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2016 8

Volume 3 No 2

The Myanmar JOURNAL

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Letter from the Editor-in-Chief

The Korea Myanmar Research Institute (KOMYRA) has supported the ongoing projects on the mutual development of Myanmar and Korea in the entire field of society, economy, culture, education, science, and related industry. As a part of our efforts to provide convenient access to understand Myanmar and Korea worldwide, KOMYRA has co-published the Myanmar Journal with Yangon University of Economics (YUEco) since August 2014, and now we release the Myanmar Journal Vol. 3, No. 2.

This issue features various topics that may be of international interest, such as academic and industrial researches mainly concerning economic and social changes, labour reforms, cosmetics, tourism, etc.

We hope this journal continues to promote understanding about the present status and the potential capacities of Myanmar and Korea, and facilitate in-depth international exchange and cooperation.

I would like to express my deep gratitude to the Editorial Board and the Staff of KOMYRA who have contributed their valuable supports towards the publication of this issue of the Myanmar Journal.

August. 30, 2016

Youngjun Choi **yj choi**

Editor-in-Chief of THE MYANMAR JOURNAL

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The Myanmar Journal (ISSN 2383-6563) is the official international journal co-published by Yangon University of Economics (YUEco) and Korea Myanmar Research Institute (KOMYRA).

This journal aims to promote the mutual cooperation and development of Myanmar and Korea through intensive researches in the entire filed of society, economy, culture, and industry.

It will cover all general academic and industrial issues, and share ideas, problems and solution for development of Myanmar.

Articles for publication will be on-line released twice a year at the end of February and August every year on the Myanmar Journal webpage.

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REVISITING COUNTRY RISK FOR MYANMAR

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ABSTRACT: Now that Aung San Suu Kyi's National Leagues for Democracy has assumed power in Myanmar, country risk assessments will be dominated by the NLD's capacity to oversee strategic policy direction, governmental and institutional management experience, and the challenge of maintaining and building trust and confidence for investors and business. As a first-time government, the NLD looks inexperienced and lacking clear strategy, but it is already seeking collaborative arrangements domestically with the Army, with ethnic groups, and with existing business groups, as well as with international partners and donors. Some of Myanmar's challenges are long-term and substantial progress may take time, and country risk assessments must take account of such challenges. Dealing with high expectations may prove the new government's major hurdle, even for a government with significant political legitimacy.

Key Words: myanmar, country risk, reconciliation, policy continuity, investor confidence

I. Introduction

Myanmar has a new government with greater legitimacy than any previous government in Myanmar, thanks to the popularity of the winning party in the 2015 elections – the National League for Democracy (NLD) – and thanks to the transparency of Myanmar's whole electoral process. While this dramatic election victory has been widely greeted as a triumph for democracy, and as the definitive end of authoritarian rule in Myanmar, it remains to be seen whether this is really "A New Dawn for Old Business" in Myanmar. Many observers and commentators have in the past been impressed by Myanmar's long-term potential, and some may have been less attentive to some short-term risk factors. After Myanmar's 2010 elections, international country risk assessments for Myanmar were extraordinarily positive, and this made it considerably easier for the Thein Sein government to promote Myanmar as an attractive place for strategic trade and investment commitments. In 2013,

McKinsey's famously characterised Myanmar as a "high risk, high reward" investment proposition, and predicted that the Myanmar economy would quadruple by 2030, an assessment which captured international attention and probably influenced some investors.²⁾ In 2014, the influential risk assessment firm Maplecroft declared that Myanmar was (then) "the only county in the world that had improved its business outlook".³⁾

After Myanmar's 2015 elections, the international credit rating agency, Moody's, initially issued a very positive response to the 2015 election results, describing the NLD landslide as "credit positive".⁴⁾ This judgment is consistent with the generally favourable response to the election outcome, which seemed to confirm the overall popularity of the NLD and its leader Aung San Suu Kyi. But is it more complicated than this? What is really known about the NLD's likely policies and attitudes to defining and shaping the country, and what is known about their experience and likely competence in handling the complexity and pressures of governing. After the NLD's crushing victory in the 2015 elections, some risk assessment agencies may be inclined to give the NLD the benefit of the doubt (although they might not necessarily admit this publicly). However, it will probably become apparent quite quickly if the NLD is not living up to the very high expectations that their victory created.

II. Re-Considering Myanmar's Country Risk

As the NLD wraps up the formal transfer of power to it, for the first time ever, observers naturally re-evaluated political risk - or as it is also known - "country risk" in Myanmar. A poor assessment of country risk can adversely affect many factors, ranging from the ability and specific costs of borrowing funds to underpin national budgets, to long-term assessments of profitability over the lifetime of a major investment or infrastructure project, to the costs of insurance for private sector investors. Any country experiencing political, security or economic pressures, might find it more difficult to attract foreign direct investment, or lending; but a developing country with known "problems" - such as Myanmar - could find it especially hard. Country risk refers to "the risk of investing or lending in a country, arising from possible changes in the business environment that may adversely affect operating profits or the value of assets in the country. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, civil war and other potential events contribute to companies' operational risks."5) While risk assessments are mainly used these days to guide business decisions, especially in relation to significant commitments in trade and/or investment, they obviously reflect a conjunction of strategic perspectives on the conditions in and prospects for any country. Economic conditions represent a significant factor in risk assessment.

Clear-headed judgments about the NLD's capacity to govern, and trust in effective national policies, are needed with less hyperbole about the advent of "democracy" in Myanmar. First, how will Myanmar's new government demonstrate that it really possesses the institutions and systems to manage the country's major national issues over the next five years. A reasonable question to ask is what outcomes are expected with Myanmar's major problems under a new government and how will the NLD's standing be affected in the next few years. In broad terms, the two major matters of (related) unfinished business in Myanmar are the process of national reconciliation and the consolidation of peace (in socio-economic terms as well as in political terms). These are both issues in which the NLD and Aung San Suu Kyi in particular are keenly interested, and on which there may not be a great deal of difference between the overall approach of the Thein Sein government and that of an NLD government, although significant differences in style and the handling of contentious may emerge.

On reconciliation, there are grounds for slight optimism about reconciliation between the NLD and the Army. The current Commander in Chief, Senior General Min Aung Hlaing, certainly seems disposed to seek reconciliation with Suu Kyi, although it remains to be seen whether an enduring arrangement between them can be consummated. Ongoing relations between the military and the NLD are likely to call for deft and delicate management of the various issues, possibly leading to some natural wavering in the relationship at times. What might happen to this relationship when Aung San Suu Kyi departs the political scene is far from clear. No doubt all concerned would hope to leave a legacy of stability and pragmatic collaboration between the army and "progressive forces" for the sake of national cohesion, knowing that the country still has much "catching up" to do. Continued emphasis on increased transparency in policies and politics would assist Myanmar achieve this goal.

However, on the question of possible reconciliation between Myanmar's Buddhists and Myanmar's Muslims, and especially the Rohingya, there are less grounds for optimism, and here it may be international expectations that are rather unrealistic. Conflict has existed in Myanmar over Muslim migration from Bangladesh from historical times, and many Rohingya were never granted Myanmar citizenship, although considerable numbers were. Previous Myanmar governments deferred any resolution of this problem, on which it proved impossible to achieve a reasonable national consensus. Under military rule, successive regimes resorted to an interim "solution" based on segregation of the two communities. It is not clear that the incoming NLD government can easily reverse previous arrangements under which a measure of co-existence had been possible; yet the current ad hoc situation is probably

unsustainable. Nor is it clear that finding such a solution to the Rohingya problem is such a high priority for the NLD.

On the general matter of achieving lasting peace and appropriate socio-economic development, it is hard to be optimistic, given the sorry history of highly centralised modern Burma, and given the struggle to secure the "nation-wide" cease-fire agreement pushed so determinedly under the Thein Sein government. Political reconciliation is inevitably closely connected to the issue of federalism, or decentralisation and proper recognition of regional aspirations. On these key questions, both the Thein Sein government and the army shied away from firm decisions, alarmed by the unexpected outbreak of communal violence in 2012. And even Aung San Suu Kyi and the NLD seem uncertain about taking any bold or risky decision on substantive decentralisation of power and authority, let alone a practical "federal" system of government. A symbolic step - such as the convening of a new Panglong Conference as is being proposed by Aung San Suu Kyi - might help, but it is by no means clear that worthwhile concrete solutions would emerge, given the long legacy of distrust and suspicion that persists. Sensing this, regional communities seem doubtful that an NLD Government would really allow Bamar/Burman interests to be subsumed by ethic interests in regional areas.

On foreign policy, generally, it could be argued that bi-partisanship has dominated Myanmar's international relations with the important exception of sanctions, which Myanmar's military dominated regimes opposed, while the NLD broadly supported. The lifting of most sanctions after Myanmar's April 2012 by-elections, meant that this point of differentiation between the major parties has disappeared. Myanmar's broadly "non-aligned" foreign policy is now supported by all concerned, as is Myanmar's active participation in ASEAN, and pursuit of constructive relations simultaneously with China, the United States, and India. Recent years have seen both major parties devote some priority to the smooth conduct of Myanmar's relations with the major powers for Myanmar – China, the United States, and India. A new NLD government will not bring any particular advantages – or disadvantages – in foreign policy, despite the superficial impression that the NLD enjoyed superior relations with Washington and its allies. If anything, China will be inherently suspicious of an NLD government, even when those suspicions are not really justified or soundly based on substantive problems.

In analysing the prospects for the new government in Myanmar, a few general themes can be usefully examined.

III. Continuity

Observers should not ignore the many long-term plans that Myanmar had produced as a basis for a long-term commitment of funding which arguably provide a significant basis for longer term continuity of policy.⁷ It should be remembered, that, for at least the last three years of the Thein Sein government, NLD members of parliament were sitting in the parliament when various reforms and laws were introduced or passed. While the NLD might not have supported all such reforms, they had every opportunity to inform themselves about the reforms and would have certainly been included in any parliamentary consideration of the new measures. So it was not really surprising that a prominent advisor to the NLD on economic policy could say confidently at the end of November 2015 - when the elections results were known and accepted - that in 2016 an NLD government would not necessarily seek to overturn or reverse policies and decisions already in place. This has now been reported elsewhere as well.89 However, it is not necessarily clear that the NLD Government will commit to continuing all of these agreed arrangements; the NLG Government may exercise a choice, either to continue them, or to review policies and procedures in a comprehensive fashion, as some international agencies such as the World Bank have recently indicated.

The NLD Government will certainly be mindful of the advantages of continuity in terms of providing a stabilising factor, although the NLD could equally argue that it was to be expected that a change of government would mean a review of existing arrangements. Foreign investment is perhaps the main area where continuity of policy will probably be evident, in view of the NLD's generally positive attitude to foreign direct investment (FDI). In her visit overseas trip in many years in 2012, in her first major public address internationally, at the World Economic Forum meeting in Bangkok in May 2012, Aung San Suu Kyi talked up the prospects of investing in Myanmar. The NLD has consistently been a strong supporter of FDI, voting with the majority when the amended FDI law was approved by the Myanmar parliament in November 2012. The basis for the NLD's approach will presumably be its own economic strategy, which as would be expected emphasises compliance with Myanmar law, and the protection of Myanmar workers and Myanmar joint venturers.⁹⁾

IV. Experience

At first glance, the new NLD government would seem to face a serious lack of experience in certain areas as they come into government. But this is perhaps

misleading as any party with such undoubted massive popularity, must include amongst its supporters expertise and knowledge across all area of government policy. Whether this expertise has recent practical experience, or whether the NLDt has the necessary depth of knowledge remains to be seen. But it is evident that the NLD government can draw on expertise existing inside and outside the country. Many Burmese who might have never openly declared their support for the NLD could be prepared to come forward now, and this is already happening. Much will still depend of the NLD's readiness to listen to advice, but if anything, one would expect NLD leaders to open to offers of advice in comparison with their predecessors, who were sometimes constrained by their connections to more rigid military thinking. The NLD is already demonstrating considerable openness to international advice, via some of the overseas experts it has appointed as official (and unofficial) advisors.

Even within the ranks of NLD members of parliament, for example, are many who have substantial experience in non-government affairs, either in civil society organisations, in a range of activist activities during the Thein Sein period – over land rights, workers' rights, environmental issues – or working for humanitarian causes. While NLD members of parliament may lack direct experience of military and security matters, they should be able to call on the loyalty of the national security and law enforcement communities. (It would be unwise to assume an NLD government could not draw on substantive contributions from military and law enforcement practitioners in Myanmar.) NLD membership also includes many people with legal expertise, and some with international expertise.

Initially, it might also seem that the NLD might lack expertise in economic policy and business affairs, especially contacts with those most deeply involved in government/business activities, namely the "infamous" cronies of the former military regime. But such an assumption also looks to be misplaced: in fact some "cronies" have had discreet and quiet contacts with the NLD, and some have been quick to show themselves ready to assist an incoming NLD government (Tayza, the CEO of the Htoo Group of Companies, reportedly funded some of the training programs for successful first-time NLD candidates, through his Green Development Bank, for example.)¹⁰⁾ Looking ahead to their own interests, cronies are likely to want to work with an NLD government. While they are focused on their own profits, they are also quite used to engaging in activities that contribute to "national" wellbeing. They will not want to be just pushed aside by an NLD Government given their substantial ongoing stake in Myanmar's further development.

V. Management skills

Over time, attention will naturally focus on the NLD's performance in government, including their strategic skills and their ability to balance competing interests. Of course, NLD leaders have organised and managed their party affairs for many years, including the normal tasks of policy development, program delivery and administrative control, but what this means for their ability to manage the much broader and much more demanding affairs of state remains to be seen. Questions have sometimes been raised in the past about the NLD's management of its party affairs, but until now not a great deal of external scrutiny of NLD management occurred. Generally, NLD leaders would appear to have managed their public relations requirements fairly successfully so far. A small team of NLD spokespersons has been able to anticipate the needs of the media and has mostly, although not always, satisfied audiences. Although the NLD lacks direct experience of managing the full range of government affairs, it will still be able to rely on the knowledge and expertise of Myanmar's bureaucracy, a good number of whom will be NLD sympathisers.

Even in the relatively short period in which they have been in the public eye during 2015 and 2016, NLD leaders have sometimes faced difficulties enunciating clear policy positions when competing pressures emerged. On the whole, with only a few exceptions, the Myanmar bureaucracy's management capabilities have not been of uniformly high quality. For example, management of the implications of the outbreak of communal tensions in 2012, while indeed complex, was not handled very impressively by the various law enforcement authorities. In particular, expectations will be for the new Myanmar government's management of complex issues to do with ethnic aspirations to improve.

VI. Delivery of outcomes

As for the NLD's record in achieving successful outcomes, it is clearly too soon to make pronouncements on this. Yet it will be remembered that the NLD really has not really ever been fully tested on its capacity to deliver results, against the various obstacles and challenges that are normally encountered. It has been conducting modest social and educational programs in Yangon and elsewhere for several years, but overseeing programs on a national scale is obviously a challenge of a different magnitude. One problem is the very high level of expectations of the NLD government that have been generated over many years and quite intensively during election campaigns, culminating in the impressive 2015 election victory. Many

observers have noted this, but there is no consensus yet on how the NLD Government should deal with these expectations. Here too, it is noticeable that NLD support groups are beginning to acknowledge the challenges the NLD government will face. While NLD supporters might not normally hold back in their criticisms, their normal modus operandi is to monitor developments to identify shortcomings and shortfalls. If they continue to do this – even with a measure of sympathy and understanding for the NLD – they will be performing a most useful function. If they decline to criticise and in effect cover up NLD shortcomings, this will only show them for their partisanship and will not focus attention on how to improve.¹¹⁾

VII. Policies

As indicated above, the effectiveness of national policies are an important benchmark for risk assessments. Although the international financial institutions have predicted that Myanmar's economic growth will taper off in 2016, to 6.5 percent, a contrary (and possibly unofficial) IMF forecast suggested that Myanmar's economy might recover slightly once the NLD was responsible for policy making and investment flows improved as a result.¹²⁾ This seems somewhat speculative and optimistic. In fact, it was notable that the long lead-up to the 2015 elections the NLD avoided campaigning on its policies, and kept its specific policy commitments to a minimum. It had released an "election manifesto" in August 2015, but this was not widely disseminated; while it is quite a comprehensive articulation of progressive policy goals, it does not really amount to a solid agenda for the incoming government. It contains little detail on how (or when) the policy goals might be implemented. The NLD's economic strategy mentioned above and issued in August 2015, is similar: it is a worthy statement of what still needs to be done in terms of economic reforms, but it does not spell out detailed policy priorities or the sequencing of economic policy measures.

VIII. Predictability

Certain Myanmar government processes and procedures improved considerably under the Thein Sein government, after the introduction of new legislation (for example for foreign investment (in 2012). This significantly enhanced the predictability of government policies and procedures. In particular, the role of the government's

Directorate of Investment and Company Administration (DICA) in the Ministry of Commerce was assigned responsibility for overseeing investment applications, and the promotion of business compliance. The continued presence of an active and trusted senior bureaucrat, U Aung Naing Oo, as Secretary of the Myanmar Investment Commission, evidently helps greatly. Earlier, the abolition of the military regime's reputedly corrupt Trade Council in 2011, as one of the first steps in economic reform under the Thein Sein Government, also helped reduce bribery and strengthen predictability. If such reforms are continued, there should be no discernible difference in the level of predictability in government policies. While the NLD has indicated that it will not necessarily reverse existing policies, one of the challenges under an NLD government will be to overcome the rather poor reputation previous Myanmar policies suffered. This means knowing which policies should continue, and which policies are in need of change, and convincing business communities and investors of the soundness of any NLD policy changes. Government spokespersons will need to pay close attention to clarifying government intentions so that anyone outside the government can safely plan and design for the future.

IX. Transparency and Accountability

Transparency remains a significant issue in Myanmar, although the 2012 lifting of pre-publications censorship has allowed print media to report quickly, openly and often critically about all sides of politics. While this sometimes exposed shortcomings in the centralised control maintained by Thein Sein's President' Office, it also meant attention focussed on quite extensive shortcomings on the NLD side. Social media has been adopted quickly by Myanmar people with the rapid expansion of mobile technology in recent years, and has been exploited by civil society, political parties and the former government. The NLD was particularly notable in the long election campaign for keeping its policies and internal differences away from the media, apparently trying to avoid criticism of its internal decision making about candidates, about policies and about issues. It is still not clear how well the NLD as the government would manage more intense scrutiny, but they would now understand how important this is. As a party, the NLD has sometimes sought refuge in obscurity, much as other parties in Myanmar and elsewhere have done. For an NLD government, obscuring unpalatable realities cannot be a serious option, but securing better international understanding of the constraints faced by Myanmar may prove difficult.

