



20 - 21 June 2019
Ho Chi Minh City

Vietnam Symposium on International Business (VSIB 2019)



Association of Vietnamese Scientists and Experts (AVSE Global)
and
Banking University Ho Chi Minh City (BUH)

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Conference Overview

The Association of Vietnamese Scientists and Experts (AVSE Global) and the Banking University of Ho Chi Minh City, Vietnam (BUH) are pleased to announce the 1st Vietnam Symposium on International Business (VSIB-2019), which will take place on **20-21 June 2019** in Vietnam.

The VSIB conference is broadly intended to provide a platform for academics, practitioners, researchers and policymakers from various fields to exchange knowledge and evolutions of disciplines related to international trade policy, the impacts of globalisation, the experience of countries at different level of development and the interaction of different countries, different institutions in the global context. It also aims at promoting collaborative research initiatives and experiences between Vietnamese experts and their foreign colleagues within both Vietnamese and international contexts. Participants will find an excellent opportunity for presenting new researches, exchanging information and discussing current issues of international economics, business and finance.

The scientific and organizing committees welcome submissions in all areas of international economics, business and finance as well as their interfaces. The following topics, but not limited to, are particularly welcome: Economics of Free Trade Agreement; Trade, Technology and Innovation; Globalisation and Wage Inequality; Climate Policy and Trade; Global Value Chain; Sources of the Gains from Trade; Trade Exposure and Politics; Trade Network and Spillover Effects; International Economic and Financial Integration; Trade and Health; Trade, Growth and Investment; International Capital Flows; Supply Chain Management in the Digital Age; E-commerce

Agenda

DAY 1 - THURSDAY, JUNE 20, 2019		
08:00 – 09:00	Registration & Coffee Break	Reception Hall
09:00 – 09:15	Welcome and Opening Ceremony	Amphitheatre
09:15 – 10:00	Plenary Keynote Professor Pasquale Sgro, Deakin Univeristy, Australia	
10:00 – 10:30	Coffee Break	Reception Hall
10:30 – 12:00	<p>Session 1: Sources of the Gains from Trade Chair: Semee Yoon (Yonsei University, Republic of Korea)</p> <p>A nonlinear approach to the impact of export diversification on ASEAN economic growth Trinh Thi Tuyet Pham (Banking University of Ho Chi Minh City, Vietnam), Thanh Thi Tuyet Duong (Banking University of Ho Chi Minh City, Vietnam)</p> <p>Output response of government spending: do institutions matter? Ai Thuy Ho (Banking University of Ho Chi Minh City, Vietnam), Duc Chi Nguyen (Banking University of Ho Chi Minh City, Vietnam)</p> <p>The effects of electricity grid expansion on households-evidence from Vietnam Hyelim Son (University of Seoul, Republic of Korea), Semee Yoon (Yonsei University, Republic of Korea)</p>	Room 1
12:00 – 13:30	Lunch	Reception Hall
13:30 – 15:30	<p>Session 2: Trade, Technology and Innovation Chair: Thanh Le (Flinders University, Australia)</p> <p>Learning by exporting: The case of Vietnamese manufacturers An Thi Thuy Duong (Utrecht University School of Economics, Netherlands; Banking University of Ho Chi Minh City, Vietnam), Clemens Kool (Utrecht University School of Economics, Netherlands)</p> <p>The impact of ICT on service trade Tuan Anh Luong (De Montfort University, United Kingdom), Thu Hang Nguyen (Foreign Trade University, Vietnam)</p> <p>Determinants of tax revenue in Southeast Asia over the period 2000-2016 Minh Ha Nguyen (Ho Chi Minh City Open University) Tan Minh Pham (Ho Chi Minh City Open University) Minh Quoc Binh Quan (Ho Chi Minh City Open University)</p> <p>Trade liberalization and optimal R&D policies with exporting firms Thanh Le (Flinders University, Australia), Cuong Le Van (IPAG Business School, Paris School of Economics, CNRS, France & Vietnam Center for Research in Economics, Management and Environment, Vietnam)</p>	Room 1
15:30 – 16:00	Coffee Break	Reception Hall
16 :00 – 17:30	<p>Session 3: Globalisation and Wage Inequality Chair: Juyoung Cheong (Kyung Hee University, Republic of Korea)</p> <p>The new federal minimum wage mandate on homecare workers: employment and income effects Ngoc Dao (Indiana University, United States)</p>	Room 1

