Online ISSN : 2249-460X
Print ISSN : 0975-587X
DOI : 10.17406/GJHSS

Global Journal

of Human Social Sciences: E

Economics



Highlights

- The Interface of Public Policy
- Impact of Foreign Direct Investment
- Major Monetary Policy Indicators
- Alternative for Economic Empowerment

Discovering Thoughts, Inventing Future

VOLUME 19 ISSUE 6 VERSION 1.0

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Volume 19 Issue 35 was originally issued as E6

Global Journal of Human-Social Science: E
Economics

Volume 19 Issue 35
Originally issued as E6

Global Journal of Human-Social Science: E
Economics

Volume 19 Issue 6 (Ver. 1.0)

Open Association of Research Society

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Global Journal of HUMAN-SOCIAL SCIENCE: E
Economics
Volume 19 Issue 6 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-460x & Print ISSN: 0975-587X

Impact of Foreign Direct Investment on Domestic Investment in Bangladesh

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Abstract- This study examines the impact of foreign direct investment inflows on domestic investment in Bangladesh by using time series data for the period of 1978 to 2017. Gross Capital Formation (GCF) is used as dependent variable (which is proxy of domestic investment) and Foreign Direct Investment (FDI), broad money (M2), export (EX) are used as independent variables. ADF test is used for testing stationary of taken variables in the model. Hence, some variables are stationary at level and one is at first difference, Autoregressive Distributed Lag (ARDL) estimation technique is used to accomplish the analysis. The result shows that in the long run and short run there is a positive but insignificant relation between foreign direct investment and domestic investment and relationship between export and domestic investment also positive and significant.

Keywords: *GCF, FDI, ARDL.*

GJHSS-E Classification: *FOR Code: 140299*



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Impact of Foreign Direct Investment on Domestic Investment in Bangladesh

Hamida Begum [α] & Nurun Nahar Akhi [σ]

Abstract- This study examines the impact of foreign direct investment inflows on domestic investment in Bangladesh by using time series data for the period of 1978 to 2017. Gross Capital Formation (GCF) is used as dependent variable (which is proxy of domestic investment) and Foreign Direct Investment (FDI), broad money (M2), export (EX) are used as independent variables. ADF test is used for testing stationary of taken variables in the model. Hence, some variables are stationary at level and one is at first difference, Autoregressive Distributed Lag (ARDL) estimation technique is used to accomplish the analysis. The result shows that in the long run and short run there is a positive but insignificant relation between foreign direct investment and domestic investment and relationship between export and domestic investment also positive and significant.

Keywords: *GCF, FDI, ARDL.*

I. Introduction

Bangladesh is a developing country with per capita income $1,610 in FY2017 (BER:2017). In 2015, Bangladesh graduated to the status of lower middle income country from a low income country. The average growth rate of Bangladesh during the last decade is more than 6 percent. Bangladesh has adopted the vision 2021 and the associated perspective plan 2010-2021 where Bangladesh aimed at middle income status by 2021 and targeted GDP growth rate is 8 percent by 2021. To achieve the goal of middle income status by average GDP growth rate will have to rise current 6 percent to 7.5-8.0 percent. To secure the projected GDP growth rate, the investment will need to expand around 34.4 percent by 2020. For expanding investment Foreign Direct Investment (FDI) can be one of the most important factors. It is considered as one of the vital ingredients for capital formation of a capital poor country like Bangladesh. It may allow a country to bring in technologies and knowledge that are not readily available to domestic investors, creates jobs and increases the efficiency of labor resources (De Gregorio, 2003, Guoxin Wu, 2010). It can emerge as a significant vehicle to build up physical capital, create employment opportunities, develop productive capacity, enhance skill of local labor through transfer technology and managerial know how, and helps integrate the domestic economy with the global economy. Therefore, in Bangladesh because of insufficient domestic capital formation FDI is often welcome as a means of financing for its ongoing development process. Given the importance of FDI in country's gross capital formation, this study seeks to examine the effects of FDI on gross capital formation (GCF) in Bangladesh. If there is one dollar increase in gross capital as a result of one dollar increase in FDI, this means that domestic investment remains unchanged and FDI's influence is neutral. If there is a dollar increase in FDI increases the total capital formation, "crowding in" occurs through the stimulation of domestic investment. On the contrary, if a dollar increase in FDI decreases the total capital formation, "crowding out" occurs (Agosin and Machado, 2005). FDI could crowd in domestic investment as it provides new investment opportunities to local firms through the provision of machinery and technology, which cannot be produced domestically (J.B. Ang, 2009).

II. Objective of the Study

(i) To evaluate the impact of foreign direct investment on domestic investment in Bangladesh.
(ii) To evaluate the impact of broad money on domestic investment in Bangladesh.
(iii) To evaluate the impact of export on domestic investment in Bangladesh.

III. Literature Review

Yahia, Y. E., et. al, (2018) empirically examined the impact of foreign direct investment inflow on domestic investment of Sudan over the period 1976 to 2016. They used autoregressive distributed – lag bound test and the result of their study showed that FDI crowd out Sudan's domestic investment. Ali, S.A. et. al. (2015), studied the dynamic linkages between foreign direct investment, public investment and private domestic investment in Pakistan for the time period 1977 to 2011. They used autoregressive distributed lags (ARDL) model and the outcome of the studies was FDI had positive significant effect on private domestic investment. Ameer, W. et. al (2017) examined the relationship between inward foreign direct investment, domestic investment, formal and informal institutions for China by using co-integration and Granger causality analysis (Including bivariate and multivariate Granger causality models over

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the time period 1990-2014. They also used auto-regressive distributed lags (ARDL) econometric methodology technique. The results of multivariate model showed that there is positive unidirectional causality running from FDI to DI in the long run. In the short run, both inward FDI and domestic investment do not allow Granger causality. Ullah, I. et. al (2014) studied dynamic interaction between domestic investment, foreign direct investment, and economic growth in Pakistan for the period 1976–2010. The empirical findings of their study revealed that the existence of long run relationship between domestic investments, foreign direct investment, and economic growth, further supported by Toda-Yamamoto causality, and bidirectional causality had been found between FDI and domestic investment implying that both domestic investment and FDI cause each other. Megbowon, E. T., et al (2016) studied the foreign direct investment inflow, capital formation and employment in South Africa: time series analysis over the period of 1980 – 2014. The estimates two multivariate models and two econometric analysis, co-integration and causality. They found that while there is a long-run relationship among variables in the employment models, it was not so in the gross capital formation model. No form of causality was found between FDI inflow and gross capital formation. Amighini, A. A. et al (2017), contributed to the long debated issue of whether inward foreign direct investment (FDI) can stimulate investment in developing countries by introducing a novel measure of FDI, based on industry-level data. Their results suggested that if multinational enterprises engage in manufacturing production the impact of FDI on total investment is positive– measured as the ratio of gross fixed capital formation to GDP but the same does not hold for other business activities. Ang. J. B. (2009), studied the effects of inward FDI on domestic investment by separating the latter into two different types, namely, private domestic investment (PDI) and public domestic investment (PUB). The study used multivariate Johansen co-integration technique between the period 1960 and 2003 for Malaysia and found evidence that PUB crowds in PDI and FDI is a complement rather than competition to PDI. Ugwuegbe, et al (2014), investigated that the impact of FDI on capital accumulation in Nigeria for the period of 1986-2012. The OLS estimation indicated that FDI, TCR, and INTR positively but insignificantly effect capital formation in the short-run whit GEXP exerting negative effect on GFCF. The result also indicated that in the long-run all the variables included in the model has a positive impact on GFCF with only FDI and TCR exerting a significant impact on capital accumulation in Nigeria for the period under review. Azlina, H. et. al. (2014), studied the impact of inward FDI on domestic investment between 1970 and 2011. The Johansen and Juselius co-integration technique employed in their study reveals that there is a long run relationship between domestic investment, FDI and economic growth. The error correction model suggests that there is a slow correction of disequilibrium of the investment model in the short run. The findings further suggest that FDI inflows in Malaysia "crowds out" domestic investment in the short run, in which an increase in one percentage point of inward FDI merely raises capital formation by 0.56 percentage point. Chakraborty, D. et al (2013) examined the nexus between the investment and economic growth in India. The finding was that there is a unidirectional causality from India's economic growth to FDI and from FDI to domestic investment. Wu, G. et al (2010) revealed that FDI has a crowding-in effect on regional economic development, i.e., each unit of FDI brings 2.4241 units of domestic investment. Agosin and Machado (2005) analyzed FDI to Asia and Africa. The result of their analysis showed that FDI increases domestic investment one – to – one in those region. IPEK, et al. (2015), studied the effects of FDI on domestic investment for Turkey, Brazil, Russia, South Africa and Mexico by using time series data. The results showed that FDI crowd out domestic investment for Turkey and South Africa, crowding in effects for Russia. And statistically insignificance coefficients for Brazil and Mexico. Prasanna, (2010) studied the impact of FDI inflows on the DI in India and found that the direct impact of FDI inflows on DI in India is positive but the indirect impact is 'neutral' on the DI in the long run. There was no evidence that the increase in DI due to FDI inflows is greater than the amount of the FDI inflows in India. Lipsey (2000) showed that neither inflows nor outflows of FDI are crucial to the level of capital formation in a given country. Ashraf and Herzer(2014) explored the different impact of green field investment M & A on domestic investment. Their results confirm that M & A do not have a significant impact on domestic investment. Goh, et al. (2012) studied the Outward FDI and Domestic Investment. They observed that there is a long run relationship between Malaysia's inward FDI, outward FDI, domestic savings and domestic investment. Using the ARDL approach, they found that outward FDI exerts a negative effect on domestic investment while inward FDI yields a positive effect on domestic investment. The positive relationship may be due to Malaysia's FDI-friendly policy to attract high participation of foreign capital. D. Sunny, et al (2011) analysed the Crowding In And Crowding Out Impact Of FDI on Domestic Investment: An Indo China. They used the Johansen co-integration test among gross fixed capital formation (used as the proxy of domestic investment), inward FDI and GDP demonstrates. The result showed that there was no long run relationship amongst the variables for China but there was co-integration in the case of India. Misun, J. and V. Tomsik (2002) analyze whether FDI crowded in or crowded out domestic investment in the Czech Republic, Hungary, and Poland in the 1990s by using a model of total

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investment that introduced, from the point of view of the recipient country, foreign direct investment as an exogenous variable. They find that there was evidence of a crowding out effect in Poland (1990-2000) and a crowding in effect in Hungary (1990-2000) and the Czech Republic (1993-2000). Apergis, N., et al. (2006) analyzes the dynamic linkages between FDI and domestic investment and their study is the first that tries to explain this relationship by panel cointegration techniques. They use annual data for 30 countries from America, Asia, Europe and Africa for the years 1992-2002, and detect a two-way causality between FDI and domestic investment as a result of the bivariate causality tests and cointegration between FDI and domestic investment for all the chosen country groups as a result of the multivariate cointegration tests. The bivariate model reveals evidence in favor of a positive long-run relationship, whereas long-run relationship is evident for Asian and African countries and not evident for American and European countries in the multivariate model. This shows that crowding out effect becomes dominant when American and European countries are considered. Omri and Kahouli (2014) found a statistically significant and positive effect of FDI on the domestic capital. Furthermore, the study concluded that there is a uni-directional causal relationship from foreign direct investment to domestic capital for the Middle East and North Africa regions.

The above literature shows that there is a negative and positive effect of FDI on domestic investment.

IV. Data

In this study we used annual time series data from 1978 to 2017. Data of GCF, FDI, M2 and EX collected from the world development indicators published by World Bank.

V. Model Specefication

The respective model of the study on the impact of FDI on Gross Capital Formation (used as the proxy of domestic investment) in Bangladesh can be written as below:

$$GCF_t = \beta_0 + \beta_1 FDI_t + \beta_2 M2_t + + \beta_3 EX_t + \varepsilon_t \ldots\ldots\ldots\ldots\ldots (1)$$

Here, ε_t is error term which means there could be some other factors that can affect GCF and $\beta_0$is a scalar parameter, β_1,β_2, and $\beta_3$are the slope coefficient parameters. All variables are transformed into log-linear form (LN). As a result the estimated results from these models represent elasticities. According to Shahbaz et al. (2013), modeling the log-log model specification will provide efficient results by mitigating the sharpness in time series data compared with the simple linear-linear specification.

$$LNGCF_t = \beta_0 + \beta_1 LNFDI_t + \beta_2 LNM2_t + \beta_3 LNEX_t + \varepsilon_t \ldots. (2)$$

Here,

LNGCF= log of Gross capital formation that measured in percentage of GDP.

LNFDI= log of Foreign Direct Investment which is measured in percentage of GDP.

LNM2= log of Broad Money.

LNEX = log of Export in percentage of GDP.

β_0 = the constant term

β_1 = Coefficient of variable LNFDI

β_2 = coefficient of variable LNM2

β_3 = coefficient of variable LNEX

t = the time trend.

ε = the random error term

Methodology

We employ Autoregressive Distributed Lag (ARDL) bound test to estimate the short run and long run dynamic relationship among the selected variables for the study. This test initially introduced by Pesaran and Shin (1999). One advantages of this test is that it is not necessary to be all variables I(1). It is applicable if some variables are I(0) and some are I(1). The another advantages of this approach is in the small sample size (30 to 80 observations) ARDL provides robust result. To employ this test firstly we test the stationarity of the considered variables by using Augment Dicked Fuller test (ADF) by Dickey and Fuller (1979, 1981) to see the order of integration. The ARDL is based on the assumption that the order of integrations of the variables are I(0)or I(1) (Ouattara, 2004). If any variables are integrated of I (2), the results can be spurious and the ADRL bound test is not suitable (Pesaran & Shin, 1998).

The equation for ARDL test is as below:

$$\Delta LNGCF_t = \alpha_0 + \sum \sigma_i \Delta(LNGFCF)_{t-i} + \sum \mu_i \Delta(LNFDI)_{t-i} + \sum \varphi_i \Delta(LNM2)_{t-i} + \sum \gamma_i \Delta(LNEX)_{t-i} + \beta_1 LNGFCF_{t-1} + \beta_2 LNFDI_{t-1} + \beta_3 LNM2_{t-1} + \beta_4 LNEX_{t-1} + \varepsilon_t \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$$

Where Δ shows the first differences of the variables. The term $\sum$'s represents the error correction dynamic and β's shows the long run relationship, α_0 is the drift component and ε_t is the white noise residuals. We analyzed the ARDL directly by using e-views 10.The null hypothesis of there is no co-integration among the variables against the alternative hypothesis of the existence of co-integration among the variables are given below:

$H0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$

and $H1: \beta_1 \neq 0, \beta_2 \neq 0, \beta_3 \neq 0, \beta_4 \neq 0$

The F-statistics value is compared with the tabulated values of Narayan (2004) for the small sample size (30 to 80 observations). If the F-statistics value is greater than the upper critical value, reject null hypothesis that means there exists a co-integration

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relationship or long run relationship among the variables. If the F-statistics value is less than the lower critical value, the null hypothesis cannot be rejected which means there is no co-integration among the variables. If, however, the F-statistics value lies within the upper and lower bound, the results are inconclusive. We employ the Akaike Information Criteria (AIC) to determine the optimal lag length for the study.

The ARDL restricted ECM models is defined as:

$$LNGCF_t = \beta_0 + \sum \sigma_i \Delta(LNGFCF)_{t-i} + \sum \mu_i \Delta(LNFDI)_{t-i} + \sum \varphi_i \Delta(LNM2)_{t-i} + \sum \gamma_i \Delta(LNEX)_{t-i} + \psi ECM_{t-1} + \varepsilon t \quad \ldots\ldots\ldots\ldots\ldots\ldots (4)$$

Where ψ shows the speed of adjustment. At last conduct the stability and diagnostic test to ensure the goodness of fit of the chosen model.

VI. Empirical Findings

a) Unit Root Test

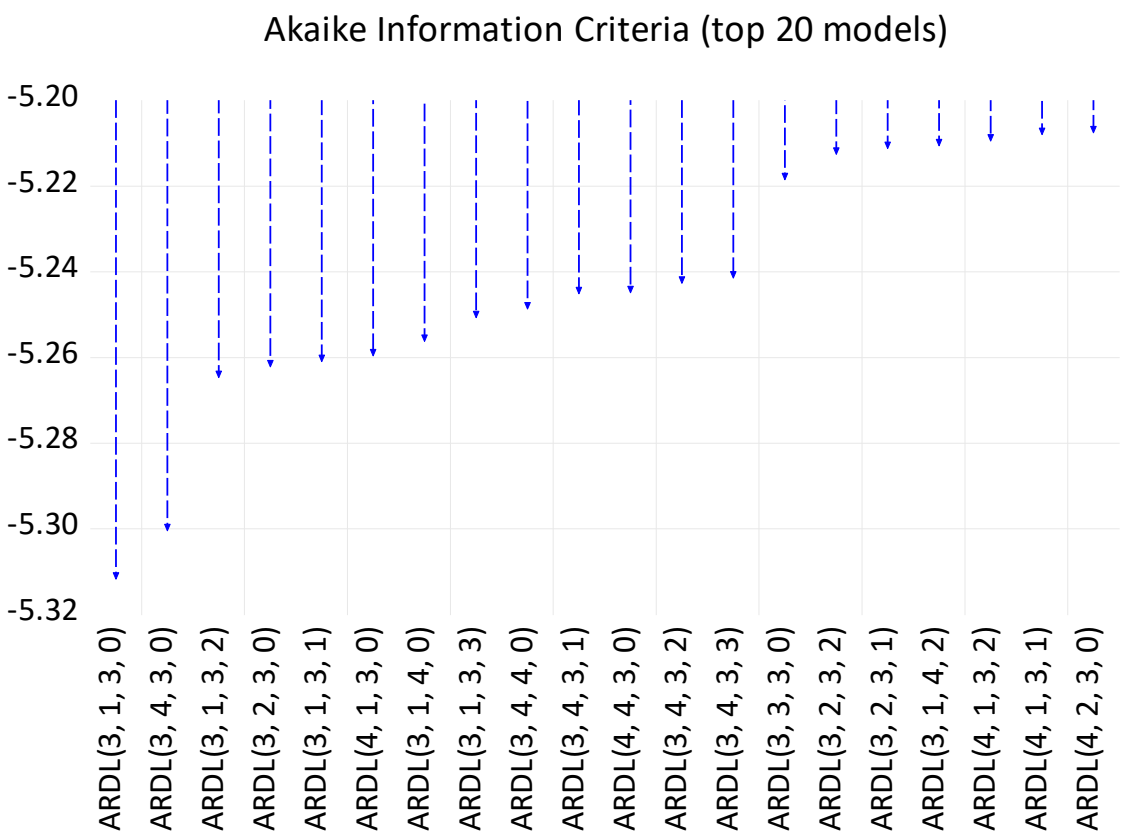
In order to check the stationary of the variables researchers used Augmented – Dickey Fuller (ADF) test. The result of the ADF test is given in table 1.

Table 1: Result Summery of ADF test

Variables			ADF Test	p-value	Decision	Conclusion
LNGCF	Level	Intercept and Trend	-5.421816	0.0004	No Unit Root	Stationary
LNFDI	Level	Intercept and Trend	-4.219390	0.0098	No Unit Root	Stationary
LNM2	Level	Intercept and Trend	-6.334252	0.0000	No Unit Root	Stationary
LNEX	Level	Intercept and Trend	-2.530876	0.3125	Unit Root	Non- stationary
	1st diff.	Intercept and Trend	-8.316245	0.0000	No Unit Root	stationary

Table 1 shows the test of stationary result. From the table we see that LNGCF, LNFDI and LNM2 are stationary at level and variable LNEX is non stationary at level but stationary at 1st difference. Since some variables are integrated I(0) and one variable is I(1), we proceed to estimate ARDL long run and short run estimates.

b) Optimal Lag



According to the akaike information criteria the optimal lag of ARDL model is 3,1,3,0.

Figure 1

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c) *Bound Test*

Table 2: Bound test result

Test statistic	Value	Significant	Lower bound[I(0)]	Upper bound[I(1)]
F-statistic	9.825255	10%	2.37	3.2
K	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

Source: calculated by author

Table 2 shows the result of Bound F-test. The calculated F value for LNGCF is 9.825255 which is higher than all the lower and upper bound limits at 1%, 2.25%, 5% and 10%. So we can reject the null hypothesis "no relationship" that there exists a long run relationship between LNGCF and all other dependent variables used in this study.

d) *Long –Run Estimates of Ardl Approach*

Table 3: Long run coefficient of ARDL model

Dependent Variable: LNGCF				
Variables	Coefficient	Std. error	t-statistic	p- value
C	0.505071	0.137777	3.665858	0.0011
LNGCF(-1)	-0.246482	0.063854	-3.860054	0.0007
LNFDI(-1)	-0.003566	0.001894	-1.883466	0.0709
LNEX(-1)	0.137226	0.027468	4.995949	0.0000
LNM2	-0.015114	0.007741	-1.952440	0.0617
D(LNGCF(-1))	0.445185	0.060986	7.299750	0.0000
D(LNGCF(-2))	-0.315336	0.062796	-5.021605	0.0000
D(LNFDI)	0.001877	0.001513	1.240316	0.2259
D(LNEX)	0.045288	0.023603	1.918777	0.0661
D(LNEX(-1))	-0.073490	0.031252	-2.351541	0.0266
D(LNEX(-2))	-0.161359	0.026985	-5.979603	0.0000

Source: author's calculation

Table 3 shows the long run coefficient of ARDL model. From the table we can see that the variable LNM2 bears the significant (at 10 percent) negative impact on LNGCF. That is if 1 percent increase in broad money gross capital formation will be decrease in 0.015 percent. The result also indicates that the impact of lagged LNFDI is negative and significant at 10 percent and that of LNEX is positive significant at 1 percent level of significance on LNGCF.

e) *Short Run Analysis of Ardl*

Table 4: Short run representation of ARDL analysis

Variables	Coefficient	Std. Error	t-statistic	p-value
D(LNGCF-1)	0.445185	0.054714	8.136530	0.0000
D(LNGCF-2)	-0.315336	0.047061	-6.700626	0.0000
D(LNFDI)	0.001877	0.001224	1.533833	0.1372
D(LNEX)	0.045288	0.020881	2.168913	0.0394
D(LNEX(-1))	-0.073490	0.028032	-2.621693	0.0144
D(LNEX(-2))	-0.161369	0.023343	-6.912674	0.0000
ECM(t-1)	-0.246482	0.032738	-7.528889	0.0000
R-squared	0.865698	Durbin – Watson stat 2.123644		
Adjusted R-squared	0.838838			

Table 4 shows that in the short run impact of D (LNFDI) on GCF is positive but insignificant. If current year FDI increases 1% then GCF (domestic investment) increases 0.002 percent. Also, impact of exports on domestic investment is positive and significant at 5 percent level. If exports increase 1 percent, domestic investment will increase 0.05 percent.

