

Impact of Economic Infrastructure Development Projects on the Business Community

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Abstract: *The researcher used a descriptive method to gather quantitative data to describe further and assess the impact of economic infrastructure development projects on the business community, which will be used as determinants for sustainable business growth. In addition, the researcher used a purposive sampling technique as the sampling design. The respondents of the study were purposely selected business owners near the government projects which are under construction. A sample of 100 business owners within the area where the project is situated will serve as the final respondents of the study. The respondents are 100 business owners within the project's area. The questionnaire is a researcher-modified instrument based on Ragnar Nurkse's Balanced Growth Theory. Regardless of which growth strategy is selected, the government's infrastructure must be up to a standard that supports successful execution, benefiting both the local and national economy. An ongoing commitment to creating such an infrastructure is a 'safe bet'. Government projects should initiate a process to identify strategies with a high probability for success at all economic levels. Government projects should focus on (1) Growing the core business, (2) Growing by sub-segmenting customers and (3) Growing adjacent opportunities. It is recommended that the leaders begin the process by considering the growth potential within the present core business and/or the opportunities and growth potential associated with creating innovative value propositions for the underserved business group.*

Keywords: Ragnar Nurkse's Balanced Growth Theory, Government projects

1. Introduction

Indeed, people living in developing countries are well aware of how infrastructure shortcomings affect many aspects of their daily life and work. Frequent power outages cause the breakdown of home appliances and machinery, communities that find themselves isolated each time it rains, frequently collapsed bridges, newly constructed roads already full of potholes, expensive mobile phone services as the only option when the hope of getting a fixed-line installed is a distant and costly dream, are all common stories in these countries. Infrastructure's importance in propelling a country's economic growth and setting the pace cannot be overstated. The location of infrastructure, like the base of an edifice, is critical to the nation's overall growth. The construction of a country's infrastructure has gone hand in hand with its economic growth [1].

Infrastructure can promote specialization and long-term development, despite its impact on the latter being non-linear due to resource costs. The importance of infrastructure to growth is now generally recognized and understood by practitioners and policymakers [2]. The more technological proof is needed that better infrastructure can directly increase the productivity of human and physical resources, resulting in growth. Effective, dependable, and affordable infrastructure is critical for economic growth. Infrastructure, in particular, is crucial to a region's financial success [3].

Infrastructure is widely recognized as critical to both households and businesses: availability and efficiency of infrastructure influence investment decisions and may influence migration and business location. Households use infrastructure facilities as a final consumption component, while companies use it as an intermediate consumption item. Infrastructure facilities have a significant impact on the growth of regions and countries [4]. For this reason, infrastructure level and quality directly impact business

competitiveness and development, and disparities in infrastructure capital investments create a disparity between regions and countries. The effect of infrastructure investments on country development is critical for strategic and development country policymakers, especially during times of economic transition [5].

The analysis of the impact of infrastructure has confirmed the significant contribution to economic development [6]. Although, some do not agree that infrastructures affect the country's growth. The analysis of scientific literature allows summarizing variation in empirical results testing the relationship between infrastructure and economic development [4]. Not all studies find growth-enhancing effects of infrastructure. In some sources, there is evidence of reverse causation found [7].

Economists refer to such objects as physical infrastructure or infrastructure capital. In the scientific literature, the role of infrastructure is evaluated by the services provided by the physical infrastructure assets. Infrastructure services, such as energy, transport, telecommunications, water, sanitation, and safe waste disposal, are fundamental to all kinds of household activities and economic production [8].

The Philippine government continues to enact reforms to promote economic growth and increase the country's standard of living. This is crucial because it has been falling behind its East Asian neighbors in economic size and per capita income. The country's bottlenecks include poor physical infrastructure (transport and utility infrastructures), low quality of education, explosive economic growth, high poverty rates and significant income disparities [9].

Against this backdrop, the government of the Philippines has engaged in policy measures to improve the quality of public infrastructure (especially transport and utilities) and public education to ensure and sustain robust growth and alleviate

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poverty [10]. To speed up public infrastructure development in the presence of fiscal constraints, the government has revived the promotion of partnerships with the private sector (in Build-operate-transfer schemes), with the private sector providing financial and technical expertise for selected infrastructure projects [9].

Infrastructure projects contribute to policy analysis in the Philippines by providing a quantitative assessment of the growth and distributive impacts of increasing spending on public infrastructures, such as in transportation, utilities and education. Since these issues are interlinked, a computable general equilibrium (CGE) model is employed together with a micro-simulation model to trace the channels whereby public infrastructure investments filter through the Philippine economy [10].

The Philippine Infrastructure Public-Private Partnership (PPP) program is the flagship policy agenda of the government in promoting infrastructure development in the country. The PPP recognizes the private sector's role as a catalyst of growth and a vital infrastructure financing source. Infrastructure projects covered by the PPP program aim to develop the agri-business, educational, energy, environment, health, industry, information and communications technology, logistics, property, transportation, telecommunications and water supply sector [10].

