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Study on Small and Medium-Sized Enterprises in Italy: The Relationship With the Banking System and Financial Structure Choices

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This work presents the main theoretical guidelines in order to understand the relationship between banks and enterprises in the Italian economical context. It begins by looking into the matter of coverage of the companies' financial needs and it proposes an analysis of the financial structure of small and medium-sized enterprises in Italy, in the years between 2007 and 2012. The subject of studying capitalization of small and medium-sized Italian enterprises and of access to external sources of funding represents an effective synthesis between the qualitative approach of the most important mentioned theories and the quantitative analysis of recent Italian situation. This paper, while depicting the main challenges in the relationship between banks and small and medium-sized enterprises, focuses on the weaknesses of the latter's financial structure, offering useful means to reach a desirable financial new equilibrium. There are many different implications, both from a practical and a social point of view: the wavering economic trend, the frequent enterprise crises and the continuous make the start of processes of patrimonial strengthening and the research for a more stable financial equilibrium, by the diversification of sources of funding. Furthermore, looking into this matter makes it possible to reach a strategic, long-term point of view on the sustainability of the Italian economic-productive system.

Keywords: small and medium-sized enterprise, bank, financial structure, financial needs

Introduction

The Italian industrial system is characterized by a low degree of economic concentration and by the great presence of enterprises of small dimensions.

The interest in this kind of enterprises is substantially tied to their often-positive performances, even at times of economic downturn, achieved by these institutions.

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The aim of this work is to examine the relationship between the Bank and SMEs¹ in Italy, in light of the main theoretical and empirical contributions of the last years, analyzing available data on the phenomenon.

Specifically, the paper means to answer the following questions:

- is it possible to trace the characteristics of the financial needs of Italian SMEs?
- which are the most important means of coverage of those needs typical of SMEs in Italy?
- which is the function of banking debt?
- seen the recent trends on the relationship bank-enterprise, how is it possible to intervene for a more effective governing of enterprise financial needs?

In its first part, the paper deals with a revisiting of Italian publications with some conceptual remarks, regarding the most important scientific theories which represent the base to interpret the origins of smaller enterprises in Italy and the historical relationship between those and the local banks.

Then, by illustrating recent data taken from balance sheets of Italian small and medium-sized enterprises, some typical characteristics of Italian PMIs are highlighted, referring particularly to the composition of their capital liability.

The attention is focused on questions of financial nature: first, there is an analysis of effects regarding the choice between debt capital and venture capital in the coverage of the enterprises' financial needs², to then proceed to delineate the main reasons for tension in the financial structure of balance sheets of small and medium-sized Italian enterprises³.

Concluding, the work gets some considerations: the issues concerning the government of the financial needs, common to all enterprises, are more marked and clearer in balance sheets of smaller enterprises. To improve the historically conflictual relationship between enterprises and banks in Italy, first of all, it is needed to look for a new balance in the financial structure of enterprises by a more thought-out financial programming.

Research Approach and Literature Review

Many theories deepen the knowledge of the role of SMEs inside an industrial system.

The most notorious theory is Penrose's (1959): small and medium-sized business realities would be generated from the empty spaces which big enterprises do not cover, overlooking business opportunities that are less attractive and less fit for their characteristics.

Regarding relationship with the banking system, according to Conti (1999), in Italy there are two kinds of bank-enterprise relations: the first is the one that, during the industrial revolution, made it possible for Italy to acquire active enterprises in high-capital-intensity sectors (top-down approach for financing, by a careful Statal directing). The second model (De Bruyn & Della Valle, 1997) was born from the financial needs of SMEs, the one discussing local and people's banks (a model taking shape from the low: from the territory).

The first theory refers to the Shumpeterian approach, which considers the banking system as a creator of purchasing power destined to innovation funding, the second sees the bank acting like simply a provider of

¹ This paper for Small and Medium-Sized Enterprises (SMEs) refers to definition given by the European Union (Commission Recommendation 2003/361/EC). The main factors determining whether an enterprise is an SME are: staff headcount either turnover or balance sheet total. Medium-sized enterprise has less than 250 employees and turnover of or less than 50 million or balance sheet total of or less than 43 million. Small enterprise has less than 50 employees and turnover of or less than 10 million or balance sheet total of or less than 10 million.

² It's possible to reconnect the financial needs to two requirements: coverage for fixed investments and financment of working capital.

³ A consequence of the frailty of financial structures an improper transfer of risk of enterprises (Bisoni & Ferrari, 2012).

funds for enterprises with the lowest risk appetite, often overlooking the evaluation of their innovation ability or their growth potential.

Another relevant problem, relevant both from the scientific and the pragmatic point of view, is that of the applicability of corporate finance to small and medium-sized enterprises. A number of studies and research papers have been published on the matter, fueling a debate which articulated in different moments and in an equal number of research efforts: according to a first theoretical strand, theories of corporate finance are not useful to evaluate the state of health of SMEs: the analysis of singular matters of small enterprises induces to refuse corporate finance paradigms because SMEs bring out new financial management issues, asking for different solutions⁴.

According to a different approach, whatever the genesis of financing needs, it is necessary to maximize the positive impact of leverage by the typical corporate finance analysis.

Moving on from these theoretical considerations, the study offers an examination of strengths and weaknesses of different choices of financing needs coverage, distinguishing between internal and external sources of funding and by looking at a significant sample of small and medium-sized enterprises (considered to be such according to the specific parameters of the 2003 European Commission definition) it comes to delineating the typical characteristics of the composition of liability of Italian SMEs, offering insights to interpret new tendencies in the relationship between banks and small and medium-sized enterprises in Italy.

In the mature phase, when the enterprise enjoys a satisfying reputation on financial markets, sources of funding can be directed towards more complex financial instruments (for instance, bond debt and shares issue), the latter a rocky path for SMEs, but more easily viable for large companies.

The Role of SMEs in the Italian Economic Environment and Their Relationship With Banks

Italy is the country which can claim the highest number of SMEs in the European Union. In the Italian economic environment, small and medium-sized enterprises contribute largely to the formation of GDP and are active players in economic development.

They benefit from some typical features: resilience, organization flexibility and the subsequent decision-making promptness which make it possible for these enterprises to respond at a higher speed and more effectively to demand shifts.

Small dimensions, for a long time, have represented an element of great dynamism for the Italian production system but today, in a globalized world, smaller sizes threaten to become a limit undermining competitiveness.

A traditional characteristic of SMEs lies in the relational paradigm, at the basis of relationships with local and rooted-in-the-area banks. Some authors (Conti, 1999; Conti & Ferri, 1997) have indicated the long-period existence of a network of local banks supporting credit needs of smaller enterprises.

In this regard it has been talked about size effect, to indicate a credit specialization: big banks tend to offer credit especially to big companies, while small banks to SMEs. The root reason for this specialization would be that granting loans to SMEs is a different activity from allocating funding to big enterprises and calls for a loan

⁴ If, from one side, the economic theories do not provide clearly different models for smaller enterprises, from another, the empirical investigations collide with the little transparency shown by these.

technology which becomes burdening for big banks and beneficial for local minor ones⁵ (Costa & Costagli, 2004).

De Cecco (2001) believes that the steady presence of small enterprise in Italy is, in part, due to the financial allocation of Italian family business, which often does not make clear difference between family finance and business finance. In other words, the organization of the financial system would be one of the main reasons for the dwarfism of Italian enterprises, as a result of a mechanism in which the affected players would gain advantage by keeping enterprises small: banks are because with multiple entrustment they minimize credit risk and entrepreneurs because they can avoid losing control of their enterprise.

Financial Structure of Italian SMEs

According to a shared opinion, issues concerning development financing of the enterprise change according to the status they hold on their life cycle.

Enterprise surely needs sources when it is new and small and therefore it does not have a sufficiently accomplished reputation to rely on in its relationship with investors (in this phase financing is carried out with the initial endowment capital and with cash flow generated by management).

Some authors (Calcagnini & Demartini, 2009) referred to this matter with the term—financial gap, working on the disadvantage of small enterprises, meaning that the difficulties of entering the capital market are bigger when the enterprise is smaller and younger, even when characterized by a high development potential.

Challenges do not become more acute in the next phase, the one in which the enterprise tends to grow: the expansion of investment projects is normally accompanied to an increasing risk profile and a greater financing need (this is the phase in which it is needed to diversify different sources of funding combining bank loans with venture capital funding).

In the maturation phase, when companies have a good reputation in the financial markets, more complex forms of financing are possible (such as debt bonds and issue of shares): this is more difficult for SMEs and easier for big companies.

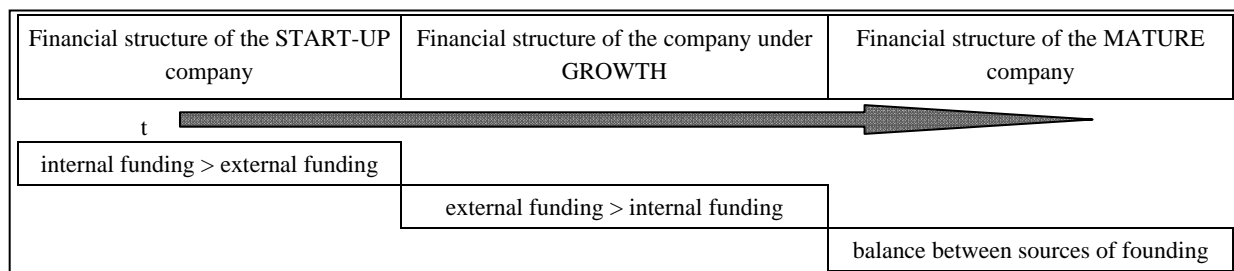


Figure 1. Evolution of the financial structure in the growth of SMEs.

The enterprises that have an asset value consisting of options of developing, as in possibilities of future investments of which the cost-effectiveness is not known (Buffetti, 1985), are not able to use classical-debt instruments, but they could proceed researching and eventually realize development operations by raising venture capital for growth.

⁵ SMEs are more diverse: this makes standardization of assessment criteria of creditworthiness disadvantageous and therefore hampers use of economies of scale.

The main channels for coverage of financing needs are:

- self-financing, produced inside the enterprise, without recurring to third-part economies' means;
- debt capital, constituted of the combination of constraints burdening the enterprise as a consequence of debts owed to third-part financiers;
- venture capital, the part of capital which supports entirely business risk.

The key feature of bank financing is inflexibility: banks struggle to give space to enterprises that have valid projects but a low degree of capital strength.

In those circumstances, a solution lies in the use of the risk capital, which represents a flexible source of financing (Rija, 2006).

Table 1

Comparison Between Financing With Venture Capital and Financing With Debt Capital

	Venture capital	Debt capital
Timeframe	Medium to long term	Short, medium to long term
Maturities	No prediction of maturities	Predicts maturities
Type	Flexible source useful to finance growth processes	Inflexible source with limited access possibility
Remuneration	Depends on the growth of enterprise value	Regular payment of interest
Services	Who invests in venture capital can provide strategical and financial advice	Provided assistance is exclusively subsidiary to financing

Source: AIFI, practical guide to venture capital.

As it becomes clear in the following, in Italy, enterprises use almost exclusively banking credit institutes to obtain financing, with a consequential imbalance of financial structure.

The following tables show the composition of balance-sheet liability of small and medium-sized enterprises in the time between 2007 and 2012 with emphasis on the variation of main components of the liability⁶.

Table 2

Composition of the Liability From 2007 to 2012 (Absolute Values)⁷

Liabilities	2007	2008	2009	2010	2011	2012
Total payables	329.4	349.8	348.8	377.1	400.8	394.1
Due to banks	111.6	122.7	124.6	134.7	144.1	140.3
Due to other lenders	9.3	9.3	8.5	8.2	9.1	9.3
Due to providers	106	104	99.5	109.4	118	112.8
Other payables	102.5	113.9	116.2	124.8	129.5	131.7
Short-term payables	259	267.7	258.7	278.2	297.8	293.8
Long-term payables	70.4	82.1	90.1	99	103	100.3
Equity	172.7	206.6	214.1	221.8	226.7	233
Total liabilities and equity ⁸	535.3	592.9	600.7	638.2	668.1	668.6

It can be inferred from the presented data that bank debt is broadly predominant between financing sources of smaller Italian enterprises. Also, there is a high short-term exposure in debts owed to banks.

⁶ The considered sample is composed of 46,868 Italian SMEs with a turnover ranging from five to 10 million euros as to 31.12.2012 (data mining by AIDA database by Small & Medium Enterprises Knowledge Center—SDA Bocconi).

⁷ Values in billions of euros.

⁸ Also considering reserves, severance pay, accruals, prepayments, and deferred income.

2008's financial crisis has interrupted the process of greater capital strength of Italian enterprises. Along with the crisis enterprises' budgets have become weaker: capital has diminished and loans have grown back up.

Table 3

Composition of the Liability From 2007 to 2012 (Percentages)

Liabilities	2007	2008	2009	2010	2011	2012
Total payables	61.5%	59%	58.1%	59.1%	60%	58.9%
Due to banks	20.8%	20.7%	20.7%	21.1%	21.6%	21%
Due to other lenders	1.7%	1.6%	1.4%	1.3%	1.4%	1.4%
Due to providers	19.8%	17.5%	16.6%	17.1%	17.7%	16.9%
Other payables	19.1%	19.2%	19.3%	19.6%	19.4%	19.7%
Short-term payables	48.4%	45.2%	43.1%	43.6%	44.6%	43.9%
Long-term payables	13.2%	13.8%	15%	15.5%	15.4%	15%
Equity	32.3%	34.8%	35.6%	34.8%	33.9%	34.8%
Total liabilities and equity ⁹	100%	100%	100%	100%	100%	100%

Source: AIDA database.

Accordingly, the debit/own funds ratio is very high, of which the trend is shown as registered in the time between 2007 and 2012:

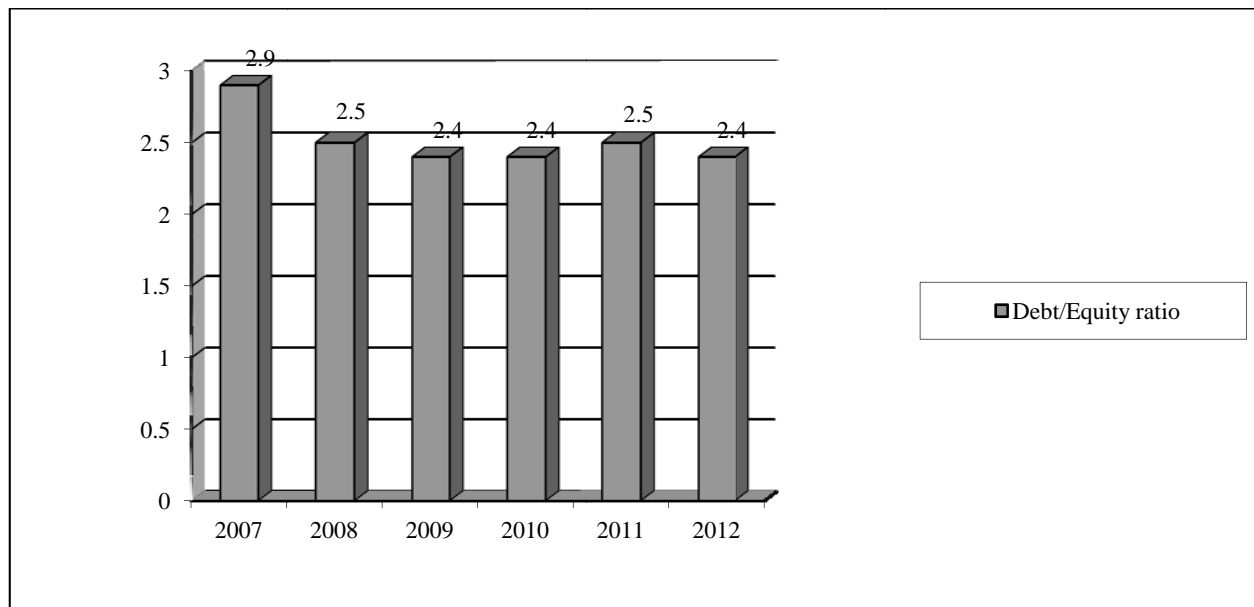


Figure 2. Debt/equity ratio trend from 2007 to 2012.

Despite the fact that Debit/Net Asset decreased by 0.5 points from 2007 to 2012, going from 2.9 to 2.4, SMEs still show a very high leverage.

