

ORIENTAL BUSINESS  
AND INNOVATION CENTER  
CONFERENCE

THE TRANSFORMATION OF  
ASIAN ECONOMIC INSTITUTIONS:  
UNDERSTANDING LOCAL CHANGES  
AND GLOBAL IMPACTS  
ON BUSINESS AND SOCIETY

BOOK OF ABSTRACTS

MAY 10-11, 2018  
BUDAPEST BUSINESS SCHOOL  
UNIVERSITY OF APPLIED SCIENCES

Oriental Business  
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Oriental Business and Innovation Center Conference Series

## Foreword

Improving economic, cultural and higher educational relations between geographically distant countries is never easy. Nevertheless, this generalization does not rule out exceptions, which means that long distances do not necessarily prevent relatively strong contacts. But in order for this to happen, several prerequisites must be met.

The first in the line of such prerequisites is the responsibility befalling diplomacy. Supporting bilateral relations at high levels always facilitates the expansion of all forms of international relations. Frequent high level meetings inspire active relationship building endeavors on a lower level as well, e.g. cooperation between chambers of commerce or universities. The second important prerequisite is the existence of shared interests. In the past several decades of bilateral relations between Hungary and East and Southeast Asian countries, we never witnessed such a constellation of common interests as we observe today. However, the third prerequisite is the most difficult one to meet. If we want to capitalize on the opportunities, tremendous amount of work and effort is required. Without putting in this arduous day to day work, the existing opportunities may easily be missed.

The Oriental Business and Innovation Center is dedicated to facilitate the process of the better understanding of each other with its diverse programs. By doing so, we would like to contribute primarily to the scientific underpinning of the eastern opening of the Hungarian economy and to the strengthening of the Central European focus on the objectives of Asian internationalization. This work must include the desire to get to know each other better, to understand the attitudes of the people and the cross-cultural differences, as well as to explore prospective fields of trade, capital and other business relations; and finally, we must facilitate the flow of information between the countries. If these objectives are achieved, relations can reach a higher level.

We are thankful for the financial assistance of the Budapest Business School, University of Applied Sciences (BBS) and Magyar Nemzeti Bank (The Central Bank of Hungary). Without the sustained confidence, support and the leadership of the

Budapest Business School, it would have been impossible to achieve so many goals as we have been able in the past two years.

We do hope that the participants will find this conference interesting and intriguing enough to trigger a more intense scientific interaction, debate and further analysis. I am confident that this conference is a further step to achieve our objectives. With our activities, including this conference, we would like to contribute to the further shortening of the distance between our countries. Sincere thanks goes to my small, but dedicated team. My colleagues worked day and night to organize this event featuring more than ninety papers from twenty-seven countries.

Tamas Novak  
Director  
Oriental Business and Innovation Center  
Budapest Business School  
University of Applied Sciences



## **Oriental Business and Innovation Center (OBIC)**

### **Mission and objectives**

The Oriental Business and Innovation Center (OBIC) was established by the Budapest Business School, University of Applied Sciences and the Hungarian Central Bank in 2016. The OBIC's overall goal is to improve the competitiveness of the Hungarian economy by contributing to a better understanding of the South-East Asian region. It is the goal of OBIC to employ its cutting-edge knowledge and efficient operation to become a leading institution in oriental business studies not only in Hungary, but in the broader Central European region. As such, it is also a very important institution dedicated to the implementation of the international strategy of BBS. Target countries are India, Indonesia, Japan, Malaysia, the People's Republic of China, the Republic of Korea, Singapore, Vietnam and many others in the Asia Pacific region.

### **Why?**

The 2008-2009 economic crisis in Europe brought about a need to diversify trade and investment relations in Hungary. In principle, this need for international diversification, coupled with the evolving international economic environment, can open new prospects for economic relations and knowledge-sharing between South-East Asia and Hungary, despite the geographic distance. The new "Eastward Policy" of the Hungarian government is just one governmental initiative to which OBIC can provide feedback by broadening the economic, political and cultural knowledge base through strengthening the exchange of ideas, scholars and students.

## Activities

To achieve its objectives, OBIC uses a variety of tools and instruments along the following lines:

- It promotes courses of Asian languages, as well as intercultural and business training programs at the Budapest Business School.
- It sponsors inbound and outbound research mobility grants and helps provide opportunities for BBS students to travel to Asian countries as well.
- It promotes research.
- It organizes events (conferences, workshops) related to the region in the following fields: international business management, international relations, finance, accountancy, commerce, catering and tourism.

## Principles and values

- Dedicated work
- Intercultural sensitivity
- Efficiency
- Measurable output
- Knowledge sharing - cooperation

## Conference topic

From Western perspective the economic institutions – including the well-established arrangements, laws, common practices, organizations and structures of the society – have in the past few decades been confirmed to be key factors in understanding the different development perspectives and the successes or failures of countries. The main findings of the researches show that the quality, the stability and the adaptability of economic institutions basically determine the long-term development and the efficiency and/or smooth functioning of a society. Incorporating new factors into the economic analysis makes it easier to understand why the same economic policy instruments achieve different outcomes across countries, and why economic institutions tend to operate differently than the predictions of economic theory. Economic institutions in Asia have been significantly different from the European or the American counterparts since they have been evolving under distinct historical and social conditions. Traditions, the underlying cultural patterns and values shaping these institutions have also been completely diverse. Thus, to apply an economic

theory that describes reality more accurately, we should have a deeper sense and understanding of the operation of economic institutions.

Over the last three decades, globalization or economic internationalization have been key factors putting the economic institutions and thus societies all over the world under pressure. There have been several turning points which triggered the transformation in Asia, too. The first challenge came with the Asian Crisis in 1997/98, and the second with the Global Financial Crisis of 2008, when the countries of Asia also realized that economic policies must be renewed, and fresh solutions must be found and applied. The financial sector, monetary and development policies, external actions, government agencies, entrepreneurial institutions, saving schemes, social security and pension systems all displayed the need for transformation. More recently, the rapid digitalization and other technological developments have accelerated the changes. As an external factor, the One Belt One Road Initiative raised questions in several countries. The challenges are not unique to the Asian region, but the speed and depth of transformational needs pose an unprecedented challenge for the Asian countries.

On the 2018 OBIC conference, the main topic is the transformation process of economic institutions in the East, South and Southeast Asian countries. The conference emphasizes the unavoidable change; hence, the focus is on the period after 1997, when the need for restructuring and adaption strengthened. Comparisons with other parts of the world are particularly encouraged. This year's conference is a venue for sharing the knowledge and understanding of change in the region, for urging knowledge-based policies and advocating practical solutions to manage multidimensional challenges. We have a shared responsibility since the region's future is going to impact the future of the world, including that of Central Europe.

The 2nd OBIC conference scientific committee invites individual papers and organizers of panel presentations. Individual abstracts and panel proposals will address one of the following areas:

### **Main themes of the conference**

1. Development policies and financial inclusion in Asia
2. Fiscal and monetary policies after 1997-98
3. Changing cultural values and patterns that shape economic institutions
4. Entrepreneurs, start-ups and families: doing business in a rapidly changing environment
5. Digitalization, innovation ecosystems and new business models
6. FDI and the role of value chains
7. Objectives and possible impacts of the One Belt and One Road Initiative





## KEYNOTE SPEAKERS





## AJAY CHAUHAN

Ajay Chauhan is currently Professor and Dean of Faculty of Business at President University, Indonesia. He is also Adjunct Professor at Asian Institute of Technology, Bangkok and at Maritime University, Vietnam. His teaching interests are Strategic Management, Economic Development, Organization Change Management and Innovation. His research interests are Economic Development, International Tourism, and Organizational Change. Prof. Ajay holds a doctoral degree in Management from the Indian Institute of Management, Ahmedabad, India – one of the top 20 business schools as per FT Global rankings of Business Schools. His thesis *Using Simulation Technique for Public Policy Making in context of Paper Industry of India*, was completed under Dr C. Rangarajan (who was the Governor of the Reserve Bank of India and Chairman of the, Finance commission, apart from being advisor to the PM of India) and had profound impact on Indian industry in terms of deregulation. Dr Ajay has roughly 35 years of experience – 22 years in the corporate world mostly in the biggest industrial conglomerates including 10 years as CEO and about 13 years in research, teaching, training and consultancy. He was a recipient of the Distinguished Achievement Award from Government of India.



## TOSHIKI JINUSHI

Toshiki Jinushi has been Professor of Economics at the Graduate School of Economics, Kobe University since 2000. He studied Economics at Kobe University and Harvard University, and obtained a PhD in economics from Harvard. His research fields are monetary policies in the U.S. and Japan, the comparative economic systems, and the economic aspects of the earthquake disaster. He has been a member in various public committees, especially in the field of disaster recoveries. He has been affiliated with the Kansai Productivity Center, a semi-public institute promoting cooperation among business, labor and research. As a visitor, he has conducted research and taught in various institutions, including Harvard University, the Board of Governors of the Federal Reserve System, National Bureau of Economics Research, and Oberlin College. He is currently an editorial member of the Japanese Journal of Monetary and Financial Economics.



## MIKHAIL KARPOV

Mikhail Karpov, PhD is Associate Professor at the School of Asian Studies of the Russian National Research University Higher School of Economics. He graduated from Moscow State University, Institute of Asian and African Studies, in the fields of East Asian history and political economy. His research focuses on Chinese modern history, political economy of Chinese, Russian and East-European transitions to market economy. He teaches Chinese modern history, political economy of the Chinese post-Mao economic transition, political economy of East Asian modernization and Chinese political and business culture. Karpov was visiting scholar and lecturer at Beijing University, Beijing Foreign Studies University, National Chengchi University (Taiwan), Tamkang University (Taiwan), King's College of London Lau China Institute, Tuebingen University etc. He is also contributing member of international academic projects.





## GYÖRGY MATOLCSY

Mr. György Matolcsy Dr. has been the Governor of the Magyar Nemzeti Bank (The Central Bank of Hungary) since 4 March 2013. He graduated at Karl Marx University of Economics in 1977, and later obtained a Doctorate degree. From 1978 he worked at the Ministry of Finance, from 1987 in the Financial Research Institute and in the Financial Research Plc. as a theoretical researcher and advisor. In 1990 he worked as personal economic advisor to Prime Minister József Antall. After 3 years membership at the Board of Governors of the European Bank for Reconstruction and Development (EBRD), he became director of the Privatization Research Institute, and of its successor organization, the Institute for Growth. Between 2000 and 2002 he was minister of economic affairs, and between 2010 and 2013 minister for national economy. In 2013 he was appointed Governor of the Magyar Nemzeti Bank for a 6-year term.



## **DOMINIK MIERZEJEWSKI**

Dominik Mierzejewski is Professor at the Department of East Asian Studies at the Faculty of International and Political Studies (University of Lodz), Chair at the Center for Asian Affairs (think-tank). He studied at the Shanghai International Studies University (1999-2000, 2003-2004), spent an internship in the Heritage Foundation (2003), was awarded a Jan Karski scholarship from the American Center of Polish Culture (2003), and was visiting professor in the Chinese Academy of Social Science granted by the Polish Foundation for Science (2010-2011). He is a member of a number of scientific bodies including: Association for Asian Studies, European International Studies Association, and European Association for Chinese Studies (board member). He serves as vice editor in chief of "Azja-Pacyfik" (yearbook) and "Journal of Contemporary Eastern Asia" (Austria/South Korea). His research focuses on China's political development, the rhetoric of Chinese foreign policy, the leadership transition in the Communist Party of China and local governments in Mainland China. He published one monograph, and dozens of articles in Singapore, the United Kingdom and the United States.



## ABSTRACTS







**ADITYA, ELIAS RANGGA**

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## **Indonesia-China Sister City Project: Development or Ceremony?**

The downfall of the Soeharto era in 1998 has changed the development agenda in Indonesia, from a centralizing to a decentralizing approach. Since then several regulations have been issued to give more autonomy to local governments, especially in the economic and social development of its own region. The autonomy also gives more space to cooperate with other entities abroad. This circumstance has led Indonesia's local government to establish a city-to-city international cooperation in order to boost their development, while at the same time find models of best practices in other countries in managing city development. One such cooperation arrangement is the sister city project.

Although China was not the first country who utilized this form of cooperation with Indonesia, Chinese cities are the most willing to form sister cities with Indonesia. Both countries successfully established nine sister cities focusing on economic, education, tourism and socio-cultural cooperation. Despite the success story of establishing the sister city as a development institution, many parties in Indonesia consider the cooperation to be only of ceremonial significance and question its positive impact on the city development. This paper aims to discuss the sister city cooperation between Indonesia and China. In order to focus the analysis, this paper chooses the capital city of Indonesia, DKI Jakarta, as the case study of the Indonesia-China sister city project (Jakarta-Beijing and Jakarta-Shanghai sister city project).

As to research methodology, in this paper I apply library research and document analysis to describe the sister city project in Jakarta thoroughly. To verify the data, in-depth interviews will be carried out with Jakarta government officials as key resource persons.

*Keywords:* sister city project, Indonesia-China, local government cooperation

**ALLAHYAROVA, SHAHLA**

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## **Singapore and Kuwait: Small States' Development Models in Comparative Context**

After the economic and financial crisis in 2008, a number of countries expressed interest in Eastern economic models and best development practices. Therefore, Eastern development models have become again an important research topic in the XXI century. Successful small country practices, in this regard, can be attractive to Eastern European states, as these countries are also relatively small with limited capabilities and also face similar challenges. The concept of small state is heavily debated. However, small states can basically be characterized by a relatively small population, limited human capital and a confined land area. These countries face capacity constraints with inadequate production capabilities and high external vulnerability.

Considering the above-mentioned facts, in this paper two successful small states' development models will be analyzed. Singapore, as one of the most developed countries in the world, and Kuwait, a country rich in oil and with boosting economy have been chosen for the research topic. Although these two countries are different from each other, common patterns can also be observed. Both are relatively small countries, located in a more or less geostrategic area, having high GDP per capita and extensive government intervention, regulation and planning to economy, as well as a share in the best practices in economic development. Different endowments with production factors, but similar success: what is common and what is different in these countries?

These countries' development models will be elaborated in a comparative context and by drawing on the main aspects, features, and factors of economic development, similarities and major differences in the approach of two states. The comparative analysis will be mainly based on economic parameters, statistical indicators, and the social and political context will also be discussed.

*Keywords:* developmental states, Singapore, Kuwait

**ANAND, ARPAN**

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## **What Motivates Indian Family Small Medium Enterprises to Go Abroad?**

The present study tries to explore the motivations behind the internationalization of the Indian Family Small Medium enterprises (IFSMEs) i.e. whether they are in search of new markets, advanced technologies, resources, strategic assets, improved efficiency, revenue benefits etc. Internationalization by Indian FSMEs has considerably increased in the recent years. The higher degree of internationalization requires the examination of various factors that make Indian Family Small Medium Enterprises go abroad. A systematic review of the literature was conducted to identify what could be the motivational force that drives FSMEs to go global rapidly. The empirical analysis is done on the sample of 407 Indian FSMEs covering five product categories: engineering goods, petro-chemicals, textiles, pharmaceutical and handicrafts using a structured questionnaire. After conducting the descriptive statistics and reliability test, data was processed through exploratory factor analysis. The findings from the analyzed data revealed that Indian FSMEs are found to be inclined towards internationalization because of three motivational forces: opportunity seeking; resource acquisition; and performance improvement, whereas the Foreign Network Seeking factor was comparatively weak referring to the empirical analysis. Practical implications: These analyses of Indian Family Small Medium Enterprises have some visible implications. The presence of various factors implies that IFSMEs can bring multiple benefits to the Indian economy. Also, Indian Family firms which are non-frequent in internationalization, can concentrate on the major factors which will motivate them to internationalize with more concentrated efforts.

Originality/value: The link between internationalization and family firm-specific factors has been examined thoroughly. Comprehensive and unique data of Indian Family Small Medium Enterprises originating from both manufacturing and non-manufacturing sectors have been used in the study.

*Keywords:* internationalization, family firms, emerging multinationals

## **Manifesting Welfare State Through the Escalation of Regional People's Participation in the Regional Development Planning System**

Citizen participation in government is a fundamental right of citizens and constitutional rights guaranteed in the Constitution of the Republic of Indonesia in 1945. The Government is obliged to guarantee and protect the rights of society to participate in the government. In the process of democratization, the community becomes a very important aspect in the decision-making process. The public has a right to the passage of development direction required. This is in accordance with the collective needs of society irrespective of the interest of any party, whether individuals or groups. The government provides space for the public to be able to handle all the problems, and together, find a solution. By doing so, the society has a strategic position in the development. The system of the regional development plan is a guideline for local authorities to organize local development. In the framework of the preparation of the local development system plan this should be done involving community participation, both in the stages of planning, preparation, execution, and evaluation. The system consists of a long term regional development plan, a medium-term regional development plan, and the work plan of local governments. As a form of innovation from the Surabaya City Government, the preparation of the local development plan system is done via e-Musrebang, which is done in order to broaden participation and optimize the aspirations of regional communities in local development plans.

*Keywords:* regional development planning, e-Musrebang, citizen participation

**BÁBOSIK, MÁRIA**

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## **China's Changing Role in the Multilateral Development Banks**

China's changing geopolitical role and the emerging multipolar world as its consequence has a strong impact on the international financial organizations (IFIs). This is also true for the multilateral development banks (MDBs) that have been broadly considered to be the most powerful regional development finance institutions after WW II. China is a member of the World Bank and the Asian Development Bank (ADB) but did not succeed in enforcing her increasing weight and preferences in their governance. Although China continues to play an active role in these two institutions, she successfully initiated the establishment of two further international development banks in 2015, namely the Asian Infrastructure Investment Bank (AIIB) and the new Development Bank (NDB).

