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Pyramid of financial development, economic growth and foreign trade based approach businesses

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ABSTRACT

According to theoretical bases and empirical researches done about business approach, many factors can be known effective in business prosperity. Generally, these factors can be classified in 3 groups of financial development, economic growth, and external trade. This research purpose is identifying and prioritizing components of financial development leverage, economic growth, and external trade based on business approach. This research statistical sample and society is Mazandaran Province industrial town experts and critics. Data gathering method was questionnaire. After gathering data, effective factors on business approach were identified and classified using AHP technical. Results of each financial development criterions, economic growth, and external trade weight are as following: external trade: 0.199, economic growth: 0.212, and financial development: 0.588; therefore, financial development factors criterion has the most weight, and has been introduced as the most important component in business approach of firms.

Keywords: Financial development, economic growth, foreign trade, business

1. Introduction

Exploring human life procedure from initial period of history appearance shows that change or entrepreneur factors has important role in societies development. In other words, it can be said that entrepreneur and entrepreneurship have been existed from the old time, but appropriate attention to them have been happened in some recent decades. Entrepreneurs look at change as ordinary phenomenon. They always seek for it (Dunphy, 1994). Explorations have shown that small and medium industries influence on world by 4 channels of entrepreneurship, technology change, industry motivation, and finally making job opportunities and income increase. New firms are element which propels producing economics in specializing producing process toward products having more competitive power (Holmes, Stone & Braidford, 1999). Making new firms and entering them into an industry is totally as key element in economic development and industry completeness (Schumpeter, 1934). New firms are more exposed to external risks (especially in first years of entrance) (Geroski, 1995). Established firms are exposed in risk of quake in industry for the changing nature of technology (Gort & Klepper, 1982). In this research, we explore the relationships among 3 variables of massive economic growth, financial development, and external trade on business.

2. Literature Review

According to global bank studies in most countries to run small business, first decisions are made according to the market needs to product, and then it is tended to provide initial investment. Development and advance in economic development path not only increase income level, but also increase saving level and probably saving amounts. This fact in its turn make faster growth rate of investing and consequently faster growth possible. In this condition, country's boundary is not only open in front of external trade, but also it is open in front of motions and producing factors replacement (means capital and work). External direct investment, business loans from external banks, and external helps are all have determining roles. Not only international transfer of capital, but also knowledge, technology and managerial skills to destination countries transfer is considered as productivity increase, because we can get to productivity level increase and faster growth. Unskillful workforce immigration as help to decrease unemployment (not immigration of skillful and specialized work force, means elite escape) has positive effect on existed forces incomes increase. In addition, existence of balanced exchange transaction rate (or more generally nonexistence of support policies against exporting) will lead to as much external resources attraction as possible to productive and reproductive sectors (Haefke, Ebell, 2003). Figure (1) financial development, economic growth, and external trade with business approach

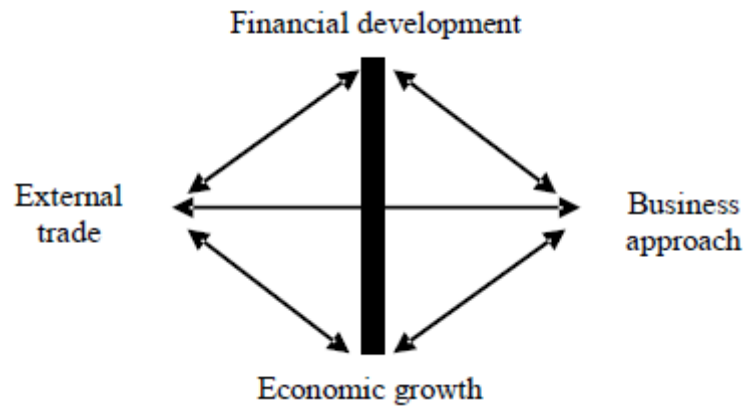


Figure1: financial development, economic growth, and external trade with business approach

3. Methodology

Present research is applicable according to purpose, and descriptive-surveying according to research design. Research statistical society includes managers and medium and small firms of Mazandaran Province industrial town. Research statistical society includes 20 people from managers and exerts of Mazandaran Province industrial town. Statistical sample is statistical society for its being small. In scoring and prioritizing effective external trade factors variables choices on business, research and development share from internal gross production, and per capita gross production have obtained the importance rank of 1 to 3. In continuance, scoring and ranking of all choices related to effective factors on business have been brought lump; choices of financial liberalization, facilitation access to financial services, competitiveness and efficiency, per capita income, research and development share from internal gross production, per capita gross production, development combined index, utilization, internal gross production value are attributed the ranks of 1 to 9, respectively among others.