Not surprisingly, a systemic improvement in transparency has yet to occur, but some new policies have already begun. One potentially important transparency

initiative under the Thein Sein Government was Myanmar's acceptance as a candidate member of the Extractive Industries Transparency Initiative (EITI). Proposed by former Industry Minister Soe Thane, who chaired the EITI high-level meeting in Naypyitaw in July 2014, this was aimed partially at avoiding Myanmar becoming a victim of the "resources curse" phenomenon. As observers such as the World Bank have noted, the systems and procedures espoused by the EITI would be of broader benefit in Myanmar. While Myanmar has quite a way to go in terms of meeting EITI standards – by embedding on a consistent basis the required institutional and procedural measures – the very public commitment it has already made could mitigate some of the risk in this area. An NLD Government should be comfortable with increasing openness and frankness on the part of Myanmar, which will ultimately be highly reassuring internationally as well as domestically as the new government consolidates its position.

X. Conclusions

As some experts on Myanmar have noted, 13) the capacity of Myanmar's human resources and institutions to carry out a complex post-election agenda of more contentious reforms will probably remain the main challenge in Myanmar for the near future. Most of the key Myanmar institutions that might underpin reforms by a new Myanmar Government headed by the NLD, are only now being strengthened and re-invigorated after years of being actively deprived and cut off from essential sources of capacity building and modern innovation. Previous assistance helped build up civil society organisations, and was badly needed, but Myanmar CSOs are generally not capable of carrying out programs on a nation-wide scale. Even if Myanmar institutions possess adequate knowledge, they are likely to lack the technical or physical resources to undertake the sort of ambitious, multi-year programs that are needed. Disappointed expectations are, therefore, almost certain to feature prominently and repeatedly over the next few years. Even with the best of intentions and enjoying the strongest political legitimacy of any government in modern-day Myanmar, the incoming NLD government is probably facing a continuous barrage of requests and demands that it would like to meet, but is not actually capable of doing so. Nor is additional external assistance a solution on its own. However, to its credit the NLD Government already seems sensitive and alert to the need to develop a steady set of workable policies to ensure Myanmar remains actively engaged with the international economy.

One firm specialising in country risk assessment, BMI (Business Monitor International) Research, recently published its updated "Risk Reward Index" assessment after the new Myanmar government took office in March 2016 which ranked Myanmar

38.9 out of 100, up from its previous raking of 34 out of 1000.¹⁴⁾ This might seem like a harsh assessment, but it is probably about where Myanmar should be ranked, given that most regional countries have been exposed to investor expectations for a much longer time than Myanmar. The key then might be to ensure the new Myanmar government takes such assessments seriously.

Overall, a key task for the new Myanmar government will be to generate wider confidence in the new government. This will involve demonstrating to the widest possible audience its capacity to run the country reasonably effectively, with no major confrontations or disruptions, minimising petty internal differences and conflicts, and avoiding serious mistakes or mishaps. These are no small challenges for a new and relatively inexperienced government. As Foreign Minister, Aung San Suu Kyi can play a vital role in sustaining international confidence in Myanmar. However, the international media, the international credit agencies, international financial institutions, foreign investors and international donors could be rather unforgiving if they decide that Myanmar has squandered its chances and lost the "trust" of the international community. This may be why, in Myanmar, appeals to national unity and national cohesion are not only important, but they are real. This is also why the international community needs to listen to those who know Myanmar well, and not just those who perceive Myanmar primarily through their own agenda.

End Notes

- 1) "A New Dawn for Old Business" article by Clare Holland, *Myanmar Times*, 12 November 2015.
- 2) McKinsey Global Institute, "Myanmar's moment: Unique opportunities, major challenges", 2013.
 - Seehttp://www.valuewalk.com/2013/06/myanmar-high-risk-reward-mckinsey/
- 3) As reported by *International Business Times*,1 August 2014. See http://www.ibtimes.com/doing-business-myanmar-only-country-significantly-improve-its-business-environment-1532430.
- 4) Comments by Moody's Anushka Shah reported in the Myanmar Timesarticle "Moody's views NLD landslide as credit positive" by Clare Hammond, 18 November 2015. See:
 - http://www.mmtimes.com/index.php/business/17668-moody-s-views-nld-landslide-ascredit-positive.html
- 5) Wikipedia definition: Country risk refers to the risk of investing or lending in a country, arising from possible changes in the business environment that may

adversely affect operating profits or the value of assets in the country. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, civil war and other potential events contribute to companies' operational risks. This term is also sometimes referred to as political risk; however, country risk is a more general term that generally refers only to risks affecting all companies operating within or involved with a particular country.

- 6) See Trevor Wilson "Strategic Choices in Myanmar's Transition and Myanmar's National Security Policies", *Asia &the Pacific Policy Studies*, vol.3 no 1 (Special Issue), January 2016.
- 7) See Trevor Wilson "Are Myanmar's Reforms Stalled?" *East Asia Forum,* 1 February 2015: http://www.eastasiaforum.org/2015/02/01/are-myanmars-reforms-stalled/.
- 8) "Aung San Suu Kyi's Party Won't Push Abrupt Economic Changes" by Shibani Mahtani, *Wall Street Journal,* 21 December 2015.See the republished article at: http://www.nasdaq.com/article/aung-san-suu-kyis-party-wont-push-abrupt-economic-changes-20151221-00100.
- 9) The NLD's economic strategy was not published initially, but is available on request. See the useful summary in *Myanmar Times:* "Revealed:NLD's Economic Plan". 18 August 2015 by Clare Hammond. http://www.mmtimes.com/index.php/business/16036-revealed-nld-s-economic-plan.ht ml.
- 10) "Tayza's Bank to Fund Training for NLD MP-elects", by San Yamin Aung, *The Irrawaddy*, 15 December, 2015. See http://www.irrawaddy.com/elections/tay-zas-bank-to-fund-training-for-nld-mp-elects.h tml.
- 11) A recent Burma Partnership opinion piece, "NLD Face Major Challenges as Lack of Rule of Law Perpetuates Impunity", makes this point quite well. See: *Weekly Highlights*, 18–24 January 2016, *Burma Partnership (UK Campaign for Burma)*.
- 12) See "Economic growth to pick up again post-election: IMF", by Aye Thida Kyaw, Myanmar Times, 12 October 2015. http://www.mmtimes.com/index.php/business/16931-economic-growth-to-pick-up-aga in-post-election-imf.html.
- 13) As Lex Rieffel of The Brookings Institution has pointed out, "State capacity may turn out to be the Achilles heel of the incoming NLD-led government". See his "Can the NLD reform Myanmar's economy", *East Asia Forum*, 25 January 2016. http://www.eastasiaforum.org/2016/01/25/can-the-nld-reform-myanmars-economy/.
- 14) See BMI Research http://store.bmiresearch.com/myanmar-infrastructure-report.html.

DETERMINANTS OF VIETNAM FOOTWEAR EXPORTS TO RCEP COUNTRIES – THE ROLE OF NON-TARIFF MEASURES

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ABSTRACT: Footwear is one of the most important export product of Vietnam. Besides the traditional export market as the US and EU, Vietnam pays increasingly attention on the Asian market. The RCEP negotiation potentially bring benefits to footwear exporters since the current tariff of these countries are relatively high. Furthermore, non-tariff measures are also in place for footwear. This papers shows that non-tariff measures of the RCEP countries negatively impact export values of Vietnam. Given that the current NTMs of RCEP countries are less restrictive than that of EU or the US, one expects that these regulations may become more demanding in the near future. Vietnam should therefore be well prepared to be able to cope with regional economic integration once the agreements are in effective.

Key Words: Footwear export, RCEP, non-tariff measure, gravity model

I. Introduction

Trade has been playing important role in boosting economic growth of the countries in the world. Trade has interactions with a lot of economic and social activities: environment, emloyment, development... (Tu et al., 2008). Vietnam growth has been depending a lot on trade, especially exports.

Footwear is one of the major exporting product of Vietnam. Footwear industry has posted impressive growth in recent years and accounts for approximately 9% of Vietnam's total annual export turnover, being the third biggest export product after textiles and machines in 2013 and 2014 from the fifth position in 2011 – 2012. However, similar to textiles and garments, the Vietnam's leather and footwear industry faces difficulties. The industry is struggling to cope with shortages in labor, materials and, especially, export markets. Even though Vietnam was one of the largest footwear exporters in the world but the industry still lacked the ability to design its own models and had small-scale production and limited service infrastructure.

The traditional export market of Vietnam footwear are the US and EU. In the

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challenging situation of economic recession of the US and EU, Vietnamese exporters have realized the need to be independent from Western market ever since, seeking new opportunity in nearby Asia nations. These regional countries have becoming important destinations of Vietnam footwear. Furthermore, the year of 20015 has been remarkable for Vietnam in terms of economic integration. Together with TPP and EU-Vietnam FTA, the Regional Comprehensive Economic Partnership has also been negotiated (Vo Tri Thanh, 2015). All of these facts lead to the importance of studying determinants of footwear exports of Vietnam to the RCEP countries.

A number of papers have investigated Vietnam trade determinants by using the gravity approach (Narayan and Nguyen, 2016, Vu, 2013). However, none of the previous papers in the literature investigated impacts of non-tariff measures (NTM) on footwear export of Vietnam. Obviously, among possible trade barriers applied to exports, NTM have been applied for a long time ago and will become increasingly complicated, especially in time of global economic difficulties in the early of 21st century.

This paper fills in the gap in the literature by identifying key determinants of footwear export of Vietnam to RCEP countries focusing on non-tariff measures and withdraw policy implications for Vietnam. The paper is organized as follows: section 2 provides a general picture of footwear export of Vietnam, section 3 highlights trade barriers of RCEP countries focusing on non-tariff ones, econometric analysis follows in section 4, section 5 concludes the paper.

II. Vietnam's footwear export performance

2.1. Global market

Statistics by LEFASO illustrated continuous growth in export revenues of Vietnam's footwear industry during 2009 – 2014, even in the context of international economic recession. With such competence, Vietnam can expect huge benefit from coming FTAs with barriers eradicated. According to General Department of Vietnam Customs' handbook on international merchandise trade statistics of Vietnam 2014, footwear export value reached 10,326 million USD, 22.9% higher than that in 2013. This number continued to grow at the rate of 22.6% and contributed 12.01 billion USD to Vietnam's export performance in 2015, making up 9.1% of the total value. The performance of footwear industry in Vietnam is shown in the graph below.

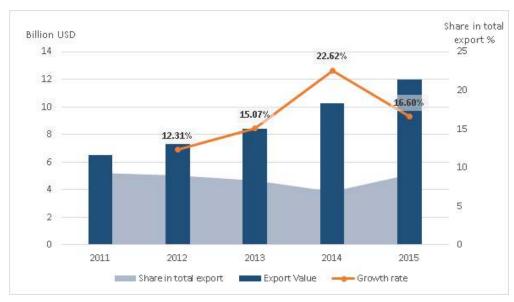


Figure 1: Performance of Vietnam footwear industry

On the global footwear market, Vietnam ranked 4-th in terms of productions; and ranked 3rd in terms of revenue since 2011, constituting 10% of global market (according to Vietnam Trade Promotion Agency). According to LEFASO the strong growth in turnover in global market rises rapidly due to the transfer orders of the major importers from China to Vietnam given China's growing labor cost. Vietnam takes part in many trade agreements that increase its market accesses; benefits from these agreements are huge for Vietnam regarding footwear export. The table below shows the biggest markets of Vietnam's footwear product and its market share as well as ranking in each country with data collected from UN Comtrade Database and WITS Trade Data Visualizations for the year of 2014.

Market	Value (million USD)	Market share	Ranking
USA	3,400	12.5%	2
Belgium	659.0	19.8%	2
Germany	605.4	13.0%	2
UK	576.0	7.45%	3
Japan	527.0	9.92%	2
China	524.8	25.4%	1
Netherlands	471.6	6.08%	6

Table 1. Major destinations of Vietnam footwear

2.2. RCEP market

In 2000s, footwear was the third biggest export product of Vietnam after mineral products and textiles. In spite of the growth in demand for footwear on global scale, Vietnamese products had to compete with Chinese ones that had very low labor costs. At the time, Vietnam fell behind in this competition for outdated machinery, dependence on foreign materials and China's accession to the WTO. The result can be observed in figure 2 where the total growth rate plateaued out at 10% and growth rate in RCEP nations' markets fell below 0% in 2001 – 2002.

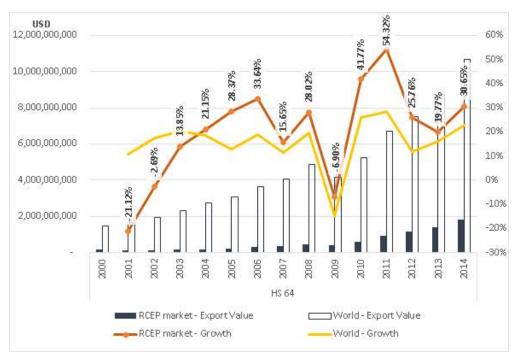


Figure 2. Vietnam's export value (USD) and growth rate (%) of footwear products to RCEP market and the whole world

Under the impact of EU anti-dumping duties on leather hats and shoes in 2006, proportion of footwear products exported to EU plunged from 70% to 50% of total industry export. Vietnamese exporters have realized the need to be independent from Western market ever since, seeking new opportunity in nearby Asia nations which led to the growth rate in RCEP nations' markets rising way above the total growth in 2006. Not only did Vietnamese firms have problem in EU market but they were also accused of dumping footwear products by Canada, US and Turkey. In the face of economic downturn in 2008, those adverse incidents together made the general

growth rate dipped to below 0% in 2009. By 2011, the growth rate peaked at 54.32% for RCEP market owing to benefit from ASEAN+1 FTAs with noticeable changes in Korean, Japanese and Chinese markets detected in the following graph.

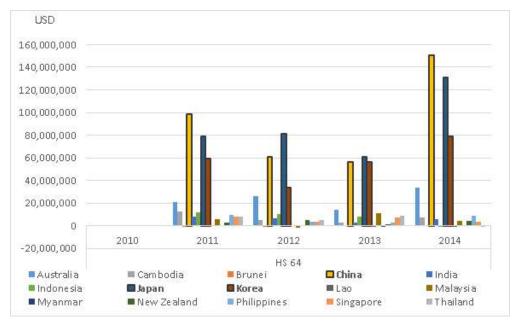


Figure 3. Annual difference in footwear export value to 15 nations' markets

In this region, Japan, China, Korea, Australia and Singapore accounts for most of Vietnam's footwear products exported. In 2014, in the Japanese market that was ranked in the top six destinating countries in terms of footwear import value worldwide, Vietnam was the second largest supplier after China. Meanwhile, Vietnam took the lead in the footwear imported market in China, which accounted for 2.03% of global demand from the second and third positions in China's top suppliers list in 2009 – 2013. Korea is the third biggest importer in the region, mainly buying products from Asia countries and Vietnamese footwear is the second most popular after Chinese one. In smaller markets like Australia and Singapore, Vietnam ranked second and third, making up 10.8% and 12.2% of their total footwear import value respectively. Vietnam's performance improved mainly in East Asia markets, whereas, the biggest importer of Vietnam footwear product in developing ASEAN region is Malaysia, constituting only 2.97% of this industry's foreign income. In fact, report by General Department of Vietnam Customs for the trading year 2014 did not list footwear as one of the main exports to ASEAN.

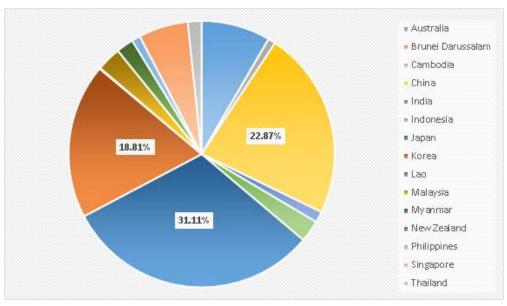


Figure 4. Proportion of export value to 15 nations in RCEP region of Vietnam footwear industry from 1988 – 2014

III. Trade barriers of RCEP nations regarding footwear

RCEP nations impose both tariff and non-tariff barriers (NTM) on Vietnam's footwear. The tariff data are available at the level of 'tariff line' (at least eight digits of HS codes), thereby the data of two and four digits levels of HS codes are calculated as average tariff rates. There are different ways to aggregate the tariffs: simple average and trade weighted average. WITS provides MFN and AHS tariff data in ad valorem form. It is observed that among ASEAN partners, high tariffs are imposed by Japan, China while Among ASEAN countries, Thailand and the Philippines adopt relatively high tariff versus Vietnam's footwear.

NTMs in RCEP nations' trade policy are mostly in form of substances control. Among 15 nations studied, only Australia, China, Korea and Thailand have mentioned chemical residue in footwear in standards and regulations. Japan had obtained a reputation of strict regulations on substances in textile since 70s and 80s. RCEP countries generally spend more attention on chemical in textile items than footwear.

In consideration of the number of substance regulated, footwear, specifically leather items, has to meet requirements on azo dyes, formaldehyde, heavy metals and other substances, yet not commonly as textile does. Korea and China have listed eight chemicals in restricted substances lists (RSL) including formaldehyde, azo dyes, lead,

cadmium, arsenic, pentachlorophenol (PCP), 2,3,5,6-tetrachlorophenol (TeCP), N-Nitrosamine, chromium VI, TBT, DBT, DMF, aryl amine, phthalates, nickel. Standards proposed by Thailand only contain heavy metals such as lead, cadmium, chromium, copper whereas Australia has concerned about azo dyes and dimethyl fumarate in footwear has direct contact with human skin. Other RCEP members have not limited any chemicals found in footwear products till the end of the year 2014.

Taking into account the strictness of those standards, some common substances should be discussed.

Azo dyes: China allowed 30ppm azo dyes in leather footwear in 2006 and have reduced to 0ppm since 2008 under legal document GB WTO 1086 for every footwear items including leather ones. Australia (since 2011) and Korea (since 2010) have suggested azo dyes level in leather shoes should be limited at 30ppm. Thailand has regulated azo dyes amount only in textile and apparel products.

Chromium VI: China proposed a level of 10ppm in 2008, Korea has only allowed 0.5ppm of chromium VI in infant products and 3ppm in other footwear since 2010. Thailand issued the standard TIS 2231-2548 in 2005, stating chromium VI maximum residue should be 0.5ppm.