The aim of the paper is to reveal and compare China's role in the „traditional” and the „new” regional development banks. The presentation sheds light on China's interest in being a member of these institutions, her contribution to the joint development efforts and role in their governance as well as on how the development outcomes of these MDBs match with China's expectations. The method of the analysis combines literature and document reviews using the publications by the four banks, reinforced by news research.

The presentation concludes that China's economic emergence and changing global role has a strong influence on the international development finance institutions. China on the one hand challenges the traditional “old” MDBs in order to reform them, especially with regard to their governance, while on the other hand innovates and establishes “new” MDBs to better meet her interests. These new MDBs may become competitors of the old ones in some aspects in the not too far future and stimulate their reform.

*Keywords:* China, Multilateral Development Banks, World Bank

## **BÁNHÉGYI, MÁTYÁS**

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# **Cultural Aspects of Oral Presentations: Korean Students' Presentations in Business English**

Delivering oral presentations forms an integral part of any learning program in any academic context. When Korean students are required to give English-language presentations on business-related topics in cultural and educational settings other than their own, they are faced with a twofold challenge: they have to use a foreign language and they have to adapt to another culture. Concerning American tertiary settings, Korean scholars identified numerous factors impacting the quality of Korean students' oral presentations, which include students' general language proficiency (Lee, 2009; Jeon, 2005; Kim, 2013); socio-cultural values and norms as well as educational practices and teaching methods different from that of the host culture (Liu, 2001; Lee, 2004; Shin, 2005; Shin, 2008; Lee, 2009; Kim, 2013); and specifics of the in-class learning environment (Tsui, 1996; Singelis – Bond – Sharkey – Lai 1999; Kang, 2005; Shin, 2008; Lee, 2009). As Hungary's universities also receive an increasing number of Korean students, it is important that educators are aware of both language- and culture-related difficulties Korean students face when giving oral presentations in typical business English topics.

This paper first defines the concept of 'oral presentation' and then it offers a brief literature review about factors influencing the quality of Korean students' oral presentations. Finally, based on a case study presented, it discusses the most typical mistakes Korean students make and analyses the potential cultural causes of these mistakes.

*Keywords:* business English, Korean students, oral presentation



## **The Role of Vietnamese Startups in the Region and in the World Economy, or How to Start Business in a Dynamically Changing Environment**

The world's economic center of gravity is gradually shifting to Asia, more particularly to Southeast Asia. Among the countries in the region, we have to highlight Vietnam, also known as one of the Tiger Cubs of Southeast Asia, whose economic growth has been remarkable in recent years, averaging 6.39% per year since the year 2000.

The cause of the growth is that Vietnam adopted the "Doi Moi" (renovation) policy in 1986, as a result of which it has succeeded in integrating into the world economy and moving from a centrally planned system to a market-oriented direction. The population is also an important element of economic growth in the country, as we are talking about a market of more than 96 million people, where the majority belongs to the younger generation. They are extremely creative and committed to innovations and are able to realize their ideas in a rapidly changing international environment.

Vietnam, with its more than 1500 active startups, is the third largest entrepreneurial ecosystem in Southeast Asia. In my paper I will look into the role of government co-operation, an inevitable factor in becoming a regional tech hub, together with the country's potential and various challenges. Vietnam has every chance to become a genuine startup nation, as it has a secure political environment, strategic geographical location, abundant resources, significantly enhanced legal environment and active global integration, which also attracts a decent number of foreign investors. In my paper I will examine these factors and their effects in order to get a comprehensive view of the opportunities and dangers of the Vietnamese startup ecosystem.

*Keywords:* Vietnam, startups, entrepreneurial ecosystem

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**SZALAINÉ, SZEILI KATALIN**

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## **Cooperation Between China and Central and Eastern European Countries, With Special Emphasis on the Geopolitical and Geoeconomic Aspects**

The study intends to show the priorities, future opportunities, geo-economic and geopolitical aspects of the "16+1 cooperation" launched by China and 16 Central and Eastern European countries in Warsaw in 2012. The platform, which has become the most significant transregional platform of the region in the past couple of years, aims to intensify cooperation among the partners in the field of transport, investment, financial services, education and culture. As for economic ties, the emphasis is placed on the expansion of trade relations and investment. Five years ago, the partners set the target that the trade flow between China and the CEE countries should reach the value of 100 billion USD. However, up till now, the objective has not been reached. Therefore, we intend to examine the trends in foreign trade flows and foreign direct investment through a detailed analysis and comparison of the relevant statistical data.

In addition to the economic impacts, we wish to present and evaluate the geopolitical importance of the 16+1 cooperation from the point of view of the Central and Eastern European countries (CEEC) as well as China. With regard to the interests of the CEEC, the platform is often regarded as an essential tool to break out from the periphery of the region. As far as China is concerned, the 16+1 cooperation is frequently cited as the most consciously developed element of China's policy on Europe. Our objective regarding the analysis of the geopolitical aspects of the cooperation is twofold. First of all, we wish to identify the common interests of the parties. Second, we intend to present and examine the specific interests of the CEEC countries and China related to the transregional cooperation.

*Keywords:* 16+1 cooperation, geopolitics, economic relations

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**SITNIKOV, IGOR**

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## **Historical Transformations of Eurasia-Pacific Economies: A View of Understanding Local Changes and Global Impacts Through Geographic Information Systems (GIS)**

The paper is to bring case studies that illustrate different historical approaches to regional economies, bridging distinctions between the humanities and social sciences using digital solutions. Crosswalks for information from multiple sources and in multiple formats of spatial humanities – a sub-discipline of the digital humanities based on geographic information systems (GIS) and timelines – are used to create visual indexes for diverse cultural data and provide an effective integrating and contextualizing function for spatiotemporal attributes.

In recent years, Eurasia-Pacific economies have expanded based on world trends and historical networks. Yet, today we have more national barriers and a rising Chinese predominance. The region of Eastern Europe continues to play an important role in the dynamic global environments of multicultural diversities ranging across very different geographies that increasingly find heritage a common denominator. As nations develop their history in the present for its interpretation of the past, we have a commonality of heritages acting as political tools for making sense in our daily life. Our models are envisioned as multi-cultural and transnational. In our globalization, peoples acknowledge one another moving in a circulation of ideas, knowledge, and goods across spatial dimensions. Eastern European merchants have extended their trade to East Asian ports through river systems across China and Southeast Asia, sailed to the Pacific islands and returned.

Our paper shows Eurasia-Pacific economies as transmitters of rapidly transforming global environments of multicultural diversification to trans-regions from very different geo-cultural areas that could increasingly find common denominators utilizing the best scientific practices that produce new paradigms. We view the region by understanding local changes and global impacts across time.

*Keywords:* trans-regional cultural networks, heritage continuum awareness, ApSTi spatiotemporal innovation

**BOROS, SZILÁRD**

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Hungarian Central Bank Education Directorate

## **The Role of the Belt and Road Initiative in the Chinese Economic Development Policy and the Main Risks of the International Implementation**

The Belt and Road Initiative (BRI) is a central topic of today's political, economic and geopolitical scientific dialogue. Since Xi Jinping's first BRI speech in 2013, several official and scientific events have taken place and many publications have been released. Beyond the 64 countries included into the BRI directly, other, not directly affected countries deal with the BRI issue very intensively, which shows the importance of the topic.

The first section of the paper focuses on the Chinese model of economics and examines the question if the BRI is part of the Chinese inner development plan, or if it is more of an international development plan, or a Chinese development plan different from any other plans. From the conclusion of the first section, the second section highlights and analyses the main official and possible non-official economic goals of the initiative. As the BRI is more of an international development plan, in the second section the paper examines the main economic and geopolitical challenges and risks of the BRI, which can affect the future of the implementation. The third section of the paper examines the possible financing of the BRI from the available open information sources. The third section focuses mainly on the bilateral governmental agreements concerning the BRI and the international financing institutions in which the Chinese government is a major stakeholder, namely the New Development Bank, the Asian Infrastructure Investment Bank and the Silk Road initiative.

*Keywords:* Belt and Road Initiative, Chinese model of economics, international financing institutions

**BUCKSKY, PÉTER**

PhD Student

University of Pécs

## **Financing and Challenges of the New Silk Road Projects**

The One Belt, One Road (OBOR) initiative is a new approach for international economic and political cooperation. It involves major projects mainly financed by Chinese state-owned banks and Chinese initiated international institutions. The OBOR initiative serves as a framework for the projects. Though there is no comprehensive institution supporting them, several Chinese financial institutions, state actors and corporations take part in it. The financing capabilities of the expanding Chinese state-owned banking sectors make it possible for Chinese corporations to rapidly expand their international presence. The mass scale infrastructure development in China in the last two decades gave a new perspective for developing countries to modernize their economies and to boost economic growth. Moreover, China wants to export this model with the help of OBOR.

As more and more economies are interested in this development model, it is an important question to know how significant role the transport infrastructure development played in China's rapid growth, and how efficient these investments were. Furthermore, it needs to be analyzed how sustainable China's growing financing capability is for the infrastructure projects in other countries, and what role the state-owned banks and Chinese inspired international organizations are playing in it. Finally, this paper will examine the strength, the weaknesses, the opportunities and the risks of the OBOR projects.

*Keywords:* OBOR, state-owned banks, Chinese infrastructure projects

## **Turkey's Soft Power Tools: From Airlines to Cultural Centers**

Soft power is usually associated with USA and the western world where industries like cinema and music are highly developed. However, countries like China, Brazil and Turkey have started to put more emphasis on soft power tools. Turkish Airlines has played an important role in the promotion of Turkey's international image and its ability to attract tourists worldwide. Turkish Airlines has managed to use successful sponsorships and innovative advertising campaigns to help the promotion of Turkey's image around the world. The company has managed this thanks to high quality services and a fast growing flight network of 297 destinations worldwide.

The primary institutional instruments when it comes to Turkey's soft power are TİKA (Turkish International Cooperation and Development Agency), which provides developmental assistance to many countries. In addition, the Yunus Emre Turkish Cultural Centers have been established in different parts of the world, especially in neighboring countries, to promote Turkish language and culture abroad.

This study aims to analyze Turkish efforts to act as a regional and global power with the help of its national airline company as well as other institutional instruments. It focuses on Turkey's bilateral political, economic and cultural relations with the international community, especially in the Middle East and Africa. This study intends to explore the relationship between Turkish Airlines and politics as well as the importance of Turkey's geopolitical position in light of the rise of Turkish airlines as a successful brand. This study further analyses Turkish efforts to improve its influence on different regions, through various institutions.

*Keywords:* soft power, Turkish foreign policy, geopolitical position



**BUTT, AMJAD KAMAL**

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## Changing Cultural Values and Patterns That Shape Economic Institutions: A Multi-generational Perspective

The economic development of nations has often been linked to its cultural values and subsequent attitudes towards work and the working environment. These values have been known to evolve over time as generations have been exposed to technological advancements and the digital age. The need to analyze the impact of these varied cultural values, attitudes, hierarchy and work ethics (organizational commitment, job satisfaction) is pertinent for any economy to flourish.

The study surveyed 400 employees in four different industries a) I.T b) Health Care c) Advertising/Marketing d) Business and finance through a self-designed questionnaire. Three traditional generational groups (Baby Boomers, Generation X, and the Millennial generation) have been addressed. The questionnaire aimed to assess variables such as generational values, reward preferences, organizational commitment, job satisfaction, gender disparity and methods of communication. The results revealed distinct yet overlapping characteristics of employees when divided into generational cohorts. Men compared to women tend to apply for jobs in the IT and finance and higher levels of job satisfaction were observed for men in these areas. There was also higher retention of men in the IT sector. Women tend to be more prominent in the healthcare industry and there is greater organizational commitment. Women working in the finance and marketing industry had lower job satisfaction levels than their male counterparts. Women felt there is gender disparity, through higher pay and top positions being allocated to men.

The study provides insight into the various generational values and implications of the results for planning effective management practices and further research to contribute to economic prosperity.

*Keywords:* cultural values and attitudes, multi-generational perspectives, traditional generational groups

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## Germany's Attitude Towards the One Belt One Road Initiative

The cooperation between China and Germany begins to turn into a "harsh friendship". Recent acquisitions of German companies by the Chinese show that the Federal Republic of Germany has difficulty in assertively defending its interests in bilateral relations with China. Since China's political and economic influence in Europe is growing, German politicians regard this development with concern and insist that the EU should oppose the geopolitical strategy of the Chinese by creating its own. Germany urges Europeans to adopt a common strategy towards China. Berlin believes that behind the "New Silk Road" initiative, there is also a large geopolitical, cultural, economic and a military strategy that the EU has yet to counteract. German crucial fears focus on issues concerning China's possible efforts to break the EU's unity and pull countries from the Eurozone, as well as on opportunities, that the leaders of the PRC look for to strengthen their position by weakening the EU.

On the other hand, it is Germany that is the strongest supporter of the whole Belt and Road Initiative and brings together the European Union's member states and China on a regular basis to discuss investment projects and the wider political agenda.

Therefore, the paper seeks answers to the following questions: how is the Chinese involvement in building "One Belt One Road Initiative" perceived by German politicians? What is the main concern in terms of political and economic cooperation between Germany and China? Furthermore, there is also the question of the economic cooperation between China and CEEC and its perception in Germany that was and is the main business partner in the region and definitely is not going to give up easily this field of cooperation and surrender it to China.

*Keywords:* Germany and China, Belt and Road Initiative, Central and East European Countries

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## **A Close Look at the Roles of Institutions in the Economic Development of Developing Countries With an Emphasis on Banking**

Developing countries are characterized by overpopulation, poverty, gender discrimination, inequality, child labor, malnutrition, low literacy rates and numerous other problems. Therefore, while economic growth remains the objective, human development is the main concern of policy makers. The development initiatives are attempted through institutional frameworks. This paper focuses on banking institutions, with health and educational institutions and non-governmental organizations, to tackle these developmental issues. It also tries to establish a link between institutions, particularly banking and economic development. The study focuses on two main issues which have impacted poverty and development, such as adult literacy and the life expectancy at birth. Consequently, the main objective of the study is to understand the extent to which financial intermediaries play a role in the adult literacy rate and life expectancy at birth in the economic development of emerging countries. The data analysis has been performed on the yearly time series data obtained from the World Bank for 104 developing countries consisting of 51 lower-middle income and 53 higher-middle income countries for the period of 1990-2013. The results indicate that there is a strong relationship between banking and economic growth even though banking did not seem to have significant impact on adult literacy and life expectancy..

*Keywords:* economic development and banking, adult literacy, infant mortality

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## **Australia's Mixed Attitude Towards the BRI: Political and National Security vs. Economic Aspects**

The Belt and Road Initiative (BRI), launched by Chinese President Xi Jinping in 2013, is perhaps the most important economic and strategic initiative in the world today. Nearly 70 states have expressed interest in the BRI so far, but Australia is not one of them, after its government made the assessment that joining the BRI was not in the country's interest (although it did not rule out joining entirely). This decision was surprising considering that Australia has increasingly important economic, trade, cultural and other relations with China. The paper first looks at the reasons behind the Australian government's decision not to join the BRI. The government stated the BRI would result only in minimal economic benefits but would pose significant strategic risks. However, several Australian states and territories have expressed interest in the BRI on economic grounds, for example in linking it with the Australian government's developing Northern Australia initiative, a connection which Xi Jinping has also proposed.

The paper examines the economic, political and strategic pros and cons of joining the BRI, thereby demonstrating the complexity of the issue. The paper's conclusion is that Australia would clearly benefit economically from being involved and the country's laws and institutions are strong and resilient enough to guard against unwanted Chinese influence and possible negative consequences of the BRI. The lack of a clear position on the BRI is the result of Australia's difficult relationship with China, but it is unlikely that the country can keep up its unclear stance towards the initiative.

*Keywords:* Belt and Road Initiative, Australia, national security interests

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## The Present and Future of Agriculture in the Baikal Region

The Baikal region includes three adjacent regions of Russia: Irkutsk oblast, Republic of Buryatia and Zabaykalsky Krai. All three regions are predominantly agrarian. They are considered agrarian although the agricultural produce constitutes only about 8-10% of the regional GDP. Since half of their population lives in rural areas, large areas are intended for agricultural production, and a lot of industrial enterprises are oriented to processing agricultural raw materials.

However, cities in the Baikal region have small populations and a conservative way of thinking. The agrarian production in the Baikal region is poorly developed, and faces constant economic and production challenges, while being in permanent crisis with low efficiency and lost competitiveness. The Baikal region lacks its own agricultural machinery industry, and therefore the proportion of Chinese agricultural machinery and farm implements is gradually increasing.

Since 2000, the pressure of Chinese agricultural products and foodstuffs on the agricultural market of the Baikal region has been increasing. The import of food commodities, agricultural products, chemistry and engineering industry products from China is growing every year. The largest importer of Chinese products is the Zabaykalsky Krai.

There is an interpenetration between the Russian and the Chinese agricultural economies. Chinese investment in the Russian economy is growing as is the dependence on the Chinese economy.

