ASSESSING READINESS LEVELS OF PRODUCTION TECHNOLOGIES FOR SUSTAINABLE INTENSIFICATION OF AGRICULTURE

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Abstract: The modern agricultural production is facing the problem of a growing society connected with the growing asking for food as well as different environmental threats. To solve this issue, agricultural production should be more sustainable and efficient which can be reached by using new technologies. In the paper the most important technologies, which were evaluated by different research methods to find how and when they could be used for a sustainable intensification of agriculture were highlighted by applying technology and market readiness models. By asking professionals from different fields of agriculture in practice as well as academia it was found that technologies that collect or utilize advanced data (sensors, drones) used for knowledge based management are more applicable for use, contrary to nanotechnologies where the costs of development and applications limits the readiness.

Keywords: Sustainability, Technology Readiness, Market Readiness, Poland, Germany
(JEL Classification: Q16)

Introduction

Agriculture is a major area of human activity affecting both its safety and well-being and the environment in which it lives. It thus becomes the primary factor conditioning global changes. Agriculture should be treated as a complex system with inherent adaptive abilities (Maciejczak, 2017). The complexity of agriculture is the result of the interplay of its individual elements as well as the interconnections of elements throughout the system and between the system and its surroundings. Over the centuries the economic pressures have led to systemic domination of agriculture based on the mechanisms of commercialization, concentration, specialization, agrarian structural change and capital-intensive intensification. Such actions have led to the imbalance in both the natural and the social systems interacting with agriculture. Currently, agriculture is facing many problems, i.e. the need for the increase of food production by 60-110% by 2050 due to the population growth while ensuring at the same time the protection of the environment under the sustainability demand (Foley at al., 2005). In order to face these issues, the dominating concept of quantitative (solely economic) growth is being replaced by the approach of the development based on the qualitative - more sustainable nature. Tittonell postulates adaptation actions within the complex agricultural system, based on strategies for further intensification, however based on the sustainable assumptions (Tittonell, 2014). This could be induced in a number of different ways with only the two most effective ones being pointed out here. The first is called industrial intensification and aims to maintain the industrial path based on innovation in the technological and organizational sphere. The second named as agro-ecological intensification is focusing on the intensification of more targeted agro-ecosystems, the use of more production-friendly technologies that provide better harmonization of production and environmental objectives. The future prospect of modern industrialized agricultural systems is being challenged on several fronts because of its dependence on capital, external energy and agrochemical inputs, and for its adverse impact on biodiversity and on human health (Struik et al., 2014).

Regardless of the strategic options of sustainable intensification, this concept requires application of innovative technologies. Today agriculture is demanding technological solutions with the aim of increasing production or accurate inventories for sustainability while the environmental impact is minimized by reducing the application of agro-chemicals and increasing the use of environmental friendly agronomical practices. The technologies of modern agriculture are however in different stages of development and use. This significantly influences the dynamics of changes in agriculture. Therefore,
the main objectives of the paper are threefold. Firstly, the paper aims to present, based on literature review, the needs and solutions for innovative technologies which are most promising for further development of modern model of sustainably intensive agriculture. However, due to the paper’s limitations the discussion about the issues of the sustainability of the technologies will not be made. It is assumed that the selected technologies are sustainable based on the researches of other authors. Secondly, using the foresight approach, it aims to assess the technology and market readiness levels of selected technologies. Finally, based on experts’ opinion, it will provide the recommendations for development and diffusion of the most perspective technologies. It is assumed that the more information for knowledge based management is collected by the technology the better its diffusion and use.

**MATERIAL AND METHOD**

This paper uses different methodologies selected to correspond best to the goals set. The investigations are based on primary and secondary data sources. Firstly, the literature review of scientific papers was performed. Using different key words, based on abstract review, there were selected 79 papers, which later, after full text analysis, were reduced to 17. Based on the review 10 most promising technologies were selected, 6 from crop production and 4 from animal production. The primary data comes from the Real-Time Delphi survey. The rationale for the choice of the foresight heuristic Delphi method was more the hypothetical then empirical impact of selected technologies for modern agriculture. There was used Real-Time Delphi approach (GRISHAM, 2009). Using a web-based tool a qualitative and quantitative survey was held. The questionnaire was open from 1st May 2017 to 31st August 2017. There were identified 10 experts from two countries: Poland and Germany. From each country participated 5 experts being: farmers, technology developers and traders, consumers, policy makers and academics. All experts were chosen deliberately because of their knowledge about agriculture and its technological advancement. However, due to the relatively limited number of the experts, their opinions and through results of the foresight study should be considered with appropriate reservation. There was a basic assumption about possible application and impact of assessed technology in mid-term perspective of 2025 having in mind the needs of sustainable development. Two scales of Technology Readiness Level (TRL) and Market Readiness Level (MRL) were applied. TRL enables the assessment of the maturity of a particular technology and the consistent comparison of maturity between different types of technologies. It is based on a scale from 1 to 9, with 9 being the most mature technology (EARTO, 2011). MRL enables the assessment of the readiness of technology for commercialisation and diffusion. It is based on a scale from 1 to 5, with 5 being the most marketable (AASRUD et al., 2010). To analyse linkages between TRL and MRL the rho-Spearman correlation test was used (PARLIŃSKA and PARLIŃSKI, 2011).

**RESULTS AND DISCUSSION**

Modernisation in agriculture is a very relative concept (ILO, 1991). It differs very much depending on the country, the region as well as on individual farm perspective. Many factors are associated with the progress made due to implementation of new techniques, technology or other innovative solutions. Therefore, for the purpose of this research, the framework for the concept of the modernization of agriculture will be established. The analysis is limited to the European perspective with the focus on developed farms which are considered as enterprises. For such farms, implementation of innovations, esp. in forms of new technologies is attached to the umbrella approach of precision agriculture. It is a farming management concept based on observing, measuring and responding to inter and intra-field variability in crops, or to aspects of animal rearing (TAKACS-GYORGY et al., 2014). The benefits to be obtained are chiefly due to increased yields and/or increased profitability of production to the farmer. Other benefits are better working conditions, increased animal welfare and the potential to improve various aspects of environmental stewardship. As stressed by (WEISS, 1996) the implementation of precision farming has become possible as a result of the development of innovative technologies i.e. sensors, or drones combined with procedures to link mapped variables to appropriate farming practices such as tillage, seeding, fertilization, herbicide and pesticide application, harvesting and animal husbandry. Subsequently, it is relying on automatic monitoring of individual animals and is used to monitor animal behaviour, welfare and productivity as well as their physical environment. Advances in nanotechnologies could also be implemented in a wide spectrum i.e. for health maintenance of both animals and plants. Nevertheless, one needs to remember that the adoption of this concept encounters specific challenges not only due to the size and diversity of farm structures but also due to the readiness of available technologies to meet high demands of technological, economic, social and environmental efficiency. The detailed literature review enabled us to distinguish 10 technologies that could contribute the most to the development of precision agriculture (table 1).