The following figure shows the trend, in the same time span, of financial debts and commercial debts in Italian SMEs' budget¹⁰ (index: 2007 = 100).

⁹ Also considering reserves, severance pay, accruals, prepayments, and deferred income.

¹⁰ Cerved data.

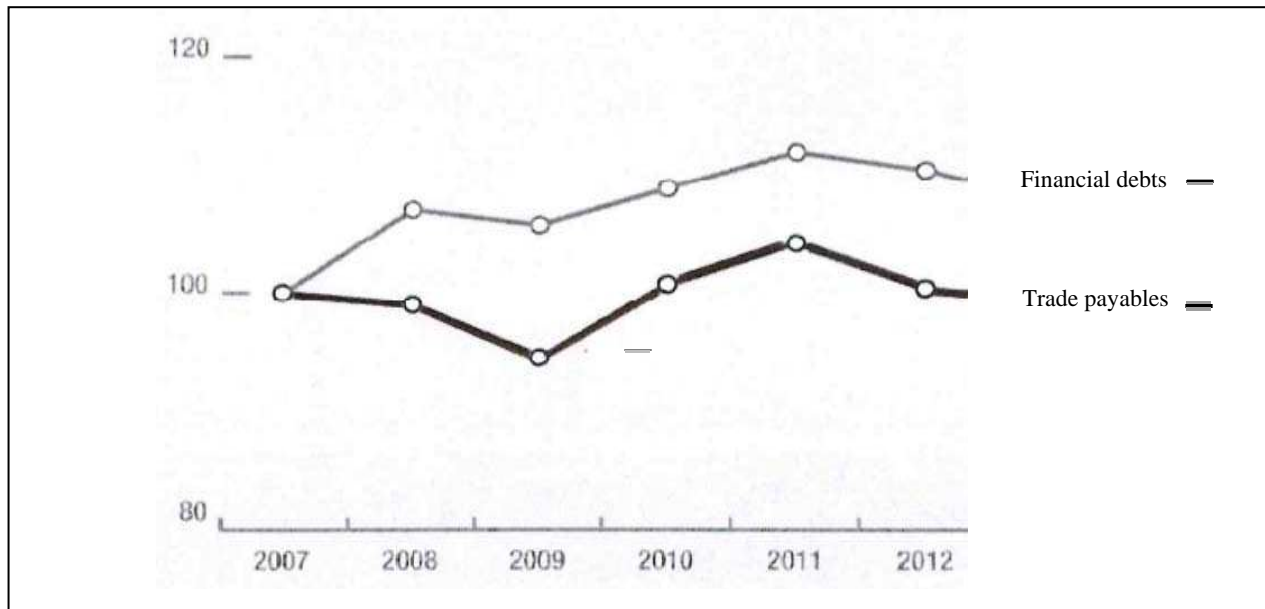


Figure 3. Financial debts and trade payables of the SMEs.

Therefore, the long crisis that hit Italian SMEs' system from 2008 coincided with a much more severe selection on credit, not only from banks, but also from the very same enterprises when granting commercial credit to their clients.

The trend of the line concerning financial debts is confronted below with the one recorded in big enterprises' budget¹¹ (index: 2007 = 100):

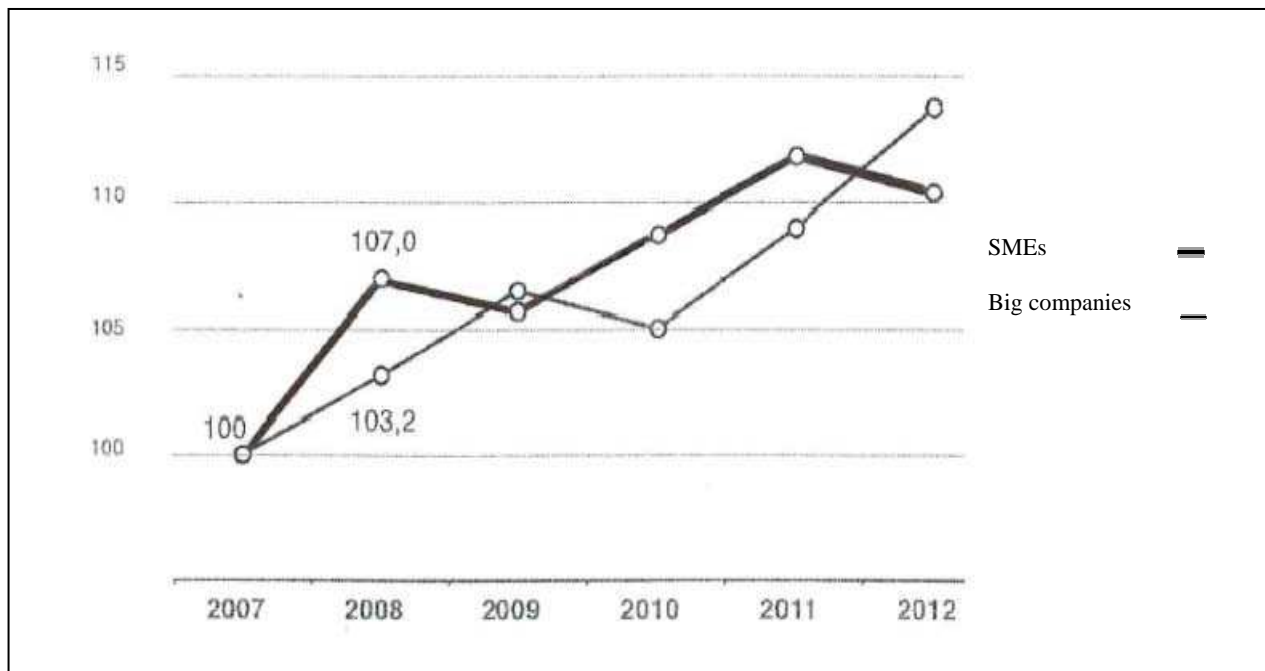


Figure 4. Financial debts: SMEs and big companies.

¹¹ Cerved data.

It follows that until 2008 bank loans have grown at a rapid pace and then slowed down rapidly; from 2011, the amount of loans has shrunk again.

The trend of financial debts shown in Figure 4 stresses that the phenomenon concerned first, and to a greater extent, SMEs than big enterprises: between 2011 and 2012 SMEs have reduced financial debts while they grew to big companies in 2012.

Between the most self-evident peculiarities in the relationship bank-enterprise, the empirical analysis always highlighted the one of multibanking, particularly widespread in Italy. In international comparisons, Italy stands out for the highest number of trusting banks per enterprise¹². A Ongena and Smith's (2000) study on European enterprises has detected the use of, on average, 2.3 contemporary credit relationships in Norway, 2.5 in Sweden, 2.9 in the United Kingdom, 8 in Germany, between 10 and 11 in Portugal, France, Belgium, and Spain, reaching 15.2 in Italy.

This is a phenomenon which permits to maintain multiple relationships with different credit institutions simultaneously and which fulfils both the needs of borrowers and the needs of those who grant funding: enterprises can reach more beneficial contractual preconditions preventing banks from benefitting from an exclusive relation, while banks distribute risks with other credit institutions.

Many authors allege a positive correlation between business size and number of bank-enterprise relationships. However, it is believed that this is not enough to explain the intensity of the phenomenon of multibanking. A Brasili and Vulpes's (2005) analysis shows that there is still a significant percentage of small and medium-sized enterprises with more than six banks (respectively 22% of enterprises with a turnover lower than five million euros and 55% of those with a turnover from five million to 10 million euros).

Found Criticalities and Hypothesis of Future Development

The indebtedness with banks should be characterized by means consistent with the general outline of financial needs. Instead, according to the presented data, SMEs' financial profile was defined as overall weak and excessively reliant on the banking system, displaying that bank debt is skewed towards the short term¹³.

The aforementioned excessive reliance on banks highly exposes companies to external changes: in the first place, a change in the banking system's propensity to provide financing (also influenced by exogenous factors like the policies of the European Central Bank as well as the stricter and stricter requirements imposed by the rules of Basel III¹⁴).

In light of the considerations above, the financial component requires a proper planning intended to assess not only the financing transaction's technical factors, but also the adequate means of financial security. It follows that entrepreneurs have to carry out a proper cost-benefit analysis before making contact with the representatives prepared to grant financing. Furthermore, the excessive fragmentation of commitments stimulates the growth of short-term debt and is likely to worsen enterprises' financial fragility through an imbalanced financial structure and a high incidence of borrowing costs on the economic outturn account.

¹² This peculiarity in Italy has historical origins in prudential supervision rules, aiming to limit exposure of credit institutions relating to single borrowers (Forestieri & Tirri, 2003).

¹³ Italian SMEs often have inadequate liquid assets compared to short-term operative needs.

¹⁴ Innovation of rules regarding capital and liquid assets standards required by Basel III, even if providing stability to the scheme, in the short term can halt loan granting (source: Bank of Italy).

Conclusions

The concluding considerations have the aim to help extend interpretative schemas on a crucial theme for the Italian economic system: the choice of SMEs' financial structure and their relationship with the banking system.

It has been emphasized that the difficulties encountered by SMEs in accessing bank financing are one of the factors limiting their growth.

An analysis has been exposed, inferred from the study of a wide sample of small and medium enterprises, in which tangible results have been shown over the baseline theoretical framework.

The study of SME finance has been carried out taking into due consideration the peculiarity of smaller enterprises' financial structure and their relationship with the banks compared with the world of big business. Research carried out along this line has identified the existence of a financial gap, namely the difficulties encountered by enterprises with growth potential in acquiring mid to long-term maturity venture and debt capital, necessary to carry out development projects.

The prevailing use of self-financing and bank credit soon shows evidence of this gap. In particular, small enterprises would suffer a credit crunch which disadvantages them compared to big enterprises, especially in times of restrictive monetary policies.

The solution to support enterprises' investment surely cannot be the one of bank debt.

There must be firm focusing on the lever of equity, that is on entrepreneurs' and external investors' capital (external equity).

Ultimately, there is no absolutely excellent financial structure at which Italian SMEs should aim, but from the consideration of strict balance-sheet index, it would be appropriate to move on to the more flexible and broader concept of debt sustainability.

Sustainability can be measured as a possibility of coverage of financial burden in the income statement by generating an adequate operating income; furthermore, as capital repayment ability; then, as the capacity of the enterprise to generate resources to fuel development, net of financial transactions (Calcagnini & Demartini, 2009).

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Reporting and Economic and Financial Equilibrium of Italian Non-profit Companies: AIL-Italian Association Against Leukemia*

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The global economic crisis may have reduced the fundraising capability of non-profit companies. Nevertheless, an empirical test is necessary because, in some cases, one's philanthropic sentiments may overcome the suddenly developed economic demands. For such reasons, the performances of three sections of main Italian cities (Milan, Turin, and Bologna) and of a non-profit Italian association have been analysed. This association named AIL supports leukemia patients and their families. At the same time, this paper displays the reporting methods of Italian non-profit organizations characterized by their own discipline relatively diverse compared with the one of for-profit associations. By analysing the situation, the article also illustrates how the economic and financial communication of such institutions could be improved, with hints on social reporting modalities.

Keywords: report, non-profit companies, association

Introduction

The global economic crisis, unfortunately still present in many countries, may have reduced the fundraising capability of non-profit associations. In fact, the income contraction may logically decrease the availability of families and businesses towards philanthropic activities.

However, an empirical test is necessary because the need to satisfy one's philanthropic sentiments may even overcome the income reduction.

For such reasons, the performance of a non-profit Italian association has been analysed. This association named AIL supports leukemia patients and their families.

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In addition, it also has emerged the need to show to the international scientific community the reporting methods of Italian non-profit organizations characterized by their own discipline relatively diverse compared with the one of for-profit companies. By looking at their financial statements, significant and cautious performance reviews can be made, and above all, it can be understood how to react to general economic situations that are worse than the past.

For such reasons, the research questions that characterise this article are:

RQ1: which discipline characterises the non-profit Italian association reporting?

RQ2: how have the performances of a relevant association changed in the Italian third-sector?

RQ3: how could the economic and financial communication of such production units be improved?

Aims, Research Approach and Paper Structure

The aims of this article are essentially two. Firstly, its purpose is to verify the economic crisis effects on the performances of non-profit associations through the analysis of a significant business case and, secondly, to express a weighed judgment on their economic and financial communication modalities.

In order to answer these research questions, this study carries quantitative analysis based on the financial statements of the samples of three local organizations for two consecutive years. By analysing the time trend of some capital and revenue ratios, a first view on non-profit association trend and on consolidation efforts is developed.

Before the analysis, the study presents the statistical data about the spread of the Italian third-sector and on the existing legal framework related to the modalities of economic and financial reporting.

After that, a comparative analysis of the AIL sections of Milan, Turin, and Bologna is carried on underling some significant variations of the main entries of the financial statement and weighted judgments through some efficiency indicator are shown.

Finally, conclusions and possible future possibilities to make clearer open questions are presented.

Literature Review

There is not enough room for topic of non-profit businesses reporting in the international literature. Instead, in Italy many more studies on this matter are carried on.

Vázquez, Lanero, Gutiérrez, and García (2015), for example, illustrate expressive and instrumental motivations explaining youth participation in Spanish non-profit voluntary associations. Results support that young people are more likely to take active part in expressive associations oriented to personal goals than in instrumental associations focused on social pursuits: sociability and ludic motives are the main reasons mentioned for joining an association, while political considerations are highly unnoticed. Implications of these results for marketing in non-profit contexts to enhance youth engagement for civic purposes are discussed. However, there are no considerations on how to report financial and economic performance.

Moreover, the interesting Weill's study (2014) looks at the contribution of non-profit organisations to public action but, presents only few references to the reporting modalities. It employs a conceptual arsenal usually applied to the analysis of street-level bureaucracy to depict day-to-day work in the field of access to justice for disadvantaged individuals. However, there is not a close examination of the typical accounting problems.

Instead, much more centered on the accounting problems, are the researches of Jun and Lewis (2006) that, however, keep the typical setting of the scholars of the history of accountancy. It is also interesting today to

know that The Mun Clan Association accounts are very accurate and that they display sophisticated bookkeeping techniques designed to maximize the rationality within a Confucian moral economy.

In fact, the previous experiences can surely guide the current choices, however, it must be considered that the economic and political contexts have changed significantly.

Some interesting, but always marginal, considerations on accounting issues may arise indirectly from the Bürkle's (2002) study relatively to non-profit Research Association of the German concrete and precast industry.

Accounting communication is instead well used by Eldenburg, Gaertner, and Goodman (2015) who study the influence of ownership and compensation practices on charitable activities. They compare the association between pay-for-performance incentives and charity care in for-profit and non-profit hospitals. Results suggest that linking manager pay to profitability does not appear to discourage charity care in non-profit hospitals. In addition, study provides insights into accounting researchers about institutional and organizational influences that affect managerial responses to financial incentives in compensation contracts.

The most important contribution to the accounting issues of non-profit associations is perhaps that of Khumawala and Gordon (1997): indeed they propose bridging the credibility of GAAP through new accounting standards for non-profit organizations, considering that accountability is an increasingly important issue for charitable organizations given the recurring scandals that have plagued the not-for-profit sector and accusations by critics that creative accounting techniques are used to mislead contributors.

See also Mroueh and De Waal (2017) about applicability of the HPO framework in non-profit organizations. They illustrate the case of the Emirates Insurance Association.

The Italian bibliography is rich in books and paper on this matter, especially if managerial perspectives are compared along with the accounting ones. The most typical managerial problems arise in some books written by Marcatelli (2005), Bandini (2003), Di Diego (2016), Santuari (2012) and Visconti (2014). However, there are also an extended number of volumes relating to accounting profiles aimed at drafting a comprehensive financial statement (Cella, 2012; Colombo & Setti, 2012). Those are taken from specific institutions (Agenzia per le Onlus, 2010; 2011) and supported from designed accounting principles (Pozzoli, 2009), to management control (Bronzetti, 2007), and, specifically, to the drafting of richer informative instruments that place social aspects alongside with economic outcomes (Gianoli, 2013; Propersi, 2004; Spazzoli, Matteini, Mauriello, & Maggioli, 2009).

The Italian Third-Sector

The third-sector includes companies, including non-profit ones, whose aim is to meet social needs that cannot be assumed by the state or the market (Barbetta & Maggio, 2008; Ambrosio & Venturi, 2012; Raponi & Tosi, 2014). There are uneven legal entities, organizational structure, regulatory discipline, and economic and financial consistency, but they have all in common a no-profit profile, a private legal nature, a formal constitutional act, a government autonomy, the use of a voluntary workload, and a democratic governance.