	<p>Financial inclusion leads to a narrowing of the urban-rural income gap in Guangxi, China, 2010-16 Chung Tin Fah (<i>Help University, Malaysia</i>), Liao Guiyu (<i>Help University, Malaysia</i>)</p> <p>Trade liberalization and heterogeneous effects on wages Juyoung Cheong (<i>Kyung Hee University, Republic of Korea</i>)</p>
17:30 – 18:00	Networking
18:00 – 21:30	GALA DINNER
DAY 2 - FRIDAY, JUNE 21, 2019	
08:30 – 10:00	<p>Session 4A: International Economic and Financial Integration I (Room 1) Chair: Thai-Ha Le (<i>RMIT University, Vietnam & IPAG Business School, Paris, France</i>)</p> <p>Does financial integration spur economic growth in China? The way to be an economic powerhouse Minh Chi Ho (<i>Open University, Ho Chi Minh city, Vietnam</i>), Hong Duc Vo (<i>Open University, Ho Chi Minh city, Vietnam</i>)</p> <p>Two stages of exchange rate pass-through mechanism in Vietnam Thanh Xuan Pham Thi (<i>University of Finance – Marketing, Vietnam</i>), Nguyen Tien Nhat (<i>University of Hue, Vietnam</i>)</p> <p>Oil price fluctuations and energy commodity prices: an analysis of asymmetric effects Thai-Ha Le (<i>RMIT University, Vietnam and IPAG Business School, Paris, France</i>), Youngho Chang (<i>Singapore University of Social Sciences, Singapore</i>), Donghyun Park (<i>Asian Development Bank, Philippines</i>)</p>
	<p>Session 4B: International Economic and Financial Integration II (Room 2) Chair: Quynh Chau Holland (<i>Griffith University, Australia & University of Finance and Marketing Ho Chi Minh, Vietnam</i>)</p> <p>Equilibrium real exchange rate, currency misalignment, and trade performance - the case of Vietnam: 1992-2017 Phuc Tran Nguyen (<i>Banking University Ho Chi Minh City, Vietnam</i>)</p> <p>Direct and Indirect Effects of Aid for Trade on Export Diversification of Recipient Countries Ly-My Dung (<i>Kangwon National University, South Korea</i>), Hyun-Hoon Lee (<i>Kangwon National University, Republic of Korea</i>)</p> <p>Asymmetric determinants of mortgage interest rate pass-through: a panel nonlinear common-factor analysis Quynh Chau Holland (<i>Griffith University, Australia & University of Finance and Marketing Ho Chi Minh, Vietnam</i>), Benjamin Liu (<i>Griffith University, Australia</i>), Eduardo Roca (<i>Griffith University, Australia</i>), Yen Hoang (<i>University of Economics Ho Chi Minh City, Vietnam</i>)</p>
10:00 – 10:30	Coffee Break Reception Hall
10:30 – 12:30	<p>Session 5: Trade, Growth, Investment and Welfare Room 1 Chair: Minh Ha Nguyen (<i>Ho Chi Minh City Open University, Vietnam</i>)</p> <p>Financial development and income inequality in emerging markets: a new approach Thang Cong Nguyen (<i>Ho Chi Minh City Open University, Vietnam</i>), Duc Hong Vo (<i>Ho Chi Minh City Open University, Vietnam</i>), Chi Minh Ho (<i>Ho Chi Minh City Open University, Vietnam</i>), Dao Thi-Thieu Ha (<i>Banking University Ho Chi Minh City, Vietnam</i>)</p> <p>Forecasting firm performance with random forest: empirical research on Vietnamese companies</p>

	<p>Tri Le Dinh Buu (<i>State Capital and Investment Corporation, Vietnam</i>), Man Ngo Minh (<i>John von Neumann Institute, Vietnam</i>), Long Tran Kim (<i>Banking University Ho Chi Minh City, Vietnam</i>), Vu Duong Nguyen (<i>John von Neumann Institute, Vietnam</i>)</p> <p>Oil price uncertainty, economic growth and welfare in a typical transition country: a dynamic CGE modeling approach Manh Toan Nguyen (<i>University of Danang, Vietnam</i>), Thuy Anh Vo (<i>University of Danang, Vietnam</i>), Man Dang (<i>University of Danang, Vietnam</i>)</p> <p>Impact of urbanization on income inequality: a study in Vietnam Minh Ha Nguyen (<i>Ho Chi Minh City Open University, Vietnam</i>), Dang Le Nguyen (<i>Department of Financial Informatics and Statistics, Ministry of Finance, Vietnam</i>), Trung Kien Pham (<i>Binh Duong University, Vietnam</i>)</p>
12:30 – 12:40	Closing Ceremony

Keynote Speaker

Pasquale SGRO

Professor and Head of the Department of Economics in Deakin Business School, Australia



Pasquale Sgro is a Professor and current Head of the Department of Economics in Deakin Business School. Pasquale received his B.Ec (H1) and PhD from La Trobe University and he joined Deakin University as Foundation Professor in Economics in 1989. Professor Sgro is currently Co-Editor of *Journal of International Trade and Economic Development*.

His research interests include international trade, growth theory and labour economics. He has published papers in journals such as the *Journal of Development Economics*, *Journal of Economic Dynamics and Control*, *World Economy*, *Review of International Economics*, *International Review of Economics and Finance*, *Southern Economic Journal* and *Economic Record*.

Invited Editor

Calla WIEMER

President of the American Committee on Asian Economic Studies and Editor-in-Chief, Journal of Asian Economics



Calla Wiemer is President of the American Committee on Asian Economic Studies and Editor-in-Chief of the *Journal of Asian Economics*. She is writing a textbook titled “Macroeconomics for Emerging East Asia” to be trialed in the classroom the summer of 2019 at the Korean Development Institute School of Public Policy and Management. Calla has held faculty positions at the University of Hawaii at Manoa (1984-97), the National University of Singapore (2004-08), and the University of the Philippines Diliman (2015-18). Through most of her career, Calla’s research has involved China, recently focusing on Chinese saving behavior with an article in *Oxford Economic Papers*. Her geographic purview expanded through work on China’s cross border economic relations with Central Asia and Southeast Asia. Calla received her Ph.D. in economics from the University of Wisconsin-Madison in 1984 with dissertation research conducted at Nanjing University.

Committees

Advisors

- Gene Grossman, *Jacob Viner Professor of Economics and International Affairs, Princeton University, United States*
- Duc Khuong Nguyen, *Professor of Finance, IPAG Business School, France & Indiana University, United States*
- Edward Cartwright, *Professor of Economics, De Montfort University, United Kingdom*

Co-chairs

- Tuan Anh Luong, *De Montfort University*
- Dao Thi-Thieu Ha, *Banking Univeristy Ho Chi Minh City*