Estimated results also indicate that the sign of lagged error correction representations (ECMt-1) is negative and statistically significant. The ECMt-1 shows the speed of adjustment toward equilibrium. Approximately, 24% disequilibria from the previous year's shock converge on the long run equilibrium in the current year. From the result it can be seen that the R^2

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value is 0.865698, which reflects that 86.56 percent differences of the dependent variable explained by the independent variables. The adjusted R^2 is 0.838838 or 83.88 percent. The Durbin–Watson (D–W) value is 2.123644, which confirms that there is no autocorrelation among the variables. The statistics' (R^2, Adj. R^2, D –W,) results show that our model is robust and well fitted.

f) Stability Test

To check the stability of the model researchers used cusum and cusum square test. The result of the tests is given following figure 2 and figure 3:

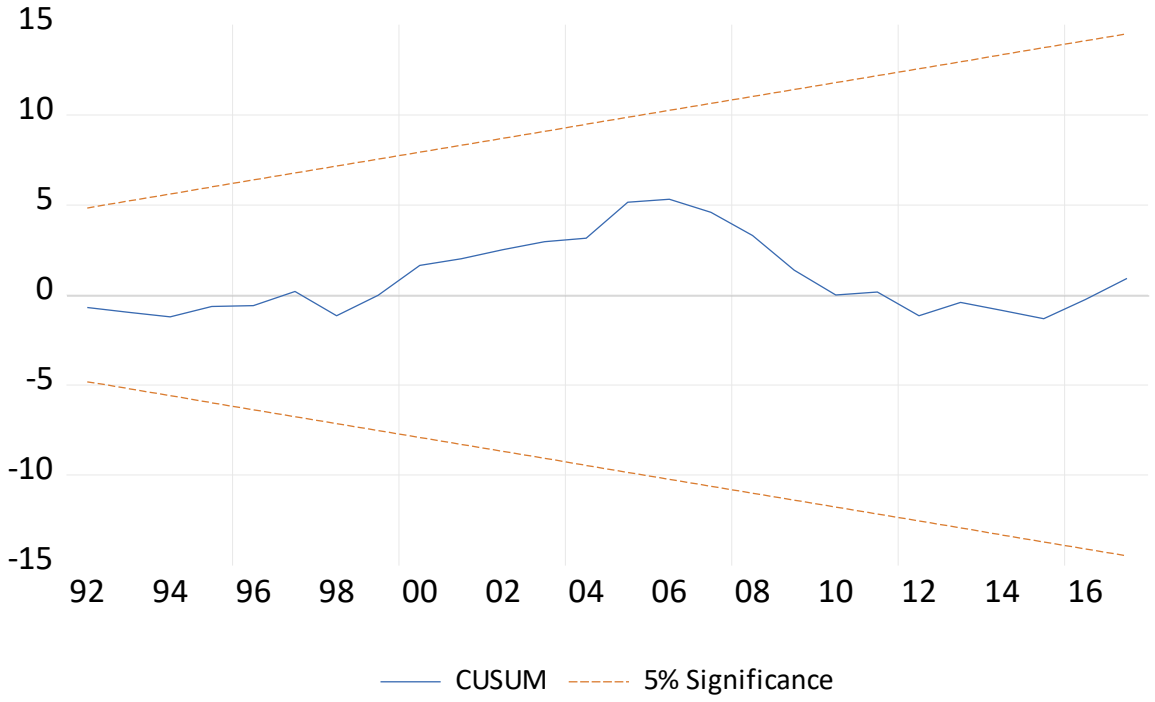


Figure 2: Cusum test.

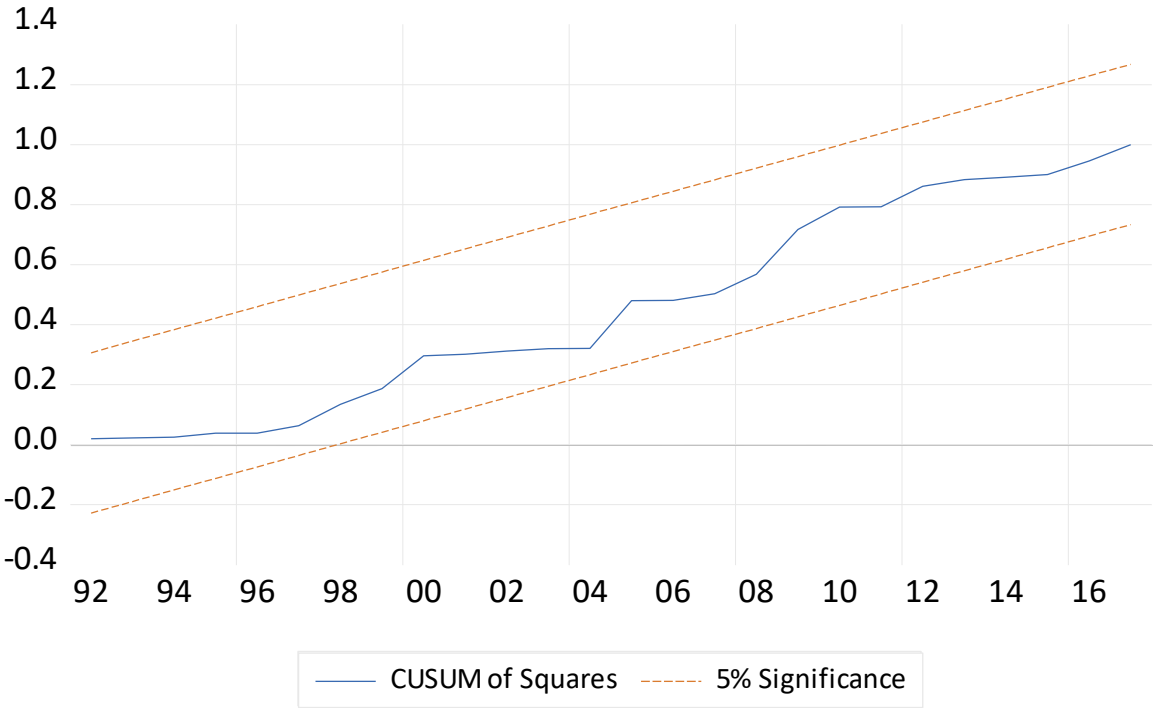


Figure 3: Cusum square test.

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We can see the above figures 2 and 3 that the CUSUM line and the CUSUM of Squares line lies between the critical bounds of 5 percent significant, which indicate that all coefficients in the estimated model are stable.

g) Diagnostic Test

i *Normality test*

To examine the normality of the model we used Jarque – Bera test. The result of this test is shown below:

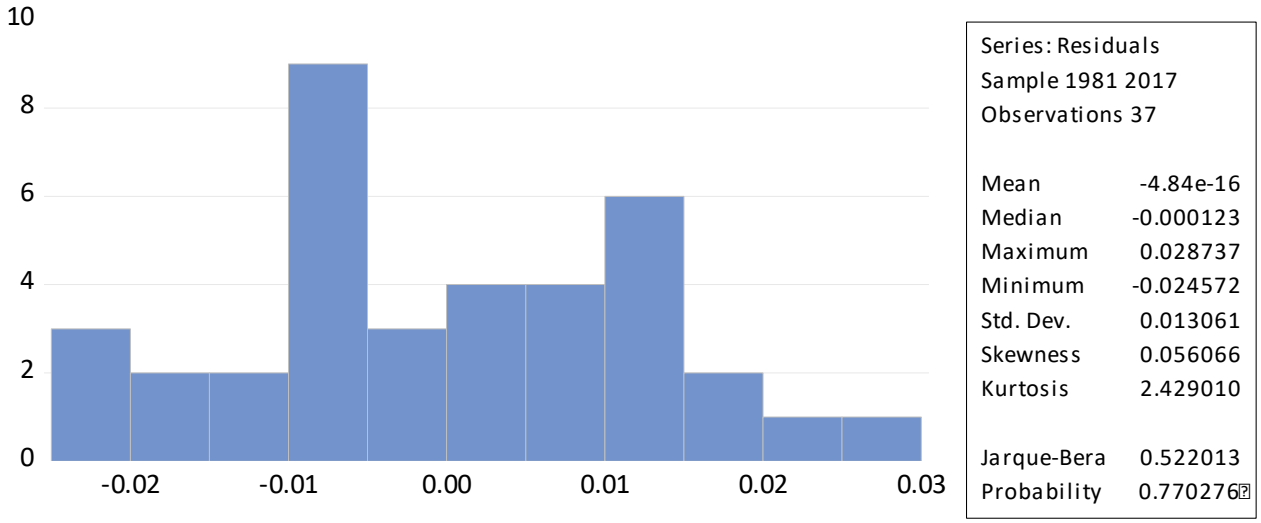


Figure 4: Jarque – Bera Test.

The result of Jarque Bera test shows that the value of the test is 0.522013 and p-value is 0.770276 which is greater than 0.05. that means we cannnot reject the null hypothesis that sates: the model is normally distributed. Hence the estimated model is normally distributed.

ii *Test for Serial Correlation*

The existence of serial correlation is tested by Breusch- Godfrey Serial Correlation LM Test.

Table 5: Result of Breusch- Godfrey Serial Correlation LM Test.

F-statistic	0.149707	Prob. F(2,24)	0.8618
Obs*R-squared	0.155910	Prob. Chi- Square(2)	0.7962

Table 5 shows the result of Breusch – Godfrey serial correlation LM test. The result indicates that the p-value is greater than 0.05, that is no serial correlation.

iii *Test of Homoscedasticity*

Table 6: Rsult of heteroskedasticity test.

F-statistic 0.224567	Prob. F(10,26) 0.9913
Obs* R-squared 2.941678	Prob. Chi –square(10) 0.9828
Scaled explained SS 1.037872	Prob. Chi-square(10) 0.9998

Table 6 shows that the result of heteroskedasticity test. From the result we can see that the p-value of the Breusch-Pagan-Godfrey test exceeds 0.05, hence we cannot reject the null hypothesis. Thus there is no heteroskedasticity problem.

VII. Conclusion

This study reveals the impact of FDI inflows on domestic investment of Bangladesh. To summarize, the outcome of the analysis has confirmed that FDI could 'crowd in' domestic investment and in the long run broad money has a negative and significant impact on domestic investment. On the other hand, exports positively influence domestic investment in Bangladesh both in short run and in long run. Bangladesh is now a lower middle income country and for achieving higher middle income status it needs to increase its domestic investment. In this research it has been proved that foreign direct investment positively affects domestic investment. Based on the above empirical findings we can suggest that Bangladesh should take foreign direct investment favorable policies which will help to ameliorate domestic investment. Both investments will increase productivity as well as create new employment opportunities to achieve targeted GDP growth rate to attain sustainable development goals of Bangladesh.

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Global Journal of HUMAN-SOCIAL SCIENCE: E Economics
Volume 19 Issue 6 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-460x & Print ISSN: 0975-587X

Investigating the Causality between Unemployment Rate, Major Monetary Policy Indicators and Domestic Output using an Augmented Var Approach: A Case of Nigeria

By Alabi Nurudeen Olawale & Bada Olatunbosun

Abstract- This paper is an investigation of causal relationships that exist between macroeconomic variables in Nigeria context. These variables are interest rate, inflation rate, exchange rate, real gross domestic product, and unemployment rate. Often, a variable can better be forecasted by introducing past and current values of some other variables in the ARMA model or its AR approximation. We achieved this by employing an augmented VAR approach, such as the procedure proposed by Toda-Yamamoto. This current work included a unit-root test with trend break functions without a priori information. Specifically, we employed the extended Augmented Dickey-Fuller test through innovational outlier and additive outlier models. The truncation parameter was selected using the t-sig and F-sig general to specific recursive techniques. Unknown breakpoints were observed, which indicates a strong connection with the data.

Keywords: toda-yamamoto, cointegration, innovational outlier, additive outlier, unit-root test, bounds test.

GJHSS-E Classification: FOR Code: 1149999



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Investigating the Causality between Unemployment Rate, Major Monetary Policy Indicators and Domestic Output using an Augmented Var Approach: A Case of Nigeria

Alabi Nurudeen Olawale [α] & Bada Olatunbosun [σ]

Abstract- This paper is an investigation of causal relationships that exist between macroeconomic variables in Nigeria context. These variables are interest rate, inflation rate, exchange rate, real gross domestic product, and unemployment rate. Often, a variable can better be forecasted by introducing past and current values of some other variables in the ARMA model or its AR approximation. We achieved this by employing an augmented VAR approach, such as the procedure proposed by Toda-Yamamoto. This current work included a unit-root test with trend break functions without a priori information. Specifically, we employed the extended Augmented Dickey-Fuller test through innovational outlier and additive outlier models. The truncation parameter was selected using the t-sig and F-sig general to specific recursive techniques. Unknown breakpoints were observed, which indicates a strong connection with the data. Furthermore, the Toda-Yamamoto procedure result was confirmed using a bounds test to check cointegration amongst these macroeconomic variables. Univariate and multivariate causality was established amongst them. Specifically, pairwise unilateral causality was revealed amongst the macroeconomic variables except for inflation rate and real GDP. These two macroeconomic variables granger cause each other. Surprisingly, interest rate, exchange rate, inflation rate, and unemployment rate do not granger cause real GDP either individually or jointly. In the interest rate VAR, all other variables granger cause interest rate individually and jointly. Conversely, only real GDP granger causes inflation rate. The unemployment rate can better be forecasted using the past and current values of the inflation rate, exchange rate, and real GDP.

Keywords: toda-yamamoto, cointegration, innovational outlier, additive outlier, unit-root test, bounds test.

I. Introduction

The concept of Granger Causality has been extensively studied in the fields of finance and economics in recent times. The term is used to describe how possible it is to predict the future values of a variable using the past values of that variable and another variable in bivariate and multivariate settings. Several methods have been proposed over the years. Granger (1969) was the first to present this type of relationship between two variables. However, this method suffered serious limitations, especially when any of the time series is non-stationary. This is because when some of the series are non-stationary, the Wald test on Granger causality with linear restrictions on the parameters of the vector autoregressive model (VAR) does not follow its usual asymptotic χ^2- distribution under the null hypothesis. The presence of latent parameters which distort the test statistic's asymptotic distribution is produced. As a result of this limitation, modified tests have been proposed. Prominent are Toda and Yamamoto (1995), Dolado and Lütkepohl (1996), Saikkonen and Lütkepohl (1996) and more recently, Bauer and Maynard (2012). Toda-Yamamoto (1995) method involves determining the lag length p using the usual lag selection procedures and estimating a $(p+d_{max})$th order VAR where d_{max} is the maximum order of integration of the model. Furthermore, the coefficients of the d_{max} lagged vectors in the VAR are ignored. Dolado and Lütkepohl (1996) proposed a simple method which under general conditions guarantees that Wald test follows the asymptotic χ^2 – distribution by fitting a VAR($p+1$) to a VAR(p) data and perform a Wald test on the coefficients of the first p lags. Saikkonen and Lütkepohl (1996) estimated cointegrated systems through autoregressive approximation by deriving the asymptotic properties of the estimated coefficients of the error correction model (ECM) and the pure VAR model under the assumption that the order of the autoregressive model tends to infinity with increasing sample size. Bauer and Maynard (2012) proposed a highly robust Granger causality test that accommodates VAR models with unknown integration orders by employing the surplus lag approach to an infinite order VARX framework. These modifications to the standard approach proposed by Granger in 1969 are needed to ensure that the Wald test statistic follows the asymptotic χ^2 – distribution under the null hypothesis.

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II. Some Related Works

Several studies have looked at the causality existing between macroeconomic variables around the world. Most of these works focus on the usual Wald test mainly because the macroeconomic variables involved are of the same order of integration. For instance, Gocmen (2016) investigated the causality existing between money supply and prices in the Turkish economy. This study identified stronger bivariate causality and multivariate from inflation rate to the money supply. Umaru & Zubairu (2012) established a unilateral causality from GDP to inflation rate using data between 1970 and 2010 in Nigeria. The study emphasized that the two major macroeconomic variables are I (1) hence, the use of the usual Augmented Dickey-Fuller and Phillips-Peron unit-root tests. Pakistan is one of the ASEAN countries experiencing a surge in the inflation rate. Nawaz et *al.* (2017) investigated the correlation and causality between inflation, money supply, government expenditure, government revenue, foreign direct investment, gross domestic product and interest rate in Pakistan during the period 1990:2012. The study concluded that money supply and balance of trade causes inflation rate. Conversely, interest rate do not granger cause inflation rate during the review period. Similarly, Khalid (2005) analyzed the causality between economic growth, inflation rate, and several monetary policy indicators in Pakistan using quarterly data from 1960 to 2005. The study reveals both unilateral and bilateral causality amongst these variables. Particularly, no causality in neither direction could be established between the inflation rate and exchange rate. In Nigeria, Odo et *al.* (2017) while studying the long-run comovement amongst five macroeconomic variables, carried out a test of granger causality and found that total government expenditure as a percentage of gdp causes unemployment rate. Other variables in the study, such as inflation rate, broad money supply (M2) as percentage of GDP and total government expenditure do not have any causality amongst them. The conclusion is quite contradictory to that drawn in the cointegration test. It was found that these macroeconomic variables move together in the long-run. But theoretically, if two more variables are cointegrated, then there must exist causality either unilaterally or bilaterally amongst them. In another work by Belka et *al.* (2004) which involves the study of exogeneity of volatility concerning the real economy using the exchange rate and interest rate in Argentina and Brazil, it was revealed that causality existed from employment rate to volatility of Argentina nominal interest. Similarly, unidirectional causality existed from the nominal exchange rate of US$/Euro to volatility of nominal rate of US$ to Euro. Furthermore, Brazilian nominal exchange rates to Euro cause volatility of the Brazilian nominal exchange rate to Euro. In another related work by Abeng and Alehile (2012), bidirectional and unidirectional causality was established amongst several macroeconomic variables such as real output, interest rate, exchange rate, inflation rate and crude oil price in Nigeria. This study also employed the Wald test since all the variables are of the same order, i.e. I (1). Ojo & Alege (2014) conducted panel granger causality test as part of their study on the exchange fluctuation and macroeconomic performance in Nigeria and 39 other sub-Saharan African countries over 13 years. The macroeconomic variables included in the study are real gross domestic product, national exchange rate per US$, consumer price index, degree of openness, interest rate, government expenditure, and foreign direct investment. The study reveals no causality between the national exchange rate and real gross domestic product; government expenditure and national exchange rate; foreign direct investment and national exchange rate. Conversely, there exist bidirectional causality between the degree of openness and national exchange rate; consumer price index and national exchange rate; interest rate and national exchange rate in these sub-Saharan African countries. Olusanya & Akinade (2012) employed the usual Wald test to examine the causality between economic growth (proxy by GDP) and a major macroeconomic indicator such as money supply during the Pre-Deregulated and Post-Deregulated Nigerian economy. Essentially, the Pre- and Post-Deregulated periods are 1970:1985 and 1986:2009 periods, respectively. Their findings show that there exists causality from economic growth to money supply but not vice versa during the Pre-Deregulation era. On the other hand, no causality was found between these two variables during the Post-Deregulation era. Sulaiman & Migiro (2014) in their study were able to show that there is unidirectional causality from the monetary policy rate (MPR) to gross domestic product (GDP); from exchange rate to GDP; from interest rate to GDP but not vice versa. However, no causality could be established between cash reserve ratio (CRR) and GDP; money supply and GDP.

We observed that in all these earlier works, the macroeconomic variables' order of integration were based on regular unit-root tests. Rather than using tests such as Augmented Dickey-Fuller test, Phillips-Perron (PP) test and other regular tests, this current study involves unit-root tests with allowance for a shift in the intercept of the trend function and slope since most macroeconomic time series are interpreted as stationary around a deterministic trend function. We employed the extended Augmented Dickey-Fuller test through innovational outlier and additive outlier models as proposed by Perron (1989, 1997).

