THE MEDIATING ROLE OF EASE OF DOING BUSINESS IN PUBLIC GOVERNANCE AND INTERNATIONAL TRADE

Shahedul Alam Khan*

Department of Business Administration
Leading University
Bangladesh

*Corresponding author’s Email: shahedulalamkhan@gamil.com

Author’s Biography

Shahedul Alam Khan obtained his Bachelors of Business Administration in Management and Masters of Business Administration in Strategic & International Management from University of Dhaka, Dhaka, Bangladesh. Afterward, he joined Leading University as a lecturer and devoted his focus on teaching and research. He has research interests in Management, International Trade and Business, Strategic Management and Corporate Social Responsibility. He has two journal published in peer-reviewed journals and attended several research conferences.
Research Highlights
The major findings of the paper is that the public governance of a nation has an indirect impact on international trade of that nation, which is mediated through the extent to which positive business environment is favored. It also suggests that only maintaining good public governance may not influence the international trade, unless the good governance ensures a better environment for doing business.

Graphical Abstract

Research Objectives
The aim of the study is to develop and test a collection of hypotheses in which ease of doing business mediates the affiliation between public governance and international trade. The main influence of this study to research in international trade, is to determine the nature of influence public governance has on international trade. Consequently, this learning will contribute in finding the nature of this relation. Furthermore, it will offer a direction for the policy makers on how public governance influences international trade.

Methodology
In total data of 150 countries around the world were used as sample for the study and secondary data from World Bank and WTO were used to conduct the research. The study was tested using the SmartPLS 3.2 (Ringle, Wende, & Becker, 2014). Worldwid Governance Indicators (WGI) was used for measuring public governance and Ease of Doing Business Index was used for business regulation (Kaufmann, Kraay, & Mastruzzi, 2011; The World Bank, 2019). The annual export and import of services and goods of nations were used for measuring international trade. PLS Bootstrap method with 5000 samples, in combination with PLS Algorithm were used for path analysis. To test the mediating effect, the model suggested by Hao at el. (2010) was used.

Results
In this study four hypotheses were tested to evaluate the proposed model. First, The Ease of doing business has a significant positive effect on international trade and this hypothesis is accepted as the path analysis between the constructs show a significant and positive relation (β= .391; t-value=3.43). Second, There is an indirect and insignificant relationship between
public governance and international trade as supported by the path analysis between these two constructs ($\beta= .391$; $t$-value=.108). Third, public governance has a significant indirect positive relation with international trade and the hypothesis is accepted as the direct relation between public governance and international trade in presence of ease of business is insignificant ($\beta= .015$; $t$-value=.108). Finally, The ease of doing business mediate the relationship between public governance and international trade. The indirect effect ($a*b$) of public governance on international trade through the mediator ease of doing business is significant ($\beta= .332$; $t$-value=3.36). In consequence, indicating the presence of a mediating effect of ease of doing business on the relationship between public governance and international trade. Afterward, the significance of direct effect ($c'$) on international trade by public governance is verified and it is insignificant ($\beta= .015$; $t$-value=.108). Which means the kind of mediation lies in the model is full mediation and only indirect effect exists between the public governance and international trade via the mediator-ease of doing business.

**Findings**

The findings of the study is that the ease of doing business has a significant positive effect on international trade. Moreover, there is an indirect and insignificant relationship between public governance and international trade. In addition, public governance has a significant indirect positive relation with international trade. Finally, The ease of doing business fully mediate the relationship between public governance and international trade.

**References**