Typical production realities of the third sector are: social cooperatives, foundations, NGOs, ONLUSs, social enterprises and associations. These last ones prevail around 89% referring to December 31, 2011 (Figure 1).

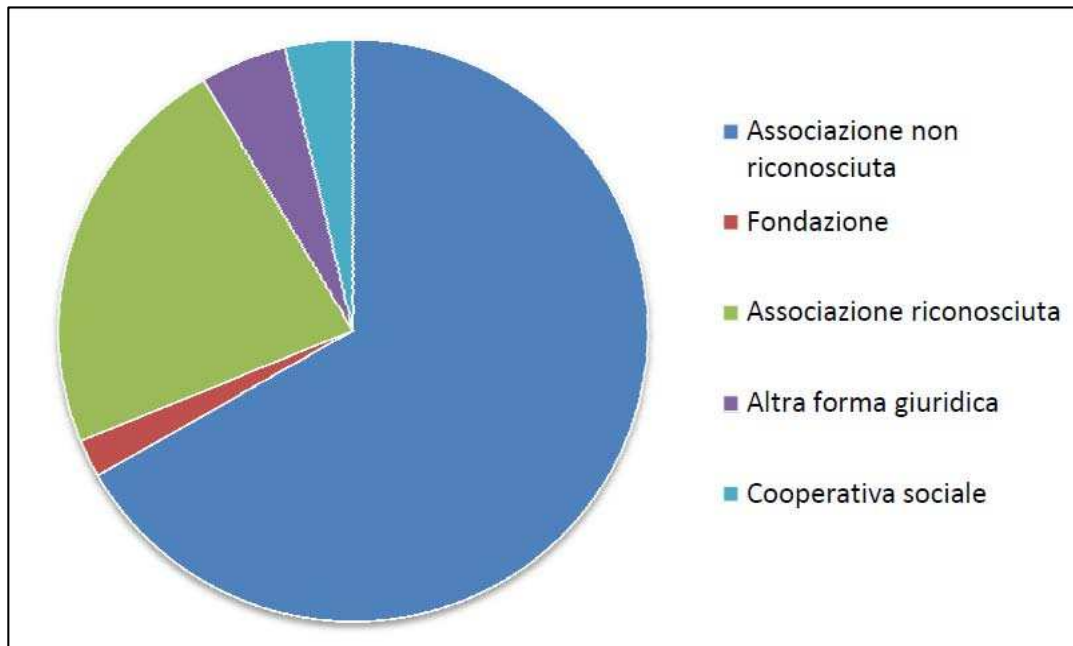


Figure 1. No-profit institutions by legal form; percentages (Istat, 2011) (From top to bottom: non-recognized association, foundation, recognized association, different legal basis, social cooperative).

The no-profit companies operate mainly in the health and care sector (over 60%) (Cnel/Istat, 2008).

Over the last 20 years, the third sector has gained an increasingly important role in the social, economic, and cultural aspects, with a stronger growth compared with other economic sectors. This situation occurred also due to increased demand for personal services and to the needs of the aging rate of the country and to the raising of the population quality of life (Figure 2).



Figure 2. The size of the non-profit sector in Italy in 2011 in comparison with 2001 (Istat, 2011) (From top to bottom: non-profit institutions, voluntaries, officers, outside workers, temporary workers).

Non-profit Institutions Reporting in Italy

Non-profit institutions may also carry out commercial activities to the extent that those activities are instrumental in achieving social purpose. However, the potentially generated income is not an indicator of the managerial qualities of for-profit enterprises, considering that the overriding objective is to maximize the social utility which can hardly be translated into monetary terms and therefore cannot be accounted. Any possible profits must therefore be reinvested in the main business.

Nevertheless, non-profit organizations must still ensure their outliving, while respecting the principles of economic efficiency and effectiveness, as well as an economic and financial equilibrium.

The mingling of prevalent social ends and eventual business activities creates a well-structured civil and fiscal discipline.

(1) The civil law distinguishes:

(a) Recognized associations that engage in commercial activities with the obligation to approve the financial statement, ex art. 20 of the Civil Code. However, the law does not specify the criteria, structure, form, or content of financial statement and does not lay down accounting obligations by only postponing the statutory provisions of each subject;

(b) Non-commercial entities that only carry out institutional activities, which are not required to keep accounting records and to prepare the financial statement.

Due to the lack of precise laws, we can find proper guidelines to draft the financial statement issued by the Agenzia per il Terzo Settore and the recommendations prepared by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* and from *Organismo Italiano di Contabilità*.

(2) The tax law, on the other hand, is more articulated:

(a) Non-profit organizations carrying out business activities are required to keep accounting records for commercial entities. Non-commercial entities carrying out public fundraising have an obligation to draw up, within four months from the end of the financial year, a distinct and separate statement from which the income and outcome of each fundraising activity must be stated and accompanied by a report.

(b) All non-profit organizations are always required to prepare the annual economic and financial statement, while tax accounting only applies to entities that engage in business activities.

ONLUSs, having a simplified tax regime in relation to their overall activity, must draw up the accounting records in a chronological and systematic way. In this way, they also must express throughout a document the transactions carried out in each management period with extensiveness and analytics and in a specific document on the economic, capital, and financial situation. This document must be drawn up within four months at the end of the financial year. The law provides for separate accounting obligations for the institution a whole and for the “directly related” activities sector. More specifically, we have the journal and the inventory book for the institution with the drawing up of a final financial statement in which there are the institutional sectors aspect and what is relatively connected to them. About those last activities, the ONLUSs are obliged to keep the tax accounting records. The total activity (institutional and related activities) therefore must be represented in chronological and systematic writings that allow clearly reconstructing the management operations.

Writings assimilated to the journal and the inventory book must be kept in accordance with the statutory provisions, without the necessity for special endorsement or billing formalities.

The activities, directly related to it, are commercial activities in all respects and, therefore, they must be documented through the accounting records provided for companies. If these activities record lower entries than those of a certain amount per year, the law allows the exemption from the journal and the inventory book, considering sufficient a mere specially-formulated document in which the incomes and outcomes are shown. This document must be retained until the relevant tax period has been determined.

It is required, if necessary, to keep the VAT registers.

The law also regulates in detail even more hypotheses for the organizations with a special liberalization regime that are bound to keep the journal, regardless of any income limit.

It should be noted that even public funds collections are specifically regulated by Art. 143 subsection 3 of the T.U.I.R., which states that

The income of non-commercial entities is not made by the funds received as a result of public collections, or occasionally also through the offer of low value goods or financing member services, in conjunction with celebrations, anniversaries or awareness-raising campaigns.

Public fundraising is not only excluded from VAT, but is also exempted from any other local or marginal tax.

The report, like the other accounting documents, must be retained until the determination of the tax period and the same report is defined.

AIL-Italian Association Against Leukemia

AIL was founded in Rome in 1969 by Prof. Franco Mandelli with the contribution of eminent personalities of the world of medicine and science (<https://www.AIL.it/chi-siamo>). It is an ONLUS that operates through 81 provincial sections. Its mission is (Article 4 of the Statute) to promote scientific research for the treatment of leukemia, lymphoma, and myeloma, to assist patients and their families, and to raise public awareness concerning blood diseases.

AIL is an ONLUS which is bound to the discipline already outlined, even for accounting compliance. Its economic and capital dynamics are characterized by the following factors:

- (a) incomes are made up of members' shares, donations, inheritances and bonds, contributions and subsidies, public and private subscriptions, events and other initiatives;
- (b) the management surpluses are aimed at the realization of institutional activities;
- (c) the business year begins on 1 January and ends on 31 December of each year;
- (d) annually the Consiglio di Amministrazione draws up the preliminary and final financial statements that Shareholders' Meeting has to approve;
- (e) the Association does not distribute management, reserves, or capital surpluses, except for legal exceptions or in favor of other local ONLUS that by law, statute, and regulation if part of the same and unified structure.

Local sections of the AIL are constituted for each province and chase in whole or in part the same purposes as the National Association, in relation to the area of their jurisdiction. They are legally autonomous, with their own statutes also in economic and administrative terms.

The local AIL sections formulate the annual financial statement regularly and submit it to the reviser, which analyzes and verifies the regularity of the accounting records and the economic situation.

Case Study

Comparative Financial Reports of AIL Offices in Milan, Bologna, and Turin

As an example, below are the synthesized financial statements of the sections of Bologna, Milan, and Turin (Tables 1-3) for the years 2014 and 2015.

Table 1

AIL-Bologna: Financial Statement

Active balance sheet	31/12/2014	31/12/2015			
Fixed asset					
Immaterial	786	-			
Material	304,247	329,752			
Financial	996,916	676,407			
Total fixed asset	1,301,949	1,006,159			
Current asset					
Credits	141,267	113,672			
Liquid funds	393,552	781,502			
Total current asset	534,819	895,174			
Accruals and anticipated costs	1,820	48,186			
Total	1,838,588	1,949,519			
Liabilities balance sheet	31/12/2014	31/12/2015			
Net balance sheet	1,363,614	1,472,890			
Provisions for risks and charges	15,000	15,000			
Subordinated end-of-work ratio	139,589	157,592			
Debts	320,385	304,037			
Accruals	0	0			
Total	1,838,588	1,949,519			
Management report					
Costs	31/12/2014	31/12/2015	Proceeds	31/12/2014	31/12/2015
Typical activities costs	1,214,878	1,204,582	Typical activities proceeds	942,811	1,319,296
Promotional and fundraising costs	404,733	399,520	Fundraising proceeds	617,020	611,699
Financial and asset costs	5,556	2,777	Financial and promotional proceeds	30,967	47,838
Extraordinary costs	520	3,093	Extraordinary proceeds	34	70,909
General supports costs	304,997	381,968			
Total	1,930,692	1,991,940	Total	1,590,832	2,049,742
Management results	-339,860	57,802			
Balanced total	159,032	2,049,742	Balanced total	159,032	2,049,742

Table 2

AIL-Milan: Financial Statement

Active balance sheet	31/12/2014	31/12/2015			
Fixed asset					
Immatirials	12,574	13,869			
Matirial	1,051,653	1,053,503			
Financial	-	-			
Total fixed asset	1,064,227	1,067,372			
Current asset					
Credits	127,584	145,002			
Non-fixed asset financial activiteis	200,000	325,000			
Liquid funds	608,443	534,085			
Total current asset	936,027	1,004,087			
Accruals and anticipated costs	1,645	2,398			
Total	2,001,899	2,073,857			
Liabilities balance sheet	31/12/2014	31/12/2015			
Net balance sheet	1,667,140	1,718,149			
Provisions for risks and charges	-	-			
Subordinated end-of-work ratio	112,328	123,968			
Debts	215,112	224,076			
Accruals	-	-			
Total	2,001,899	2,073,857			
Management report					
Costs	31/12/2014	31/12/2015	Proceeds	31/12/2014	31/12/2015
Typical activities costs	492,204	607,501	Typical activities proceeds	402,342	517,126
Promotional and fundraising costs	326,577	364,867	Fundraising proceeds	639,902	720,865
Financial and asset costs	3,185	2,178	Financial and promotional proceeds	8,592	1,178
Extraordinary costs	208	8,650	Extraordinary proceeds	61,004	1
General supports costs	212,926	201,611			
Amortization and write-downs	17,243	14,769			
Costs diffent from management	691	573			
Income tax expense	1,010	1,032			
Total	1,054,044	1,201,181	Total	1,111,840	1,239,170
Management result	57,796	37,989			
Balanced total	1,111,840	1,111,840	Balanced total	1,111,840	1,239,170

Table 3

AIL-Turin: Financial Statement

Active balance sheet	31/12/2014	31/12/2015
Fixed asset		
Immatirials	-	-
Matirial	-	-
Current asset	4,160.20	-
Financial	1,076,478.75	928,493.65
Stocks	7,320.00	2,420.00
Liquid funds	303,970.70	315,671.75
Accruals and anticipated costs	17,234.74	29,091.57
Total current asset	1,409,164.39	1,275,676.97
Liabilities balance sheet	31/12/2014	31/12/2015
Net asset	1,091,361.62	994,675.61
Provisions for risks and charges	44,818.97	46,143.92
Subordinated end-of-work ratio	246,315.24	232,609.18
Debts	26,668.56	2,248.26
Accruals	1409,164.39	1,275,676.97
Management report		
Outcome	31/12/2014	31/12/2015
Management costs	66,101.36	70,000
Disbursements for institutional activities	392,126.15	65,780.10
		22,000.00
		68,764.00
		25,704.00
		160,912.50
		18,310.90
Total	458,227.15	361,541.50
		<i>Management result</i>
Balanced total	458,227.51	458,227.51

Table 4

Change in General Support Costs in Euros. 2014-2015

AIL Milan	AIL Bologna	AIL Turin
	-5,398	+76,971

The comparative analysis of the previous prospectuses and the synthesis proposed in Table 4 provides some useful comparisons with the performance achieved in three branches of AIL for a specific period.

In the case of Milan, the overall support costs have been significantly reduced, along with those for “Employees and Staff” and the cost of managing the income.

Similarly, in Turin the management costs are reduced for the significant contraction of the “personal secretary cost”.

Finally, in Bologna the expenses are primarily increased as well as the “services costs”, “employees”, “provisions on restricted equity”, these last ones are related to the liberalized payments received for a specific purpose, for which the bond was not reached in the same year.

Analysing the resource usage index (Table 5), there is a significant increase for Milan and Turin offices, while a reduction for Bologna.

Table 5

The Resources Usage Index. Year 2015

	AIL Milan		AIL Bologna		AIL Turin	
Year	2015	2014	2015	2014	2015	2014
Total typical costs/total costs	50.6%	46.7	60.4%	62.9	85.6%	84.7

The operating result is always positive for the Milan section, albeit slightly reduced, while Bologna has managed to recover the deficit that had characterized its earlier management until it reached a surplus. Instead, in the Turin office (Table 6) it occurs still negative results, mainly due to institutional activities, and more specifically to the granting of scholarships and further costs.

Table 6

Management Results: 2014- 2015

	AIL Milan	AIL Bologna	AIL Turin
Year 2015	37,989	57,802	(96,686)
Year 2014	57,796	(339,860)	(28,915)

Only the Milan section, therefore, in the two-year period taken in account, was able to self-finance.

Comparing the management costs (Figure 3), the office of Bologna stands out, while Turin has had the lowest incidence of support charges. On the other hand, AIL Bologna has invested more in scientific research, confirming its first places among the Italian sections.

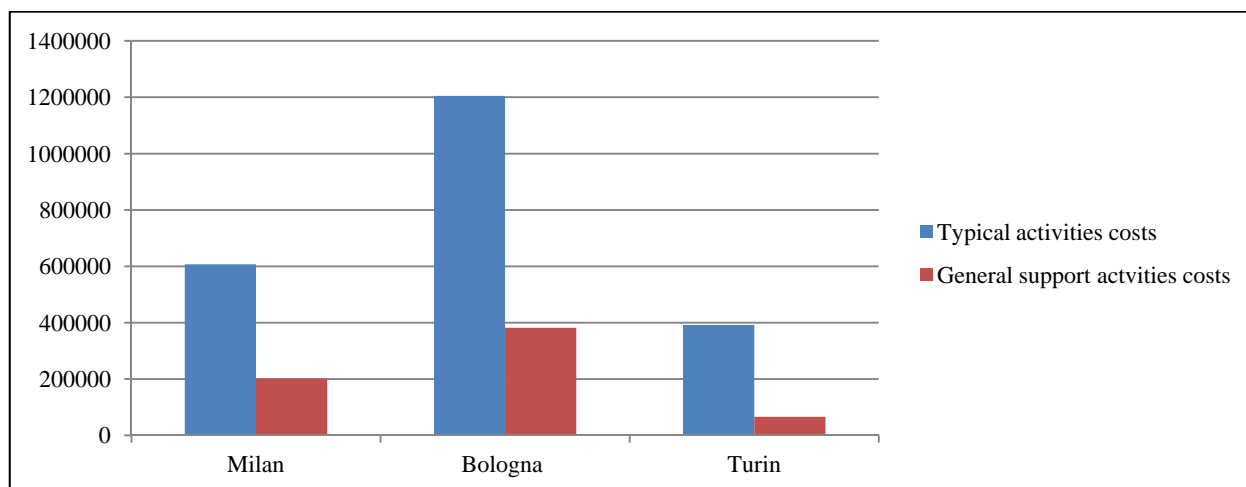


Figure 3. Typical activities and general support activities costs.