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III. Methodology, Analysis and Results

The monthly data used in this study is a secondary data extracted from the Central Bank of Nigeria between 2006 and 2018. The three monetary policy variables involved in the vector autoregressive (VAR) model comprise *interest rate* (*ir*) (proxy by Treasury bill rate), *inflation rate (inf)* and *exchange rate (ex)*. Also, a real gross domestic product (*rgdp*) was used as the measure of the Domestic Output and lastly unemployment rate (*um*). Since the series have different frequencies, particularly *real gdp,* which is a quarterly data, we converted it to monthly series without loss of statistical properties using the cubic low to high-frequency conversion method. Furthermore, we transformed the original data into the natural log to ensure that the normality assumptions in the error term in the VAR model can be sustained.

a) Toda-Yamamoto Augmented VAR Approach

Toda and Yamamoto (1995) proposed a modified method which allows the application of the lag selection procedure to integrated or cointegrated VAR and satisfying the asymptotic theory as long as the order of integration does not exceed the true lag length of the model. This method involves determining the lag length p using the usual lag selection procedures and estimating a $(p+d_{max})$th order VAR where d_{max} is the maximum order of integration of the model. Furthermore, the coefficients of the d_{max} lagged vectors in the VAR are restricted to zero in the linear model. Theoretically, if two or more series are cointegrated, then there will exist causality between them but not conversely. We express the vector autoregressive VAR models under Toda Yamamoto as follow:

$$um_t = \alpha_0 + \left[\sum_{i=1}^{p}\theta_{it}um_{t-i} + \sum_{i=p+1}^{d_{max}}\theta_{2t}um_{t-i}\right] + \left[\sum_{i=1}^{p}\beta_{it}rgdp_{t-i} + \sum_{i=p+1}^{d_{max}}\beta_{2t}rgdp_{t-i}\right] + \left[\sum_{i=1}^{p}\omega_{1t}\inf_{t-i} + \sum_{i=p+1}^{d_{max}}\omega_{2t}\inf_{t-i}\right]$$
$$+ \left[\sum_{i=1}^{p}\pi_{1t}ir_{t-i} + \sum_{i=p+1}^{d_{max}}\pi_{2t}ir_{t-i}\right] + \left[\sum_{i=1}^{p}\phi_{1t}ex_{t-i} + \sum_{i=p+1}^{d_{max}}\phi_{2t}ex_{t-i}\right] + \mu_{1t}$$

$$rgdp_t = \psi_0 + \left[\sum_{i=1}^{p}\upsilon_{it}rgdp_{t-i} + \sum_{i=p+1}^{d_{max}}\upsilon_{2t}rgdp_{t-i}\right] + \left[\sum_{i=1}^{p}\tau_{it}um_{t-i} + \sum_{i=p+1}^{d_{max}}\tau_{2t}um_{t-i}\right] + \left[\sum_{i=1}^{p}\delta_{1t}\inf_{t-i} + \sum_{i=p+1}^{d_{max}}\delta_{2t}\inf_{t-i}\right]$$
$$+ \left[\sum_{i=1}^{p}\rho_{1t}ir_{t-i} + \sum_{i=p+1}^{d_{max}}\rho_{2t}ir_{t-i}\right] + \left[\sum_{i=1}^{p}\eta_{1t}ex_{t-i} + \sum_{i=p+1}^{d_{max}}\eta_{2t}ex_{t-i}\right] + \mu_{2t}$$

$$\inf_t = \vartheta_0 + \left[\sum_{i=1}^{p}\varpi_{1t}\inf_{t-i} + \sum_{i=p+1}^{d_{max}}\varpi_{2t}\inf_{t-i}\right] + \left[\sum_{i=1}^{p}\xi_{it}um_{t-i} + \sum_{i=p+1}^{d_{max}}\xi_{2t}um_{t-i}\right] + \left[\sum_{i=1}^{p}\gamma_{it}rgdp_{t-i} + \sum_{i=p+1}^{d_{max}}\gamma_{2t}rgdp_{t-i}\right]$$
$$+ \left[\sum_{i=1}^{p}\sigma_{1t}ir_{t-i} + \sum_{i=p+1}^{d_{max}}\sigma_{2t}ir_{t-i}\right] + \left[\sum_{i=1}^{p}\phi_{1t}ex_{t-i} + \sum_{i=p+1}^{d_{max}}\phi_{2t}ex_{t-i}\right] + \mu_{3t}$$

$$ir_t = \alpha_0 + + \left[\sum_{i=1}^{p}\zeta_{1t}ir_{t-i} + \sum_{i=p+1}^{d_{max}}\zeta_{2t}ir_{t-i}\right] + \left[\sum_{i=1}^{p}\mu_{it}\inf_{t-i} + \sum_{i=p+1}^{d_{max}}\mu_{2t}\inf_{t-i}\right] + \left[\sum_{i=1}^{p}o_{it}ex_{t-i} + \sum_{i=p+1}^{d_{max}}o_{2t}ex_{t-i}\right]$$
$$+ \left[\sum_{i=1}^{p}\iota_{1t}rgdp_{t-i} + \sum_{i=p+1}^{d_{max}}\iota_{2t}rgdp_{t-i}\right] + \left[\sum_{i=1}^{p}\vartheta_{1t}um_{t-i} + \sum_{i=p+1}^{d_{max}}\vartheta_{2t}um_{t-i}\right] + \mu_{4t}$$

$$ex_t = \chi_0 + \left[\sum_{i=1}^{p}\mathrm{A}_{1t}ex_{t-i} + \sum_{i=p+1}^{d_{max}}\mathrm{A}_{2t}ex_{t-i}\right] + \left[\sum_{i=1}^{p}\Phi_{it}um_{t-i} + \sum_{i=p+1}^{d_{max}}\Phi_{2t}um_{t-i}\right] + \left[\sum_{i=1}^{p}\Psi_{it}rgdp_{t-i} + \sum_{i=p+1}^{d_{max}}\Psi_{2t}rgdp_{t-i}\right]$$
$$+ \left[\sum_{i=1}^{p}\Omega_{1t}\inf_{t-i} + \sum_{i=p+1}^{d_{max}}\Omega_{2t}\inf_{t-i}\right] + \left[\sum_{i=1}^{p}\Lambda_{1t}ir_{t-i} + \sum_{i=p+1}^{d_{max}}\Lambda_{2t}ir_{t-i}\right] + \mu_{5t}$$

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Where p is the optimal lag on the initial VAR and d_{max} is the maximal order of integration on the five macroeconomic variables. We assumed that the variables could be approximated by the natural log-linear VAR (p) model to sustain the normality assumption. Firstly, we conducted tests for the presence of unit-root on the three macroeconomic variables. Depending on the order of integration, we select the maximum order, i.e. d_{max} and specify an unrestricted VAR (p) model using the lag length criteria LR, FPE, AIC, SIC and HQIC. Stability checks were conducted on the adjusted VAR ($p+d_{max}$) model through the autocorrelation LM test on the VAR residuals.

If two or more of the time series are of the same integration order, a test to see if they are cointegrated, using ARDL modeling approach, for example, is needed. We take the preferred VAR model and d_{max} additional lags of each of the variables into each of the equations. Conclusions about the existence of long-run form (i.e., cointegration) do not affect this step but provide cross-check on the validity of our results at the end of the analysis. Test of Granger non-causality by testing the hypothesis that the coefficients of (only) the first p lagged values of *real gdp, inflation rate, interest rate,* and *exchange rate* are zero in the unemployment rate equation, using a standard Wald test. This test is repeated for the coefficients of the p lagged values of the monetary policy indicators and *real gdp* variable equations. The coefficients for the remaining d_{max} lags were excluded when performing the Wald tests (i.e., they enter the models as deterministic terms alongside the intercept). This is to ensure that the Wald test statistics follow asymptotic chi-square distribution with p degrees of freedom, under the null hypothesis. Rejection of the null implies support of the presence of Granger causality. Finally, we revisit the conclusion made during the test of cointegration. Theoretically, Granger causality, either unidirectional or bidirectional, will exist between two or more cointegrated time series but not vice versa.

b) Unit-root tests using the Innovational Outlier and Additive Outlier Models

We begin the analysis by studying the stationarity of each of the series by conducting unit-root tests. An extended Augmented Dickey-Fuller test with innovational outlier and additive outlier breakpoints as proposed by Perron (1989, 1997) were employed (Models 1, 2 & 3). According to Zivot & Andrews (1992), Lumsdaine & Papell (1997) & Perron (1989, 1997), if allowance is made for a shift in the intercept of the trend function and slope, most macroeconomic time series are interpreted as stationary around a deterministic trend function. We considered the following three models at levels with dummy variables for different intercepts and slopes. The Model 1 involves including the dummy variable for a change in the intercept of the trend function steadily in a way that relies on the correlation function and the innovation (i.e., noise) function (Perron, 1997). The dummy variables are presumed to be unknown rather than known ex-ante.

$$\Delta y_t = \mu + \theta DU_t + \beta t + \phi D(T_b)_t + \alpha y_{t-1} + \sum_{i=1}^{k} z_i \Delta y_{t-i} + e_t$$

Model 1

$$\Delta y_t = \mu + \theta DU_t + \beta t + \omega DT_t + \phi D(T_b)_t + \alpha y_{t-1} + \sum_{i=1}^{k} z_i \Delta y_{t-i} + e_t$$

Model 2

$$\Delta y_t = \mu + \theta DU_t + \beta t + \omega DT_t^* + \tilde{y}$$

Model 3

where

$$\tilde{y} = \alpha \tilde{y}_{t-1} + \sum_{i=1}^{k} z_i \Delta \tilde{y}_{t-i} + e_t$$

These models were estimated using the Ordinary Least Squares (OLS). The indicator functions 1(·) are expressed as $DU_t = 1(t > T_b)$, $D(T_b)_t = 1(t = T_b + 1)$, $DT_t = 1(t > T_b + 1)t$ and $DT^*_t = 1(t > T_b)(t - T_b)$. We test the null hypothesis that $\alpha = 1$ using the t-statistic $t_{\hat{\alpha}}(T_b, k)$, where k is the truncation lag parameter which is also unknown. Models 1 and 2 are referred to as the *innovational outlier models* (i.e., IO1 and IO2) respectively. Model 3 is called the *Additive model* (i.e., AO) because a rapidly change in the slope is allowed but the two fragments of the trend function are joined at the breakpoint. According to Perron (1989 & 1997), the breakpoint T_b may be chosen such that $t_{\hat{\alpha}}(T_b, k)$ is minimized. The minimized t-statistic is expressed as:

$t^*_{\hat{\alpha}} = \min_{T_b \in (k+1, T)} t_{\hat{\alpha}}(T_b, k)$ The break point was selected in a manner to maximize the t-statistic $t_{\hat{\omega}}$ on the shift in slope. Here, the test statistic for testing the

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null hypothesis $\alpha = 1$ are $t^{*}{}_{\alpha,|\hat{\theta}|} = (T_b^*, k)$ for model 1 and $t^{*}{}_{\alpha,|\hat{\omega}|} = (T_b^*, k)$ for models 2 and 3, where T_b^* is such that $t^*_{\hat{\omega}}(T_b^*) = \max_{T_b \in (k+1,T)} | t_{\hat{\omega}}(T_b, k) |$ and $t^*_{\hat{\theta}}(T_b^*) = \max_{T_b \in (k+1,T)} | t_{\hat{\theta}}(T_b, k) |$. T_b was selected by allowing this point to correlate with the data as much as possible although with some loss in power. This was done by imposing no restrictions on the sign of the change. The truncation parameter *k** was selected using the *t*-sig and *F*-sig general to specific recursive procedures as proposed by Perron (1989). These procedures are particularly better than information criteria such as Akaike Information Criterion and Bayesian Information Criterion due to their size stability and better power (Perron, 1989).

Table 1: Summary of Unit-Root Test results using Models 1, 2 and 3.

Variable	Model	ADF test@	*k* max	*k**	Breakpoint	*t*-statistic	*t*-sig *p*-value	*F*-sig *p*-value	Remark
um	IO1	1st Difference	12	12	2016:12	-4.7523	…….	0.0637	I(1)
rgdp	AO	1st Difference	13	12	2007:07	-4.6286	…….	0.0132	I(1)
inf	AO	Level	13	13	2011:10	-5.2002	0.0177	…….	I(0)
ir	IO2	Level	5	1	2015:09	-4.8494	0.011	…….	I(0)
ex	IO1	Level	5	1	2015:12	-5.0324	0.0286	…….	I(0)

Source: Authors personal computation

The results of unit-root test reveal that *unemployment rate,* and *real gdp* are stationary of order one under the Innovational Outlier Model 1 and Additive Outlier Model respectively. The truncation lag lengths of *k** = 12 were selected using the *F*-sig approach. The *p*-value for the *real gdp* unit-root test is lower than that of the *unemployment rate* unit-root test. This is an indication that the Additive Outlier Model has more power than the Innovational Outlier Model 1 on these series. The remaining series, i.e. *inflation rate*, *interest rate,* and *exchange rate* are stationary at level under Additive Outlier model, Innovational Outlier Models 2, and 3 respectively. The *k** = 13 for *inflation rate* and *k** = 1 for *interest rate* and *exchange rate* were chosen using the *t*-sig recursive tehnique. The *k* max was chosen arbitrarily avoiding the problems of multicollinearity amongst the variables and loss of power usually associated with high values of *k* max. This quantity was 13 lags (for *real gdp* and *inflation rate*) and 5 lags (for both interest rate and exchange rate). Only the *unemployment rate* has a binding *k* max at 12 lags. The breakpoint dates correspond to significant periods of global economic and Nigerian government policy change shocks. The logarithms of the macroeconomic variables are as shown in Fig. 1 below. The breakpoints are selected to maximize the *t*-statistics (Table 1).

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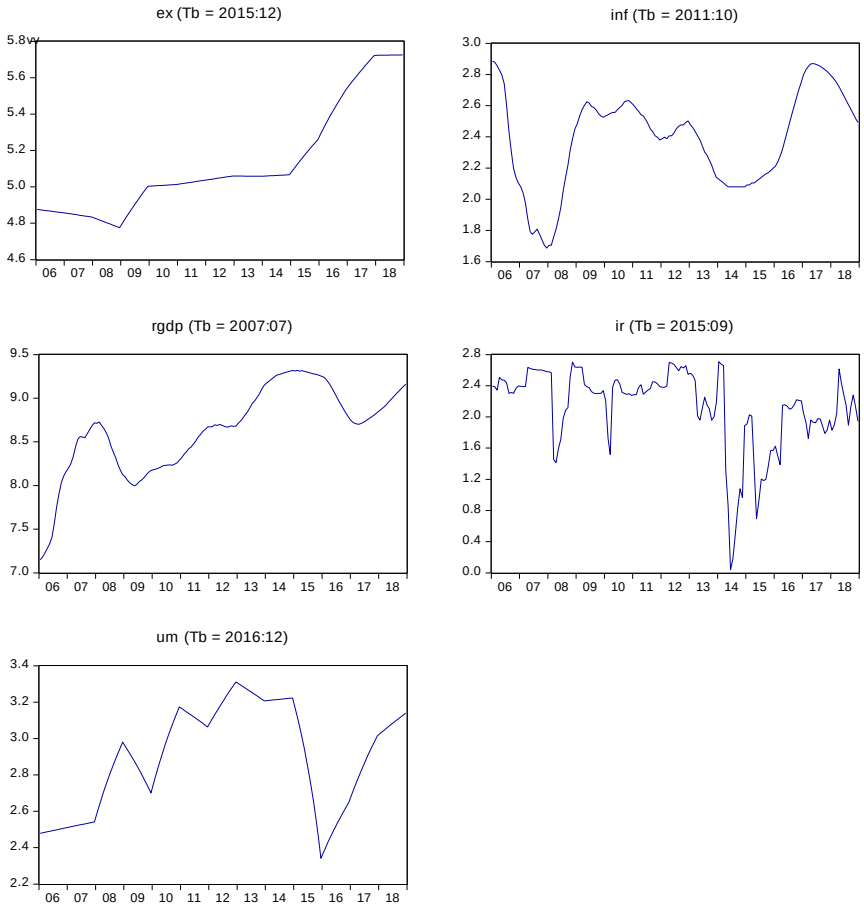


Fig. 1: Log exchange rate, log inflation rate, log real gdp, log interest rate and log unemployment rate for Nigeria between 2006 and 2018

Firstly, there was a global financial crisis in 2007 when major financial institutions in the United States collapsed. The effect of the global financial crash was observed in Nigeria's *real gdp* in July of 2007. Secondly, Nigeria is known for its inflation targeting monetary policy. Under this policy, the Central Bank of Nigeria (CBN) uses the monetary policy rate (MPR) and cash reserve ratio (CRR) to control rate of inflation in the economy. Hence, the breakpoint of 2011:10 in inflation rate series is a consequence of the upward review of CBN's Minimum Rediscount Rate (MRR) from 9.25 percent to 12 percent in October 2011. Furthermore, in 2015, the Central Bank of Nigeria reduced the Monetary Policy Rate (MPR) from 13 percent to 11 per cent culminating into the September 2015 breakpoint date in the *interest rate* series. Thirdly, in October 2015, JP Morgan expelled Nigeria from its Global Bond Index-Emerging Market (GBI-EM). GBI-EM is an index which tracks local currency bonds by emerging market governments. This decision led to the efflux of foreign investors holdings in Nigeria bonds. The effect was revealed in a breakpoint of 2015:12 in the *exchange rate* series. Finally, there is a strong connection between economic growth and unemployment rate. According to the United Nations Development Programme 2016 annual report on Nigeria, the country's economy witnessed contraction (recession) for the first time in several decades. This resulted in an escalation of *unemployment rate,* especially amongst the youth, which led to the introduction of several government youth empowerment programmes to reverse the trend. The contraction was captured by the December 2016 breakpoint observed in the *unemployment rate* series. Thus, by introducing trend break functions in the unit-root tests without a priori information, we have been able to establish a good connection between the various breakpoints and the macroeconomic series. This is in line with previous works by Perron (1997), Zivot & Andrews (1992), Banerjee et *al*. (1992), Lumsdaine & Papell (1997), Ling et *al*. (2013), Arestis & Mariscal (2000), Basher & Westerlund (2008), Chiang & Ping (2008), Narayan & Smyth (2005), Ewing & Wunnava (2001) and many other studies.

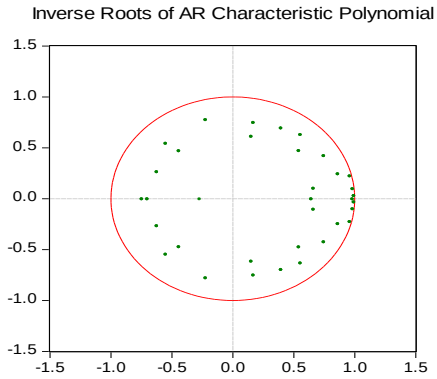
c) Selecting the maximum lag length (p) of the Unrestricted VAR

We specify a level unrestricted VAR (*p*) model using the information criteria to select the lag length. Specifically, LR, FPE, and AIC criteria selected a lag of $p = 7$, while SIC and HQIC criteria chose $p = 4$ (Table 2).

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$$y_t = b_o + b_1 t + \sum_{i=1}^{p} \psi_i y_{t-i} + \varepsilon_t$$

However, the VAR (4) model seems to have stability problems and serious serial autocorrelations amongst the error terms. Thus, we set our $p = 7$ in the Toda and Yamamoto procedure.



p	*LM-Stat*	p -value
1	35.2793	0.0833
2	36.4804	0.0646
3	33.4526	0.1201
4	13.8500	0.9643
5	33.1339	0.1278
6	20.9649	0.6946
7	19.1256	0.7911
8	18.7914	0.807

Fig. 2: Stability Checks on VAR (7) model

The stability of the inverse roots of AR polynomial of the VAR (7) indicates no root lies outside the unit circle. Furthermore, the test of serial auto correlation on the error terms reveal no serious problem of serial autocorrelation at 5 percent and 10 percent levels. Thus, the VAR (7) model satisfies the two stability conditions (Fig. 2). Before the conduct of the Granger non-causality test, we check the existence of long-run comovement (cointegration) using the bounds test with an autoregressive distributed lag model (ARDL). The choice of ARDL is because of its better performance especially when the finite sample size *T* is small and the inclusion of different lags of the variables in the model. Furthermore, this method is generally applicable to a mixture of I(0) and I(1) time series (Pesaran, Shin & Smith, 2001). Under this model, we establish a single cointegrated equation of the long-run relationships via ordinary least squares (OLS) by using a bounds testing procedure as proposed by Pesaran *et al.* (2001). We estimated the following differenced VAR (*p*) model

$$\Delta y_t = -\sum_{i=1}^{p} \lambda_i^* \Delta y_{t-1} + \tau^* \Delta t_t + \sum_{j=1}^{k} \sum_{i=o}^{p_{j-1}} \Delta z_{j,t-i}' \beta_{j,i}^* - \hat{\phi} EC_{t-1} + \in_t$$

One or more of the monetary policy indicators, *unemployment rate* and *real gdp* variables in the vector z_j is fixed or static, Δ is the first difference operator, Δy_t is the *interest rate* (ir) at first difference,

$$EC_{t-1} = \rho y_{t-1} + c_0 + c_1 t + \sum_{j=1}^{k} z_{j,t-1}' \theta_j \;,\; \hat{\phi} = 1 - \sum_{i=1}^{p} \hat{\lambda}_i \;,\; \lambda_i^* = \sum_{m=i+1}^{p} \hat{\lambda}_m \;,\; \beta_{j,i}^* = \sum_{m=i+1}^{p_j} \beta_{j,m}$$

Determination of the number of lags was done using the BIC information criterion. This criterion selected an ARDL with three lags of *interest rate*, one lag of *inflation rate*, zero lag of *exchange rate*, one lag of *real gdp* and five lags of *unemployment rate,* i.e. ARDL (3,1,0,1,5). The result of the bounds test is presented in the Table 3 below.

Table 3: Bounds Test results on ARDL (3,1,0,1,5) Interest rate model

I(0) Bound	I(1) Bound	F -stat	k	α
3.03	4.06	6.24	4	10%
3.47	4.57	6.24	4	5%
4.4	5.72	6.24	4	1%

Source: Authors personal computation

Bounds test involves conducting a joint test of hypothesis on the long-run coefficient in the EC_{t-1}. We rejected the null hypothesis of no level long-run relationship since the calculated *F*-statistic = 6.24 is greater than the asymptotic critical values in Table 3. The estimated long-run level relationships' coefficients

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and standard errors (in parenthesis) on ARDL (3,1,0,1,5) *interest rate* Model is as follows:.

$$ir_t = -58.21 - 0.08t + 5.99\inf_t + 1.88ex_t + 5.25rgdp_t - 0.56um_t$$

[19.52] [0.02] [1.66] [1.15] [1.67] [0.41]

While *inflation rate* and *real gdp* are significant at all levels of significance with *p*-value = 0.0004 and 0.0021 respectively, exchange rate (*p*-value = 0.1043) and unemployment rate (*p*-value = 0.1665) are not significant in the long-run. However, ϕ = -0.36, which measures the speed of adjustment by the *interest rate* to disequilibrium caused by shocks on the remaining variables is negative and significant at all levels of significance. These shocks could be as a consequence of the various structural breaks observed in the unit-root tests above. For example, a breakpoint of 2011:10 was observed in the *inflation rate* series. A persistent rise in inflation leads to the review of the anchor *interest rate* downward in October 2011. The CBN's instantaneous adjustment in *interest rate* can be explained by the 36 percent speed of adjustment in the equilibrium correction form (Table 4). This model was well specified since there is no serial autocorrelation amongst the error terms. Breusch-Godfrey serial autocorrelation LM test *F* (5,130) = 1.17 (*p*-value = 0.3295) and χ^2 = 6.48 (*p*-value = 0.2622).

Table 4: Equilibrium correction Form for the ARDL (3,1,0,1,5) Interest rate Model

Variable	Coefficient	S.E	*t* -Statistic	*p* -value
Δir_{t-2}	0.18	0.07	2.38	0.0185
Δinf_t	-39.88	10.55	-3.78	0.0002
Δex_t	0.68	0.43	1.57	0.1184
$\Delta rgdp_t$	-39.31	10.3	-3.82	0.0002
Δum_t	1.43	1.21	1.18	0.2400
Δum_{t-1}	-0.91	2.6	-0.35	0.7272
Δum_{t-2}	-8.3	2.59	-3.21	0.0017
Δum_{t-4}	-4.64	1.26	-3.69	0.0003
EC_{t-1}	-0.36	0.05	-6.76	0.0000

Source: Author's personal computation

The cointegration test is crucial to the test of Granger non-causality because if two or more time series are cointegrated, there will exist a causality either unidirectional or bidirectional between them but not vice versa. Hence, the bounds test above is a mere check or confirmation of the presence of causality amongst the macroeconomic variables. Note that any of the macroeconomic variables could be used as the dependent variable in the cointegration analysis as long as the model is stable (i.e. the error terms do not have any serial autocorrelations and there are no unit roots in the autoregressive polynomial). Having established the existence of long-run relationships amongst the macroeconomic variables, we proceed to the test of Granger non-causality using the Toda-Yamamoto procedure as proposed by Toda & Yamamoto (1995). We conducted the procedure using p = 7.