Lead: China (2008) and Thailand (2005¬) both limit lead found in footwear at 1ppm whereas this level in Korea is 90ppm only for children leather products and only recently introduced in 2013.

Cadmium: Similar to lead, this substance has faced the same limit level of 0.1ppm in China (2008), Thailand (2005) and 75ppm in Korea (2013) for children leather items.

When it comes to the mandatory of the standards, it should be noticed that most of the nations' regulating the maximum level of chemicals issued their standards together with legal documents stating specifically inspection procedure and action against violation. China, Korea and Thailand have forbidden any products violating the standards while in Australia, the maximum levels published are only for reference, not compulsory. However, Australia authorized bodies must ensure that the products associated with any injury incident (notified in mandatory reporting) are recalled and out of the market. This method, to some extent, is slightly looser than that in other nations controlling the inspection procedure before marketing.

IV. Econometric analysis of footwear exports of Vietnam

4.1. The model

Gravity model has been extensively used in determining the impact of free trade

agreements on trade flows between countries. Basing on the Newton's law of universal gravitation, the original formulation is expressed as:

$$T_{ij}=A (G_i G_j)/D_{ij}$$

where T_{ij} is the trade flow from country i to country j. G_i and G_j are their GDPs. D_{ij} is a measure of the distance between them and A is the proportion constant. Tinbergen (1962), who first applied the physics equation to the study of international trade, and Poyhonen (1963) found that there are two forces influence the trade flows: the attractive force and the exclusive force. The first one includes the national incomes and the second one is represented by the distance between countries (and/or transport costs, language differences...).

At first, trade gravity model did not base on many economic theories, however, later studies empirically estimating the trade relations have gradually established the reputation of gravity equation. Since its birth in 1960s, a number of scholars have added different variables based on the original model to fit for their own research purposes. Using the gravity theory, this study determines the effect of trade barriers on Vietnam export performance of footwear to RCEP countries by including some variables as follows.

Traditional econometric equation is written as:

$$LnEXP_{it} = \beta_0 + \beta_1 LnY_{it} + \beta_2 LnY_{it} + \beta_3 LnDist_i + u_{it}$$
.

Our extended model is expressed as:

```
\begin{split} Ln(Exp_{it}) &= \beta_0 + \beta_1 Ln(GDP_{it}) \ + \ \beta_2 Ln(GDP_{VNt}) \ + \ \beta_3 Ln(GDPpc_{it}) \ + \ \beta_4 Ln(GDPpc_{VNt}) \\ + \ \beta_5 Ln(DIS_i) \ + \ \beta_6 Ln(POP_{it}) \ + \ \beta_7 Ln(POP_{VNt}) \ + \ \beta_8 Ln(Exrate_{it}) \ + \ \beta_9 Ln(Tariff_{it}) + \ \beta_{10} NTM_{it} \\ + \ u_{it} \end{split}
```

where:

```
Expit
              is Vietnam export value of footwear to country i in year t
GDP<sub>it</sub>
              is GDP year t of country i
\mathsf{GDP}_{\mathsf{VNt}}
              is GDP year t of Vietnam
               is GDP per capital year t of country i
GDPpc<sub>it</sub>
\mathsf{GDPpc}_{\mathsf{VNt}}
               is GDP per capital year t of Vietnam
POP_{it}
               is Population year t of country i
\mathsf{POP}_{\mathsf{VNt}}
               is Population year t of Vietnam
DIS_{i}
               is Distance between capitals of country i and Vietnam (Hanoi)
               is Bilateral exchange rate year t between Vietnam and country i
Exrate<sub>t</sub>
               is Average tariff rate year t country i applies on Vietnam footwear
Tariff<sub>it</sub>
NTM_{it}
               is Non tariff measures year t of country i for import footwear from Vietnam
```

Above model is the general approach of this study. However, depending on the data availability, correlation matrix as well as results of diagnostic test, the final

models are chosen with prior purpose to examine the trade barriers' impact. The variables of trade barrier in each models will be discussed later and the following is the expected signs of each variables with explanation.

Table 2. Expected Signs and Explanation of Independent Variables

Variables	Expected Sign	Explanation		
GDP _i (importer)	+	Income increase is likely to result in an increase in demand and purchase Thus the import value is expected to growth.		
GDP _{vN} (exporter)	+	GDP rises might be due to the higher produce and export potential.		
GDPpc _i (importer)	+	A raise in income per capital indicates the higher demand for both quantity and quality of the product, which motivates the import activity.		
GDPpc _{vN} (exporter)	+	Income per capital increase implies the higher productivity (probably owing to advance technology or skill) leading to higher export performance.		
Distance	-	Distance indicates the transportation cost which should be inversely correlated to trade values		
Exchange rate	+	The lower the price of VND is the cheaper the footwear exported from Vietnam will be. This should intrigue the exports if the policy is widesigned.		
Population of country i	+	Increase in population suggest rising in demand for footwear in general and footwear imported specifically.		
Population of Vietnam	+	Population is the source of labor force. Increase in population might have positive effect on export value by reducing the price of product when labor supply increases.		
Tariff rate	-	Tariff is the trade barrier expected to negatively affect the trade flow raising the price of imported products.		
NTM Dummy	-	The existence of non tariff measure with the difficulty encountered by the exporter might restrain the trade flow.		
Specific limit of substances	+	The limit is set lower indicating the stricter the measure is. To some extent, this would reduce the import value.		

4.2. Data

The Vietnam footwear export values are taken from UNCOMTRADE - the database that provides the most complete data sets for 1998 – 2014 period categorized by country and HS code. There are two sets of data that can be used: (1) the export data reported by Vietnam or (2) the mirror data reported by 15 countries imported footwear from Vietnam. In both ways, Myanmar and Brunei data are not completed and continuous like other countries. This study uses the data set (2) of imported value

reported by 15 countries because of the larger number of observations. The other trustworthy database is WITS, however, WITS filled the missing data with the nearby years available which will distort the data set. The data are collected for HS code 64, 6403 and 6404 (which respectively described as Footwear, gaiters and the like, parts of such articles; Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather and Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials). The unit is in USD.

Data for basic variables of gravity model are taken from various sources. GDP (in billion USD) and GDP per capital (in USD) can be found in IMF database which are completed for the period considered except for Myanmar whose data are not available until 1998. Population statistics are thoroughly obtained from World Bank. The figures retrieved from Google Map in miles measure the distance between Hanoi and the capitals of 15 RCEP countries (Beijing, Seoul, Tokyo, New Delhi, Jakarta, Kuala Lumpur, Phnom Penh, Vientiane, Bandar Seri Begawan, Bangkok, Manila, Singapore, Canberra, Wellington and Naypyidaw).

Bilateral exchange rates are obtained from UNCTAD database over the period 1988 – 2014 quoted in direct form (i.e. the price of one unit of a foreign currency in terms of Vietnam Dong).

As mentioned above, the data of two and four digits levels of HS codes are calculated as average tariff rates from 'tariff line' data. There are different ways to aggregate the tariffs: simple average and trade weighted average. The simple average is calculated by dividing the sum of the tariffs on all lines by the number of tariff lines, whereas, the trade weighted one should be found with following formula:

$$\tau^- = \sum_k w_k \tau_k$$

where wk is the share of the product k in total trade value (usually the country's overall imports) and τk tariff rates for the item k.

Both of these methods are relatively simple to calculate. However, some drawbacks must be borne in mind. Simple average allows every items bearing the same weight in the calculation, which might not be useful when export value of some items are much larger than the others due to country's comparative advantage products. Hence, the simple average might not reflect the tariff level that the country is facing. The trade weighting scheme could solve this problem, at the same time, raise another problem when the difference among export value of items is owing to the high tariff barrier. This is the endogenous situation of high τ k accounts for low τ k, especially when τ k is high enough for τ k to be zero which is called the prohibitive tariff. The models in this study will include tariff variables calculated in both ways. MFN and AHS

tariff data in ad valorem form taken from WITS will be used in regression.

The non tariff measures are expressed in two variables in models. The dummy variable would take the value one if there is a limit of substances in footwear imported and zero otherwise. The values of dummy variables were summarized basing on the standards and regulations of nations. Beside the dummy variables, explicit standard requirements (in this study, maximum chemical levels) will be used in model of four digits HS codes such as: Formaldehyde, Azo dyes, ChromiumIV (in ppm). In general, the number of observations in models using limit levels variables is rather small because (i) many countries studied in this work have not had specific requirements on chemicals in imported footwear and (ii) the four nations limiting harmful substances in items regulated this matter rather recently. Data for these variables are collected from national standards, regulations and reports from companies providing testing, inspection and certification services.

The descriptive statistics of data are as follows:

Variable	Obs	Mean	Std. Dev.	Min	Max
I_ExpValue	283	15.38029	2.754179	6.287858	20.31728
I_GDPVN	375	3.706569	.9531021	1.867485	5.225193
I_GDPpcVN	375	9.172523	1.042784	4.585294	10.19421
I_GDPi	367	4.891876	2.181107	-0.1064722	9.245371
I_GDPpc	367	8.298954	1.735683	4.730833	11.12511
I_Pop	375	17.32746	2.113997	12.45659	21.03389
I_PopVN	375	18.18132	0.0939448	18.00542	18.3234
I_DIS	375	7.252177	0.7752329	5.700878	8.725721
I_EXRATE	375	5.699016	3.013541	0.281411	9.978851
I_AHS_SA	265	0.1152275	0.1153977	0	0.6931472
I_AHS_WA	265	0.1169176	0.125363	0	0.7806543
I_MFN_SA	209	0.1584283	0.1315909	0	0.7226089
I_MFN_WA	209	0.1594099	0.1545266	0	1.197854
ChromiumVI	44	4.090909	4.200322	0.5	10
Azodyes	36	18.33333	14.8324	0	30

Table 3: The descriptive statistics of data

4.3. Regression strategy

We regress our models in the following order. First, we examine the impact of the tariffs and appearance of chemical limits on Vietnam footwear export (two-digit HS code 64). Then, we estimate the particular changes in export value of some product lines (four-digit HS codes). Among footwear headings of chapter 64, the HS code 6403 and 6404 are chosen because they cover the largest proportion of footwear

The estimation strategy of the panel data models in this study is as follows. We use correlation matrix to drop variables with correlation coefficient to be higher than 0.8. Then the random effect model is run. Next we choose between REM and Pooled OLS models; if the null hypothesis is not rejected then the pooled OLS regression is chosen. Afterwards, the fixed effect model is run following by the Hausman specification test that compares fixed effect and random effect models. If p-value > 0.05 then the REM fits data better than its fixed counterpart.

Depending on the regression, different diagnostic tests are used:

	Multicollinearity	Heteroscedasticity
DOLG	syntax: <i>vif</i>	syntax: <i>estat hettest</i>
POLS	result: mean vif >10	result: p-value < 0.05
REM	syntax: collin [varlist]	Yes
KEIVI	result: mean vif >10	res
FEM	syntax: xttest2	syntax: xttest3
FEIVI	result: p-value<0.5	result: p-value<0.5
Fix	Drop variables, change model	Use robust regression

Table 4: Diagnostic tests

4.4 Estimation results

4.4.1 Estimation results of HS code 64 models

Model (1) and (2) are the benchmarking models that examine the effect of tariff on footwear in general, adding different tariff variables to the models. The results show that tariffs reduction would help increase Vietnam footwear export value: (one plus) trade weighted average tariffs decreasing by 1% should lead to about 2% increase in footwear export. Model (3) and (4) add dummy variables of NTMs to identify any differences caused by the appearance of chemical restriction. Both of the models reassure the negative impact of tariff barrier on export, at the same time, indicate that export performance to markets imposing regulations is about $\exp(0.375) - 1 = 45.5\%$, $\exp(0.535) - 1 = 70.7\%$ higher than non-regulated markets. Increase of 1% in Vietnam population would result in 11.38 - 14.46% growth in export value of footwear. As for bilateral exchange rate impact, the coefficient of the bilateral real exchange rate is statistically significant and equal to -0.0002 indicating that 1% increase in exchange rate leads to 0.0002% decrease in export value.

4.4.2. Estimation results of HS code 6403 - 6404 models

The data for model (5) and (6) examining the effect of substance restriction have a

large sample size of 2 codes × 27 years × 15 nations = 810 expected observations. However, due to the small number of regulations collected, of nations imposing standards as well as the young age of those standards, the actual observations number is relatively small (less than 30). The separate data sets for HS codes were stacked to run the regression basing on the similarity of leather items from HS code 6403 and 6404. The number of observation is 32 in azo dyes model and 38 in chromium VI model. Many variables were dropped considering the correlation matrix.

Results of regression are presented below:

Table 5: Regression results

HS code		6	4		6403 -	- 6404
	L_ExpValue					
	(1)	(2)	(3)	(4)	(5)	(6)
L_GDP _i	-0.275	-0.216	-0.37	-0.253		
L_GDPpc _i	0.781	0.898	1.15	0.835	0.14	1.025***
L_GDPVN	1.008	0.726	0.627	1.003	2.49***	1.038***
L_GDPpcVN	-0.559**	-0.492	0.257	0.292*		
L_Pop _i	0.926	0.93	0.736	0.567		
L_PopVN	10.28*	12.33**	14.46***	11.38**		
L_DIS	0.821	0.57	1.615*	1.923**	-1.69***	
L_EXRATE			-0.0002***	-0.0002***		
L_AHS_SA		-0.664	0.037			-1.79***
L_AHS_WA	-2.076***			-1.508	-1.84*	
L_MFN_SA	-1.413**			-1.69**	-8.84***	
L_MFN_WA		-2.372***	-2.506***			-3.029**
Dum_NTM			0.535**	0.375*		
ChromiumVI						0.227***
Azodyes					-0.0006	
β_0	-197.9*	-234.6*	-284.6***	-227.5**	21.31***	2.801**
Туре	RE	RE	RE	RE	POLS	POLS
N	182	182	182	182	32	38
R-squared	0.44	0.49	0.52	0.47	0.93	0.97

Model (5) adds tariff and azo dyes variables, model (6) adds tariff and chromium VI variables to estimate the impact of specific limit level and tariff levied on 6403, 6404 leather footwear items. The (one plus) AHS tariff reduction of 1% is expected to raise nearly 2% of the export value, whereas, (one plus) MFN rates have greater impact and should lead to 8.84% increase in azo dyes model and 3.029% increase in chromium model with a drop of 1%. Model (5) specifies that azo dyes limitations are not statistically significant at 10% level to explain footwear export, however chromium VI restriction in model (6) is proved to negatively affect the export. The result

indicates that the export value should be $\exp(0.227*1 \text{unit}) - 1 = 25.4\%$ higher if the markets loosen the restriction level of 1ppm. GDP Vietnam and income per capital of partner countries are statistically significant and have the positive sign as expected indicating that either of them accreting by 1% should lead to more than 1% growth of leather footwear export revenue.

4.5. Interpretations

According to the estimation result, labor force is abundant factor of Vietnam footwear industry. With medium-technology manufacturing, Vietnam's productivity is rather low, only 1/35 of Japan's, 1/30 of Thailand's, 1/10 of Indonesia's (SMARTEX, 2013). Hence, population growth is still a large motivation of footwear industry's output.

Exchange rate does not have expected impact: the price of VND decrease does not improve the export performance. This could be explained that in the case of Vietnam footwear industry, there is a difference between lags of price effect and quantity effect. Devaluation of VND would lead to Vietnam footwear's price being cheaper in partner market which might have several effects: (1) export growth by making goods cheaper for foreigners and (2) cheaper price multiplied by quantity staying unchanged in the short run should result in decrease in export revenue and (3) more costly input imported from outside might raise the footwear price. In fact, the effect (1) have a time lag and might be significant in the long run whereas effect (2) and (3) come immediately after devaluation.

Vietnam footwear's major markets are Japan, China and Korea – where the tariff rates for footwear is relatively higher than textile's thus tariff reduction is meaningful for the export growth. At the same time, the standard systems of these nations have been in existence longer than the others leading to higher export to countries imposing regulations than to the others.

In general, leather footwear contribute a great value to footwear export. The growth of export and GDP have the same relation as expected. Tariff reduction under FTAs shall reinforce not only footwear export, but also leather footwear revenue. And lastly, this industry should make an effort to meet technical requirements as chromium restriction might be a potential barrier to export.

V. Conclusions

This paper sheds light on footwear export of Vietnam to RCEP countries. Trade

integration in the RCEP countries may bring great motivations to footwear enterprises due to the reduction of tariffs that are relatively substantial toward Vietnam footwear. The paper also shows that together with tariff cuts, non-tariff barriers has becoming complicated and increasingly applied in the region. The maximum harmful substances have never been lowered, but rather more chemical substances are added to the regulation list. We find evidence that rising this technical barrier does reduce Vietnam footwear exports. This finding adds a huge obstacle to Vietnam export to the region since the existing challenges are already a lot: shortages in labor and materials, low technology, low productivity.

Currently the NTMs of RCEP countries are somehow less restrictive than that of EU or the US. Still they are already binding for Vietnam. In the future, increasing trade integration will make technical barriers to trade to converge, hence these barriers may become more restrictive. An example is that Japan is considering to add formaldehyde to the chemical restricted substance list to be regulated for footwear.

Therefore, Vietnam as well as other small countries in the regions need to be well prepared in terms of technology and information in order to realize all potential benefits of FTAs when they are in effective.

Acknowledgments

This research is funded by Vietnam National Foundation for Science and Technology Development (NAFOSTED) under grant number II4.1-2013.15.

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Korea and Myanmar Energy Policy Research

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ABSTRACT: Energy issues have been included in the objectives of sustainable development goals (Sustainable Development Goals, below SDGs)¹⁾ of the UN. "Under the global aim (Goal7) that ensures reliable tried and sustainable modern energy access affordable" for everyone, a universal energy access by 2030: 1. ensuring universal energy access, 2. Enlargement significant levels of renewable energy share, 3. details have been set the goal of increasing speed two-fold. The purpose of this study was to take advantage of this very vulnerable point in Myanmar-based institutional aspects, look at energy policy and master plan for Korea and Myanmar's energy policy to offer a renewable energy biomass, especially in South Korea. Korea's renewable energy biomass of HB-oil and a new concept of alternative energy production through small development project existing recycling competitiveness to increase the added value as a resource, ensuring market the product gap considering the cost and quality, ETS target the corporate market energy and reduce greenhouse gas emissions that it is permeable, power / energy circulation town / construction project possible. By applying these renewable energy biomass of Korea improving the quality of life in Myanmar and enhance productivity, atmospheric greenhouse gas concentrations and air pollution reduction, proposes to contribute to the achievement of higher development objectives at the national level, such as ensuring energy security.