The comparative analysis of income (Figure 4) is a positive sign because of generous donors, especially in Emilia-Romagna where the largest increase is recorded.

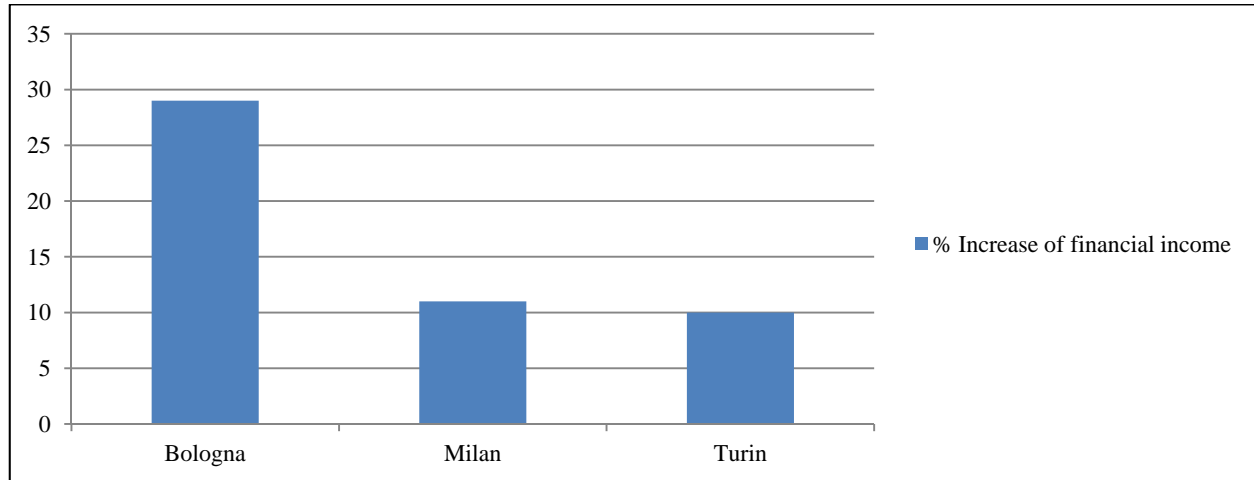


Figure 4. Percentage of the increase of financial income.

For the fundraising (Table 7), however, Turin was the most efficient, followed by the other two, despite the significant increase of Milan.

Table 7

Fundraising Efficiency Index

AIL Turin	AIL Milan	AIL Bologna
0.44	0.50	0.65

Summary and Conclusions

Although briefly, the article has presented the reporting modalities of three sections of an Italian association against leukemia of three main Italian cities, in a period of time still characterized by the global economic crisis.

In the comparative analysis, the main aim of reducing management costs benefitting primarily their own institutional achievements by releasing resources for the patients and their families. Not only, therefore, the need for greater internal efficiency, but above all, the hope of reaffirming, even concretely, the deep motivations that have led the association in many Italian provinces. However, further interdisciplinary investigations need to be refuted or confirmed, given that the quantitative dimension of economic and financial statements is limited to providing data without the underlying motivation that would require motivational research using specific techniques.

Despite the past economic crisis there are significant increases in fundraising: even if further and future researches should specify whether this is due to more incisive policies or to the desire of the population to help alleviate the problems of people with leukemia.

Overall, the quality of the information provided, even if only in summary, seems adequate but qualitatively calibrated on the models used by for-profit companies.

In this type of organization, it is urgent to place beside the classical statements of balance sheet and income statement, additional reports based on an accountability work that has different purposes and instruments compared with those typical of accounting. In this sense, some local branches of AIL have already presented the “social balance” that illustrates in a better way the achievement of philanthropic purposes with

respect to the previously analyzed prospects. It should be remembered that the analysis of internal efficiency does not exhaust the judgment on the effectiveness of management, considering that its primary purpose is not the profit but the greater welfare of people suffering from leukemia.

This different perspective that guides managerial choices must necessarily be measured by comparing with the reality of current users who must express weighted judgments on the actual benefits of associative actions. Such measurements must necessarily use monitoring tools other than the typically economic ones and for which an interdisciplinary relationship between the scholars of accounting and the other social sciences is again sought.

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Multiple Mediation Effects of Foreign Direct Investment on China's Carbon Productivity

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The paper investigates the internal mechanism of foreign direct investment (FDI) affecting carbon productivity through mediators. Based on data of China from 2000 to 2016, the mediation effect analysis method is used to build a single-step multiple mediator model. The empirical results show that FDI has a significant effect on the improvement of China's carbon productivity, which is mainly achieved by three mediators, namely, the industrial structure, the low carbon technology, and the energy structure. Then, the paper puts forward countermeasures that how to use FDI to improve China's carbon productivity, so that "Beautiful China" can be achieved.

Keywords: foreign direct investment, carbon productivity, mediation effect analysis, multiple mediation model

Introduction

During the 13th Five-Year Plan period, China's economic development has entered a new normal state. "Green" and "Open", the development concepts of the 13th Five-Year Plan, require China to "raise the level of open economy in a greater scope, wider area and deeper level", and "promote reform and development by opening up", as well as call for the realization of "Beautiful China" and "Green Development for the Country". On the 19th National Congress of the Communist Party of China (CPC) in October 2017, "Green Development", "Low-carbon Economy", and "Beautiful China" were mentioned many times. It is imperative to achieve relative reduction and to develop a low-carbon economy. The improvement of carbon productivity is the core requirement for the development of low-carbon economy (He & Su, 2009). In this new stage, how to make better use of high-level and high-quality foreign investment to increase carbon productivity so as to "optimize the growth of the environment" is an issue that must be considered in order to achieve green development.

Among the studies on the relationship between FDI and carbon emissions, the most studied is the impact of FDI on carbon emissions. With the concept of low carbon economy and sustainable development put forward, more and more scholars have shifted their attention from "absolute emission reduction" to "relative emission reduction". The study of FDI and carbon productivity is one of the most important aspects.

Perkins and Neumayer (2009) conducted an empirical research on the environmental efficiency spillover effects of FDI in 98 developing countries from 1980 to 2005, and found that FDI from economies with more efficient pollution control did not have an impact on domestic carbon productivity in developing countries. Liu

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and Hu (2016) used the spatial Durbin model, selected the data from 30 provinces in China from 2000 to 2012, and examined the impact of FDI on the carbon productivity in China and its sub-regions. It is found that FDI has a positive effect on the improvement of China's carbon productivity. The impact of FDI on regional carbon productivity is consistent with the "pollution halo" hypothesis, while the impact on carbon productivity in adjacent areas is consistent with the "pollution heaven" hypothesis. Based on the data of China's province from 1995-2012, Ma and Lu (2017) established the spatial panel data model, and found that FDI has a significantly positive spatial spillover effect on CO₂ emission efficiency. In addition to considering the regional differences, the industry differences have also drawn the scholars' attention. Guo, Zhang, and Lin (2014) used the panel data of China's industrial sectors from 2000 to 2011, and analyzed the impact of FDI on carbon productivity in China's industry as a whole and in different factor-intensive industries. It is concluded that FDI plays an important role in promoting carbon productivity in China's industry sector, labor-intensive industries and capital-intensive industries, while it has a negative impact on carbon productivity of resource-intensive industries.

Due to the differences in econometric method, data selection, index measurement, and research perspective, the conclusions of FDI's impact on carbon productivity are different. Most literatures agree that FDI has a positive effect on the increase of carbon productivity on the overall level. Few literatures pay much attention to the underlying mechanisms by which FDI affects carbon productivity through other variables. Therefore, on the basis of the theoretical mechanism of FDI affecting carbon productivity, this paper empirically analyzes the mechanism of FDI on China's carbon productivity from 2000 to 2016 by using the mediation effect analysis method.

The Internal Mechanism of FDI Affecting Carbon Productivity

Carbon productivity is an important measure of the efficiency of single-factor carbon emissions (Ma, 2015). The carbon productivity can be measured by dividing GDP by CO₂ emissions. In essence, carbon productivity measures the output corresponding to the consumption of carbon resources per unit. It considers carbon as "an input that is implicit in energy and material products" (Pan, Zhuang, Zheng, Zhu, & Xie, 2010, p. 90), revealing the restrictive conditions for economic development. Thus, the concept of carbon productivity, a better reflection of the requirements for the development of low carbon economy, not only emphasizes the long-term sustainable economic growth, but also emphasizes the control of carbon emissions.

The Kaya identity and the STIRPAT model are two major ways to analyze the impact of CO₂ emissions. The Kaya identity states that the overall level of CO₂ emissions can be expressed as an equation consisting of four factors: population, GDP per capita, energy intensity of economy, and carbon content of energy. Its specific expression is as shown in equation (1) (Jiang, 2011):

$$\begin{aligned} C &= \sum_i C_i = \sum_i G \times \frac{V_i}{G} \times \frac{E_i}{V_i} \times \frac{C_i}{E_i} \\ &= \sum_i G \times S_i \times I_i \times F_i \end{aligned} \quad (1)$$

where, C is a country's total carbon emissions. C_i is carbon emissions of sector i . V_i is the output of sector i , which is expressed by the added value of sector i . E_i is the energy consumption of sector i . G is the economic output expressed in GDP. S_i is the share of the output of sector i , namely V_i/G . I_i is the intensity of energy consumption in sector i , that is, the energy consumption per unit output (E_i/V_i). F_i is the carbon content of

energy in sector i , which is the carbon emissions per unit energy consumption C_i/E_i .

The two sides of the equation (1) are converted to the reciprocal, and then multiplied by GDP:

$$\begin{aligned}\frac{\text{GDP}}{\text{CO}_2} &= \frac{\text{GDP}}{\sum_i G \times S_i \times I_i \times F_i} \\ &= \frac{1}{\sum_i S_i \times I_i \times F_i}\end{aligned}\quad (2)$$

where, S_i (reflecting the industrial structure), I_i and F_i are the same as in equation (1). Equation (2) can also be expressed as the following equation:

$$\text{Carbon Productivity} = 1/(\text{Industry Structure} \times \text{Energy Efficiency} \times \text{Energy Structure}) \quad (3)$$

As can be seen from the above formula, industry structure, energy efficiency, and energy structure are negatively correlated with the carbon productivity. With the Chinese economy entering a new normal state, its economic structure adjustment has shifted from the “231” type¹ to the “321” type. When the industrial structure is measured by the added value of the secondary industry in the GDP, the decline in this value means the improvement of the industrial structure in China. The industrial structure variable is on the denominator, so its decline is beneficial to the increase of carbon productivity. When energy efficiency is improved, such as the use of efficient low-carbon technologies, each unit of economic output will consume less energy and thus increase carbon productivity. When the energy structure is optimized, that is, reducing the consumption of fossil fuels with high CO₂ emissions, and increasing the use of non-carbon and clean energy, the energy consumption per unit will discharge less CO₂, thereby increasing carbon productivity.

Another way to analyze the influencing factors of CO₂ emissions is the STIRPAT model. The estimated equation of STIRPAT model is shown in equation (4):

$$I = cP^{\beta_1} A^{\beta_2} T^{\beta_3} e \quad (4)$$

where, I is the impact of human beings on the environment, measuring by CO₂ emissions. P (population) is measured by the size of a country's population. A (wealth) is measured by GDP per capita. T stands for the technology needed to reduce the negative impact on the environment. c is the coefficient. β_1 , β_2 , β_3 are the index of P , A and T respectively. e is the error term.

Take the logarithm respectively on the two sides of the equation (4) to obtain the equation (5):

$$\begin{aligned}\ln I &= \ln c + \beta_1 \ln P + \beta_2 \ln A + \beta_3 \ln T + \ln e \\ &= c' + \beta_1 \ln P + \beta_2 \ln A + \beta_3 \ln T + e'\end{aligned}\quad (5)$$

where, P can be decomposed into urban population/total population, i.e. urbanization level. T can be measured by energy intensity.

From the above analysis, the main factors that affect carbon productivity are industrial structure, energy efficiency, and energy structure. The transformation and upgrading of industrial structure, the improvement of energy efficiency, and the optimization of energy structure will increase carbon productivity. It is known from the STIRPAT model that a country's level of affluence (i.e. economic development level) and urbanization may also affect carbon productivity, since the formula for carbon productivity consists of both CO₂ emissions and

¹ It means the proportion of the secondary industry in the national economy is much higher than the primary and tertiary industries.

GDP. Both of these two factors have a positive effect on CO₂ emissions and GDP growth, so their ultimate impact on carbon productivity depends on the difference in the effect on CO₂ emissions and GDP.

The theoretical analysis can be expressed in Figure 1 below:

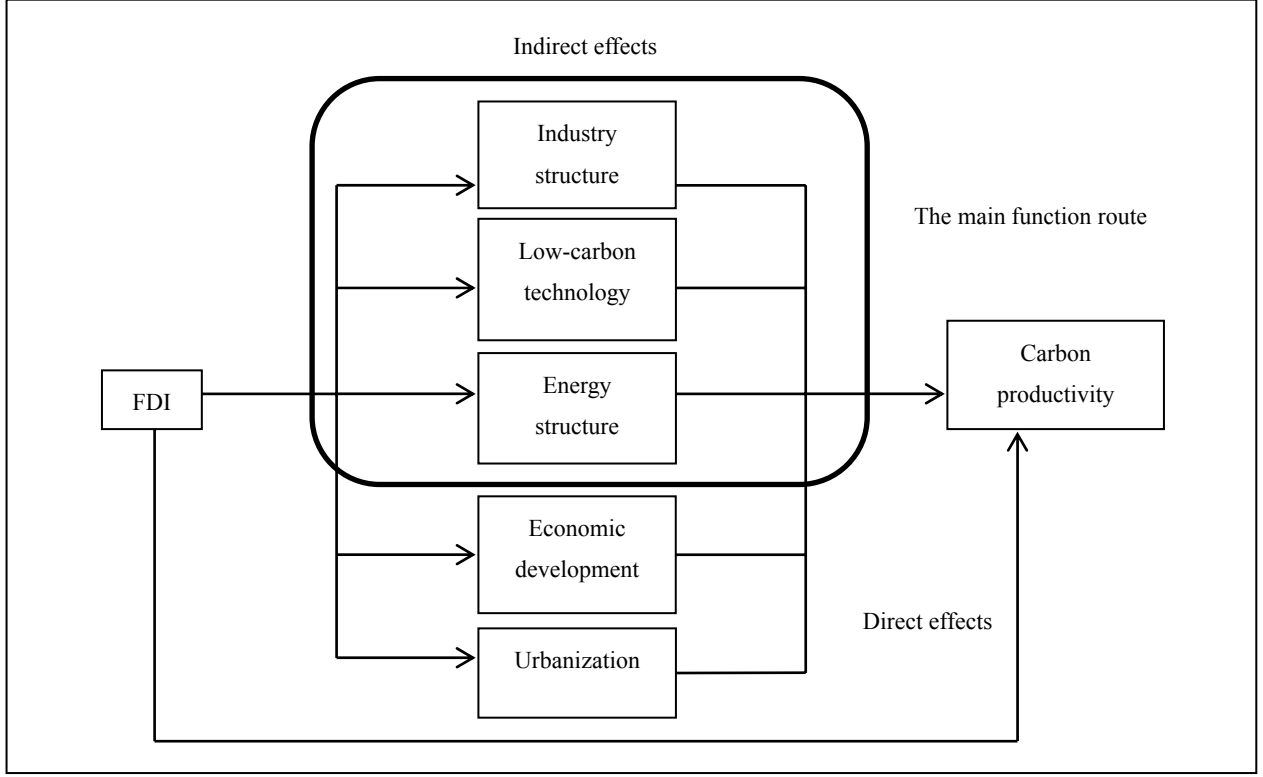


Figure 1. The internal mechanism of FDI affecting carbon productivity.