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Table 5: Granger non-causality test using Toda-Yamamoto Procedure ($p = 7$), $d_{max} = 1$

	Variable	χ^2	df	*p* -value
Dependent variable: ir	inf	17.71851	7	0.0133**
	ex	17.09396	7	0.0168**
	rgdp	18.91609	7	0.0085*
	um	29.1669	7	0.0001*
	All	69.1003	28	0.0000*
Dependent variable: inf	ir	6.0692	7	0.5317
	ex	4.7166	7	0.6945
	rgdp	12.7762	7	0.0778***
	um	7.4421	7	0.3843
	All	35.5113	28	0.1555
Dependent variable: ex	ir	3.7253	7	0.8108
	inf	15.5754	7	0.0293**
	rgdp	16.2485	7	0.0229**
	um	2.1400	7	0.9517
	All	51.7241	28	0.0041*
Dependent variable: rgdp	ir	6.0716	7	0.5314
	inf	11.3708	7	0.1232
	ex	4.6985	7	0.6967
	um	7.4561	7	0.383
	All	31.5554	28	0.293
Dependent variable: um	ir	4.2375	7	0.7521
	inf	25.8322	7	0.0005*
	ex	8.0581	7	0.3275
	rgdp	25.2782	7	0.0007*
	All	41.6011	28	0.0473**

Source: Authors personal computation

These results have implications for policy making. Theoretically, if the five macroeconomic variables have a common stochastic trend, it is expected that bivariate or multivariate causal relationships will exist between them, either unilaterally or bilaterally. Hence, the result of granger non-causality is in line with that of ARDL cointegration test. The test of Granger non-causality (Tables 5 & 6) reveals unidirectional causality amongst the macroeconomic variables except *inflation rate* and *real gdp*. These two macroeconomic variables cause each other (i.e. bidirectional causality exists among them).

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Table 6: Summary of Toda-Yamamoto Granger non-causality test

		Direction of causality
Relation		$p = 7$
interest rate *vs.* inflation rate		*unidirectional*
interest rate *vs.* exchange rate		*unidirectional*
interest rate *vs.* real gdp		*unidirectional*
interest rate *vs.* unemployment rate		*unidirectional*
inflation rate *vs.* exchange rate		*unidirectional*
inflation rate *vs.* real gdp		*bidirectional*
inflation rate *vs.* unemployment rate		*unidirectional*
exchange rate *vs.* real gdp		*unidirectional*
exchange rate *vs.* umemployment rate		*unidirectional*
real gdp *vs.* unemployment rate		*unidirectional*

Source: Authors personal computation

Surprisingly, *interest rate*, *exchange rate*, *inflation rate,* and *unemployment rate* do not cause real gross domestic product either individually or jointly. The case of unilateral causality from inflation to real gross domestic product is in line with the conclusion of Umaru *et al.* (2012). In the interest rate model, all other variables cause *interest rate* individually and jointly. Conversely, only *real gdp* causes *inflation rate*. The *unemployment rate* can better be predicted using the past and current values of the *inflation rate*, *exchange rate,* and *real gdp*. These results confirm the conclusions drawn by some earlier works, as outlined in this paper.

IV. Conclusion

Firstly, by introducing trend break functions in the unit-root tests without a priori information, we have been able to establish a good connection between the various breakpoints and the macroeconomic series. These dates represent critical periods of policy changes by the government and external shocks. The unit-root tests with trend functions suggest that structural breaks in the macroeconomic variable series are very important and significant when formulating economic policies. The breakpoints can be included in a VAR model as deterministic terms to further improve the forecast/ prediction power without affecting the asymptotic properties of the test statistics involved in the analysis. However, the object of the unit-root test is just to establish the order of integration of the time series. Secondly, Granger non-causality tests via the Toda-Yamamoto procedure established bidirectional and unidirectional causal relationships amongst the macroeconomic variables. The existence of causality was confirmed using the bounds test with an interest rate autoregressive distributed lag model. Hence, this study further affirms the conclusions of several other research works that if two or more macroeconomic variables are cointegrated, there *must* be a unidirectional or bilateral causality amongst them but not vice versa. Therefore, we recommend that economic and financial policy makers consider including these macroeconomic variables in the models used for their forecasts.

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Global Journal of HUMAN-SOCIAL SCIENCE: E
Economics
Volume 19 Issue 6 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-460x & Print ISSN: 0975-587X

An Alternative for Economic Empowerment of Coastal Village

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Abstract- This research is based on the phenomenon of the low development of the tourism sector which occurred in the regions of coastal villages in boosting the economy. Therefore this study was conducted to determine the cause of poorly supported coastal tourism is possible when tourism can boost the economy of the coastal village communities. The government has issued a public policy related to coastal tourism, however, implementation is not yet optimal.

By using qualitative and phenomenological approach obtained findings about yet diberdayakannya this coastal tourism. Cause that occur among people less able to capture the business opportunities to manage local community-based tourism. Lack of empowerment clear from the government and the maximum promotion of the tourism sector. SDA has not been optimally diberdayakannya this coastal region by coastal village communities as well as the lack of infrastructure the village infrastructure.

Keywords: empowerment of tourism and the economy.

GJHSS-E Classification: FOR Code: 349999



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It is expected that the role of government in kongret in the handling of this tourism to the economic empowerment of rural communities along the coast. One solution that daapat taken is revamping public policy related to the development of coastal villages. Besides the completion of the installation program paving and street lighting is also a priority program. Development and empowerment of communities in the management of this pariwisatan immediately, so that their economy soon increase. Another thing that can be done by the government is the optimization of religious tourism and beach tourism exist to promote road.

Keywords: empowerment of tourism and the economy.

I. Introduction

Sidoarjo regency have a fairly extensive coastal areas. The coastal area that is very beautiful and natural. Start the border with Pasuruan in southern and eastern regions to the border with the Surabaya City North section. Tens of kilometers along the coastal areas is has a great chance if developed as a tourist attraction coast and beaches.

For accelerating the construction of an effort to improve the community's economy, mainly rural coastal Sidoarjo regency government issued a decree Sidoarjo Number 57 Year 2013 About the Detailed Plan Strategic Masterplan for Coastal Zone Sidorjo District. In the decree has been explained clearly and in detail about the coastal area with its natural resources are important for economic development and ecosystems. Because the coastal area is an area of biological and non biological resources that are highly productive. It includes tropical marine life is very dependent on coastal ecosystems such as coral reefs, seagrass beds and mangrove forests.

Sidoarjo regency turned out to have a huge opportunity if you want to develop marine tourism and coastal tourism and religious tourism. This is because the extent of the coastal area in Sidoarjo and a very beautiful and natural. This region such as the island Sarinah has been described above, Permisan bay which is about 4 kilometers north of Pula Sarinah, and Tomb Dewi Sekardadu that is located within the vicinity of the Gulf Permisan. These areas have the charm and natural fanorama very beautiful and natural.

Fore the implementation decree implemented properly so that the area can travel forward in order to boost the economy of the coastal village communities. Thus it takes care of this coastal village communities to seize opportunities and develop it. Besides the government's efforts to improve infrastructure and supporting infrastructure as soon as possible. So is the effort to invite invertor immediately invest in tourism in developing coastal tourism, marine and tourism of this religion.

II. Methodology

The method used is Qualitative Method with Phenomenology approach.In this research, we used the qualitative method supported by the phenomenological approach, Denzin & Lincoln (2009). Meanwhile, to obtain accurate results, we conducted in-depth interviews with resource-knowledgeable individuals who understood about the issues being studied.The theory used as a reference is the theory of Merriam SB (2002).

III. Result

From interviews and field observations showed that the southern and eastern parts of Sidoarjo regency, has formed an artificial island on the results of the Lapindo mud disposal. The island is known as Pulau Sarinah, as a result of the new island Lapindo mud sediment discharged into the sea during the last 7 years. The island mangrove trees planted is expected to be a very beautiful mangrove forest.

With the formation of this artificial island is expected will become a national stratified marine tourism. If well developed marine tourism will be more beautiful when compared to Ancol Dreamland and

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Marine Tourism Lamongan. This is because the location is completely separate from the mainland and were dilautan deep enough.

From the field observations, the condition of Sarinah Island is beautiful. However, the island has not had memadahi infrastructure such as lighting and roads. On the island already built pier fishing boat stops just leaned back to rest.

Until now, the island is not much visited by tourists. Perhaps because of the lack of promotion of the presence of the well or facility conditions that are inadequate. Yet when the island is completely optimized as a marine tourism object is believed to create new job opportunities for the people of coastal villages. Coastal village communities that have keahliah run the boat it will be a tourist boat driver who delivers tourists to the island. Additionally, it will open a new business field, such as selling food, souvenirs, souvenirs coastal and others. This is what requires special attention of all the components that coastal tourism is bernar optimized.

While the location of the nature conservation area includes the Mangrove Coast Buduran The interest in the district including the Gulf and Permisan. There was also a beach Gesik Cemandi in District loksinya Sedati are very close to the beach and the bay Permisan The interest of this. If you really can be managed either by the Department of Tourism and the coastal village communities, the tourism Permisan Gulf coast, beach and interest of the River will have a positive impact on the improvement of the economy.

However, the fact until now have not been implemented to the fullest. Yet when this tour is really developed and managed properly, it will be visited by tourists. If this is managed and developed to the maximum will be their new revenue for the government as revenue (PAD) tourism sector. Additionally, it will open new jobs for the local community people groups in this coastal village area.

However, not all the existing mangrove forest Sidoarjo coastal area were damaged. In some areas of mangrove forest is still very natural. The beauty of the existing debt disepajang mangrove coastal Sidoarjo is an incredibly beautiful and alamai. Mangrove forest conditions even this lack of empowerment of maximum travel. Society has not been able to seize opportunities in the presence of the mangrove forest.

Meanwhile, the government is also not optimize the condition. Just a goal early in the planting of mangrove forest to avoid the occurrence of abrasion. Whereas in fact if managed properly will make a very beautiful tourist visits. When this is developed it is believed will increase the level of the economy of this coastal village communities.

On close examination, the actual field conditions this attraction very beautiful natural scenery. However, until now this attraction is not managed properly, mangrove existing debt even less so neglected. The people were also less preserve it because they feel there is no order from the government.

The more well-organized coastal areas and coastal resource management are well expected to increase economy of the community. This coastal zone management will make these beaches and coast to attract tourists to come. Increasing number of tourists who come to make this coastal tourism will be more advanced. It is possible to open jobs for the people of coastal villages to improve their economy.

Besides, this place is perfect when used for beach camp arena. Because in this place there is also a ground overlay that can be used for the camping. In connection with the problems of the camp, actually this tenpat already been visited members of the Boy Scouts of the State University of Surabaya (Unesa). However, because it is not the availability of facilities to support it where this can not be used for large-scale camp. Meanwhile, when used for 100 participants where they memadahi with field use in schools.

Besides, this place can also be used as an area of conservation of biological resources. As practice artificial breeding and animal husbandry and fishery trials. Thus will this place will become a center for maritime education and kepesisiran. Therefore, it is slowly but surely this coastal villages will be visited by many people. From this will arise new jobs for the people of this coastal village. So also in this place can be built arena field studies (stula) coastal areas as part of the local content of education Sidoarjo. Studies of this tour when carried out by junior high and high school students in the region of Sidoarjo, because during this time when these students do stula always to the South of Malang and to Lamongan.

Meanwhile, field observations and campground family gaming arena could be built in the area of ponds. There are still many ponds that can be dried and can dipungsikan into terrain. This place which later enabled the game park and campground area. This area is very spacious with the support of a very beautiful natural scenery. However, it should be immediately addressed is the installation of the road paving program in the area of ponds. Besides the installation of street lights should be resolved so that the road can be traversed at night.

Besides beaches and mangrove forests, the same region there is also a tomb of Dewi Sekardadu religious tourism that the community believed to be the tomb of the mother of Sunan Giri in Gresik. Dewi Sekardadu religion tourism tomb also has great potential if developed properly. However, the fact until now the object of religious tourism has not been managed optimally.

Because less Adaiah tourism promotion by the government, this religious site is only visited by pilgrims who knew only. They know the location of the information person to person and from mouth to mouth.

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For it is necessary to have a better promotion of the government and people of this coastal village.

However, many pilgrims who come to this place from the outside Sidoarjo. They came from the region of Mojokerto, Gresik, Pasuruan, Lamongan and some other areas. Nor is it a bit coming from the Sidoarjo region itself. Those who come usually from pilgrims recitals and other groups. In addition to the road conditions to this place that can not be resolved also be a barrier they are on pilgrimage especially at night. They generally come with using a motor boat transportation.

By using this river path will be subject to weather conditions and the tide. Thus the pilgrims in the group will come to this place in the morning and immediately back before noon. This is because in conditions like that can stream is passed by the boat well. The pilgrims generally use the services of a motor boat from Pier Belvara in Bluru Kidul region with boat rental fee of Rp. 300,000 commute. This boat maksimak climbed by 15-20 people.

Because transportation is by boat motors, they usually come in groups and not simultaneously. One group of 1-2 boats, while one boat with a capacity of about 15-20 people. Usually when the time Sundays and holidays can be up to 10 boats. Thus there are about 150-200 people who can make a pilgrimage to this place. When calculated for a month the number of visitors nearly 1000 people. When properly managed and travel levy charged then it is their PAD hefty tourism sector. Nevertheless, it is not managed properly by the people of coastal villages and Disporbudpar.

However, even though this place has been visited by many pilgrims, yet this coastal village communities that capture business opportunities by selling souvenirs typical of this coast. From field observations, there is a marung food just sitting in front of the tomb. There are no other people who are trying to sell souvenirs typical of this coastal village and sell other goods.

In order for the journey to the grave site Dewi sekardadu becomes easy pavingisasi settlement process is expected in the area of aquaculture immediately resolved to be bypassed under any circumstances. Thus it is possible pilgrims to the grave site Dewi Sekardadu will increase. With the increasing number of visitors expected is proportional to the income of coastal communities through selling food and beverages as well as other souvenirs typical of this coastal village. Thus the expected level of public economy will soon increase. While the picture below menunjukakan visitors on the site conditions Dewi Sekardadu meal.

Besides pilgrimage to the tomb of Dewi Sekardadu sites, people who come to enjoy another tour that is to panatai Permisan The interest and the bay and into the mangrove forest around it. Also in this area it is possible to open fishing areas and children's games. With beautiful natural conditions and their possible Peaceful pebangunan specialty area for tourists. In addition to enjoying the beautiful panorama of the coast and mangrove forests they could stay in this place. This is a great opportunity to improve the welfare of this coastal village communities in alleviating them from the shackles of poverty.

In developing the site of the tomb of Religious Tourism in Dewi Sekardadu as well as the development and manufacture beaches fishing area, village governments towards Sawohan own thoughts there. However, this requires a huge support from the Government of Sidoarjo regency because many costs to be incurred. Huge expenditures of course to do pavingisasi unfinished program. Meanwhile, when the rural development program was rushed there, then the other programs will be abandoned. It required the support of the government and private sectors concerned with the development of tourism to tourism development in this region.

With dioptimalkannya of tourism and good management, it will be the opening of new jobs for the people of coastal villages. In addition, if the program is already completed installation of paving, road in the area of ponds will be easily traversed by tourists. For travelers by land will be able to use a motorcycle taxi passing tourist with extensive aquaculture areas. This coastal village communities will be motorcycle taxi drivers and tour guides as well sengai them.

With the development is of course no retribution parisiwata incoming travel. The levy will be managed jointly between the district and the village government. Thus the system of revenue sharing between the districts and villages. Finally, the funds can be used for the improvement of infrastructure and additional infrastructure needed to accelerate the physical development.

Meanwhile a very heavy program for the village is a settlement ditanggu pavingisasi program. This program has been running for years but the fact that until now have not been resolved. This is possible because of an error in the program. From the field observations pavingisasi not the focus turns toward the interest of the region. However, nearly revolves around the whole area of aquaculture. This is possible because of political pressure from the other party for paving fact, going into aquaculture areas belonging to certain people.

From the field observations, the road has not been completed pavingisasi is about 2 km. Meanwhile, when pavingisasi can be resolved quickly dimukinkan travel to the grave site Dewi Sekardadu will be easier for two-wheeled vehicles smoothly leading to the venue. Thus dimunkinkan will increase the number of tourists who will make a pilgrimage to the grave site Dewi Sekardadu. Finally, on the night haripun the pilgrims could visit to this place.

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If traveled to this place by boat is highly dependent on weather conditions. In addition it can not be done at night. Thus if you want to make a pilgrimage at night so most effectively by using a motorcycle stelah pavingisasi program is resolved.

By passing the area of aquaculture in the afternoon we will enjoy the beautiful panorama of the beautiful pond. It also can enjoy a grove of mangrove forests that exist along the journey. Similarly, we bus stop to rest while fishing diareal small rivers and the ponds. This is what will memambah menutu beauty in the course of the venue. The program for this pavingisasi should be resolved with the help of government and private parties who care about the development. If possible also the support of the tourism investors.

From field observations actually a lot of people from outside the area who visited the grave site Dewi Sekardadu. Especially on Sundays and holidays a lot of pilgrims who come to this place. The pilgrims will be more on the eve of Ramadan. Thus the fact this place is frequently visited by the public, but the management are less than the maximum. Finally, the absence of a significant impact on the economy of this coastal village communities.

From field observations it is possible because of the lack of tourism promotion of berbgai parties. While the media campaign that can actually be done in various ways. Whether through print and electronic media as well as online media. In addition, conditions of infrastructure roads and other infrastructure is also an obstacle. Pavingisasi not been completed and resulted in people unwilling to make a pilgrimage to this place especially at night that his condition was very dark.

Infrastructure related problems actually Sutrisno as the village head had been proposed repair and maintenance of existing roads. In addition, the installation of street lights connecting anatara Sawohan and Hamlet interest of the village along the 9 km. However, until now it has not been implemented to the fullest. Most likely because of the lack of development funding or other problems.

See the above phenomenon, for empowering the religious tourism is that many people visited the improvement of road infrastructure resolved immediately. Besides the installation of street lighting also be implemented so that at night the pilgrims could visit. That requires cooperation between government, private sector and local communities. In addition it should be held komunikasipun tissue repair and cooperation with telecommunications providers.

If all happens expected Dewi Sekardadu religious tourism tomb will benyak visit. With many visited this tomb will open up new business opportunities for the people of this coastal village. It is hoped that the change in the level of their economy. The growing economy of coastal communities is expected to affect other sectors and eventually they get out of the shackles of poverty during this time.

Pick your culture and culture Sea Nyadran hereditary conducted by neyalan coastal and rural communities. This culture is usually done before the month of Ramadan and the month of Rabi al-Awwal. This month is usually their tradition or the tradition Pick Nyadran Sea conducted by the fishermen and coastal villagers. The interest of the ritual Nyadran Beach aims to welcome the month of Ramadan, as well as an act of gratitude local communities will be given God's gift on the abundance of the fish catch of the fishermen.

This culture is the local culture which is packaged in a religious nuance. In addition to the events pray in Islam, also the ritual throwing offerings into the middle of the ocean. This culture is actually very interesting and can be used as a cultural tourism destination. In addition we witnessed the ritual we are treated with a variety of local entertainment and modern. This is actually a special attraction for the tourists.

Nevertheless, this culture is not packed to the maximum in order to be a main attraction for tourists. And if culture is packaged well and the promotion of maximum, will be a very legendary wizard. Nyadran culture is usually dialakukan community with the prayer at the grave site Dewi Sekardadu continued throwing offerings into the sea where fishing communities and coastal rural communities for fish and other marine products.

Nyadran ritual itself is usually done during the day and begins in the morning. The fishing communities and coastal villages people flocked to the interest of the coast. The Society will bring offerings of rice cone and other offerings using the boats are huge numbers. During the boat trip will be accompanied by the sound of gamelan and Javanese song-song, sung by the participants nyadran from the boat. Such culture has its own charm.

However, there is no packaging is expected to be a tourist destination. Finally, until now not many people in Sidoarjo that many mnegenal this ritual. Moreover, people who exist outside of Sidoarjo. This is due to a lack of promotion and publicity of tourism from various parties. In addition uga absence Sidoarjo District Government attempts to patent this culture become distinctive culture Sidoarjo.

This cultural conditions that could be packed into a cultural tourism. So that the public can learn more about the coast this nyadran cultural interest of the passage. The following figure shows the conditions of fishing communities and coastal rural communities hold nyadran culture.

This ritual is an expression of gratitude for the blessings that have been given by God for a certain period. When this is packed in a nice management will make cultural tourism destination is very beautiful. However, in reality up to this time this activity is only a

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mere ceremonial ritual and the absence of good management to invite the tourists to come. This is actually a challenge for all parties to this culture into the arena of tourist visits. And if managed optimally and become a tourist destination will certainly be their other income for the community, but the fact is people have not been able to capture these opportunities.

Lack of desire of the government to make this nyadran culture become an icon of the Delta. Meanwhile, the people only follow the rituals hereditary without having the desire to develop it into one of the annual tourist destination. While tourism investror also yet a glance at this ritual to become a great cultural attractions. Padalah if managed properly will be a legendary cultural attractions and become an icon of Sidoarjo, or better known as the City of Delta.

To develop cultural tourism required joint efforts between government and the private sector in order to work together to make this tradition become an annual cultural wizard. Should the fishing communities and coastal rural communities also resemble this activity as good and beautiful as possible. From there will make a special attraction for the general public. In addition the overall system of tourism promotion through print and television media as well as online media. Finally, this culture will be known by tourists both local and national and even foreign countries. This culture can also be a cultural tourism typical patented Delta State as an icon of Sidoarjo.

From field observations marine culture and cultural nyadran quotation is usually celebrated with traditional music scene as well as modern music. In addition, the beauty of their race boat and sail across the river The interest towards the ocean through the Gulf Permisan. This is what adds to the beauty of its own in this tradition. With natural conditions are very beautiful and natural panorama make this tradition more festive. As contained in the following picture beauty boat on the river nyadran interest of the participants to the ocean.