Key words: enengy policy, biomass, HB-oil, renewable

I. Background and purpose

Lack of energy and delay the development of energy issues has been consistently recognized under discussion dealt with the development of the international community. Energy is at 2001 Ninth United Nations Conference on Sustainable Development (UNCSD) first independent

After addressed the agenda, Post-2015 sustainable development goals (SDGs) of the system was included as a separate objective.²⁾

¹⁾ UN(2014), Report of the Open Working Group of the General Assembly on Sustainable Development Goal

The proportion of primary energy supply in Myanmar accounted for almost 90% biomass and natural gas. Myanmar has total power installed renewable energy share in 2020. The plans to increase to 15-18% of the non-capacity. Myanmar holds an electrical Act in 1984 and amended under the current Act. Energy-related policies and master plans, etc. In terms of institutional support is necessary to plan the leverage points are based in Myanmar is very weak.

Objectives to be achieved through energy supply is a significant expansion of modern energy supply, promote sustainable energy use and improve energy efficiency

Popular primer can reel. Once again contribute to the achievement of higher development objectives at the national level, such as improving the quality of life and productivity improvements, greenhouse gases and air pollution concentrations in the atmosphere decreases, ensuring energy security

II. Korea's energy policy

South Korea is the world's 13th largest economy and the world's seven exporter countries with high energy intensity 11 top energy consumer and importer of oil is above 5. Unlike other OECD countries, Korea was able to overcome the world financial crisis, is being sustained since early 2008, thanks to robust economic years, has maintained a more than 4% average annual growth over the past decade.

Last Korea National Energy Policy report of the IEA 2006 years; after publication (IDR In-Depth Review) South Korea has been developing a lot of new policy takes effect on the energy and environmental sectors.

Among the most notable commitment it is worth 30% reduction compared to BAU emissions of greenhouse gases by 2020

It has expressed its willingness to incorporate them into national green growth strategies. East strategy has been confirmed by legislation through the Framework Act on Low Carbon Green Growth concrete implementation is in charge of the Presidential Committee on Green Growth.

South Korea has undergone conduct "target management" to set up a domestic greenhouse gas emissions reduction targets,

2012 was announced as the first Asian country would be introducing emissions trading in 2015.

The mechanism will be comprehensive and efficient way to reduce greenhouse gas emissions.

Lim So-yeong et al. (2014), development cooperation program, research, industry researchers for the energy supply of the CLMV countries

In addition, Korea has applied the OECD has developed indicators to measure and assess progress level of green growth based on consumption and CO₂ emissions of greenhouse gases productivity.

A variety of energy efficiency policy has been developed to complement the 30% greenhouse gas reduction target. Government has implemented several policies in the transport and building sectors, for example the fuel economy standards, It may include building design standards, strengthening of existing policies, including other areas. In July 2009, South Korea The new fuel economy standards called "CO2 emissions per 140g or per liter 17km" is from 2015 announced would be applied to car manufacturers and importers, which the European Union and the current US standards similar level. In addition, the total energy per unit area from July 2011 "Performance Criteria" to restrict the use of energy regulatory action Area 1 over 10 000 m2 commercial building it was applied to the both. South Korea imports through energy diversification, reduced use of fossil fuels, renewable energy development to promote working to promote energy security.

Currently the share of renewable energy to contribute to the total energy supply in order to solve this lowest level, or member governments of the OECD has set a target to increase the share of renewable energy in the total energy supply to 11 percent by 2030. In addition, the third specifies the key technologies of renewable energy master plan photovoltaic, solar thermal, geothermal, bio-energy, etc., and in 2012 the existing feed-in tariff support scheme (FIT) replaced by renewable energy obligation to use (RPS) system by seeks to achieve the renewable energy targets.

State-owned oil company, Korea National Oil Corp. (KNOC) has been to a large-scale foreign investment in exploration and production projects, diversifying suipseon and on foreign markets through such activities overseas increasing accessibility has continued its efforts to enhance its energy security. Korea Gas Corporation (KOGAS) is a single global corporate buyers most amount of liquefied natural gas from one; and imports (LNG Liquefied Natural Gas), 20 dogs last 10 years through participation in more global projects share has expanded the business scope in natural gas exploration and production in the import and distribution.

In addition, South Korea has developed a "smart grid roadmap" plan for long-term aim of introducing a nationwide smart grid by 2030. The plan, which is one step to test the new technology the construction and operation of a smart grid demonstration only. Empirical just composed of a fully integrated smart grid system was built on the island by investing a total of \$ 65 million through cooperation with industry. The notable feature of Korea's energy policy is that important research and development (R & D). Energy-related research and development spending had increased significantly over the past 10 years, is currently the highest among OECD countries. Investment in the development of energy-related technology 700 billion won in 2010 or more.

South Korea and establish "green energy strategy roadmap" of energy technology development strategy it began to enforce. East include a roadmap includes plans for market penetration of new technologies, international cooperation, human resource development and training, cooperation with the private sector. The roadmap strategy was to establish a joint participation of the public and private sectors, the sectoral roadmaps for the 15 technology areas for intensive development is provided by short term • medium term • Depending on the specific long-term goals.

III. Myanmar Energy Policy

According to the Myanmar National Energy Policy (National Energy Policy, 1994), ① used to encourage energy independence maintained, ② renewable energy sources, ③ can promote energy efficiency and energy conservation, ④ promote domestic alternative fuels and the like are set as the main goal. But such policies do not reflect the establishment of the state of affairs and the environment whilst changes in Myanmar 20 years ago, is being developed under the new policy are sympathetic.

Current Myanmar Department of Energy and the ADB has embarked on preparations to prepare a draft of a long-term energy master plan for the control and conservation of energy resources in Myanmar. The plan will focus on the extraction and use of natural gas.³⁾ Myanmar's new energy plan or policy, but the drafting stage, the actual power development projects are already underway. Cope with the surging domestic demand for electricity and Myanmar to expand the electricity supply rate is pushing aggressively for coal and gas-fired power plants 0.89) 90) is currently in the construction or planning, it has completed construction of coal and gas-fired power plants a total of 8549 amounting to MW .91) exceeded the level of twice the installed capacity of 3,495MW 2012 reference years. Myanmar Minister of Power for the environmental impact of thermal power plant, said it would minimize the negative impact of using the state-of-the-art technology. While the Myanmar government is a situation that is not announced a specific action plan for renewable energy development.

Meanwhile, Myanmar has no systematic policy on the issue of energy efficiency is the low energy prices (ADB, 2013a: 35)⁴⁾. Myanmar recently undertook a study on the distribution facility maintenance together with JICA and at the same time promoting policies to increase the supply of electricity in July 2013. Myanmar power unit reduces the electrical transmission and distribution losses eseoui course take 200 million \$ 14

³⁾ Myanmar Business Today, "Ministry Drafts Long-term Plan to Tackle Energy Crisis", 2014.7.12.

⁴⁾ Asian Development Bank

million in aid from JICA to set a 5% plan. While demand for electricity in Myanmar Myanmar in modern forms of energy in the system is still not growing rapidly enough. Therefore, renewable energy is recognized as a selectable practical energy source that can be further combined in one axis of the new energy system from the low-carbon sustainable energy source. If at this point the combined wealth of renewable energy resources in Myanmar and external capital and technology will help expand the energy supply side.

IV. Biomass Renewable Energy

To the Myanmar refined sophistication In light of Energy and Environment with crude oil in refineries in Myanmar facilities for at least five one hundred billion ~ 1 1 trillion level consuming and construction time 4 to 5 years take only the product as a catalyst facility with homegrown development in our If the produce is competitive enough refineries basic equipment investment can be reduced to 1/100, and even more than 50% of the construction period.

In addition to reducing global greenhouse gas emissions and vehicle emissions challenge has now been selected and is a prerequisite than the needs of these oils. Eco-friendly alternative energy HB-oil to revive your environment by applying the Myanmar deal with a leading role in the national economic development and initial as if cooperation is the role of saving health and the global environment of the people of Myanmar Government with a production system unmatched technology and equipment it is possible to improve the investment costs and timing of concurrent projects proceed even if a small generator power supply business as a formal standard model of the Myanmar oil production at the same time absolutely insufficient electricity supply and the quality of life of the people by shortening.

Feature and use of HB-oil fuel is used for industrial and power generation for oil-HB (100), HB-oil (200) is used for a diesel engine (land / sea). In the case of HB-oil (300) is used in gasoline engines is excellent for a variety of waste oil (animal or vegetable oils & lubricants) synthesis and modification. Looking at the first feature, the raw material supply is easy to recover and re-use is possible at least 85%. Second, environmentally friendly fuel to CO2, SO2 and NOX are within 2% of a conventional fuel. Third, the optimum fuel for the carbon dioxide reduction goals. Fourth, if the carbon dioxide reduction target company is managed using the best solutions in medium and large industrial plants that use fuel oil. Fifth, it is possible for the plant - for PRS] development. Sixth, it is possible calories more than 10,000 Kcal. Looking at the above conditions. The optimum operating conditions in Myanmar Energy and

environmental conditions. Through this core concept of Myanmar concrete HB-oil development and small business

- 1) a new concept of alternative energy production using proprietary catalyst
- 2) competitiveness increase the value added to the existing recycling resources
- 3) ensure the market as a product gap considering the cost and quality
- 4) Energy & ETS greenhouse gas reduction targets corporate market penetration possible
- 5) government-related part of the strategic joint venture can push [power / energy circulation town / construction projects.

V. Conclusion

Energy issues have been included in the objectives of sustainable development goals (Sustainable Development Goals, below SDGs)⁵⁾ of the UN. "Under the global aim (Goal7) that ensures reliable tried and sustainable modern energy access affordable" for everyone, a universal energy access by 2030: 1. ensuring universal energy access, 2. Enlargement significant levels of renewable energy share, 3. details have been set the goal of increasing speed two-fold.

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⁵⁾ UN(2014), Report of the Open Working Group of the General Assembly on Sustainable Development Goal

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Challenges for the development of Myanmar tourism

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ABSTRACT: Myanmar has increased the tourists, there is a growing interest of the international community. Therefore, the government is planning to leap development. The most urgent is the improvement of tourism infrastructure. It came up with a master plan for 2013 to 2020. It came up with the liberalization of air services and the ASEAN Open Sky Policy. In other words, it is implementing a road map for the air travel sector consolidation. In this study, we evaluated the following three. 1. Tourism development policies and strategies. 2. Activate tourism service. 3. Promotion of tourism programs and goods. 4. Improve tourism awareness. Tourism is not only to visit the sights. It will be involved in the life and culture of the local inhabitants. Myanmar has now developed an early stage. So, weak environmental awareness issues. Beautiful landscapes are an important tourist resource. There is plenty of value to be protected. A change in the perception of nature conservation is needed. The realization of environmental protection regulations and policies are needed. With nature conservation, indigenous cultures also have to respect. The complementary tourism should be among locals and tourists. Both conscious change and efforts should be supported. Government policies and regulations must be changed also.

Key words: environmental protection regulations, travel sector, tourism service, tourism awareness

I. Introduction

Myanmar has increased the tourists, there is a growing interest of the international community. Therefore, the government is planning to leap development.

The most urgent is the improvement of tourism infrastructure. It came up with a master plan for 2013 to 2020. It came up with the liberalization of air services and the ASEAN Open Sky Policy. In other words, it is implementing a roadmap for the air travel sector consolidation. Myanmar's civil aviation department (DCA) is striving for a new transportation contract. The increase in tourists by air is expected. So it is trying to expand(3 million people -> 5.4 million people, per year) the capacity of Yanggon

International Airport(Ministry of Hotels & Tourism, 2013). The annual passenger capacity of the Napidow airport is 350 million. However, only it can use domestic flights and international charter services. The Mandalay airport can accommodate 3 million. The contract will be signed with the private sector also. The Hantawadi airport is expected to be completed in 2016. 80km away from Yanggon (Ministry of Hotels and Tourism, 2013). Myanmar Air(KBZ) was purchased new aircraft (ATR 72-600) in 2013. Air Lease corporation were borrowing agreement of two aircraft with Golden Myanmar Airlines (Daily finance 2013). It is necessary to improve aviation infrastructure.

Shegongdan overpasses, Pirode bridges, etc. have been established in Yanggon. The Minigon crossroads is also under construction planning. The highway from Yangon to Mandalay was faster (16-> 8 hours). Also it should be flexible in different sections. So, this overland tour may be active. The explosive growth of the population and vehicles is a problem.

Yanggon has a population of 5.7 million people(Eleven Myanmar, 2014). In 2035, it has been estimated at about 9.7 million people. The systematic planning is needed to address the traffic congestion. In order to upgrade the infrastructure of Yanggon cost of 25 billion US dollars is expected to (Japan International Cooperation Agency, JICA). The JICA is planning to invest the following things. Urban transport projects, circulating trains, commuter bus system upgrades, etc. Cooperation with municipalities in Yanggon will also get (Eleven Myanmar 2014). There is a need of new overpass. Lights, etc. must also upgrade the road transport facilities. Improved pedestrian environment must also pay attention.

Railway also been limiting the speed with aging, etc. Derailment also occur frequently. The railways are managed in Myanmar Railway(MR). Recently pushing the (National Railway Network) project. Since 2010, the ongoing construction of a 1,909km railway scale. There is also pursuing privatization (Korea Maritime Institute 2013). East Japan Railway Company has agreed to share technology. Japan will provide locomotives and buses by ODA program (Mizzima 2014/03/09). Foreign investment will increase further in the future.

With regard to ships, 2012, it was provided to nine cruise ships. However, this growth has been limited to the following problems. Expensive port charges, laws that limit the size of the ship, shallow water, etc. The facilities and capabilities are lacking. So limiting the number of vessels visiting. The need to build an infrastructure investment and management. To this end, a strategy is needed for program setup and development (Ministry of Hotels and Tourism 2013). It plans to build additional docks in Yangon harbor. 43 ships can be anchored more (Korea Maritime Institute 2012).

In 2013, the newly built hotel(rooms) are as follows. Neppidow: 31 (2830), Yangon: 5 (628) (Ministry of Hotels and Tourism 2013). The 27th Southeast Asian Games was held in 2013. The increase was a lot of tourists. In preparation, many hotels were

stretching. The hotel is newly made in the major tourist destinations. It plans to add hotels district in Bagan. Currently the most popular tourist destinations in Myanmar. It equipped with 77 accommodations(2,386 rooms).

In 2014, 300 million tourists are expected (Eleven Myanmar, 2014). The beachfront hotel is more needed in such as Eungwesawoong etc.

The tourist offer food tailored to the tastes of tourists. They haves a variety of restaurants. The following three factors are necessary to meet the needs of travelers.

- 1. The improvement of hygiene and quality
- 2. The receiving payment of a credit card
- 3 The expansion of the cash teller machines

2013, the contents of the master plan for Myanmar. The government is committed to the development of the tourism industry. However, infrastructure projects related rights are concentrated in the government. Myanmar has been converted to civilian government. However, the influence of the military is still large, Infrastructure projects are under the jurisdiction of the Defense Security Council (NDSC). And, this has led the president. The final decision is in the government. If the government has led to the following benefits:

- 1. Apply the deregulation
- 2. straightforward, such as land use

However, the government can suddenly change the attitude. If so, the project may be delayed. Also, if these can not be protected by law. For example, Dawei Project has been delayed in progress. The government has tilted more interested in Thilawa SEZ attributed (Seo eunju 2013). The political situation will not be resolved in a short period of time. Efforts for improvement have to be continued.

II. Main subject

2.1. Tourism development policies and strategies

Thai tourists most often in Asia. Because an effective tourism policy. The effort to provide high quality services in a variety of promotions for visitors requires. The policy for promoting tourist destinations and tourists are required. Thailand's tourism industry has been trying for a long time. Amazing Thailand campaign of 1998 was the center. As a result, tourists are increased as follows: 1998 (7.8%), 1999 (8.6%) (An jongryang 2001). Tourism income also increased by 4.5% and 9.7%, respectively. National consensus for tourism also increased (An jongryang 2001). In 2001, the tourists

reached 10 million people. 2013, increased by approximately 26 million people (Bangkok Thailand Sky & land, 2014).

TAT (Tourism Authority of Thailand) is responsible for tourism policy. The jurisdiction of the Prime Minister directly. The organization continues to expand, there is a bigger influence. And the central role of tourism policy (An jongryang 2001). Tourism Authority of Thailand's major tourist publicity measures are as follows:

- A. Create a regional guide, and distribution.
- B. The creation of promotional brochures and propaganda movie(Famous holiday resort, underwater and water sports, conference facilities, a Buddhist temple, classical dance etc.)
- C. Effective use of international hotel chains such as
- D. Tourism exhibitions held at major tourism market, and tourism officials dispatch.
- E. invited the international professional travel agent and promotional activities.
- F. Established 18 overseas offices and 22 local offices (TAT 1997, Amazing Thailand 1998-1999. An jongryang, 2001)

In 2008, They published additional tourism plan.

Myanmar government is conducting a tourism development project. The purpose is to maximize the contribution of tourism to generate employment and income, and to make profits equitably distributed.

The main objective of the strategic program is as follows (Ministry of Hotels and Tourism 2013).

- A. strengthen the institutional environment
 - a. Tourism Executive Coordination Board established to oversee the development of tourism
 - b. Develop a framework to support the Tourist Board.
 - c. Enhance the data system for measuring the business performance.
 - d. Develop a system for the safety of tourists.
 - e. Promote investment in tourism-related businesses and tourist laws regulating cleanup.
- B. Human resource capacity building and service quality
 - a. Human resource capacity building
 - b. Cooperation between stakeholders and policy development for the Service Improvement.
 - c. strengthening safety measures and administrative procedures

- C. Innovative Integration
 - a. enhanced environmental protection
 - b. Encourage Green Technology
 - c. The involvement of local communities reinforced
- D. Development of the quality of service.
 - a. Development of tourism products to meet local circumstances
 - b. Ecotourism Management
- E. Communication skills and improve tourism infrastructure
 - a. The mutual cooperation of the aviation and tourism sector
 - b. Remove element lowering the tourist activities
- F. The image of the Myanmar Tourism, brand building
 - a. create a strategic marketing map
 - b. Improve public service spirit through ritual improve
 - c. establish national brand in the international market

2.2. Activate tourism service

Visa and entry requirements were problematic. This problem has become increasingly rationalized. Visas may be less than a day in Myanmar embassy. It is also possible arrival visa through Ministry of Tourism, or the registered travel agency. Air passengers must be in possession of a valid passport at least 6 months. It can stay 28 days (Ministry of Hotels and Tourism 2013). October 2014, E-Visa system was also introduced. It is carried out at the airport immigration. In the future, it will be performed at the border. Applications are available online. There is no embassy countries were also available. It will be able to increase the re% Visits to Myanmar.

