Which is Determining in the Fluctuation of Stock Market Risk of Entertainment Companies in Viet Nam: Financial and Economic Crisis or Low Inflation Rate?

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Abstract

Our paper aims to investigate empirically how much rise or reduce in the market risk of entertainment companies in Viet Nam. We use a sample composed of 8 companies listed in the stock exchange market in Viet Nam (Hanoi Stock Exchange and Ho Chi Minh Stock Exchange) during two periods; post-low inflation from 2015 to 2017 and financial and economic crisis during the period from 2007 to 2009. We utilize an analytic investigation technique based on a comparative assessment approach mixed through quantifiable data assessment. From the empirical findings, we show that the risk point assessed by the used measure suggest in the entertainment business is appropriate, i.e. it is small inferior than one. Next, one of its most important conclusions is the divergence among risk rank of hotel manufacturing through the financial and economic recession from 2007 to 2009 matched to those in the period of post-low inflation level from 2015 to 2017. Furthermore, the investigation conclusions demonstrate us market risk volatility, assessed by asset and equity beta risk, through the period of post-low inflation level has reduced marginally. Also, this study gives several suggestions that might support firms and authority other indication in instituting their strategies concerning control and governance. It is the complicated assignment; however, the study findings indicate us cautioning that the marketplace risk fluctuation may be greater through the period of post-low inflation level from 2015 to 2017. Finally, we can find that discovering new prospective markets and credit and funding strategies are amongst instructions for leisure firms.

Keywords: asset beta, entertainment business, financial and economic crisis, policy strategies, risk management

1. Introduction

Risk is an essential element in the life of the company. Modern business is exposed to risks as diversified as it is high, this acquaintance is linked to practical and manufacturing developments, the rise in the portion of exports and the mundialization of economic and financial relations, to financial modernizations, to strengthening authorized restrictions and the complication of the knowledges utilized. The risk volatilities are correlated with these economic and financial processes are consequently very fluctuated.

The arrangements and denominations are various, several are believed to be monetary and financial because related to the fluctuation of the values of goods, others are supposed to be lawful because connected to variations in transcripts and permissible supplies, others are named operational because associated to the industrial procedures, technologies and capital human issues.

During several current years, Viet Nam leisure market is assessed as one of dynamic markets, which has positive impact for the economy. The growth of hotel industry goes parallel with financial market and economic growth. Quality of entertainment services is trying to achieve both customer satisfaction and relaxation.
The regulator authorities represented by the central banks want to sustain inflation rate across 2% to 3%. The rises in inflation rate considerably outside this limit can take the lead to potential hyperinflation, a shocking situation in which inflation rate increases quickly away of management and control. Seeing at Figure 1, we can look that the Viet Nam financial and economic system has regulated inflation rate correctly. The excessive inflation rate could take the lead to elevated loaning rate and damage the entertainment business since of increasing values. Our paper analyze and present how the fluctuation of market risk value through the period post-down inflation rate from 2015 to 2017 is augmented or reduced, in entertainment business, linked to those data in the financial and economic crisis period from 2007 to 2009.

The aims of this paper are: Objective 1: Whether the level of the risk of entertainment companies below the various moving situations in the period relative to the post-low inflation rate from 2015 to 2017 rise or reduce so significantly, linked to the period related to the financial and economic crisis from 2007 to 2009?. Objective 2: Since Viet Nam is a developing and small financial stock market in the beginning phase, whether the isolated supply of beta level become significant in the various varying cycles in the entertainment manufacturing.

The present study examines three fundamental issues: (i) Evaluating two time intervals, during the financial and economic crisis influence, the beta or risk intensity of listed firms in entertainment manufacturing will comparatively greater than those in the period of post-low inflation rate. (ii) Based on the hypothesis that Viet Nam is a developing financial stock market however in the recuperating phase, there will be a larger separate supply in beta levels assessed in the entertainment manufacturing. (iii) With the beyond explanations, the average of equity beta and asset beta levels of these employed entertainment businesses be likely to enforce an elevated-risk value, i.e., beta level should superior than 1. This purpose is founded on the perspective of developing markets containing Viet Nam where there requires of adequate data and information release even though it may possibly have elevated increase level.