*Keywords:* Baikal region, Chinese investments, dependence

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## **Government Public Service Reformation to Improve the Investment Climate, Facilitating an Evenly Spread National Economy**

This paper aims to study the efforts of government public service reformation in order to improve the investment climate as a means of the distribution of people's economy. Tracing the meaning of public service cannot be separated from the problem of public interest, which became the origin of the term "public service". Therefore, the public interest and the public services relationship is reciprocal. Although in the further development, public services can also improve because of the obligation in the process of the implementation of all organizational activities, local governments in running the monopoly of public services as regulators must change the mindset, work and adjust to the objective of regional autonomy, which is to provide and improve services that satisfy the community. To realize a good governance in carrying out public services, local governments must also provide widespread opportunities to citizens and communities to have access to public services, based on the principles of equality, transparency, accountability and fairness. In order to increase the investment that will affect the economic distribution of the people, it is necessary to reform public services through deregulation activities or changes of various laws relating to investment and public services. Therefore, the Government and the Regional Government should immediately undertake an inventory and evaluation of all regulations at the central and regional levels that may inhibit investments caused by inadequate public services.

*Keywords:* regional governments, good governance, public services

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## **China's 8/11 Exchange Rate Reform: A Crisis of Misinterpretation and Reverse Spillover**

The study assesses the global market reactions to the RMB exchange rate formation mechanism reform on August 11, 2015 (the 8/11 currency reform), which is a significant policy shock event characterized by the ambiguous policy intentions giving rise to heterogeneous interpretations. It is also an event of the emergence of reverse spillover from emerging market policy news shock to developed markets. To understand the heterogeneous reactions of international investors, we examine the global mutual funds' investment flow, investment reallocation and stock holdings in U.S. listed firms with different business exposure to China.

This paper will demonstrate that compared with the benchmark case of Hong Kong-domiciled funds, the ultimate investors of China-dedicated foreign country-domiciled funds redeemed their investment in China more remarkably, while managers of global funds lowered their investment allocations to China more significantly. Moreover, global funds reduced their equity investment holdings in U.S. -listed Chinese companies or U.S.-listed firms with a larger share of sales revenues generated from China. We also use the subsequent RMB currency basket reform on December 11, 2015 (the 12/11 currency reform) as an event for comparison. Because of prior communications with the international investment community by the Chinese authorities, the pattern of global investor reactions found in the 8/11 event did not hold for the 12/11 currency reform.

*Keywords:* exchange rate reform, RMB currency basket, spillover

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## **A Cultural Perspective of China's New Institution Making Effort: The Case of the "16+1 Cooperation"**

China has been an active rule-setting actor in international politics since President Xi Jinping came into power as head of the state in 2013. China has been introducing new international institutions, norms and ideas including its Eurasian scale vision for a new international order, the Belt and Road Initiative. The Belt and Road Initiative's openly argued goal is to reconstruct or rebalance the current international system, presenting more the interests of the developing countries and especially those of China. Although the Belt and Road Initiative can rather be regarded as the "hardware" of the new international order, a "software" is also needed to effectively manage the inner relations within this framework making the initiative a real mechanism based on new rules provided by the Asian country. China's cultural "otherness" and different historical experience raises the question whether China's cultural values and patterns are shaping these new institutions or not.

The paper investigates the "16+1 Cooperation", established by sixteen Central Eastern European countries and China to manage their transregional relations, from the culturally based "guanxi model", arguing that it has a better explanatory power than the major Western-based theories of International Relations. The study points out that China has an alternative intellectual base to shift from the current international order to a post-Western development phase.

*Keywords:* 16+1 Cooperation, Chinese School of International Relations, Belt and Road Initiative



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## **How Business Education Addresses Ethical Issues: International Comparison of Similarities and Differences in Ethic Codes**

Ethical responsibility is considered as one of the basic obligations of institutions in higher education (HE) to the society, and ethical issues have become an increasing concern for higher education with the development of globalization and technology. The ethical issue is the main research question of our project as well, therefore we conduct the research from the perspective of the ethic code. Based on Kohlberg's model of moral cognitive development and the results of empirical studies, the establishment of a just community is of great significance, and ethic code plays an important role for HE institutions to create a healthy ethical environment and serve as agent of value education.

To delve into the research question, our research investigates with template analysis the status quo of the ethic code of the top 50 business universities according to the Financial Times ranking released in 2017. We used the websites of these 50 HE institutions as sources and the institutions having documents like an ethic code or code of conduct are identified whose statements of ethic codes were studied. On the basis of preliminary analysis of obtained data, the highlighted topics and themes of ethical issues stood out and some similarities and differences have been discovered regarding those ethic codes.

As a result, the research helps us to have a basic as well as a better insight into the ethical issues in HE institutions, and it also shows us the prevailing or different attitudes and ways that business universities take while fulfilling their ethical obligations.

*Keywords:* higher education, ethical codes, Financial Times Top 50 Business Schools

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## **The Cultural Entanglement of China and Latin America: A Challenging Web Rooted in Ideas and Behaviors**

Authors such as Kluckhohn, Mead, Geertz, among others affirm and agree on the fact that cultural ideas and behaviors are learned, acquired and reproduced individually and socially, and could lead to facilitate interactions or to create limitations and conflicts. The latter has been commonplace in the political and economic Latin America – China relation since core values, ideas and behaviors substantially differ. In the case of Latin America, colonialism, processes of catholic evangelization and the search of national identity have provided a diverse cultural environment; whereas China has lived self-regulation through values historically promoted by Confucianism, and radical political and economic changes that conditioned cultural ideas and behavior in the twentieth century. Business people, entrepreneurs, policy makers and governmental officials from both sides face the seriousness of a cultural challenge, which could create success or failure in economic and political programs and projects. Therefore, understanding core cultural differences and generating interaction strategies is the key to the Latin America – China relation future success. This paper aims to explain cultural differences between China and Latin America, how that shapes their relation, and the economic and political effect. This qualitative paper describes how cultural differences are rooted in historical processes and governmental processes led in both regions, which create a complex setting entangled in global politics and economics endeavors. The methodology uses content analysis of governmental and institutional reports of both regions, and using systematic inferences by Krippendorff (1980) could reveal the underlying cultural discourse that shape the relation. Results show the unavoidable cultural clash between Latin America and China, their roots, and possible future strategies and challenges that could facilitate or deepen core existent differences.

*Keywords:* China, Latin America, national cultures

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## **Hungarians' Perceptions of and Interactions with the Chinese: An Empirical Study**

In November 2017, the world's attention was attracted to Hungary, when the 16+1 summit was held in its capital, Budapest. The visit of the Prime Minister of China was viewed as a promising sign that the cooperation between China and the sixteen Central and Eastern European (CEE) countries, including Hungary, will be strengthening. The media came up with numerous articles and posts analyzing the perspectives of CEE – Chinese relations. One of the fields in which the partners discussed the prospective cooperation was educational exchange. Although higher education agreements can be considered as small steps in comparison to other joint projects within the "One Belt, One Road" (OBOR) initiative, the role of educational collaboration in building mutual trust and understanding cannot be overestimated.

Hungarian higher education institutions, following global tendencies, view educational exchange as one of the main instruments of internationalization. The proportion of foreign students is yet not high; however, their number is dramatically growing. The Chinese are one of the largest groups of international students studying in Hungary. To date, there is a gap in intercultural communication research: little empirical research has been completed concerning the Chinese – Hungarian communication. Among other questions, the author has undertaken to examine Hungarians' perceptions of Chinese people, and their willingness to communicate.

*Keywords:* Chinese international students, intercultural communication, perceptions and stereotypes

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## Financial Inclusion Strategy: The Case of Indonesia

This is a conceptual paper about Financial Inclusion (FI) in Indonesia. Some empirical studies support the argument that greater FI improves the quality of financial services and benefits poor people. FI has become a significant issue in developing countries like Indonesia, where the large number of people are still far from accessing the basic financial services and the formal financial institutions.

The World Bank's Survey (2010) shows that only 49 percent of Indonesian households have access to formal financial institutions. Bank Indonesia (BI) revealed the same in a Household Balance Sheet Survey (2011) showing that 48 percent of households keep their money in formal financial institutions and non-financial institutions. In 2016, the number of saving accounts are 199,301,052, including savings below IDR 2 billion 199,058,562 (99.88%) and over IDR 2 billion 242,940 (0.12%). Unfortunately, the number of people having access to banking is 48%. This suggests that although people may have many accounts, most people do not have any saving accounts.

Indonesia has a National Strategy for FI. In June 2012, Bank Indonesia cooperated with the Vice President's Secretariat - National Team of Poverty Alleviation Acceleration (TNP2K) and the Fiscal Policy Agency of the Ministry of Finance – to issue a National Strategy for FI. In the National Strategy for FI, FI is broken down into 6 parts, namely financial education, public financial facility, mapping of financial information, supporting policy/regulation, intermediary and distribution facility and consumer protection. It is interesting to analyze conceptually the role of FI in reducing the poverty, since the average number of poverty growth pattern is decreasing. The % poverty growth semi-annually from March 2012 until March 2017 is -1.34%. The number in the city is -1.46% and in the countryside it is -1.30%. These suggest that there is a decreasing number of poverty growth in Indonesia.

*Keywords:* financial inclusion, Indonesia, formal financial institutions

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## **The Role of Massive Open Online Courses in Fostering Skill and Knowledge Development in Developing Economies**

Developing economies are spending a good percentage of their total budget on the higher education institutions. Still, the quality education is not in the reach of an average person. Because of the limited number of seats in public technical or higher educational institutions across the countries, their affordability and accessibility always remain a big concern. Massive Open Online Courses (MOOCs) have emerged as a new trend in the higher education sector and their popularity is increasing day by day. They are coming-up as a new tool towards lifelong learning through open and internet-based learning. Both the public and private players are involved in the launching of these programs in developing countries and the students are utilizing both national and global platforms. The available programs include both short-term and long-term programs including skills development and formal education programs.

However, the business models of the platforms are dauntingly challenging as the costs of attendance are very minimal. The present work takes a critical look at the MOOC platforms being accessed by the youth in developing countries and their role in fostering skill and knowledge. A case study-based approach has been taken with the secondary data analysis to see the impact of these platforms on the developmental aspects of developing nations. A comparative SWOT analysis has also been carried out to map both public and private initiatives. The paper will certainly have a number of policy and business implications for both the public and the private sector and will help in the benchmarking of programs for Higher Education Institutions.

*Keywords:* open online courses, higher education, business models

## **China's Regional Development and the One Belt One Road Initiative**

China has been following the path laid out by Deng Xiaoping's reforms for almost four decades. Since the beginning of the reform era the country has achieved unprecedented convergence. In the last ten years however, problems stemming from unparallelled growth and the country's unique social and political arrangement have become prevalent. One of the most striking issues is the multi-dimensional regional inequality. One pronounced feature of Deng's reforms was an intentionally differentiated and concentrated development, which preferred the coastal areas. The export-oriented, FDI-fueled manufacturing here was the key of China's growth, however, it was also responsible for a substantial part of the increase of regional disparities. Contrary to the initial assumptions and expectations regarding the possible spillover-effects of the rapid development of the coastal areas the reforms have not lead to the catching-up of regions lagging behind. Recognizing the potential negative effects of overall inequality and particularly regional inequality, such as threatening national unity and social stability, led to the launch of the first regional development strategy. The Great Western Development Strategy was launched in 2000 and aimed to reduce the underdevelopment of the Western Region primarily through steering and concentrating state and private investments into the area. In 2013 Xi Jinping launched the highly ambitious One Belt One Road (OBOR) initiative with foreign policy and economic development policy objectives as well. Since addressing the regional inequalities in China, interregional and interprovincial inequalities have become OBOR's main domestic focus. Consequently, the OBOR can be interpreted and analyzed as a regional development strategy. The paper aims to deliver a brief but not comprehensive review of the vast literature on China's regional disparities as well as to look over the policies and strategies targeting the mitigation of regional inequalities. Among these policies the OBOR initiative will be analyzed from a regional development point of view.

*Keywords:* regional disparities, China, development policy

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## **Model Development of Insurance Guarantee Funding in Indonesia**

The operation of insurance companies is not free from risks. Some tools such as RBC and Solvency II were developed to detect or give early warning of financial problems for insurance companies to prevent them from failures and bankruptcies. However, RBC and Solvency II are not designed to eliminate the risk of failure absolutely. When the insurer fails, the most harmed stakeholder is the policyholders, thus the presence of an insurance guaranteed scheme becomes a necessity.

The aim of this research is to examine a model for funding insurance guarantee schemes. Insurance guarantee schemes can be funded through various funding mechanisms. Every funding mechanism will be elaborated. This research emphasized the government's role in developing, funding and monitoring of insurance guaranty fund. Premium charging can be volume-based, risk-based or flat-rate. Every option of funding has impacts on guaranty fund management, stakeholders' view of risk they are facing and nominal premium that should be paid by policyholders.

This research found that the ideal model for insurance guarantee schemes funding is by joint contribution between government and the insurance industry. The insurance guarantee scheme presence could induce the insurance industry to change their risk behavior through increasing their proportion of risky investment assets. However, these side effects can be mitigated through strong and firm monitoring from the financial service authority.

*Keywords:* insurance guarantee schemes, government role, risk-based premium

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## **The Societal Price of Excessive Economic Growth: The Case of Japan**

Recent studies (Matsumoto 2002; Kingston 2004) have reinforced observations concerning drastic cultural changes occurring in Japan in the 21st century. Many experts argue that these changes in people's values, attitudes and behavior, that is cultural changes are the ones that trigger changes in society and in companies' employment system. Others assume that it is the changing environment that triggers changes in the behavior of the individuals. The business environment has profoundly changed in a relatively short time after the period of excessive economic growth.

The unexpected burst of the bubble-economy in the 90s consequently led to new attitudes in employment and new behavior patterns in society. So most likely it is not the changing cultural values of people that bring about changes in the economy and in institutions, but it is a reverse process: the new needs and expectations make people think and behave differently from earlier valid patterns. Either way, what we see is a state of flux in many areas of social and business life in Japan. The present contribution aims at taking a closer look at the nature of these changes with special attention to issues of the generation gap, gender, education and information technology.

*Keywords:* economic miracle, human capital, loss of trust



## **The Chinese Maritime Area and Harbors in the World Economy**

China has an 18.000 km coastline with a great number of ports. Nowadays China's maritime area and harbors have an important position in the world economy. But it was not always like in the present. China was not open for international trade from the 10th century until the First Opium War (1840-1842). After the war, forced by the foreign countries, China opened its maritime area and its largest harbors such as Shanghai, Ningbo, Fuzhou, Xiamen etc. Thus, since the Treaty of Nanking (1842) they have become essential actors of the global economy. It should be noted that after the "Reform and open" policy, the Chinese ports continuously played important roles in foreign trade.

Along with the Chinese geopolitical developments, the leaders of China started to put a greater emphasis on the seaside. In the 21st century the Chinese government designed the "One Belt, One Road (OBOR)", the "new silk road" which includes the new "Maritime Silk Road" also. In the "Maritime Silk Road", Ningbo, Shanghai, Tianjin and Guangzhou became the most significant Chinese ports, and, at the same time, not only China's but the World's biggest harbors.

The present paper first elaborates/analyses the history of these ports, and their economic role in the Silk Road. Second, the paper compares them to other harbors in order to present and introduce their importance in international trade and the geopolitical characters thereof.

*Keywords:* China, harbor, maritime Silk Road

## **Different Ways of Economic Cooperation Between Asia and Latin-America**

Asia's economic and political role and importance has been gradually increasing in the last decades and the 21st century is expected to be the century of Asia. Within the continent China's leading role is unquestionable: the country is the second biggest economy in the world openly seeking the leading role in the international political scene. In the meantime, India, Japan and Southeast-Asia are steadily catching up to China, and these countries appear as competitors in terms of international economic cooperation. A good example is the Asia-Africa Growth Corridor (AAGC) development program, jointly launched by the Indian and Japanese government and modelled on the Chinese Government's One Belt, One Road initiative (BRI).

When Asian countries are looking for opportunities for global economic and trade cooperation, one of the potential targets could be the ever-promising Latin America. Throughout the twentieth century the United States traditionally regarded Latin America as within its sphere of influence, but since the millennium it has become less significant in Washington's foreign policy. Therefore, the countries in the region have been looking for new alternatives, opportunities since the South-South cooperation has strengthened.

Although there are smaller and bigger forms of cooperation such as the BRICS and the Asia Pacific Economic Cooperation (APEC), the two most ambitious cooperation initiatives of the 21st century are the China-led BRI, which has already been extended to Latin America, and the Trans-Pacific Partnership (TPP). I would like to examine these two forms of global economic and trade cooperation together with their strategies, their goals, opportunities and challenges, and discuss how they will compete with each other in the South-South cooperation framework.

*Keywords:* Asia, Latin-America, South-South cooperation

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## **China and Myanmar's Trade During Myanmar Political Transformation**

Since 1988, in the wake of Myanmar's isolation from the world, China and Myanmar have become closer to each other. The reasons for closer ties will be investigated based on the common border and the socio-political similarities. A literature review will support the research of the two countries' socio-political and economic ties. Recently China has become a mentor and friend of Myanmar's economy and politics. The ways this bond developed will be researched and presented.

From 2012, many countries including China have been watching Myanmar's speedy political reformation. Although China has negative incentive to changes, the trade between China and Myanmar has been making good progress in the period of reformation. Myanmar prefers to use border trade in the form of marine routes for the export sector, more than half of which are consumer goods, while one-third is fuels, many other commodity goods and minerals. Intermediate goods, capital goods, machinery and electronic equipment are mainly imported from China by Myanmar. According to the research, although China's political and economic approach to Myanmar seems to be dominating, Myanmar has been welcoming foreign direct investment.

This paper describes the ways future trade relations between China and Myanmar will be maintained and facilitated and examines how the improvement of communication can lead to the resolution of problems.