2. Objectives of the Study

This study aimed to determine the impact of economic infrastructure development projects on the business community in terms of increase in productivity, increase in the flow of goods, consumption rises and size of market increases and identify the significant relationship between the business profile and the impact of economic community infrastructure development projects to the business.

3. Materials and Methods

Research Method Used

The researcher used a descriptive method to gather quantitative data to describe further and assess the impact of economic infrastructure development projects on the business community, which will be used as determinants for sustainable business growth. The descriptive design is an appropriate method to facilitate the gathering of reliable and accurate data through research and conduct of the survey measurement of two or more variables to determine or estimate the extent to which the values for the variables are related or change in an identifiable pattern.

Descriptive research is a study designed to depict the participants accurately. More simply put, descriptive research is all about describing people who participate in the study. There are three ways a researcher can do a descriptive research project. They are (1) Observational, defined as a method of viewing and recording the participants, (2) Case study, defined as an in-depth study of an individual or group of individuals, and (3) Survey, which uses the research instrument containing the impact of economic infrastructure development projects to the business community which will be used as determinant for sustainable business growth. .

Population and Sampling Technique

The researcher used a purposive sampling technique as the sampling design. As defined by Easton & McColl, purposive sampling (also known as judgment, selective or subjective sampling) is a sampling technique in which a researcher relies on their judgment when choosing members of a population to participate in the study.

A purposive sample of 100 business owners within the area where the project is situated will serve as the final respondents of the study. The respondents are 100 business owners within the project's area.

Instrumentation

The questionnaire is a researcher-modified instrument based on Ragnar Nurkse's Balanced Growth Theory. Experts in the field of research and the members of the review panel will serve as critiques. The researcher welcomed suggestions and made necessary revisions to make the instrument valid.

The instrument contains two parts. The first part determined the demographic profile of the respondents in terms of the type of business, monthly revenue and number of years in operation. This section answers the statement of problem 1. The second part determined the impact of economic infrastructure development projects on the business community in terms of productivity, increase in the flow of goods, consumption rises, size of market increases, and inducement to invest for firms. This part answered specific question number 2.

The data gathered from the first and second sections as described in the preceding paragraph will be processed using the Statistical Program for Social Sciences (SPSS) version 20.0, developed by the International Business Machine (IBM), to determine the significant relationship between the business profile and the impact of economic infrastructure development projects to the business community.

Validation of the Instrument

The researcher used a researcher-modified questionnaire that helped identify the impact of economic infrastructure development projects on the business community. The questionnaire was presented to the adviser to seek opinions and suggestions. The 4-point scale was used to remove indifferent options. Afterward, the researcher presented the said instrument to other professionals such as experts in the field of the study, research professors, and statisticians. The experts validated the research instrument in the field based on a set criterion. These experts have already earned master's or doctoral degrees in the field of Business. The researcher welcomed the suggestions and made necessary revisions to make the instrument valid. The instrument was pilot-tested to measure the reliability. The research instrument was administered twice for seven (7) days to the same group.

The responses were gathered and tallied to determine if the responses were closely similar in two (2) trails. To determine this, the questionnaire was tested using Cronbach's alpha. It is a test of a model or survey's internal consistency. Cronbach alpha should be at least .70 or higher to retain an item in an "adequate" scale, and many

researchers require a cutoff of .80 for a 'good scale'. The computed Cronbach's alpha for this instrument was .90. All of the comments and suggestions of these experts will be considered. There might be a few amendments and questions arranged based on the research problem.

Data Collection and Management

A letter was submitted to the Barangay Affairs Office (BAO) of the research locale of the study to secure permission to conduct this research. The administration of the research instrument was immediately started after receiving approval from the City Administrator. Each respondent was given ample time to answer the research instrument. The said questionnaire was answered within a minimum time.

The researcher reviewed the survey returns to check the completeness of the required data. The researcher tallied and encoded the responses of the respondents using Microsoft Excel. The raw data was transferred into the SPSS version 20.0 spreadsheet to treat the data using appropriate statistical tools. The researcher also secured assistance from a statistician to never go wrong in providing the necessary statistical treatment of the data and guiding them in interpreting/analyzing the same.

Statistical Treatment of Data

Frequency count, percentage and mean were used to interpret the impacts of economic infrastructure development projects on the business community in terms of increase in productivity, increase in the flow of goods, consumption rises and size of market increases and the Simple Linear Regression was used to identify the significant relationship between the business profile and economic infrastructure development projects' impact on the business community.

4. Results and Discussion

Fifty-one respondents or 51.00% have retail/merchandising business type; 34 respondents or 34.00% service type of business; 15 or 15.00% have manufacturing type of business, respectively. The table further shows that most respondents had retail/Merchandising businesses.