4. Finding

Measurement criteria

Table (1) paired comparisons matrix of criteria affecting the business is the geometric mean of the data collection is given in Table.

Table 1: pair wise comparison of criteria affecting the business of the target using

Factors affecting business approach	Foreign Trade	Economic Growth	Financial Development	Collect	Priority
Foreign Trade	1	0.912	0.348		
Economic Growth	1.096	1	0.352		
Financial Development	2.874	2.844	1		
Collect	4.97	4.756	1.7		
Factors affecting business approach	Foreign Trade	Economic Growth	Financial Development	Collect	Priority
Foreign Trade	0.201	0.192	0.205	0.598	0.199
Economic Growth	0.22	0.21	0.207	0.637	0.212
Financial Development	0.578	0.598	0.588	1.764	0.588

Table 2: Matrix Normal by Levels Priority than the Factors affecting business

Factors affecting the acquisition and	Foreign Trade	Economic Growth	Financial Development	Weight	wsv
Foreign Trade	1	0.912	0.348*	0.199	0.597
Economic Growth	1.096	1	0.352	0.212	0.637
Financial Development	2.874	2.844	1	0.588	1.763

Table 3: calculated Rates (WSV) Matrix Comparison the Options over Effective acquisition and labor standards

Factors affecting business	WSV	÷	Priorities	=	CV
1	0.597		0.199		3
2	0.637		0.212		3.005
3	1.763		0.588		2.998

Table 4: Rate C V matrix Comparison the Options over The Factors affecting business

$\lambda_{max} = 9.003 / 3$ (= 3.001
CI =) 2 / (3 to 3.001
CR = 12:58 /0.005 = 0.00086

RI Show The Amount Index Random Is the Schedule mining By It is. Replica of L the Rate Compatible with Smaller 0.1 Was Is Therefore Comparison of the South Couple of criteria affecting the stability of business More There. Weights of the criteria for financial development, economic growth and foreign trade are as follows:

Financial Development: 0.588, Economic Growth: 0.212, foreign trade: 0.199 is the highest measure of financial development.

The final measurement options

Table (5) paired comparisons matrix measures of financial development variable is the geometric mean of the data collection are given in the table.

Table 5: Financial Development Index pair wise comparison matrix

Financial Development	Competition and Performance	Financial liberalization	Facilitate access to financial services
Competition and Performance	1	0.699	0.584
Financial liberalization	1.431	1	1.072
Facilitate access to financial services	0.584	0.933	1
Collect	3.015	2.632	2.656

Table 6: Matrix Normal by Levels Priority than the Factors Affecting Financial Development

Financial Development	Competition and Performance	Financial liberalization	Facilitate access to financial services	Collect	Vector preference
Competition and Performance	0.331	0.265	0.219	0.815	0.271
Financial liberalization	0.474	0.379	0.403	1.256	0.418
Facilitate access to financial services	0.193	0.354	0.376	0.923	0.307

Replica of L The Rate Compatible with (0.086) Smaller 0.1 Was Is Therefore Comparison of the South Pairs of Factors Development of Compatible with More There. According to scores on the structure, scores and ratings for each option by multiplying the score for each of the options out of the structure is calculated as follows:

Table 7: points and prioritizes the question of financial development variables

Initial weight choice variables of financial development		Financial development variable weight		The final ranking of alternatives financial Variables	Priorities.	More Options
0.271	×	0.588	=	0.1593	3	Competition and Performance
0.418				0.2457	1	Financial liberalization
0.307				0.1805	2	Facilitate access to financial services

Scoring and prioritize options component offinancial development, financial liberalization variables Facilitate access to financial services, competition and efficiency Respectively ranked first and third were acquired importance.

Table 8: paired comparisons matrix variable standards of growth are the geometric mean of the data collection is given in Table.