Empirical Analysis

Mediation Effect Analysis

If the influence of the independent variable (X) on the dependent variable (Y) is achieved by one or more variables, then the one or more variables are referred to as mediator variables (M) (Wen & Ye, 2014). The mediation effect involving multiple mediator variables is called multiple mediation effect. The model thus built is a multiple mediator model. For the sake of research needs and the simplicity of analysis, a single-step multiple mediator model is selected to analyze the internal mechanism of FDI affecting carbon productivity. The model is shown below:

$$\ln Y = \alpha + c \ln X + e \quad (6)$$

$$\ln M_i = \beta_i + a_i \ln X + e_i \quad (i = 1, 2, 3, 4, 5) \quad (7)$$

$$\ln Y = \gamma + c' \ln X + \sum_{i=1}^5 b_i \ln M_i + e' \quad (8)$$

where, α , β_i , and γ are intercepts. e , e_i , and e' are residual errors. The independent variable X is FDI, the dependent variable Y is carbon productivity, the mediator variable M_1 is industrial structure, M_2 is low-carbon technology (i.e. energy efficiency), M_3 is energy structure, M_4 is economic development, and M_5 is urbanization. c is the total effect of X on Y. a_i is the effect of X on M_i . b_i is the effect of M_i on Y, after

controlling the influence of X . $a_i b_i$ is the specific indirect effect of X on Y via M_i . c' is the direct effect of X on Y , after controlling the influence of mediators. The total mediation effect is $\sum_{i=1}^5 a_i b_i$ or $c-c'$. All the variables are logarithmic in order to eliminate the influence of heteroscedasticity.

Variable Explanation and Test of Time Series²

This paper takes 2000-2016 years as the sample interval, and all the data are from the national macro annual database of China Economic Information Network Statistics Database. The measurement and the explanation of variables are shown in Table 1.

Table 1

The Measurement of Variables and the Mechanism Affecting Carbon Productivity

Variable	Measurement	The mechanism affecting carbon productivity
Carbon productivity (cp)	The share of CO ₂ emissions in real GDP (calculated at constant 2000 prices). Ten thousand yuan/ton of carbon dioxide.	/
FDI (fdi)	The actual use of foreign investment in the amount of foreign direct investment. 100 million yuan.	Two channels: direct impact on carbon productivity or indirect impact on carbon productivity through mediators.
Industry structure (is)	The added value of the secondary industry as a share of GDP. %.	(1) If the secondary industry accounted for a large proportion and FDI mainly flows to the high carbon industry→Carbon productivity declines. (2) If the proportion of FDI in the service sector rises→The optimization of industrial structure→Carbon productivity increases.
Low-carbon technology ³ (ei)	Total energy consumption as a share of real GDP. tce/10 thousand yuan.	The technology spillover effect of FDI → The improvement of low carbon technology in the host country → Increase in carbon productivity.
Energy structure (es)	The proportion of coal in the total energy consumption. %.	(1) The early stage of economic development: the high carbon industry has a high FDI, plus the stimulating effect of FDI on economic growth→The proportion of coal in total energy consumption increases→Reduction in carbon productivity. (2) Economic development reaches a certain level: FDI in high-tech and high value-added industries increases→The proportion of coal in total energy consumption decreases→Increase in carbon productivity.
Economic development (pgdp)	Real GDP divided by year-end population. 10 thousand yuan per person.	FDI promotes economic growth→(1) CO ₂ emissions increase before economic growth exceeds a certain level→Increase or decrease in carbon productivity (uncertain, depending on the comparison of GDP growth rate to CO ₂ emissions growth rate). (2) Economic growth exceeds a certain level, reducing CO ₂ emissions→Increase in carbon productivity.
Urbanization (ur)	The proportion of urban population in total population. %.	FDI promotes the process of urbanization→It is beneficial to economic development and has both positive and negative effects on CO ₂ emissions→Carbon productivity increases or decreases (uncertain).

The calculation of the national CO₂ emissions in Table 1 is based on the following formula:

² Time series test and the subsequent empirical analysis are all used Stata12.0 software.

³ Low carbon technology is used to replace the broad technical level, which is more in line with the purpose of this study. The advantage of using energy efficiency (or energy intensity) as a measurement of low-carbon technology is that it reflects both the development of low-carbon technologies and the development of economy, reflecting the connotation of a low-carbon economy. If it is measured by environmental technical indicators, the scope is broader, and the relationship with carbon emissions is not very close.

$$C = \frac{44}{12} \sum_{i=1}^3 \theta_i E \rho_i \quad (9)$$

where, C indicates the amount of CO_2 (10,000 tons) emitted by fossil fuel combustion⁴. θ_i is the share of fossil fuel i in the total energy consumption (%). E is the total energy consumption (10,000 tons of standard coal). ρ_i is the carbon (C) emission coefficient of energy i (tonne of carbon per tonne of standard coal), i.e. the carbon emission coefficient of CO_2 generated from the complete combustion of one ton of standard coal. $i=1, 2, 3$ represents coal, oil, and natural gas respectively. $44/12$ is a coefficient of carbon (C) emissions converted into CO_2 emissions based on the relative atomic weights of carbon atoms and CO_2 molecules.

In order to prevent the regression problem of fallacy, we choose DFGLS test and KPSS test to test the stability of the variables. Because the non-differential variables are non-stationary, the first-order difference of each variable is tested for stationarity.

Table 2

Results of Unit Root Test

Variable	DFGLS	KPSS	Conclusion
D1.lncp	DFGLS(1) = -3.376 5% critical value: -3.164	KPSS(0) = 0.097; KPSS(1) = 0.0674; KPSS(2) = 0.0654 5% critical value: 0.146	Stable
D1.lnfdi	DFGLS(1) = -3.508 5% critical value: -3.164	KPSS(0) = 0.0438; KPSS(1) = 0.061; KPSS(2) = 0.0958 5% critical value: 0.146	Stable
D1.lnis	DFGLS(1) = -1.566 5% critical value: -3.164	KPSS(0) = 0.122; KPSS(1) = 0.118; KPSS(2) = 0.12 5% critical value: 0.146	Stable
D1.lnei	DFGLS(1) = -4.627 5% critical value: -3.164	KPSS(0) = 0.113; KPSS(1) = 0.0729; KPSS(2) = 0.0698 5% critical value: 0.146	Stable
D1.lnes	DFGLS(1) = -2.631 10% critical value: -2.390	KPSS(0) = 0.0518; KPSS(1) = 0.102; KPSS(2) = 0.0882 5% critical value: 0.146	Stable
D1.lnur	DFGLS(1) = -3.565 5% critical value: -3.164	KPSS(0) = 0.0531; KPSS(1) = 0.0561; KPSS(2) = 0.0813 5% critical value: 0.146	Stable
D1.lnpgdp	DFGLS(2) = -0.478 5% critical value: -2.848	KPSS(0) = 0.28; KPSS(1) = 0.181; KPSS(2) = 0.151 5% critical value: 0.146	Unstable
D2.lnpgdp	DFGLS(1) = -4.540 5% critical value: -2.883	KPSS(0) = 0.0605; KPSS(1) = 0.0695; KPSS(2) = 0.111 5% critical value: 0.146	Stable

Notes. 1. DFGLS (p) and KPSS (p) correspond to the statistics of the DFGLS test and the KPSS test, respectively, where p represents the lag order. 2. D1.varname represents the first difference of the variable, and D2.varname represents the second difference of the variable. 3. When the results of the DFGLS test and the KPSS test are contradictory, the results of the KPSS test are regarded as accurate, because the KPSS test can overcome the higher probability of making a Type II error (Chen, 2010, p. 274).

From Table 2, lncp, lnfdi, lnis, lnei, lnes, lnur are first-order single integer sequences $I(1)$. lnpgdp is the second-order single integer sequence $I(2)$, so it will be omitted in the following analysis. Because lncp and lnfdi are single integer sequences of the same order, cointegration analysis can be carried out.

Johansen test on lncp and lnfdi is conducted to determine whether there is a long-term, stable, and

⁴ Fossil fuels are the main source of CO_2 emissions in China, and China's major fossil fuel consumption is coal, oil, and natural gas. Therefore, when calculating the national CO_2 emissions, this paper uses coal, oil, and natural gas as the benchmark for the calculation of fossil fuels.

balanced relationship between these two variables. From the results of Table 3, we can see that there is a cointegration relationship between $\ln cp$ and $\ln fdi$ at 5% significance level, that is, there is a long-term and stable equilibrium relationship between carbon productivity and FDI.

Table 3

Results of Johansen Cointegration Test

Test form (c, t, p)	Trace statistic	5% critical value	Null hypothesis H_0	Alternative hypothesis H_1	Conclusion
(1, 0, 4)	29.8793	15.41	$h = 0$	$h > 0$	Cointegration relationship exists
(1, 1, 4)	36.4504	18.17	$h = 0$	$h > 0$	Cointegration relationship exists
(0, 0, 4)	24.0540	12.53	$h = 0$	$h > 0$	Cointegration relationship exists

Notes. 1. h represents cointegration rank. 2. In the test form (c, t, p), " $c = 0$ " means no constant, " $c = 1$ " means a constant term; " $t = 0$ " means no trend and " $t = 1$ " means having a trend; p represents the lagged rank.

It is also necessary to examine whether FDI is the cause of changes in carbon productivity. As can be seen from Table 4, when the lag period is two, the null hypothesis is rejected at the significant level of 5%. In other words, FDI is the cause of changes in carbon productivity, and there are lagging effects of FDI on carbon productivity.

Table 4

Results of Granger Causality Test

Lag order	F statistics	P values	Conclusion
1	2.87	0.1140	$\ln fdi$ does not Granger-cause $\ln cp$
2	4.42	0.0422	$\ln fdi$ Granger-causes $\ln cp$
3	2.65	0.1304	$\ln fdi$ does not Granger-cause $\ln cp$
4	2.82	0.1696	$\ln fdi$ does not Granger-cause $\ln cp$
5	0.68	0.7212	$\ln fdi$ does not Granger-cause $\ln cp$

Note. The null hypothesis (H_0) is " $\ln fdi$ does not Granger-cause $\ln cp$ ".

The correlations between explanatory variables and mediator variables are tested and the results are shown in Table 5. It is known from Table 5 that the correlation coefficients between multiple variables are significant. Therefore, the mediator variable $\ln ur$ is abandoned by the stepwise regression method.

Table 5

Correlation Test Results

	$\ln fdi$	$\ln is$	$\ln ei$	$\ln es$	$\ln ur$
$\ln fdi$	1.0000				
$\ln is$	-0.4337	1.0000			
$\ln ei$	-0.7569*	0.8434*	1.0000		
$\ln es$	-0.4355	0.9682*	0.8709*	1.0000	
$\ln ur$	0.9819*	-0.5071*	-0.8075*	-0.5042*	1.0000

Note. The star (*) means the correlation coefficients significant at the 5% level or better.

Estimation and Test of the Single-Step Multiple Mediator Model

Because multiple equations are involved in the estimation, the error terms between the different equations may be correlated with each other. The seemingly uncorrelated regression is performed on the equation (7) and

(8), and the ordinary least squares regression is performed on the equation (6). The regression results are shown in Table 6.

Table 6

Estimation Results for the Single-Step Multiple Mediator Model

Dependent variable	Equation (6)	Equation (7.1)	Equation (7.2)	Equation (7.3)	Equation (8)
Independent variable	ln _{cp}	ln _{is}	ln _{ei}	ln _{es}	ln _{cp}
ln _{fdi}	0.461*** (4.41)	-0.078** (-1.98)	-0.391*** (-4.78)	-0.072** (-1.99)	0.029*** (5.66)
ln _{is}	-	-	-	-	-0.114** (-2.12)
ln _{ei}	-	-	-	-	-1.023*** (-55.67)
ln _{es}	-	-	-	-	-0.310*** (-4.24)
R-squared	0.5641	0.1881	0.5729	0.1896	0.9997
Adj. R-squared	0.5350	-	-	-	-
F-statistic or Chi ² -statistic	19.41***	3.94**	22.80***	3.98**	64037.18***

Notes. 1. Equation (7.1), (7.2), and (7.3) correspond to the equation (7) containing mediator variable M_1 (industrial structure), M_2 (low carbon technology) and M_3 (energy structure). 2. The parenthesis in the equation (6) is t value, and the parentheses in the other equations are Z values. 3. ***, **, * indicate significant at 1%, 5%, 10% levels respectively. 4. Because the intercept item has no substantial meaning in the analysis of mediating effect, it is omitted here.

In equation (6), the total effect of FDI on carbon productivity is $c = 0.461$, which is significant at the 1% level. This shows that FDI has a significant positive impact on carbon productivity, and the increase of FDI by 1% will result in the increase of carbon productivity by 0.461%.

In equation (7.1), $a_1 = -0.078$ and is significant at the 5% level, indicating that FDI can significantly improve the industrial structure. For every 1% increase in FDI, M_1 will decrease by 0.078%. In equation (8), $b_1 = -0.114$, and is significant at the 5% level, indicating that an improvement in industrial structure has a significant effect on the increase of carbon productivity. For every 1% decrease in M_1 , the carbon productivity will increase by 0.114%. This is consistent with the previous conclusion that the industrial structure and carbon productivity are negatively correlated. Since a_1 and b_1 are both significant, the mediation effect of the industrial structure is significant, which is $a_1b_1 = 0.009$.

In equation (7.2), $a_2 = -0.391$ and is significant at the 1% level. For every 1% increase in FDI, M_2 will decrease by 0.391%. This shows that the inflow of FDI has a significant role in promoting the improvement of low carbon technology in China. In equation (8), $b_2 = -1.023$, which is significant at the 1% level, indicating that the promotion of low carbon technology has a significant contribution to the improvement of carbon productivity. For every 1% reduction in M_2 , carbon productivity will increase by 1.023%. This is consistent with the conclusion of the relationship between energy efficiency and carbon productivity in formula (3). Because a_2 and b_2 are both significant at the 1% level, the mediating effect of low carbon technology is significant, and its value is $a_2b_2 = 0.400$.

In equation (7.3), $a_3 = -0.072$ and is significant at the 5% level, indicating that the increase in FDI has a significant effect on the decline in the share of coal in total energy consumption. For every 1% increase in FDI, M_3 will decrease by 0.072%. In equation (8), $b_3 = -0.310$ and is significant at the 1% level, indicating that improvements in energy consumption structure can significantly increase the carbon productivity. For every 1%

reduction in M_3 , carbon productivity will increase by 0.310%. This verifies the negative correlation between energy consumption structure and carbon productivity. Since a_3 and b_3 are significant, the energy structure mediation effect is significant with a value of $a_3b_3 = 0.022$.

Because the sequential test results of coefficients (a_i , b_i , $I = 1, 2, 3$) are significant, the individual mediating effects of industrial structure, low carbon technology, and energy structure are significant. In equation (8), the direct effect of FDI on carbon productivity, $c' = 0.029$, is significant at the 1% level, indicating that in addition to the three mediator variables, there may be other mediators that play a role in the intrinsic mechanisms by which FDI affects carbon productivity.

Then the Bootstrap test is used to examine the total mediation effect and the difference of the individual mediation effects. In this paper, the non-parametric percentile Bootstrap method and the bias-corrected non-parametric percentile Bootstrap method are used to test the single-step multiple mediator model⁵. If the confidence interval does not include 0, the mediation effect is statistically significant.

Table 7

Results of the Bootstrap Test

Mediation effect	Observed coefficient	95% percentile confidence interval	95% bias-corrected confidence interval	Conclusion
$a_1b_1 + a_2b_2 + a_3b_3$	0.431	(0.224, 0.791)	(0.223, 0.789)	Significant
$a_2b_2 - a_3b_3$	0.378	(0.219, 0.651)	(0.230, 0.680)	Significant
$a_2b_2 - a_1b_1$	0.391	(0.225, 0.688)	(0.220, 0.682)	Significant
$a_3b_3 - a_1b_1$	0.013	(-0.006, 0.091)	(-0.007, 0.083)	Not significant
$a_2b_2 - (a_1b_1 + a_3b_3)$	0.369	(0.224, 0.616)	(0.234, 0.634)	Significant

As can be seen from Table 7, the total mediation effect is 0.431, and it is significant, which shows that it is reasonable to regard the industrial structure, low carbon technology, and energy structure as the mediator variables at the same time. The values of $a_2b_2 - a_3b_3$ and $a_2b_2 - a_1b_1$ are all significant, indicating that there are significant differences between the impact path through low-carbon technology and the impact path through energy structure and industrial structure respectively. The value of $a_2b_2 - (a_1b_1 + a_3b_3)$ is 0.369, and it is significant, indicating that the mediating effect of low-carbon technology is 0.369 higher than that of industry structure and energy structure. However, $a_3b_3 - a_1b_1$ is not significant, indicating that there is no significant difference between the impact path through the energy structure and the impact path through the industrial structure.

Under the premise of a significant total mediation effect, the proportion of specific mediation effect in the total mediation effect can be calculated. Among the total mediator effects, the mediating effect of the low-carbon technology is the largest, accounting for 92.8%. The proportion of total mediating effect in the total effect is 0.935. This shows that among the effect of FDI on carbon productivity, 93.5% can be explained by the mediating effect.