The Delphi results of the technological and market readiness levels of selected technologies (fig. 1 and fig. 2) showed for both perspectives similar results. Also, the calculated rho-Spearman correlation between TRL and MRL confirmed a strong correlation on the level of 0.933 (r < 0.001). It means that the market readiness is closely associated with the technological readiness. The more technology is prepared to be implemented on the market the more market is creating conditions for its release.

With this respect, the majority of experts agreed also on the importance of knowledge, which could be considered as a fourth dimension of market readiness (BOS et al., 2013). The farmers need to know how the technology works and what the benefits of its use are, not on experimental fields, but in other farms.
**Table 1. Top 10 technologies of future sustainable agriculture – a literature review**

<table>
<thead>
<tr>
<th>Technology</th>
<th>Description</th>
<th>Authors</th>
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<tbody>
<tr>
<td><strong>Crop production</strong></td>
<td></td>
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<tr>
<td>Nanotechnology</td>
<td>Use nanotechnology for disease control in crop production.</td>
<td>Fraceto et al., 2016, Kuzma &amp; ŻerHageń 2006</td>
</tr>
<tr>
<td>Yield</td>
<td>Use all the data that is collected from guidance system to get an overview over your work and in- and output.</td>
<td>Takacs-Gyorgy et al., 2013, Frankcik, 2010</td>
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<tr>
<td>Soil mapping</td>
<td>Use tractor mounted sensors to get information about the nitrogen in the soil to control the fertilizer use.</td>
<td>Frewer et al. 2011, Sanders and Masri, 2016</td>
</tr>
<tr>
<td>Drones</td>
<td>Use drones to analyse e.g. the chlorophyll content of the crops to use fertilizer or pesticides more precisely.</td>
<td>Gozdowski et al., 2010, Dukaczewski and Bielecka, 2009</td>
</tr>
<tr>
<td>Sensors</td>
<td>Get more sensors connected through new and cheaper systems than SIM Cards.</td>
<td>Jensen et al., 2012, Ojha et al. 2015</td>
</tr>
<tr>
<td>Autonomy</td>
<td>Use fully autonomous tractors to reduce labour costs and work more efficiently.</td>
<td>Dukaczewski and Bielecka, 2009; Xiweia and Xiangdong, 2007</td>
</tr>
<tr>
<td><strong>Animal production</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Devices</td>
<td>Use smart devices like electronic earmarks to get information about the position and health of animals.</td>
<td>English et al., 2013, Cupial et al., 2015</td>
</tr>
<tr>
<td>Data</td>
<td>Use on-time software to get recent information about e.g. the feeding behaviour of your animals.</td>
<td>Tyler and Griffin, 2016, Cupial et al., 2015</td>
</tr>
<tr>
<td>Nanotechnology</td>
<td>Use nanotechnology to make a more precise diagnoses as well as creating smart medicine.</td>
<td>Parisi et al., 2014, Glód et al., 2014</td>
</tr>
<tr>
<td>Sensors</td>
<td>Use more sensors to monitor and control different variables of the digestion and wellbeing of the animals.</td>
<td>Kopiński, 2014, Ojha et al., 2015</td>
</tr>
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</table>

*Source: own research results, 2017*

**Fig. 1. Technology Readiness Level of analysed technologies.**

**Fig. 2. Market Readiness Level of analysed technologies.**
The analysis and evaluation of the different opinions of the experts showed that there are many similarities as well as differences in the way Polish and German experts are seeing the market and technology readiness of the chosen technologies. The average value for nanotechnology in crop production in terms of technology readiness was 3.2. This is a quite low value. The German experts saw an average TRL at 2.6 and the Polish experts at 3.8. The market readiness was on average also very low (1.5). With 1.8 the Polish experts were more optimistic with this technology while the German experts saw it at a low value of 1.2. The most common opinion was that nanotechnology in crop production is an interesting technology but application will need more time and a high investment. Some experts were not optimistic at all but this is often the case when talking about technologies of the far future. Nanotechnology in animal production seems to be again a technology that will be more interesting in far future. Thus, it gets low values of TRL (overall average 2.3, Germany 2.6 and Poland 2) and MRL (overall 2, Poland 2.6 and Germany 1.4). It is interesting that those values are lower than the values for Nanotechnology in crop production. The argumentation was in part the same, but it seems that the experts are more comfortable to use this technology with crops than with animals. Despite the numerous potential advantages of nanotechnology and the growing trends in publications and patents, agricultural applications have not yet made it to the market (Parisi et al., 2015). Several factors could explain the scarcity of commercial applications, i.e. agricultural nanotechnology does not demonstrate a sufficient economic return to counterbalance the high initial production investments (Chena and Yaday, 2011).

Collecting data from your guidance system is far readier in terms of technology and market readiness. With an overall average TRL of 7.6 and 9.2 in Germany and 6 in Poland and an average MRL of 4.6 in general, in Poland and Germany the technology is already adopted in those countries. From German experts, there were concerns about the user-friendliness of the product. In Poland, this technology is just used by big farms which means that there is some space for development. Beside data collection, soil analysis was also a technology that was ranked highly in terms of readiness levels. The average values for TRL were 8.1 overall, 7.4 for Poland and 8.8 for Germany. The values for MRL were 4.8 in general, 5 in Poland and 4.6 in Germany. This technology is also already adopted to the market and needs some improvements in terms of costs so that also small farmers can use it. As informed by some authors data collecting and analysis will form new dimension for decision making in agriculture (WANG et al., 2006). The big farms already benefit from the big data approach and through contribute for sustainable intensification. Now the gravity point is moving towards smaller farms whom needs to see the direct benefits for the cost-effectiveness of their operations and risk reduction as well as for external benefits for the environment and society, i.e. reducing carbon emission.