Scientific Committee

- Anoma Abhayaratne, *University of Paradeniya, Sri Lanka*
- Aripta Chatterjee, *University of New South Wales, Australia*
- Juyoung Cheong, *Kyung Hee University, Republic of Korea*
- Ali M. Kutan, *Southern Illinois University Edwardsville, USA*
- Quoc Anh Do, *Sciences Po, France*
- Phuong Nam Ha, *Coventry University, United Kingdom*
- Quoc Tuan Ho, *University of Bristol, United Kingdom*
- Do Won Kwak, *Korea University, South Korea*
- Thanh Le, *Flinders University, Australia*
- Qing Liu, *University of International Business and Economics, China*
- Yi Lu, *Tsinghua University, China*
- Ha Nguyen, *World Bank*
- Thanh Tam Nguyen Huu, *Bordeaux University, France*
- Xuan Nguyen, *Deakin University, Australia*
- Euston Quah, *Nanyang Technological University, Singapore*
- Pasquale M. Sgro, *Deakin Business School, Deakin University, Australia*
- Matthew (Ce) Shi, *Chinese University of Hongkong, Hongkong China*
- Anh Duong Tran Lam, *University of Tsukuba, Japan*
- Anh Dao Tran Thi, *Institute on Contemporary Southeast Asia (IRASEC), Thailand*
- Jade Vichyanond, *ASEAN Macro Research Office, Singapore*
- Xuan Vinh Vo, *University of Economics of Ho Chi Minh City, Vietnam*
- Zheng Wang, *De Montfort University, United Kingdom*
- Calla Wiemer, *American Committee on Asian Economic Studies*
- Haishan Yuan, *Queensland University, Australia*

Organizing Committee

- Huu Toan Bui, *President of BUH*
- Thanh Ha Doan, *BUH Vice President*
- Duc Trung Nguyen, *BUH Vice President*
- Thi Thieu Dao Ha, *BUH Dean of International Economics Faculty*
- Tran Phuc Nguyen, *BUH Dean of Banking Faculty*
- Ngoc Thach Nguyen, *BUH Director of Research Institute*
- Vi Trong Ngo, *BUH Director of ISB*
- Phuong Le, *BUH & Paris Saclay University & AVSE Global*
- Tri Vo, *IPAG Business School & UEH & AVSE Global*

Organizers

Association of Vietnamese Scientists and Experts (AVSE Global)



The Association of Vietnamese Scientists and Experts (AVSE Global) was founded in May 2011 with the main purpose of connecting intellectual sources in a systematic way to identify ideas, strategies, and implementation in all fields of sciences and techniques in foreign countries and at the same time orient to make contribution to the development of Vietnam.

Banking University Ho Chi Minh City



Banking University Ho Chi Minh City is a university in Ho Chi Minh City, Vietnam. The university provides graduate and postgraduate level education in finance, banking and business administration.

Publication Opportunities

Singapore Economic Review

A Special Issue of the "**Singapore Economic Review**" on "*International Trade and International Business in the Age of Digital Transformation*" under the Guest-editorship of Prof. Duc Khuong Nguyen (IPAG Business School) and Dr. Tuan Anh Luong (De Montfort University). See more details: <https://www.worldscientific.com/worldscinet/ser>



Synopsis of the Special Issue

International trade has significantly contributed to worldwide growth and prosperity, despite challenges from growing protectionism and geopolitical uncertainty. Thanks to the technological progress and digital transformation, productivity will be greatly enhanced, and barriers will be significantly reduced. Indeed, the “Internet of Things” will enable humankind to achieve success beyond imagination while enhanced digital connectivity will integrate all nations into a truly globalised supply chains.

The development of international trade will be strengthened by the emergence of digital transformation which relaxes the resource constraints to allow for greater scalability. Certain sectors will exit, and new services will be introduced. This transformation also poses enormous uncertainty and challenges to all agents and all sectors in the economy. In particular, employees will have to adapt to the disappearance of repetitive low-skilled jobs and the enhanced demand for labour in digital-related occupations. Businesses will be exposed to new collaborative models. The scope for public policy needs to be expanded to include new areas such as cyber security and enhanced customer experience.

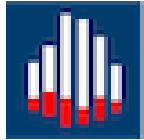
In this scheme of things, the special issue (SI) welcomes papers that deal with various issues broadly related to how to prosper economically but ensure fairness and security in the digital age. Below are the possible topics that we would like to include in the SI. They are by no means exhaustive.

Topic Coverage

- Trade, Technology and Digital Innovation
- Global Value Chain
- Trade Network and Spillover Effects
- International Economic and Financial Integration
- Trade, Growth and Investment
- International Capital Flows

The Journal of Risk and Financial Management

The **Journal of Risk and Financial Management** has a topical collection on "*Trends in Emerging Markets Finance, Institutions and Money*", under the Guest Editorship of Prof. Stéphane Goutte (University of Paris 8) and Prof. Duc Khuong Nguyen (IPAG Business School & Indiana University).



Journal of *Risk and Financial Management*

The *Journal of Risk and Financial Management* (JRFM, ISSN 1911-8074) adheres to rigorous peer-review as well as editorial processes and publishes leading research on financial management and risk management. The goal of JRFM is to enable rapid dissemination of high impact research to the scientific community.

Journal of Asian Economics

In consultation with the conference organizers and the Editor-in-Chief of *Journal of Asian Economics*, authors of best conference papers will be invited to submit their papers to a regular issue of the Journal.



The *Journal of Asian Economics* was founded in 1990 by the American Committee on Asian Economic Studies (ACAES) as a forum for research on all aspects of the economies of Asia. The Journal serves the ACAES mission to promote economic research on Asia and facilitate engagement between Asian economists and their global counterparts. The editors invite submissions that illuminate the distinctive features of economies in Asia with respect to their institutional characteristics, their development paths, their policy experiences, or their international engagements. The focus on a geographical region lends itself to empirical analysis, though theoretical pieces will also be considered. Work that places Asian economies in comparative perspective is welcome. We look for papers that pose interesting questions and analysis that yields fresh insights.

