# IMPACT OF CULTURE CHANGE ON COMMERCE IN NORTHERN CORRIDOR ECONOMIC REGION URBAN

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## **ABSTRACT**

Urban produce affluence and expenditure chances for dwellers, nevertheless, the assumption of located way of life encourages and produces possibility for greater various impacts that possibly also have vital strategy consequences. Largely interest is the deficient of robust investigation performed on the cultural, economic, political, limited period and long-run impacts of cultural designing. This research is a basic research aims to explain the relationship between culture change and commerce through quantitative approach. Data collection by cross-sectional survey using a questionnaire took place in the year 2016 involved 434 respondents that the population of several cities in study areas namely Ipoh, Perak; Georgetown, Penang; and Sungai Petani, Kedah. Objective of this study is to determine the relationship between culture change and commerce in urban area of Northern Corridor Economic Region. Research question of this study is why culture change influence commerce in urban area? Data analysis consists of Spearman correlation, Ordinal Regression and scatterplot. Findings signify there is no association between the variables through scatterplot diagram. However, coefficient value of Spearmen correlation implies positive strong correlation that there is relationship between culture change and commerce.

Keywords: Cultural change1; commerce2; impact3; urbanization4; economic corridor5.

## INTRODUCTION

Urban produce affluence and expenditure chances for dwellers, nevertheless, the assumption of located way of life encourages and produces possibility for greater various impacts that possibly also have vital strategy consequences (Heinonen et al. 2013). Largely interest is the deficient of robust investigation performed on the cultural, economic, political, limited period and long-run impacts of cultural designing (Gibson & Stevenson, 2004). Culture is significant to the individual and to the health of the state. Culture is an origin of authority (Stanley, 2006). The issue of meaning in cross-cultural study derives from two differentiation however interconnected problems that is difficulty as a concept and deficient of common consensus on scientific notions between scholars. More precisely, culture refuses operational meaning, not only due to it is a vague and difficult concept, however also due to there is no generally agreed language to explain it (Yeganeh, 2004).

Culture possibly produces a more stabled and sustainable city growth. Culture is portion and collection of city renewal projects in deteriorated urban places across the modern world. It's created a great chance for individual growth and social communication between vulnerable groups, and contributes to excepted individuals opportunity of self initiate commerce or to involve socially. In a historic period in which communities incline to turn into multi-cultural, individualities and lifestyle encounter one another. In the multi-cultural urban, culture can be a force that encourages esteem, individual growth, and self-attainment for minorities, and simultaneously it can be a common language, connecting among distinct groups. Consequently cultural growth and designing are considered as important policies to faster processes of city development or revitalization. Urban venture in cultural amenities and phenomena, and in the conservation of diachronic traditions, to make shift to a post-industrial economy founded on modern services, sustainable function blend, and a great quality of the city ecological (van de Borg & Russo, 2005).

The function of culture for sustainable city growth more than its value as a good or a resource to encourage leverages and improve trademarked. Decision-makers should establish on culture for comprehensive growth, resolving deficiencies of measures and assessment of effects, resident involvement and gender disparity. Cultural energetic style is essential to urban living as it spread through every contexts of livelihood and situated at the basis of liberties, the common interchange of thoughts and society livelihood. Culture expected is essential in the victory of sustainable growth strategies, as catalyst and tools of advancement and citizen-based communities. A comprehensive and incorporated methodology to advancement requires accepting creativity, heritage, knowledge and variety into consideration. Poverty is not merely a query of substances scenarios and earning, however also concerning deficiency of abilities and chances, involving in cultural phrases. The modern city conflict demands for a recent model of city advancement in the method of the "New Urban Agenda" to be authorized at Habitat III. Besides declining vulnerability and environmental step, this recent model must humanize again city environments, both in relation to scale and in increasing sense of belonging. Moreover, it must rise social integration, forestall isolation (social and spatial) and not uniform dispersion of wealth and target for equality dispersion and accessibility to city resources and higher incorporation as well as association between dwellers. Across this aspect, it must acknowledge that cultures are changing, inherently various and multidimensional, integrating a rank of manifestations and values incarnated in tangible and intangible heritage, modern arts, collective and people activities, and specific characteristics that describe different lifestyle (United Nations Educational, Scientific and Cultural Organization, 2016).