Table 8: Paired comparison matrix of economic growth

Composite Development	The per capita income	Productivity	Economic Growth
0.876	0.876	1	Productivity
1.244	1	1.141	The per capita income
1	0.803	1.141	Composite Development
3.12	2.679	3.282	Collect

Table 9: Matrix Normal by Levels Priority than the Measures of economic growth

Priority	Collect	Composite Development	The per capita income	Productivity	Economic Growth
0.303	0.91	0.280	0.326	0.304	Productivity
0.372	1.118	0.398	0.373	0.347	The per capita income
0.322	0.966	0.320	0.299	0.347	Composite Development

Replica of L the Rate Stability (0.0017) Smaller 0.1 Was Is Therefore Comparison of the South Pairs of economic factors Compatible with More It is. Due to the advantages of structures, points and ranking options for each structure using multiple points each of the options out of the structure is calculated as follows:

Table 10: points and prioritize questions on economic variables

Initial weight of growth options variables		Economic variables		Overall economic growth variable options	Priorities.	More Options
0.303	×	0.212	=	0.0642	3	Productivity
0.372				0.0788	1	The per capita income
0.322				0.0682	2	Composite Development

The option of variable rate and prioritize economic growth, per capita income, Composite development and productivity Rank first and third respectively were acquired importance.

Table (11) paired comparisons matrix variable standards of foreign trade are the geometric mean of the data collection is given in the table.

Table 11: Paired comparison matrix indices of foreign trade

Of Foreign Trade	The value of GDP	GDP per capita	R & D share of GDP
The value of GDP	1	0.896	0.671
GDP per capita	1.116	1	1.116
R & D share of GDP	1.49	0.896	1
Collect	3.606	2.792	2.787

Due to the advantages of structures, points and ranking options for each structure using multiple points each of the options out of the structure is calculated as follows:

Table 11: Matrix Normal by Levels Priority than the Standards of foreign trade

Of Foreign Trade	The value of GDP	GDP per capita	The share of R & D GDP	Collect	Priority
The value of GDP	0.277	0.320	0.240	0.837	0.279
GDP per capita	0.309	0.358	0.400	1.067	0.355
The share of R & D GDP	0.413	0.320	0.358	1.091	0.363

Replica of L the Rate Compatible with (0.0086) is smaller was 0.1 Is Therefore Comparison of the South Pairs of Benchmark Factors Affecting Foreign Trade of Compatible with More It is.

Table 12: Variable Points and prioritize questions of foreign trade

Alternatives initial weight of foreign trade variables		Weight of foreign trade variables		Final rating variable options of Foreign Trade	Priorities.	More Options
0.279	×	0.199	=	0.0555	3	The value of GDP
0.355				0.0706	2	GDP per capita
0.363				0.0722	1	R & D share of GDP

5. Discussion & Conclusion

In this research using AHP based on mentioned effective factors using variables having both theoretical basic gathered from articles are ready and tested by help of experts. Among various and different variables, there are 3 main components determined as financial development, economic growth, and external trade. According to experts ideas and results of AHP, each components criterion of financial development, economic growth, and external trade weights are 0.588, 0.212, and 0.199, respectively. Therefore, financial development criterion has the most weight. Totally, financial liberalization choices, access facilitation to financial services,

competitiveness and efficiency, per capital income, research and development share from internal gross production have attributed the ranks of 1 to 9 among other choices. Merwick, 2001 believes that knowledge management is said to collection of regular and systematic activities which are don to access to value by available knowledge. Knowledge includes all experiences and people learnt in an organization, all documents, and reports in an organization. Takanchi (1998) has opposite view about knowledge management which means lea control on employees and getting involved each person to make and share that reinforce renovating organization strategy in its turn. Lee Choi (2003) have concluded in a research about knowledge management styles and its effects on organizational performances that how various knowledge management styles influence on organization performance. Its obtained results show that among 4 styles of dynamic, systemic, human-oriented and stationary (inactive), dynamic style has the most effects on organization performance by emphasizing on implicit and explicit management knowledge, and stationary style has the least affectivity in comparison with the other styles. Therefore, implicit and explicit knowledge are effective together on organizational knowledge investment. Paulin and Mason (2002) in a research explored effective factors and obstacles in accepting knowledge management programs. Obtained findings from this research showed that knowledge management obstacles inter organization include competitiveness, rivals pressure, and this thought that knowledge management can lead to increase productivity and prevent from losing information. Rowley (2000) in a research with title of “Is high education is ready to administrate knowledge management?” explores knowledge management concept application in Canada universities. Rowley in his research refers to some systems and projects facilitating knowledge transfer and share in universities such as libraries, internet, and management information systems and says; in spite of facilities existed, making environment based on knowledge in universities are with problems. He knows one of these problems as this matter that “knowledge is power”. This attitude in universities is the main problem to share knowledge most of the times. Rowley knows another problem in universities on knowledge management implementation as not being proper regulation of knowledge resources and believes that relationships among various resources of knowledge for members and employees have not been cleared. He concluded finally that effective knowledge management implementation in universities may need change in culture and values, organizational structure and reward system. All these researches know organizational culture as the most important success factor and yet the most resistant against changes.

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