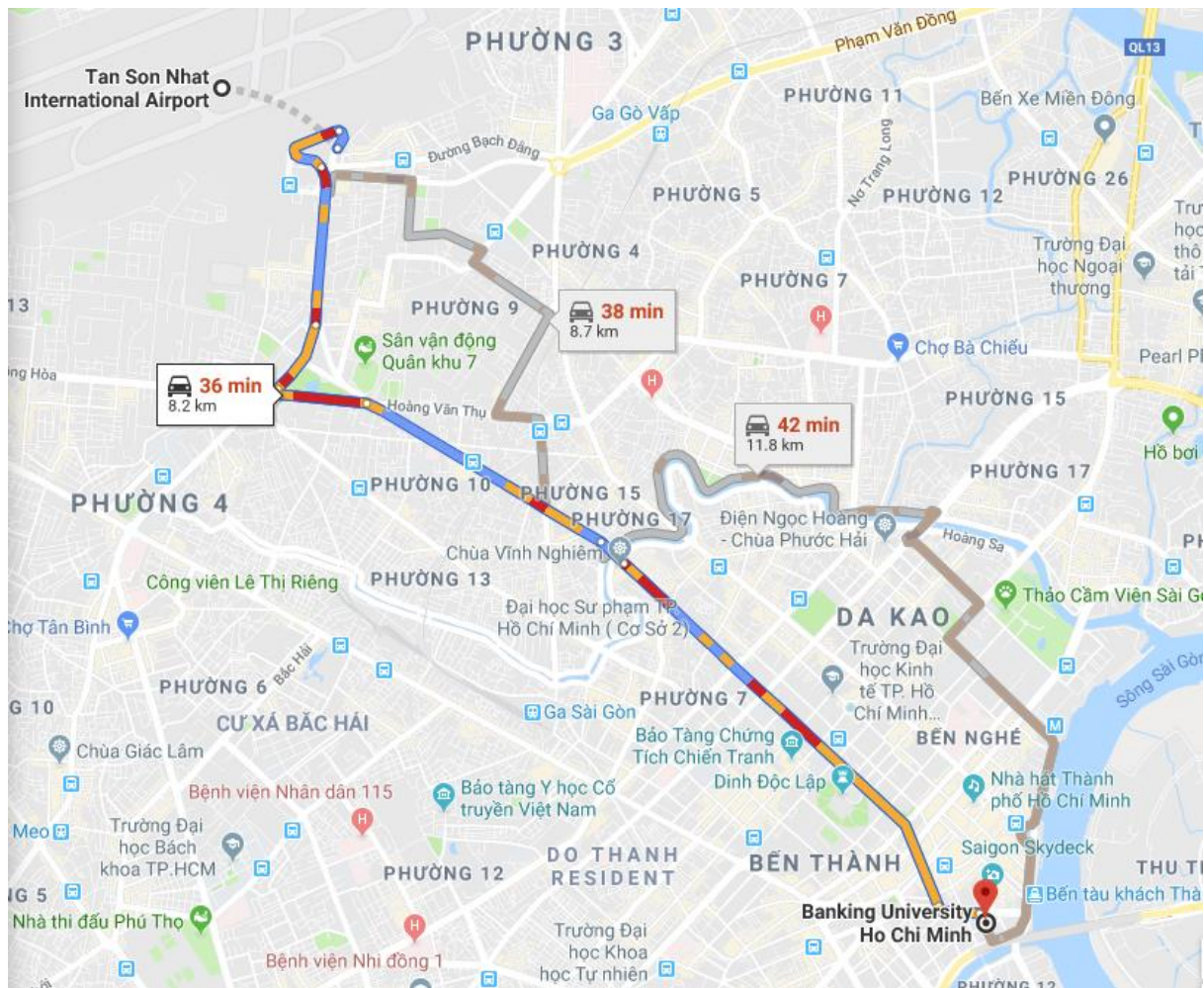
Conference Venue

The conference is held at the **Banking University Ho Chi Minh city, Headquarters**, Great Hall (Floor 2)

Address: 36 Ton That Dam, District 1, Ho Chi Minh city 700000, Vietnam



Direction from Tan Son Nhat Airport to the Banking University Ho Chi Minh City



- Bus: Taking No. 152 (or 109, 49) air-con airport bus to Ben Thanh Market Terminal stop and then (i) take bus No. 01, (or 03, 88, 53, 56 ...) to Banking University of HCMC, District 1 Terminal stop or (ii) walking 500m to Banking University of HCMC, 36 Ton That Dam, District 1. No reservations are required.
- Taxi: Taxis await you on the ground floor at the airport car parking. Approximately 10 km = 240,000 VND = 12 USD each way, from/to airport and an exact address (cash in VND only)

City transport: Taxi Mai Linh (+84 28 3838 3838), Taxi VinaSun (+84 28 3827 2727) or Grab.

List of Abstracts

Session 1: Sources of the Gains from Trade

A nonlinear approach to the impact of export diversification on ASEAN economic growth

Trinh Thi Tuyet Pham (*Banking University Ho Chi Minh City, Vietnam*), Thanh Thi Tuyet Duong (*Banking University Ho Chi Minh City, Vietnam*)

The study investigates nonlinear impact of export diversification on ASEAN economic growth depending on the level of export diversification. Along with export diversification measured by Theil's overall index and its components, capital formation, FDI and labor are involved in growth model constructed on the basis of augmented Cobb-Douglas production function. Employing threshold regression model introduced by Tong (1978) and Hansen (1999) for cross-sectional data of 10 ASEAN countries over the period between 1995 and 2014, the study finds inverted U-shaped relationship between export diversification measured by overall index and economic growth. This result implies export diversification can promote growth at the early stage of export diversification process but could be disadvantage to growth later. As overall index of ASEAN region is higher than the threshold value, regional economic growth can gain more benefits by keeping on export diversification strategy. However, each country in ASEAN has its own circumstance to deal with export diversification in relation with growth. While Brunei, Cambodia, Laos, Myanmar and Philippines are on the positive regime of this relation, Indonesia, Malaysia, Singapore, Thailand and Vietnam are on the negative regime.