Myanmar has an authorized tour company of about a thousand. But they most can not configure a custom application. The tour guide is about 3000 people. Approximately 2,000 people are speaking English. Eight hundreds shall speak Japanese. The guide is not enough in high season (Ministry of Hotels and Tourism 2013). Trained tourism-related personnel are needed more.

Tourism is a labor-intensive industry. That is, to produce a direct and indirect employment. It can promote local economic development (Timothy 2011). Examples of directly employed jobs are as follows: Ancient ruins - security guards, caretakers. Culture - paramedics, lighting professionals. Museum-interpreter (Timothy 2011). Tourists can receive the service. In other words, the cross-effective. Tourist services jobs are as follows: Accommodation, food and beverage, entertainment, transportation,

etc. If the natural growth - employment is expected to have more than 500,000. If the high-growth days - even one million people are expected.(World Travel and Tourism Council; Myanmar Tourism Master Plan Report (TA-8136)

In 2012, the unemployment rate was 5.4% in Myanmar(United States, CIA). It is lower than the world average (5.5%). However, about 70% of the workforce is engaged in agriculture. Therefore, the actual unemployment rate is higher (KOTRA & globalwindow.org, 2013). The development of human resources are lacking.

2.3. Promotion of tourism programs and goods

Myanmar has a colorful tourist attraction. Therefore, tourists can enjoy various types of tourism. However, the current is made mainly religious tourism. Cultural tourism, eco-tourism can also be promoted.

- * Tourism Types tourism activities (tourist): from 2013 Tourism Master Plan
 - A. The cultural tourism festivals, pilgrimages, Food Experience, Meditation Course (Chyaingttong, Myaukwoo)
 - B. Nature-based activities beach tourism (Inle, Bagan, Eungapali, Chaungtta, Eungwesaeong, Kottaeong, Myeik)
 - C. Experience tourism cycling, kayaking, rafting, trekking (Inle, Bagan, Pingworin, Natmataung, Thaingttong, Myeik)
 - D. yacht cruise river, sea (Yangon, Bagan, Eyawethy, Kottaung)
 - E. MICE tourism- conference, convention (Nyepidow, Yangon, Mandalay, Eungahpaly)
 - (Ministry of Hotels and Tourism; Myanmar Tourism Federation 2013)

In addition, there are ethnic tourism.

In the Inre, we can see the many species culture. Such as churches and mosques, there are coexistence of various religions. This is a attraction of tour in Myanmar. In Inle lake, variety sightseeing is available. In the fabric shop, there are race of Verdaung. They are wearing the ring on the neck. They came for tourism promotion. The merchants of various races can be seen in the Mingura market. The wineries can taste the wines with vineyard background. In order to develop local tourism, the regional program should be enabled. The locals and tourists can be mutually beneficial. Do not forget to understanding and caring for local residents. The purpose of the race tourism, observing the culture, and to experience. However, excessive commercialization should be avoided. They can lose sense of identity and the original species. When explore the historic sites, the description of history should be fine.

4 kinds of tourism resources elements are as follows: (Valene Smith).

- A. The residence: Includes the culture and surroundings
- B. Heritage: Technical, language, religion, way of life, etc.
- C. History: The exchanges and relations with the West
- D. crafts; Art, handicrafts and so on. The overseas exports. The most important element (Timothy 2011).

Myanmar traditional handicraft art is as follows. Steel processing, processing of bronze, wood, masonry, stone crafts, stucco, painting, gold silversmith, lacquer crafts, etc. Myanmar has hardly a stone(Sandstone etc.). So the most basic building material is brick. Masonry and stucco was formed from ppyujok Kingdom era(9th century). That is from previous of Burma race migration. It has been recognized as an important traditional arts. Craft shelf is a technical craft of making wooden tools(Kim ina, 2006). Traditional craft arts have been widely used in religious architecture. Crafts of Myanmar are a great value. The typical tourist products are exist for each region. Bagan - Lacquer, Mandalay - embroidery crafts, Inle - silversmiths, etc. Typical souvenir market is Bojok markek in Yangon. There are a variety of souvenirs and tourism products.

The lacquerware came in Bagan through Thailand (Kim Ina 2006). Household goods, ornaments, etc. vary. Using a natural color, it is made by hand. It takes the production of up to six months. There are workshops in Bagan can see the production process.

In Mandalay, embroidery crafts called 'Schezito' is famous. It is estimated that started when Konbaung Dynasty. It is decorated with exquisite design and unique jewelry. Creating a tapestry is usually black cloth. It is decorated with metal, glass beads, dolls etc. Also expressed epic (Jataka, Ramayana, etc.) (Myanmar.com 1995). It also put an embroidered to bag, blanket, ronji etc. The boat trip of Inre, visit the silver craft shops is also the main tourist routes. The pattern is varied and sophisticated. It can be vividly observed the working process.

The silversmith was an ancient industry in 13th century. The monarch was used for gold and silver bowl. It was reward for loyalty to the royal family. Silver product was a symbol wealth. The silver bowl used in special rituals such as weddings (Myanmar.com 1995).

In addition, an umbrella of Burrttein, tes of Taungji, the ruby of Mogok is famous for. There is a collection of specialties of each region. That is Bojok market in Yangon. Tourists will have visited essential. Recent looks Bojokjettit market. The place sells mostly clothes and medicines. It will be activated in the future.

Credit cards(Master, Visa etc.) became available. Since then, tourists to buy expensive goods were increased. The promotion of the tourism product by region is underway. It should have a variety of promotions(exhibitions etc.).

2.4. Improve tourism awareness

Interaction between local residents and tourists is important. Tourism is not only to visit the sights. It will be involved in the life and culture of the local inhabitants. In other words, it means that change is applied to the culture of native specific. Locals operating facilities and event initiatives, heritage protection, and a variety of activities, such as tourist management. Administrators can continue to manage the funds and resources (Timothy 2011). It can create a variety of economic income. In doing so, revive the local economy, it is possible to improve the standard of living. However, following a bad shave. Increases in goods and services prices, rising real estate prices in the surrounding area, cost of living increases (Nuenuewin 2011). In addition, improved quality of life and given the opportunity for cultural exchange. To learn about the culture and language through dialogue tourists. We can understand other countries through cultural exchange. On the other hand, it can also harm the unique culture of the region. It may cause an increase in crime and culture of the lower. Appropriate complementary to reduce the negative effects.

Public facilities are improved in the environmental aspects. Should ensure that nature is not compromised. Environmental and cultural aspect should not be neglected by considering only the economic side. To consider both sides of a well. This tour can continue to do so.

Myanmar has now developed an early stage. So, weak environmental awareness issues. Beautiful landscapes are an important tourist resource. There is plenty of value to be protected. A change in the perception of nature conservation is needed.

The realization of environmental protection regulations and policies are needed. When visit the indigenous villages, so that they lose their identity, culture should be respected. With nature conservation, indigenous cultures also have to respect. The complementary tourism should be among locals and tourists. Both conscious change and efforts should be supported. Government policies and regulations must be changed also. It will be able to develop a mature tourism culture so.

III. Conclusion

3.1. Activate tourism service

October 2014, E-Visa system was also introduced. It is carried out at the airport immigration. In the future, it will be performed at the border. Applications are available online. There is no embassy countries were also available. It will be able to increase the revisits to Myanmar.

3.2. Promotion of tourism programs and goods

The guide is not enough in high season. Trained tourism-related personnel are needed more. Tourist services jobs are as follows: Accommodation, food and beverage, entertainment, transportation, etc. If the natural growth - employment is expected to have more than 500,000. If the high-growth days - even one million people are expected. Myanmar has a colorful tourist attraction. Therefore, tourists can enjoy various types of tourism. However, the current is made mainly religious tourism. Cultural tourism, eco-tourism can also be promoted. The purpose of the race tourism, observing the culture, and to experience. However, excessive commercialization should be avoided. They can lose sense of identity and the original species. Credit cards(Master, Visa etc.) became available. Since then, tourists to buy expensive goods were increased. The promotion of the tourism product by region is underway. It should have a variety of promotions(exhibitions etc.).

3.3. Improve tourism awareness

Interaction between local residents and tourists is important. Tourism is not only to visit the sights. It will be involved in the life and culture of the local inhabitants. In other words, it means that change is applied to the culture of native specific. Myanmar has now developed an early stage. So, weak environmental awareness issues. Beautiful landscapes are an important tourist resource. There is plenty of value to be protected. A change in the perception of nature conservation is needed.

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The Effect of Marketing Environmental and Strategic Factors on Marketing Achievement of Social Enterprises

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ABSTRACT: The purpose of this study is to examine the effect of marketing environmental factors and strategic factors of social enterprises on the marketing achievements in order to improve the profits of the social enterprises that have poor economical condition and short profession. The results from the questionnaire survey of 80 enterprises represent that the social enterprises need to make a systematic marketing structure to improve the marketing environment to support the finance for developing products, and to make a social network for public marketing with social enterprises, public officers and professionals.

Key words: economical condition, marketing environmental factors, strategic factors, systematic marketing structure

I. Introduction

Social enterprises employ some socially disadvantaged class and play roles as a structure controlling the income inequality between the government and the markets. With the strategic supports of the government, the number of social enterprises has been raising. But their poor economical condition and short profession makes it difficult to keep sustainably. Few of them have survived after the period that government provided some financial subsidy ended.

So it is urgent to study improving the profits of the social enterprises, but there are rare studies focused on the marketing of the social enterprises because they are pursuing non-profit for social value. From this problem, this study performs questionnaire survey to enhance the marketing achievements along with marketing environment and marketing strategy of the social enterprises related to them.

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II. Theoretical background

The Korea Social Enterprise Promotion Agency (2015) defines social enterpriseas an organizationtaking the middle form between enterprise for-profit and enterprise non-profit, which is pursuing social objectives to improve the well being of human life and commercial objectives to maximize the profits of production. Similarly the Social Enterprise Promotion Actdefines the social enterprise as the enterprise to have social goal that enhance the quality of residents' life with social service for the vulnerable social group and to have aim of business to promote activities of producing and selling goods and services.

The social enterprises has been increased since the law of Social Enterprise Promotion Actenacted from 50 enterprises in 2007 to 1,251 enterprises in 2013(Kim, 2012). But majority of Korean social enterprises have difficulty in financial management and professional strategies for selling and producing goods and services (Gwag, 2009). Although they have received some financial and managerial supports from the Korean provincial governments or city councils, they are not long lasting and not sustainable

It is urgent to raise the profits of the social enterprises as well as to realize social value, but the social enterprises have been little interested in marketing factors such as marketing environments, marketing strategy, or marketing achievements for profit. Marketing environments was defined broadly as both internal and external factors influencing on enterprises (Lee, 2005). Marketing strategies concept was defined usually as empowerment to reach the target market effectively(Kim, 2011). Marketing achievements was classified as financial performance, growth, or client satisfac0tion in most researches (Kim, 2008). To make social enterprises sustainable, researchers should be concerned about marketing factors.

Ⅲ. Method

3.1. Data and Participants

The subject of questionnaire survey are 80 members composed of managers and staffs who set booths to take part in the Busan Bexco Social Enterprises Fair from July 3 to July 5 in 2015. The characteristics of the participants are presented in <Table 1>. There were more social enterprises in agriculture and food industry than other industries (73.7% versus 26.3%). More participants worked in social enterprises that had the sales scale of 3hundred million Won below than in those of 3hundred million Won above (67.5% versus 32.5%). The levels of capital size were evenly distributed

between 5 ten million Won above and 5 ten million Won below(51.3% versus 48.8%). The participants of enterprise with ten employees below were more than those of enterprise with ten employees above (67.5% versus 32.5%). The majority of participants were in general staff position and careers of 3years below, 67.5% and 58.8 %, respectively.

Variable	category	n=80	%
Type of business	Agriculture & food industry	21	26.3
Type of business	Other	59	73.7
Sales Scale	3hundred million Won below	54	67.5
Sales Scale	3hundred million Won above	26	32.5
Capital	5ten million Won below	39	48.8
Capital	5ten million Won above	41	51.3
Number of	Ten below	54	67.5
employee	Ten above	26	32.5
Position	Chief executive officer	26	32.5
FUSILIUIT	General staff	54	67.5
Caraar	3years below	47	58.8
Career	3years above	33	1.1

Table 1. Descriptive Characteristics of the Participants

3.2. Measures

With regard to marketing environments, the participants were asked to rate the extent to which they agree with each category of value orientated, marketing institution, chief executive officer, marketing strategy, marketing staff and protected market on a 5 point Likert scale that ranged from 1(never coincident) to 5 (very coincident). These factors were referred to the researches Lee(2005) etc.

To measure marketing strategy concept, The factors of market survey, price, product, distribution, promotion and management marketing based on the research on Kim(2011) etc. were rated on a 5 point Likert scale ranging from 1(never coincident) to 5 (very coincident).

Participants were asked to estimate marketing achievements composed of the factors such as financial performance, growth, and client satisfaction with the 5 point Likert scale from 1(never coincident) to 5 (very coincident) based on the questionnaire of Kim(2008) etc..

3.3. Statistical Analyses

This study analyzed data using SPSS 22.0. Descriptive statistics such as mean,

standard deviation, and percentage were calculated. Friedman chi verification, t-test, and multiple regression analysis were used.

IV. Results

4.1. Marketing environments, Marketing strategies and Marketing achievements

Table 2 shows that the levels of marketing environments, marketing strategies, and marketing achievements of the social enterprises were in the usual level. Among the factors of the marketing environments, the mean order of the value oriented factor was the highest and that marketing institution factor was the lowest. Among the factors of the marketing strategies, the mean order of product factor was the highest and that of distribution was the lowest. And among the factors of the marketing achievements, the level of the client satisfactions was the highest and growth factor was the lowest.

Table 2. Marketing environments, Marketing strategies and Marketing achievements

Category	Factor	Mean per item	S.D	Friedman -X	Mean order	Friedman −χ	Mean order
	Value 3.12 2.569		2.569		5.92		
	Marketing institution	3.16	2.336		2.33		
Marketing	Chief executive 3.92 officer		2.270	228.087	4.31		2.41
environments	Marketing strategy	3.36	2.323	***	2.80		
	Marketing staff	3.35	2.485		2.78	121.987 ***	
	Protected market	3.28	2.694		2.87		
	Market survey	3.37	2.556		2.48		
	Price	3.42	2.908		5.01		
Marketing	Product	3.43	2.964	227.323	5.04		2.59
strategies	Distribution	3.26	2.475	***	2.17		2.59
	Promotion	3.22	2.643		2.24		
	Management	3.06	3.127		4.07		
Marketing	Growth	3.49	1.551	132.502	1.03		1.00
achievements	Financial	3.29	2.178	***	2.26		1.00

Performance				
Client	3.69	2.420	2.71	
satisfaction	5.09	2.420		

^{***}p<0.001

4.2. Correlations between Marketing environments, Marketing strategies and Marketing achievements

Table 3 shows significant correlations between the marketing achievements and the marketing environments, between marketing achievements and marketing strategies, and between the marketing strategies and marketing environments.

Table 3. Correlations between Marketing environments and Marketing strategies, and Marketing achievement

	Marketing environments	Marketing strategies	Marketing achievements
Marketing environments	1.000	-	-
Marketing strategies	0.694***	1.000	-
Marketing achievements	0.593***	0.633***	1.000

^{***} p<0.001

4.3. Variables Influencing onMarketing Achievements

The variables which had a significant influence onmarketing achievements were the guarded markets and marketing staffs in charge among the factors of the marketing environments < Table 4>. And when added the variables connected with the marketing strategies, there was significant effect only in the products development.

Table 4. Variables Influencing on Marketing Achievements

	ialala	Mod	Model 1		del 2	Model 3	
	variable	В	β	В	β	В	β
Characteristics	Capital	0.574	0.151	0.474	0.124	0.230	0.060
of the social enterprises	Type of industry	0.235	0.019	0.181	0.014	-1.140	-0.091
	value orientated			0.041	0.019	-0.102	-0.047
	marketing institution			0.148	0.063	0.392	0.167
NA L	chief executive officer			-0.154	-0.063	0.046	0.019
Marketing environments	marketing strategy			0.304	0.127	-0.027	-0.011
	marketing staff			0.764	0.341*	0.369	0.165
	protected market			0.755	0.366***	0.415	0.201
	market survey					-0.059	-0.027
	Price					0.300	0.157
Marketing	Product					0.613	0.326*
strategies	Distribution					0.404	0.180
	Promotion					0.248	0.118
	management					-0.500	-0.284
R ²		0.022		0.424		0.537	
Increased R ²				0.402		0.114	
F		0.8	50*	6.52	20***	5.39)1***

^{*} p<0.05, *** p<0.001

Table 5 shows the marketing strategies played an intervening role as parameter when the market environments influence on the marketing achievements. Marketing achievements were influenced by the marketing environments which made to establish the marketing strategies easily.

Dependent v.	Independent v.	β	t	
Marketing strategies	Marketing environments	0.675	8.073***	R ² =0.455F=65.172***
2. Marketing achievements.	Marketing environments	0.594	6.524***	R ² =0.353F=46.563***
Marketing achievements.	Marketing environments,	0.324	2.802**	R ² =0.441
aci lievel Herits.	Marketing strategies	0.401	3.474***	F=30.336***

Table 5. Intervening Parame

V. Conclusions and Implications

The majority of participants worked in the small social enterprises of agriculture and food industry, sales scale with 3hundred million Won below and ten employees below. The levels of marketing environments, marketing strategies, and marketing achievements of the social enterprises were in the usual level not in high level. On the bases of some results, this study suggests several implications to the social enterprises to improve the marketing achievements as the enterprises for profits, although first of all they are aimed to realize the social value as non-profit enterprises.

First, the social enterprises should make a systematic marketing structure and develop the distribution strategies actively for growth.

Second, the social enterprises should enlarge the meeting for the guarded marketing and educate marking staffs to make them as experts.