Of the entire coastal tourism and religious tourism above, to date no one has managed optimally. In fact, if managed properly it will adaanya lapaangan new jobs for the people of this coastal village. With so many visitors that no coastal village communities when opening a business by selling food or other. In addition, people can provide souvenirs typical coastal villages. As for Kaun men can be towing a boat wizard mnegantarkan the tourists around the coast. However, until now this has not happened because the condition is not yet empowered pariwiata completely.

Of the various conditions of coastal tourism above, it takes care of people from government, local communities and private parties to immediately realize the development of the coastal tourist attraction. Because usually if it is managed by the private sector development will be fast when compared managed directly by the government. If this happens it will be the largest coastal tourism in Sidoarjo, and is expected to become an icon of Sidoarjo. Thus it takes a good promotional efforts so that their investors are ready to invest in the development of this peisir travel.

Therefore takes the seriousness jointly between the government, local communities and other parties in its management. Their responsibility of government to improve the infrastructure of existing infrastructure. Repair road to the region must be resolved. Komunikasipun network construction has to be done because of the difficulty of communication in this region. This is what allows become less optimal conditions this tourism.

According to the fishing community that the entire event was conducted in the coastal rangkaina it will be very troublesome because roads were barely passable and makes people reluctant to visit. Therefore, for this event series to really focus in one place and become tourist culture then repair roads must be resolved. Besides the installation of street lights also become a priority.

Of the overall coastal tourism in the district of Sidoarjo if properly managed will open up business opportunities and new jobs for coastal communities. Meanwhile, the lack of public understanding of the development of coastal tourism would also mengahambat other development. People do not understand clearly about the development of tourism. That requires understanding and increased knowledge of tourism and coastal zone management.

Meanwhile in the coastal area there are a number of ecological, social, economic and institutional. Ecological problems can be observed from the phenomenon of mangrove forest destruction, pollution of the environment, resulting in coastal erosion and other coastal habitats physical decline. Many people who are less concerned about preserving the environment and coastal resources. This is what needs a serious understanding to these communities to always preserve the coastal environment.

Damage to mangrove forests in the region of Sidoarjo occur caused by the hands of society itself. Society is very memahahi that this mangrove trees are the raw material maker of the best charcoal. So people do theft and destruction of mangrove forests have to be made charcoal and sold. All was done in order to meet their needs, because during this time the people were below the poverty line ..

Not to development of public awareness in the preservation of the coastal environment. Mangrove forest conservation, preservation of coastal ecosystems and the preservation of other natural resources. This will be a very disturbing development process of this coastal region. Besides activities on land development will also affect the development of coastal areas. Tercadinya pollution of coastal areas due to the construction of factories on land. Due to this

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contamination can occur because of the waste from the factories.

The coastal area is an area that not only has the meaning of unity and defense. Additionally coastal region of high economic value to people's lives when managed properly and wisely. However, from field observations coastal village communities have not been able to maintain the condition of coastal areas is well and masihadanya tendency to spoil it. It has also become another problem in the development of coastal tourism. That requires seriousness in addressing this issue. This handling is not quite done by the government alone, but will have the support of local communities and the private sector. Concern private sector will greatly help accelerate the development of tourism.

Lots of local tourism investors in Sidoarjo, but until now there has been any investors who want to invest in the development of tourism. Due to the condition of the infrastructure, including access roads are not perfect makes them reluctant to invest. For the completion of the program required the installation of paving roads and approaches to media and promotion so that investors are ready to invest into this place. Because until now tourism promotion is not running effectively. While the completion of the installation program paving and street lighting are also unresolved.

From field observations it turns out that makes obstacle is the condition of the road leading to this place that has not been feasible. Unfinished roads and lighting conditions as well not exist is what makes people reluctant to visit. As a result, investors also do not want to invest because it is still quiet and they will feel the loss. This is the need for governance of tourism that better. For the future expected policy on the governance of coastal tourism from the government.

IV. Conclusion

From the results of the above description may be found answers about the potential problems of coastal tourism, religious tourism and cultural tourism is not empowered in this area when the travel sector can improve the welfare of the people of coastal villages, as follows:

1. Management of coastal tourism is not optimal either by the government or the people of coastal villages.
2. The coastal village communities have not been able to package and quotation sea nyadran ritual as cultural tourism are legendary.
3. Travel tomb of Goddess religion Sekardadu not been managed well by the government and the people of coastal villages.
4. The lack of infrastructure in the coastal village support coastal tourism.
5. Lack of promotion of tourism both by coastal village communities or the government, because the new government in 2016 seeking investors tourism.

Therefore the expected future government and society can develop parisiwata coastal villages have become one of the destinations. Thus, it will open new jobs for the people of the coastal villages. It also can be an additional local revenue of the tourism sector.

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Global Journal of HUMAN-SOCIAL SCIENCE: E
Economics
Volume 19 Issue 6 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-460x & Print ISSN: 0975-587X

The Interface of Public Policy in Nigeria and its Upshot on the Nigerian Economy

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Abstract- The term public policy is often confused by people who could not understand what it is. The public policy means the mixture of legislation as a result of government politically prioritized ideas with that broad policy directive statements directed at civil service and public agencies periodically to enhance adequate socio-economic and market stability aimed at productivity. The lives of individuals and that of business organizations are affected every day by policies instituted by governments, political organizations, social organizations, labour groups, educational institutions, labour groups, service organizations, communities and even religious organizations such as churches. The pronouncements or policies of all these institutions affect man's life in every ramification, especially the economic lives of people. The research question is how public policy comes to the fore, and what is its interface?

Keywords: government, public policy, legislation, labour policies, business organization, economy, international labour organizations, growth, and development.

GJHSS-E Classification: FOR Code: 149999



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The Interface of Public Policy in Nigeria and its Upshot on the Nigerian Economy

Past. Dr. Abomaye-Nimenibo [α], Williams Aminadokiari Samuel [σ] & Timothy, Godwin Mbang [ρ]

Abstract- The term public policy is often confused by people who could not understand what it is. The public policy means the mixture of legislation as a result of government politically prioritized ideas with that broad policy directive statements directed at civil service and public agencies periodically to enhance adequate socio-economic and market stability aimed at productivity. The lives of individuals and that of business organizations are affected every day by policies instituted by governments, political organizations, social organizations, labour groups, educational institutions, labour groups, service organizations, communities and even religious organizations such as churches. The pronouncements or policies of all these institutions affect man's life in every ramification, especially the economic lives of people. The research question is how public policy comes to the fore, and what is its interface? The research goes on to explain what it is. Having explained public policy, we proceed to discuss the emergence of public policy in Nigeria and its interface. The boundary of public policy seems so wide that it touches all the facets of human activities, be it social, economic, behavioural, financial, etc. We went on to concentrate on labour policies and that of the economy using secondary data. Our findings revealed that public policies affect the economic life of individuals, business organizations, and the economy of our nation both positively and negatively. Our concentration rests on Labour policies and how they affect the economy of the nation. We recommend that men of integrity, professionals, and intellectuals should be appointed or elected into such offices that make public policies and all obnoxious policies earlier enacted should be repealed. Policies that will enhance economic development and growth be in the uppermost heart of our political leaders and all obnoxious policies that do not bring about economic development and growth should be repealed. Policymakers should always bear in mind that the economy needs to be robust and so developmental policies should be given proper planning and policy statement that will enhance the development and training of personnel at all levels. Basic Needs Approach in making man the centre and focus of development be adopted, and development planning and efforts in public policy should be pursued vigorously. Economic policies should be directed at improving welfare, health, education, living conditions of citizens. The government should adopt the Citizen Participatory Approach by involving her citizenry who are professionals in all planning's of development and Policy Making.

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I. Introduction

The term public policy is often confused by people who could not understand what it is. The public policy means the of legislation as a result of government politically prioritized ideas with that broad policy directives statements directed at civil service and public agencies periodically to enhance adequate socio-economic and market stability aimed at the productivity of output. The lives of individuals and that of business organizations are affected every day by policies instituted by governments, political organizations, social organizations, labour groups, educational institutions, labour groups, service organizations, communities and even religious organizations such as churches. The pronouncements or policies of all these institutions affect man's life in every ramification, especially the economic lives of people. The concept of policy according to Ikeleg be (2014) is central to the activities of governments, private organizations, and communities; and that government commits much time, energy and resources to the development and implementation of the policy. Public statements are common features of every government, and these public statements called public policies are offshoots of successive governments by each peculiar government's priority. Once a particular political or military government decides to continue with an existing public policy of its predecessor, then such public policy subsists and do not change immediately. Changes in government showcase itself in public policy as such existence changes. When a particular public policy does not change when there is a change in government, the resultant effect of such unchanged policy often brings about economic stability. Economic stability is one of one the cardinal functions of the goals of an economy be it traditional or modern economy. This stability is achievable if the policy is such a one that can keep the economy stable, do not change or removed betimes. The steadiness of public policy is vital as its stable existence ensures market stability. Stable economy means so much to business magnets that hold every economy and controls the polity of that nation as it is vital in maintaining good relationships with employers and trade unions, and or between employees and

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management of organizations. Employees and management of organizations are therefore as dear to an economy of a nation as it is the hob of the economy for producing the goods and services in any economy. It is therefore, important that public opinion on matters like those of trade union government be handled with utmost care. It is the responsibility of every government to ensure that fair play between employers and employees exists. The Government policies concerning employment does not change incessantly, and if at any time changes occur the public should appreciate such changes as its favourable to the.

The research question is how public policy comes to the fore, and what is its interface?

Having explained public policy, we shall proceed to discuss the emergence of public policy in Nigeria and its interface. The boundary of public policy seems so wide that it touches all the facets of human activities be it social, economic, behavioural, financial, just and name it. We shall concentrate this time on labour policies and that of the economy.

II. Theoretical Framework

To do some justice to the theoretical framework, we shall proceed to discuss the main actor of government, public policies in Nigeria especially on those policies that affect Labour and labour laws in Nigeria, and that of economic development and growth.

a) Government

The government does not stand as an individual or human being but a legal entity that can sue. It is the body of persons having the authority mandate to govern a state or country or local community or a particular ministry in office. Government is the system by which a state or community is governed. The government refers to the body of persons having the action or authority to control or regulate a state or an organization or people of a particular locality. The government may also mean the political entity having the political direction who exercises power over the actions of the members or citizens or inhabitants or societies, or states, or communities within a particular geographical location.

The government actors are proximate actors who occupy formal public positions who are well connected and influential in the policy-making process and having their own perceptions, values, beliefs, attitudes, and interests which they bring on bear on policymaking. The government actors include legislative bodies, the executive, and the judiciary. We also have the non-governmental actors which include political parties, the civil society, the citizenry of a nation, and adversary bodies.

b) Public Policy In Nigeria

The public policy came with the colonial masters as they balkanized Africa into many parts before and during the Berlin conference. Public policies so instituted were never in favour of Africans especially the Nigerians which policies continue to destabilise the nation in one way or the other, but this does not mean that there was no goodness in some of these policies. They brought such good public policy like modern-day administrative antiques and qualitative education, oppressive labour laws that instituted trade unionism, etc.

Some examples of trade law so instituted are as follows:

i. *Labour Policy of Voluntarism*

This is a by-product of the British labour policy that was practised by them in the Nigerian colonial era. It emphases on voluntary collective bargaining between the management of organizations and their labour unions or associations at times of dispute settlement. Its emphasis is on pay and basic conditions of service of employment, basically on the legal position of the law as it affects the state and judiciary and that of hours of work in an organization.

This system enabled employers and workers to settle cases about the terms and conditions of employment via collective bargaining while intervention by the government was seen as the last option when both parties fail in their bid to settle amicably.

ii. *Weaknesses of Labour Policy of Voluntarism*

From all observations, it had been crystal clear that despite all efforts to establish a legal environment for voluntary, non- interventionist and abstentionist principle, inequality in labour-employer relationships still prevails. This weakness is attributable to the attitude of government not putting into practice the policy in its totality in the establishment of the procedures for collective bargaining, especially in the civil service of the nation.

Unarguably, the state of the unions and the faith of its members who are the employees of organizations bear torch, and even though unions were made legal institutions in Nigeria, no sufficient provisions was made for their recognition by whoever employed their service, and many of the employers were not free to sue even their unions when they veer. Remember that in an attempt to settle disputes among the unions, agreements reached either at the arbitration tribunals or conciliation processes were not implemented to the least jot. However, when collective agreements were reached, unions had to call back her striking members who are the employees to go back to work.

iii. *Labour Policy of Interventionism*

This principle of interventionism came into existence to replace the voluntarism policy. The policy of Interventionism posits that labour relations could not be controlled by legislation and therefore, government or a third party intervention is necessary.

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The unions have the right to immunity from legal action once they legally register their unions with the Ministry of Labour and Productivity. By this registration, collective agreements they entered into becomes legally binding contracts or documents even over their members and the other negotiator(s); hence hiding under the cloak of law, and several of bad labour practices were prohibited. This principle was actually introduced in Nigeria in 1968, which led to the introduction of national labour policy by Olusegun Obasanjo administration in 1975. This policy became the system that swept aside the voluntary system of labour relations inherited from the colonial masters and establishes a new system that combines elements of state control and that of voluntarism the same time, i.e., the blending of state control and voluntarism.

iv. *Objectives of Interventionism*

The major objectives of interventionism are as follows:

1. To provide support for the encouragement of international labour organization (ILO) and any other international labour organizations.
2. To provide a new direction to trade unionism movement in Nigeria.
3. To provide education to trade union's officials.
4. To ensure the financial position of labour unions and not to be depended on government.
5. To take away completely external influence on labour unions
6. To provide a legal framework that backs labour unionism
7. To give strength to the labour administration system.
8. To ensure unity among labour unions

v. *Areas of Intervention*

On may be tempted to ask whether there are specific areas for labour policy invention. The answer is in the affirmation as follows:

Labour Disputes and Settlement: There were some policies instituted in the name of Decrees and Acts of Parliament that were put in place to assert those areas of intervention possibilities. For instance, we have the Trade Dispute Provision Decree of 1968 and the Trade Dispute Act of 1976. The Trade Dispute Provision Decree of 1968 initiated the transition from voluntarism to intervention by establishing the National Industrial court as an appellate body of arbitration while the Trade Dispute Act of 1976 proscribed strikes in some organizations that carry out essential services in the country such as the Armed Forces comprising the Army, Air force and Navy, and The Nigeria Police (formerly The Nigeria Police Force).

vi. *Determination of wages*

There are so many policies and policy adjustments in terms of increase of minimum wage, which started with the Udoji award in 1975 that increases workers salary that brought inflation into the country. In 1977, Productivity, Prices, and Incomes Board Act was established. This Board provided the machinery put in place to intervene in determining wages via collective bargaining effort. By this public policy, the government allows for an increase in wages yearly. In 1981 minimum wage Act fixed minimum wage at ₦125.00 per month for the least paid labour, ₦250.00 in 1991, ₦750, 00.00 in 1999 and ₦15,000 in 2011. In 2015, during the Jonathan administration, minimum wage was fixed at Nl8, 000, and presently, as at 2019 the minimum wage has been fixed at ₦30, 000.00 per month which is yet to be implemented.

vii. *Union Affairs*

This has to do with the internal arrangement in various places of work, whether in the private or government sector. In order to cub the excesses of the Trade Union, the government restructured the activities of labour unions by creating senior staff associations, employers associations, and industrial unions by the stroke of the pen of public policy. This enabled the associations to look into the affairs of members with directives from the government. Squinting modifier

viii. *Collective Bargaining*

This policy gives the government power to enforce terms of the collective agreement reached by employers and employees as they bargain squinting at modifiers until they reach a compromise point of give and take, thereby reaching a conclusion. This collective agreement reached by negotiating parties was on how to regulate employment conditions. In a situation where this agreement reached was breached, for instance, by the employer who deliberately declines to abide by the terms of the collective agreement, then the government will come to intervene as that of intervention. This act of intervention by the government is done to protect employees in any organization, and similarly, where the union tries to bridge their negotiated agreement, the government will come into the matter against the union to protect the organization and force the workers to go back to work. The question people always asked is why and what particular interest does the government or state has so as to intervene in labour matters.

ix. *Why State Intervene in Labour Matters*

To have an improved living standard of both labour and citizenry of a state, the government intervenes and looks into the affairs of different sub-sectors and private organizations to ensure that they don't cheat or exploit employees under their organization which will invariably undermine revenue accruable to government. The government intervenes in labour matters as an arbiter to direct both public and private organizations on what to do to enable them not to cheat or defraud one another and have peace.

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In most of the developing countries, private businesses are in the hands of expatriates, especially from their past colonial countries. These past colonial countries continue to oppress the labour working in their organizations. In such cases, government steps in to intervene by directing the employers on what to do to remove exploitation from their agenda.

(i) Government involvement in labour matters has led to increment in wages of workers at both public and private sector, which also meant revenue to the government. With the exploitative nature of most private businesses, that will not like to increase the wages of workers as at when due. The government therefore, play the role of unbiased umpire. The government's involvement in unbiased umpire has earned more surplus profits to the business organization that will pay more taxes to the government. With the intervention of the government, the employer will be forced to increase the salaries of its staff from time to time.

(ii) Most of the private businesses are incapable of getting local and foreign loan facilities from both domestic and international financial institutions to make their private businesses grow. Secondly, the government stands as guarantor for these companies to obtain loans as capital (funds) from both internal and international organizations to enable the private organizations meet up their business obligations. The government being a financial guarantor to a company makes the government to have a say in the affairs of such businesses.

(iii) The government also provides other necessary environments for private businesses to grow. They may provide security for private businesses to grow.

(iv) Foreign investors are attracted to a country through the intervention of the government in most cases. With the intervention of a local or state or federal government, the corresponding foreign country easily gives out loans which provide the necessary funding needed for take-off by the private business. In most cases, the required fund could be so heavy for an individual or private business to raise.

(v) Government interventionism policy in developing countries of the world is part of the system they inherited from their colonial masters which, they continue. These policies had been tested and proven to be an inseparable adjunct of its social and political philosophy and system of government and as such, continued as they were.

(vi) Government intervention was to correct the problems of inequality in an organization. Many private business owners enrich themselves at the expense of their workers whom they exploited. Hence, government intervention to help chequered the situation.

(vii) The government knows quite well that the private sector affects the GDP of any economy most. The government, therefore, step in to ensure that the levels of productivity and effective utilization of available capital which will affect the GDP are enhanced.

(viii) Government intervention in labour matters is to ensure strict compliance and observance to those laws imposed to restrict the production of certain goods and services in the country and also to regulate the inflow of others into the country.

c) Ministry of Labour and Productivity

This is a ministry that looks into labour matters. In 1942, the Ministry of Employment, Labour and, Productivity were set up and saddled with the responsibility of formulating, implementing and monitoring public policy as it concerns the employment of labour. There are several changes in the name of the ministry as per the succeeding government. However, these changes in names do not change the major objective of setting up the ministry. The present name is the Ministry of Labour and Productivity having the following departments: Employment Directorate, Inspectorate and Research Department, Industrial Relations Department, Co-operatives Department, and Factories Inspectorate. Every departments is headed by a Director who is the Departmental Head, while a Minister overseers the entire Ministry as Sole Administrator.

The Minister of Ministry of Labour and Productivity is a nominee of the President of the Federal Republic of Nigeria and subjected to screening by the National Assembly. After a successful screening, the Minister is then appointed to the position like all other Ministers.

i. *Functions of Ministry of Labour and Productivity*

a. *Legislative and Regulatory Functions*

The ministry is vested with the issues of legislation on labour matters by

1. Initiate labour laws and pass directives to regulate both the institutions and those making up the institutions.
2. Prescribed minimum standard of employment relationships that bind on employees, employers, and institutions.
3. Review periodically labour laws that pertain to wages and conditions of employment.

b. *Adjudication and Mediation Function*

The ministry performs adjudication or mediation functions when employers disagree with their employees regarding the condition of service, and being there available as a last resort to mediate. The Ministry of Labour and Productivity is the arm of government, which performs this function in intervening in the settlement of disputes.

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c. *Monitoring and Enforcement Function*

Performs this function of monitoring organizations. They monitor labour relations cases and advice the government on what action to take. The inspectorate department of the ministry enforces existing legislation on employers of labour and labour. The department looks at the areas of the laws that are violated by any party and call them to order.

d. *Education and Training Function*

The Federal Ministry of Labour and Productivity organises and run short term courses for the training of her labour force. They also organize seminars and conferences on issues concerning trade unionism.

d) The Existence of Labour Laws (Policies) In Nigeria

Nigeria made up of thirty-six (36) states operates the same old colonial master's legal system (British system of law). The continual use of colonial system of law by the Federal Government of Nigeria means that the volunteerism policy is not discarded which permits both labour and management to meet and decide on the kind of system to be used so as work in unionism to enhance peaceful coexistence. In recent years, several changes have been made in labour law by different administrations. These changes are carried out to ensure better working conditions of workers and produce greater productivity to assist the management. It should be noted that up till 1966, some of the colonial labour laws were still in vogue in Nigeria. The laws made the government implement the voluntarism agreement made by the labour unions and management, which they present to the government for accentuation and passing into law. The government did not have to come with force in the area of industrial relations but to rather make suggestions to the labour and management. These suggestions were subject to an adoption, rejection, and or amendment. The existence of Labour laws enhances industrial peace.