*Keywords:* socio-political economy, transformation, border trade and policy

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## **The Differences in the Pattern of Regional Growth in China, the United States and in the European Union**

In my study I analyze the differences in the geographical distribution of economic development between China, the European Union and the United States of America. Over the past decades China has experienced great economic progress and significantly increased the average living standard in the country, steadily converging to the average development level of Europe and North America. However, these average indices hide huge internal regional heterogeneity inside these economic blocks. To fully understand the change over longer periods of time and to create a reliable forecast for a long-term convergence, a deeper analysis is needed.

I use regional data and statistical methods to analyze the differences in the pattern of economic growth, comparing the province level data of the People's Republic of China to those of the members of the European Union and of the states of the United States of America. I find that using country level aggregates can lead to biased results in international comparisons, and in the case of analyzing the convergence between these big economic zones, the analysis of the regional distribution cannot be omitted. The inclusion and economic development of the Eastern European countries have not changed the pattern of growth and development level of the European Union. The geographical structure of economic activity is stable over time in the case of both the United States of America and the European Union. However, the rapid growth of China significantly increased the heterogeneity of the country and altered its geographical distribution.

*Keywords:* pattern of regional growth, statistical methods, USA – China – EU

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## **Differences and Similarities in Financial Instruments Based on the Hungarian and South Korean Financial Accounts**

In our study we analyze the statistics of Hungary and South Korea's financial account. Concept from financial accounts and balance sheets are part of everyday policy as well as academic research, because of financial accounts and balance sheets provide a systematic overview, by economic sector, of assets and liabilities of those economic sectors at a certain point in time. We are looking for a number of questions in our paper: What is the result of comparing the financial statistics of two so different countries? How did the 2008 financial crisis affect the financial instruments of South Korea and Hungary? What trend can be detected on the side of assets and liabilities? What is the net financial position of the two countries? What differences can be traced? The given countries' financial accounts and balance sheets allow us to answer these key questions.

Hungary's financial account statistics are based on a very detailed and thorough methodology. This is one of the best in the European Union. It provides a firm basis for our comparison. Hungary and South Korea have different economic potentials at different levels of economic development. For this reason, we considered it a priority task to show similarities and differences between the financial instruments of these countries which are in two different continents. For our research we used different statistical tools.

The study presents the results and we answer the above-mentioned questions. The paper further provides insight on the different sectors' balance sheets, and on the indicators that can be derived from them.

*Keywords:* financial account, South Korea, Hungary

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## **International Trade as a Major Aspect of Chinese Economic Growth**

International trade is one of the main components of economic relations, which can make a substantial contribution to economic growth. China experienced a dramatic economic growth and a quick expansion of international trade, which allowed the country to target the globe as its market. This sudden growth in the economy started after the implementation of the open door policy and the economic reforms. Plenty of skilled labor force, stable political system and wide natural resources assisted the country to attain a major place in the international trade. The main purpose of the paper is to analyze how the participation of China in international trade influenced the growth of Chinese economy. The performance of the country in international trade is also broadly examined within the paper. The research starts with an overview and elaboration of the two main aspects of economic development, which affected the evolution of Chinese economy. Then the research evaluates China's foreign investment and Foreign Direct Investment (FDI) in China.

Taking part actively in international trade helped China to advance its technology, acquire a high growth rate of GDP, increase employment and contribute to the improvement of domestic industries in productivity. Thus, the main aim of the research is to demonstrate how participation in international trade assisted the economic growth of China. Considering the relationship between economic growth and international trade, the paper tries to find an answer to the question: how did China enhance its economic growth since 1979 and what is the future perspective of its economic growth?

*Keywords:* Chines foreign trade, economic growth, FDI in China

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## **The Research on the City Spatial Economic Relations of Beijing Metropolitan Circle**

In recent years, the excessive concentration of population and resources in Beijing has attracted more attention to the effective operation of the capital. The Political Bureau of the Central Committee of the CPC authorized "the layout plan of coordinated development in the Beijing-Tianjin-Hebei" in April, 2015. Developing the Beijing-Tianjin-Hebei Metropolitan Circle has become China's major strategy. Following the partition in the "regional planning of the Beijing-Tianjin-Hebei Metropolitan Circle", the location and interaction among cities in this region, this paper delimits the Beijing-Tianjin-Hebei Metropolitan Circle to a region including Beijing, Tianjin and 8 prefecture cities in the Hebei province.

Based on the theories of spatial economics, this paper constructs the basic framework of spatial economic relations among several cities in one region and suggests that the city spatial economic relations depend on their own relative advantages in the end. In addition, we distinguish the long-term spatial co-competition effect from short-term effect theoretically. Accordingly, taking 10 cities of Beijing Metropolitan Circle of China as example, using GDP data of 10 cities from 1990 to 2017, this paper constructs the Cointegration model and ECM model to investigate the long-term and short-term city spatial economic relation in the area economic system.

We pay special attention on Beijing's economic role in this region, and also discuss the co-competition effect between different cities. Our conclusion shows that there are strong spatial economic relations in the Beijing Metropolitan Circle, and Beijing's influence in this area is insufficient, effecting more competition than cooperation.

**Keywords:** Beijing metropolitan circle, city space effect, regional competition and cooperation

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## **The Influence of the Political Identity of Entrepreneurs on Enterprise Performance From the Perspective of Regional Heterogeneity: Empirical Evidence From Listed Private Enterprises in China**

Formal institutional systems present characteristics of non-continuity, fuzziness and imperfection in China during the period of transition. Obvious regional segmentation leads to great regional differences in institutions. Therefore, the changing policy may bring uncertainty to the development of private enterprises. As governments hold key resources at all levels and play an important role in resource allocation, private enterprises are willing to establish a good relationship with the government to overcome the “market gap” and the “Institutional gap”. Private entrepreneurs tend to acquire political identity (PI) by acting as deputies to the People’s Congress and members of the CPPCC to influence policy making and customers. In the early stage of the transformation, lots of private enterprises have achieved Opportunity-drive-growth by PI. However, PI plays a more complicated role in certain circumstances.

This paper selects Chinese listed private enterprises as research samples to explore the relationship between PI and corporate performance with the 2SLS method. Results show that (1) the local government intervention has a positive moderating effect on the relationship between the existence of PI and firms’ performance and on the relationship between the depth of PI and the firms’ performance, while the moderating effect on the breadth of PI is not significant. (2) the local legal system environment plays a negative moderating role on the relationship between the existence of PI and firms’ performance, and it can strengthen the negative relationship between the breadth of PI and performance, while the moderating role on the depth of PI is not significant. (3) the level of financial development has a negative moderating effect on the relationship between the existence of PI and firms’ performance and on the relationship between depth of PI and performance, while the moderating effect on the breadth of PI can strengthen the negative relationship between breadth of PI and performance.

*Keywords:* enterprise performance, heterogeneity, listed private firms



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## **The Japanese Experience of the Non-traditional Monetary Policy**

Japan has the longest experience in non-traditional monetary policies in recent history. The Bank of Japan (BOJ) implemented the zero-interest-rate policy (ZIRP) and the quantitative easing (QE) in the early 2000s facing the deflation and the stagnation of the Japanese economy alone. These policies seemed not to be effective enough to bring the Japanese economy out of deflation but effective enough to prevent the deflation spiral.

The BOJ has introduced ZIRP and QE again after the outbreak of the world financial crisis in 2008, this time together with other industrialized economies. However, the mild deflation was stubborn. Therefore, BOJ has modified the QE substantially since 2013 under Governor Kuroda. BOJ promised to double the monetary base and attain the 2% inflation target in two years and named the new policy framework as Qualitative and Quantitative Easing. This seemed to stimulate financial markets significantly, and the GDP grew with the help of government's other policy measures. The unemployment rate became extremely low, but the 2% inflation target was not attained. Later in 2016, BOJ introduced the negative-interest-rate policy (NIRP) following ECB and others. It influenced the financial markets significantly in the short term, but its effects seemed short-lived. As a result, the financial industries started to complain about it. They claimed that it reduced their profits and might harm the financial stability. Correspondingly, BOJ adopted the Yield-Curve-Control. Since then, it has tried to control not only the short-end of the interest rate at a slightly negative value, but also the long-term interest rate – the 10-year Japanese Government Bond – at zero. In this paper I will summarize policy implementations, survey the literatures on its effectiveness, and show my own empirical results together with those of my coauthors; one result is based on the time-varying VAR analysis of aggregate data, while another is based on the panel analysis of the regional banks' lending behavior.

*Keywords:* non-traditional monetary policy, QE, deflation

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## China, the WTO and Prospects of a Trade War

China has successfully proven to the world that you can be an illiberal and authoritarian state, and at the same time consistently achieve phenomenal economic growth and lift millions of citizens out of poverty. Going forward, though, if China seeks to remain an influential superpower, or to become more of a dominant player in the global markets, then it is important that their political and economic strategies are sustainable, cohesive and do not undermine any international organisations or international laws. This is especially true when it comes to dealing with those countries who continue to not recognise China as a market economy, most notably the European Union ("EU") and the United States ("US"). In this paper, I unpack a very delicate area of contention within the World Trade Organisation ("WTO") – China's market economy status (post their 15<sup>th</sup> anniversary since joining the organisation in December 2001). It is an area of contention that cannot be handled unilaterally by any one nation and if it is not collectively addressed appropriately, it could in fact have dire consequences for the WTO itself and the international community at large. I discuss the position of the EU and the US, as two of the biggest areas of resistance when it comes to granting China market economy status, and I explore the way forward now that China has (correctly) resorted to WTO litigation in order to settle the international trade dispute. Lastly, I discuss whether or not there is a legitimate prospect of an EU-China or US-China trade war in light of recent developments. There is certainly an intertwined and interdependent relationship between China, the EU and the US, and protectionist measures taken by one of these nations certainly has the potential to adversely affect the rest in a very significant way. The WTO, then, as an international organisation that is meant to act as barrier to trade war, will certainly play a central role in either preventing such an outcome from happening, or somewhat mitigating its negative impact on global trade.

*Keywords:* China, EU, US, Trump, WTO and trade war

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## **The Challenges and Future of “One Belt One Road” From “Yu-Xin-Ou” International Railway Perspective**

This article focuses on OBOR with the analysis of the logic behind this initiative and the model of Chinese development on the area of economy. The article will include the following parts: First, the perceptions of the Chinese and its partners on the Belt and Road Initiative. The author will collect and summarize the existing foreign opinions about the initiative found in articles and interviews: “inequality” of the market, geopolitical and economic goals that China wants to achieve and ways in which China wants to create domestic stability.

Second, the different logic of foreign (mainly European) and Chinese perceptions. The author holds the opinion that in fact, the difference between foreign and Chinese perceptions is based on the current global order, the national conditions of the two sides, the perception of great powers, the combination of domestic needs, foreign policy and the historical experiences.

Third, paradoxes existing between China and Europe on the issue of OBOR. The author points out that there are some paradoxes in the differences between China and its partners, which pose the biggest challenge for the Belt and Road Initiative. These paradoxes are hard to be solved since they are based on different ways of understanding and thinking.

*Keywords:* Belt and Road Initiative, Europe, perception

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## **Inflation Targeting: Evidence From India**

Inflation targeting became a dominant monetary policy strategy in early 1990's in advanced economies. The policy has the short term objective of maintaining low and stable inflation as an overriding goal of central banks while accommodating for growth and employment. It provided nominal anchors to track and control inflation and led to greater macroeconomic stability in those countries. This is because inflation targeting increases communication with the public by announcing clear targets and objectives of the central bank in the short and long term.

In August 2016, India adopted the policy of Inflation Targeting (IT) of 4 percent with a range of 2 percent plus /minus for the next 5 years. This paper seeks to examine the effect of supply shocks on the goals of inflation targeting as a monetary policy strategy. A Vector Autoregressive model (VAR) has been employed under the New Keynesian Phillips Curve (NKPC) framework to capture the impulse responses of supply shocks on Consumer Price Index (CPI) based inflation.

The result suggests that the effect of shocks on fuel, oil and CPI is strong and short-lived, while that on food and beverages is very strong and persistent. This could be detrimental for inflation targeting as it would shoot up CPI inflation resulting in an increase in household inflation expectations and huge disinflationary costs to bring it down below the target range. Some lessons need to be drawn from international experiences to tackle supply shocks in a time of crisis.

*Keywords:* inflation targeting, VAR, India

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## **The Opportunity for and Challenge to the Kazakhstan Dream Under the development of China's "Belt and Road Initiative"**

Not long after China's "Belt and Road Initiative" launched in 2013, the government of Kazakhstan presented the "Bright Road Initiative" plans in 2014 aimed at improving the country's infrastructures, public services and small and medium enterprises. By making the country a global transit corridor connecting markets in China, Europe and the Middle East, both Chinese and Kazakh governments agreed that the "Bright Road Initiative" and the "Belt and Road Initiative" are complementary to each other as mutual reinforcement of their national interests. Since then the two governments have moved forward to establish an active alignment, and practical measures have been taken in this regard.

Nonetheless, the "joint" dreams have to carefully deal with two major challenges: first is their diplomatic conciliation with Russia's strategic plan on Eurasian Economic Union, while Kazakhstan is also the key member of the Union. The second challenge is the China Threat factor, which appeared within Kazakhstan's domestic opposition provoked by various resistant movements. This paper is primarily set to explore the potential impacts of China's B&R on different spheres within Kazakhstan's economic transformation and to present a critical case-study analysis on the ambitious influence of China in the region.

*Keywords:* BRI, Kazakhstan, transit corridor

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## **China's Institutional "Miracle". Party-State in the Transition to Market Economy: Potential and Limits of Systemic Sustainability**

The concept of the "Chinese Miracle" comprises two dimensions. The first one is obvious and purely economic in nature: 9% annual GDP growth rate over quarter of a century. The second one is less obvious, but no less important and is institutional: the ruling Leninist one-party state not only survived an apparently successful transition to market economy, but even consolidated its institutional grip in the wake of this transition. This fact looks indeed extraordinary and even paradoxical in the light of the catastrophic fate of all other communist party-states in the former USSR and its East-Central European satellites, which – in different times and to different degrees – also initiated market reforms. The explanation of this paradox lies in the specific constellation of social, demographic and historic factors in China. The practical embodiment of this constellation was unparalleled price reform carried out in the 1980-90s. This reform transformed the decentralized directive pricing, which existed between the 1950s and the 1980s, into the system of agreed pricing. However, party-state institutions remained key players in defining the conditions of pricing agreements. Their positions of biggest financial monopolist, lender of last resort as well as that of the sole macroeconomic controller also remained basically intact. The potential of the Chinese party-state to exhibit institutional resilience in the process of "market transition" turned out to be unexpectedly significant. However, the basic limitation of such resilience is that the principle of soft-budget constraint still dominates the behavior of key economic and administrative players, constantly invoking the specter of macroeconomic chaos with unpredictable institutional consequences.

*Keywords:* China, party-state, transition to market

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## **Hong Kong - Shanghai Connect / Hong Kong – Beijing Disconnect Scaling the Great Wall of Chinese Securities Trading Costs**

We utilize a fundamentally different model of trading costs to look at the effect of the opening of the Hong Kong Shanghai Connect that links the stock exchanges in the two cities, arguably the biggest event in international business and finance since Christopher Columbus set sail for India. We design a novel methodology that compensates for the lack of data on trading costs in China. We estimate trading costs across similar positions on the dual listed set of securities in Hong Kong and China, hoping to provide useful pieces of information to help scale “The Great Wall of Chinese Securities Trading Costs”. We then compare actual and estimated trading costs on a sample of real orders across the Hong Kong securities in the dual listed pair to establish the accuracy of our measurements.

The primary question we seek to address is “Which market would be better to trade to gain exposure to the same (or similar) set of securities or sectors?” We find that trading costs on Shanghai, which might have been lower than Hong Kong, might have become higher leading up to the 2 Connect. What remains to be seen is whether this increase in trading costs is a temporary equilibrium due to the frenzy to gain exposure to Chinese securities or whether this phenomenon will persist once the two markets start becoming more and more tightly coupled.

It would be interesting to see if this pioneering policy will lead to securities exchanges across the globe linking up one another, creating a trade anything, anywhere and anytime marketplace. Looking beyond mere trading costs, such studies can be used to gather some evidence on what effect the mode of governance and other aspects of life in one country have on another country, once they start joining up their financial markets.

*Keywords:* stock exchanges, Hong Kong, trading costs

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## **Objectives and Possible Impacts of the One Belt and One Road Initiative**

The Belt and Road Initiative (BRI) has given "Globalization", a concept that became popular in the 21<sup>st</sup> century, an entirely new connotation. Emphasized by the west, China introduced a framework of practical policies and initiatives through BRI with quantifiable objectives, such as building physical connectivity through land and water, unobstructed trade routes in the newly defined global village, a centralized and assimilated financial system, holistic strategic policy coordination and the development of an intra-cultural bonding of nations which is the need of the hour.

As the increased trend towards border closures and adaption of socialist policies made the citizens of developing countries directly affected, China has taken the first mover advantage under the prevailing situation in redesigning the new world order by unifying and obliging the shunned smaller and developing nations which will comprise 85% of the world population by 2030. The political and strategic polar shift has made China earn a favorable position in the eyes of inconsequential developing nations, but holistically the sum of these nations represents a significant power. There is no doubt that soon the headquarters of strategic decision-making would shift from the America to Asia.

The traditional concept of capitalistic versus communistic rule is also expected to amalgamate as the world economy will integrate under BRI. The global demand and supply curves will become homogeneous where the previous concept of "the winner takes it all" will certainly be abolished as sharing the chunk is the new mantra under the Chinese framework. The extreme polar shifts may soon lead into the era of a third world order to which the current global political scenario is evidently a contributing factor.