Output response of government spending: do institutions matter?

Ai Thuy Ho (*Banking University Ho Chi Minh City, Vietnam*), Duc Chi Nguyen (*Banking University Ho Chi Minh City, Vietnam*)

Literature on short-term impacts of fiscal policy has greatly devoted to the determining role of macroeconomic factors but remains silent on the more fundamental factors – institutions. This paper contributes to the literature by providing empirical evidence on the link between institutions and the output response of government spending. Using a sample of 72 countries from 1960 to 2015 and a novel three-stage regression procedure, we find significant and positive correlations between fiscal multipliers and measures of economic institutions. Countries with greater economic freedom, more efficiently regulatory system and less corruption have greater government expenditure multipliers. In contrast, there is weak evidence on the direct impact of political institutions on the multipliers. We also find that institutional characteristics can explain the variations in short-term output response to consumption-based fiscal stimulus better than to investment-based stimulus across countries. This study suggests that it is not necessary to have painful changes in political institutions to achieve better policy outcome but enhancing institutional factors such as rule of law, corruption reduction, regulatory quality as well as government effectiveness are vital to improve the effectiveness of fiscal policy.

The effects of electricity grid expansion on households—evidence from Vietnam

Hyelim Son (*University of Seoul, Republic of Korea*), **Semee Yoon** (*Yonsei University, Republic of Korea*)

Despite the consensus that access to energy is beneficial for economic development, the impact of electricity provision on household economics remains poorly understood. Spurred by Vietnam's 1995 rural electrification program, household electricity connectivity jumped from 14% in 1990 to 96% in 2010. We evaluate the impact of electricity grid expansion on income, consumption, and labor force participation and self-employment, i.e. individual entrepreneurial activities, using the slope of the terrain as an instrumental variable for grid electricity provision. We establish that the nightlight density corresponds well with actual electricity use in Vietnamese survey data, thereby providing a nationwide proxy for electrification. Impacts on household economics are pronounced: household consumption and spending on education and health increase with electrification. Moreover, electrification decreases female labor participation and increases children's school enrollment. The finding that the use of durable appliances, such as refrigerators or washing machines, does not increase with electrification (while other electronic appliances do) suggests a persistent constraint on female labor supply and information about the demand for electric appliances in Vietnam.

Session 2: Trade, Technology and Innovation

Learning by exporting: The case of Vietnamese manufacturers

An Thi Thuy Duong (*Utrecht University School of Economics, Netherlands; Banking University of Ho Chi Minh City, Vietnam*), **Clemens Kool** (*Utrecht University School of Economics, Netherlands*)

Using a large database of Vietnamese manufacturing firms over the period from 2009 to 2014, I analyze whether a firm's decision to start exporting increases its productivity, the so-called learning-by-exporting effect. I measure productivity using the Olley-Pakes approach. To account for possible selection bias, I match propensity scores and analyze differences-in-differences estimate learning effects. Results suggest that learning effects are significantly positive in the first few years after the decision to start exporting. The results are robust across matching methodologies and approaches to productivity estimation

The impact of ICT on service trade

Tuan Anh Luong (*De Montfort University, United Kingdom*), **Thu Hang Nguyen** (*Foreign Trade University, Vietnam*)

In this paper we investigated the impact of information and communication technology on service trade. We found that all the dimensions of ICT, namely broadband, telephone and mobile subscriptions as well as Internet users had significant impact on service trade.

Determinants of tax revenue in Southeast Asia over the period 2000-2016

Minh Ha Nguyen (*Ho Chi Minh City Open University, Vietnam*), **Tan Minh Pham** (*Ho Chi Minh City Open University, Vietnam*), **Minh Quoc Binh Quan** (*Ho Chi Minh City Open University, Vietnam*)

This article identifies the determinants of tax revenue in Southeast Asia basing on a balance dataset of 8 countries (Indonesia, Cambodia, Lao PDR, Myanmar, Malaysia, Philippines, Thailand and Viet Nam) over the period 2000-2016. By employing static and dynamic panel data regression techniques, such as (Pooled OLS, FEM, REM, Driscoll-Kraay and System GMM), the results show that the openness of the economy, foreign direct investment, foreign debt to GDP ratio, the share of value added in industry to

GDP have positive impacts on tax revenue, while Official Development Assistance (ODA) has negative impact. The study suggests that Southeast Asian countries should have better policies in international trade as well as attract foreign direct investment, speed up the process of economic restructuring and enhance the capacity to mobilize, manage and use foreign debts and aids.

Trade liberalization and optimal R&D policies with exporting firms

Thanh Le (*Flinders University, Australia*), Cuong Le Van (*IPAG Business School, Paris School of Economics, French National Centre for Scientific Research, and Vietnam Center for Research in Economics, Management and Environment*)

We examine the impact of trade liberalisation and R&D policies on exporting firms' incentive to innovate and social welfare. Key factors determining the government's optimal policy are the strength of R&D spillover effect and the toughness of firm competition. When domestic exporting firms only compete in an overseas market, the optimal policy might be to tax firms' R&D. Trade liberalisation in the overseas market induces a higher R&D tax rate. When the firms also conduct business in home market, the government should financially support firms' R&D. Trade liberalisation always increases firms' output sales, R&D investments, and social welfare. In an international context where there is competition between exporting firms located in different countries, while forming an international R&D joint venture ensures a symmetric outcome, further international cooperation may lead to an asymmetric equilibrium with only one firm being subsidised on its R&D investment.