From the above analysis, the path chart of FDI affecting carbon productivity can be drawn, as shown in Figure 2. Figure 2 shows a single-step multiple mediator model with three mediator variables. Number "1" in the figure corresponds to the equation (6), which describes the total effect of FDI on carbon productivity.

⁵ Because the bias-corrected non-parametric percentile Bootstrap method obtains a bias-corrected confidence interval, it is more robust than the nonparametric percentile Bootstrap method. However, under some conditions, the first type error rate of the bias-corrected non-parametric percentile Bootstrap method will be higher than the set significance level.

Number “2” in the figure corresponds to equations (7.1), (7.2), and (7.3), describing the direct effect of FDI on carbon productivity and the indirect effects via three mediators.

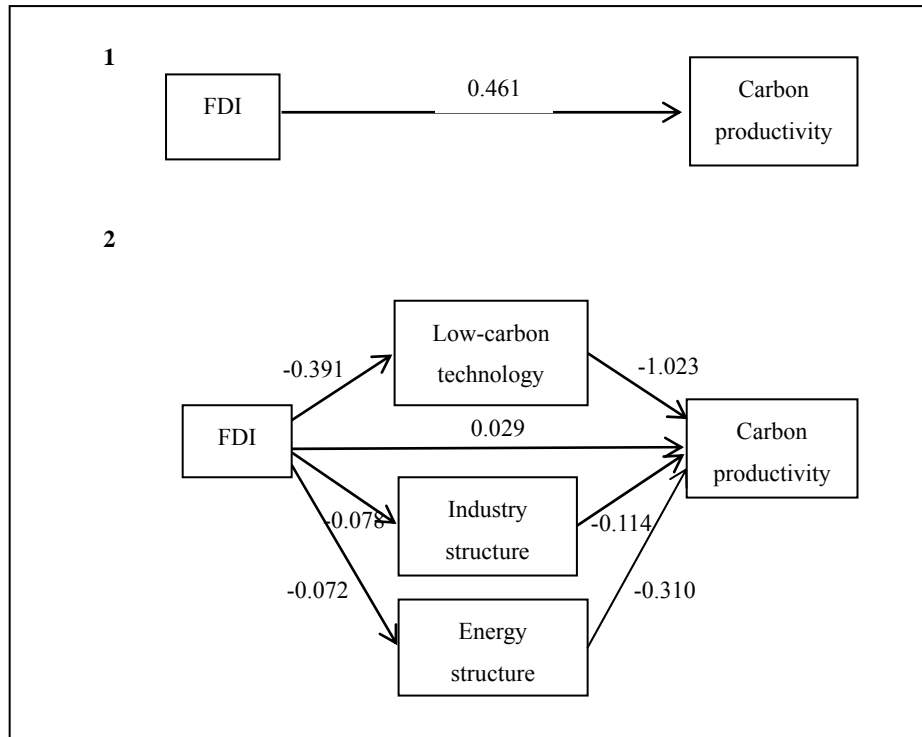


Figure 2. The path chart of FDI affecting carbon productivity.

Conclusions and Suggestions

From the above analysis, we can see that the impact of FDI on carbon productivity is mainly achieved through three mediator variables: industrial structure, low carbon technology, and energy structure. FDI can promote carbon productivity by optimizing the industrial structure, improving the energy consumption structure, spreading the low-carbon technologies and management practices. The direct impact of FDI on raising carbon productivity is small, but positive. Through the mediation effects and the direct effect of FDI, the increase of FDI has a significant promoting effect on carbon productivity.

In the internal mechanism of FDI affecting carbon productivity, the mediation effect of low carbon technology is the highest. This shows that FDI has a significant technology spillover effect between 2000 and 2016. With the improvement of China's economic development level and the adjustment of its economic structure, China's ability to absorb and utilize the advanced foreign technological knowledge has been increasing. The mediation effect of industrial structure and energy structure are equivalent. Between 2000 and 2016, the proportion of FDI in service industry gradually exceeded that in manufacturing industry, which was conducive to the increase of carbon productivity. Although the proportion of coal in total energy consumption in China has declined every year since 2011, the proportion of coal consumption in China is 62% in 2016, which is still high. As a result, the mediating effect of energy structure is smaller than that of low-carbon technology.

Based on the above conclusions, it is necessary to gradually and orderly broaden the field of FDI, introducing more FDI in low carbon industry and high technology industry, and create a good business

environment for attracting foreign enterprises that have a positive effect on the development of low-carbon economy in China. For the opening of service industry, we should integrate domestic standards, norms, and systems with those of other countries. In improving the quality of foreign investment, the local government's investment policy is the key, especially in the county-level cities and towns. In order to rapidly increase the level of economic growth in the short term, these less-developed areas are extremely prone to "race to the bottom". Therefore, it is necessary for the central government to differentiate incentive policies and measures for the provinces, autonomous regions, and municipalities, and then they formulate targeted policies for their respective regions to prevent local governments from introducing foreign capital with extremely low environmental standards. In terms of business environment, we should further promote the unification of domestic and foreign enterprises' policies, reform the domestic administrative approval process, reduce or cancel government fees and increase the measures of facilitating enterprises.

Increasing the introduction of low-carbon environmental protection technology, and strengthening the exchange of emission reduction technologies and practices between enterprises are other measures. Developed countries, such as Britain and Germany, are among the best in the world in clean growth, low-carbon technologies, and policy innovations. By introducing these countries' foreign capital in the fields like renewable energy, industrial biotechnology, and high-end equipment manufacturing, making full use of the low-carbon technology spillover effect of FDI, the development of low-carbon economy in China can reach a higher level.

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Marketing Strategies of Tourism Business for Male Homosexual Targets

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The acceptance of tourism businesses for gays is still dubious. Businesses designed for gays are still grey businesses. The image problem of tourism businesses for gays needs to be corrected, so that entrepreneurs will feel comfortable to launch tourism businesses for gays only or to do tourism businesses that are gay-friendly. This is the genesis of the research conducted among gay men in Bangkok. The number of male homosexuals in Bangkok is increasing, and pink dollars are also increasing. This study is a mixed research—quantitative and qualitative. A structured questionnaire was distributed among 400 male homosexuals in Bangkok, and experts in various fields were interviewed. The study reveals that most gays appear as normal men; very few of them look feminine or are transvestites and transgender. As for tourism, they prefer going to gay-friendly places to going to tourism businesses for gays only. The findings indicate that Thailand should develop tourism businesses for gay target groups because Thailand has a reputation of being a Gay Paradise. The public sector should be aware of the significance of gay target groups to capture a share of pink dollars. There should be a social campaign to create receptivity of sexuality diversity in order to induce entrepreneurs to invest in gay friendly tourism businesses and to make gay customers feel comfortable to use the services. If the entrepreneurs are gays, there are chances of being successful. Based on the findings, the researcher has formulated a strategic paradigm framework entitled DEPTH.

Keywords: tourism business, gay customers, marketing strategy

Introduction

Since the beginning of new millennial, societies are more open to sexuality diversity. However, gay people still have problems in using tourism services because some businesses express hostility towards gay customers. Some non-gay customers express the feeling that they do not want to travel or do activities with gay people. Despite this prejudice, more gay people have come out of the closet and media pay more attention to them. Publics are exposed to more and more social and legal issues concerning gay life styles, and the trend looks promising. Gay customers have high purchasing power in tourism businesses. They are looking for tourism businesses that are more gay-friendly. They want to see that entrepreneurs are receptive to sexuality diversity. Nonetheless, some of them do not feel comfortable when using tourism services. Consequently, they do not feel confident to express their true sexuality. Recreational activities of gay people are still under pejorative criticism among some heterosexual people; thus, gay people do not feel comfortable to participate in recreational

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activities of tourism. In a modern legal and social context, tourism businesses designed as exclusive businesses for gay customers or as gay-friendly businesses have high marketing potential for three major reasons: (1) societies are more open to sexuality diversity; (2) more gay people have come out of the closet; and (3) media pay more attention to issues of sexuality diversity.

Research Problems

- (1) Should tourism businesses in Thailand develop services exclusive for gay customers or cultivate gay-friendly attitudes among employees?
- (2) Do tourism businesses for gay customers have high potential in Thailand?
- (3) What are obstacles in developing gay-friendly tourism businesses?
- (4) What is the role of the Government in this development?
- (5) What is a good marketing strategy for gay-friendly tourism business?
- (6) What are success factors?
- (7) Should there be a social campaign to create receptivity of gay-friendly tourism businesses?

Research Objectives

- (1) To find out an approach to develop marketing strategies for gay-friendly tourism businesses;
- (2) To leverage the phenomenon of pink dollar growth in order to gain high shares of pink dollars that are growing world-wide;
- (3) To create an image manifesting that Thailand is a country that supports equality among people with diverse sexualities.

Research Methods

This is a mixed research, using both qualitative and quantitative methods. The qualitative method was conducted by using in-depth interviews with experts in various fields, including public officers working on tourism industry, private entrepreneurs doing tourism businesses for gay customers, law enforcement officers, social campaign professionals, human right activists, and scholars in the fields of tourism, marketing, and marketing communications. The findings were analyzed and synthesized into 10 topics.

The quantitative method was conducted as a survey research with a structured questionnaire distributed among convenient samples of 400 male homosexuals in Bangkok. The questions were designed to learn about their sexuality, their tourism behaviours, their psychological emotion when travel or do activities with non-gay customers, and how confident they were when using tourism services along with non-gay customers. The question also asked whether they would like to have a social campaign that created receptivity for gay-friendly tourism businesses.

Quantitative Research Findings

Appearance and Tourism Behaviours

A majority of male homosexual in Thailand appeared as normal straight guys; very few of them looked feminine or were transvestites and transgender. There were more transvestites than transgender. Some of them were bisexuals. There were more Y generation cohorts than older cohorts. A majority of them travelled more than four times a year, and they preferred driving cars to other modes of travelling. They preferred travelling

with friends and families to using services of tour agencies. They look for tourism information on social media to decide where to go. They also used social media to look for famous local restaurants when they dined in their destinations. They liked sightseeing tours, shopping tours, and visiting tourism attraction sites. They did not care much about sports tours, agricultural tours, and theme parks.

Psychological Setup and Desires

Most of them did not feel intimidated when other people know that they were gay. While gay people who looked feminine felt uncomfortable when being among non-gay companions, those who appeared straight did not feel the same way. As they looked like normal straight people, they did not feel awkward being among non-gay people. This indicated that more gays were more confident in expressing their true sexualities. Nonetheless, they still would like to have some tourism businesses that were designed exclusively for gays. Most of them would like to have a social campaign designed to cultivate receptivity of sexuality diversity, so that they could be customers of gay-friendly tourism businesses without running into people who had prejudice against gay people. They believed that if there were such a social campaign more people would become more gay-friendly, and they could travel and do recreational activities with non-gay companions. When being asked whether they would prefer tourism businesses designed exclusively for gays or tourism businesses designed for people with diverse sexualities with gay-friendly attitudes. They preferred the latter to the former.

Perception of the Potential of Tourism for Gays in Bangkok

The respondents believed that Bangkok was a Gay Paradise because people were more open to diverse sexualities than people in other cities like New York, Sydney, and Berlin. They would like to have a social campaign because they would like non-gay people to accept that tourism businesses for gays were legal and ethical, and they would feel more comfortable to use the services.

Qualitative Research Findings

The findings from in-depth interviews with experts of various fields related to the development of tourism businesses were analyzed and synthesized into 10 topics as follows.

Potential

Thailand has a great potential for tourism businesses for gay customers. Thailand should develop tourism businesses designed exclusively for gay customers, and businesses that were developed for customers of any sexuality should be more gay-friendly because gay target groups were large segments to capture. Despite the fact that the gay segment was a niche market, it was substantial enough and had high growth potential. Gay customers had high purchasing power. Tourism businesses for gay customers had high potential because Thai people were open to sexuality diversity. The development of tourism businesses for gay customers would make Thailand gain high shares of pink dollars, which had been growing globally, and it would also create a good image for Thailand, which would be perceived as a country upholding equality among different sexualities.

Chances of Success

Tourism businesses for gay customers in Thailand are likely to be successful. A chance for tourism businesses for gay customers to be successful was very high. It was mandatory that entrepreneurs have gay customer insights, and pay attention to cultivating gay-friendly attitudes among employees. At the same time, it was essential that there is a social campaign persuading straight people to be more open and receptive to

diverse sexualities, so that gay people would feel more comfortable, when using tourism businesses designed to be catering to gay customers.

Obstacles

Ambiguity of laws and social prejudice are two main factors that impede the development of tourism businesses for gay customers in Thailand. Two main obstacles were: (1) a dubious interpretation of laws concerning businesses for gay customers; and (2) social prejudice against gays, which resulted in the government lacking a clear policy on the issue, and entrepreneurs being reluctant to clearly communicate that their businesses were catering to gay customers. As some gay people did not feel comfortable when using services of tourism businesses designed for gay customers, a social campaign to reduce social prejudice against gay people was desirable. When the prejudice was reduced the government would feel assured to launch a policy concerning the development of tourism businesses for gay customers, entrepreneurs would also feel assured to invest in this type of business, and gay people would feel more comfortable when using services of this type of business.

Preference of Gay-friendly Business to Business Exclusively for Gay Targets

Tourism businesses for general target groups that are gay-friendly are preferred to tourism businesses designed exclusively for gay customers. When being asked to choose between developing tourism businesses designed exclusively for gay customers and tourism businesses for people of all inclinations of sexuality that were gay friendly, the informants gave different answers. Some chose to develop tourism businesses designed exclusively for gay customers because they believe that gay people would not want to travel or do activities with straight people. They believed that this type of business would be more focused. Though this market was a niche segment, it was sizable enough, and it had high growth potential. The others chose to develop gay-friendly tourism businesses because this type of business would be a mass market with larger customer bases and higher profitability. It was believed that gay entrepreneurs would have better chances of being successful because they had better customer insights.

Good Practices

Entrepreneurs must be subtle in running tourism businesses for gay customers, so that they will not defy social norms and straight people. When doing tourism businesses for gay customers, entrepreneurs should not do anything that would defy social movements because tourism businesses for gay customers had not yet been established. Locations must be well selected, not to be close to schools or religious sites. Marketing communication messages must be subtle. Message and channel strategies must be well considered, so that they would not appear defying social norms and decencies. Cultivating gay-friendly culture in organization was a must, so that gay customers would feel comfortable interacting with employees who were service providers.

Roles of the Government

The government should no longer ignore the existence of gay customers in tourism industry; on the contrary, they should try to gain insights about this segment of the market, so that they can have a clear direction of support. The government had to be aware of the existence of this segment, and public officers should learn values and life styles of gay people. They should realize that the number of gay people was increasing, and they had high purchasing power. Law officers must provide clear and definite interpretation of all legal acts pertaining to gay businesses and activities. Public officers should try to understand gay people's

tourism behaviors and activities, they must rid themselves of prejudice against gay people. The government must launch a policy that promotes tourism businesses for gay customers by looking at this type of business as an industry to promote and support. The government should also provide a substantial budget to organize and publicize tourism activities for gay people.

Marketing Communications

Messages and channel strategies if marketing communications must be well considered, so that they will not offend general public. Marketing communications of tourism businesses for gay people were acceptable. Messages must be subtly created, so that they would not offend publics. Marketing communications for tourism businesses should be disseminated on line through various forms of social media. If mass media were selected, they should be the ones with gay targets. Mass media for general targets should not be used, so that the campaigns did not appear defying and offending public norms.

Opponent Groups

Despite the fact that publics are more open to diversity of sexuality, people who are strongly religious still resent the existence of homosexuals. In Thailand, the resentment might not be intense, but there were some radicals who might launch anti-gay activities. In order to prevent any anti-gay incident, entrepreneurs and gay customers must comply with rules of ethics and decency. They should not excessively expose their sexuality, which was regarded as “abnormal” by a certain number of people.

A Need for Social Campaign

A social campaign to create receptivity of tourism businesses for gay customers is not necessary. Most of the key informants of this study did not see a need for a social campaign to persuade people to accept tourism businesses for gay customers. They felt that if there was such a campaign, it might provoke straight people to launch a campaign against tourism businesses for gay customers. Should there be a social campaign, it might be more appropriate to launch a campaign to persuade publics to accept sexuality diversity.