This period where the government did not have to use force in approaching labour and management agreement was called "Lainez - fair policy period" in the history of Nigeria. However, as the nation grows, changes creep into the Nigerian labour law, and government started getting involved in matters of industrial relations and this period of the government intervention is referred to as "interventionist policy period"

After the world war in 1968, a new decree is known as "Trade Dispute Decree of 1968" was put in place to replace the "Trade Disputes Act of 1965." This change was to provide voluntary methods of settling disputes. Nevertheless, these changes did not stop industrial actions in the country and hence the promulgation of the amendment policy of the Trade Disputes Amendment decree of 1986; which was followed by the "Trade Dispute Emergency Provisions (amended) Decree 'of 1996". This amended decree banned strike and lock- outs and made provision for changes in wages and salaries.

i. *Laws Relating To Labour Act*

There are several laws in Nigeria as it relates to labour. We have the Labour Act of 1971, Wages Board and Industrial Council Act of 1974, the National Minimum Wages Act of 1981, and Incomes and wages Commission Decree of 1993, etc. Others labour laws shall be mentioned as we go on to explain them sequentially.

a. *The Labour Act of 1971*

This act came into existence in 1971, replacing the already existing Labour Code Act of 1958. This Act was put in place to protect wages, contract of employment, and their conditions, which were hitherto silent in the 1958 labour code Act. The Labour Act of 1971 discussed issues on wages, advances, deductions, terms, and conditions of employment, etc.

i) *Wage*

The labour Act provided for wages of a worker to be paid in a legal tender, which medium of exchange is generally accepted and recognized by the law of Nigeria that set up Naira as a legal tender. A section of the Act reads any contract which provides otherwise whether in whole or in part shall be termed illegal, null and void..." In the same vein, any contract that works outside these provisions will not be considered as a legal tender and non-binding.

ii) *Deductions*

The Act stipulated that no deductions shall be made without the consent of the worker meaning that, an employer or union can only make deductions from the salary of the worker at source for payment of whatsoever as was agreed with the concerned worker.

iii) *Advances*

The Act states that no salary advance granted staff should not be more than one month's salary. Salary Advances granted should be recovered by the employer within a minimum period of three months. The Act also states that advances shall not be granted to a worker who still repaying any part of advance earlier is granted him by his employer.

iv) *Term and conditions of employment*

The Act stipulates that hours of work shall be fixed by collective agreement of management and the labour union. The Act explains that the hours where the worker shall work outside the official working hour should be regarded as overtime and shall be paid for a subject to a maximum of his one month's salary.

The Act aimed at fixing minimum wage to be paid to Nigerian workers; and States that an employer shall pay nothing less than the National Minimum Wage of ₦125.00 after necessary deductions. This minimum wage payment excludes workers that are employed on part-time basis in an establishment that has less than 50

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workers as well as workers who are engaged on commission basis.

v) *Factories Act of 1987*

Factories Act of 1987was passed into law in June 1987. The Act came into law for the registration of factories operating in Nigeria. This Act regulated the safety of workers and other professionals exposed to hazardous work in the factories. It brings into existence safety legislation in conjunction with the requirements of modern industrial settings. The worker's injury compensation was also considered by the Act. Any injured worker who incurred injury in the course of his/her duty shall be compensated according to the condition of service as was given to the worker at the start of work in the factory. The Act also made it compulsory for an employer to give compulsory insurance cover to all workers. The insurance cover policy shall be made known to the employer, and the deductions/contribution toward the scheme shall be communicated to him.

vi) *Nigeria Social Insurance Trust Fund Decree of 1992*

The Nigerian Social Insurance Trust Fund was signed as a decree in 1992 to provide comprehensive social security scheme for all workers who are employed by the private sector.

vii) *National Housing Fund Decree of 1992*

This was promulgated in January 1992, and was aimed to establish National Housing Funds for Nigeria workers. It was designed to provide shelter for every worker in Nigeria but did not up to this time to achieve its aim of being published.

e) Economic Development

When we talk of economic development, we are referring to the system through which the welfare of the citizens of a nation are improved economically, so that their present state of well-being should be better than their former state. It may also mean the economic development of the economic wealth of countries, regions or communities for the well-being of its citizenry with the view of improving the economic well-being and quality of life for the citizenry and creating jobs for them.

Economic development is also the improvement of the economic, political, and social well-being of the people of a state within its geographical expanse. It is a concept widely used every day.

It is also known as the process by which emerging economies become advanced economies whereby those nations with low living standards become nations with a high living standard. It was also akin to the overall improvement in health, socio-economic well-being, and academic level with a constant increase in income per capita, etc.

f) The Economy

According to Jhingan (2004; 46), an economy refers to the economic system of an area, region, or country. It is a system by which people get a living by using themselves to get goods because of production and services or sell these goods and services so produced abroad to be able to buy imported goods and services needed. In essence, an economy is a system of parts which are interrelated and interdependent like the cells of an animal or plant. Irrespective of its complexities, it is a system of mutual exchanges between producers and consumers. To Sir John Hicks (1972; pp 17-18), an economy consists of nothing else but the cooperation of workers or producers to make things and do things which consumers want. Suffice me to say that an economy is a closed system that has the enabling conducive environment that makes it possible for the interface between demand and supply of output and consumption of goods and services as well as money stock. The enabling conducive environment to be created must bring about Technical and allocative efficiency.

i. *Economic Efficiency And Functions Of An Economy*

Abomaye-Nimenibo (2013) stated that since economic resources are scarce, they must be used efficiently. We want to produce as many goods and services as we can, and in the process of production, consideration has to be made concerning Technical and Allocative efficiency.

Technical Efficiency means making use of available resources of capital and land and labour to achieve "full employment" or the "natural level of output" and not to allow any resources lay waste or fallow, especially in the long run. Getting maximum output is also equivalent to producing at the lowest possible cost.

Allocative Efficiency means producing goods and services in the best relative amounts to maximize the economic wellbeing of society. What constitutes "best" is a source of intense debate and even leads to armed conflict. The great wars and revolutions of the past century have, in large part, been over this question. There are five functions an economic system performs in producing goods and services for consumption. These functions are:

1) *How much to produce* is concerned with the technical efficiency in maximum level, so that unemployed and unused resources do not exist in the satisfaction of human wants with the best and suitable merchandises in a sizeable output in demand.
2) *What to produce* function is important as it reflects the question of allocative efficiency to direct the production of merchandises for home consumption or trade.
3) *How to produce* function refers to the type of production techniques to be used if we want

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technical efficiency and maximization of output, using the lowest production cost in all economic activities.

4) *Who consumes.* The bottom line, as the Little Red Hen observed, is who gets to eat the cake, being the subject of determination of the right persons to whom production is targeted. The core persons of determination in production forms the basis for the question of allocative efficiency and equity concerns.
5) *Adaptability.* How flexible is the economic system in responding to changes? Can the system adapt and survive economic and social challenges? Can the economy continue to achieve technical and allocative efficiency?

Different societies have performed these economic functions with the view of seeking ways to achieve technical and allocative efficiency either in the traditional or industrial economy in different ways.

ii. *Growth*

a. *Output Growth*

Economic growth is measured in quantitative terms of national income per head, output per worker, gross domestic product, etc. In a situation where the salary per head rises from say ₦150, 000.00 to ₦200, 000.00, we refer to such increase as an element of economic growth. Also, an increase in the total gross domestic product (GDP) is an indication of economic growth. This increase should not be taken to mean an increase in the welfare of the person since an increase in output or income per head may not necessarily improve the welfare of the people which will be termed as economic development.

Growth also means an increase in national income, which is an increase in the total output of goods and services of a nation. Increase in per capita income means that total output during a particular period must be rising than the rise in production.

Economic growth means the process whereby more goods and services are available to satisfy the needs of society. It also means the expansion of an economy's capability to produce the goods and services the citizenry want in a given time period. The productive economy depends on the quantity and quality of resources as inputs as well as on the level of technological development of a nation.

Nigeria is an agro-based country. The predominant occupation is agriculture and its allied activities like farming, poultry, cattle rearing, fishing, animal husbandry, etc. which has in its employment according to recent statistics, about 23 percent of the labour force in Nigeria. They are producing about 22 percent of the country's GDP (Gross Domestic Product).

However, due to defective planning and improper implementation of policies, the productivity of Nigeria's agriculture is very meagre compared to foreign countries. Improper land tenure, inadequate credit system, primitive technology still in vogue and old ways of cultivation and irrigation, urban migration, the quest for white collar jobs, etc. being the reasons for low productivity of agriculture in Nigeria. To overcome all these difficulties, the government adopts several measures, including land reforms, School to land, the green revolution; Operation feed the nation, etc. for the growth of per hectare agricultural production but the results are not too encouraging.

b. *Industrial Growth*

In all the various developmental plans of the Government of Nigeria towards industrialization does not yield adequate success as long as there is no lasting or enduring development of small and heavy industries like steel, iron, cement, power, etc. Although businesses producing consumer goods are on the increase, the capital goods industries are not increasing at the same pace. To solve this problem, the government decided to privatize and commercialize the government own companies and are giving licenses to the private sectors for developing consumer goods industries along with few engineering goods companies. Reactivation and revamping of small and medium scales industries like defence ammunitions, railway, power, and energy sectors. Proper credit facilities and adequate subsidies with soft loans are also being provided to industrialists to increase their scale of production.

Even though there has been slow growth in wholesale and retail trade, transportation, there has been tremendous growth in communication, financial intermediation, education, health, and social work sectors as well as in hotel and restaurants business.

The export and import business has been stifled, and domestic industries are finding it difficult to stand especially in the face of an embargo on the importation of raw materials.

iii. *Public Policy Analysis and the Prospects of the Nigerian Economy*

The economy of Nigeria is the second largest economy, having the biggest market and is the second leading stock exchange market in Africa. Being a regional clout, the Nigerian economy represents about 55% of West Africa's GDP (African Development Bank 2013:8) and accounts for 64% of GDP based on PPP valuation of the ECOWAS sub-region of 15 member countries (IGNITE 2013) which records subsists. Its population of over 167 million is regarded as very enterprising. The country has vast potentials as reflected in its natural resources which include about 80 million hectares of arable land, 33 solid minerals, and enormous oil and gas reserves (12 leading oil and 8thmajor gas producers in the world respectively) (Osagie 2011).

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The ADB (2013:7) regards Nigeria as a middle income mixed economy, and emerging market with expanding financial, service, telecommunications, and entertainment sectors. Nigeria's economic growth rate is described as healthy and among the fastest growing in Africa, as reported by ADP, (2013:1).

Recent assessments of the Nigerian economy raise some questions. Has Nigeria acquired the substantive potential and capacity for growth? How stable is the prospect for growth? What kind of growth is being embraced? What is the economic outlook for the next few years? What is the nature of management, and what policy and reform frame work under gird it? What are the challenges that faced her? These are pertinent questions that needed investigations.

iv. *The Nigerian Economy: Trends and Patterns Of Growth*

Since the commencement of democratic rule in May 1999, the GDP has been more consistent in the path of growth, especially the period 1980 - 1999. The GDP growth rate per annum was recorded as 0.307 in 1995, 4.99 in 1996, 2.802 in 1997, 2.716 in 1998 and 0.474 in 1999, which has since increased to 5.318 in 2000, 8.164 in 2001, 21.177 in 2002, 10.335 in 2003 and 10.583 in 2004. However, the economy experienced some decline to 6.211 in 2006, 6.972 in 2007, 5.984 in 2008 and 6.96 in 2009. The GDP grew at 6.39% in 2012, 6.56% in the first quarter of 2013 and 6.18% in the second quarter. The GDP growth rate for the year was fixed at 6.39 in 2012. After a decade of strong economic performance, real GDP growth weakened considerably to as low as 2.97 percent in 2015 compared to 6.22 percent in 2014, and due to the structural collapse in the price of crude oil, which contributed about 90 per cent of foreign exchange earnings and about 70 per cent of Government's revenue within the same period.

The Government, in its Medium-Term Expenditure Framework (MTEF), 2016-2019, envisages in generating a real GDP growth rate of about 4.4 percent in 2016, with a gradual increase to 5.1 percent by 2019; while keeping the inflation level under control at slightly above 9 percent annually.

More specifically, the Federal Government fiscal deficits increased to an average of 6.1 percent of nominal GDP annually in 1975-79, GDP growth slowed from 10.3 percent in 1970-1974 to 6.4 per cent in 1975-1979 while the inflation rate accelerated from 10.40 per cent to 20.3 percent during the same period (Sanusi, 2002).

As for the GDP Purchasing Power Parity, being a better measure of per capita welfare, living conditions, and the use of resources was estimated at $391.9 billion in 2010, $420.8b in 2011 and $450.5b in 2012. The real GDP per capita PPP was $2,500 in 2010, $2,600 in 2011 and $2,700 in 2013. Going by the GDP's PPP, the economic outlook seems to be bright. The economic growth in Nigeria has been quite stout and encouraging for over a decade, with GDP growth rate averaging about 7.5% annually (ADP 2013:13).

Foreign trade in the second quarter (Q2) of 2013 grew by 4.8% to ₦5.341 trillion as compared to the preceding quarter, reflecting an 8.4% increase in exports to ₦ 3.74 trillion and a 2.9% decrease in imports to ₦ 1.59 trillion. The value of total volume of trade was ₦ 20,885.4 billion in 2012. Both oil and non-oil exports increased in 2012. The country surplus trade balance was enhanced quarter by a quarter by 18.8% to ₦ 2.14 trillion in the second quarter (Business day 2013:51). Nominalization

There has been some stability in the major economic indicators, such as inflation rate, GDP figures, and currency exchange rates. Annual inflation rate was 26% in 1976, 11.8% in 1979, 41% in 1989, 72.8% in 1995, 29.0% in 1996 and 9.5% in 1998. It has however declined to 12.2% in 2012, 9% in May 2013 and 8.2% in August 2013, the lowest rate since April 2008. Agricultural product prices declined to 10.2% in December 2012 from 13.1% in January 2012.

III. An Assessment of the Effectiveness of Public Policy

Our analyses of result centres on how effective are these labour laws. If all these laws are effective and are cogent, then; the economy will grow.

1. The public policies or laws are not effective. Otherwise, there shall be no more room to enact or promulgate a fresh new policy to repeal the first.
2. Where these public policies are efficient and dynamic, then there would be no need for enacting so many public policies and laws that keep on amending or being repealed as oft.
3. Actors opinionated acts and actions are at variance with the reality and so the need to revisit these public policy statements, repealing and amending constantly.
4. In these public policies, we see the immaturity of our public policy makers whose personal interest keep on fluctuating and always at variance with each other and that of the good intention of the elderly statesmen in the nation.
5. We see that our policy architects are not proactive in the pronouncements of these public policies.
6. Personal interest is always and at all times being against the interest of the nation as constantly exhibited in the lives of our national public policy makers.
7. Nigerian public policy fabricators are found to be self-opinionated and do not have the nation at heart.

IV. Conclusion

The future of Nigeria's economy and that of many other developing countries to a large extent

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depends on the development of good public policy statement in meeting the economic challenges and job creation opportunities in the 21st century. Consequently, all parties involved in the promotion of good public policy making, i.e., the government, private sector, and the financial system must jointly work together to ensure that the economy of Nigeria is given all necessary support it needs to make it grow, and play its role effectively.

V. Recommendations

In with the findings of this study, the following recommendations are postulated as follows:

1. The government should formulate economic policies that encourage and favour entrepreneurship developments in Nigeria.
2. Nigeria youths should be encouraged to venture into a business through the provision of enabling environment with good public policy to encourage them.
3. The government should provide all necessary infrastructure especially the constant provision of electricity through her public policy statements that will promote entrepreneurial development that will reduce the cost of doing business in Nigeria.
4. Government macro-economic public policies should be such that will promote entrepreneurship development.
5. Our Politicians seeking political positions should be seasoned administrators and not young School leavers who have no stake in the economy but are rather money conscious looking for ways to dupe or embezzle government funds.
6. Actors should not place their opinions above that of the nation and face reality in making public policy statements that will match the present day technological challenges.
7. The labour laws need to be revisited and discard those that do not stand the test of time.
8. Hoodlums and miscreants should not be elected into parliament and should not be given political appointments to curb their chances in making obnoxious public policies and statements.
9. Only well-educated citizens should occupy high positions in the government in both political and administrative positions.
10. Policies that will enhance economic development and growth be pursued with vigorously by our political leaders.
11. Policymakers should formulate policies that will make the economy to be robust as well as developmental strides through proper planning and policy implementation.
12. The development and training of personnel at all categories should be vigorously pursued.
13. Basic Needs Approach in making man the centre and focus ofdevelopment, through better planning, and concentrated efforts in good public policy making be pursued. Therefore, all focus be placed on welfare, health, education, living conditions, and necessities of life of man be a top priority in making public policy.
14. Citizen Participatory Approach should be adopted so that the citizenry be involved in all planning of development and Policy Making.
15. Professional, trained, and competent personnel be engaged in public policy making.
16. All obnoxious policies that do not bring about economic development and growth should be repealed.
17. Good policies and reforms are sustained to bring about stable economic growth.

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Global Journal of HUMAN-SOCIAL SCIENCE: E
Economics
Volume 19 Issue 6 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-460x & Print ISSN: 0975-587X

Estrategias Gerenciales Para La Innovación De Los Hostales Del Centro Histórico Del Distrito De Santa Marta (Colombia)

By Eugenia Cristina Morales Martínez

Abstract- An economy centered on the use of information as a strategic resource adds value to products and services, demand from the business world for new business structures and innovative management strategies, based on knowledge management as the most important asset as individuals and organizations learn today becomes the competitive advantage that makes them effective in the market.

The Colombian tourism sector represents one of the branches of the economy with greater projection and potential, constituting an important role in the generation of jobs, the case of the tourist district of Santa Marta, specifically in accommodation establishments: the hostels located in the Historical Center; establishments that are part of the small productive units: MiPYMEs, characterized by their flexibility to adapt to changes, their contribution to the generation of employment between companies and the agility they provide to work with less hierarchical structures.

Keywords: management strategies, innovation, hostels, historical center, MiPYMEs.

GJHSS-E Classification: FOR Code: 910199



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Estrategias Gerenciales Para La Innovación De Los Hostales Del Centro Histórico Del Distrito De Santa Marta (Colombia)

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Abstract- An economy centered on the use of information as a strategic resource adds value to products and services, demand from the business world for new business structures and innovative management strategies, based on knowledge management as the most important asset as individuals and organizations learn today becomes the competitive advantage that makes them effective in the market.

The Colombian tourism sector represents one of the branches of the economy with greater projection and potential, constituting an important role in the generation of jobs, the case of the tourist district of Santa Marta, specifically in accommodation establishments: the hostels located in the Historical Center; establishments that are part of the small productive units: MiPYMEs, characterized by their flexibility to adapt to changes, their contribution to the generation of employment between companies and the agility they provide to work with less hierarchical structures.

Innovative management strategies in MiPYMEs promote productivity, encouraging companies to meet the needs of the environment, to achieve, improve and sustain a competitive position. The study is of qualitative orientation, begins with the analysis of the types of innovation that were identified in the hostels of the historic center, in this context it is proposed to define managerial strategies for the innovation of the hostels of the Historic Center of the district of Santa Marta (Colombia).

Keywords: management strategies, innovation, hostels, historical center, MiPYMEs.

Resumen- Una economía centrada en el uso de la información como recurso estratégico añade valor a productos y servicios, demanda del mundo empresarial nuevas estructuras empresariales y estrategias gerenciales innovadoras, sustentadas en la gestión del conocimiento como el activo más importante en la medidaque los individuos y organizaciones aprenden se convierte hoy en la ventaja competitiva que los hace vigentes en el mercado.

El sector turismo colombiano representa una de las ramas de la economía con mayor proyección y potencial, constituyendo un importante papel en la generación de puestos de trabajo, el caso del distrito turístico de Santa Marta, específicamente en los establecimientos de alojamiento: los hostales ubicados en el Centro Histórico; establecimientos que forman parte de las pequeñas unidades productivas: MiPYMEs, caracterizados por su flexibilidad para adaptarse a los cambios, su contribución a la generación de empleoentre empresas y la agilidad que brindan para trabajar con estructuras menos jerárquicas.

Las estrategias gerenciales innovadoras en las MiPYMEspromueven la productividad, impulsando a las empresas a satisfacer las necesidades del entorno, para alcanzar, mejorar y sostener una posición competitiva. El estudio es de orientación cualitativa, se inicia con el análisisde los tipos de innovación que se identificaron en los hostales del centro histórico, en este contexto se propone definir estrategias gerenciales para la innovación de los hostales del Centro Histórico del distrito de Santa Marta (Colombia).

Palabrasclave: estrategias gerenciales, innovación, hostales, centro histórico, MiPYMEs.

I. Introducción

La diversidad de las micro pequeñas y medianas empresas, constituye un factor que puede obstaculizar la formulación de estrategias gerenciales para la innovación, se plantean diversas situaciones según los diferentes tipos de innovación que permitan considerar retos gerenciales para innovar y mejorar la competitividad, tomando en cuenta el tipo de tecnología y su intensidad en mano de obra, en capital y conocimiento, así como su ubicación geográfica. Este estudio se concentra en el sector de las MiPYMEs del distrito de Santa Marta: los establecimientos de alojamiento ubicados en el Centro Histórico.

Para contextualizar sobre el centro histórico es necesario identificar los siguientes factores de carácter social que lo conforman: la bahía, la sociedad portuaria y la marina colombiana, se presentan como elementos físico espaciales que influyen en la recuperación y renovación del mismo pero según López (2014) se encuentran desarticulados debido a variables sociales, económicas y espaciales que impiden el desarrollo de un modelo de ciudad integral y sostenible; en relación a ello surgen los hostales como una opción de hospedaje que según Morales (2018) se convierten en una exigencia para ayudar a cumplir los objetivos del país en relación al turismo; se ubican estratégicamente en el Centro Histórico, su característica principal es el servicio de hospedaje a un costo más bajo que un usuario puede pagar por noche, obteniendo un servicio de alta calidad.

El Centro Histórico de Santa Marta se ha venido desarrollando a partir de la bahía que lo rodea, mostrando una estructura urbana, que le da un carácter

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portuario y turístico y se constituye en un punto estratégico de desarrollo económico que funciona como fuente de crecimiento urbano integral, estos elementos determinan la identidad urbana propia de la ciudad de Santa Marta y sus habitantes, que de acuerdo a López (2014) las políticas de la ciudad pretenden incluir en la planificación de la ciudad, la renovación y recuperación del centro, a partir del planteamiento y definición de espacio público, servicios, movilidad y centralidad urbana; no obstante es necesario incluir a estas estrategias las necesidades sociales, naturales y culturales propias de la región. La Sociedad Portuaria de Santa Marta que según Viloria (2000)la conforman empresas de carácter mixto con participación mayoritaria del sector privado, con 60 socios fundadores, entre empresas bananeras, navieros, otros empresarios, el Departamento del Magdalena y el Distrito de Santa Marta, se considera como el mejor puerto natural de aguas profundas del país, el hecho que el puerto se encuentre ubicado en la ciudad permite un contraste significativo con la planificación del desarrollo sostenible, implica que ante una nueva sociedad los cambios deben ser en todos los órdenes establecidos, este escenario implica una dinámica comercializadora en donde las estrategias gerenciales y la innovación desempeñan un papel importante en el comportamiento de las empresas en relación al logro de sus objetivos.