Furthermore, the investigation conclusions demonstrate us market risk variability, assessed by asset beta and equity beta risk, throughout the period of post-low inflation rate has reduced marginally. Lastly, this study gives some suggestions that might support businesses and authority more proof in determining their procedures in corporate governance and control. Then, it is a complicated and difficult assignment, however the empirical findings indicate that the stock market variability of returns and risks may possibly remain greater through the period of post-low inflation rate from 2015 to 2017. Then, our findings suggest a new prospective markets and credit and supporting strategies are including instructions for entertainment businesses.

Finally, our paper is organized as follows: in the second Section, we present the previous literature review and some conceptual theories. We present the econometric methodology in Section 3. In Section 4, we present main research empirical findings. Section 5 provides us some discussion and conclusion. Section 6 presents policy suggestion. Finally, section 7 presents discussion for further research.
2. Literature Review

According to Fama and French (2004), the three factors model suggests that “value” and “size” are substantial mechanisms which can influence stock market returns. They also mentioned that a stock’s return not only depends on a market beta, however additionally on market capitalization beta. The market beta is employed in the three factors model, established by Fama and French (2004), which is the replacement to the Capital Asset Pricing Market model by Sharpe (1964).

Dimitrov and Jain (2006) find a considerably negative correlation among fluctuations in financial leverage and simultaneous adjusted risk of stock market returns. Also, Umar (2011) indicates that companies which sustain excellent corporate governance constructions have influence proportions that are elevated than those of companies with inadequate corporate governance procedures per component of revenue.

Chopra et al. (2018) support supervisors’ suggestions that across-dependence on little-term financing and inadequate guarantee compounded the impacts of perilously elevated influence and caused in undercapitalization and extreme level of risk coverage for Lehman Brothers bank. Their methodology strengthens the significance of the association among capital composition and risk managing and supervision.

Cheng et al. (2014) examine how the investing perspective of the established stockholders of a company manipulates the stock market profitability of personal equity arrangements. Their results demonstrate that companies with lengthy-term institutional shareholders and investors make substantially positive unusual returns throughout the presenting information. Furthermore, their empirical results suggest that personal placement companies across lengthy-term institutional traders and investors acquisition documents and scrutinizing-connected recompences and consequently decline the news indiscretion and entrenchment expenditures between managers of company and external stockholders and investors. Yener et al. (2014) proof that uncommonly low point of interest rates throughout an increased cycle of time added to an expansion in financial institutions risk.

Gunaratna (2013) reveals that in different industries in Sri Lanka, the degree of financial leverage has a significant positive correlation with financial risk. Through the financial and economic crisis during the period from 2007 to 2009 in Viet Nam and international financial markets, elevated inflation rate producing excessive loaning rates to get established risks for numerous manufacturing for example the real estate then the entire financial system.

Also, Mohamad et al. (2014) indicate that financial and economic risk levels are crucial during applying mutually ROA and ROE in the used profitability equal. This additional finding suggests that it is impossible to prevent an inverted link of financial and economic risk level and the creating profitability; consequently, financial and economic system can be improved to become a market-tainted among levels of risk and profitability.

Wang et al. (2014) show that companies with lengthy-term institutional traders and investors obtain considerably positive unusual profits across the subscription statement. Subsequently, Gunaratna (2016) shows that while company size adversely influences on the financial and economic risk intensities, financial and economic leverage values and financial and economic risk has constructive correlation.

Shahbaz et al. (2016) utilize ARDL (autoregressive distributed lag) limits assessment methodology to cointegration to investigate whether or not stock markets are excellent protect alongside inflation rate in situation of an evolution economy such as; Pakistan, employing annual database through the period since 1971 toward 2008. They employ unit root test of Ng–Perron (2001) to examine the stationarity of the utilized indicators. Their findings suggest that stock markets perform as excellent hedge alongside inflation rate mutually in the lengthy and brief runs. The results would support specific applicable procedure to encourage investing in financial markets and thus improve economic development.

Hami (2017) shows that economic and financial strength has been influenced disapprovingly by inflation rate in Iran throughout the employed period of study. Park et al. (2019) indicate that sentiment produced by investors’ carelessness mostly makes the fundamental potent nexus among investor opinion and aggregate stock returns. Their empirical results accord together with the idea that investor consideration usually increases market productivity.