Third, the social enterprises might get the higher marketing achievements by improving the marketing environment by making marketing strategies systematic.

Fourth, the social enterprises might develop new and profitable products by supporting the finance, recruiting good staffs for marketing and connecting with the general enterprises strategically.

Fifth, the social enterprises should make a consultative group composed with public officers, professionals and social enterprises and a social network for public marketing among social enterprises.

^{**} p<0.01, *** p<0.001

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Understanding Long-Term Care Insurance for the Elderly in Korea

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ABSTRACT: This study aims to explore the Long-Term Care Insurance for the elderly in Korea as an accurate understanding of the service and a stable settlement of the service for elders are highly important. The research has analyzed the results of the background Theories. This study were as follows: First, Long-Term Care Insurance for the elderly is a social insurance policy that aims to improve the quality of life of the citizens by reducing the economic and psychological burden and promoting health improvement and a stable life during the later years of elders who experience difficulty in performing daily tasks due to age (above 65 years old) or senile diseases by providing long-term care services. Second, The character of Long-Term Care Insurance for the elderly was Separate operation from health insurance, additional ways to support the national treasury based on social insurance method, unification of insurer and managing institution, senior-centered services.

Key words: Long-Term Care Insurance, the elderly, Korea

I. Introduction

Through the rapid economic and social development and the improvement of medical technology, the quality of life in Korea highly improved. Such change increased the average lifespan since it brought attention to people's health as well. Korea already became an aging society in 2000 and is anticipated to be an aged society in 2018 and a super-aged society in 2026 where the population of the elderly will correspond to 20% of the total population. In 2050, the population of old people is expected to increase to 34.4% (Statistics Korea, 2014)

The increase in the population of old people is directly linked to elderly support issues, which also causes social issues that should be solved together by the family, nation and society. Reflecting this reality, Korea implemented the Long-Term Care Insurance from July 1, 2008. Long-Term Care Insurance is a social insurance policy which provides support such as physical activity support, everyday life support, household chores support, companion and encouragement to people above or below

65 years of age who cannot perform daily tasks by themselves due to senile diseases including Alzheimer's, stroke or Parkinson's (Article 1 of Long-Term Care Insurance for the Aged Act, 2008).

Long-term care service for the aged used to be very limited in terms of subject and content until the introduction of the Long-Term Care Insurance for the Elderly. Thus, only national basic living security recipients or seniors with good fortune were able to receive benefits. However, the implementation of the Long-Term Care Insurance for the Elderly allowed seniors above 65 or elderly people with senile diseases to use a more systemic and professional long-term care service and reduced the burden of the family. As a result, the execution of Long-Term Care Insurance for the Elderly is considered to improve the quality of welfare not only of the recipients but also of the dependents.

According to data (National Health Insurance Corporation, 2009; 2010; 2011; 2013), the degree of satisfaction, such as reduction of caregiving burden and popularity of the service among the subjects gradually increased year by year.

The core purpose of the implementation of Long-Term Care Insurance for the elderly in Korea is to improve the quality of life of the elderly, who are mobility impaired due to senile diseases, by reducing the caregiving burden of the family. However, the new term 'Modern Goreyojang' [ancient practice of abandoning an old person to die at the grave site] appeared as there has been a tendency for the family to avoid their aged parents and want them to enter the facility instead unlike the intended purpose. Advanced countries, which executed this kind of service first, have been providing care services in the form of facility protection; however, the durability of the policy is questioned due to financial crisis from medical and caregiving expenses because of the rapid increase of service recipients. Thus, the stable implementation of home-visit care services is the most important thing for the successful settlement of the Long-Term Care Insurance for the Elderly.

This study aims to explore the Long-Term Care Insurance for the Elderly in Korea as an accurate understanding of the service and a stable settlement of the service for elders are highly important.

II. Background Theories

2.1. Understanding Long-Term Care Insurance for the Elderly

Every modern nation claims to advocate a welfare state, although the content and degree may differ. Most countries face a rapid aging population due to the sharp

decline in birthrate caused by the expansion in average lifespan due to the development of economy and medical treatment, change in values regarding children and some childcare and education issues. The issue on long-term care for the elderly had been recognized as an individual burden for the corresponding family. However, the increase in nuclear family and economic participation of women along with the aging population started to put a social and national responsibility on the said issue. To counteract against such social change, advanced countries are already operating the Long-Term Care Insurance for the Elderly by preparing finances such as social insurance and taxation.

It is the Long-Term Insurance for the Elderly that fulfills the demand of welfare in accordance with such social change. The necessity of this policy is proven by the fact that continuous physical and daily support for mobility impaired seniors due to senile diseases is magnified as a social issue followed by aging or changes in lifestyle. Recognizing such change and aiming to fulfill its national and social responsibility, Korea implemented the Long-Term Care Insurance for the Elderly in July 1, 2008. As a theoretical background, the purpose, application and financial resources of the policy, introduction background and implementation process of the service, features of the service, application and financial resources of the service and the differences from the conventional welfare service for the aged will be explored (National Health Insurance Service, 2014).

1) Purpose of Long-Term Care Insurance for the Elderly

Long-Term Care Insurance for the Elderly is a social insurance policy that aims to improve the quality of life of the citizens by reducing the economic and psychological burden and promoting health improvement and a stable life during the later years of elders who experience difficulty in performing daily tasks due to age (above 65 years old) or senile diseases by providing long-term care services, including physical activity support, everyday life support, household chores support, companion and encouragement.

2) Application of the insurance and acknowledgment for long-term care

The people eligible for Long-Term Care Insurance for the Elderly are those with health insurance (Section 3 of Article 7 of Long-Term Care Insurance for the Aged Act). In short, health insurance is legally required. Also, the medical aid recipients, who belong to the area of public aid, are excluded from health insurance and long-term care insurance; however, they are subjects of long-term care insurance at the expense of the national and local government. If the person does not pay for a health insurance fee for more than 6 months, he shall be excluded from eligibility unless he pays unpaid insurance charges. Furthermore, not every long-term care

insurance holder or dependent or medical aid recipient can use the long-term care insurance service. They are given the right to receive long-term care benefits after a procedure called long-term care acknowledgment.

The accreditation procedure starts from application to the public corporation. Applicants should undergo visits and research by officials, rank determination of the determining committee, documentation, sending of the certificate and standard utilization plan.

Holder of long-term care insurance or his dependents and medical aid recipients above 65 years of age or elderly below 65 years old with senile diseases including Alzheimer's and cerebrovascular diseases are qualified for application.

3) Collection of financial resources and the main agent of burden

The financial resources for Long-Term Care Insurance for the Elderly are collected from long-term care insurance fee, national and local-governmental share and the amount to be shouldered by the recipient <Table 1>. The long-term care insurance holder and health insurance holder pay an equal amount. The fee of long-term care insurance is additionally charged by multiplying the health insurance fee and long-term care insurance fee (ratio of insurance fee in 2014: 6.55%). If the long-term care insurance holder is residence-based insured, the fee should be entirely paid by the holder while the fee of employer-provided health insurance shall be shouldered in half by the holder and national/local government/private school (In the case of private schools, schools shoulder 30% and the nation shoulders the rest 20%.

The country yearly supports the public corporation with the amount corresponding to 20% of the anticipated revenue from long-term care insurance fee of the corresponding year within the budget. National and local government pay the entire amount of operational expenses and the expenses that the National Health Insurance Corporation should burden from the long-term care service fee, doctor's note issuance fee and order for a visiting nurse issuance fee.

<Table 1> The amount to be shouldered by the recipient of the service (Article 40 of Long-Term Care Insurance for the Elderly Act)

Classification	Amount to be shouldered
Home care allowance	15/100 of the corresponding long-term care allowance
Facility care allowance	20/100 of the corresponding long-term care allowance
National basic living pensioners	Exempted
Medical aid and relief beneficiary recipients	50% deduction from the share

Source: National Health Insurance Service (2014)

As <Table 2> shows, advanced countries operate Long-Term Care Service for the Elderly by collecting financial resources through social insurance or taxation (National Health Insurance Service, 2014).

<Table 2> Cases of advanced countries

Classification	Social Insurance	Taxation
Countries	Korea (+tax), Germany, Hungary, Japan (+tax), Switzerland (+tax), U.S.A. (Medicare), Netherland, Luxemburg	Australia, Austria, Canada, Ireland, New Zealand, Norway, Poland, Spain, Sweden, U.K., U.S.A. (Medicare)

Source: National Health Insurance Service (2014)

4) Implementation background of Long-Term Care Insurance for the Elderly

The speed of aging in Korean society is greatly faster than any other advanced countries. As of late 2014, the population of people above 65 years of age is 6,137,702 which accounts for 12.2% of the total population. The elderly population, which was about 990,000 in 1970, surpassed 5,000,000 in 2008. The population of the aged is anticipated to exceed 10,000,000 in 2025 and in 2050, is expected to reach 18,000,000, which is 37.4% of the entire population (Statistics Korea, 2014).

The following are the grounds for the implementation of this policy. First of all, as society rapidly age, the number of elderly with senile diseases including Alzheimer's, stroke and Parkinson's rapidly grew. The analysis of the payment data of health insurance from 2005 to 2010 demonstrated that the number of people suffering from 'senile diseases' reached 1,112,000. This value, which has increased by 162.8% from 683,000 in 2005, proves a sharp increase in people subject to medical protection who are in need of long-term care protection (National Health Insurance Service, 2010). Secondly, social issues started to become prominent because of the economic burden in the family due to women's economic activity and extended care period and family breakdown due to the burden of caring for the elderly. For instance, some families abandoned the elderly who need care. Thirdly, the recognition that the elderly problem is not an individual problem but a national problem spread. This is because the family issue was magnified to social and national responsibility due to the difficulty in caring for the elderly, as a result of women's participation in social issues. Thus, the implementation of this insurance policy aiming to improve the quality of life of the aged, ultimately resolves the economic burden and improves the quality of life of families.

2.2. Character of Long-Term Care Insurance for the Elderly.

1) Separate operation from health insurance

The separate operation of Long-Term Care Insurance for the Elderly and health insurance allows making the most of the long-term care policy since the emphasis on the needs of seniors and implementation of new institution are relatively easy and long-term care insurance is not bound by the financial assets of health insurance. A separate Act for long-term care insurance for the elderly is designated. The care insurance fee is collected to offer the service and service is managed by the Health Care Center of the National Health Insurance Service.

2) Additional ways to support the national treasury based on social insurance method

The Long-Term Care Insurance for the Elderly in Korea is designed and operated in a form whose basis is social insurance and partially a public assistance. It is operated in a form where the long-term care insurance fee of the health insurance holder [health insurance fee x 6.55 (standard of health insurance fee in 2014)] + national and local-governmental share (20% of the anticipated revenue from long-term care insurance fee + long-term care fee of medical aid recipient who is under public assistance).

3) Unification of insurer and managing institution

The Long-Term Care Insurance for the Elderly in Korea does not have a separate institution to manage and operate the policy but is governed by the Health Care Center of the National Health Insurance Service, which is originally established in accordance with the 「National Health Service Act」. In order to enhance the professionality of the operation, separate professionals are hired to contribute to the efficiency and professionality of the duty. This independent form of labor aims to ease the implementation and settlement of the policy without having to install a separate managing institution but letting the National Health Insurance Corporation to govern the policy allows increased efficiency.

4) Senior-centered services

The Long-Term Care Insurance for the Elderly in Korea has seniors above 65 years of age or those below 65 years old with senile diseases such as Alzheimer's and cerebrovascular diseases, who are recognized to have difficulty in performing daily tasks alone, as its recipients. However, the disabled elder below 65 years of age are excluded unless they suffer from senile diseases.

The features of the policy can be largely divided into two: social solidarity and marketization of social welfare service. The following are the details:

The first character is the strengthening of social solidarity. The issue on long-term care for the elderly is a typical and common problem not only to the elderly himself but also to the other family members. Since seniors with senile diseases and their family suffer from a great deal of physical, psychological and economic pain, this issue is a social risk that should be counteracted together as a social solidarity. Thus, the Long-Term Care Insurance for the Elderly institutionally guarantees social support for the aged, who are in need of long-term care, as well as their families.

The second character is marketization of social welfare service. The Long-Term Care Insurance for the Elderly provides options to the person in need and his family through marketization of social services and improves not only the quality of care service but also the efficiency of welfare finances by guaranteeing the participation of various people. The Long-Term Care Insurance for the Elderly, which had been strictly and limitedly offered to the elder who are subjects of national basic living pension based on the Welfare of the Aged Act, is now offered to people regardless of their income bracket. Moreover, expansion in the universality of long-term care service enlarged the accessibility of the service. Also, as the system changed wherein the recipient holds the right to choose the service supplier, the grant of authority is achieved and the range of choices is widened (Ministry of Health and Welfare, 2007).

The third character is the management of Long-Term Care Insurance for the Elderly. The absence of a separate operator enables the recipient to make a decision by verifying professionality, efficiency and effectiveness of the service. Also, separate employment of labor strengthens professionality and enhances the efficiency and effectiveness of the institution.

Lastly, the Long-Term Care Insurance for the Elderly is strictly applied only at home and care facilities. Thus, the service is immediately terminated if the recipient is hospitalized while receiving the service. This proves the fact that the health insurance and long-term care insurance are separately operated and the budget for the two institutions are separately managed and operated as well.

2.3. Acknowledgement and Procedure of Long-Term Care

1) Application for Long-Term Care Acknowledgement

As <Table 3> shows, qualified applicants for Long-Term Care are those with Long-Term Care Insurance or their dependents or national basic living security recipients with senile diseases above and below 65 years of age. Senile diseases refer to diseases presidentially determined, including Alzheimer's, cerebrovascular and Parkinson's disease. However, if the disabled person, who is determined as rank 1 or 2 in accordance with the Disabled Person Welfare Law, use or are willing to use the care, they will be limited in terms of application for the disabled support activities

once they are acknowledged for Long-Term Care. As a side note, they cannot cancel the rank in order to apply for disabled support activities (National Health Insurance Service, 2014).

The application for Long-Term Care acknowledgement can be done by the applicant or proxy through mail, fax and internet or in person. If the proxy processes the application, he should show or submit his identification card. The submission of a doctor's note varies according to the age of the applicant. While applicants above 65 years of age should submit the note before the due date of rank determination, applicants below 65 years old with senile diseases should submit the note and the application form together <Table 4>.

<Table 3> Kinds of Application

Classification	Grounds for Application	Application Period	Required Documents
First Application	When applying for the Long-Term Care acknowledgement for the first time	If a qualified person is willing to be aided by Long-Term Care	- Application form - Doctor's note
Application for Modification	When there are physical or psychological changes while receiving the Long-Term Care	When the reason for modification occurs	Modificationapplication formDoctor's note
Application for Renewal	When termination of the Long-Term Care is anticipated	30~90 days before termination	Renewalapplication formDoctor's note
Application for Objection	When there are any objections regarding the acknowledged rank of Long-Term Care	Within 90 days from the date of determination	 Objection application form Supporting documents

Source: National Health Insurance Service (2014)

<Table 4> Fee Burden Ratio of Issuance of Doctor's Note

Burden Ratio	Ordinary applicants	Applicants assisted by Medical Aid	Low-income bracket based on law or applicants who suffer from poverty or are	Applicants assisted by the National
Applicant	20%	10%	10%	Exempted
Public Corporation	80%	-	90%	-
National or Local Gov.	-	90%	-	100%

Source: National Health Insurance Service (2014)

2) Standards and procedure of rank determination

The determination of the ranks is determined not by the subjective idea of "My health went bad" or "I caught a fatal disease", but by the Long-Term Care acknowledgement scale which indicates "how much help (Long-Term Care) does the person need in everyday life based on the functional status of his/her body and mind". The Long-Term Care acknowledgement scale, <Table 5> and <Table 6>, determines the rank among the 5 ranks as shown below.

<Table 5> Ranks of Long-Term Care acknowledgement per section of the scale

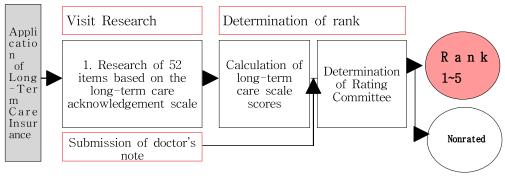
Rank 1	Rank 2	Rank 3	Rank 4		Nonrated rank B, C
95	75	5 60	51	45	

Source: National Health Insurance Service (2014)

<Table 6> Standards of Rank Determination

Rank	Mental and Physical Functional Status	Long-Term Care Scale Scores
1	Completely independent in performing daily tasks	Above 95
2	Considerably independent in performing daily tasks	Above 75
	Considerably independent in performing daily tasks	Below 95
3	Partially independent in performing daily tasks	Above 60
3	Partially independent in performing daily tasks	Below 75
1	Independent in performing certain daily tasks due to	Above 51
4	the disabled function status of body or mind	Below 60
5	Dementia patient (Alzheimer's is considered as senile	Above 45
	diseased based on Article 2)	Below 51

Source: National Health Insurance Service (2014)



Source: National Health Insurance Service (2014)

3) Payment Criteria and Cost

Based on Article 28 of the Act on Long-Term Care Insurance for the Elderly (monthly limited amount of Long-Term Care payment) and Article 22 of the same Act (monthly limited amount of Long-Term Care payment), the Long-Term Care payment should be provided within the monthly limited amount. The monthly limited amount of home care allowance (excluding welfare medical devices) is determined by the Minister of Health and Welfare per rank through the review of Long-Term Care Committee and the monthly limited amount of facility allowance is determined by multiplying the number of days by the daily allowance, which is determined by the Minister of Health and Welfare per rank considering the expenses and management situation of the Long-Term Care institution.

III. Conclusion

Korea already became an aging society in 2000 and is anticipated to be an aged society in 2018 and a super-aged society in 2026 where the population of the elderly will correspond to 20% of the total population. In 2050, the population of old people is expected to increase. The increase in the population of old people is directly linked to elderly support issues, which also causes social issues that should be solved together by the family, nation and society. Reflecting this reality, Korea implemented the Long-Term Care Insurance from July 1, 2008. Long-Term Care Insurance is a social insurance policy which provides support such as physical activity support, everyday life support, household chores support, companion and encouragement to people above or below 65 years of age who cannot perform daily tasks by themselves due to senile diseases including Alzheimer's, stroke or Parkinson's . As a result, the execution of Long-Term Care Insurance for the Elderly is considered to improve the quality of welfare not only of the recipients but also of the dependents.