Session 3: Globalisation and Wage Inequality

The new federal minimum wage mandate on homecare workers: employment and income effects **Ngoc Dao** (*Indiana University, United States*)

The rapid growth of the home care industry coincides with increases in the proportion of the population over 65 years of age and more likely to need assistance with basic daily activities due to illness or disability. Yet, the growth in home care use has been accompanied by concerns about the quality of the care provided. Higher wages and better legal protection might improve the quality of home health care services. This study examines the 2013 Home Care Rule promulgated by the Department of Labor, which added home care workers to the groups covered under the Federal Minimum Wage Mandate with minimum hourly and overtime rates. Taking advantage of a variation in state minimum wage laws before and after the new rule took place, I use a conventional Difference-in-Differences approach to estimate its impact on various labor outcomes, including employment (extensive and intensive margin), hourly wage rates, income, and social program participation. Findings from this study suggest that there was little effect on the extensive margin (employment), but, on the intensive margin, full-time employment and worked hours decreased by 3-5%. The results also show that although wages increased substantially (8-16%, depending on treatment status) among homecare workers, the Home Care Rule was ineffective in reducing the reliance on public assistance programs, such as food stamps and Medicaid, at least in the short-run.

Financial inclusion leads to a narrowing of the urban-rural income gap in Guangxi, China, 2010-16 **Chung Tin Fah** (*Help University, Malaysia*), **Liao Guiyu** (*Help University, Malaysia*)

The issue of how to build an inclusive financial system that increases the degree of financial inclusion has received substantial attention and consideration from the international community. Finance, as the core of the economy, plays an important role in factor circulation and resource allocation. Financial inclusion is also emphatically studied in investigating the narrowing of the income gap between urban and rural areas. Guangxi is located in the southern China and it is one of the five ethnic autonomous regions within the country. It is hypothesized that financial inclusion is one of the influencing factors on narrowing urban-rural income gap and contributes to bridge the gap between ethnic autonomous counties and the common counties. Besides, as one of the five ethnic minority autonomous regions, the situation of urban-rural income disparity is different from area to area in Guangxi province. Our results showed that a 1 unit increase in permeability (convenience) of financial service (IF1) will narrow the urban-rural income gap by 0.264, resulting in per capita net income of farmers to rise 0.264 times more than urban disposable income. The improvement of accessibility (availability) of financial service (IF2) by 1 unit will widen urban-rural income gap by 2.276 as the amount of loans in the urban areas will contribute more to urban income 2.276 times more than per capita net income of farmers. The increase in the utility of financial services (IF3) by 1 unit will narrow the urban-income gap as urban disposable income rises 0.924 times more than per capita net income of farmers. We obtain similar results for ordinary counties, except for minorities where in view of the smaller sample size, the results are not robust. Among the other control variables, the variables industrial structure (IS) and government expenditure (GE) contributed to a widening of the urban-rural income gap while per capita GDP (PGDP), education level (EL) and transportation convenience (TC) a narrowing of the urban-rural income gap

Trade liberalization and Heterogeneous Effects on Wages **Juyoung Cheong** (*Kyung Hee University, Republic of Korea*)

Using Korean data, this paper investigates heterogeneous income distribution effects of trade liberalization potentially implied by the new-new trade model with firm heterogeneity (i.e. Melitz, 2003). The Heckscher-Ohlin-Samuelson (HOS) theory predicts trade liberalization increases non-skilled workers wages if a country is relatively skilled worker-scarce compared. However, this theorem is silent on wage differences within the same group of workers. The new-new trade model may provide some implications on this question. The literature argues that high productivity firms have incentive to upgrade product quality or technologies with trade liberalization to pursue higher profits in the integrated market (e.g. Aw et al. 2011; Bustos 2011; Verhoogen, 2008). Especially, Bustos (2011) shows that the medium-high-sized firms (third quintile firms) have the highest incentive to upgrade technology after trade liberalization as they expect the largest returns in the integrated market through trade liberalization. Given that firms profits move with wages, her finding implies that wages in those firms are more likely to increase most

with trade liberalization. Our empirical model follows the difference-in-difference (DID) specification. We suppose trade liberalization, indicated as the Korea's free trade agreements (FTAs) with largest trading partners, United States and European Union, influences tradable sectors while non-tradable sectors are not affected or relatively less. The control group of our analysis is non-tradable sectors where the ratio of value added to total output of the sectors are larger than 0.5 so that the impacts from trade liberalization are relatively small. We use the data of the Korean Labor & Income Panel Study from the year of 2000 to 2015. The advantage of using survey data lie on the possibility of setting the proper control group. As we use DID method, setting a right control group which is not affected by the FTA is substantial to capture the right impact of the FTA. While firm data available are mostly containing manufacturing (or tradable) sector data only, survey data do include other sectors such as service sector. Our results are twofold. First, wages of non-skilled workers in tradable sectors in Korea have more increased compared to those in non-tradable sectors since the FTA. This finding is in line with the HOS model as Korea can be supposed to be relatively skilled-worker-scarce in comparison to the US and the EU. Second, we test the new-new trade theory model by looking at the heterogeneous effect by the firm size. The FTA increases wages of workers in the medium size firms in tradable sectors compared to non-tradable sectors. Small and small-medium firms also a little but positively affected by FTA, whereas workers in large firms do not seem to gain a bit from the trade liberalization, although not significant. Our finding is in line with Bustos (2011) and others.

Session 4A: International Economic and Financial Integration I

Does financial integration spur economic growth in China? The way to be an economic powerhouse

Minh Chi Ho (*Open University, Ho Chi Minh City, Vietnam*), **Hong Duc Vo** (*Open University, Ho Chi Minh City, Vietnam*)

China is the second largest economy in the world, with an incredible economic growth and development in the last two decades. In addition, China has greatly enjoyed a disciplined and successful financial integration with the region and the world in the same period. As such, it is interesting to examine a potential link between economic growth and financial integration in this most populous country. This paper is conducted to identify whether financial integration fosters Chinese economic growth. The ARDL model is selected utilizing the most updated data on a globalization or integration index. Two distinct aspects of financial integration, the *de facto* (proxied for economic activities) and the *de jure* (proxied for the Government policies leading to integration), are considered in this paper. A main contribution of this paper to the literature of finance-growth nexus is that we apply recently developed econometric technique using yearly aggregate data to explore long-term co-integration and to examine a causal relationship between financial integration and economic growth in China. Findings from this paper indicate a long-term co-integration between financial integration *de facto* and economic growth in China. The finance-growth nexus is also confirmed using Granger bidirectional causality between financial integration and economic growth in China.