Chopra et al. (2018) investigate the appropriateness of Inflation-linked bonds (ILBs) as an independent asset portfolio and as an inflation hedge. They employ database from four developing and four developed countries for a period of examination from 2011 to 2016. Chopra et al. (2018) employ numerous estimations, cross-correlations test and mean-variance methods to confirm the abovementioned advantages of ILBs (Inflation-linked bonds). Their findings create an improvement of additional returns offered by Inflation-linked bonds during nominal bonds under varying inflationary conditions. An improvement in mean-variance method productivity is realized when ILBs (Inflation-linked bonds) are increased to a portfolio chosen in the financial market.
By examining the preceding literature review, we can confirm that short level of inflation (not negative) diminishes the possible of global economic depression via allowing the employment market toward regulate additional rapidly through a recession then decreases the risk level that liquidness trick stops regulatory strategy since steadying economic development. So, this is explanation wherefore several researchers currently choose a short and fixed level of inflation. It will improve investing, promote exportations, and avoid thriving economy.

Nevertheless, negative edge of low rate of inflation, it indicates to depressed cumulative demand and economic development, depression prospective and elevated joblessness. The manufacture come to be fewer exciting. The low point of inflation rate becomes a true income greater. The employees can therefore decrease the allocation of labor and rise the rest time. Conversely, short produce costs decrease manufacture incentive.

Additionally, the central bank of each country can utilize monetary procedures, for example, growing the level of interest rates to diminish loaning, regulate and manage money allocation or each Ministry of finance and the regulator authority can employ constricted fiscal strategy (elevated tax) to accomplish small level of inflation rate. Furthermore, financial and credit risk management in the banking system can improve once the global financial market come to be further dynamic then larger, especially, along by additional worldwide relationship impact. This impacts to risk rising in leisure segment. Consequently, the national central banks, the commercial financial institutions, entertainment companies and the authority require to manage and coordinate statistics to examine and regulate these risks, comprising the market risk.

3. Method

In this study, we utilize a data collected from the stock exchange market in Viet Nam (Hanoi Stock Exchange and Ho Chi Minh Stock Exchange) through the period of financial and economic crisis from 2007 to 2009 and the period of post–low inflation level from 2015 to 2017 to investigate empirically systemic risk findings. We achieve mutually essential data assessment and financial methods to determine equity and asset beta levels.

In our paper, analytic investigation technique and in particular, a comparative assessment approach is employed, mixed through quantifiable data assessment. Analytic data is through the position of used entertainment companies listed in Viet Nam stock exchange.

In particular, the stock index data is from living information on Ho Chi Minh Stock Exchange stock exchange through a period of 3 years from 2015 to 2017, which describes the low level of inflation situation. Next, we utilize both analytic and review technique to create analytic findings from the assessed data. After All, we utilize the empirical findings to recommend strategy for mutually these companies, relevant administration and authority.

3. Results

We show some investigative findings from the investigate illustration through 8 listed companies in the entertainment market in Viet Nam based on the live time since the stock exchange.

In this part, the utilized data is from a group of 8 entertainment firms listed in Viet Nam stock exchange (Hanoi Stock Exchange and Ho Chi Minh Stock Exchange mostly). Then, various situations are established by assessing the estimate risk data among two periods: the post – low inflation rate period from 2015 to 2017 and the financial and economic crisis period from 2007 to 2009. The market risk (beta) is related to the influence of income tax level, incorporates: 1) the level of equity beta; and 2) the level of asset beta. The estimated model is presented in the Table 1.

Based on the findings summarized in Table 2, we can find that various entertainment companies (6 across 8 companies) have equity beta level inferior than 1, which reflects a risk intensity tolerable. There are no company which has equity beta superior than 1. We find the existence of 1 firm with a negative equity beta.

Furthermore, Table 3 offers proof for us to observe that equity beta average of the used data is 0.162, inferior than 1. In this case, the equity beta values are acceptable. Also, by seeing at the Tables 4 and 5, we show that there is no company through equity beta levels superior or equivalent to 1 in the period of post-low inflation level from 2015 to 2017 but there is 1 company which has an equity beta level approximately equivalent to 1 in the financial and economic crisis period from 2007 to 2009. Subsequently, Table 6 demonstrates that mutually equity beta risk and equity beta average in the period of post-depressed inflation rate are inferior than equity beta risk and equity beta average in the financial and economic crisis during the period from 2007 to 2009.