Drones had average values more in the middle field (6.6). What was interesting is that the TRL for Germany (8.8) and Poland (4.4) were quite different. The same occurred for the MRL where the average for all was 4.1, for Poland 3.8 and for Germany 4.4. The German experts were still not happy about the costs. Furthermore, experts argued that the technology is not useful due to the fact that modern satellite pictures could bring the same information. The Polish experts were really sure that this technology will help to become more sustainable. Mazur showed that drone technology will give the agriculture industry a high-technology makeover, with planning and strategy based on real-time data gathering and processing (MAZUR, 2016). PwC estimates the market for drone-powered solutions in agriculture at over 30 billion USD. The show that thanks to robust investments and a somewhat more relaxed regulatory environment, it appears their time has arrived, especially in agriculture (PwC, 2016).

Sensors left also some room between both experts. In general, the TRL was 6,1 while the value in Germany was 7.2 and in Poland 5. The market readiness was in average 3.5 and in Poland 3 and Germany 4. The opinion of the Polish experts was really positive on that technology. The opinions of the German experts were also positive. One expert said that the technology will only be important if a farmer uses a completely automatic system. For sensors in animal production the average value for TRL was 4,3 while Germany was really high with 7 and Poland really low with 1.6. The MRL was in average 2.8 while in Poland 1.4 and in Germany 4.2. The Polish experts are seeing many problems in the difficulty of measuring the values. German experts were more optimistic, due to the fact that sensors are getting cheaper. One key of this technology is that the data should be made usable. One can agreed that sensors-based technologies provide appropriate tools to achieve the sustainability goals (Pajares et al. 2013). The explosive technological advances and development removed many barriers for their implementation, including the reservations expressed by the farmers themselves. Precision Agriculture is an emerging area where sensor-based technologies play an important role.

With autonomy in crop production, that last technology was a big topic of the future. The TRL in general was 2.1 in Germany 2.2 and in Poland 2. The MRL was low as well. In average, it was 1.4 in Germany 1 and in Poland 1. The biggest problem from German experts were the legal issues while the Polish experts argued more that autonomy will just be a topic of some niches. In animal production, the devices got an average TRL of 7.1. The value for Poland was 5.8 and the value for Germany 8.4. The MRL was 3.9 in average, 3 in Poland and 4.8 in Germany. Here you can see again big differences. The Polish and German concerns are that this technology is too expensive to be adopted. For data analyses in animal production the values of TRL are also different. In average, it is 7.9 while for Poland it is 6,6 and for Germany 9.2. The MRL is in both cases 4.6. In Germany, the technology should be better developed in terms of usability. The Polish doubts are connected with the farmers' knowledge for using this technology. The autonomous tractors were among the first autonomous vehicles by land, water or air but only now are they starting to be sold in

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volume (HARROP et al., 2017) showed. Current driverless tractor technologies build on recent developments in hybrid powertrains - more controllable and environmental - other autonomous vehicles and new agricultural technology. The idea of a versatile, programmable driverless tractor emerged in 2011 and 2012 out of “follow me” technology. It indicates that the capability to execute autonomous actions or doing this remotely enabling better decision making and actuation, not only at the production stages, but also throughout the whole value chain.

CONCLUSIONS

The conducted research confirmed that development of modern model of agriculture requires strategic options based on sustainability approach applied similarly and comprehensively on the intensification concept. This could be obtained and driven by the application of modern technologies. These technologies have a great potential to provide benefits of sustainable values. It was proved, however that the technologies that could bring these values are on different technological readiness and thus its market readiness is also different. The highest TRL and MRL results showed technologies that collect (i.e. sensors or drones) or use (soil or yield management systems) of data. The lowest results were obtained with very advanced technologies connected to nanomaterials. This suggest that for sustainable management of modern agriculture the more detailed data are needed and the more technology is fulfilling this requirement for knowledge building the bigger its readiness and diffusion. On other hand nanotechnologies, which development is very expensive are very promising, but in mid-term perspective they application due to the costs and efficiency is limited.

It needs to be pointed out that the technological development of agriculture, based on a number of technologies coming concurrently from outside the agricultural sector, such as global positioning systems, cloud computing, drones and the Internet of Things (IoT), under the sustainability framework, raises also significant legal and socio-ethical questions. These concern the terms of safeguarding sustainable agri-food production, the conditions under which farmer - related data are collected and processed and the role of the individual farmer. This requires further research as more technologies will be ready for commercial use in close future, that will make the significant difference for the future.

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THE ROLE OF „HANDBALL AT SCHOOL” PROGRAM IN ABILITY DEVELOPMENT AND REPLENISHMENT TRAINING

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Abstract: In Hungary the undisputable merit of TAO subsidy is realized in replenishment training, human resource development and development of sports infrastructure. The other important base of replenishment development is „Handball at School” programme managed by Hungarian Handball Federation. „Handball at School” programme was launched in relation to every-day physical education and we undertook the skills-building role of its impact assessment. A survey programme was organised by us in the autumn and spring semesters of 2015/2016 academic year aiming to prove that project has positive effect on aiming accuracy and performance stability results of pupils, as well as their precision of technical implementation. 183 pupils were examined who had two sponge-handball lessons a week out of their 5 physical education lessons. When choosing the pilot scenes it was considered important to get Budapest, Eastern- and Western Hungary also involved. To examine aiming accuracy two tests were applied. One is „throwing at a target from throwing straddle without previous swing” performed by the pupils. The children were expected to hit the small box five times with right technical implementation meaning that it was done with lifted elbow. After the first implementation they were given some time to relax and the the shots were repeated five times again. The children were asked another task to perform, a similar one to the first, but it had to be performed from running up, that is they ran back from a line, took the sponge ball, ran back to the line and had to hit the small box again with lifted elbow. At this task several aspects were noted and measured again: the time needed for implementation, target accuracy and also whether the technical implementation of the throw was accurate.