The rule of the connection among worldwide commerce legislation and cultural security is one of the questions that the World Trade Organization (WTO) expected encounter with higher increase in the second decade of its creation. Throughout the WTO, elements of culture and its ability to perceive stimuli are being increased as vital non-commerce attention to be caused into commerce legislation disciplines either in the aspect of Article XX of the General Agreement on Tariffs and Trade 1994 (GATT)/Article XIV of the

General Agreement on Trade in Services (GATS) reasoning or in the publicity of *sui generis* commerce-connected intellectual property rights (Broude, 2005).

Yeganeh (2011) represent assessment of the cultural distant is integrated into the Gravity model to examine the small impacts of cultural indicators on bilateral commerce among Canada and 53 other nations. Besides the cultural distant and economic causes, other control indicators for instance religion and language commonness are involved. Following commanding for the size of Gross Domestic Product (GDP) and linguistic commonness, the impacts of culture on worldwide commerce are indicated to be vital. The empirical analysis implies that during the linguistic commonness has positive effects for worldwide commerce, the cultural distant and religion commonness do not consider vital. Executives should not avoid from culturally different associates as long as commerce is economically profit. Alternatively, managers should convey interest to training bilingual operators and standardizing commerce procedures for the purpose of reorganize the negative impacts of linguistic.

Commerce activity pertaining monthly external trade statistics May 2016 Malaysia, regarding year-on-year fundamental, exports reduced RM533.6 million (-0.9 percent) to RM59.5 million. Regarding a month-on-month fundamental, exports dropped RM1.4 billion (-2.3 percent) from RM61.3 billion. In depending on the season changed periods, exports decreased 1.6 percent. Commerce contrasted to the preceding month reduced 64.0 percent (-RM5.8 billion) from RM9.1 billion (Department of Statistics Malaysia, 2015).

# LITERATURE REVIEW

Throughout the past ten years, economists examined the association among culture, values, individual choices and the economy, concentrating on the unidirectional effect of culture on the economy. Economists have exhibited empirically, for instance the stage of believe that individuals possess in nation's entities and fellow inhabitants affect numerous elements of economic activity (for instance worldwide commerce). In multiple, other economists suggested models where the transmittance and tradition of cultural attributes are connected to an individual's choices and resources. The agreement to transfer cultural traditions is an agreement among choices, cost and accessibility to information. Founded on this method it is probable to assess the effect of economic activities and social entities on the changing of choices, values and beliefs. Cultural transmittance is seen, hence, as the consequence of communications among decisions approximately socialization throughout the family and other socialization processes for instance social copying. If parental values are arranged with those of community, this produce trust setting and use fewer attempts to educate children. Transmitting comes at a cost. In periods of economic transition, hence, if the values of the broader setting are in flow, there possibly an effect on the transmitting of family values (Oliver, 2015).