Furthermore and seeing at the Figure 2, we can remark that the value of equity beta risk and asset beta risk in the period of post-short inflation rate since 2015 to 2017 are much lesser than those in the period of financial and economic crisis from 2007 to 2009, however equity beta average and asset beta average remain similarly lesser than equity beta average and asset beta average in the period of financial and economic crisis from 2007 to 2009.
It implies that the volatility in the risk intensity assessed by asset and equity beta risk is smaller through the period of post-low inflation level.

Table 1. Studying market risk during the two periods 2015-2017 (post – low inflation period) and 2007-2009 (financial crisis period)

<table>
<thead>
<tr>
<th>Risk point related to equity beta</th>
<th>Risk point related to asset beta</th>
<th>Additional indicators</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post – low rate of inflation period (2015-2017)</td>
<td>Scenario ..</td>
<td>Scenario ..</td>
<td>Scenario ..</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

Table 2. The Volatility Market risk measured by beta for Entertainment industry in Viet Nam during the post- low inflation period from 2015 to 2017

<table>
<thead>
<tr>
<th>No.</th>
<th>Companies</th>
<th>stock code</th>
<th>Equity beta</th>
<th>Asset beta (accept debt beta equal to 0)</th>
<th>Financial leverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DNT</td>
<td>0.220</td>
<td>0.169</td>
<td></td>
<td>23.3%</td>
</tr>
<tr>
<td>2</td>
<td>DSN</td>
<td>0.014</td>
<td>0.014</td>
<td></td>
<td>4.5%</td>
</tr>
<tr>
<td>3</td>
<td>GTT</td>
<td>-0.099</td>
<td>0.015</td>
<td></td>
<td>115.6%</td>
</tr>
<tr>
<td>4</td>
<td>RIC</td>
<td>0.490</td>
<td>0.384</td>
<td></td>
<td>21.6%</td>
</tr>
<tr>
<td>5</td>
<td>VPL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>HES</td>
<td>0.013</td>
<td>0.011</td>
<td></td>
<td>12.5%</td>
</tr>
<tr>
<td>7</td>
<td>VEF</td>
<td>0.486</td>
<td>0.482</td>
<td></td>
<td>0.9%</td>
</tr>
<tr>
<td>8</td>
<td>BTV</td>
<td>0.011</td>
<td>0.009</td>
<td></td>
<td>24.0%</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

Table 3. Descriptive Indicators of fluctuation of Market risk measured by beta risk for Entertainment industry in Viet Nam during the post- down inflation phase since 2015 to 2017

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Equity beta</th>
<th>Asset beta (accept debt beta equal to 0)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max</td>
<td>0.490</td>
<td>0.482</td>
</tr>
<tr>
<td>Min</td>
<td>-0.099</td>
<td>0.009</td>
</tr>
<tr>
<td>Mean</td>
<td>0.162</td>
<td>0.155</td>
</tr>
<tr>
<td>Std. Div.</td>
<td>0.058</td>
<td>0.040</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

Note: The sample is composed of 8 listed entertainment companies on Viet Nam stock exchange.

Table 4. The Comparison of Volatility of Market risk measured by beta for Entertainment industry in Viet Nam during the post-low inflation period from 2015 to 2017 and the financial and economic crisis period from 2007 to 2009

<table>
<thead>
<tr>
<th>No.</th>
<th>Companies</th>
<th>Equity beta</th>
<th>Asset beta (accept debt beta equal to 0)</th>
<th>Equity beta</th>
<th>Asset beta (accept debt beta equal to 0)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 5. The Difference among Volatility of Market risk measured by beta for Entertainment industry in Viet Nam during the post- low inflation period from 2015 to 2017 and the financial crisis period from 2007 to 2009

<table>
<thead>
<tr>
<th>No.</th>
<th>Companies stock code</th>
<th>Equity beta</th>
<th>Asset beta (accept debt beta equal to 0)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DNT</td>
<td>-0.309</td>
<td>-0.235</td>
</tr>
<tr>
<td>2</td>
<td>DSN</td>
<td>-0.618</td>
<td>-0.553</td>
</tr>
<tr>
<td>3</td>
<td>GTT</td>
<td>-0.255</td>
<td>-0.035</td>
</tr>
<tr>
<td>4</td>
<td>RIC</td>
<td>-0.677</td>
<td>-0.556</td>
</tr>
<tr>
<td>5</td>
<td>VPL</td>
<td>-0.557</td>
<td>-0.151</td>
</tr>
<tr>
<td>6</td>
<td>HES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>VEF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>BTV</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Own elaboration.