Keywords: : Handball, TAO, Every-Day Physical Education, Aiming Accuracy, Speed Coordination
(JEL Classification: I21, Z28)

Introduction

TAO subsidy system for visual team sports was introduced in Hungary in 2011. The objective of the modification of Act LXXXI of 1996 on Corporate Tax and Dividend Tax (abbrev. TAO) was legal regulation of the sports-friendly tax (Andrés, 2014). The act was accepted by EU, which became unprecedented, thanks to its regulations concerning sports. On 1. July 2011: Act LXXXII. of 2011 on the Modification of Certain Acts on Sports Subsidy and its Implementing Regulations came into effect (Bardóczy 2014).

The objective of the Act is to ensure direct state subsidy for visual team sports (football, handball, basketball, ice hockey, and water polo).

The beneficiaries can spend the resources coming from TAO on tangible investment, renovation, personal expenses and educational costs. In 2011 tax year 2618 tax payers benefited 20,4 bn HUF tax advantage on sports purposes, until 2012. 21 December it was already 25 billion (Bardóczy 2014).

An undisputable merit of TAO is that it has outstanding role both in replenishment training and in professionals’ training as well (Dajnoki et al. 2015). Although in Debrecen football is outstanding from TAO aspect, in handball sport they applied in 2011-2014 for 660 108 000 HUF for replenishment training from which 509 129 000 HUF was won on this purpose, meaning 77% efficiency (Bács And Bácsné 2014B). When examining subsidized areas of five visual team sports in general in Debrecen in 2011-2013 is can be stated that the least is spent on personal expenses and then on infrastructural investments, the amount of which was even exceeded by the sum spent on replenishment training tasks. University students can take part in the competition (organised by TAO) as a result of which several universities have developed their sport infrastructure by means of tenders (Bács and Bácsné 2014A; Pfau 2015A,B).

The importance of replenishment training is crucial, seen from the Hungarian data of 2006 issued by National Sports Strategy Sport XXI. (2007-2020) showing that there were 200000 sports people having competition permit in our country, of which 138000 people were from the six popular visual team sport categories (football, handball, basketball, ice hockey, volleyball and waterpolo). The five visual team sports were completed by volleyball from this year (2017). Team sport (especially football, basketball, handball) play a very important role in the Universites
sport (Bács and Bácsné 2014a, Bácsné 2014, Bácsné 2015; Pfau 2014a,b; PFAU and Domokos 2016).

Thanks to TAO, in every visual team sport increased the number of sports people (Ráthonyi-Odor and Borbély 2017). In handball sport TAO had inspiring effect on the growth of sports people’s number, since in 2011 there were 24 000 persons, in 2012. There were 25 000 persons, in 2013. There were 29788 persons and in 2014. There were 31 227 registered sportsmen (Bárdoczny 2014; András 2014).

A research concerning basketball (Vácz 2017), based on a questionnaire filled in by 53 clubs from the 125 basketball teams working in Hungary (playing in National 1/A, National 1/B, National 2), speaks about the usefulness of TAO. The clubs revealed how much they were helped in different areas by the TAO. The clubs had to evaluate the areas on a scale from 1- to 5. (1=not at all helped, 5= totally helped). The clubs were mostly helped by TAO in implementation of investments (average=4,38, deviation=1,14), then in replenishment training (average=4,42, dev.=0,79), and in HR development (average=4,11, dev.=0,78).

It is not only TAO which plays crucial role in replenishment training in Hungary. A good example on it is „Handball at School” programme managed by Hungarian Handball Federation.

In the Hungarian society value preference changed after the changes of the regimes, this way new expectations were expressed by the society about education as well concerning skills (Hamar 2005). This way curricula were continuously altered in education, four National Curriculums were issued. The latest alteration was in 2012 when the government accepted and ordered in Act (110/2012. (VI. 4.) the introduction of everyday physical education, four National Curriculums were issued. The latest alteration was in 2012 when the government accepted and ordered in Act (110/2012. (VI. 4.) the introduction of everyday physical education (Hamar 2013). This way everyday physical education was introduced in phasing out system from 2012, that is in the first year it was compulsory for the 1st and 5th year children of the primary school and for 9th year students of secondary schools, then it became compulsory gradually for the other classes as well. For everyday physical education “Handball at School” programme was created, a methodological material for training handball in junior classes (1-4 classes). This way schools could opt for two handball lessons out of the five physical education lessons a week. Hungarian Handball Association ensured the necessary equipment and training of the teachers. A curriculum was made for this handball programme which was published in Magyar Közlöny 2016. year 126. issue 5. attachment 22/2016. (VIII.25) EMMI order.

“Handball at School” programme was introduced in 2013 and schools continuously joined it: in 2013 year 1430 students took part in the programme from 50 schools, then in 2014 already 3400 children took part in it from 91 schools, by 2015 the number of children rose to 4565 from 117 schools.

Within the programme the children got acquainted with the basics of sponge handball in two weeks where they acquired the basic sport skills besides the elements of dribbling, possession and passing. The teachers training the children were trained, prepared and continuously controlled by Hungarian Handball Association.

Several Hungarian and international researches have dealt with the testing and choice of adult handballers (Granadoset al. 2007; Nikolaidis and Ingebritsen 2013; Serrien et al. 2016, Schweising et al. 2016; Gürhan et al. 2016; Sabido et al. 2016, Schwesig et al. 2016; König and Ökrös 2016; König et al. 2017), and the importance of ICT in education (Czegledi 2007, 2008; Nagy and Müller 2016 a,b; Nagy et al. 2017). Researches dealing with the measurement of children playing handball at school age also have literature background (Ingebritsen and Jefferys 2012; Diana et al. 2016; Karadenizli 2016; Muratovic et al. 2015; Kayapinar et al. 2015; Ingebritsen et al. 2013). Role of conditional abilities, mental stamina and performance indicators of adult elite sportmen has also been examined by several professionals (Rivilla et. al. 2011, Csukonyi et al. 2015; Gürhan et al. 2016; Ökrös, 2016). The handball research done with children has proven that the sport has beneficial influence on the development of motorous skills of children (Ion 2015).