*Keywords:* Belt and Road Initiative, world economy integration, China



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## **The Philippines and the 21<sup>st</sup> Century New Maritime Silk Road: Opportunities and Challenges**

The 21<sup>st</sup> Century Maritime Silk Road as part of the ambitious Belt and Road (BRI) mega project, was launched by China in 2013. Since then the Southeast Asian countries have shown great enthusiasm towards the Chinese plans, because they envisage serious benefit from the success of the OBOR in economic terms. In the case of the Philippines, after the inauguration of President Rodrigo Duterte in June 2016, the country became one of the main supporters of this project, as the new president realized that the improvement of the economic relations with China was of strategic importance. His "turn to China" policy has become an important pillar of his foreign and economic policies as the Chinese investments could help to achieve the hoped-for development for the country, while redefining its foreign relations with the major powers.

The presentation will give a summary of the 21<sup>st</sup> Century Maritime Silk Road and especially the significance of the Philippines in the Chinese plans. I will also discuss in detail the aims of the Duterte administration in political and economic terms alike. The results of this new prosperous partnership, namely the agreements and the initiated projects with the anticipated consequences will also be assessed. In my conclusion, I will argue that in the long run the Chinese investments can make a great contribution to the development of the Philippines, though the successful realization of the plans will depend on the skills of the Duterte government to manage serious foreign and internal challenges as well.

*Keywords:* Maritime Silk Road, Philippines, turn to China policy

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## **Determinants of the Success of Digital India Policies: Technological, Economic and Social Perspectives**

The Govt of India launched the Digital India initiative in 2015 with an aim to roll out a large number of citizen-centric services in the electronic mode and make the country digitally empowered in terms of technology. Specifically, the Govt aimed to transform the country into a digitally empowered society and knowledge economy with the integration of nine well defined pillars of digital India. Along with the improved accessibility to these services, Digital India mandated to bring in public accountability through the standardized delivery of the government's services in an interoperable and integrated environment. Correspondingly, the analysts predicted that the Digital India plan could boost the GDP up to \$1 trillion by 2025 and can play a key role in macro-economic factors such as GDP growth, employment generation, labor productivity, growth in number of businesses and revenue leakages for the Government.

However, after completing a journey of 2.5 years, the implications and results of the schemes have been very positive in some sectors and regions, but also raised a multiple set of challenges in the other sectors. This is very much true for the Technology, the society as well as for economic perspectives. The present work takes up the policy implications of the Digital India Initiatives. Determinants of the success of these policies have been identified on the basis of the current perspective of various stake-holders. The research design has been rather exploratory in terms of the policy aspects and rather descriptive in terms of the impact analysis. Authentic and reliable data has been used to construct the determinants of the success of policies with reference to the technological, economic and social perspectives. The paper follows the perspective of impact analysis as well as of policy amendments with an independent approach.

*Keywords:* Digital India Plan, improved accessibility, electronic services

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## **China's "One Belt One Road" Policy Towards Southeast Asia**

One of the Chinese President Xi's most ambitious foreign and economic policies is the Belt and Road Initiative, known also as the One Belt One Road (OBOR), created to strengthen Beijing's economic growth through a vast program of building infrastructure throughout China's neighboring countries, especially in the Southeast Asian region. Economically, Chinese policymakers see it as crucial to upgrading the country's industry. Beijing hopes its transnational infrastructure program can stimulate regional growth in China's underdeveloped inlands. Politically, the Belt or the Silk Road Economic Belt is to help link the unwealthy provinces to Central Asian and European markets. Meanwhile, the Road or the Maritime Silk Road is to connect the fast-growing Southeast Asian region to China's southern provinces through ports and railways to extend their markets to the south. Beijing's strategic plan to set its foot in the Southeast Asian region can be seen as a new attempt of the Chinese foreign policy to develop a "give and take" diplomacy.

The OBOR was introduced when Chinese foreign policy became more assertive. It is often interpreted as a geopolitical plan rather than an economic plan, as Beijing has argued. However, this research includes the examination of the OBOR as the new Chinese form of foreign policy with its relationship with Southeast Asian nations in comparison with the "hands off" or "two hands" foreign policies of the US toward Southeast Asia in 1960s-1990s. Xi's new approach to its neighbors in Southeast Asia also demonstrated the new Chinese leadership compared to Deng's "hide your strength and bide your time". This study demonstrates how Beijing fulfills its vision in Southeast Asia through OBOR, a new and unprecedented way of national development policy, and a comprehensive development plan combining political, economic, diplomatic and cultural policies in modern history.

*Keywords:* One Belt One Road, Give and Take Diplomacy, Southeast Asian nations

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## **In Pursuit of an Economic Development Model for Indonesia**

Indonesia has experienced rapid economic transformation from agricultural to a more advanced economy. The income per capita has increased substantially followed by decreasing poverty rate. However, the Gini ratio is increasing and the quality of human capital in Indonesia is low by any standard despite considerable and continuous economic growth. High urbanization rate, especially in Java, is followed by the deterioration of social capital. This condition differs from China, Korea and India where efforts to improve the quality of human capital can fulfil the demand for more educated workers during the economic growth. This condition raises the question whether Indonesia will be able to escape from the middle-income trap or not. Failure to escape from this trap may increase the crime rate, corruption, and income inequality represented by high Gini Ratio, but the worst is the threat to the Indonesian unity. People will blame the current democratic system, and they will try the other model which is utopic or idealistic, such as populism based on religious beliefs.

Jokowi, the Indonesian President (2014-2019) emphasized his policy on developing infrastructure, followed by improving the quality of human capital. During his presidency, subsidy on fuel consumption which benefited the middle and upper income group in the urban area was cut significantly and was reallocated for rural development and maintaining the price of strategic goods, such as fuel and cements His policy is well-known as Jokowiomics in Indonesia. This paper will discuss the experiences of China, Korea and India compared with Indonesia to determine the effectiveness of Jokowiomics and to formulate the most suitable developmental model for Indonesia.

*Keywords:* middle-income trap, Gini Ratio, Jokowiomics

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### New Ways of Acquiring Knowledge in the Service of Change

Technology has developed more the past 50 years (since the spread of computers) than in the previous 400 years. Spectacular results of this development are digitization, automation and mass production. If a country wants to have success in a money-centric world it has to export a lot (knowledge and/or product) or to be a "safe bank" (such as Switzerland). Expecting productivity growth brings with it the need for change. In this article, I give examples of what new/reconsidered ways of learning in Asian countries are used to promote these changes.

China became more aware of the importance of English language skills and the social capital after the 1997/98 crisis. (They understood that if they did not speak English, they would not be able to connect with potential customers, and they would not understand their expectations or needs.) As a result of this discovery, from the late 90s, more and more Chinese students went to foreign universities to study with various scholarships. The richest ones (and/or the smartest) went to universities in England, USA and Australia. (In England the 4th most important pillar of the economy nowadays is the teaching of English. For this reason, in England there is a shortage of teachers in primary and secondary schools.) A wide range of young Chinese people go to universities in European countries today, including Hungary too. Here they get the right English language skills, excellent professional training and also build their social capital. However, China also imports English teachers (English firms are specializing in these needs) to teach the English language, European culture and behavior to Chinese people in China.

The article points out that if you recognize and support new opportunities in time, they can help economic recovery. The article concentrates mainly on examples related to education.

*Keywords:* technology, new opportunities and methods, education

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## **Belt and Road Initiative as a Tool of Shifting Power**

The paper is a rhetorical analysis of speeches about the Belt and Road Initiative in relation to the Chinese Dream discourse. I will discuss how Xi presented the daring project of Belt and Road Initiative (BRI) by not only focusing on economic development and on boosting the trade between China and its neighboring countries, but also by using that initiative as a tool of China's foreign policy under his leadership. The paper examines the relationship between BRI and the policy of the Community of Common Destiny with Mankind and further explores its role in the realization of the Chinese Dream.

The Community of Common Destiny is a new foreign policy strategy, the goal of which is to maintain peaceful relationships with neighboring countries, to treat them as equals and respect their core interests, which in fact echoes China's policies of peaceful development and non-interference. According to the official rhetoric, BRI's aim is to enhance international cooperation and mutual benefits, which are essential for the Community of Common Destiny. China argues that it does not attempt to become a hegemony; on the contrary, China envisions itself as being capable of shifting the balance of world power from the US towards itself.

Through a linguistic analysis of Xi Jinping's speeches, Wang Yi's speeches and BRI's official rhetoric, the paper defines the key terms and key thoughts of BRI and explains their connections with China's foreign policies of the Common Destiny and the Chinese Dream. The paper particularly explores terms such as mutual benefits, opening-up, win-win cooperation. This paper advances the understanding of the objectives of the BRI as well as its possible impacts on the shift of global governance towards a Sinocentric model.

*Keywords:* Belt and Road Initiative, Community of Common Destiny, Chinese dream

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## **From Cheap-labour Driven to Innovation-driven Economy: The Role of Institutions in Singapore**

Singapore's pathway from the "third world to the first" within one generation is widely acknowledged. Less academic attention has been paid, however, to the remarkable structural repositioning of her economy from the nineties. Amidst accelerated globalization and the widely liberalized movement of goods, services, capital and expertise, the quality of institutions and their ability to adapt swiftly to global changes leaves some scope for the governments to influence the environment of economic actors within their national boundaries.

The paper presents a macro-level analysis of Singapore's economic strategy and its implementation through policies and institutions in the 1990-2015 period. Parallely, on a micro-level it overviews their impact on company strategies in selected manufacturing sectors, in electronics, chemicals and pharmaceuticals. Three areas are identified which have played a major role in moving towards higher value-added, knowledge-intensive activities: education, R&D&I as well as the highly specialized, advanced industrial and research parks.

Both quantitative and qualitative methodologies have been applied in the research, the latter based on semi-structured interviews. Strong correlation was shown between the increase of R&D expenditure from a low GERD/GDP level (0.9% in 1990) and the increase of value added in the manufacturing sector. The co-location of corporations, research institutes, education and training establishments of a specific knowledge-intensive sector in focus of the economic strategy have led to the emergence of clusters, improving the competitiveness of the targeted sectors, upgrading the local enterprises in global value chains and stronger embeddedness of subsidiaries of transnational lead firms. The outstanding efficiency of Singapore's public institutions has been identified as key factor in the country's success.

*Keywords:* Singaporean institutions, knowledge-intensive sectors, global value chains

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### Japan in the Network of Regional Integrations

Japan has recently signed a free trade agreement with the EU. The agreement will enter into force after the ratifications of the EU-members and Japan in the autumn 2019. Japan also signed the Trans-Pacific Partnership agreement in early 2018. Moreover, the country has negotiated about free trade with China and South-Korea, and it has other negotiations on the table as well. It is clear that the country's international trade negotiations are something new in its postwar economic strategy. In addition, it is also more and more evident that as a result of the global power restructuring, Japan is increasingly focusing on the Asian region in its international economic relations. These new trends cannot be separated from the strengthening competition between Japan and China. And since Japan probably cannot win against China, due to the dynamic economic convergence of the latter, the country is destined to cooperate both with Asian and trans-regional initiatives.

Given this backdrop, the paper seeks to answer the question what happened to Japan, that it did not have any bilateral or multilateral free trade agreements until the turn to the new millennium. What is the motivation behind this change of policy, what are the causes ending the apathy of 'integration' of Japan and East-Asia? Are there any cultural and civilizational roots in common that explain the sudden surge of regional integration, or are there only economic factors in the background to provide an explanation? What is the role of the integration efforts in the competition between China and Japan for a leading position in the region?

*Keywords:* Japan, European Union, China, free trade agreement(s)



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## **Globalization and Belt and Road Initiative: The Roles of Local Governments in China's Foreign Policy**

The paper analyses the evolution of role and the roles of local governments in Chinese foreign policy since Xi Jinping announced China's Belt and Road Initiative. In the first part, the Author discusses theoretical approaches in the Western and Chinese narratives with a particular emphasis on the work done by Ivo Duchacek and Kuznetsov and Chen Zhimin and Su Changhe, respectively.

The author introduces the concept of globalization as the new paradigm in international relations. Moreover, this part examines the official discourse presented by the central government of China of bridgeheads (*qiaotoubao*) and checkers (*paitoubing*). In the second part, the paper discusses the issue of multilateral platform announced by China and developing countries with BRICS, Central Europe and Latin America. Thereby the central government used local governments in shaping China's foreign policy. The assumption mentioned above will be tested by discussing the case study of the Sichuan province's interaction with the external world. In this part, the primary development plans of the Sichuan province like the implementation of the BRI at the local level with local developmental programs and projects and the directions of Sichuan province's external interaction are analyzed. The author tries to prove the thesis that the Belt and Road is a tool for a more centralized foreign policy and that the central government took a division of labor approach.

*Keywords:* Belt and Road Initiative, China's foreign policy, local governments

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## **Business Excellence (BE) Models for MSMEs: The Contemporary Art and Science of Improving National Economy**

Interest in the role of MSMEs revived as early as 1990. The issues confronting Micro, Small and Medium enterprises (MSMEs), concerning the need to streamline its processes and to improve the delivery of its services, have never been outdated, and in fact, are becoming more imperative as their business continues to expand. These challenges remain and are highlighted even more as the call for globalization from various international actors get sturdier.

Based on the foregoing analysis, MSMEs play a vital role in keeping the ball rolling for various economic activities of any state down to every single household. With these vital roles, it is expected that harnessing their business capabilities could significantly contribute to higher business growth which could lead to an enhanced level of national productivity and competitiveness.

The role of MSMEs is even more crucial for developing countries as the same is a potential source of income and employment, and a potential solution to poverty alleviation as well as rural growth and development. Moreover, it is frequently argued that MSMEs are flexible, making it more adaptable to a rapidly changing market and resilient to an unpredictable, sharp economic downturn. However, in spite of the great contributions of MSMEs to the economic growth and development of every state, MSMEs faced numerous impediments, which require immediate attention from policy makers, economic planners and other stakeholders.

It is of paramount importance to address the challenges confronting the MSMEs, as failure to do so may cause the collapse of any economy brought about by any movement in the global market. Thus, over the years, several business excellence models have been conceptualized in search of a framework for performance improvement that will yield superior results.

*Keywords:* MSMEs, business models, developing countries

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### An Overview of the Trade Relations of the Republic of Korea and the European Union in the Light of the KOREU Free Trade Agreement

The lecture intends to give an insight into the changes in the economic and trade policy of the Republic of Korea (South Korea) in the course of the recent decade. In our globalizing world and as a result of the visibly long-lasting freeze of Doha-round in WTO, moreover, experiencing the financial and economic crisis of 2008-2009 a new trend seems to emerge in the field of trade liberalization.

Instead of striving exclusively for a comprehensive, multilateral framework, we are witnessing a growing number of free trade agreements concluded on bilateral level, or between several countries. The Republic of Korea joined this trend in 2008. Since then it has concluded numerous FTAs with Asian, American, European and other partners including the USA and the European Union, and still it has a number of draft agreements under negotiations.

The paper introduces the impacts that the EU-Korea Free Trade Agreement (KOREU) brought about, in trade figures. The EU (KOREU) entered into force on 1<sup>st</sup> July 2011 and it has marked the launch of a new era in EU-Korea trade relations. The EU-Korea FTA is the most comprehensive free trade agreement ever concluded by the EU, and the first with a partner country in Asia. Since it came into force import duties have been eliminated on nearly all products (98.7 % of duties within five years), which resulted in a far-reaching liberalization of trade in services as well. Under the EU-Korea FTA, EU industrial, fishery and agricultural products will face substantially reduced or zero tariffs on import to Korea. After all, since 2011 the European Union's export to Korea has been growing, and the former trade deficit in the EU-Korea relations has shifted to European surplus in the balance of trade.

*Keywords:* Republic of Korea, trade policy, FTA

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## **The Reform of Vietnamese Economic Institutions Under the Impact of Free Trade Agreements: A Case Study of the EU and Vietnam Free Trade Agreement**

For over three decades since the Economic Renewal ("*Doi moi kinh te*"), from 1986 till now, Vietnam's economy has grown at an average rate of 6.5% per year. Vietnam has established trade relations with more than 200 countries and territories and has been considered as one of the largest export-oriented economies in ASEAN. Part of this achievement was influenced by FTAs which Vietnam had signed. Vietnam's FTAs covered not only the movement of goods, but also the trade in services, investment and other trade related-aspects. By the end of 2017, Vietnam signed 12 FTAs, eight of which have already become operational, and is negotiating another four for formulation (16 FTAs in total). The new generations of Vietnam's FTAs have broader scope, and the contents are beyond commitments on trade, services and partial investment, referring more to the institution and legal issues in the fields of environment, labor, State-owned enterprises, intellectual property, government procurement, and "non-economic" or "political economic" rules. When they come into force, these FTAs will strongly influence the institutions of Vietnamese stakeholders.

There were many researches in the field of FTAs and the impact of FTAs on Vietnamese economic growth. However, it is necessary to update studies with the changing of policy and reality both in Vietnam's economic situation and in world economy. This paper attempts to summarize and give a general overview of Vietnam's FTAs and contribute some rational explanations to the reforming of Vietnamese economic institutions under the impact of its FTAs. EVFTA is used as a specific case study used to underpin the detailed analyses of the changes in Vietnamese economic institutions, brought about to harmonize their operation in accordance with the free trade agreements.

**Keywords:** Free Trade Agreements, EU-Vietnam Free Trade Agreement (EVFTA), economic institutions

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## Values in Shifting Times and Fuzzy Geographies: (Where) do They Meet?