Cultural commitment determines tradition, implemented or selected, influences economic activity. Numerous of cultural stratum namely ethnic characteristic, religion, language, ideological paradigm, and esthetic concerns experience overflow national frontiers. Cultural assumptions cross the world along numerous paths from the Silk Road to modern electronic networks. Historically, peripatetic artists, composers and writers have answered to moving patronage as well as marketplace chances. Lately, firms in the cultural industries grow and create content as well as spread it as broadly as the marketplace expected assumes. Visual and conducting arts as well as the cultural industries have both ordinary and different worldwide economic facets. In commerce consensus, states voluntarily restrict strategy selections in return for limitations on the selections of the other member states. Arguments for security against openness for cultural activities are more difficult and multifaceted than for other economic sectors due to a broad level of ideas on the method worldwide cultural strategy influences individuals and the national culture. The inclusion of GATS and TRIPS in the WTO made the WTO a more vital effect on worldwide cultural strategy than its GATT successor. United Nations Educational, Scientific and Cultural Organization (UNESCO) remains to perform a comprehensive function. The Florence agreement (1950) promotes the free flux of cultural outputs and a rule overcomes illegal commerce in cultural property, a tradition problem. Presently, UNESCO is the emphasis of attempts to generate a regulations-centered rule to secure and stimulate the variety of cultural manifestations that designed to either split worldwide cultural strategy governance from the WTO negotiations. These discussions occur in situations that there are serious drawbacks in the assessment of commerce in cultural commodities and services (Acheson & Maule, 2006).

Hofstede (2011) describes concisely the Hofstede model of six facets of namely Power Distance, Uncertainty Avoidance, national cultures Masculinity/Femininity, Individualism/Collectivism, Long/Short Orientation, and Indulgence/Restraint. This indicates the conceptual and study attempts that prior it and causing to it, and once it had turn into a model for contrasting cultures, study attempts that followed and constructed on it. The article emphasized that facets rely on the stage of accumulation; it explains the six completely distinct facets found in the Hofstede et al. (2010) study into institutional cultures. This discourages versus disarray with value dissimilarities at the individual stage. It infers with an expected in the characteristic of the research regarding facets of national cultures and the place of states on possibly still produce. Technological modernization is a vital force toward culture transition and causes partly same advancements in distinct communities, however there is not the least evidence that eliminates diversity on other facets. Culture transition fundamental enough to avoid the state facet index rankings, or even the significance of the dimensional model, expected demand either a much longer term for example 50 to 100 years or extremely dramatic outside occurrences. Numerous distinct among national cultures at the last of the 20th century were currently identifiable in the years 1900, 1800 and 1700 if not before. There is no reason on not perform a function until 2100 or beyond.

Germany has been discussing the method to stimulate an enterprising culture since the middle of the year 1990s. Self-employment continues fewer ordinary than in numerous other extremely modern industrialized countries. Specialists frequently indicate to the economy or labor market to describe the lack of enterprising spirit, however lack of concern is specified to cultural and non-economic issues. A more distributed and increasing culture of self-employment create recent occupations, outputs and services. Suitable stages of enterprising activity also raise competitiveness and therefore enhance national output. An enterprising culture and business are also delivered in school. Proponents of more curriculums denote that economics and financial education can be the important to a stronger understanding of the world especially in the recent climate and hence should be comprised in the secondary school curriculum. The media and academics could provide to a change in attitudes and stimulating a culture of business (Bittorf, 2013).

In present decades, Maya eco-cultural environments in Chiapas, Mexico, have performed constant transition from more livelihoods founded to more commerce centered and from more rural to more cities. Even though ethnographic investigations of one family throughout ten years durations in rural and urban contexts however activity situations analysis represented transitions on the micro stage that manifested these transitions in the macro environment. The growth of commerce throughout the year 1997 and 2007 caused raise dependent on technology rises in individualization and individual option, specializing for economic chores. Other transitions in this duration that were vastly accelerated by urban residential comprised link with outsiders, link with citizen of distinct ethnicities, and women's economic attainment (Greenfield et al. 2009).

Developing states have seen a fast grow in population urbanization in the last decades and engaged intensively in the process of internationalization. Nevertheless, possibly interconnects among population urbanization and commerce openness in developing states has been neglected by current literature. Modern humans have been growing focused in cities, against increasing vital of population in urbanization process, lack of publication on the predictors of population urbanization in developing economies. One of the predictors is openness, especially for Asia, that numerous economies implement export-centered strategies and worldwide commerce performs a growing vital function. This represented the lack of research on the interconnections among worldwide commerce and city growth in developing states (Zhang & Wan, 2017).