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Mobile Fintech Entrepreneurship and Innovation in banking industry

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ABSTRACT: Financial development is significantly correlated with long-term economic growth, but there are conflicting views on which takes precedence over the other. However, the salient basic banking infrastructure, which connects real economy and finance regardless of such causal relation, is certainly necessary for the development of finance and the economy. For the development of the economy, the link between finance and real economy is inevitable, and this requires the construction of basic banking infrastructure centered on credible banks. This thesis examined the basic infrastructure of a bank, and further examined the necessity of banking infrastructure and the integration with mobile banking industry. Fintech is the base for direct financial transaction between money supplier and demander in global market. Mobile banking also provides alternative solutions for foreign currency volatility management issue which is inevitable in global trade. This is because of increase in efficiency of direct financial market transaction among individual clients. Individual who has time can create time value of money which decrease volatility but increase return in the long term base. So Fintech mobile banking and conventional banking are both in partner relationship but not in competition one.

Key words: banking infrastructure, economic growth, financial development, financial market.

I. Introduction

Schumpeter (1912) stated that the services provided by the financial intermediary are the essential elements for economic growth and technology innovation, and that the development of the financial intermediary promotes economic growth through the quantitative and qualitative improvement of credit supply. In other words, he emphasized that a good banking system distributes resources effectively and alleviates or eliminates risk, increasing the efficiency of the entire economy by assessing the investment plan of an enterprise and directing the management ability of an entrepreneur in the decision-making process of loan. This explains why the financial market constitutes a significant part in the modern economy, as it strongly affects real economic activity and not merely reflects the scope and direction of real economic

activity.

Whether the development of real economy or the construction of an effective banking system leads economic development would vary depending on the situation of each country. However, there is a close relationship between the two, it would be appropriate for both the real economy and the financial economy to grow complementarily, exhibiting a synergy effect by possessing a banking infrastructure that is basically needed rather than setting a priority among policies focusing on the causal relationship.

Meanwhile, Korea achieved rapid growth after the Korean War and experienced a severe financial crisis, receiving a bailout from the International Monetary Fund (IMF) due to the callowness of financial transactions by the financial institutions and corporations that were not properly developed in accordance with the rapid growth of real economy. However, as Korea experienced the financial crisis, the financial transaction competence of Korean corporations and financial institutions was greatly enhanced. Such case of Korea would provide goon ground for the development of mobile fintech industry. The market experience of Korea, who had surmounted the economic development and financial crisis in relatively short period of time, seems to provide a good implication for developing of internet based Fintech industry too.

Thus, this thesis first looks into the role of essential financial institutions (bank, stock, among others) that are needed in connecting the savings within the country to investment. From the aspect that financial institutions connect the two axes of economic activity, household (funding) and enterprise (capital requirement), the basic role of financial institution should be established. Second, it examines the core functions (currency multiplier effect, foreign currency loan reduction effect) contributed by the basic infrastructure of financial institution. Third, it examines the method to connect the foreign international financial market by domestic banking infrastructure and sectors that need infrastructure to be constructed. Fourth, it examines the development plan of financial market of their own country by utilizing their own financial institutions and constructed basic infrastructure. Lastly, this thesis looks into a way to create synergy between banking and Fintech industry by integrated approach from both sides.

II. Review of Related Literature

As Schumpeter (1912) asserted, finance and real economy are intimately correlated. However, the causal relationship whether the development of finance causes economic growth or finance develops according to economic growth is vague. This is also well

reflected in the results of different preceding researches that conflict with one another.

Levine, Loayza and Beck (2000) asserted that financial intermediaries and economic growth show significant correlation and that a developed banking system leads to economic growth. Levine (1997, 2005) argued that it affects savings and investments and ultimately changes economic growth with its five functions: 1) it distributes the capital by computing the preliminary information on potential investment; 2) it exerts the corporate management rights after inspecting investments and providing finance; 3) it enables the transaction, dispersion and management of risks; 4) it mobilizes and concentrates savings; and 5) it makes the exchange of goods and services easy. He looks at the role of finance to be growing step by step in its scope depending on the changes in the banking system. He asserted that as the economy develops, financial development should change its role where the center of gravity shifts as shown in <Table 1> (Yoon Jong-yeon, 2012).

Table 1. Economic Development and Role of Finance

5 Channels (Levine 2004)		
Savings mobilization, application		Developing country at the initial stage of
Facilitation of goods, services exchange		development
Transaction, diversification and management of risks		Developed country at
Exertion of corporate monitoring and corporate control		the maturity stage of development
Production of information on investment opportunity and capital distribution	,	

Source: Quoted in Yoon Jong-yeon (2012)

However, it is nearly impossible for a country to construct a well-developed capital market within a short period of time just because the development of finance market helps the economic growth. It is because in order to develop the overall finance market, information capital and human capital should be accumulated, organizational capital similar to the secondary market should be formed, and the substructures of the finance market such as a transparent finance standard and legal enforcement, IT infrastructure should be constructed.

Thus, other scholars considered that the financial system essentially developed according to the economic growth, emphasizing the financial demand (Robinson, 1952; Patrick, 1966). In other words, they viewed the improvement of income level and expansion of corporate production activity due to the development of real economy to increase financial demand by the depositors and the demand of external funds by corporation (Park Chan-il, 2003). Park Chan-il and Lee Woo-heon (2005) used the data

of three North East Asian countries (Korea, China and Japan) whose stages of economic development vary to investigate into the relationship between the financial development and economic growth. Materials dated from 1970-2003 for Korea, dated from 1990-2001 for China and dated from 1980-2002 for Japan are used to analyze the relationship between finance and insurance development and manufacturing development. The result shows that in the cases of China and Korea, whose economic growths are relatively late, the development of manufacturing caused the development of finance and insurance. Furthermore, the increase of productivity per person in manufacturing led to the development of finance and insurance. In the case of Japan, whose economy had already been well developed, it is analyzed that the financial development caused the economic growth. As a result of closely observing the experiences of Japan, Korea and China, although there were gaps between the periods of rapid economic growth, the most noticeable period of achievement was at the financially suppressed environment (government taking the lead in managing policy the finance rate, the inflation rate, and the real loan interest rate) without any definite development in the functions of financial intermediary. Again, the finance sector did not precede and develop in the economic development. Rather, the development of the finance system seems to have unfolded very slowly, lagging according to the economic growth. For instance, the financial environment of China is similar to that of Korea 10 to 20 years ago. In other words, the relationship between financial development and economic growth, namely the phenomenon that commonly appears in North East Asian countries which is the alleviation of financial suppression unfolded based on the growth of real economy or the qualitative improvement of financial sector is worthy of notice.

Looking into the causal relationship between finance and economic development, there is an intimate relationship between the two. However, the causal relationship is unclear. (In case of banking and mobile Fintech industry, it is not clear which side starts first and integrate the others. However, one thing clear is that both industries will be integrated as their client want to integrated both financial service very soon)

Many scholars had studies to establish a causal relationship between the two, but it is difficult to clearly establish that. In fact, in a way this problem could be an issue of which came first, chicken or egg. It is difficult to expect a financial development without capital accumulation according to the economic development, and even if there is accumulated capital, it is difficult to expect the steady economic development if the capital is not efficiently distributed to where it can steadily create added value because of absence or inefficiency of banking system.

However, considering Korea and China in the past, the limited financial resources are allotted to the strategic industry at the initial stage of development under the lead of government. In other words, they had chosen to lead the development of real

economy with the capital distribution of strategic industry under the leadership of the government and the finance industry supports it instead of distributing the market-oriented financial resources by promoting the autonomous finance market.

From the standard of international investors, most countries have relatively high uncertainty in the economic, political, policy consistency, and legal system sectors than the advanced countries in financial industry because: 1) the developing country has no efficient banking system that is well constructed like the advanced country, thus the effective distribution of financial resources according to the logic of market economy is impossible; 2) in a situation where financial capital has not accumulated through savings because the disposable income has increased due to the development of the industry within the country, the nation directly and indirectly involves in the limited foreign capital and invests into the strategic industry, maximizing the usefulness of capital; 3) generally, in the market-centered international finance market, as the uncertainty in recovery of capital investment is increasing, it leads to a rapid increase of capital financing expenses. Thus, it is because there is a difficulty that the securing necessary finance capital through the development of (international or local) market-centered banking system is very restricted realistically.

However, well designed mobile Fintech platform that is based on internet will substitute advanced conventional banking system soon. This is very attractive point to developing country in financial market. It means that any country can develop highly efficient internet based financial infrastructure which is almost like that of advanced country in financial industry without time consuming human education costs and infrastructure building costs. It is exactly the same effect like jump up to mobile phone user directly from a country that has no telecommunication experience without house phone which cost huge infrastructure construction government budget. So the key issues in mobile Fintech industry will be 1) how they can design highly efficient mobile Fintech platform and 2) who will dominate the platform. Smart global client and efficient global capital market will follow the smart platform very soon.

III. Financial Institution Infrastructure and Economic Efficiency

3.1. Role of Financial Institution

1) Fund Intermediary between Households and Corporations

Corporations are profit-making entities pursuing financial gain, and it aims to become institutions that exist permanently. However, on the financial management side of corporations, the goals of maximization of profit and the stable, permanent

corporation oppose each other. A corporation needs borrowed capitals (loans or bond issues) adding to their own capital. If the corporation invests in the long-term asset raising the short-term capitals by maximizing the profit, it may temporarily reduce financial expenses. However, in a changing finance market (particularly in international finance market), the short-term capital cannot be continuously raised in a good condition that the liquidity risk eventually increases in the long term. Thus, the problem of a corporation that grew steadily is how to adjust the goals of pursuing profit and maintaining the permanent corporation, considering the continuous discovery of a good business model in the finance market, which a corporation cannot control (or should not control).

Households save surplus funds. The goal of saving requires different investments, and that means it is dependent on the purpose of capital¹. In the short term, it would be educational expenses and purchasing a house, but in the long term, preparing living cost for aging is large. The capital demand of corporations exceeds the capital supply of the household at the initial economic development. Afterwards, as the disposal income of the household increases while the corporations grow, the gap between the capital demand and supply make a balance.

Traditionally, the bank is an institution that symbolizes trust. The bank is an institution that requires trust from both corporations and individuals. The role of effectively engaging the limited financial resource through financial institutions, the bank in particular, is very important for developing countries at the development stage.

2) Diversification of Financing Source and Expansion of Investment Demand

Corporate growth connects with the development of the national economy. Along with growth, a corporation needs to raise more outside capital (loan, bond and stock issues) and requires the diversification of financing. This is because the corporation develops more selectively than the business model as it grows, and each business model requires the raising of outside capital appropriate to the business model. Thus, the financing method of a corporation, which started with bank loans, expands to the issuance of bond or stock through stock firm.

Even in the household sector, the demand to invest more effectively than the disposal income increased due to the economic growth has increased. Thus, bank saving is insufficient, and that leads to considering the characteristics of one's own investment capital, as well as the demand to start investing on bonds or stocks through stock firm increases.

Therefore, as the structure of outside capital financing the corporation diversifies according to the corporate development, it develops more. This is connected to the increase of investment demand for various financial instruments, thus it brings about

the qualitative changes of financial institutions. Thus, the financial institutions should push for the diversified strategies with banks, stocks, insurance, among others, depending on the stage of economic development.

3) Intermediary of Trade and Financial Capital Transaction between Countries

The development of information and communication technology causes the development of international distribution, thus corporations over a fixed scale pursue management efficiency based on economies of scale by purchasing raw materials needed in the product manufacturing and selling the manufactured products in the global market to the entire world. In case of products (or services) becoming less differentiated due to the standardization of manufacturing technology, economic integration may happen through easing in, searching for transaction efficiency. Examples are NAFTA of North America, single market in Europe and ASEAN (Korea, China, Japan) market.

Such an expansion of the trade and financial capital transactions between countries is clearly explained in table at the Appendix 1. 「Comparison of Population Structure, Economic Activity and Scale of Exports and Imports By Country」. <Table 1> compares the population structure, economic activity and energy consumption of developing countries, Korea, Taiwan and advanced countries. Developing countries mostly have a young population structure and the economic development caused gradual urbanization, such that the investment of social overhead capital is needed. The corporate development or increase of household disposable income increases the energy demand and fosters high-quality human resource that corporations need. Thus, the investment expansion of educational expense is required. Corporate development brings about the increase of exportation and importation, and this requires a role that is more aggressive than the banks of one's own country. <Table 1> compares the changes by sector according to the developmental stage of the country in specific numerical values.

3.2. Payment and Settlement System

The general functions of currency are store of value, unit of account, and means of payment. Among these, the bank takes charge of means of payment. Payment and settlement refers to the act of clearing by economic agents through transferring the bond and stock relations occurring as the result of various economic activities using the means of payment, and the process of payment and settlement is included in most economic activities (Korea Institute of Finance, 2005). As payment and settlement means the transfer of capital accompanying the general economic activities, like all goods or financial transactions, the payment and settlement between finance

companies goes through the clearing process, which is the process of calculating money given and received in between the payment and settlement. Similarly, the system that institutionally completes the payment and settlement is called the payment and settlement system and in case of Korea, the payment and settlement system is comprised of clearing institution, settling institution and participating institution.

The payment and settlement system is a substructure of the banking system that enables the smooth payment and settlement occurring in financial transactions or economic activities of economic agents including the individual, corporations, and the government (Bank of Korea, 2009, 05). If the capital is like a blood of our body in terms of economic activity, the payment and settlement system is like a vessel that circulates the blood to every part of the body. As the vessels should be strong for the body to maintain its health, the payment and settlement system should be operated in a smooth manner for the stability of economic activities. The payment and settlement system is a passage connected to the settlement of capital involved in all economic activities (Park Gu-yong, 2006). The payment and settlement system of Korea is classified into several kinds, depending on the characteristics of the capital as shown in <Table 2>.

<Table 2> Payment and Settlement System of Korea

Settle	ment system	Clearing institution	Settling institution	Participating institution
Settlement system for large sums		Bank of Korea	Bank of Korea	Bank, mutual savings bank, stock firm, insurance company, investment trust company, etc.
Settlement system for small sum		Korea Financial Telecommunica tion and Clearing Institute	Bank of Korea	Bank, post office, mutual savings bank, credit cooperative, community credit cooperatives
Stock	Marketable securities & KOSDAQ		Bank of Korea, Korea Securities Depository	Bank, stock firm,
Settle- ment	Exchange market	Korea Exchange	Bank of Korea, Korea Exchange	insurance company, investment trust
System	Curb market		Bank of Korea, Korea Securities Depository	company, etc.
Continuous linked system		CLS bank	settlement currency country, central bank	Bank

Source: Bank of Korea, 2006

1) Currency Multiplier Effect of Payment and Settlement System

The household sector, an axis of the economy, is related to the settlement system for a small sum among the payment and settlement system. And because of the fact that it provides capital to corporations through savings, it is indirectly related to the settlement system for large sums, as well as the stock settlement system. The payment and settlement of the household sector is mostly completed at one-off. Thus, the safety of the settlement is more important than the immediacy of the payment and settlement.

However, the significance of payment and settlement is slightly different for the corporate sector. Corporations require both safety and immediacy. They transact with diverse domestic and foreign parties, and the types of transaction require the payment and settlement of minor transactions, of principal and interest of capital transactions like loans and bonds, and of exchange transactions for overseas transactions. And such diverse transactions need to be settled simultaneously in real time. If the payment and settlement is slow, unstable and inefficient, corporations have to settle with their own capital in advance to guarantee the safe payment and settlement to the counter party of the transaction, and this shows the factor aggravating competitiveness because corporations need a lot of operating capital.

For instance, if the export company commonly receives the export price in foreign currency, the company exchanges the received foreign currency into home currency at the bank. Then, the exchanged capital is used to pay to the account purchasing the raw materials, or to the dealers, or it is used to repay the principal and interest of loans or issued bonds. Part of it is used to pay the salaries of the employees and to pay taxes to the government. Such flow of all capitals requires the payment and settlement system.

If the payment and settlement system is very efficient, Company A can settle the capital to Company B in real time and Company B can again settle the capital to Company C, D, E, F and G consecutively in real time. If the initial amount Company A settled is 10 million USD, as the 10 million USD had circulated 10 times, the capital amounting to 100 million USD had circulated entirely in the country. However, if it was settled only 3 times in a day due to the inefficiency of the payment and settlement system, the company additionally needs the operating capital amounting to 70 million USD when it is viewed from the entire country. In other words, if the payment and settlement system is efficient, the capital of 70 million USD was used in the investment activity of the company, creating added value, but if it is inefficient, the 70 million USD was ineffectively used merely for the payment and settlement without any added value.

Thus, constructing an efficient payment and settlement system causes the effect of increasing the domestic investment capital by entire country and not merely for the

immediacy and safety of payment and settlement. If Myanmar constructs an efficient real-time payment and settlement system like Korea, Myanmar is expected to have a positive effect expanding the domestic capital for the economic development.

2) Effect of Reducing Foreign Currency Loans

An efficient foreign currency payment and settlement system can reduce the demand of foreign capital of corporations. Commercial banks in Korea directly settle the demand of payment and settlement of foreign currency between corporations through the foreign currency payment and settlement system between banks in Korea.

Settlement System	Clearing Settling Institution Institution		Participating Institution	
Foreign Currency Settlement System	Bank	Bank	Bank	

<Table 3> Foreign Currency Settlement System of Korea

This has a proper function to reduce the demand of foreign capital of corporations in the country by innovatively improving the circulation of foreign capital between corporations through settling not only in the home currency, but also in foreign currency in real time. Developing countries can expect the reduction effect of foreign capital financing of the corporation by constructing the foreign currency settlement system like Korea, thus it needs to be actively reviewed for introduction.

3) Enhancing Financial Efficiency by Mutually Connecting All Parties and Financial Products of Financial Transactions

The payment and settlement system centering on the bank as shown in <Table 2> mutually links to all financial institutions within the country. Aside from payment and settlement between financial institutions like bank, bond, insurance, investment trust company and savings bank, all parties of financial products from stock exchange in charge of transactions and settlement of bonds and stocks, securities depository and foreign exchanges (spot exchange, forward exchange, future and hedge derivative transactions, among others) are connected with the payment and settlement system.

If a corporation develops, all these transactions will be continued repetitively. Thus, the construction of an efficient payment and settlement system will innovatively improve the efficiency of financial transactions from the national perspective that ultimately enables the efficient distribution of limited financial capital. It also provides a foundation to reinforce the competitiveness of a corporation.