Otro de los factores que enmarcan el desarrollo turístico del Centro Histórico, es la Marina Internacional, uno de los proyectos portuarios más novedosos y ambiciosos del país, un puerto exclusivamente creado para las embarcaciones de lujo (yates y veleros) de navegantes que van de travesía por el Caribe, con capacidad para 256 embarcaciones entre los 7.6 y 40 metros de eslora, con un calado máximo de 3.5 metros y una manga de 9 metros, se consolida como uno de los puertos más importantes de América gracias a su cercanía a Curazao, al Canal de Panamá y a la moderna infraestructura que ofrece a sus visitantes una estadía segura y placentera. El cumplimiento de las normas de construcción sostenible y responsabilidad social, hicieron merecedora a la Marina Internacional de Santa Marta de obtener por parte de la Federación Internacional de Profesiones Inmobiliarias (FIABCI), el premio en la categoría de Proyectos Recreativos en el año 2013. (Grandmarine, 2017).

En relación a lo anterior es preciso afirmar que los factores sociales, espaciales y ambientales presentes en el Centro Histórico de Santa Marta demanda cambios singulares en todos los órdenes establecidos, la cultura del cambio involucra a los actores de la dinámica comercializadora en cualquier espacio o momento del acontecer en una negociación, la cultura del cambio afecta a los actores de la dinámica comercializadora en cualquier espacio o momento del acontecer en una negociación. Por una parte, están los valores, directrices y criterios, para que sean las personas quienes desarrollen sus propios planes. El pequeño y mediano empresario debe comunicar ampliamente la información necesaria, capacitar y apoyar a su gente, eliminando interferencias y creando espacios para la automotivación y además se requiere liberar la creatividad e inteligencia necesarios para crear una realidad en la que todos ganen. En este sentido, el pequeño y el mediano empresario, tanto en el ámbito nacional como en el regional, deben optar por métodos de gestión empresarial que involucren estrategias gerenciales para la innovación en el contexto de transición hacia una sociedad global e informacional y constituyen junto a sus clientes intérpretes gestores del siguiente interrogante:

¿Cuáles son las Estrategias Gerenciales Innovadoras en los establecimientos de alojamiento denominados hostales para lograr alcanzar, mejorar y sostener una posición competitiva en el Centro Histórico del distrito de Santa Marta (Colombia)?

Los establecimientos de alojamiento a los que se refiere el presente estudio están definidos por la norma Icontec Técnica Sectorial Colombiana NTSH 006: “Un hostal es un establecimiento en que se presta el servicio de alojamiento preferentemente en habitaciones semiprivadas o comunes, al igual que sus baños, y que puede disponer, además, de un recinto común equipado adecuadamente para que los huéspedes se preparen sus propios alimentos, sin perjuicio de proporcionar otros servicios complementarios”. Citado por (Morales, 2018).

Para el cumplimiento de los objetivos del Plan Nacional de Recuperación de Centros Históricos, consolidar el Centro Histórico como un área principalmente residencial con presencia de diversos estratos socioeconómicos y escenario de convivencia, manteniendo heterogeneidad de usos, pero manteniendo el uso del suelo como residencial; Morales (2018) presenta los diferentes tipos de innovación en los hostales ubicados en el Centro Histórico del distrito de Santa Marta.

En un análisis de 12 hostales se encontraron que estos habían adaptado una innovación a los servicios ofrecidos de la siguiente manera:

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Tabla 1: Tipos de innovación en los servicios ofertados por los hostales ubicados en el Centro Histórico de Santa Marta

Servicios	Innovación
Acomodación múltiple	Capacidad de ofrecer diferentes tipos de acomodación en el mismo lugar
Baños compartidos	Baños en la habitación
Habitación con abanicos	Ofrecer las dos opciones: abanico y aire acondicionado
Servicio de restaurante	Capacidad para ofrecer comida típica y cocina internacional
Recepción	Servicio de información turística
Personal	Personal altamente cualificado en atención al usuario
Atención básica	Elementos tecnológicos
Dotación y mobiliario	Adecuaciones modernas
Comunicación	Uso de nuevas tecnologías

Fuente: Morales (2018).

Partiendo del anterior resultado, y considerando que la capacidad de crear valor no depende exclusivamente de la capacidad financiera y de producción de las empresas; destacándose como los activos más importantes y los medios de producción más duraderos, la información, el conocimiento, el talento y la experiencia, es preciso un análisis interno de la empresa que permita aumentar sus capacidades con base a sus recursos y con la ayuda de los sistemas de organización y gestión que desarrolle, la empresa deberá, entonces, diseñar su propia combinación de recursos para explotarlos conjuntamente con el ánimo de generar una renta sostenible.

El estudio de las estrategias gerenciales para la innovación de los hostales del Centro Histórico del distrito de Santa Marta comprende: una conceptualización del Centro Histórico, un análisis de doce hostales ubicados en el Centro Histórico, los cuales han realizado procesos de innovación en sus servicios y de acuerdo a estas innovaciones se determinan las estrategias gerenciales para que la innovación y el fortalecimiento de la capacidad de las empresas turísticas de atraer visitantes extranjeros o nacionales.

II. Fundamentos Teóricos

El estudio se fundamenta en la manera como la innovación representa una de las estrategias de mayor peso para la gerencia, por lo que genera cambios necesarios para la oferta de mejores y nuevos productos y la mejora de la satisfacción del cliente, teniendo como punto de partida su aplicación en todas las áreas de la organización; en este sentido el documento de Burbano, Velastegui, Villamarin (2018) establece la innovación como una estrategia fundamental de la gerencia, que abordar los nuevos retos de la competencia y la oferta de mejores productos, a través de la gestión del conocimiento y los procesos de transformación en todas las áreas de la organización.

De acuerdo a lo anterior González, C. y Martínez, J.L. (2014) concluye que las organizaciones modernas deben contemplar en su estrategia corporativa como aspecto clave para el éxito organizacional, el estudio de los procesos de innovación y su aplicabilidad. Para ello deben desarrollar las capacidades básicas, junto con capacidades dinámicas que permitan aumentar sus posibilidades competitivas, coadyuvando a la generación de ventajas sostenibles en las empresas en un sector de una industria. Es fundamental señalar el hecho de que las organizaciones deben realizar inversiones de recursos en ACTI (Actividades de Ciencia, Tecnología e Innovación) lo que debe traer como beneficio el aumento de su capacidad innovadora.

Por su parte el comportamiento empresarial de los establecimientos de alojamiento depende de los atractivos y beneficios que desarrollen para hacer de la experiencia del consumidor un determinante en la toma de decisiones. Teniendo en cuenta el ambiente y la hospitalidad, variables como la decoración, el tipo de música, la temperatura, tecnología, iluminación, gastronomía y el personal entre otros, influyen de manera directa en las respuestas emocionales, cognitivas y fisiológicas del consumidor. Lo anterior determinará en cierto modo el tiempo de estadía, la satisfacción del huésped y su reincidencia en la toma del servicio(Pinheiro da Silva & Vasconcelos Pereira Leite, 2010) Según Castro, López y Mondragón (2018), conocer las expectativas de los huéspedes ayuda a los hoteles a generar mejores estrategias ya que determinan lo que el cliente espera encontrar, esto es influenciado por las promesas del hotel, la competencia del sector y el entorno. Las expectativas determinan la calificación que da el usuario de si cumplió o no con la promesa de valor, al ser un sector competitivo y tener un mejor desempeño se requiere una constante actualización, razón por la cual es importante establecer estrategias, desarrollo y financiación para la innovación.

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Para esto se puede obtener información detallada mediante el conocimiento a profundidad de los clientes, con el fin de prevenir o mejorar los aspectos relevantes de los servicios que presta el hotel,

Se debe tener presente que los establecimientos de alojamiento, se constituyen en un sector muy competitivo actualmente, por lo que los hoteles se deben adaptar a los retos y las nuevas tendencias que exige el mercado, implementando estrategias que les permitan ser cada vez más competentes y lograr diferenciarse entre sí. A pesar de que todos cuentan con el mismo servicio y cumplen con los estándares hoteleros. Deben estar en constante búsqueda de la información y los avances que les dé un plus para implementar nuevos procesos, mejoras ambientales y de infraestructura, aplicación de nuevas tecnologías y principalmente encontrar formas más efectivas de llegar al cliente para satisfacer sus necesidades.

Morales (2016) define las estrategias de innovación como el comportamiento por el que una organización se diferencia positivamente de sus competidores, usando los puntos fuertes relativos de la corporación para satisfacer mejor las necesidades del consumidor. Por su parte, Friedmann, citado por Robert (2006), afirma que la innovación, surge del pensamiento estratégico reflejado en el gerente que pretende conseguir lo que desea de la mejor forma venciendo todas las dificultades, aplicando su juicio de valor basado en su experiencia con el propósito de establecer las direcciones futuras desarrollando su creatividad, abriendo paso hacia la innovación.

La formulación de estrategias es un resultado del pensamiento estratégico, de tal forma que Martinez (2006), citado por Morales (2016) analiza las diferentes estrategias a las que se tienen que enfrentar las empresas en la carrera por ser los primeros siendo: Innovadora ofensiva, innovadora defensiva, imitativa, dependiente, la tradicional y la oportunista o de nicho. A continuación, se presenta un resumen de cada tipo de estrategia, sus características y acciones que se deben adelantar para su formulación:

Tabla 2: Estrategias Gerenciales de innovación

Tipo de estrategia	Características	Acciones
Estrategia Innovadora Ofensiva	Liderazgo técnico, posición del primer lugar frente a los competidores. Apuesta en investigación y desarrollo	Introducción continuada de productos y la creación de nuevos mercados a través de la identificación de nuevas necesidades del mercado,
Estrategia Innovadora Defensiva	Propia de empresas que no quieren ser las primeras del mercado, pero tampoco desean quedarse rezagadas, por lo que adoptan la estrategia de seguir al líder tecnológico de cerca a base de una inversión en desarrollo experimental y diseño, aunque nunca suele ser demasiado significativa.	No cambian sustancialmente los productos, procesos, materias primas, equipos u operaciones existentes sino llevan a cabo mejoras continuadas.
Estrategia Imitativa	Esta estrategia la llevan a cabo las empresas que no poseen una estrategia tecnológica ambiciosa o empresas pequeñas, que no pueden asumir el costo en investigación y desarrollo que si pueden llevar a cabo los gigantes empresariales	Se trata básicamente de comprar tecnología ya existente, a cambio de un pago por el uso de la patente del producto seleccionado, y si esta compra se realiza de manera eficiente, teniendo en cuenta las características de la empresa y su posible evolución futura, la empresa podrá llegar a competir en el mercado y mejorar su posición competitiva en el mismo
Estrategia Dependiente	Esta estrategia la suelen llevar a cabo pequeñas y medianas empresas que se asocian a empresas más grandes, con más potencial económico, con el fin de invertir conjuntamente en avances tecnológicos, pudiendo así penetrar en mercados tecnológicos más	La empresa matriz puede aumentar significativamente su producción, sin tener que invertir en mano de obra, maquinaria e instalaciones, que porta la firma dependiente, esta le permite avanzar y alcanzar una tecnología difícilmente alcanzable para ella misma en otras condiciones

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	avanzados o en transferir tecnología de la empresa matriz hacia la dependiente, para apoyar así, sus procesos productivos (subcontratas) produciendo siempre de acuerdo a las especificaciones de la matriz.	
Estrategia tradicional	El producto cambia poco o simplemente no cambia nada, el dueño de la firma tradicional no ve motivo para cambiar su producto, porque el mercado no lo pide y la competencia no obliga a hacerlo. Muchas veces su diseño si cambia, esto es, lo que le da fuerza, aunque no se realicen cambios técnicos.	No ve motivo para cambiar su producto, porque el mercado no lo demanda y la competencia no la empuja a hacerlo. Aunque si cambia su diseño muchas veces no realiza cambios técnicos, ya que considera que el éxito de esta estrategia es saber "vender bien el producto
Estrategia Oportunista o de nicho	Este tipo de estrategia, se da cuando un empresario identifica una oportunidad en el mercado, que le permite encontrar un nicho importante, ofreciendo un producto o servicio que los consumidores necesitan, pero que nadie más había pensado en satisfacerlo	Puede ser muy rentable, ya que la empresa encuentra su nicho de mercado; su ventaja competitiva que le permite competir basándose, principalmente en una mejora de sus procesos operativos, consiguiendo así, mayor satisfacción para el cliente final y la sociedad en general,

Fuente: Elaboración propia con la información de Martinez (2006)

Es preciso conocer el contexto empresarial de Colombia, según la Ley para el Fomento de la Micro, Pequeña y Mediana Empresa, Ley 590 del 2000, las PYMES se clasifican así: Microempresa: Personal no superior a 10 trabajadores. Pequeña Empresa: Personal entre 11 y 50 trabajadores. Activos totales mayores a 501 y menores a 5.001 salarios mínimos mensuales legales vigente.

El resultado del análisis bibliográfico en materia de competitividad se encuentra concentrado en el sector manufacturero, recientemente los investigadores comenzaron a estudiar la competitividad en el sector servicio, para el caso de los destinos turísticos y los hoteles, (Tsai H., Sonh H. & Wong K., 2009), realizaron una investigación exhaustiva relacionada con los factores que influyen en la competitividad de los hoteles, y destinos turísticos, así como los principales modelos que se han creado para medir la competitividad en este sector. Luego de un profundo análisis de varios estudios, los autores concluyeron que, los factores más importantes que afectan la competitividad de un hotel son: características del destino turístico, talento humano (nivel de preparación y entrenamiento), tecnología, estrategia empresarial, productividad, capital, calidad del servicio, imagen, alianzas estratégicas, costos operacionales, condiciones del mercado, condiciones de la demanda, precio, características físicas, y gestión de los procesos. (Manosalva & Manosalva, 2015).

De acuerdo a Monfort (2002)la competitividad en la industria hotelera se sustenta, principalmente, en los activosintangibles. Los recursos físicos (ubicación, edificio, habitaciones, mobiliario) son fácilmente imitables por los competidores, debido a que son observables directamente y esposible su adquisición en los mercados organizados. En cambio, los activos intangiblescomo la reputación de los hoteles, la imagen de la empresa, la calidad de servicio de losempleados, o las rutinas organizacionales de alojamiento, efectivos servicios de reserva ohabitaciones, no son fácilmente replicables dada la información imperfect sobre susfactores determinantes, y adicionalmente no se pueden comprar; ello implica que suprovisión debe desarrollarse internamente y durante un dilatado periodo de tiempo.

El trabajo de Silva (2014) define y explica el concepto de hostales como establecimiento público de categoría inferior al hotel, en el que se hospeda a los huéspedes que pagan por su alojamiento y por la comida y otros servicios, destacándose las siguientes características;

- Algunos hostales ofrecen habitaciones privadas, las cuales suelen ser simples. Pero normalmente son para dos o más personas.
- Los dormitorios varían de tamaño, pero en general van desde cuatro camas hasta veinte por habitación. La gran mayoría de ellas tienen camas cuchetas, simples o matrimoniales.

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- Algunos hostales poseen habitaciones con baño, lavabo y ducha.
- Otros poseen duchas compartidas, que normalmente no se encuentran muy lejos de la habitación, en el mismo pasillo privado.
- Muchos hostales poseen cocinas propias, donde los huéspedes pueden cocinar su comida; otros poseen sus propios restaurantes, cafés o bares.

La autora afirma que los hostales generan una alternativa para que las personas que gustan visitar lugares, con ellos puedan gozar de un momento acogedor en un ambiente natural, permitiéndoles hospedarse en un lugar cómodo tanto estructuralmente como monetario. Es una fuente de empleo e ingreso en los lugares donde se encuentran establecido esto genera un mayor desarrollo dentro del territorio, permitiendo explotar su cultura y área geográfica, generando una mayor afluencia de visitantes al lugar y a la vez permite dar a conocer los atractivos del lugar.

III. Metodología

La investigación es de tipo descriptiva-explicativa, en la medida que semuestra la realidad de situaciones, eventos, personas, grupos o comunidades, tal como se está presentando, buscando el porqué de los hechos, estableciendo situaciones de causa y efecto. Se realizó un análisis de los aspectos y características de los hostales en lo que respecta a la innovación. El estudio se inicia a partir del resultado alcanzado en el documento: Análisis de los tipos de innovación en los hostales del Centro Histórico del distrito de Santa Marta, Morales (2018).

Teniendo en cuenta la Tabla No. 1 que señala las innovaciones presentes en los servicios ofertados por los hostales ubicados en el Centro Histórico y con la muestra de los 12 hostales seleccionados se procede a realizar un análisis de los servicios de alojamiento que brinda cada uno de los hostales y por observación directa relacionar los servicios de innovación de acuerdo a las estrategias de innovación de la Tabla No.2.

IV. Resultados

a) Ubicación Geográfica de Santa Marta (Colombia)

Santa Marta, se encuentra a orillas de la bahía del mismo nombre sobre el Mar Caribe, en las estribaciones de la Sierra Nevada de Santa Marta en el departamento del Magdalena. Sus coordenadas geográficas son: 11º 14' 50" de latitud norte y 74º 12' 06" de latitud oeste.

Santa Marta dista de Bogotá 992 Km; de Riohacha 166 Km y de Barranquilla 93 Km. El perímetro limita por el norte y el oeste con el Mar Caribe, por el este con el departamento de La Guajira y por el sur con los municipios de Aracataca y Ciénaga.

La altura promedio de la ciudad es de 2 msnm, pero con una diferencia de altura que va, en el territorio del municipio, desde el nivel del mar hasta los 5.775 msnm en el Pico Cristóbal Colón, que es el más elevado de toda Colombia ubicado en la Sierra Nevada de Santa Marta.

Santa Marta cuenta además con la montaña más alta del mundo al nivel del mar.

b) Límites

Por el Norte y el Oeste con el Mar Caribe, al sur los municipios de Ciénaga y Aracataca y por el oriente los departamentos de la Guajira y Cesar.

Extensión total: 2,393.35 Km^2

Extensión área urbana: 55.10 Km^2

Extensión área rural: 2,338.25 Km^2

Altitud de la cabecera municipal (metros sobre el nivel del mar): 6 msnm, con máxima elevación de 5775 msnm en las cumbres de la Sierra Nevada.

Temperatura media: Posee un clima cálido y seco, con precipitación media anual de 362 mm, humedad relativa del 77% y rango de temperatura entre los 23 - 32 °C^o C.

Distancia de referencia: Distancias y tiempos a Bogotá: Terrestre: 965 km, Aéreo: 1 hora 25 minutos. (Alcaldía de Santa Marta, distrito turístico, cultural e histórico)

c) Centro Histórico

La siguiente información es preciso tener en cuenta, ya que la ubicación de los hostales, es una característica fundamental del objeto del estudio.

Santa Marta fue fundada por Rodrigo de Bastidas en 1525. Y su centro histórico esconde muchas joyas arquitectónicas y lugares interesantes para visitar: Casa de la Aduana, Parque Bolívar, Parque de los Novios, Claustro San Juan Nepomuceno, Convento San Juan de Dios, Morro Santa Marta o el Fuerte San Fernando. La Catedral de Santa Marta, es un capítulo fundamental de la historia de Colombia y de Santa Marta. Está llena de recuerdos y de leyendas. En algún lugar de su edificación estuvo escondida la pequeña urna que contiene el corazón y las entrañas del Libertador, que posteriormente fueron llevados a Venezuela. Allí también se encuentran los restos del fundador de Santa Marta, Rodrigo de Bastidas, los cuales fueron traídos desde República Dominicana en 1953. (Tomado de www.viajesantamarta.com).

A continuación, se muestra el listado de 12 hostales, relacionando la calificación otorgada por los usuarios en el sitio web booking.com, la cercanía al mar y la tendencia a innovar en los servicios de alojamiento como el valor por habitación por noche y el servicio de restaurante y bar. (Ver tabla No.3), que para el caso de la investigación se consideran servicios diferenciadores, los cuales definen los tipos de estrategias empleadas en cada caso.

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Tabla 3: Hostales del Centro Histórico de Santa Marta (Servicios diferenciadores)

S. no.	Hostales	Calificación	Cercanía al mar (minutos a pie)	Valor habitación /noche (pesos colombianos)	Servicio de Restaurante y Bar
1	La Guaca Hostel	8,9	7	56.000	Si
2	Rúa Hostel Santa Marta	8,9	9	59.800	Si
3	La Villana Hostel	8,5	2	55.000	Si
4	Hostal el Españolete	9,3	2	56.000	No
5	Masaya Hostel Santa Marta	8,7	7	80.000	Si
6	Republica Hostel Santa Marta	9,0	2	70.000	Si
7	Solaz Hostel Santa Marta	8,5	5	40.000	Si
8	Cacao Hostel	9,2	9	60.000	Si
9	Fátima Hostel Santa Marta	8,9	4	56.000	Si
10	Arbore Hostel	8,5	2	54.000	Si
11	La Brisa Loca Hostel	8,7	1	64.000	Si
12	La Sierra Hostel	8,9	6	70.000	No

Fuente: Morales (2018)

Acontinuación, se relaciona cada estrategia de innovación con los servicios que brindan los hostales ver Tabla No. 4; para ello se consultaron los establecimientos de acuerdo a la prestación de los siguientes servicios: Recepción 24 horas, Wi-Fi, cafetera en las habitaciones, alojamientos múltiples, compartidos e individuales según las necesidades del turista, zonas verdes, seguridad, piscina, idiomas y spa.

De acuerdo a lo anterior, la información de la Tabla No. 4 direcciona los servicios de alojamiento con la estrategia de innovación que emplean los dueños para mantener su lugar en el mercado.