Wealth in Malaysia enhances energy need. Capital stock raises energy consumes. Commerce openness causes wealth and therefore enhances energy consume. The causation analysis signifies that urbanization Granger stimulates energy consume. The responses impact implied among energy consume and wealth as well as energy consume and capital. The bidirectional causation existences among commerce openness and energy consume (Shahbaz et al. 2015).

Urbanization and economic progress are intimately interlinked. Fast urbanization is harmful, needing large motion of population, replacing of conventional institutional and social structures with modern ones founded in a formal legal apparatus, and large local as well as inter-city facilities ventures with needed capitalization systems, every in a limited period of time. Having national urbanization strategies is also a manifestation of the international enhance over the past century in relative size of national governments, in relation to government's share of national consume and venture. There are main problems in present urbanization process regarding the function of strategy for which there appear few historical opponents, as expected consider (Henderson, 2010).

It is possibly that the effect of commerce, especially, maritime commerce caused the increased of inter-Tinai interchange that in turn could have created an incentive for extraction the profit of agricultural areas and channelizing it towards commerce. The centers that interchanged could well have turn into the coordination points on commerce paths in the process of enlargement of business network. The inland towns could greater explained as consume points. The expensive commodities that moved into in the internals were distributed via networks of kinship patronage, city clientele (rulers and the elite class) etc. (Banerjee, 2012).

# RESEARCH METHODOLOGY

This research is a basic research aims to explain the relationship between culture change and commerce through quantitative approach. Data collection by cross-sectional survey using a questionnaire took place in the year 2016 involved 434 respondents that the population of several cities in study areas namely Ipoh, Perak; Georgetown, Penang; and Sungai Petani, Kedah. The cities that are the study areas locate in Northern Corridor Economic Region. Probability sampling technique type stratified sampling used for samples selection. The samples stratified by proportion of race in Malaysia namely Malay, Chinese and India. Self-administered and filling by researcher were the methods to answer the questionnaire. Objective of this study is to determine the relationship between culture change and commerce in urban area of Northern Corridor Economic Region. Research question of this study is why culture change influence commerce in urban area? The Null hypothesis is H<sub>0</sub>: there is no relationship between culture change and commerce. The independent variable is culture change and dependent variable is commerce. Data analysis consists of Spearman correlation, Ordinal Regression and scatterplot. The Cronbach Alpha value of culture change is 0.61 and commerce is 0.90 indicates questionable for culture change and good for commerce. According to Clark & Watson (1995) in selecting scale items for constructing validity, the goal is unidimensionality, this means that virtually all inter-item correlations should be moderate in magnitude. Inter-item correlation value of culture change questions is 0.44 interpreted as a valid measure that a narrower construct according to Clark & Watson (1995) regards to practical guideline the 0.40 to 0.50 range is higher mean intercorrelation. Inter-item correlation values of commerce questions are between

0.52 to 0.78, interpreted as higher mean correlation and a valid measure. Figure 1 shows the relationship between independent variable and dependent variable.

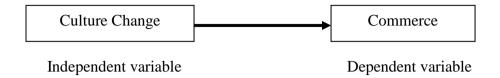


Figure 1 Relationship between culture change and commerce

## RESULT AND DISCUSSION

Scatterplot diagram (Figure 2) represents the non-associated variables among culture change and commerce. There is no association between the variables (Stat.yale.edu, 2017). Coefficient value of Spearmen correlation is r = 0.639 (two-tailed), p = 0.000 (p < 0.01), and n = 434. According to Utminers.utep.edu (2017), the value 0.64 is positive strong correlation. The correlation is linear. The p-value is less than significant value, means the Null hypothesis that there is no relationship between culture change and commerce was rejected. Culture change increases lead to commerce increases and commerce increases lead to culture change increases (Stat.yale.edu, 2017). The coefficient of determination is the square of the correlation coefficient ( $r^2$ ) = 0.639<sup>2</sup> = 0.408 suggests 40.8 percent of the variability in commerce is explained by culture change (Sjsu.edu, 2017).

