

## In this special issue

We are pleased to introduce Volume 26, Special Issue 01 of the Journal of Asian Business and Economic Studies. Over the past years, unflagging efforts have been made to enhance the Journal's quality to satisfy international standards, and one typical example has been recent inclusion in the ASEAN Citation Index (ACI) database. This event has marked a primary stage of success in the Journal's efforts to significantly improve its academic content, recorded first within the Asian region.

Specially selected for this issue are four papers concerning economics, finance and banking and business administration, authored by prestigious researchers. These papers are not only covered within the Journal's scope, they are also believed to raise the impact factor of the Journal.

First, the paper named "Determinants of firms' total factor productivity in manufacturing Industry in Vietnam: An approach of a cross-classified model" attempts to investigate the determinants of total factor productivity in manufacturing firms in Vietnam using the cross-classified multilevel model. This model enables the study to provide a more proper estimation and to make clear distinctions between firms, region-specific effects, and sector-specific effects. This study combined a data set of Vietnamese manufacturing firms and sectoral variables gathered from the annual data of the Vietnam Enterprises Survey, Technology Competitiveness Survey, and some regional variables from the General Statistics Office's Province Competitive Index during the period from 2011 to 2014. The study found that the main source of firm total factor productivity heterogeneity mostly originates at the firm level. In addition, the interaction between regional (provincial) and sectoral factors also contribute considerably to total factor productivity heterogeneity among firms. At the firm level, both firm size and expenses on technology have a significant positive effect on firm total factor productivity. In addition, firms with exporting activities seem to have a higher total factor productivity. At the regional level, the provinces with a high ratio of well-trained employees may have a positive impact on firm total factor productivity in that province. At the sectoral level, the concentration of sectors in a province may benefit firms belonging to that sector in that province. More interestingly, the study also indicates that the concentration of sectors in a province may benefit firms located in the provinces with a ratio of better trained employees. These findings could lead to policies not only at the firm level but also at the regional level and sectoral level to enhance total factor productivity.

Formal economic institutions are incentive-motivated mechanisms under the control of the government and are widely accepted as an important factor shaping investment behavior. However, the relative significance of aspects of formal economic institutions has remained ambiguous, especially in a developing economy like Vietnam. Therefore, the second paper named "A provincial analysis of formal economic institutions and private investment in Vietnam" aims to fill this gap through the investigation of the influence of formal economic institutions such as market entry, property right protection, anti-corruption mechanisms, and informal charges on private investment across provinces in Vietnam. The empirical results suggest that the deregulation of market entry is essential for private investment. By contrast, both property right protection and anticorruption mechanisms have unexpected outcomes as their improvements are detrimental to private investment. The effect of informal charges is consistent with the prediction of the rent-seeking hypothesis.

Another paper titled “An analysis of taxpayer compliance using a cost-benefit approach” aims to analyze and enhance understanding of taxpayer compliance with tax obligations in a systematic way by using the cost-benefit approach. Data from a sample of 250 audited service tax payers are used to examine the compliance factors. The hypotheses are tested using Spearman’s rho for ordinal variables and biserial correlation for dichotomous data. A decision matrix is used to make a logical conclusion on the business firm reporting behavior based on the derived expected utility value and compliance level. The results show a positive significant correlation between taxable sales, return submission and taxpayer compliance, but taxpayer compliance has a negative relationship with deficiency amount, penalty, and three other variables. The study suggests that minor penalties are unlikely to deter non-compliant behavior and economic factors seem to exert more influence on compliance. The methodology and matrix diagram can be customized to the requirements of tax audit management for assisting in audit case selection and strategy program to detect under-declaration and minimize shortfall in tax revenue. The taxpayer compliance-Correlation-Expected utility matrix analyzes the taxpayer’s expected utility function and compliance behavior, and provides an insight to what the most likely decision of a taxpayer is under certain assumptions.

The final paper, “Influence of exchange rate on cross-border shopping of Bruneians in Malaysia” aims to provide an empirical analysis of the effects of Malaysian ringgit depreciation on cross-border shopping of Bruneians. This has been done by using daily data from 1 January 2014 to 31 December 2016 (total 1,096 observations) on traffic flows to Miri, a border town of Eastern Malaysia. We find that a 1 percent increase in the depreciation of Malaysian ringgit per Brunei dollar increases the number of Bruneian shoppers to Miri by 2.10 percent. We also estimated that the average spending per person per trip to Miri is B\$155 and the total spending of Bruneian shoppers in Miri is \$175 million a year. This total spending is 1.11 percent of gross domestic product of Brunei in 2016. The result from this study would be helpful in designing policies for cross-border shopping of Bruneians. This is because the number of visits and the total expenditure amount of Bruneians in Miri are related to high outflow of money which results in a loss to the local economy – which may deteriorate local business.

All these papers have undergone through comprehensive, double-blind peer review to ensure their readability in accordance with accepted academic standards. As our top priority, contribution must be made to the science of economics and business administration, which the allow us to well maintain the scope of Journal.

**Editor-in-Chief**

**Prof. Dr. Su Dinh Thanh**