Before starting our research the following questions were asked we tried to find the answer for during our research. Which are the tests and procedures to examine the major conditional and coordinational skills, which are suitable to help the selection process of junior section pupils in handball sport? How will „Handball at School” programme affect in connection with general and sports-specific coordinational skills? How will target accuracy and speed coordination of pupils taking part in the survey change due to the project during the year? Which parameters will mostly have changed by the autumn and spring check? We consider that tests to check and examine conditional and coordinational skills, sports-specific tests must be approached in holistic way when finding talents for a sport in junior school age. We presume that there will be bigger development at children doing specific trainings in handball when doing ball coordination and speed coordination tests.

MATERIAL AND METHOD

The pupils were chosen, that in 2015-16 academic year at least 10% of all the students of the junior section take part in the programme. Out of 1430 pupils of the junior section 183 took part in the survey, that is 12,8% of it. The locations were chosen so that from Western- and Eastern Hungary and a school from the capital city be in the sample, so all the regions of Hungary were represented. It can be seen that there were about the same proportion of children from all the three locations (Figure 1.).

Figure 1. Sample by location

Source: Private edit 2017

94 persons (51.4%) of the measured junior section children were boys, while 89 persons (48.6 %) were girls. The surveyed
ones came from 2., 3. and 4. classes, with about the same proportion: 63 persons (34.4%) 2. class, 57 persons (31.1%) 3. class, and 63 persons (34.4%) 4. class children. The Figure 2. shows the sporting habits of the sample:

![Figure 2. Sporting habits of the sample](Image)

Source: Private edit 2017

Our experience concerning sporting frequency was that 24%, that is 44 children of the sample do not do any sport besides physical education lessons, while 76% of the do some kind of sports activity. In the test group 24% of junior class children mentioned handball as sports activity, while 51% declared to do other sport.

The children were grouped by the age and the age groups were made by decimal age calculation. Our finding showed that 34.4% of the children in the sample were in the age group of 10 years old, representing the dominant part of the sample. 30.6% of the children were in the 9 year old category, while the 8 years old made 25.7% of the sample and the 11 years old merely 4.4% of it and the 6-7 years old 5% of the sample.

To test the survey material pilot measurements were done in Ōzd, Vaszári Street Primary School, to make sure the test material offered for the survey matched the abilities of the age group and to get information about the feasibility of the exercises and general and special technical level — related to the tasks - of the students of different age and pre-training. This school was chosen to have a location where underprivileged children could also be tested and the venue is suitable to play sponge handball.

During the pilot research alterations were made in the previously suggested material, since the 1. and 2. class pupils could not perform the 2. task (Alternate hand dribble with ball) even at basic level in alternative way. Therefore the above mentioned age group had to perform this task only with one hand (on the dominant side) during the survey. (Evaluation of this task will be published in a future article.)

Besides this – as the pilot test was done at the beginning of the school year -, the 1. year pupils could not be surveyed, since even understanding the task caused serious problems for them, as, lacking pre-training, they had never faced such kind of movement material. The Surveyed Features and Positions

Movement accuracy is a very complex category in handball, therefore we tried to examine it through different factors in order to be able to give a complex summary on them later.

In our present article the results of our two surveys to test aiming accuracy are described. Therefore the description of these tests and their evaluation is also shown in details.

**Shooting in transversal straddle position without running up (to survey sports specific coordination skills)**

The aim of this trial was to measure sports specific coordination skills of the children, which means aiming accuracy and target accuracy in handball sport.

This trial is implemented by the children in the way that they stood behind the line drawn on the floor, then they had to hit the small box five times in standing position without previous swing. After the first implementation they were given some time to relax and the the shots were repeated five times again. The distance of the small box that is of the target surface was changed according to the age: the target surface for 1-2 classes was 5.5 meters, while for 3-4 classes it was 6 meters from the line. The size of the target surface, small box: 26 cm height, 62 cm length, 42 cm width. When hearing the whistle of the teacher the student had to throw a ball taken from the nearby small box and hit the target surface so that the ball hit it with direct contact. Precise technical implementation was required, that is with upper throw.

**Shooting in transversal straddle position with running up**

At this task sports specific coordination of children was measured, with target shooting from movement typical of handball.

This trial, similarly to the previous one, had to be performed by standing behind the line drawn on the floor, they ran back from a line to the small box place 2 meters from the line, took a sponge ball from it, ran back to the line and had to hit the small box five time with the better hand, with proper technical implementation, the after some rest they did five new trials again. The distance of the small box that is of the target surface was changed according to the age, placed at the distances mentioned above.

The data gained during the survey were processed with the help of SPSS statistical software, basic statistical measures were calculated, like: average, deviation, median, modus. To measure correlations two-sample trial was applied. The results were drawn in graphic and table system.

**RESULTS AND DISCUSSION**

Implementation of shooting in transversal straddle position without running up, from stabl position is a task which can be expected from and can be performed by school children of junior age, since it is practised not only when being taught with sponge handball, but small-ball throw and throw are part of the natural exercises of athletics in the curriculum.
After the first five shots they had some rest and then threw five times again, where the average value was 1.42 (deviation=1.15). The results of the second attempt, second aiming steadily showed better values. Müller (2004) had 10 relay kicks done by primary- and secondary school students to test aiming accuracy. It is proven that the fourth kick attempt was the best, because of the above mentioned ones. The tenth attempt proved the weakest result, as tiredness caused unfavourable tendencies in soft coordination (Table 1.)

In our research more precise aiming is shown by the fact that the deviation value measured at the second time is smaller, that is variation range of the output decreased showing more balanced aiming performance.

At the spring survey even efficiency of sponge-handball practices can be seen. During the spring survey the students performed this shooting task at 1.94 (deviation=1.28) value on average at the first attempt showing better shooting accuracy after the first semester than in autumn. The shooting results of the two measurements show significant differences. During the second row of throwing attempts students produced better values again, since the average of of scores improved from 1.42 to 1.95 on average and deviation increased from 1.15 to 1.22 from autumn to spring. The cause of it may be that progression to output may increase variation range of scoring performance. When checking the second series significant improvement was experienced at students (p<0.05), that is spring results are better than the autumn ones (Table 1.).