The construction of payment and settlement system, in a passive sense, takes charge of the payment and settlement function between the parties. However, as examined above, in an active sense, the construction of an efficient payment and

settlement system enhances the competitiveness of domestic corporations, enables diverse financial transactions, and creates an ecosystem organizationally connecting all participants of the economic activity. In other words, it is a very crucial matter preparing the foundation of domestic finance market.

3.3. Banking Infrastructure connecting global market

The demand of financial transactions of corporations depending on economic development is connected to the expansion of transaction demand between foreign countries. It is because most economic activities of corporations are directly or indirectly related to the export and import activities with foreign countries. Thus, the payment and settlement system within the country needs to be constructed to enable the connection with the global settlement system.¹⁾

The commercial bank can link the payment and settlement system with the bank in foreign country using the SWIFT standard system. Commonly, the stock firm cannot be the directly involved in the payment and settlement with foreign financial institutions. This is because the payment and settlement system between the countries is centralized on the bank, and also because the stock firm has lower credit rating than the bank. Thus, it is difficult to carry forward an independent financial transaction with foreign financial institution². Therefore, even if all financial institutions can participate by constructing the payment and settlement system that includes all parties concerned in financial transactions within the country, transactions with foreign financial institutions usually centralized on the bank. If the credit rating of a commercial bank within the country is insufficient compared to the standard of international transactions, the bank that the government has invested in can execute the role of commercial bank.

The foreign link of the payment and settlement system of commercial banks should be constructed in consideration of the works of other financial institutions, namely stock firms, which may happen in the future. The capital transaction a stock firm takes charge of causes a lot of new business incidentals, unlike the deposit loan of a bank. For instance, the arrangement of issuance of stocks (bonds or stocks), the registration of issued stocks, and its storage, are involved in stock investors and stock-issuing corporations. Moreover, if the stock is traded in the stock transaction market before its holding period, the stock storage institution requires the procedure of transferring the name of the buyer of a new stock. And, in the case of the stock that has been publicly issued, the role of delivering corporate information that is posted frequently

¹⁾ Prior to the development of commercial banks, the central bank or export-import bank funded by the government can deputize.

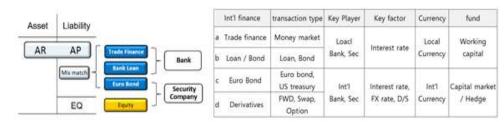
to the investor is required for the protection of investor. All these procedures should be handled smoothly by constructing a system.

The bigger picture that includes all factors should be prepared in advance but not necessarily constructed at once. Considering the development stage of a market, essentials by priority should be prepared one at a time by stages.

Classification	Transaction Type	Transacting Market	Key Player
1)	Cash transaction	Work of clearing bank	Corporation, bank, investor
2)	2) Spot exchange Work of exchanging currency		Corporation, bank, investor
3)	Hedge-like forward exchange	Work of foreign currency derivative transaction	Corporation, bank, investor
4) '		Work of procuring capital transaction	Corporation, bank, investor, stock firm
5)	Surplus fund management	Deposits	Corporation, bank, investor

IV. Mobile Fintech financial infrastructure platform

4.1. Connection of Real Economy and Finance



< Figure 1 > Financial Transaction

<Table 4> briefly summarizes financial transactions. All financial transactions are caused from the real economic activities of corporation. Corporations borrow the working capital from the commerce financial institution and allocate it to the gap between the payables and receivables. In other words, the mismatched sectors left after netting the gap between the payables and receivables within the corporations are raised from outside.

Moreover, depending on the length of the mismatch period, a corporation does trade finance, loan and issue bond. If the length is long, it also increases the capital. If the currency is matched and period is mismatched, the corporation can get a bank loan. If both currency and period are mismatched, it can get a bank loan and hedge derivative transactions at the same time. The bank can trade necessary liquidity with the covered transaction of foreign currency position occurred from the corporate transaction (including the transaction with stock firms and insurance companies) at the interbank market. And in order to mutually trade the remaining and insufficient capitals by bank in the interbank market, the efficient payment and settlement system mentioned above should be constructed first.

4.2. Construction of direct market Mobile Fintech global platform

Using global open internet platform, mobile Fintech can take the lead in responding to the demand of banking operations of individual and institutional investors, as well as the demand of procurement of domestic corporations that are already possessed. In other words, as summarized in <Table 5>, it handles the following: 1) payment and settlement of fund transactions; 2) FX SPOT exchange transactions of domestic currency and foreign currency; 3) termination transactions of FWD (or SWAP); 4) procurement transactions of stock issuance; and 5) deposit transactions of domestic corporation and investors. If the payment and settlement system between the banks is operated, all transactions enumerated above can be practiced between financial institutions. Thus, an opportunity for new financial transaction is provided to the financial institutions.

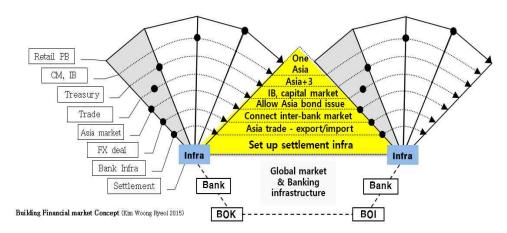
<Table 5> Illustration of Corporate Transactions

Note) The transactions enumerated above are all interrelated and mutually influence and affect the market price of each transaction. Thus, the financial institution connecting both the individual (or institutional investors) who is the fund supplier and the corporation who is the fund consumer should carry out the transactions enumerated above simultaneously in parallel.

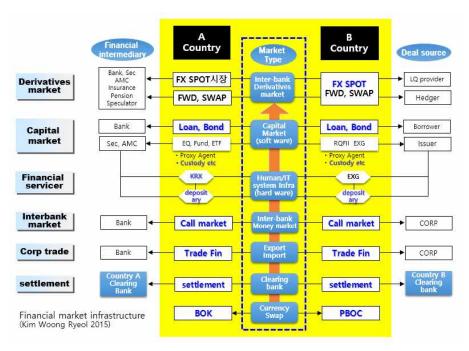
4.3. Integration financial market, financial institution and mobile fintech platform.

Figure 2 and 3 is financial market concept and infrastructures that is implied in figure 1. Figure 4 is mobile fintech concept and infrastructure. We can see similarity between conventional financial institutions and mobile banking fintech. Therefor, for better client service the communication between two is very important. They need cooperation and integration process. If not they lost valuable time only comparing their competitor. Mobile fintach shall start to provide service in cousumer finance at

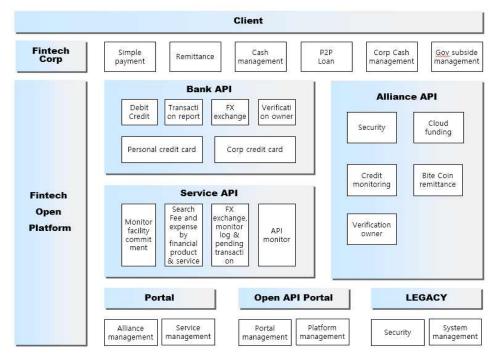
first including easy simple payment. But their business area will be extend further so it is not easy to segragate mobile fintech and conventional banking business in future. As more client moving to the platform that is more convenient and benefit to them, either of developed model from conventional banking system or internet based mobile banking fintech will survive.



<Figure 2> Financial market concept



<Figure 3> Financial market infrastructure



<Figure 4> Mobile fintech infrastructure (Korea news paper 2016)

V. Conclusion

Real economy and finance are intimately correlated, and these cannot be separated. Considering the fact that the development of real economy is difficult to achieve without financial development through the construction of basic banking infrastructure, a countries need the construction of basic banking infrastructure rather than the discussion over whether real economy leads the finance or vice versa. Constructing banking infrastructure needs to be recognized as an important matter that brings about the development of real economy and financial industry simultaneously by connecting the two.

There should be efforts to allocate the overriding financial resources to the strategic industry according to the long-term development plan of a state. And in order to efficiently distribute limited financial resources, the role of basic banking infrastructure is important. In this respect, the experience of Korea in both economic growth and overcoming the financial crisis within a short period of time would be a good example. We should also take note that at the background, the strengths of the finance and IT industries were properly fused.

Bank and mobile fintech platform can create win-win strategy. Conventional banking industry can create much advanced and efficient financial products and services if in depth details of banking sector experience is integrated with mobile fintech industry. Korea has accumulated highly valuable banking experience and this can be integrated into mobile fintech industry to create new market. Furthermore, mobile fintech can easily adopt foreign exchange regulations and integrate local market into global market efficiently using block chain IT infra.

I intended to propose the integrated development plan of mobile Fintech platform and broad real economy with finance sector in more detail with bottom-up detail process and top-down strategic approach, but we couldn't and it leaves much to be desired due to limited time schedule.

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A Research on the Utilization and Activation of The Women's Career Development Center in University

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Abstract:: The purpose of this study is to examine the utilization and activation of the women's career development center established in a university for development of female career. 270 female students of Sunchon National University was targeted for the survey and the analysis was carried out by SPSS statistics. As the results, it was appeared that the female students did not participate actively in the programs of center. But they demanded this center to solve the sexual discrimination and to develop career, and to provide special programs for prevention of gender differentiation or communication discordance. From these results, this study suggests that the center should develop more diverse programs for gender equality and career development. It has to ascend the low rate of participation. First of all more staff and funds should be provided to it for these performance.

Key words: female student, career development, career preparation, career center

I. Introduction

The women's economic activity has increased and women has intruded the territory that has been presumed to be exclusively masculine area. They occupy more regular jobs or full-time jobs, but still they tend to leave their job after marriage due to latent gender inequality, sexual discrimination and gender differentiation.

On the other side, the economic activity population has decreased according to the reduction of birthrate and the increase of aging population. Women's workforce has been expected as an alternative labor force population. It is getting a social problem that they are apt to discontinue their work due to childrearing or housework.

So the women's career development center was established in 2007 with support of the provincial government and the central government to improve the gender inequality and discontinuity of work and to develop women's career. This center has

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performed many programs to enhance the perception of gender equity, to develop women's competence for job and to make culture of work-family compatibility.

But the center is in a pinch to reduce the structure of center due to economic cost. It is appropriate time to confirm the effectiveness whether or not the center has adapted to demands. There is rare research on the utilization or activation of the center, especially no survey was conducted about the center of Sunchon National University. So this study carries out a survey to investigate the actual condition of utilization and the demand of women. The results might contribute to improvement of programs or to making decision for management.

II. Theoretical background

There have been few researches on female university student's career. Min(2011) assorted that the women's career development center in university was established to confront to the unemployment crisis. The purpose of it was to develop women's career before graduation and to prevent the discontinuity of career after graduation. According to the Shin(2013)'s research, 41.8% of women attending university did not received any support from university for preparation of employment. They insisted that youth employment policy needs to put more weight on job preparation ever before. Nah, Choi & Jang (2007) revealed that one of the common findings among existing researches was that female college students fall behind their male counterpart in terms of readiness and strategies for career pursuit. Kim(2007) mentioned that government supported universities to develop women's competence for employment and women's satisfaction was high. She expected the project would be extended. The research of Jang, Eun & Choi(2006) evaluated the effectiveness of internship program in university after the implementation. The evaluation results showed that the program was effective for reinforcing reentry women's positive feelings about their ability to get a job

Ⅲ. Methods

The data were collected from the female students attending Suncheon National University in Korea by purposeful sampling method. The participants filled out the questionnaire from November to December 2015 in class. The total number of participants of this study was 270. The data were analyzed using the SPSS 22.0. The

descriptive statistics such as mean, standard deviation, and percentage were used. To investigate the relationship between variables, correlation was performed.

Table 1 presents characteristics of the participants. Most participants took part in survey were in second year (33.3%) or third year (32.6%). 67.4% of participants' major were literature or sociology and 32.6% were engineering or agriculture.

Variables	Categories	n	%
	First year	38	14.1
Education level	Second year	90	33.3
	Third year	88	32.6
	Forth year	5	4 20.0
	Literature or Sociology	182	67.4
Major	Engineering or Agriculture	88	32.6

Table 1. Characteristics of the Participants

IV. Results

4.1. Actuality of Utilization

The students who had experience to participate in any program providing at center was very small in number. Most students (65.6%) did not join in the center program even one time during last one year. Although some students took part in the programs, they did not know the existence of center. 83.7% students reported that they were not aware of it. As to the reason 88.5% students reported that they had no time for participation in center program and 93.7% answered that they could not find the preferring programs. These results mean that diverse program should be developed. Especially the programs outreaching service should be ran for the students who do not have much time. In addition to these efforts, the center has to promote to ascend the low rate of use.

Variables Categories % Never 177 65.6 1-2 times 69 25.6 Frequencies of participation 3-4 times 19 7.0 5-6 over times 5 1.9

Table 2. Actuality of Utilization

Awareness of center	Unawareness	226	83.7
	Awareness	44	16.3
	Agree	399	88.5
Lack of time for participation	Not agree	31	11.5
	Agree	253	93.7
Lack of program for	Not agree	17	6.3
participation			

4.2. Sexual Discrimination and Expectation for the Role of Center

Table 2 represents that sexual discrimination is still prevalent. 88.9% of women reported that gender discrimination was serious. The women's career development center has educated female students including male students to improve the perception of gender equality since the center established in 2007. But it seems that the patriarchal culture to disregard women has not improved conspicuously. The perception of sexual discrimination has relation to the need for the role of center to solve the problem(r=0.116*). The importance of center was identified by this test. The result shows that center should develop more programs for gender equality.

Table 3. Sexual Discrimination and Expectation for the Role of Center

Variables		Categories	n	%	Pearson' r
		Very serious	59	21.9	
Sexual		A little serious	121	44.8	
Discrimination		Serious	58	21.5	
210011111111111111111111111111111111111		Not serious	30	11.1	
Role of center	to	Very important	53	19.6	_ 0.116*
solve sexual		Important	110	40.7	0.116*
discrimination		Neutral	89	33.0	
		Do not need	17	6.3	
		Absolutely do not need	1	0.4	

^{*}p<0.05

4.3. Preparation for career development and Expectation for the Role of Center

Majority students reported they had prepared to develop career except 3.7% students. Women's employment rate is markedly lower than any other OECD main nations. So the Women's Career Development Center has provided diverse programs to raise the rate by developing women's career. Although most students did not participated in programs of center, they demanded the center to take a role to

develop career. The relation between two variables was significant(r=-0.124*).

Table 4. Preparation for career development and Expectation for the Role of Center

Variables	Categories	n	%	Pearson'r
	Not prepared	10	3.7	
Preparation for	Prepared	49	18.1	
career development	A little prepared	75	27.8	_
career development	Some prepared	80	29.5	
	Much prepared	56	20.7	0.124*
	Very necessary	40	14.8	-0.124*
Role of center to	A little necessary	123	45.6	_
develop career	Necessary	81	30.0	
ar. risp tartor	Not necessary	24	8.9	_
	Absolutely necessary	2	0.7	_

^{*}p<0.05

4.3. Perception of Work-Family Compatibility and Demand for program

Table 4 reveals that most students worried about conflict between work and family after marriage. Even if roughly 60% women who attended in university got jobs after graduation, they tended to leave workplaces for childrearing. It is appeared that 98.9% students guessed to be unmarried were worried about the work-family compatibility after marriage. They demanded center to administer special programs to prevent career discontinuity. There was significant correlation between the perception of the work-family compatibility and demand for program of center (r=0.244***). The women's career development center has educated the prevention of career discontinuity in some curriculum, but it seems that students feel insufficient.

Table 4. Perception of Work-Family Compatibility and Demand for program

Variables	Categories	n	%	Pearson 'r
	Very worried	151	55.9	
Perception of	A little worried	92	34.1	
Work-Family	Worried	24	8.9	
Compatibility	Not worried	3	1.1	0.244***
	Very needed	69	25.6	
Demand for	A little needed	122	45.2	
program	Needed	66	24.4	
	Not needed	12	4.4	
	Absolutely not needed	1	0.4	

^{***}p<0.001

4.4. Gender role differentiation and Demand for partnership education

Table 5 shows that a lot of students (97.8%) were worried about gender differentiation in housework after marriage. Gender discrimination has diminished since women's economic activity has increased, but gender equity in housework has not been sharply improved. Still women are expected to do housework such as dish washing even if they work as bread earner. Most unmarried female students thought that present spousal relationship seemed unfair in doing housework. 84.5 % women demanded the education of gender partnership decreasing unfairness in housework. The role of center which has provided special gender communication programs is getting more and more necessary.

Table 5. Gender role differentiation and demand for partnership education

Variables	Categories		n	%	Pearson'r
	Very unfair		82	30.4	_
Gender role	A little unfair		128	47.4	
differentiation in	Unfair		54	20.0	
housework	Fair		6	2.2	0.140*
	Very needed		30	11.1	_
Demand for	A little needed		92	34.1	_
partnership	Needed		106	39.3	_
education	Not needed		36	13.3	_
	Absolutely	not	6	2.2	_
	needed				

^{*}p<0.05

V. Conclusions and Suggestion

The women's economic activity has increased, but the rate has been less than any other nations and gender equity in work or housework has not been sharply improved. So the women's career development center was established in 2007 to improve the gender perception and to develop women's career. This study was carried out to investigate the utilization and activation of the center with the survey of 270 women.

As the results, it was appeared that the women attending in Sunchon National University did not participate actively in the programs of center.

Many students did not participate in the center program even one time during last one year due to deficiency of time or preferring programs.

But they demanded this center to solve the sexual discrimination and to develop career, and to provide special programs for prevention of gender differentiation or communication discordance. Most students perceived that sexual discrimination to be prevalent and serious and they were worried about conflict between work and family after marriage. Also a great many students felt barrier to interrupt economic activity due to gender differentiation or communication discordance after marriage.

Even though many students reported they had not participated to the programs of the center, they demanded the programs enhancing gender equity, developing their career and preventing career discontinuity. The women's career development center has performed these roles of prevention or development, but the demands of those have not been decreased. All the more the demand for the role of center has increased.

From these results, this study suggests that the center should develop more diverse programs for gender equality and career development. In addition to these efforts, the center has to ascend the low rate of participation. The women's career development center has to fortify the organization with more staff and funds to provide useful programs for students.

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The Myanmar JOURNAL

- Volume 3 Number 2 August 2016

30 August 2016

Yangon University of Economics (Myanmar) Korea Myanmar Research Association (Korea) 2016-, Semiannual ISSN: 2383-6563(Online)

Co-published with Yangon University of Economics (YUEco) and Korea Myanmar Research Association (KOMYRA)

http://www.komyra.com/doc/submission.php