Two stages of exchange rate pass-through mechanism in Vietnam

Pham Thi Thanh Xuan (*University of Finance – Marketing, Vietnam*), Nguyen Tien Nhat (*University of Hue, Vietnam*)

This study implements an extensive empirical analysis with the use of a large data set to measure ERPT to import prices and domestic consumer prices for the case of Vietnam. Our research model points out that the exchange rate pass-through fluctuates over time, including two phases: pass-through into import prices, and then into domestic consumer prices. Literature review and model-building demonstrate that the State space modeling supports a very convenient framework to evaluate the time-varying ERPT for each stage of the exchange rate pass-through mechanism. The result illustrates two series of ERPT associated with two phases that can be seen as invaluable open-sources of macro-economics information for further research towards the monetary policy. The novel finding of this paper is that Vietnam has

experienced a low, incomplete and unstable exchange rate pass-through from 2000M1 to 2016M12. Pass-through to import prices has been soothed under rigid exchange rate regime

Oil price fluctuations and energy commodity prices: an analysis of asymmetric effects

Thai-Ha Le (*RMIT University, Vietnam and IPAG Business School, Paris, France*), **Youngho Chang** (*Singapore University of Social Sciences, Singapore*), **Donghyun Park** (*Asian Development Bank, Philippines*)

This study aims to identify how oil prices and four other energy commodity prices behave using daily data from 07-January-1997 to 16-September-2016. There appears to be long-run relationships characterized by nonlinear autoregressive distributed lag (NARDL) models. The long-run relationships suggest both oil price increases and decreases are significantly and positively related to the prices of all other energy commodities. There seems to be asymmetry in the linkages between oil prices and the prices of diesel fuel, heating oil, and gasoline in the long run. More specifically, the effects of oil price increases are significantly larger than those of oil price decreases. In the short run, however, the results are somewhat opposite. An asymmetric impact of oil price changes is found for gasoline and the effects of oil price decreases are larger than oil price increases. In our model, the trade-weighted US dollar index is explicitly incorporated to capture the linkages between US dollar fluctuation and energy price movements. We find that the relative weakness of the US dollar strengthens the prices of energy commodities in the global market.

Session 4B: International Economic and Financial Integration II

Equilibrium real exchange rate, currency misalignment, and trade performance - the case of Vietnam: 1992-2017

Phuc Tran Nguyen (*Banking University Ho Chi Minh City, Vietnam*)

The conduct of exchange rate policy can have considerable influence on a country's competitiveness and trade performance. Since the open-door policy launched in the mid 1980, when Vietnam embarked on a transitional path to a market-oriented economy, the exchange rate regime has gone through major changes. Despite these changes, administrative mechanisms have been maintained, such that the country's exchange rate regime has been more "managed" than it has been a "float". In essence, the key VND/USD exchange rate has remained rather sticky or the Vietnamese dong has been de facto pegged to the US dollar. In the context of a high inflation environment in Vietnam, there is a growing concern about the possible overvaluation of the Vietnamese dong, thus giving rise to a loss of competitiveness and deterioration in the country's trade balance.

The purpose of this study is to estimate the extent of misalignment of the exchange rate for the Vietnamese dong over the period 1992-2017 with the help of the cointegration technique. The results of econometric analysis indicate that as a result of emphasizing on the stability of the VND/USD rate in the context of high inflation environment, the Vietnamese dong was overvalued during the periods 1996-2002, 2007-2010, 2015-2017, contributing to the worsening of the trade deficit. Only when there was a clear evidence of a substantial loss in competitiveness and pressure from crisis times, the authorities allowed the currency to devalue to large extents, aiming at gaining back the competitiveness. The implication upon the findings from this paper is that monitoring the equilibrium real exchange rate and adjusting misalignment in time appears to be a crucial tool for the authorities to ensure the external balance for the economy.

Direct and Indirect Effects of Aid for Trade on Export Diversification of Recipient Countries

Ly-My Dung (*Kangwon National University, Republic of Korea*), Hyun-Hoon Lee (*Kangwon National University, Republic of Korea*)

Since the Aid for Trade (AfT) Initiative adopted at the WTO Ministerial Conference in December 2005, AfT has become an important part of foreign aid distribution from developed countries to developing countries. AfT aims to assist developing countries to increase their participation in world trade. On the part of recipient countries, it is expected to increase not only their export value but also export diversification in terms of export commodities as well as export-partner countries. This paper contributes to the current literature on effectiveness of AfT by examining how and to which level AfT can affect the export margins of recipient countries: product extensive margin (i.e. the number of exported product lines based on Harmonized System classification at six digit level) and product intensive margin (i.e. value per exported product line) as well as partner-country extensive margin (i.e. the number of partner countries) and partner-country intensive margin (i.e. export value per partner country). Besides, we offer some findings on the indirect impact of AfT by greenfield FDI. Employing System GMM estimator with a panel dataset of 107 recipient countries from 2003-2016, we find limited evidence of direct effect of AfT on export diversification. Instead, AfT tends to affect export diversification via greenfield FDI. Besides, this paper shows that different export margins react differently to types of AfT.