Major economic themes either derive from major cultural shifts or cause them. Recently there has been a growing body of research that highlighted these ideas and the importance of values reflected in various cultures. Starting with Max Weber there has long been a line of thinking that has considered values and mentalities responsible for the more or less rapid economic development in the regions where those values were valid. The fast pace and diversity of change today prompts the need to explore those changing cultural values and patterns from different perspectives. Our research is obviously anchored in and informed by a Romanian perspective aiming to highlight aspects of interest related to understanding changes in Asia in general, and China in particular, as well as the possible impacts on Romania as part of a larger region. Those changes have a clear impact on business and society.

The major topics of discussions at the latest World Economic Forum in Davos whose overall theme was "Creating a Shared Future in a Fractured World" showed that education, artificial intelligence, gender and Central and Eastern Europe are important to understand for everybody in the global economy, together with the related values and cultures, if we want to begin to make sense of our already deeply fractured world and to create a (common) future. These issues are even more important in relation to China and the way China is positioning itself in the world. This raises important cultural challenges related to language, values, education and technology. Our study is based on small scale empirical research that aims at clarifying some of those issues and to answer the question in the title.

*Keywords:* values, Romania, understanding changes in Asia

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## **Students' Foreign Language Skills and Intercultural Communication Competence at Budapest Business School and Universiti Sains Malaysia**

In the context of changing cultural values and the global needs of employability, universities face the increasing demand to develop students' foreign language communication and global competencies. Based on document analysis and in-depth interviews with key persons from the School of Languages, Literacies and Translation at Universiti Sains Malaysia (USM) and the Institute of Foreign Language and Communication at Budapest Business School (BBS), the aim of the present paper, co-authored by researchers from both institutions, is to explore how the Institute of Foreign Language and Communication at BBS (including the Language Departments of the four Faculties) and the School of Languages, Literacies and Translation at USM strive for ensuring excellent quality in language skills development courses and give special attention to providing students with skills of crucial importance for their employability. The comparative approach will shed light on the following questions: How do national policies and the corresponding regulating documents relate to foreign language learning in higher education in both countries? What is the importance given to the development of students' foreign language and intercultural communication skills in the official statements of the two institutions? How do the language units contribute to the efforts of the internalization of both institutions? What is the impact of the institutions' efforts of internationalization on foreign language development? What are the challenges faced by the language units related to students with lower proficiency level of language skills? How do the two institutions contribute to strengthening university students' instrumental motivation in developing their foreign language skills? The paper will identify differences and similarities in the challenges faced by the two institutions, as well as good practices.

*Keywords:* Shino – Latin American relations, cultural values, governmental policies

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## **Non-traditional Security Threats in the ASEAN**

On 8 August 2017, the Association of Southeast Asian Nations (ASEAN) celebrated the 50th anniversary of its establishment. During these 50 years, the number of ASEAN member states rose from five to ten, the organization's legal and institutional framework underwent massive development, and its economic and political role became more and more significant.

Admittedly, ASEAN has contributed a lot to uphold peace and stability in the region. This stability, however, is now challenged by several non-traditional security threats (NTS) such as transnational crime, terrorism, natural disasters and environmental degradation driven by climate change and human activities, demographic changes, hyper urbanization and many other problems putting human security at risk. If ASEAN wants to keep its key position in the region, these challenges have to be properly addressed.

In my presentation, I would like to outline, through selected areas and examples, how ASEAN as an international organization attempts to deal with these challenges, specifically in the fields of terrorism, environmental and climate-related issues, food security and demographic changes. How did the perception of NTS change in the region throughout the years? Are the measures taken to address these issues effective enough? Is there a 'one-size-fits-all' type of solution to these challenges in this extraordinarily diverse region of Southeast Asia?

*Keywords:* ASEAN, security threats, stability

## Is the EU-Indonesia Relation Going to be a Strategic Partnership?

There is no official definition of Strategic Partnership. The concept itself came from the EU Common Positions on the EU – Russia summit in 1998, which reaffirmed Russia's importance as a strategic partner to the Union. Furthermore, the European Security Strategy (ESS) Document in 2003 briefly mentioned this kind of partnership which should engage key actors in the multilateral cooperation.

The EU and Indonesia signed the PCA (Partnership Cooperation Agreement) in 2009, which is to strengthen their interaction that has existed for more than thirty years under the 1980 EC – ASEAN Partnership Agreement (EAPA). The PCA has become the legal framework and guideline for expanding cooperation between the two parties. It also supports the EU inter-regional relations with ASEAN, provides an opportunity to strengthen Indonesia's position and makes sure that the country is considered one of the EU's significant partners in Southeast Asia. Currently, the EU and Indonesia is in the process of negotiating the CEPA (Comprehensive Economic Partnership Agreement), which is expected to enhance the Indonesia – EU economic partnership. This paper will discuss whether the PCA (Partnership Cooperation Agreement) and the future CEPA are going to make Indonesia a Strategic Partner for the EU. Indonesia was the first country in Southeast Asia to sign this agreement. Additionally, the concept of strategic partnership has never been clearly elaborated by the EU, and the Partnership' mechanism is strongly promoted to intensify the EU's bilateral relations with the countries in the region, including Indonesia.

*Keywords:* PCA, ASEAN, CEPA



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## **Making China-OBOR Relations Part of the University Curriculum: Preparing the Next Generation for Changing Institutional Patterns**

The paper integrates the topic of education, particularly university education. The paper will show how a deeper, more effective teaching of the One Belt, One Road initiative to Chinese university students can open a wider platform for the investigation of the “quality, stability and adaptability of economic institutions”, in relation to China and its links to the rest of the world. At the present moment, teaching about the One Belt, One Road is only beginning in Chinese and East Asian Universities. Yet it will probably take off and become a notable part of what students learn about China’s connection to global systems. As such, it provides an opportunity to open a discussion about the nature and value of underlying economic institutions. My paper explores this opportunity with a special focus on helping a new generation of students think more carefully about the global impact of Asian economic change.

To make a case for this, I will cover three interconnected points. First, I will show how the matter is a topic that concerns a wide spectrum of students, including not only future specialists in international trade. Second, I will explain how the gap in the Chinese university curriculum today could productively be filled with a clarification of what One Belt, One Road means in terms of institutional transformation. Finally, I will conclude by showing how academic discussion of One Belt, One Road must address the pedagogical challenges that enable a new cohort of students to build on what has been accomplished. The sources I will use thus combine scholarly reflection on how One Belt, One Road is changing international economic institutions, with current research on the globalization of higher education. In addition, I will incorporate my own experience as a foreign instructor of global studies at a Chinese university.

*Keywords:* university education, OBOR, curriculum

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## **Belt and Road Initiative: One China's Strategy for a New Global Economic Order**

Some studies on the change in the global economic order show that China will be in the first place by 2050, because emerging economies will continue to grow faster than advanced ones. This research explores China's strategy for a new global economic order using the case study of the "One Belt, One Road" Initiative, known as the "Silk Road Economic Belt" (SREB) and the oceangoing "Maritime Silk Road" from Asia to Europe. We will further analyze the details of this strategy and its possible adaptation.

The "Economic belt of the Silk Road" project seeks to create three trans-Eurasian economic corridors: the northern (China-Central Asia-Russia-Europe), the central (China-Central and West Asia-Persian Gulf and the Mediterranean) and the southern (China-South- East Asia - South Asia - Indian Ocean). The "Sea Silk Road of the XXI century" project includes the creation of two sea routes: one route leading from the coast of China through the South China Sea to the South Pacific region; the other connecting the coastal areas of China and Europe through the South China Sea and the Indian Ocean.

This paper analyzes the complex preconditions of the establishment of OBOR, particularly China's economic history and its success, the objectives of the project and key cooperations with countries along the way.

This paper seeks to answer the following questions: how does China negotiate with European representatives about the debt crises in the EU in 2009? Would China become the most important player in the new global economic order? What will be the impact of this? In explaining the Chinese strategy, this paper uses the Marshall Plan as a point of reference.

*Keywords:* China, New Global Economic Order, One Belt One Road Policy

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## **The Celebrity Family Brand: Comparing Single Celebrity Endorsement and Celebrity Family Endorsement on Instagram Product Advertisement**

The branding of a family business has gained significant interest in the realm of family business research. Family business could gain a strong competitive advantage by employing the family identity as part of their marketing strategy, therefore preserving family reputation is essential in building a strong family business brand. The case of celebrity endorsement is a good example of how a person's reputation can affect the brand, since when an endorser boasts positive publicity, the consumer perceives the brand positively. Thus, one may conclude that both family business branding and celebrity endorsement rely on the perseverance of reputation. If the elements of celebrity endorsement are combined with a family business branding strategy, a new and unique marketing strategy can emerge, namely the celebrity family branding. The main purpose of this study is to analyze the perception of consumers toward single celebrity endorsement and celebrity family endorsement in the context of Instagram advertising. Instagram advertising is chosen as the research setting since the application has become a new trend in Asia, and there are a great number of people who use it as a media for free promotion. The focus of this research is the Anang and Ashanty family businesses. They are a famous celebrity couple in Indonesia which successfully established numerous product lines and variety of brands and, interestingly, both Anang and Ashanty (along with their children) are the advertisement models of all of their products in the Instagram. Based on the survey result of 548 Instagram users in Indonesia, the paper demonstrates that celebrity family advertisements outnumber single celebrity advertisements both for the food and cosmetic product advertisements owned by Anang and Ashanty. Besides the aforementioned main findings, this paper also discusses other additional findings, as well as managerial implications and the suggestion for future research.

*Keywords:* family business branding, celebrity family endorsement, Instagram

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## **Middle Class Income Consumption Behaviors and the Stagnation of Indonesian Vegetable and Fruit Supermarket**

Although Indonesia's middle-class income is growing very rapidly, the demand for vegetable commodities, especially in the modern markets, has not increased significantly over the past ten years. This phenomenon contradicts the general tendency that the middle-class income is identical to the consumptive behavior, and perhaps it is even classified as the most aggressive group in consumption. Taking informants from consumers and vendors of modern vegetable markets in five major cities in Indonesia, our ethnographic approach sought to answer the question: "why these tendencies occur?".

The result of this study shows that the stagnation of vegetable demand in the modern markets is due to the shopping behavior which makes vegetable shopping only a secondary purpose of shopping in modern markets where vegetable and fruit shopping is only considered as additional shopping. In addition, if the family income increases, on the average, they hire housemaids to replace domestic work, while housemaids prefer to go shopping to traditional markets or street vendors rather than to modern markets. Simultaneously, vegetable vendors also have undertaken market segmentation. There are many vegetable stalls which appear in the middle-class houses in the late afternoon, which makes it easier for women pursuing a career to go shopping in the afternoon. By using a theory of practice approach, one may conclude that the consumption growth as a consequence of the middle-class growth in Indonesia has had no direct connection with the modern market growth, especially in the case of fruit and vegetable commodities.

*Keywords:* middle class income, modern market - street vendor, consumer behavior

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## **The Psychological Well-being of International Students in Thai Universities: Effects of Sociocultural Adjustment**

Due to the rapid internationalization of higher education, most international students prefer to pursue their educational goals in North America, Europe and Australia. Asian countries are not as lucrative, but still thousands of students are studying in various Asian countries including Thailand. This study examines the relationship between the sociocultural adjustment and psychological well-being of international students in Thai universities. In order to sustain significant growth in this field, it is important to understand the challenges of the adaptation efforts of these international students, and eventually help them adapt to the host environment. The study examines several variables that may have effects on the adjustment process of the international students of a private university in Bangkok. The population consisted of students from the International College and Graduate School of Business of the university. A total number of 105 international students filled self-reported questionnaires out of which 87 were found complete for analysis. Correlation analysis showed a strong relationship between the sociocultural adjustment and psychological well-being of international students. The study found no significant influence of the international students' physical and mental health, living condition, education level, age group and years in university on their psychological well-being. Interestingly, the research found significant relationship between socio-cultural adjustment factors like, academic adjustment, interpersonal relationship and adaptation to local culture, and their psychological well-being. These findings are the basis for suggesting measures that may further facilitate the socio-cultural adjustment of the international students in Thai universities.

*Keywords:* international students, sociocultural adjustment, psychological well-being

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## Islamic Law and Islamic Financial System in Indonesia

As a short explanation I wish to introduce the Indonesian Islamic law system, especially the collection of the Islamic law (Kompilasi Hukum Islam) and how it can be applied in everyday life. Furthermore, I will discuss the field of the law system that includes it. In Indonesia the rules of Islamic law are most comprehensively compiled by Kompilasi Hukum Islam. As the result of an assembly in 1991 the objective was to streamline and standardize the applicable law. The existence of the Islamic law is followed by the right platform of its adaption. Due to the different application forms we must differentiate between platforms, namely between the sharia courts and Islamic courts.

As the field of the legal system there are specific regulations for Islamic contracts that are followed by the special regulations of Islamic marketing. In this part I want to introduce the main requirements of Islamic contracts (rida). Furthermore, I will show which are the allowed (for example: al-bay) and the forbidden ones. At this point I intend to analyze the syari'at-based banking system, which is governed by Law No. 21 of 2008. Furthermore, I intend to introduce syari'at-based contracts for banking transactions as well.

*Keywords:* Islamic law, Islamic financial system, Kompilasi Hukum Islam

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## **Internationalization of Family Small and Medium Enterprises (FSMEs)**

This study investigates the conceptual domain of family firms and Family SMEs (FSMEs) and identifies the factors influencing internationalization within the context of family firms. In the field of family business internationalization family firms on the one hand are considered inclined to remain in their domestic markets and adopt conservative behaviors. Since they tend to protect their socio-emotional wealth, this school of thought states that family firms are internationalized less. On the other hand, family firms have recently been recognized as important protagonists of international entrepreneurship. The present study systematically organizes both schools of thoughts and introduces a new discussion in the existing literature. The study begins with an exhaustive literature review on the domain of three areas: Strategy, Entrepreneurship, and International Business. Based on the arguments made by previous literature the study isolates three set of multivariable constructs, Family-Firm Specific Resource; Entrepreneurial Orientation; and Involvement in Internationalization.

The study offers an initial set of dimensions and constructs along with the propositions, hypotheses and a conceptual framework on the internationalization of FSMEs. The study assumes a significant relationship between Resource-Based View (specific to family firms), Entrepreneurial Orientation (EO), and level of Internationalization. It also argues for a possibility of a mediating relationship between family specific resources and the level of internationalization. The study incorporates the conceptualization and review of literature and a categorization of literature. It also identifies the propositions and hypotheses along with a conceptual framework to cover the gaps in the existing literature in the context of family firms.

*Keywords:* internationalization, family firms, international entrepreneurship

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## **Chinese Way to Its Innovation Ecosystem: Challenges and Opportunities**

China has adopted a unique approach to establishing its own knowledge economy and upgrading technological capabilities. In comparison to Japan and South Korea, China created its own path built on the following three pillars: (1) parallel learning from foreign direct investment firms to promote indigenous companies; (2) an emphasis on “forward engineering” (the function of university spin-off firms) in contrast to the reverse engineering of Korea and Taiwan; (3) the acquisition of technology and brands via international mergers and acquisitions<sup>1</sup>. Furthermore, Chinese innovation system is slightly different from the typical triple helix model<sup>2</sup>, as the lead on innovation is not taken by firms, but by the government. The Chinese government orchestrates the extension of research in industrial enterprises and improves technology transfers from the university to the industrial sector.

This research paper will analyze how successful China is in its strategy to build its own innovation ecosystem and what lessons can be learned from the Chinese experience. Patent data, as a rich resource of information on innovation and technological changes, will be used to measure the Chinese progress. Currently, most Chinese patent applications are of a digital communication, electronics or computer technology. ICT in China represents an industry with the highest possible occurrence of innovation. Therefore, it is possible to assume that the ICT sector offers a suitable field for an analysis of the Chinese innovation ecosystems and its changes. To conclude, the proposed research could contribute significantly to the current discussions of China’s innovation level, and further support the analysis of the importance of cooperation in research and development and the sharing of technological resources and knowledge in the global community.

***Keywords:*** Chinese innovation system, knowledge economy, patent applications



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## Central Banking in India: Issues and Challenges

The Reserve Bank of India (RBI), India's Central Bank, operating prior to the country's independence, played an important role in the nation-building process by building institutions. Being a monetary authority like any central bank, it is *sui generis* operated with multiple mandates, such as the manager of public debt of the Government of India and the banker to the Government, issuer and manager of currency, bank regulation and supervision. The role of the RBI has been redefined through gradual evolution and adaptation, along with some statutory changes, and not through any radical restructuring. While assessing the autonomy of the RBI, one should recognize that RBI is not a pure monetary authority but is also responsible for several other functions, like a central bank.

The recent monetary policy committee statutory framework for inflation targeting is an important development for the autonomy of the central bank and can act a guidepost for the other central banks of the emerging economies, which are beset with the uncertainties of the relationship between the government and the central bank. The continuous refinement and strengthening of the regulatory and supervisory framework in accordance with the evolving conditions is imperative. Besides, further strengthening of all functions of banks, such as improved credit delivery, conducive credit culture, customer service and financial inclusion would need to be placed prominently in the overall policy formulation framework to keep pace with one of the highest growing economies and the largest democracy of the world.

*Keywords:* central banking, inflation targeting, autonomy

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## Asian Foreign Direct Investments in Hungary

Asian foreign direct investments are substantial in Hungary in regional comparison. Multinationals, operational in the automotive, electronics and related industries, coming from Japan, Korea, China and India are important investors in the Hungarian economy. This paper is based on company interviews, conducted with the representatives of six Japanese, Korean, Chinese and Indian-owned subsidiaries in Hungary (2 to 10 interviews per company). All the six companies operate in the automotive and/or electronics industries.