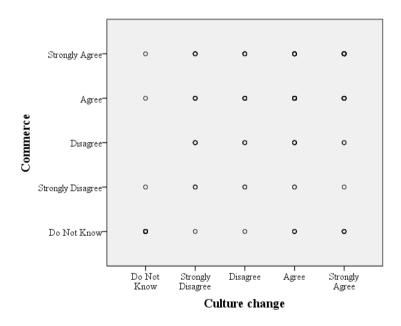


Figure 2 Scatterplot of culture change and commerce relationship

Ordinal regression analysis indicates Chi-Square value of Model fitting information is 257.819 (df = 12), p = 0.000 (p < 0.01 – two-tailed) interpreted as statistically significant that imply the final model gives a significant

improvement over the baseline intercept-only model. This result shows the model gives better predictions than if guessed centered on the marginal probabilities for the outcome category. The p-value of Pearson Chi-square for goodness-of-fit is small namely  $p = 0.000 \ (p < 0.01)$  and Devian Chi-square is 0.000. The *p*-values is lower than significance level, this forecasted probabilities deviate from the observed probabilities in a mean that the multinomial distribution does not forecast (Minitab, 2017). The Null hypothesis indicates the deviation situation, rejected this hypothesis. The Pseudo R-Square values for Nagelkerke = 4.8 percent indicates that culture change explains a relatively moderate proportion of the variation between commerce. Parameter estimates indicates culture change influence commerce (p = 0.00, p < 0.01), the Null hypothesis is rejected.

This finding differs with Aparicio & Charterina (2014) analyses the most vital milestones of the urban progress in Bilbao. Bilbao's urban growth is discussed as instances of the method cities are utilizing the generation and consume of culture to fostering sustainable urban growth. Cooperation among public and private agencies for the stimulation of business activities in cities has been undertaken via various models, consisting Business Improvement District in the United State of America and Town Centre Management in Western Europe. Throughout the transformation of these models through urban business advancement, culture not only it's consume, however also its production that is the recent major gateway across that to generate the city's, or several of its areas', self differentiated identity, with vital synergistic impacts on the dynamism and variety of its business activity.

This finding differs with Ramasamy & Cremer (1997) indicated culture has been regarded to be a vital factor influencing cross-border commerce and venture. The current literature resolves this problem primarily by examining the impact of culture on economic connections and proposes behavioral trends of individuals and entity if encountered with this setting. The focus is on an incorporating method, founded on the differentiable association among culture and commerce. Privileged methods, which follow either a cultural or a business agenda, are challenged.

## CONCLUSION AND SUGGESTION

Findings signify there is no association between the variables through scatterplot diagram. However, coefficient value of Spearmen correlation implies positive strong correlation that there is relationship between culture change and commerce. Increase in culture change will increase commerce and increase in commerce will increase culture change. The coefficient of determination is suggests that the variability in commerce is explained by culture change. Ordinal regression indicate the model gives better predictions than if guessed centered on the marginal probabilities for the outcome category. Culture change explains a relatively moderate proportion of the variation between commerce. Implication of the study is empowerment through availableness of credit amenities and the government demands to create an allowing setting for technology implementation via proper

legislation, tax exceptions and awareness formation. Credit amenities possibly allow citizen implement commerce (Okadapau & Emaase, 2016) as an employment to enhance earning and resolve poverty phenomenon. van de Borg & Russo (2005) suggest that strategy demands to promote growth with strategic action comprises stimulated a great player to venture in creative businesses and persuaded the media industries to promote the development of the multimedia sector. Solid networking should be encouraged in the recent economic fields for the purpose of raise the culture and economic. Forums, clubs and professional relationships should be stimulated and encouraged by the city council together with the local Chamber of Commerce.

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