Customer Insights Are Essential

Customer insights are required for tourism businesses for gay customers to be successful. Entrepreneurs must have good insights of gay customers. They must understand gay customers’ needs, wants, tastes, preferences, and expatiations that dynamically evolved. They must pay attention to cultivating gay-friendly attitudes among their employees, so that they could be assured that they were running gay-friendly businesses. Employees working in gay-friendly tour businesses must make gay customers trust them, feel assured that friendly services would be provided, and feel comfortable as they would not be treated with prejudice against homosexuals.

Discussion

Thailand has high potential to develop tourism businesses for gay customers. These businesses could either be businesses designed exclusively for gay customers or businesses for general targets with gay-friendly attitudes and behaviours among employees. Though gays in Thailand today appear manly like straight people, and do not look feminine, they still want to see a social campaign persuading people to accept tourism businesses for gay customers. They want to feel assured and comfortable when using services of this type of business. As the number of gays in Thailand has been increasing in recent years, and gay foreigners regard Thailand as a Gay Paradise, public sectors and private entrepreneurs should see that it is important to develop

tourism business for gay customers. This type of business has high potential to be successful. Not only does it contribute to economic growth of the country, but it will also create for Thailand an image of a country with equal rights for people with different sexualities. In formulating marketing strategies of tourism businesses for gay targets, the following factors must be well considered:

- Increase a higher share of pink dollars: Thailand should seriously consider developing tourism businesses for gay customers to build revenues from presently growing pink dollars around the world.
- Leverage Thailand's competitive advantages: Thailand has competitive advantages in the arena of tourism businesses for gay customers because Thailand has many forms of tourism catering to both Thai and foreign tourists. Thailand is one of top destinations popular among tourists of many countries. Thailand is perceived to be a Gay Paradise by gay tourists of many countries.
- Gain supports of NGO's of human rights: Despite the fact that there might be some hindrances obstructing the development of tourism businesses for gay customers in Thailand, the problem can be dissolved because the law stating equal right for people of all sexualities has already been passed and promoted by NGO's of human right.
- Provoke government's participation and supports: Other than tourism businesses for gay customers, the government should host and provide budget for special gay events, and they should be held as national events to promote tourism of Thailand.
- Be subtle with communication campaigns: When they are tourism businesses for gay, there should be appropriate marketing communications to make gay targets aware of the businesses. It should be noted that a marketing communication campaign must be executed subtly. Messages should not contain sexual implications. They should not be too aggressive and defy social norms. The channels should be social media. Should mass media be selected, they should be media that are intended to capture gay audience niche.
- Use media for gay targets as channels of communication: Products and services with gay target groups should be sponsored of media for gay audiences. They should not worry that their brand images will be jeopardized by doing so. On the contrary, they should believe that businesses that support gay media are businesses that are receptive to sexual diversity, which will help them gain supports from gays, their friends, and their families.
- Cultivate gay-friendly attitudes and behaviours among human resources: If entrepreneurs who invest in tourism businesses for gay customers are gays, chances of being successful will be greater. Entrepreneurs of this type of tourism business must cultivate gay-friendly attitudes, behaviours, and expressions among their employees as parts of corporate culture. Their gay-friendly behaviours must be inside-out expressions. External behaviours are manifestations of their internal feelings. They do not have any resentment towards gays; on the contrary, they respect sexual diversity.
- Exploit the fact that publics in Thailand are receptive to sexual diversity: It is fortunate for Thailand to be populated by open-minded people who are receptive to sexual diversity; thus, the development of tourism businesses for gay customers will not face severe opposition. Because of this incident, tourism businesses for gay customers in Thailand when being taken serious will be growing without opposing radical activists. Consequently, entrepreneurs will feel confident in investing in this type of business, the government will feel comfortable in launching policies and projects to promote tourism businesses for gay customers. It is essential that the Office of National Economic and Social Development Board must be aware of the existence of LGBT groups, they must realize that this target segment has been growing for quite some time, and the segment can

contribute to national economic growth. Board members must try to profoundly understand the phenomenon of pink dollars. They should not have any resentment against these groups; on the contrary, they should try to grasp insights of these groups to understand their values and life styles in order to come up with right products and services catering to LGBT target groups. Not only are products and services in tourism businesses developed, but also products and services for other industries.

- Clarify the interpretation of legal issues: When tourism businesses for gay customers are growing, interpretation of laws must be made crystally clear. Law enforcement officers should be definite about what businesses are legal or illegal. In the past, tourism businesses for gay customers, such as hotels, spas, fitness centres, bars, and shows, were raided by police officers and accused of running illegal businesses. Many times, the accusations were false; the police found nothing illegal. Nonetheless, images of the enterprises had been damaged before the truth came out. Many gay customers do not feel assured to use services of this type of business for fear that they might be at the scene of police raids. If the interpretation of law is not clear, there might be hindrances obstructing the growth of tourism businesses for gay customers.

- Operate tourism for gay targets subtly, do not be too aggressive: It is imperative that tourism business for gay customers must be executed subtly. They must be decent and ethical businesses. There should be no sexual implications, which is an image of tourism businesses for gay at present. In order to be successful, entrepreneurs who invest in this type of business must be aware of this current image, and try to dissolve it. At the same time, gays who use services of these businesses should not have any intention to use the places for any sexual actions.

- Pay close attention to the issues of image and reputation: Image and reputation are key success factors for tourism businesses for gay customers; thus, both entrepreneurs and customers must co-create good image and reputation for the businesses. They must help get rid of public prejudice against homosexuality, so that gay customers will feel comfortable to use services. That will bring about many rendezvous destinations for gay people. Gay customers feel comfortable to hang around at those place; publics look at them without prejudice. Consequently, Thailand gains a reputation of being a land of equal right for people of diverse sexualities, a land of freedom, and a land of liberals. Receptivity of sexual diversity is not just what is stated in laws, but it is actually practiced by most citizens of the county. The reality is empirically manifested, and Thailand will uphold the image of being a Gay Paradise perceived by gays of many countries. All of the aforementioned factors will create competitive advantages in tourism industry for Thailand at a global level.

Recommendations

As a result of the findings of this research, a marketing strategic plan for tourism businesses for gay customers in Thailand has been formulated as follows:

Mission: Upholding equality among diverse sexualities in tourism industry to enhance competitiveness of Thailand's tourism industry.

Visions: Thailand becomes a leading destination for LGBT tourists with gay-friendly tourism businesses;

Policy: Running social campaigns to create receptivity to sexual diversity, so that people with different sexualities can travel and do activities together peacefully.

C-PEST Analysis: An analysis of environments is as follows:

Competition: European countries, Australia, and the U.S. have developed tourism businesses for gay customers for quite some time, and most of tourism businesses in those countries are gay friendly.

Politics: The law that ratifies equality among diverse sexualities was passed on September 9, 2015, and now it is effective.

Economics: Many research findings indicate that gays travel more frequently than straight people, and they tend to be big spenders.

Socio-culture: Society is now more open to sexual diversity. More gays have out of the closet. However, some of them feel uncomfortable being around straight people and are afraid that some straight people might have prejudice against them.

Technology: At present, most people are cohorts of digital generation; they use tablets and smart phones to search for tourism information. They also connect and communicate with their virtual friends on social media.

SWOT Analysis: Internal and external analyses of Thailand's tourism businesses for gay customers are as follows:

Strengths: More people in Thailand are open to sexual diversity, and more gay people have come out of the closet. More tourism businesses have become gay-friendly, and some of them are designed exclusively for gay customers.

Weaknesses: There are still too few tourism businesses for gay customers because of ambiguity of laws, resulting in investors being reluctant to invest in this type of business, and some gay people are not confident in using services of the businesses.

Opportunities: Social receptivity to sexual diversity enhances chances of being successful for tourism businesses for gay customers.

Threats: Despite the law ratifying equality among diverse sexualities, there are some people who have prejudice against homosexuality. This could be a hindrance obstructing this type of business to be successful.

Strategic Issues: Derived from the research findings, a strategic paradigm of how to develop tourism businesses for gay customers has been formulated under a title "DEPTH", signifying that entrepreneurs who run this type of business must have "deep" insights of gay customers.

D: Strategic process consists of 4 D's.

Discovery: Having good insights of gay tourists is a must.

Development: Developing gay-friendly businesses must put an emphasis on employees' behaviours and expressions.

Delivery: There must be marketing communication campaigns to create awareness and give accurate information about this type of business to create social receptivity, and assure gay people to confidently use services.

Diversity: There must be a process to cultivate positive attitudes towards sexual diversity, and create gay-friendly ambience.

E: Strategic move consists of 4 E's.

Education: There must be training sessions to educate employees on gay behaviours, attitudes, and other psychological factors.

Enculturation: Entrepreneurs must cultivate gay-friendly working styles and values among employees, so that they are gay-friendly at all touch points.

Egalitarianism: Employees must manifest the belief in equality among diverse sexualities in their interaction with gay customers at all touch points.

Ethics: Entrepreneurs and employees should regard receptivity to sexual diversity as a part of good governance and ethical conducts.

P: Strategic marketing mix consists of 9 P's.

Principles: Having right principles is a good foundation of other marketing mixes

Product: Tourism businesses designed exclusively for gay customers are not really necessary, because gay people prefer using gay-friendly services to using services designed exclusively for gay customers.

Price: Prices of tourism services for gay customers should be moderate to high because many of them are big spenders.

Place: At present, tourism businesses for gay customers are in concealing places that are not safe and hard to access. When society is more open to sexual diversity, this type of business should be located at more open and easily accessible places, so that they will be safer than before.

Promotion: There must be marketing communication campaigns to create awareness of tourism businesses for gay customers with subtle messages without any sexual implications, and channels used in the campaigns should be niche media with gay audiences.

Public Relations: Launching social campaigns to create public receptivity to sexual diversity is a must, in order to assure entrepreneurs that it is socially acceptable to invest in gay-friendly tourism businesses, and to make gay customers feel comfortable when using services.

People: Employees working with gay-friendly tourism businesses should have gay-friendly attitudes and behaviours, respect sexual diversity, and have profound insights of gay people's behaviours and psychological setups.

Process: When having transactions with gay customers, employees take precaution not to have any discrimination and prejudice against gay customers. The process used for gay customers should be the same as the one used for straight customers.

Physical Evidence: Gay customers must be allowed to use all facilities provided at business premises in the same way as straight customers are allowed; there should be no discrimination.

T: Strategic Changes: Changes are bedrocks to develop tourism businesses for gay customers because at present, a lot of people don't perceive that this segment can have a significant contribution to Thailand's economy. This perception must be changed. The government must admit that this segment truly exists, and it can become competitive advantages of Thailand's tourism industry. Changes consist of 2 T's as follows:

Training: There must be training classes to educate employees on gay life styles and values. Employees must be cultivated to have gay-friendly attitudes and learn how to behave appropriately towards gay customers. They should also learn how to show respect for sexual diversity, and not discriminatively treat gay customers.

Transformation: After employees have gone through training courses, transformation of corporate culture must be vividly manifested in employees' behaviours, attitudes, and expressions.

Strategic Achievement: To determine effectiveness of the strategic development, three phenomena should be witnessed.

Harmony: Tourists of diverse sexualities travel and have activities together peacefully and happily. Gays and straight people feel comfortable to use services of the same tourism businesses. People with different sexualities respect each other.

Human Rights: Entrepreneurs, employees in tourism industry, and general public uphold human rights, and believe in equality among people with different sexualities.

Human Value: All publics are receptive to sexual diversity. They are well aware of different behaviours and psychological setups among people with different sexualities. They do not perceive homosexual people as second class human being inferior to straight people.

As the aforementioned paradigm has been derived from solid findings of this research, it is safe to say that a strategic development of tourism businesses for gay customers within the framework of the paradigm should be considered to be thorough and should enhance competitiveness of Thailand's tourism industry.

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Women as Souvenir Vendors: An Effort to the Achievement of Gender Equality Through the Strengthening of the Economic Base of the Family

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The purpose of this writing is to describe one of the efforts of the women in Bali who do jobs as souvenir vendors. In this type of job they sell any kinds of merchandises in order to fulfill the family necessity. This job is ideally and usually done by men for the reason of quite tiring and time-consuming for the achievement of the targeted income per day. In Bali however, the number of women who involved in this job is numerous. In the midst of her role as a wife as well as housewives, a woman has to prepare quite lots of things for the family, and she also has to work as a souvenir vendor. Usually, the women do this job during the day, exactly from 10 in the morning until 4 in the afternoon. This indicates that, besides as a woman she does her duty as a wife and a mother by doing almost all of the house or domestic work. In fact, there is an expectation of being equalized when a woman has the ability and opportunity to earn a living or as breadwinners. In her family this condition will bring prestige since the position of women is to follow the ideology of patriarchy (it is known as *purusa* in Hindu belief) and this makes the Balinese Hindu women are quite difficult to achieve gender equality. Nevertheless, the women in Bali (Balinese Hindu women) are able to achieve the position of being equalized by strengthening the economic base of the family, including as souvenir vendors.

Keywords: women, souvenir vendor, equality, empowerment, economic

Introduction

Balinese women, if they are compared to the majority of women, they have uniquenesses and differences. Besides they are very friendly they also have strong spirit. Being friendly, unique, have strong spirit, etc., they have to be able to deliver happiness and pleasure especially to their family on one side, and they have to do almost all of the domestic work on the other side. This condition forces them to find excellent strategy in order to be able to manage and share the time, energy, mind to complete the various work. Moreover, those who are married and working, should be able to carry out their profession as a wife, a mother, and a

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worker at a place of business with a good, even without blemish. As if this condition reminds other people that as a woman who has got married and has children she has to be humble although in fact she has a good job. So even though they already earn a living to support the family necessity still they are considered the second person in the family. This phenomenon is in accordance with the idea of Bhasin (1996, p. v) as stated below:

Nowadays the role and the position of women in the community are still as being pictured in the stories on television movies (soap operas and telenovelas). They stay at home just doing the three *M* such as *Masak* (cooking), *Macak* (preening), and *Manak* (delivering babies). They are often given a cultural designation “kanca wingking” which has the meaning of “a friend who is in the rear and responsible for the housework” although she is already a career woman.

Women, wherever they are and especially the women in Bali are always difficult to have their right. There is a myth which is believed that women are the individuals who have the responsibility of giving attention to the family. It means wherever a woman is and even if she has a high position at a work place, the role of taking care of the family can not be neglected from her. Actually, up to the recent time lots of defenses have been done against women, but still they are not right for men and even they are busy working for fulfilling the needs of their family.

The weak position of women, especially Balinese women can not be separated from the patriarchal culture which is reinforced with the system of *purusa* that must be adhered to by the Balinese Hindu community. The culture of patriarchal and *purusa* places the position of women under the control of men. Even a woman is married, she is considered to have been separated from her initial life (the previous life with her family) and then she fully becomes the right of the man who became her husband. The concept of *Nyuang* (to take) or *Kejuang* (to be taken) and *mekidihang* (to entrust sincerely) in the marriage tradition of Balinese Hindu community has indeed normatively and legally broken the relationship between the woman and her birth parents. So no matter how the woman defends herself before her husband and her husband's family in the future time, she will be still difficult because the woman had been entrusted consciously to her husband by her parents.

Vulnerability of the women is due to the strong patriarchal culture paternalistic authority (paternal) that exists in the patriarchal culture. Paternalistic power which is the main point or the main thing in a patriarchal culture directly makes the position of women always be at the mercy of men. No matter how great a woman is and even she could give everything to the family she loves, she still is under the control of the men (by her husband and the family of her husband). And the rules that apply to the new family (her family) are rules that must be obeyed, even as a child she was taught independently by her biological parents. Male power in a patriarchal culture can be described through an explanation given by Bhasin (2002) as cited in Atmadja (2010, p. 244) as follows:

The right way to describe the control of men over women is through the paternalistic authority (paternal). There is power, but paternalistic because women are provided shelter, food, and security vis-à-vis outsiders. Paternalistic power has oppressive aspects, but it also involves a set of mutual obligations and is not often perceived as oppressive. This is what makes it difficult to be recognized and confronted.

The understanding of legalized male power in patriarchal and *purusa* culture is interesting to be observed because it appears many implications especially on the lives of women. One of the implications is when a family only has a daughter; the family would otherwise lose their daughter because she is married. Since the

daughter is married then she is no longer the right of her parents, but she becomes the right of the bridegroom. This kind of thinking is supposed to be corrected. Then it does not mean a frontal action to defense women but rather appreciate the good aspects of the male and the female. Sincerely, there has been a concept of love in the marital relationship in the Vedas, the Hindu religious scriptures. Even in Atharvaveda XIV.1.52 is explained that a man promised to give happiness to a woman who became his wife:

Mameyam astu posya,
mahyam tvadad brhaspatih.
maya patya prajavati,
sam jiva saradah satam.
means :

The bride should I support. Brhaspati God has given you to me. Oh bride, may you be happy with my life (husband) for a hundred years, along with the generation. (Titib, 1996, p. 396)

Thus, it can be understood that in carrying out the paternalistic power, men should remain on compassion as appears previously in Atharvaveda XIV. 1:52, which means the harmonious relationship in family life between the male and female, could be established.