### Table 6. Descriptive statistics of Market risk measured by beta for Entertainment industry in Viet Nam during the two periods 2015-2017 and 2007-2009

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Max</td>
<td>1.167</td>
<td>0.940</td>
<td>0.490</td>
</tr>
<tr>
<td>Min</td>
<td>0.156</td>
<td>0.050</td>
<td>-0.099</td>
</tr>
<tr>
<td>Mean</td>
<td>0.608</td>
<td>0.422</td>
<td>0.162</td>
</tr>
<tr>
<td>Std. Div</td>
<td>0.1316</td>
<td>0.1254</td>
<td>0.059</td>
</tr>
</tbody>
</table>

**Source:** Own elaboration.

**Note:** The sample is composed of 8 listed entertainment companies on Viet Nam stock exchange.
4. Conclusion

The entertainment collection in Viet Nam has been donating suggestively to the monetary progress and economic growth rate of supplementary between 6% and 7% during current years (Figure 3). The beyond assessment indicates us that despite of market risk diminishing, risk volatility is not significantly reducing throughout the post-low inflation period. Entertainment companies in Viet Nam require to maintain improving their implementation governance procedure, configuration, and processes, as perfectly as their economic improvement to management risk clearer. Furthermore, they require to decrease risk of quality of results and status risk of entertainment firms. Hotel firms require to recognize demand from 4.0 technology era to improve quality of employees for a greater degree of computerization and propose improved products for corporate administration. Risk managing in elevated competent human source and in service and environment are three of crucial requirements for entertainment business growth.

This research study delivers indication that the market risk possible strength be inferior in the period from 2015 to 2017 post-low inflation rate period, while the Figure 4 additionally recommends that the credit development rate improved in 2016 and marginally reduce in following years (2017-2018). It implies that the domestic economy is struggling to regulate credit progression relatively, but we require to investigate risk issues more meticulously to lessen more market risk.

Looking at the Figure 2, the finding rejects the indicate that the mean of equity and asset beta rates of these registered entertainment companies tend to enforce a little elevated-risk intensity, i.e., beta must greater than 1. Since the equity beta mean is inferior in the post-short inflation rate period, it supports the propose saying that likening two periods, throughout the financial crisis effect, the beta or risk level of registered firms in entertainment business will comparatively superior than those in the post-short inflation rate environment. Furthermore, the directly above finding rejects the indicate saying that since Viet Nam is an developing and small business market and the stock market even in the recuperating phase, there will be a larger diffuse distribution in beta levels estimated in the entertainment business.

**Source:** Own Elaboration.
5. Policy Suggestions

Finally, as it produces the threatening that the risk variation strength be objective little lesser in the post-short inflation proportion date, the authority and pertinent forms such as the MFSB of Viet Nam (Ministry of Finance and State Bank) requires toward reflect good plans (counting a mixture of fiscal, monetary, financial, economic, exchange rate regime and price regulator strategies) pointing to decrease more the risk instability and hence, assistance the hotel firm collection as well as the entire economy convert additional steady in following growth step.

The Ministry of Finance remain to improve the efficiency of fiscal procedures and tax strategies which are necessary to merge with additional macro procedures at the similar moment. The State Bank of Viet Nam persists to improve the efficiency of capital offering networks for entertainment firms as we could say that in this analysis, debt leverage has influences on decreasing risk intensity.

After All, this research begins several new instructions for further study in risk management procedures in entertainment firm structure as well as in the whole financial system. Entertainment firms require to do an improved evaluating approach, convenient capabilities, improve numerical technical investigation and deliver additional services to develop consistent procedures.

6. Debate for further investigations

We can remain to examine risk issues overdue the risk division (risk fluctuation cumulative, revealed by equity beta var as overhead investigation) in command to indorse appropriate strategies and plans to regulate market risk.
improved.

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