Besides scoring accuracy technical implementation, movement accuracy was also checked, the surveyor also watched at the certain throws how many times the attempt was performed with lifted elbow. The students performed the throw with lifted elbow 3.29 times, with 1.92 deviation value, out of 5 attempts at the first autumn series. At the spring measurement the task was performed with right techics 3.8 times on average, and with lower deviation value (1.56). The more precise technical performance also improved efficiency, target accuracy. Compared to autumn results the improvement in technical implementation was proven by not only the smaller deviation, but also significant differences were experienced after doing the two sample-T probe. "Handball at School" programme had good effects also on improving techics. In the second series of the autumn survey students performed the exercise with lifted elbow 3.29 times, with 1.84 deviation value. The spring results were improved to 3.84 on average (deviation=1.53), which can be considered a significant difference (Table 1.).

Time spent on implementation was also measured, since motion pressed by time is also a peculiarity of ball games, determining in open-skill sports. However, understanding sports-specific connection between fastness and accuracy is also important.

The students performed the first series in 11.57 sec (deviation=2.23) in autumn, which value decreased to 10.78 sec (deviation=1.97) by spring. The average value of the second series in autumn was 11.13 (deviation=2.13), which

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**Table 1. The results of shooting in transversal straddle position without running up related to aiming accuracy, target accuracy, time results and technical implementation**

<table>
<thead>
<tr>
<th></th>
<th>Autumn result</th>
<th>Spring result</th>
<th>paired t test (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First attempt Score (pieces)</td>
<td>1.35, 1.17</td>
<td>1.94, 1.28</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>Second attempt Score (pieces)</td>
<td>1.42, 1.15</td>
<td>1.95, 1.22</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>First attempt Lifted elbow (pieces)</td>
<td>3.29, 1.92</td>
<td>3.8, 1.56</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>Second attempt Lifted elbow (pieces)</td>
<td>3.29, 1.84</td>
<td>3.84, 1.53</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>First attempt Time(sec)</td>
<td>11.57, 2.23</td>
<td>10.78, 1.97</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>Second attempt Time(sec)</td>
<td>11.13, 2.13</td>
<td>10.29, 1.98</td>
<td>p&lt;0.05</td>
</tr>
</tbody>
</table>

Source: Private edit 2017
Having by-passed the second cone he goes on with right hand again until the third cone has been by-passed. The way back is the same as above, keeping the opposite side dribbling rule concerning the cone. (In 1st and 2nd classes the teacher may conduct it – if necessary – which hand to use when dribbling in the given position.) There are four attempts. After two attempts there is a long break (he has a rest while the other members of the class also perform the task) after which he has two more attempts. Evaluation: By a digital watch, the hundredth of a second punctuality.

Dribbling trial with direction change is a sports specific test where the students accomplish the track with a sponge ball. This trial also measures speed coordination, however, possession of the ball, measuring ball skills is also done in dynamic conditions.

In the autumn test we experienced that the first attempt was accomplished in 13.36 seconds in general (dev.=3.58), while the second attempt in 13.11 seconds (dev.=3.26), the third attempt in 12.45 seconds (dev.=2.89), and the fourth attempt was accomplished in 12.65 seconds (dev.=2.97). It was experienced that the time results of the third and fourth trials were better compared to the first two ones. The experience of the first two accomplishments may have helped the better that is faster implementation, of the third and fourth trials, “they got to the task” (Table 4.).

When looking at the spring time results in the dribbling task, similarities can be experienced to the autumn measurements, (first attempt average=12.41 sec (dev.=3.40), second attempt average =12.37 (dev.=3.02), third attempt average =11.80 (dev.=2.65), fourth attempt average =11.95 (dev.=3.19), that is the time results of the 3rd and 4th attempts were better compared to the first two ones. Proper warm-up is indispensable for speed tasks, which also may have resulted in the better results (Table 4.).

In case the autumn- and spring results are compared, improvement can be stated in all the four attempts, since the tasks were implemented faster, which not only show a tendency, but it could be proves statistically as well, as results of paired test showed significant differences.

In our pilot research and survey we experienced that in junior school age tests measuring and checking conditional a coordinational abilities, sports specific tests of handball must be applied in holistic approach when wording talent and choosing a sport. Our research has proven that in case of certain parameters (technical implementation, accuracy, shooting accuracy) “Handball at School” programme has positive effect on pupils performance.

“Handball at School” programme – meaning two sports specific lessons a week - has improved shooting accuracy results, technical implementation and speed coordination of all pupils alike. The programme improved speed coordination as well manifested in improving time results of trials with- and without ball proven statistically as well. In our former measurements (Juhász et al. 2016; Juhász et al. 2017) we could also prove favourable impact of the programme on students of different age, gender and pre-education.The handball can play a very important role as a tools in the every-day physical education, because the program developed the motor skills for the pupils.

ACKNOWLEDGEMENTS

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Table 4. Time results of running trial with direction change (with using ball) in the autumn- and spring measurements

<table>
<thead>
<tr>
<th></th>
<th>Autumn result</th>
<th>Spring result</th>
<th>paired t test (p)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>average</td>
<td>deviation</td>
<td>average</td>
</tr>
<tr>
<td>First attempt</td>
<td>13.36</td>
<td>3.58</td>
<td>12.41</td>
</tr>
<tr>
<td>Second attempt</td>
<td>13.11</td>
<td>3.26</td>
<td>12.37</td>
</tr>
<tr>
<td>Third attempt</td>
<td>12.45</td>
<td>2.89</td>
<td>11.80</td>
</tr>
<tr>
<td>Fourth attempt</td>
<td>12.65</td>
<td>2.97</td>
<td>11.95</td>
</tr>
</tbody>
</table>

Source: Private edit 2017

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DETERMINANTS OF MONGOLIAN ECONOMIC GROWTH

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Abstract: Mongolia is the second largest landlocked country, which has unique economic condition. This paper aims to examine Mongolian economic growth from 2000 until 2016 and identify its determinants. The growth was studied based on the growth rate of National Domestic Product. Initially, 20 macroeconomic variables are chosen and tested for the economic growth determinators such as: unemployment rate, human capital index, import growth, inflation rate, export growth, and interest rate, etc. The results showed that the growth rate of dollar exchange, inflation rate, and the growth rate of export were the main factors (81.4%). Mongolian GDP per capita and poverty rate were compared with other Asian lower-middle-economies, which are classified in the same classification as Mongolia. An increment of average salary was adjusted by the inflation rate, which showed the purchasing power declined in 2015. Statistics of Central Bank of Mongolia, Central Intelligence Agency, World Bank's statistics, and the statistics from National Statistics Office of Mongolia are used for the research.