Asymmetric determinants of mortgage interest rate pass-through: a panel nonlinear common-factor analysis

Quynh Chau Holland (*Griffith University, Australia & University of Finance and Marketing Ho Chi Minh, Vietnam*), Benjamin Liu (*Griffith University, Australia*), Eduardo Roca (*Griffith University, Australia*), Yen Hoang (*University of Economics Ho Chi Minh City, Vietnam*)

This study examines asymmetric determinants of the mortgage interest-rate pass-through for 19 Australian banks over the period 2002:7–2015:12 in the distinctive manner. First, this first analysis investigates the asymmetric influences of multiple drivers on mortgage rate response function with the cash rate respective of these rates are rising or falling. Second, a set of macroeconomic and financial factors affecting the supply and demand of home loans are incorporated in this analysis. Third, this paper contributes to the development of the literature by using a novel dataset of home-loan rates at the bank level and the nonlinear augmented mean group (NAMG) method in panel form. This approach enables researchers to directly and simultaneously estimate the size asymmetries of pass-through parameters while controlling for slope heterogeneity and complex cross-sectional dependencies in panel models. The results suggest that since the GFC, the deterioration in the labour market, the appreciation and depreciation in the Australian dollar and volatility in banks' foreign funding markets have played important roles in replacing the cash rate position in the mortgage rate response function. This study therefore sheds light on the integration between monetary transmission and financial stability.

Session 5: Trade, Growth, Investment and Welfare

Financial development and income inequality in emerging markets: A new approach

Thang Cong Nguyen (*Ho Chi Minh City Open University, Vietnam*), Duc Hong Vo (*Ho Chi Minh City Open University, Vietnam*), Chi Minh Ho (*Ho Chi Minh City Open University, Vietnam*), **Dao Thi-Thieu Ha** (*Banking University Ho Chi Minh City, Vietnam*)

Financial development is generally considered an efficient and effective mechanism for a sustainable economic development of emerging markets in the past decades. However, various concerns have been emerged in relation to the associated costs and benefits arising from the development of a financial sector to income inequality, a fundamental social issue, in particular after the global financial crisis in 2008. It is the claim of this paper that findings from current literature is incomplete as various proxies of both financial development and income inequality, can significantly alter the findings. This study extends the current literature on this important finance-inequality nexus by an examination on the sample of 21 emerging countries for the period of 1961-2017. Various estimation techniques are employed with the aim to ensure that findings are robust. Findings from this paper confirm that an inverted U curve relationship between financial development and income inequality exist, implying that income inequality may rise at the early stage of a financial development and fall after an optimal level is achieved. Policy implications have been emerged from findings achieved from this paper.

Forecasting firm performance with random forest: empirical research on Vietnamese companies

Tri Le Dinh Buu (*State Capital and Investment Corporation, Vietnam*), Man Ngo Minh (*John von Neumann Institute, Vietnam*), **Long Tran Kim** (*Banking University Ho Chi Minh City, Vietnam*), Vu Duong Nguyen (*John von Neumann Institute, Vietnam*)

The study aims to build a company's financial performance prediction model based on accounting data in the financial statements. The authors use random forest models and logistic models on big data, including all listed Vietnamese companies from 2007 to 2017. The results showed that random forest methods outperform than logistic regression methods. Experimental evidence also indicates that factors related to cash flow make an important contribution to revenue forecasting, while factors related to income make a significant contribution to profit forecasting. This study also confirms that the machine learning could be applied to predict the company's financial performance instead of traditional methods.

Oil price uncertainty, economic growth and welfare in a typical transition country: A dynamic CGE modeling approach

Manh Toan Nguyen (*University of Danang, Vietnam*), Thuy Anh Vo (*University of Danang, Vietnam*), **Man Dang** (*University of Danang, Vietnam*)

This study aims to identify how oil prices and four other energy commodity prices behave using daily data from 07-January-1997 to 16-September-2016. There appears to be long-run relationships characterized by nonlinear autoregressive distributed lag (NARDL) models. The long-run relationships suggest both oil price increases and decreases are significantly and positively related to the prices of all other energy commodities. There seems to be asymmetry in the linkages between oil prices and the prices of diesel fuel, heating oil, and gasoline in the long run. More specifically, the effects of oil price increases are significantly larger than those of oil price decreases. In the short run, however, the results are somewhat opposite. An asymmetric impact of oil price changes is found for gasoline and the effects of oil price decreases are larger than oil price increases. In our model, the trade-weighted US dollar index is explicitly incorporated to capture the linkages between US dollar fluctuation and energy price movements. We find that the relative weakness of the US dollar strengthens the prices of energy commodities in the global market.

Impact of urbanization on income inequality: A study in Vietnam

Minh Ha Nguyen (*Ho Chi Minh City Open University, Vietnam*), Dang Le Nguyen (*Department of Financial Informatics and Statistics, Ministry of Finance, Vietnam*), Trung Kien Pham (*Binh Duong University, Vietnam*)

In this study, we develop a set of indicators of financial security to measure Vietnam's financial security and compute the Aggregate Financial Security Index (AFSI). This is an entirely new indicator in Vietnam, an aggregate and comprehensive measure that fully reflects information about Vietnam's financial security situation, both at macro and micro level. By selecting an index set that reflects the level of financial security with standardized data in accordance with international practice, we applied statistical methods to standardize the data and to compute component indices and simultaneously to estimate the AFSI. The results of the AFSI computation and analysis showed that during the research period (2001 - 2016), the general financial security index had a mean negative value but at a very low level, indicating that the level of the national financial security was at a relatively low level. At the same time, the research indicated that the greatest weakness of Vietnam's financial security was in macro financial security. Next, we firstly assessed the impact of international integration on Vietnam's financial security using quantitative methods. With the ECM regression model, our study shows that the level of financial integration negatively impacted Vietnam's financial security in the long run while the impact of trade openness was positive. The findings suggest some policy implications for strengthening Vietnam's national financial security in the forthcoming time.

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The name badge given to you when you registered ensures your admission to the Conference venue. Please make sure you wear it at all times. It is also necessary to wear your name badge also during lunch and at the social events.

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Notes