At the present time although Balinese women often get poor treatment from the men, but the persistence of Balinese women as a wife, a mother, and a worker is still performing well. Balinese women often do not even care about the type of job they are doing, as long as that kind of job is reasonable, then they will continue to work well in order to be able to meet the needs of themselves and their family. Balinese women who choose a profession as souvenir vendors never at all feel embarrassed to run around selling merchandises only for the benefit which later will be used to fulfill the needs of everyday life. Balinese women, besides they are working as souvenir vendors not only for economic reasons but also for achieving gender equality. In their mind there is an expectation that through working they will be able to share the fulfilness of the family necessities and will achieve the position of equality in their family.

The phenomenon of Balinese women who work as souvenir vendors is interesting to be observed since there are many women who choose to do this job. Nowadays the opportunity of Balinese women to get a job becomes lesser or narrower since the number of men is getting higher to get the chance of having a job. This is one of the reasons the women sincerely do any kind of job as long as it is in accordance with the moral value in the community and it generates profits that can fulfill the needs of their necessities.

Balinese Women in the Ideology of Patriarchy (Patriarchal Ideology)

Bhasin (1996, p. 1) literally interpreted patriarchy as the men power. This means that normatively patriarchal culture legalizes men power against women. In practice, the man has the whole power in the life of a community or a family in a patriarchal culture. If, for example, a girl or a woman refuses to help parents, then she will be treated unkindly. However, on the contrary, if a boy or a man does not obey his mother's command it is considered something reasonable. It is because men are given the privilege to be a leader in the future and not as a person who to be ruled or governed. Not only in terms of burden of work, but also in terms of the appearance, women are willing to feel pain when they were not yet three months old because they have pierced ears to indicate that they were girls. So even though it can be understood as an aesthetically beautiful thing, girls are not given an opportunity to grow up bigger in order to be stronger to control the pain since a beautiful look is their desire.

Research conducted by Prof. Dr Nengah Bawa Atmadja examines in detail how cultural ideology of patriarchy is applied to *Joged* (name given to a type of Balinese dance) dancers, not only when the Joged dancers are on the performance, but also in the daily life of their family. In his book entitled *Komodifikasi Tubuh Perempuan Joged Ngebor Bali* (Body Commodification of Balinese Joged Dancers) it is well explained how a patriarchal culture is applied by the male (in the family, in a professional organization named *sekaa* in Balinese, and when on the performances by the male audiences). The women (the Joged dancers) are considered as objects of satisfaction of men who would in turn provide material benefits for the managers of the *sekaa jogged* and the family of the jogged dancers. Borrowing the ideas of Piliang (2004, pp. 212-213), it can be understood how the women body and the cultural repression are politicized which in this case women are functioned as objects of satisfaction of men.

The politicization of the women's or females' body in a patriarchal society is associated with the repression and its function or use as an "object" of pleasure for men, as the image of consumption for men, and as an entertainment or a spectacle for men. The females' body is positioned as objects, while men as subjects who consume. In the patriarchal society a system of ideology or belief is developed behind the system of gender relations and the systems place the position of women or men in unequal position. In the patriarchal ideological system, the positioning and the depiction of woman is based on the relationship that place them in the subordinate position, as an object of exploitation of the dominant male power. Patriarchal ideology not only marginalizes women physically, semiotically, but also psychologically. Women, in a variety of discourse are treated as objects of desire of males.

To understand the patriarchal ideology which has been mentioned by Piliang (2004), then it can be seen how male power is legitimized in a patriarchal culture. In a patriarchal ideology it explicitly overrides the interests and needs of the women and this condition makes the women in a marginalized position. Even in its implementation in Bali patriarchal ideology is supported through strengthening the system of *purusa* (a system of men side in Balinese Hindu community). In Balinese Hindu inheritance rights are given only to the men, and women do not have inheritance rights seen from the traditional Balinese law (Wriyasa, 2008, p. 24). And the more extreme one if there is a man who would become the family of the women (if there is no man in the woman's family), then the man who would become part of his wife family will be considered *nyentana* (the status of a man who belongs to his wife's line). The man will be gossiping and underestimated. A woman who married a man and the man belongs to her family line will be regarded as a selfish woman because of positioning the position of the men under him, and this condition cannot yet be accepted well.

The phenomenon of marginalizing the women can be found in various places in Bali. If a woman is angry and demands her right then she would be considered wrong and inappropriate. This happens especially in the marital relationship. In the book of Prof. Dr Nengah Bawa Atmadja the exploitation of women is described from the family level up to the public level and this makes the women very difficult to have the defense. To fulfill the necessities of herself, the family, and the manager of the professional organization, a female dancer must be willing to dance as a strip tease dancer in order to fulfill the targeted amount of money. The support and role of the parents for their daughter to be a *joged* dancer and dance based on the requirements of the consumers is an indication of capitalist economic system. In this case people will become very obedient to the power of money and power of market (Atmadja, 2010, p. 243). Whereas in the laws of Manu a father should protect girls in their childhood, will be continued by their husband who cares them in their youth, and later their son will guard them when they are old (Andeney, 2000 as cited in Atmadja, 2010, p. 242). In the Manawa Dharmacastara scripture, Chapter III, sloka 58 and 59 it is explained that women should be respected in their family.

The Manawa Dharmacastra scripture Chapter III Sloka 58: For every family who does not respect women, definitely the family will fall apart into dust. The house where the daughter is not properly respected delivers the curse and swears, the family will be destroyed entirely, as if it is crushed by the supernatural forces.

The Manawa Dharmacastra scripture Chapter III Sloka 59: Therefore the people who really want prosperous, it is a must for them to always respect women. The scripture obliges all people to respect women. (Titib, 1996, p. 2)

Although the obligations of men should respect women, especially in a family, but in reality of everyday life the men power against women can not be avoided. It even happens in every line of Balinese life. This may be due to the condition of the patriarchal capitalism system proposed by Shiva (1997, p. 12) which explains that in patriarchal capitalism has the principle of production must produce profit and foster capital as high as to cause forests exploited massively to achieve profits as much as possible. In practice, patriarchy develops the principle of masculinity which tends to kill women's reproduction and reproduction, so that the position of women shifts away from being a life-giving woman to be consumer (Shiva, 2005, p. 198).

Thus, wherever the place, no matter what the conditions, the culture of patriarchy is still described as the power of men over women. Although the rules of power have other meanings such as protection, respect, and appreciation on each other, the realization of a patriarchal culture is to dominate women. This has occurred since centuries and it is very difficult to be improved. If there are men who could place a woman in a reasonable position and respect her, the number is quite minimal. The men are very afraid of being given the derision "man's wife fear" which is an insult that can make men feel uncomfortable to be in their environment. It means that by mastering the women are an option for men because it is supposed to be true in the life of society that embraces the patriarchal culture.

The Culture of *Purusa*: Men's Right Over the Women's Right

The marginalization of women does not only occur when women do some interactions or relationships with men. In fact there is a phenomenon in Bali in which a daughter does not have any right to have the inheritance of her parents, because men are considered to have rights to receive an inheritance either materially or non materially. In reality it is often found when a family does not have any sons and all of his daughters had married, then the member of the family who becomes the heir after the parents of the deceased is the uncle of the family of the father. Even the daughters have been seriously taking care of their parents until the end of their life, but in fact the inheritance still falls on the family of the late father, they are either the uncle or brother of the father. It occurs because in Veda scripture (in the Rigveda) itself has been officially stated that men are entitled to all rights of inheritance. Of course it is understandable that in the Hindu religion itself patriarchal culture is deeply ingrained in the lives of Hindus society as stated in the Rigveda (Titib, 1996, pp. 536-538).

(1) Rgveda II. 17. 7

Amajur iva pitroh saca sati, samanad a sadasa tvam iye bhagam, krdhi praketa upa masya bhara, daddhi bhagam tanvo yanemamah

Means: a daughter always lives with her parents, like an unmarried old woman, asks for some money from her parents. It is supposed her parents think of this problem. Please think and give some of the inheritance to her for maintaining her life and for serving other guest.

(2) Rgveda I. 73. 9

Isanasah pitrvittasya rayah

Means: The son inherits the belonging of the ancestors.

(3) Rgveda II. 13. 4

Prajabhyah pustim vibhajanta asate

Means: The parents inherit their belongings to the son.

(4) Rgveda II. 38. 5

Jykstham mata suna ve bhagam adhat

Means: The mother inherits her belonging to the son

(5) Rgveda III. 31. 2

Na jamayen tanvo riktham araik, cakar garbham sanitur nidhanam

Means: The legitimate child does not inherit the part of his ancestor's belonging to his sister, but he married his sister.

The sons are responsible to the marriage of their sisters.

The rules of the *purusa* system have been regulated in the Rigveda which has been mentioned above. The space for women to obtain the inheritance rights of the parents has been explicitly negated. The reason is, the patriarchal culture that is reinforced with *purusa* system gives meaning that the son owns the legitimate status. Even this matter is brought to the domain of law, the position of women is still weak, though there are defended. And in accordance with regulations dated October 13, 1900 on the Law of Inheritance Applies for Balinese Hindu population of Buleleng Regency, it is clearly stated in sections 3 and 5 that women get the least part of that legacy. Even in section 9 it is mentioned if women do not receive the inheritance either, then the right is revoked and they are treated as if they had died (Windia, 2008, pp. 100-103). Moreover, when a region imposes a system of "price" for women to be married, there will be the way of thinking that women have been purchased by the men and the woman will be absolutely under the men power. This condition becomes more severe because on one side she has no more right in her own family, on the other side, at her husband family she is regarded as something that has been purchased so she can be treated in accordance with the wishes of the men. This already happened in the past, such as written by Covarrubias who did a research on the island of Bali in the year of 1930s as follows.

In Buleleng, the price of the bride is more expensive than in the South part of Bali; Liefvink mentioned the prices are between 400-600 ringgit, and Van Eck mentioned between 100 up to 600 guilders (or about 40 to 240 ringgit), but Dr. Korn, the latest authority, mentioned in his writing in *Adatrecht* that in the law document in Bali the number of *najaran* is over 20,000 kepeng (16 ringgit) and consequently the lower costs for the girls who belong to the low-caste. (Covarrubias, 2013, p. 151)

The marginalization of women which is caused by the patriarchal cultural practices marginalize women has been going from the past up to the present time. Utari (2006) in a seminar on the Second Scientific Meetings of Teacher Associations and Gender Perspective on Legal Enthusiasts Indonesia revealed that 1) Bali Customary law in having to do with the family and inheritance is gender bias, especially the right to inherit (material and immaterial) is given the priority for men; 2) The existence of gender bias in the customary law of Bali, theoretically provides wide opportunities for the male power and also provides a solid foundation in a patriarchal culture. But for the level of practice does not yet have the data which can explain the direct relationship between patrilineal family laws with a high potential for violence against women in Bali. Even if it happened a lot but it does not exploit to the public, it is kept neatly in a domestic domain, which remains to be investigated further (Utari, 2006, p. 13). In this context it is understood that the violence experienced by Balinese women can be regarded as reasonable, considering the Balinese woman embracing two cultures on male power (patriarchy and *purusa*) which consciously support the practice of male power.

To Become a Souvenir Vendor: One of the Women's Efforts to Achieve Gender Equality in the Domination of Patriarchal Ideology Through the Empowerment of Families Economic Base

The Balinese Hindu women can be stated quite different from the other women, especially those who live in the villages. The hegemony of patriarchal ideology through the implementation of *purusa* system which is intensely involved into the doctrines of Hindu religion, causes the Balinese Hindu women not only to be friendly, but also to be powerful and tough. Being powerful and tough are in the sense of being able to deal with life issues they face, both within the family and the social life in the community. The life issues of Balinese women are based on the patriarchal culture which is being experienced by those who live in the villages. However, the attitude of being more tolerate of villager women causing the gender conflict is barely audible in the village. This is in accordance with the idea of Suryakusuma (2012, p. 156) which describes the condition of villager women as follows:

Poor villager women actually play a more important role in the survival of their families. But usually they are not aware of any regulations or laws that can improve their condition. Consequently, where there should be a conflict there is no conflict.

The attitudes of villager women who tend to be tolerate and accept whatever the condition as a natural for women causing gender conflicts are very rare and almost never happen in the village. The attitudes of being tolerate are not only at home or in the family, but also on the aspects of work. On this condition villager women also choose to do the remaining work though it is difficult enough to be done in order to get the money for fulfilling their families' and their needs. The idea of Suryakusuma (2012, p. 142) concerning the attitude of acceptance of the villager women is interesting to be examined as follows:

Poor villager woman would be willing to work in any condition with bad return, no matter how difficult the condition, because they do not have the bargaining power at all. Villager women face overlapping pressures. In addition to traditional roles in the family, they also have to work.

The idea proposed by Suryakusuma (2012, p. 142) also describes the condition of Balinese women who tend to accept a variety of work in order to earn money for their families. Suryakusuma (2012, p. 142) also states that in Bali, more and more women are working to lift the stone and cement to various construction works. The same thing is also stated by Astiti (2004, pp. 187-189) that women tend to choose jobs in the informal sectors since it can be done not in their busy life as housewives. This phenomenon is a real picture of the Balinese women life, especially Hindus because they embrace two political systems patriarchal and *purusa*. No matter how the conditions they tend to accept as something natural so they work as souvenir vendors. Although this kind of job is a tiring one, the economic demands make them diligent to earn a fortune under the shadow of Kintamani tourism which will soon be transformed into Geopark international tourism resort.

A souvenir vendor as a capital minimal work becomes a major factor for Balinese women to be chosen as a job. They do not need to have a certificate of high education, special skills, or expertise in something. They need small number of money to buy some products that they diligently sell later. Often they have to run around chasing the tourists in order to purchase the merchandise they sell. No matter how much they can get it will be very important for survival, because they are able to help to fulfill the needs of their family life. In this case, women, especially those who are married and have children, earn a living for the family economy which is not

their primary obligation. This is in accordance with the idea of Suryakusuma (2012, p. 294) which confirms that the woman is not a secondary earner, because women have a responsibility for the welfare of all members of the family, both physically and psychologically. There is an expectation for women who work as souvenir vendors that when they are able to get any amount of economic resources, their work will be appreciated.



Figure 1. Seorang Perempuan Berusaha Mengejar Wisatawan Agar Kainnya Terjual (kanan) dan Seorang Ibu-ibu Harus Mengajak Anaknya Ikut Mengacung.

Some of the souvenir vendor women who were met by the writer said that the work they do is to help the economic needs of their families which is not completely fulfilled by their husbands. In fact, some of them also said that while they are working as souvenir vendors, often their husbands are in charge handling the children at home. However, the condition of mutual understanding between men and women is not fully applicable to souvenir vendors when the woman can help the man to make a living. Findings indicate there are also souvenir vendor women who should bring their children with them while working so there is a need to encourage her husband to work because they still think women should take care of everything including making a living. However, will Balinese retreat and leave the profession as souvenir vendors? The spirit owned by souvenir vendors' women is much beyond the spirit of other women especially for those who live in the city and become career women. They diligently do the profession as souvenir vendors; because this is the only work they are able to do in a condition filled with limitations, with an expectation that their income will place them equal to the husband's position in the family. Then it can be understood that a Balinese woman becomes a souvenir vendor which is not just to help the family's economic needs that cannot be fulfilled optimally by the husband, but the aims also to achieve gender equality in the family. They will be rewarded if they are able to provide something more to their family.

Closing

The phenomenon of women who are under the patriarchal ideology makes them not only difficult to move freely, but also places them in the second position after the males. The condition of Balinese Hindu women is rather complicated which is caused by the two powers over men who embraced the patriarchal culture and *purusa*. This makes the second position held by women in Bali especially Hindu be an unchangeable position.

However, in the midst of the two strong male powers in Bali, especially the women in rural area are never tired of making themselves respected by men even in aligning their position with men. One strategy that the women in the village of Bali do is as souvenir vendors in order to strengthen the economic basis of their family. To help to strengthen the family economy, they have an expectation to achieve gender equality in the family.

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