Keywords: Ndp (National Domestic Product), Economic Growth, Export Growth Rate, Inflation Rate, Dollar Exchange Growth Rate
(JEL Classification: H0, H30, H6, H70)

Introduction

Mongolia is a landlocked East Asian country which is bordered by the Russian Federation to the north and the People’s Republic of China on the east, west, and south. Mongolia is the 18th largest country in the world by area, and second-largest landlocked country behind Kazakhstan, which has a land area of 1,566,600 square kilometers. Mining is the most important sector to Mongolian economy, which constituted 20.7 percent of the GDP, accounted for 69.2 percent of the country’s gross industrial output in 2016, and 70.86 percent of its export revenue. Mongolian economy relies heavily on mineral extraction, particularly, copper, coal, and gold which constitute 32.7%, 19.8%, and 15.4% of 2016’s export, respectively. Mongolian economy faced with an economic recession with regards to its dependency on the mining sector, from a double-digit economic growth. Mongolian economic condition is considered to being affected by two factors. First, more than 90 percent of Mongolian exports consistently goes to China; and so, any slowing of Chinese growth affects Mongolian economy. Second, economic policies designed to protect Mongolia’s sovereign interests and to respond to the expectations of the Mongolian public which have discouraged FDI (Foreign Direct Investment) (Charles Brown, 2014).

Tsembelsuren et al., (2012) noted “Mongolia has 20 billion tons of proven coal reserves, and total estimated resource is 150 billion tons, most of them are low-rank brown coal, but remains are undeveloped due to a lack of infrastructure”. With extensive reserves of natural resources, Mongolian economy is potential to increase its production, considerably.

There are plenty of research works on the economic growth. For example, Mazurek (2017) examined the economic growth of 32 European countries from 2005 to 2015. It is concluded that the growth was directly proportional to human and physical capital, and indirectly proportional to the initial level of GDP and the democracy index. Prochniak (2011) analyzed the economic growth determinants in the 10 Central and Eastern European (CEE) countries from 1993 until 2009. The most important economic growth determinants in the CEE countries were determined as investment rate, education level of the labor force, financial sector development, right fiscal stance, economic structure, low-interest rates and low inflation, population structure, and development of information technology. Cuaresma et al., (2009) investigated the determinants of regional economic growth based on a dataset of 255 European Union regions, from 1995 until 2005. Ramanayake and Lee (2015) argued that the export growth is the most robust, in addition to export specialization, while that traditional variables of trade openness and FDI are not robust. Zarra Nezhad et al., (2014) identified robust determinants of economic growth in Organization of Petroleum Exporting Countries (OPEC), which concluded that variety of trade policy measures were a robust and supported hypothesis of export-led growth. Maningi and Borda (2015) re-examined the issue of the determinants of economic growth in the countries of the Organisation of Eastern Caribbean States (OECS) in the

period 1980-2011. External debt, natural increase rate, and private consumption were found to negatively affect economic growth in the short-term, while in the long-term trade openness and foreign direct investment (FDI) positively impacted economic growth. Vedia-Jerez and Chasco (2015) developed an empirical study of long-run determinants of economic growth in South American countries from 1960 to 2008. Results suggested that the economic growth was driven the most strongly by physical and human capital accumulation, as well as by sectorial exports. Simionescu et al., (2017) conducted an empirical analysis on Czech Republic, Slovak Republic, Hungary, Poland, and Romania in the period of 2003-2016, which employed Bayesian generalized ridge regression. The primary results indicated that the FDI promoted economic growth in all countries, except the Slovak Republic. Sezer and Abasiz (2016) determined economic growth indicators in 34 OECD countries, which concluded that logistics and fixed capital investments were positive and statistically significant.

As for now, there are not many published pieces of research of Mongolian economic growth, except Tsembelsuren et al., (2012) compared the ratio of coal market price with coal export price to China. Nixon et al., (1999) attempted to highlight the importance of administrative reform and economic development in Mongolia, 1990-1997.

The purpose of this paper is to reveal the determinants of Mongolian economic growth. The analysis covers the period of 16 years, from 2000 to 2016. Correlation and regression analysis are executed on SPSS statistical program. The main hypotheses are:

- Export of mining products significantly, positively affects Mongolian economy.
- Foreign Direct Investment (FDI) significantly affects Mongolian economy growth.

The rest of this paper organized as follows: Section two provides the data and variables, and the methodology of this study. Section three consists of empirical results and discussion. Finally, conclusions are drawn in section four.

### DATA, VARIABLES AND RESEARCH METHODOLOGY

National Domestic Product (NDP) is one of the key indicators of country’s development. However, NDP per capita in level or growth terms have been criticised that they ignore quite some items, particularly the environmental endeavors (Mamingi & Borda, 2015). Despite its flaws, the annual growth rate of NDP is used as the measurement of economic performance.

Research has been carried out on data derived from four sources: World Bank, NSO (National Statistical Office), Mongol Bank’s statistics (Central Bank of Mongolia) and Mongolian Statistical Information Service. From these databases, 20 variables are chosen as potential factors of Mongolian economic growth. To get a better understanding of Mongolian economy, descriptive statistics of its variables are given in Table 1.

It is clear from Table 1 that the growth of copper export and the gold export were fluctuated wildly, which were the results of the economic recession. For example, the quantity of copper export increased by 0.7% in 2009; however, the amount of money from copper export plummeted from 835.6 million USD to 501.9 million USD (39.9%). Likewise, the export of gold plunged from 599.8 million USD to 308.4 million USD to 501.9 million USD (39.9%).

