on provincial economic growth, fiscal autonomy has a positive impact on economic growth across provinces in Vietnam. In another distinct study, [Vu et al. \(2019\)](#) examined the role of the agricultural market in the energy sector which has been largely ignored in current literature. They argued that the expansion of agricultural production may trigger a significant increase in oil price. Findings from this paper indicate that different agricultural shocks can have different effects on oil price and that corn use in ethanol plays an important role in the impact of corn demand shocks on oil price. They argued that the agricultural market can have an impact on oil prices through two main channels: indirect cost push effect and direct biofuel effect.

Our brief discussions on selected papers from this book cover many diverse aspects of emerging markets in the Asian region, and we hope that the findings from these important papers will contribute to the already rich literature on these issues, with a particular focus on Vietnam and other Asian emerging markets. We consider that these findings will be utilized as useful resources and they will be considered as an inspiration for academics and researchers working in this exciting area of research with a focus on contemporary issues in economics and business in the Asian region—a new economic zone in the world.

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