On the basis of the information gained from the interviews and available macro data, we show how the structure of Asian FDI (time pattern, trend, size, industry composition, main motivation of investors) differs from the overall “FDI landscape” of the country. Furthermore, we show how home, and host country institutions, business and management culture influence the operation of the companies in question, first of all in the area of human resource management.

As a theoretical basis, we rely mainly on the Varieties of capitalism approach (Amable, 2000; Hall and Soskice, 2001; for Asia: Carney et al., 2009; Witt-Redding, 2013). Our preliminary conclusion is that management and labor relations in these companies evolve under the influences and through the interaction of related home and host country culture, thus it contains elements of both. Since Asian business culture and version of capitalism (including Japanese, Korean, Chinese and Indian) differs considerably from the Western European and Anglo-Saxon ones, these companies operate in Hungary in many ways differently from subsidiaries coming from non-Asian countries.

*Keywords:* Asian FDI, Varieties of capitalism, Asian business culture

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## **Prospects for Cooperation Between the Eurasian Economic Union and the Silk Road Economic Belt**

This paper is devoted to a topical issue of developing relations between the Eurasian Economic Union and the Chinese strategy of the Silk Road Economic Belt. Both megaprojects are the main driving force of the Central Eurasia region's transformation into a zone of joint development. The purpose of this research is to study the implications of the participation in the Belt and Road initiative on the countries of EAEU. The study provides the comparative characteristics of the Eurasian Economic Union and the SREB projects, the dynamics of FDI flows in Union's states, and the results of trade turnover between the EAEU and China. The republics of Central Asia are the space where the interests of the People's Republic of China and Russia overlap. The Chinese engagement in Central Asia poses a significant geopolitical challenge for the integration project led by Russia, insofar as it can weaken the Kremlin's influence in the post-Soviet space. The former Soviet republics oppose Russian attempts to transform the Union into a supranational political organization coordinating foreign policies and a single currency.

In comparison with the EAEU, the Silk Road Economic Belt project appears more attractive for Central Asian countries. The Chinese side offers huge investments aimed to develop national economies and boost infrastructures in order to help landlocked countries of Central Asia to be connected with the world market. The peripheral diplomacy, i.e. partnership development with its neighbors in the region, ranks first in the list of the priorities of Chinese foreign policy. The strengthening of relations with EAEU member states is becoming highly important for China, as it can benefit from the liberalization of trade and movement of capital and labor within the Union. Therefore, the coexistence of the Eurasian Economic Union and China's Silk Road Economic Belt could be mutually profitable.

*Keywords:* Silk Road, Eurasian Economic Union, Chinese foreign policy

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## **Local-Global Connections and Political Economy of Electoral Representation in Hybrid Regimes: The Case of Pakistan**

Elections and repressions of representation are the major characteristics of hybrid regimes. Local-global connections are underpinned by these two major characteristics. In Hybrid regimes, elections are held repeatedly without democracy. The process of globalization creates a space for electoral representation and the struggle between globalization and localization is gradually and continually converting “created space” into “effective space” for electoral representation. The electoral representation seems local, but it is constructed by the global forces to protect the interests of global capitalist classes.

This paper is an attempt to explore the political economy of electoral representation in hybrid regimes within the context of local-global connections. Whose interests are being served through the process of electoral representation and how and why? Evidences will be taken from Pakistan due to two justified reasons. First, it belongs to hybrid regimes as per freedom House index and other is the important role of local-global connections for Pakistan, particularly under China-Pakistan Economic Corridor projects (CPEC). Due to the complexity of the research problem, mixed methodology will be used for analyzing the implications of globalization on electoral representation.

*Keywords:* hybrid regimes, China-Pakistan Economic Corridor projects, electoral representation

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## Employment, Productivity and the Growth of Indian Economy

The paper seeks to determine whether growth of Indian economy has been employment promoting, employment displacing or employment neutral. Data have been taken from Economic Survey, Government of India. Year on year growth rates of employment and real gross national income have been used as database, as well as descriptive statistics to evaluate the divergence/convergence of observed to normal distribution and inequality and degree of concentration of high values around the model. The Dickey-Fuller test of stationarity reveals time series of both growth rates of employment and gross national income to be non-stationary. Therefore, the Engel-Granger test of co-integration is used for validating results of econometric models. A distributed lag model extended by incorporation of time as the parameters of shift is preferred to general econometric model.

Results of data analysis show Y-O-Y growth rates of employment to be an inverse function of Y-O-Y growth rates of gross national income. The sum of the positive effects of temporal increase in the preceding year's growth rate of employment and the upward shift of the function caused by the influence of other variables proxied by time are swamped by the negative effect of change in the growth rates of the income. Therefore, economic growth in India is found to be labor displacing. The growth of Indian economy emerges to be driven by growth of productivity, which is technology-centered. Technology is envisaged to comprise both hard and soft technologies. Though the gross national income is positively related to labor productivity, yet Y-O-Y growth rates of income are the negative function of productivity. It suggests that productivity has exceeded its peak. The reversal of the declining trend of productivity requires the upgrading of both hard and soft technologies. It highlights the need for technology.

*Keywords:* employment, real gross national income, models and methods

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## **The Phenomenon of the Developmental State: A Case Study of Singapore**

The developmental state was often described as a state-led macroeconomic planning in the late twentieth century. It has proved its popularity among East Asian countries and their recent economic growth is widely discussed nowadays. In 1965 Singapore emerged as an independent state after being expelled from the Federation of Malaysia, and it managed to transform from an impoverished state to a rich and successful one. The foreign exchange reserves of Singapore are approximately \$251,364 million (October 2016), which is worth the tenth place in the world. Hearing the word "Singapore", one immediately has in mind a good quality of life, security, excellent public transportation and, of course, modern infrastructure.

The paper defines and explains the developmental state concept as well as its theoretical background. Aspects such as the effect of the developmental state on economic development of a country and its role in the globalized world are discussed. The model of state economic intervention, regulation and planning are also examined in the paper. The study aims at discovering how a state with lots of ethnic and religious differences and without any natural resources turned out to be a model for many developing countries. What is more, we will focus also on lessons that can be learnt from the example of Singapore. The structure of the paper is divided into two main parts: a theoretical part, which concentrates on the developmental state model in theory with the background information about its appearance and role in the economy, and the case study of Singapore, which investigates the origins of the developmental state model in this country and the level of its economic development nowadays.

*Keywords:* developmental state, Singapore, state intervention

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## **How Governmental Policies Have Shaped the Sino – Latin American economic relationship in the Period 2007-2017**

Undoubtedly, China's contemporary revival is demonstrated by its rapid economic growth and foreign investment in developing countries, which consider "the dragon in the room" as an opportunity to create alternate economic advancement through capital inflows and knowledge transference. However, China's intention towards implementing foreign policies in Latin America have unveiled the region's potential in terms of natural resources and market development to China's benefit, especially considering American power shifts in the continent. The aforementioned is marked by disparity and forms of neo-colonialism which first question how beneficial or compromising the relation can be for the regions, and second provides a complex setting of economic scenarios conditioned by governmental policies, priorities and interests. In this context, countries such as Brazil, Cuba, Argentina, Chile and Mexico have adventured to explore the possibilities, not only creating successful case studies, but also experiencing significant cultural limitations and conflicts.

This paper aims to analyze the developing Latin America-China relationship, its underlying causes and possible political and economic outcome. The qualitative approach to this research aims to describe the current standing relationship, China's economic and political interest in Latin America and determine the future impact of the relationship. Thus, the methodology uses content analysis of governmental and institutional reports, focusing on institutional inferences by Krippendorff (1980) which characterize how institutional mechanisms provide an explanation to certain studied phenomenon. The expected results can lead to reaffirm widely known assumptions on how China invests on poor-governance or highly corrupt environments, obtains favorable access to natural resources and creates infrastructure for global commerce which leads to economic growth and political dominance.

*Keywords:* China, international economic relations, Latin America and the Caribbean

## Major Online Markets and Companies in China

China has a huge potential and actual impact in the global economy. According to the World Bank statistics, the GDP (PPP) of China is 21,450,968 million international dollars, which makes the country the biggest economy worldwide. The importance of China in the online media is also significant. The Chinese language became the second most used one in the internet in 2017, with 771 million users. This indicates that nearly every fifth user of the internet uses Chinese, which amounts to "only" 54.1% penetration, so there is space for further expansion.

In this paper I would like to provide a brief summary and introduction to the main Chinese companies and the online markets, where they are operating. This is especially important since the online markets of China have dominantly Chinese companies. Alibaba is China's biggest e-commerce group; Tencent specializes in online games and social media and Baidu, which is an online-search firm. These three companies often mentioned as "BAT" trio of internet giants in China, and they have global ambitions, therefore can potentially influence the global online markets. I would like to briefly show the situation of e-commerce, social media and search engine markets, where these major Chinese companies come from.

In addition, the online advertisement market is also worth mentioning in the description of the online markets in China, especially due to the advertisement segment of the internet, where the above-mentioned three Chinese internet giants can really compete with each other. In China the domestic companies dominate the country's digital advertising market. According to the estimations, Baidu leads with 28.3%, followed by Alibaba 25.7% and Tencent 9.8% in 2016.

*Keywords:* e-commerce, China, BAT



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## **Reformist Cultural Perception & Values that Shaped Post Liberalization Economic Institutions in India**

Some major reforms that were introduced 26 years ago have transformed India. The nation, which used to be poor and growing at a slow pace has now become one of the fastest growing economies of the world. Post these reforms, many old and paralysed economic institutions were demolished and new institutions were formed or old institutions were reconstructed. This research article is based upon the theoretical analysis of cultural values and perception that reformed Indian economy, as well as survey questionnaires constructed to measure the views of Indian youngsters on the topic. Most of the youngsters, who took part in the survey accepted that reformist cultural perception and values played a crucial role in shaping economic institutions in the post-liberalization period. Liberalization – Privatization – Globalization (LPG) opened the windows of Indian culture for global changes. The trio of these phenomena resulted internationalization of cultural perception and values of Indians. There was a major change in approach too. It became limited to unlimited, local to global, and technophobic to techno-savvy. In the post LPG period orthodox and old-style cultural values were converted into progressive and modern ones. The weaker sections of the society came in the mainstream and represented their potentials. Caste, gender, and regional discriminations faded after liberalization. Even reformist cultural values like progressiveness, transparency, equality, liberal thinking and logical approach have become more significant after LPG. Democratic and liberalized economic institutions in India came when these values entered and were strengthened in the Indian Culture. Thus, there is no doubt in concluding that reformist cultural perception & values shaped post-liberalization economic institutions in India.

*Keywords:* economic institutions, liberalization, privatization, globalization, perception, cultural values

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## **Regional Integration With Chinese Characteristics: The Silk Road Economic Belt in Eurasia**

In 2013, Xi Jinping, President of China proposed a new project of linking the economies in the Eurasian region, entitled the "Silk Road Economic Belt (SREB)". When the "21st-century Maritime Silk Road" was added, the two gave rise to the grand "One Belt One Road Initiative.". In May 2017, President Xi further illustrated this initiative in the Belt and Road summit, which laid out an ambitious development project that aimed to form a new "golden age" of globalization by building infrastructures in China's neighboring regions.

Marked by the five "nos" - no intention to interfere in other countries' internal affairs, to export its own social system and model of development, to impose its own wills on others, to resort to geopolitical maneuvering and to form a small group detrimental to stability - the SREB set out to frame a new regional integration model. While the EU is identified as a normative power that carries a set of values and norms when developing its partnership relationship with EaP and Russia uses the more traditional hard power's "carrots and sticks" approaches within EAEU, the SREB is exhibiting a new form of regional scheme driven by a power whose nature is yet to be determined. Departing from this observation, this paper will first examine the current and actual *modus operandi* of the SREB, understanding how China builds up the regional network in Eurasia. Subsequently, it will analyze the form of regional power China is developing in our time - whether it is a "sharp power" as recently determined by the Western IR scholars, or a "relational power" as claimed by the Chinese School of IR. Finally, it will extract the implications of this initiative for a more general depiction of the Chinese view of the new international order.

**Keywords:** regional integration, relational power, SREB

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## **The Transformation of Chinese Financial Institutions and Markets**

In the last 40 years, the pace of Chinese economic development is striking: its GDP grew from \$149.5 billion in 1978 to \$11 trillion in 2016, and China has become the world's second largest economy by nominal GDP. With this rapid economic growth, its financial institutions and markets have also undergone many reforms and initiatives that would not only affect the Chinese economy but also have a profound impact on a global level. Since the financial system is the lifeline of a country's economy, a thorough understanding of its evolution over time is crucial for conducting academic research and providing viable and effective policy recommendations in the future. With this goal in mind, this paper analyzes the transformation process of Chinese financial institutions and the developments of its capital markets. In addition, this paper provides an analysis of Chinese monetary and exchange rate policy that is vital to this transformation process. With rapid development, Chinese economy also encounters difficulties and setbacks, therefore this paper will address some challenges and potential risk factors in the Chinese economic system, particularly in the financial sector. Last but not least, this paper seeks to understand the opportunities and challenges that this transformation will bring to Hungary and the European economy and discusses the implications of the recently launched One Belt and One Road Initiative.

*Keywords:* Chinese economy, financial institutions, capital markets

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## **The Influence of External Environment Factors on the Strategy of Indonesian Agriculture Sector**

Economic globalization has led to economic turmoil in big countries in the world and it will have an impact on economy and business in Indonesia. Economic turbulence may be felt especially since the economic crisis of 1997. Changes in the business environment have not only been triggered by the dynamics of the economy factor, but also by the dynamics of non-economic factors, such as technological, demographic, social, cultural, legal and political developments. Changes of the external factors have made an impact on the internal factors of the company. Therefore, the company's adaptation capacity to changing external factors will determine the existence of the company.

The agriculture production period needs longer time and the agricultural product is perishable, its value is less than that of manufactured products. These are the weaknesses of agricultural products compared to non-agricultural products. However, since agriculture produces food and renewable energy, which all living things need, then the demand for agricultural products continues to increase, following the increase of the world population. In accordance with those phenomena, the agribusiness must be able to survive in dynamic economic conditions. However, it also needs to improve the efficiency and effectiveness of the production process in order to be competitive against similar products from other countries.

Nowadays cultivation, post-harvesting technologies and marketing technology are rapidly developing. Superior plant varieties with promising resistance to pests and disease, adaptive response to climate change and more productivity are anticipated. Post-harvesting handling with appropriate technology in rural areas that are easily adopted by rural communities are also increasingly sought after. Implementation of marketing digitalization may shorten the marketing channel, decrease marketing costs and increase the farmers' share.

*Keywords:* agriculture, Indonesia, external factors

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## Exploring the Internal Audit Profession: The Case of Using Internal Audit as a Management Training Ground

The internal audit function (IAF) plays a vital role in the governance of business organizations. In this article, I focus on a key development within the internal auditing profession: the use of internal auditing as a management training ground (MTG). I discuss the academic research on MTG as well as deliberate on the benefits and costs of this internal audit practice. As discussed in the academic literature, companies can take two different approaches to using the IAF as a MTG: (i) hiring new employees (e.g., university graduates, employees from another company) into internal auditing for a certain period of time and afterwards promoting them into management positions, and (ii) appointing current employees outside of internal audit to work in the internal audit department for a certain period of time and promoting them into management positions outside of internal audit.

There is currently a debate among practitioners and academic researchers about whether using internal auditing as an MTG yields a net benefit or net cost for the company. Proponents of the MTG practice suggest that the MTG program gives organizations the ability to train more resourceful and well-informed managers and gives employees the opportunity to develop a comprehensive understanding of the business and improve their business skills. Furthermore, academic researchers have argued that, by using the MTG practice, the company has a greater ability to attract and hire high quality employees. Critics of the MTG practice argue that the MTG program creates conflicts of interest and consequently reduces the independence and objectivity of internal auditors. In addition, because internal auditors in an MTG only stay in internal auditing for relatively short periods of time, this provides less time for internal auditors to develop auditing skills.

*Keywords:* internal audit, management training, governance of business organization

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## **The Belt and Road Initiative: China's Grand Strategy to Become a Real Superpower**

This paper analyses China's grand development strategy, the One Belt One Road initiative. In its current version, OBOR comprises seven land-based economic corridors, also called the Silk Road Economic Belt, and the 21st Century Maritime Silk Road. These routes and infrastructural investments serve different geopolitical and economic objectives for China, but they are similar from the point of view that they create easier access to key natural resources while making the best possible use of over accumulated capital and the overcapacity in construction, and at the same time enable Chinese products to reach new markets or existing ones via alternative routes. Together they also indicate an ambitious plan to increase China's presence and influence throughout Eurasia and globally.

The paper aims to briefly assess the different but intertwined rationale, goals, and implementations of the economic corridors and investments, by focusing on the flagship projects and the most controversial ones. The stages of development and the perspectives of the particular projects are quite heterogeneous, and flexibly reformulating plans is just as much part of Beijing's strategy as envisioning impressive tools and objectives like the Belt and Road Initiative itself or the centennial goals. By analyzing major risks like economic feasibility, environmental concerns, ethnic tensions or insurgency, immigration and labor market issues, conflicting global or regional interests in the area, etc., we gain insight into the details of China's strategy, while also showing concerns that might have general relevance to a number of projects and overshadow the viability of the One Belt One Road.

*Keywords:* Silk Road Economic Belt, economic corridors, 21st Century Maritime Silk Road

## Instant Payments in Asia

Having a stable financial system is vital when a region sets plans such as taking the lead over the world economy. Asia adds 5 out of the top 10 biggest economies today. By 2050, the list will be completely changed as the USA is expected to fall to the 3<sup>rd</sup> position after China and India, followed by Indonesia, Russia and Japan. Industrial facilities and commercial centers alone are not enough to reach the goal: as this can only be achieved with the support of modern and robust financial systems that provide all market players with high quality, quick and reliable financial services wherever they are needed – promptly and at a low-down-to-zero cost level.