No respondents or 0.0% have below P5000.00 monthly revenue, 5 or 5.00% have P5, 001-P10, 000; 13 or 13.00% have P10, 001-P15, 000 monthly revenue; 16 or 16.00% have P15, 001-P20, 000 monthly income; 14 or 14.00% have P20, 001-P25, 000 monthly income; 17 or 17.00% have P25, 001-P30, 000 monthly income; 18 or 18.00% have P30, 001-35, 000 monthly income, respectively.

11 respondents out of 100 respondents or the 11.00% spent 11 months and below in the company operations; 56 or 56.00% of the respondents spent 1-5 years in the company operations; 17 or 17.00% of the respondents spent 5-10 years in the company operations; 10 or 10.00% of the respondents spent 10-15 years in the company operations; 6 or 6.00% of the respondents spent 15-20 years in the company operations; No respondents or 0.00% spent 20 years and over in the company operations; respectively.

Among the given were item number 1 got the highest mean (M=3.71), with an interpretation of Highly Agree, followed by item number 3 with (M=3.55) and interpreted Highly Agree; item number 2 with (M=3.42) and interpreted Agree; item number 5 with (M=3.33) and interpreted Agree; item number 4 with (M=3.27) and interpreted Agree; respectively.

Among the given were item number 2 got the highest mean (M=3.78), with an interpretation of Highly Agree, followed by item number 1 with (M=3.71) and interpreted Highly Agree; item number 3 with (M=3.62) and interpreted Highly Agree; item number 5 with (M=3.61) and interpreted Highly Agree; item number 4 with (M=3.55) and interpreted Highly Agree; respectively.

Among the given were item number 5 got the highest mean (M=3.74), with an interpretation of Highly Agree, followed by item number 3 with (M=3.71) and interpreted Highly Agree; item number 1 with (M=3.37) and interpreted Agree; item number 3 with (M=3.36) and interpreted Agree; item number 5 with (M=3.22) and interpreted Agree; respectively.

Among the given were item number 1 got the highest mean (M=3.79), with an interpretation of Highly Agree, followed by item number 2 with (M=3.72) and interpreted Highly Agree; item number 3 with (M=3.66) and interpreted Highly Agree; item number 5 with (M=3.65) and interpreted Highly Agree; item number 4 with (M=3.62) and interpreted Highly Agree; respectively.

It can be said that for the given set of data plotted in this study, with 100 respondents' sample, the Size of market increases has the highest impact on the type of business; an "increase closely follows this in the flow of goods". The least, of course, is an increase in productivity.

With 100 respondents' sample, an increase in productivity has the highest impact on the type of business; this is closely followed by "consumption rises". The least, of course, is the increase in the flow of goods. The increase in the flow of goods has the highest impact on the type of business; this is closely followed by "consumption rises". The least, of course, is an increase in productivity.

5. Conclusion

It can be concluded that most of the respondents had retail/merchandising businesses. It further showed that most respondents have Php 30, 001-35, 000 monthly income and spent 1-5 years in the operations. The average weighted mean of 3.46 and interpreted agree means that the respondent's assessment on the impact of economic infrastructure development projects on the business community in terms of increase in productivity was established. In terms of increase in the flow of goods, it is highly improved. In addition, the respondents' assessments on the impact of economic infrastructure development projects to the business community in terms of consumption rise were properly utilized and the size of market increases was extremely increased. Lastly, with the given set of data plotted in this study, an increased inflow of goods has the

highest impact on the type of business; this is closely followed by "consumption rises". The least, of course, is an increase in productivity.

6. Recommendation

Since most of the cities are considered to be high-performing local economies in the Philippines, the City Administration should be more open to experimenting with new approaches to markets and regulations by using pilot programs to test new ideas in a variety of contexts, modifying them as necessary, and then scaling up policies that work. In support of local businesses, they can establish their delivery labs and delivery units to test new approaches to delivering services that will cater to the smooth flow of goods from one point to another. Regardless of which growth strategy is selected, the government's infrastructure must be up to a standard that supports successful execution, benefiting both the local and national economy. An ongoing commitment to creating such an infrastructure is a 'safe bet'. Government projects should initiate a process to identify strategies with a high probability for success at all economic levels. Government projects should focus on (1) Growing the core business, (2) Growing by sub-segmenting customers and (3) Growing adjacent opportunities. It is recommended that the leaders begin the process by considering the growth potential within the present core business and/or the opportunities and growth potential associated with creating innovative value propositions for the underserved business group.

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Author Profile



Angelo R. Santos graduated Bachelor's Degree in Business Administration major in Marketing Management at Wesleyan University, Philippines. He finished a Master's Degree in Business Administration at the same school, currently pushing

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