Tabla 4: Estrategias de Innovación en los hostales del Centro Histórico

S.no.	Hostales	Tipos de estrategia	Característica
1	La Guaca Hostel	Estrategia tradicional	Se mantiene en el mercado ofreciendo un buen servicio, un precio por habitación por noche inferior a los de la competencia, capacidad inferior a 30 personas. Habitaciones con ventilador
2	Rúa Hostel Santa Marta	Estrategia oportunista o de nicho	Sabe que tiene una ventaja competitiva como es la cercanía a la playa entonces ofrece los servicios que los turistas necesitan. Habitación con aire acondicionado||
3	La Villana Hostel	Estrategia oportunista o de nicho	Sabe que tiene una ventaja competitiva como es la cercanía a la playa entonces ofrece los servicios que los turistas necesitan
4	Hostal el Españolete	Estrategia innovadora ofensiva	Excelente ubicación, ofrece un servicio de calidad, precio por habitación por noche por encima del promedio, a pesar de no ofrecer el servicio de restaurante y bar, mantiene su liderazgo
5	Masaya Hostel Santa Marta	Estrategia innovadora defensiva	Este albergue moderno está situado en el centro de Santa Marta, a solo 400 metros de la bahía. Mantiene su fachada de arquitectura antigua
6	Republica Hostel Santa Marta	Estrategia innovadora ofensiva	Excelente servicio al cliente. El establecimiento tiene la mejor puntuación en la relación calidad-precio. Posee innovaciones en todos sus servicios. Su fachada conserva su arquitectura de la época antigua
7	Solaz Hostel Santa Marta	Estrategia tradicional	Todas las habitaciones están equipadas con sala de estar. Excelente precio.
8	Cacao Hostel	Estrategia innovadora ofensiva	A pesar de que no estar ubicado muy cerca a la playa. Tiene una excelente puntuación. Mantiene un liderazgo. En cuanto a la atención del servicio Hablan tres idiomas
9	Fátima Hostel Santa Marta	Estrategia oportunista o de nicho	Dada su ubicación en el corazón del Centro Histórico, es una vivienda adaptada para ofrecer servicio de alojamiento

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10	Arbore Hostel	Estrategia oportunista o de nicho	Una edificación antigua remodelada y que presta el servicio de alojamiento aprovechando la oportunidad de estar ubicado en un excelente sitio
11	La Brisa Loca Hostel	Estrategia innovadora ofensiva	Mantiene liderazgo y tradición con la innovación de sus servicios. Cercanía al mar
12	La Sierra Hostel	Estrategia tradicional	Muy Buena ubicación, mantiene una arquitectura antigua, habitaciones con baño compartido, presta los servicios de albergue sin ninguna adecuación tecnológica

Fuente: Propia

V. Conclusiones

En relación con los hallazgos de la investigación se obtienen las siguientes conclusiones:

La situación geográfica privilegiada que tiene Santa Marta le otorga al sector turístico un valioso aporte a los servicios de alojamiento, específicamente en la zona del Centro Histórico, donde se encuentra el orgullo de la época de su fundación por Rodrigo De Bastidas (1525) y que muestra su grandeza como una ciudad con mucha riqueza histórica y cultural, es aquí donde están ubicados los establecimientos de alojamiento hostales encargados de preservar su patrimonio.

Los hostales poseen características diferentes a los tradicionales hoteles en la medida que o ofrecen habitaciones que van desde las privadas hasta las compartidas de 2 y hasta 20 personas en una misma habitación que normalmente son para viajeros que van de paso una sola noche; condición que se convierte en una ventaja competitiva.

Por lo general los hostales son sitios para convivir en paz por trabajo o paseo, no se organizan excursiones ni programas culturales, el servicio de restaurante y bar se considera como una innovación, predomina el uso de servicios compartido como lavadora y baños, en los hostales seleccionados encontramos que la mayoría presenta todas las opciones, tradicionalmente en los hostales se reúnen los turista o clientes en una sola mesa, sin embargo muchos tiene servicio de restaurante y bar de comida criolla e internacional.

En la interacción con los hostales objeto de este estudio, se observan dos casos de estrategias de innovación ofensiva: El caso del Españolete Hostel que a pesar de no tener restaurante en sus instalaciones contrata el servicio y mantiene excelentes habitaciones, con inversiones constantes, alta calidad del servicio y sobre todo su excelente ubicación a pocos pasos de la playa; por esta razón se identifica que la gerencia mantiene un liderazgo en el sector.

Del mismo modo ocurre con Republica Hostel Santa Marta, Cacao Hostel y La Brisa Loca que se disputan el primer lugar en cuanto a servicios diferenciadores, confort, excelente atención, innovación en el mobiliario, aprovechamiento de la cercanía al mar.

Por el carácter histórico, los hostales La Guaca, Solaz y La Sierra conservan sus instalaciones para ofertar el servicio de alojamiento, los dueños no ven motivo para cambiar, tienen clientes fijos y solo losofrecen sin realizar cambios técnicos.

El Hostal Masaya posee instalaciones modernas, los dueños invierten en innovación en la medida de sus posibilidades, siempre la inversión no es muy significativa, sus instalaciones guardan armonía con el medio ambiente.

Se encontró un grupo de hostales que aprovecha la oportunidad en la oferta de servicios de alojamiento, mira la opción para generar rentabilidad y ha logrado acondicionar una edificación para prestar el servicio, no compite con ninguno se conforma con captar ingresos de una oportunidad.

Por ultimo se concluyo que el 33% de los hostales ubicados en el Centro Histórico t estrategia de innovación defensiva, otro 41% mantiene una estrategia oportunista o de nicho, el 25% mantiene una estrategia tradicional.

Se puede inferir que la gerencia de los hostales del Centro Histórico de Santa Marta tieneuna estrategia de innovación oportunista o de nicho solo aprovechan las condiciones de su ubicación para prestar servicios de alojamiento seguidos por un grupo que lucha cada día para ser los mejores utilizando una estrategia ofensiva, en tercer lugar, se observa que el 25% de los hostales tiene una estrategia tradicional, solo el 1% tiene estrategias de innovación defensiva.

En relación a las estrategias dependientes y la estrategia imitativa no se observa que los establecimientos dependan directamente de otra empresa del mismo sector, ninguno de los hostales esta asociada con empresas más grandes y en cuanta la estrategia imitativa, ninguno de los dueños de establecimiento desarrolla estrategias tecnológicas.

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Global Journal of HUMAN-SOCIAL SCIENCE: E
Economics
Volume 19 Issue 6 Version 1.0 Year 2019
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-460x & Print ISSN: 0975-587X

The Role of Accounting Policies in Tourist Companies in the Development of the Economy of the Republic of Uzbekistan

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Abstract- In this article questions on improvement of accounting policy in tourist companies are disclosed. The essence of accounting policy and its need, as well as proposals on the approximation of international standards, features of the general, methodical, technical and organizational sections of accounting.

Keywords: accounting policy, general section, methodological basis, technical section, organizational section, international standards.

GJHSS-E Classification: FOR Code: 340299p



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The Role of Accounting Policies in Tourist Companies in the Development of the Economy of the Republic of Uzbekistan

Temirkhanova Mo'tabar Juraevna

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Keywords: accounting policy, general section, methodological basis, technical section, organizational section, international standards.

I. Introduction

In the Republic of Uzbekistan, consistent measures are being taken to develop the tourism sector, which has a wide potential for solving in the near future such important socio-economic tasks as creating jobs, ensuring economic diversification and accelerated development of regions, inflow of foreign exchange earnings, and increasing incomes and quality of life of the population .[one]

According to statistics, the tourism industry is one of the most profitable and high-growth types of business in the world, whose share in gross world income is almost 10.0 percent, every seventh job created in the world falls to the tourism sector ("Third World" shows that in monetary terms, this area is up to 50% or more of gross domestic income, employment in the service sector varies from 80 to 90%. [2]

The Strategy for Action in the five priority areas of development of the Republic of Uzbekistan in 2017-2021 raised the issues of accelerated development of the tourism industry, diversification and improvement of the quality of tourist services, expansion of tourism infrastructure. [3]

In the Message of President Sh. Mirziyoyev to the Parliament of the country, which was an important event in the political life of the country, it is noted: “Increasing the investment attractiveness of Uzbekistan, widespread attraction of foreign capital and foreign tourists should become the main tasks of embassies and tourism is an investment.” [4]

Also, the leader of our country noted the following about the significance of the tourism sector: “Speaking of tourism, I would like to draw your attention to one question. In some countries, long-term and significant costs are required to create travel brands to attract foreign tourists. That is, they often make something from nothing. Do you think that such names as Samarkand, Imam Bukhari, Amir Temur ... are not world famous brands? ”. [5]

The Ministry of Innovation Development of the Republic of Uzbekistan, organized by the President of the Republic of Uzbekistan on November 29, 2017, is entrusted with the task of radically improving the competitiveness of the tourism industry through the development and implementation of innovative approaches. [6]

According to the methodology of the UN World Tourism Organization, the State Customs Committee of the Republic of Uzbekistan and the State Statistics Committee of the Republic of Uzbekistan, 1,394,805 tourists visited the republic, which is 20,27035 (or 153.8%) in 2016. [7]

These figures show that the volume of cash flows in the structure of the gross domestic product (GDP) of the republic tends to increase (today the share of tourism products in the country's GDP is about 2.5-3%, which in 2014 amounted to 3879453.7 million soums or 2.7%, and in 2015 the volume of gross value added directly in the tourism industry amounted to 4381761.6 million soums (an increase of 113.1%) or had a share of 2.6%. [8]

Despite the fact that today in the republic there are regulations created in the financial accounting system, based on the characteristics of travel companies, we cannot say that they fully formulate the organization and maintenance of financial accounting and reporting. There are certain problems that await theoretical, methodical and practical solutions related to the organization of financial accounting and reporting in the field of tourism, in particular:

Improving the regulatory framework for financial accounting and reporting in travel companies;

Improving accounting policies in travel companies and their formation;

Financial receipts (tourism products) are not fully displayed in the accounts (in order to collect tax payments), which is the reason for the incorrect formation of financial results;

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Amendments and additions are required to the composition of the articles in the forms and financial statements prepared taking into account the specifics of the tourism industry.

The development of conclusions, proposals and recommendations aimed at finding a scientifically based solution to these problems can serve as a basis for bringing the tourism market in the country to a high-level development stage. Consequently, it is stated that it is necessary to improve financial accounting and reporting while increasing the volume of tourism products and increasing financial revenues in more than 430 travel companies operating in the country.

According to the results of the study, information relating to the financial accounting and reporting of travel companies does not meet the requirements, because the financial and economic activities of tourism enterprises in most cases are not provided with reliable sources. Based on these features, improving the financial accounting and reporting of existing travel companies is scientifically relevant.

II. Additional Analysis

There are scientific works in the republic devoted to the problems of using international standards, as well as the theoretical and methodological foundations of financial accounting of domestic and foreign economic scientists on the issues of studying the procedure for drawing up financial accounting and reporting in the field of tourism, in particular: these issues are investigated in scientific works of such scientists like F.Greg Burton, H.Roger, Mac Noton, A. P. Barkhatov, N.V. Generalova, V.F. Paly, A.Sh. Polischuk, E.S. Sokolova, L.R. Simirnova, N.P. Kondrakov, A.D. Sheremet, L.V. Usatova, L.A. Sapolgina.

Economists and experts in accounting have described their views, opinions and different approaches to the financial outcome concept. In particular, Professor O. Bobojono [1] (2000) states: "In summary, if we summarize the financial results, it is a type of accounting that is governed by all the laws and regulations that are developed and interpreted by the state and the non-government organs." [5]

Consequently, there is a balance between financial accounting and management accounting, both of which use enterprise account information.

Professor A.Ibragimov [2] (2010) considers the financial account as an integral part of the accounting as a whole: "The accounting records allow users to identify, process, and deliver financial information on the basis of the generally accepted principles of accounting for the business entity's financial information information system. The financial result serves the management of the company, existing and prospective investors and creditors, buyers and suppliers of goods, the government and its bodies and the public. "

Professor B. Khasanov [3] (2014) argued that "The principles of financial results can also be governed by management, since managers of enterprises can not act on the basis of unrealistic expectations and assumptions in their work. Additionally, both sub-system information is used to make the necessary management decisions. " [6]

Professors Z. Kurbanov and K.Hotamov (2006) [4] the financial result is considered as an integral part of an economic account, which only serves the interests of external users, and defines the accounting, financial, management and tax account.

Professor F. Gulyamov [5] (2012) opinion; "In transition to market relations, accountants can specialize in many areas. Financial reporters prepare the information they need for external users, which is the final outcome of their business. "[7]

Professor D.Holboev [6] (2016) "Financial outcome is a type of official account, which is compulsory for all business entities irrespective of the form of ownership and business conduct".

Professor M.Temirkhanova (2019) [7] "Financial results according to the national accounting standard of the Republic of Uzbekistan - the final economic activity of the undertaking, expressed in the form of profit or loss, or financial results - an increase or decrease in the amount of its own funds during the business activity of a business entity for a specified period of time. The results of such activities are determined by calculating all the benefits and losses in the reporting period."

III. Methodology of Research

In the course of the research, the scientific methods of studying the processes of economic reality were used - esperimental research, generalization, grouping, logical and comparative methods of analysis, abstract-logical thinking, comparative analysis, statistical analysis, prospective forecasting and other methods.

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IV. Review and Results

In particular, the directions of the use of international financial reporting standards, theoretical and methodological improvement of the preparation and presentation of financial reports in business entities are reflected in the scientific works of AK Ibrahimov, AA Karimov, M. Қ. Pardaev and other scientists.

Further improvement of the issues outlined in the aforementioned studies based on the requirements of national and international standards on the procedure for organizing financial accounting and drawing up financial statements taking into account the specifics of the tourism industry has not been studied as a separate subject of study.

The organization and effective maintenance of financial accounting at tourism enterprises, the preparation of financial reports that display reliable information about information, gain novelty and peculiarities for today's practice. From this point of view, the possibility of distinguishing certain aspects of general accounting in the organization of accounting in this area is indicated. In addition, as a result of the offer of leading hotel brands and the alignment of hotel management processes with international standards, this is the reason for the increasing international integration of travel companies. In view of the above, a scientific approach to the compilation of financial reports and accounting in travel companies is the basis for choosing a research topic.

The work on "Development of financial accounting in tourism in the scientific and theoretical foundations" explored the priority directions of tourism development and the specifics of this field, the legal and regulatory framework of financial accounting in travel companies, the need and principles for organizing financial accounting in tourism enterprises.

As a result of the development of the tourism industry in our country, significant changes are observed. According to statistical analyzes, for the first 9 months of 2017, our country's delegates are about 2 million foreign citizens, this figure increased by 25 percent compared to the corresponding period last year.

Table 1: Distribution of the number of citizens of Uzbekistan who made tourist trips around the countries (past official declaration)

The name of the country	Persons who have made a tourist trip (thousand people)								
	Years								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
France	1,3	1,2	1,1	2,2	2,7	2,7	3,0	4,1	4,1
Japan	0,9	0,9	0,7	1,8	1,8	1,4	1,4	1,8	2,0
Kazakhstan	296,0	501,1	708,8	1320,8	1525,5	1943,8	1822,0	2527,2	2817,2
China	37,6	42,9	18,2	21,6	26,5	36,4	38,1	43,2	43,1
Turkey	30,2	40,6	37,5	61,4	83,8	104,5	115,1	114,6	114,6
Tajikistan	2,8	44,6	65,2	79,8	175,1	201,1	170,2	158,6	219,1
Russia	233,2	321,4	315,3	389,3	349,8	351,5	335,7	307,5	261,5
Other countries	285,6	364,4	224,9	307,6	545,9	504,0	300,3	347,2	386,2
Total	927,7	1316,9	1371,7	2184,4	2711,1	3145,4	2785,8	3504,3	3847,8

The information in the table shows that the number of citizens who have made a tourist trip to our country has a growth rate by year (an increase in 2017 by 2 9201.0 thousand people in comparison with 2009 or 414.7%). At the same time, there is a tendency to increase the flow of tourists across Europe (in France by 315.5% compared with 2009).

The main part, that is, 92.7% of postelitel are citizens of the countries of the Commonwealth of Independent States (CIS). The structure of visitors from foreign countries is as follows: citizens of Turkey - 26%, citizens of South Korea - 18%, citizens of the People's Republic of China and India - 8%, citizens of Germany and France - 4%. It is noteworthy that in order to get acquainted with the unique historical, cultural and architectural monuments and national values, they mainly visit such cities as Samarkand, Bukhara, Khiva, Shakhrisyabz. [9]

December 4, 2017 in the framework of the implementation of the program of priority measures for the development of the tourism sector in 2018-2019, the Resolution of the President of the Republic of Uzbekistan amended the procedure for issuing tourist visas. In particular, the Decree of the President of the Republic of Uzbekistan No. PP-3423 of December 4, 2017 "On Amendments and Additions to the Tariff of Consular Fees of the Republic of Uzbekistan" provides the following:

Firstly, the introduction of a single tourist visa for individual foreign citizens, issued for a period of 30 days. Previously, foreign citizens receiving a tourist visa for a short period (7 or 15 days), when delaying a return flight from the country for any reason, faced with the problem of extending the validity of visas;

Secondly, the reduction by one third (from $ 60 to $ 40) of the cost of obtaining tourist entry visas for

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individual foreign tourists. The high cost of a tourist visa served as a specific deterrent to the decision to travel to our country;

thirdly, the halving of the lower threshold (from 10 to 5 people) for a group tourist visa. The previous requirement to have at least 10 tourists for a group tourist visa was difficult, since in most cases groups are formed from among close friends or relatives, usually consisting of 5 or more people.

A conceptual framework for the preparation and presentation of financial statements is important in organizing financial accounting in travel companies. For only one preparation and presentation of a financial report, the conceptual framework includes the preparation of financial statements, its elements, principles and rules. This conceptual framework was developed for all business entities in general. In our opinion, it is advisable to develop a new draft conceptual framework for small businesses, taking into account their features. This conceptual framework covers not only the procedure for the preparation and presentation of financial statements, but also the organization of financial accounting.

The following is a draft conceptual framework for small businesses based on the results of the study (can also be formed as part of the current conceptual framework):

Table 2: Conceptual structure of the organization of financial accounting and preparation of financial statements for small businesses

S. No.	Structural part	Content
1.	The purpose of the conceptual framework	Defines the concepts of organization of accounting and financial reporting in small businesses (SMB).
2.	Scope of application	It provides for the recognition of the principles of financial accounting and financial reporting for PMS, goals and elements of financial reporting.
3.	Users of accounting data and reporting	Includes the interests and scope of all users of information displayed in the accounting and reporting reports of the SMEs
4.	Principles	The principles required for financial accounting and financial reporting are used.
5.	Evaluation	Displays the order of evaluation of accounting objects.

The proposed project creates opportunities for further improvement of the organization of financial accounting and financial reporting, further disclosure of the essence and clarification of the content of the national accounting standard in the current NSBU-20 "On the procedure for simplified accounting and reporting of small businesses".

V. Conclusions and Recommendations

As a result of research to improve financial accounting and reporting in tourism enterprises, the following conclusions and recommendations are proposed:

1. The "Conceptual basis of accounting and financial reporting of small businesses" was recommended, taking into account the regulatory legal acts of organizing financial accounting in the republic's corporate system, including the "Conceptual basis of organizing and presenting financial statements", taking into account the peculiarities of small-sized businesses, of tourism enterprises.
2. The organization of financial accounting at enterprises engaged in tourism activities has been improved, in particular, primary and consolidated acts that take into account accounting objects. It serves the timely and complete registration of accounting information and reliable formation of financial statements in the field.
3. To date, a "working plan of accounts" has been developed, which can be used in the financial and economic activities of tourism enterprises in accordance with the "Plan of accounts for financial and economic activities of business entities and the Instructions for its application" NSBU-21 accounting of the Republic of Uzbekistan (November 12, 2003, No. 1181-1-sleep, as amended on May 25, 2009, No. 1181-2).
4. The formation of a "Accounting Policy" common for enterprises engaged in tourism activities is recommended. Given the lack of uniform requirements for the accounting policies framework in international normative acts (standards) and uniform requirements on what aspects special attention should be paid to their structure. It is justified that the focus should be on its methodological aspects. This will serve the proper organization and implementation of financial accounting in the field.

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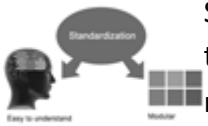
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- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

Structure and Format of Manuscript

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

a) A title which should be relevant to the theme of the paper.
b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
d) An introduction, giving fundamental background objectives.
e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
f) Results which should be presented concisely by well-designed tables and figures.
g) Suitable statistical data should also be given.
h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
j) There should be brief acknowledgments.
k) There ought to be references in the conventional format. Global Journals recommends APA format.

Authors should carefully consider the preparation of papers to ensure that they communicate effectively. Papers are much more likely to be accepted if they are carefully designed and laid out, contain few or no errors, are summarizing, and follow instructions. They will also be published with much fewer delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and suggestions to improve brevity.



Format Structure

It is necessary that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.

All manuscripts submitted to Global Journals should include:

Title

The title page must carry an informative title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) where the work was carried out.

Author details

The full postal address of any related author(s) must be specified.

Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

Keywords

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, “What words would a source have to include to be truly valuable in a research paper?” Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

Numerical Methods

Numerical methods used should be transparent and, where appropriate, supported by references.

Abbreviations

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

Formulas and equations

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

Tables, Figures, and Figure Legends

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.

Figures

Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

Preparation of Eletronic Figures for Publication

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution at final image size ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs): >350 dpi; figures containing both halftone and line images: >650 dpi.

Color charges: Authors are advised to pay the full cost for the reproduction of their color artwork. Hence, please note that if there is color artwork in your manuscript when it is accepted for publication, we would require you to complete and return a Color Work Agreement form before your paper can be published. Also, you can email your editor to remove the color fee after acceptance of the paper.

Tips for writing a good quality Social Science Research Paper

Techniques for writing a good quality homan social science research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of homan social science then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

5. Use the internet for help: An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.



6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.

Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.
Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

19. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

20. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

21. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

22. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.



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Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.
- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.



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Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.

Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

The Administration Rules

Administration Rules to Be Strictly Followed before Submitting Your Research Paper to Global Journals Inc.

Please read the following rules and regulations carefully before submitting your research paper to Global Journals Inc. to avoid rejection.

Segment draft and final research paper: You have to strictly follow the template of a research paper, failing which your paper may get rejected. You are expected to write each part of the paper wholly on your own. The peer reviewers need to identify your own perspective of the concepts in your own terms. Please do not extract straight from any other source, and do not rephrase someone else's analysis. Do not allow anyone else to proofread your manuscript.

Written material: You may discuss this with your guides and key sources. Do not copy anyone else's paper, even if this is only imitation, otherwise it will be rejected on the grounds of plagiarism, which is illegal. Various methods to avoid plagiarism are strictly applied by us to every paper, and, if found guilty, you may be blacklisted, which could affect your career adversely. To guard yourself and others from possible illegal use, please do not permit anyone to use or even read your paper and file.

Criterion for Grading a Research Paper (Compilation) by Global Journals

Please note that following table is only a Grading of "Paper Compilation" and not on "Performed/Stated Research" whose grading solely depends on Individual Assigned Peer Reviewer and Editorial Board Member. These can be available only on request and after decision of Paper. This report will be the property of Global Journals

Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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ISSN 975587

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