Modern everyday life requires more and more automation in all fields, including finance. It expects far less time to be spent handling payments. That is where Instant Payments Systems come into play with their seamless and close-to-real-time money transfer from point A to point B in a digital manner. And – of course – with value added services like mobile payments, proxy enablement and advanced security. Why are they so popular in countries where they exist? How could they contribute to both business and private goals? What are their benefits to the national economy? It might seem surprising that Asia is the home to such systems making it worthy of analysis in order to overview the similarities and differences by focusing on the benefits the Asian Instant Payments Systems provide for ecosystems through their brand-new quality of service.

*Keywords:* payments systems, instant payments, RTGS

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## **Political and Economic Relationships Between China and the Philippines Under the OBOR Initiative**

In this study, the history of economic development in the Philippines and the Philippines' need for foreign capital are described briefly from both political and economic perspectives. Next, the political and economic risk that "One Belt and One Road" poses to the Philippines is analyzed. In this study I argue that future advancement of the "One Belt and One Road" will be impacted by internal Filipino politics as well as the Philippines–United States and Japan–United States relations. How China and the Philippines decrease the perceived threat of the South China Seas issue and improve economic expectations will depend on the interactions between the two countries.

This study is that successful advancement of the "One Belt, One Road" is highly dependent on the domestic political situation. Many countries in the "one belt and one area" have the same concerns: internationally, they are embroiled in power struggles among powerful nations; domestically, they face issues such as changes in leadership, democratization and ethnic conflicts. Therefore, the political risk has become the greatest risk that the Chinese government faces in its promotion of a national strategy and that Chinese businesses face in their international expansion.

In general, because of a historical lack of foreign investments in infrastructure construction in the Philippines, China's proposed Silk Road Economic Belt and Maritime Silk Road under the "One Belt, One Road" structure will spur additional infrastructure construction projects in the country, including highways and harbors, and will benefit Philippines economic development. Nevertheless, how China and the Philippines decrease the perceived threat of the South China Seas issue and improve economic expectations will depend on interactions between the two countries.

*Keywords:* OBOR, The Philippines, interaction between China and the Philippines



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## Where Does the Japanese Term “Monodzukuri” Come From, and Where is it Going?

“Monodzukuri” is a buzzword in Japan. It is believed that this “Monodzukuri” could hold the key to relieve the Japanese economy from the current stagnation. The aim of this paper lies in examining this problem. This paper is based on the theoretical framework of evolutionary economics. The paper, first, explains the basic concepts and concerns in relation to the analytical perspective and technical terms applied in this study. Second, the historical birth of the spirit of “Monodzukuri” is analyzed from the viewpoint of the effects of the innovations of Japanese new Buddhism.

Next, it clarifies what kind of social technologies are appropriate for the spirit of “Monodzukuri”, explaining the prototype of the integral architecture type of production/product, giving a clear picture of the industrialization after the Meiji Restoration, which was based on the integral architecture type of production. Finally, it argues that the modern integral architecture type of production emerged and crystallized due to various constraints that the corporate management faced during the period of post-war economic growth. The conclusion considers whether “Monodzukuri” in Japan can further maintain its competitiveness in the global market in the future. The conclusion might include ways to approach “Industry 4.0” from the viewpoint of “Monodzukuri”. Cf. Monodzykuri means manufacturing in Japanese style

*Keywords:* Monodzukuri, industrialization, Industry 4.0

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## **The Pivotal Importance of Macao SAR in the Silk Maritime Road: Promoting Connectivity**

This study aims to demonstrate Macao's pivotal role in promoting connectivity between China and the Indian Ocean space, not only with former Portuguese colonies (such as Mozambique) but also with other regions. How can we evaluate China's act of dropping anchors in the 21st Century Maritime Silk Road through Macao (MSAR)? These institutions focused on the implementation of this maritime road initiative, the oceanic speedway by China to promote development and progress.

The participatory role of Macau in the Belt and Road initiative was clearly outlined for the first time in March 2015 in a document jointly issued by the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce of the State Council. When the Macao government presented the first Five-Year Development Plan in 2016 for the 2016-2020 period, it indicated that necessary steps would be taken, specifically regarding the Portuguese-language countries (Portugal, Brazil, Mozambique, Angola, St. Tomé & Príncipe, Guinea-Bissau, Cape Verde, East-Timor), to actively participate in the 21st century Maritime Silk Road. Besides serving as a platform to connect China and Portuguese-speaking countries vis-à-vis the Belt and Road and the Maritime Silk Road, the initiative will also boost Macau's role as a hub for tourism, increasing connections between this region and the rest of the world, taking advantage of eventual input to the project from overseas Chinese associations.

To conclude, Macau was an important stop along the ancient Maritime Silk Road and it will continue to play an important role in the development of the Belt and Road and the 21st Century Maritime Silk Road in particular. The region should assume the role as the communication center, as it is a place where eastern and western cultures meet.

*Keywords:* Macao, connectivity, Portuguese speaking countries

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## **Chinese “Result-oriented” Investment Approach’s Indirect Impact on Domestic Policies in Central Asian and Eastern European Countries (Kyrgyzstan and Hungary)**

China has increasingly generated its soft power across the globe through providing investments to the countries all over the world. Unlike other Western investors, China provides Central Asia and Eastern European countries with a capital flow without imposing democratic values in return, which makes China the most preferable partner for developing countries. Nevertheless, there are concerns about the Chinese expansion, the use of Chinese labor and its intentions behind economic projects and investments. Many studies focus on the Chinese developmental state model, the role of China in the integration process triggered by OBOR, the rebirth of the Great Silk Road and its “go-global” international policy, while considering China to be largely driven by political incentives. However Chinese “result-oriented” investment approach indirectly impacts domestic way of conducting tenders, often blamed as corrupted and patrimonial in CA and EE countries. China is salient worldwide with severe policies aimed to fight its internal corruption.

The paper will examine the impact of Chinese investments in infrastructural development projects that target the avoidance of corruption in CA and EE countries (Kyrgyzstan and Hungary) by promoting transparency and bidding competitive low-cost, qualified Chinese labor and technology. This paper examines the Chinese “result-oriented” investment approach’s indirect impact on domestic policies in CA and EE, namely on the transparent implementation of infrastructural development projects, and thereby contributes to existing researches.

*Keywords:* Chinese investments, developmental state model, go-global international policy

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## Taiwan's Place and Role in Global Value Chains

Taiwan used to be one of the fastest developing political entities of the last century. Thanks to the favorable conditions, it managed to become one of the highest developed economies of the Asian hemisphere and its economic capabilities are still highly esteemed by the partners. However, during the last years new, very strong players appeared on the economic scene who are capable to change (or disrupt) traditional economic and trade ties, redirect the avenues of established trade and industrial cooperation. And these might prove to be detrimental for Taiwan. One can already observe the weakening of its international position, and it must be recognized that the island faces the danger of being gradually pushed to the sidelines. The author's hypothesis is that Taiwan could preserve its international position and could secure its further development only if it can reduce the tension across the Strait (*vis-à-vis* China), remain the greatest technological power, and not least, strengthen and deepen its integration into the global value chains (GVCs).

The contribution avoids dealing with the political factors and concentrates on the relationship between Taiwan and the global and regional (mainly Southeast Asian) partners, exploring the depths and width of the island's collaboration with influential states and firms, and making an attempt to clarify the perspectives of the island.

*Keywords:* China, ASEAN, industrial cooperation and trade

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## **Trade Routes and Infrastructure in the Changing East-Asian Region: The Case of Taiwan**

There is a significant dichotomy concerning the international (economic) position of Taiwan: though it is organically integrated into the mainstream of global and Asian continental economic cooperation, and especially trade, it is, at the same time, drifting to the sidelines and must fight to preserve at least part of its earlier central position. In comparison to other political entities, there were – rather favorable conditions when Taiwan commenced its economic development, but during the last 2-3 decades these conditions have changed for the worse.

The economic position of the island has weakened both internally and the externally. Certain factors that contributed to the rapid industrialization, and especially to the rise of a technologically vanguard economy have lost their relevance, and some social and economic elements of the domestic economy prevent the local administration from keeping pace with the development of Taiwan's "natural competitors". In the international environment, its tug-of-war with China exerts a negative impact on the island's cooperation with the world in general, and with Asian countries in particular, and as its repercussion the trade and commercial security is jeopardized. The paper makes an attempt to explore and clarify some of the basic factors related to the development and economic survival of Taiwan.

*Keywords:* overseas Chinese, value chains, technology

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### **Fostering Green Finance for Sustainable Development in Asia**

Placing the Asian economies onto a sustainable development pathway requires an unprecedented shift in investment away from greenhouse gas, fossil fuel and natural resource intensive industries towards more resource efficient technologies and business models. The financial sector will have to play a central role in this 'green transformation'. The important aspects of green finance are sustainable investment and banking, where investment and lending decisions are taken on the basis of environmental screening and risk assessment to meet sustainability standards, as well as of insurance services that cover environmental and climate risks.

This study discusses the need for greening the financial system and the role of financial governance. It reviews the state of green lending and investment in Asia and provides an overview of green financial governance initiatives across Asia. It also identifies market innovations to increase green finance in Asia and examines the barriers to green investments and financial policy. Based on an analysis of current developments in Asia in the financial markets and in the regulatory sphere, the study highlights priority areas for policy makers for enhancing the scope for green finance in Asia.

*Keywords:* resource efficient business models, green finance, sustainable investment and banking

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## **Mapping Interconnectedness Between OBOR and Hungary's Eastern Opening Policy: A political Framework**

The main aim of our paper is to investigate the interconnectedness of China's OBOR initiative and Hungary's Eastern Opening policy in the framework of bilateral and interregional political meetings, institutions and arrangements. The 2008 financial turmoil with the subsequent global economic downturn and the 2010-2011 European sovereign debt crisis spurred the Hungarian government to launch the Eastern Opening policy in 2011 with the aim of decreasing the country's massive commercial and FDI dependence on the EU-15 and, at the same time, diversifying its economic relations towards the East (mainly Asia), especially China. The OBOR initiative (the joint designation for the Silk Road Economic Belt and the 21st Century Maritime Silk Road), which was announced by the Chinese President, Xi Jinping in 2013, has become the centerpiece of China's foreign policy and in general reflects the country's ascendancy in the global arena, economically, politically and strategically.

The Chinese vision of OBOR covers five key areas of cooperation, namely, policy coordination, infrastructure connectivity (priority area), trade and investment facilitation, financial cooperation and people-to-people bonds. The Belt and Road run through the continents of Asia, Europe and Africa, connecting the vibrant East Asian economic circle at one end and the developed European economic circle at the other. The potential economic connection between the Eastern Opening policy and OBOR is clear. In our paper we will analyze the realization of their synergies in the framework of the bilateral meetings of high-ranking politicians and interregional platforms (e.g. China+CEEC, ASEM), with the intention to estimate the future channels of cooperation between Hungary and China as well.

*Keywords:* OBOR, Eastern Opening policy, China, Hungary

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## Russia-Taiwan Relations and the Economy of Primorskiy Krai

From the point of view of potential possibilities for the development of business, scientific and technical cooperation, Taiwan could be considered as a prospective partner for Russian businessmen in East Asia. The paper will briefly review the contemporary history of Russian relations with Taiwan. It will also analyze the current status and presume the possibility for future prospects of bilateral economic and trade relations, stressing those points which are especially significant for the economy of Primorskiy Krai. Vladivostok is a convenient and potentially important transit point for the Taiwanese going to the north-eastern provinces of China, North Korea, or other Russian cities in the Far East, Siberia, Moscow and even Europe. The opening of a direct air connection between Taipei and Vladivostok could facilitate an expansion of contacts. The Foreign Minister of Taiwan stated in 2002 that Taiwan was ready to invest in the development of the natural resources of the Far East if “the necessary conditions were created, including financial routes control.”

The Vladivostok free port (VFP) has already started to work. One of the key hubs of the Russian free trade in the Asia Pacific which connect a few directions – Trans-Asian, Far-Eastern and Pacific – may become VFP. Ports of Zarubino, Slavyanka, Posyet, Nakhodka are now included in the VFP area. The closeness of Primorskiy Krai to the borders, the state programs to improve transport and logistics infrastructure and the enhancement of the business climate – become potentially important to develop business and entrepreneurship initiatives and to attract investments including foreign.

*Keywords:* Russia, Taiwanese investments, Primorskiy Krai



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## **Macau's Connection Under BRI Initiative: Beyond the Portuguese-relevance?**

Macau has been a connection between China and the external world since the colonial era, however, this connection has for a long time been narrowed down and relegated to the Chinese-Portuguese-relevance. In 2015, the Chinese government's policy addressed that Macau should broaden and diversify its economic growth and rely less on the dominant gaming industry, referred to as "one center" and "one platform", the center for world tourism and leisure and the co-operation platform for China and Portuguese-speaking countries to achieve sustainable growth.

Thus, the paper will take the Macau-Myanmar relationship as the case study to demonstrate Macau's attempts to diversify its economy and the measurements during this process, as well as the obstacles encountered, and conclude with some policy-orientated suggestions for the future.

The paper is divided into several parts: Macau's role in the BRI initiative will be touched upon in the first part. In the second, the authors will discuss the constructive perspective of the impetus and measurement of Macau's current economic growth. The third part includes the case study of the Macau-Myanmar relationship to illustrate the "good try" of Macau's diversification. The final part contains a brief conclusion.

*Keywords:* Macau, BRI, Portuguese-speaking countries

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## **A Study on the Effect of GST Implementation on the Indian Economy and Societal Acceptance**

Before the implementation of GST, Indian consumers used to pay indirect tax on goods and services such as Value Added Tax, Service Tax, Excise Duty, Customs Duty etc. Every state of India had a right to collect their own taxes on goods which entered their territory for sale. On the other hand, the Centre also used to levy taxes on the manufacturing of the goods. All these direct taxes levied by the brokers were passed down to the consumer. Due to the addition of such taxes, the final cost of products became high. This system was also one of the causes of the increasing number of fraud cases and also of inflation.

The Goods and Services Tax was introduced as a "one nation one tax" system. For many years GST has been implemented by many countries like France, Singapore, Malaysia, etc. Its fundamental aim is to simplify the taxation process. The intended objective of GST is to replace indirect and direct taxes like the VAT, service tax, luxury tax etc., in favor of a single tax and regulation across the country.

Firstly, after the demonetization among the billion-people living in great cultural diversity, the economic variation implementing the GST in India was a great challenge. But on the other side Moody's Global ratings agency data have already shown that the implementation of Goods and Services Tax (GST) rule will be positive for India's economy, and it will massively contribute towards the productivity gains and higher GDP growth. In this paper we are focusing on the impact of GST on economic growth and the futuristic aspects of GST. The figures below show that the improvement started after 13 years, when India was last improved to Baa3 in 2004.

*Keywords:* GST, VAT, Service Tax, Baa3

## **The Effect of the Availability of Smart Gears for Tourists on the Image of Budapest City**

This paper deals with Smart tools used by international tourists in Budapest. Being one of the most attractive cities, Budapest is visited by over 20 million tourists. The growing relationship between city tourism and smart solutions provides potential avenues for research. The size of the city, the density and crowd of travelers make obvious the need for different kinds of web platform, mobile applications and other smart tools.

The study represents the results of the survey, where over two hundred tourists were interviewed in order to find out what tools are the most popular among visitors, which of them are useful and which of them still need to be developed or/and improved. This report presents the findings of the qualitative and quantitative components of my PhD research that consists of a series of interviews with women and men of various age groups and educational levels, who were kind enough to respond at the Budapest International airport and other tourist gathering places. Used methodologies: Interview, Survey with "Google form" and "Survey monkey" tools, Multiple Factor Analysis

The paper observes the basic needs of tourists from the perspective of the Smart city. It identifies the major groups of currently used tools in the city and demonstrates their dynamic by reference to the frequency and significance of the usage. In addition, the author makes recommendations for further improvements in the city to foster the development of sustainable tourism.

*Keywords:* smart city, Budapest, tourism development

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## **Different Approaches Regarding the Code of Ethics in Business Education: Content Analysis of the Code of Ethics of Financial Times Top 50 Business Schools**

Academic dishonesty has become an important issue for colleges and universities. Literature has documented various studies about it among students but relatively fewer investigations among faculty and staff. Holding the view that the presence of a code of ethics plays a role in educating college students and preventing academic dishonesty from happening, the present study aims to examine the status quo of a code of ethics published online in colleges and universities. The content of a code of ethics can reflect its institution's understanding about the importance of academic and professional integrity on the one hand, and its attitudes and measures about how to prevent the occurrence of academic dishonesty on the other.

The research used the Top 50 Business schools of Financial Times as the sample population and used "code of conduct", "code of ethics", "ethics codes", "Honor of codes" as key words to search on these business schools' websites and found 16 codes of ethics available on the web pages. The basic features of the 16 codes of ethics are presented in the paper. Besides that, the main objective of the study is to analyze the contents of the 16 codes of ethics collected online by adopting template coding and the content analysis method. The main parts of the paper seek to determine whether these codes of ethics focused on academic integrity or professional integrity and whether proactive or active approaches were used in establishing the codes of ethics. The research findings will provide insights for colleges and universities to develop or revise their own codes of ethics.

*Keywords:* higher education, ethical codes, Financial Times Top 50 Business Schools

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