### Table 1. Descriptive statistics of variables related with Mongolian economy

<table>
<thead>
<tr>
<th>Variables</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth rate of NDP</td>
<td>0.53</td>
<td>48.04</td>
<td>20.63</td>
<td>12.83</td>
</tr>
<tr>
<td>Domestic investment to NDP ratio</td>
<td>6.94</td>
<td>21.83</td>
<td>14.68</td>
<td>4.14</td>
</tr>
<tr>
<td>Foreign investment to NDP ratio</td>
<td>6.92</td>
<td>49.32</td>
<td>17.52</td>
<td>11.82</td>
</tr>
<tr>
<td>Government debt to NDP ratio</td>
<td>8.19</td>
<td>61.23</td>
<td>36.98</td>
<td>16.69</td>
</tr>
<tr>
<td>Export to NDP ratio</td>
<td>35.96</td>
<td>51.41</td>
<td>44.39</td>
<td>4.62</td>
</tr>
<tr>
<td>Import to NDP ratio</td>
<td>32.29</td>
<td>69.11</td>
<td>50.19</td>
<td>9.10</td>
</tr>
<tr>
<td>Dollar exchange growth rate</td>
<td>-6.65</td>
<td>19.29</td>
<td>4.67</td>
<td>6.91</td>
</tr>
<tr>
<td>Human development index</td>
<td>0.67</td>
<td>0.76</td>
<td>0.72</td>
<td>0.03</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>2.80</td>
<td>11.60</td>
<td>6.03</td>
<td>2.94</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>1.10</td>
<td>22.10</td>
<td>9.12</td>
<td>5.74</td>
</tr>
<tr>
<td>Poverty gap</td>
<td>18.80</td>
<td>33.20</td>
<td>27.36</td>
<td>4.55</td>
</tr>
<tr>
<td>Depth of poverty</td>
<td>4.90</td>
<td>9.40</td>
<td>7.53</td>
<td>1.48</td>
</tr>
<tr>
<td>Export growth rate</td>
<td>-25.61</td>
<td>65.64</td>
<td>17.86</td>
<td>26.14</td>
</tr>
<tr>
<td>Import growth rate</td>
<td>-34.11</td>
<td>106.19</td>
<td>16.19</td>
<td>34.58</td>
</tr>
<tr>
<td>Domestic investment growth rate</td>
<td>-31.59</td>
<td>86.67</td>
<td>25.73</td>
<td>36.56</td>
</tr>
<tr>
<td>Foreign investment growth rate</td>
<td>-56.59</td>
<td>144.08</td>
<td>25.85</td>
<td>49.01</td>
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<tr>
<td>Central bank’s interest rate</td>
<td>6.54</td>
<td>15.51</td>
<td>11.26</td>
<td>2.46</td>
</tr>
<tr>
<td>Commercial bank’s interest rate</td>
<td>16.61</td>
<td>37.35</td>
<td>25.08</td>
<td>7.29</td>
</tr>
<tr>
<td>Copper export growth rate</td>
<td>-39.94</td>
<td>171.21</td>
<td>22.83</td>
<td>51.95</td>
</tr>
<tr>
<td>Gold export growth rate</td>
<td>-88.75</td>
<td>155.41</td>
<td>15.99</td>
<td>67.59</td>
</tr>
<tr>
<td>Livestock output growth</td>
<td>-46.67</td>
<td>89.19</td>
<td>16.20</td>
<td>43.94</td>
</tr>
</tbody>
</table>

Source: Central Bank and National Statistical Office’s data 2000-2016

The methodology applied is correlation and regression analysis. The correlation coefficients between explanatory variables and the NDP growth rate were executed on SPSS statistical program. The correlations between the economic growth and five variables were chosen statistically significant at the 0.05 level (2-tailed), namely:
dollar rate growth, inflation rate, export growth, import growth and the growth of domestic investment. Therefore, four more variables which were statistically significantly correlated at the 0.1 level (2-tailed) were not used, namely: the growth of foreign investment, copper export growth rate, foreign investment to NDP ratio, and import to NDP ratio. Somewhat surprisingly, the livestock output growth was shown to be statistically insignificant to the NDP growth rate, although Mongolia has traditionally been based on agriculture and livestock.

Although the variables are significantly correlated with its explained variable, macroeconomic variables are often judged by their multicollinearity. In this paper, variables were examined for a potential multicollinearity via the Variance Inflation Factor (VIF). A rule of thumb states that for values of VIF larger than 10, the multicollinearity of a model can be considered a serious problem (Mazurek, 2017). In this paper, variables which have VIF less than 3.0 are selected; therefore, import growth and growth of domestic investment were not considered for further analysis. After correlation and multicollinearity testing, growth rate in NDP, dollar rate growth, inflation rate, and export growth rate were chosen.

RESULTS AND DISCUSSION

In Table 2, the growth rate in NDP and the growth rate of export have a robust uphill correlation (positively), see also Figure 1. Moreover, dollar rate growth played an important role in stimulating economic growth in Mongolia. It shows a very strong negative relationship with the rate of economic growth: the correlation coefficient equals -0.65 with the p-value of 0.005, see also Figure 4. The inflation rate exhibits significant correlation with economic growth: a coefficient of 0.60 with the p-value of 0.01 (Figure 5). Correlation and regression analysis allow identifying economic growth determinants.

Table 3. Linear Regression Results

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Growth rate in NDP</th>
<th>Dollar rate growth</th>
<th>Growth rate of export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth rate in NDP</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dollar growth</td>
<td>-0.65</td>
<td>1.00</td>
<td>-</td>
</tr>
<tr>
<td>Growth rate of export</td>
<td>0.79</td>
<td>-0.55</td>
<td>1.00</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>0.60</td>
<td>-0.03</td>
<td>0.40</td>
</tr>
</tbody>
</table>

Source: Author’s calculation

Linear regression result is shown in Table 3. The adjusted coefficient of determination $R^2 = 0.814$, which means the dollar rate growth, inflation rate, and growth of export are responsible for 81.4% of the variation in NDP growth rates of Mongolia.

Table 3. Linear Regression Results

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R$ square</th>
<th>Adjusted $R$ square</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.921</td>
<td>0.849</td>
<td>0.814</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Author’s calculation

In Figure 2, total export is described in a squared line, while the x-marked line shows the amount of export to China. From the figure, we can conclude that from 48.2% to 92.5% of the total Mongolian export directly goes to the China, which implies Mongolian economy is highly dependent on China.

Mongolian main export products are mineral products, cashmere products, and animal products. In Figure 3, mineral products such as copper, coal, gold, and crude oil are shown in a line, while textile products are on a dotted line. Textile products’ export is almost stable compared with mineral products’ export amount. Earlier than 2005, the export amount of textile and mineral products were close.

Figure 1 shows that export growth rate contributed much to economic growth in Mongolia. Export growth itself can explain 63.9% of Mongolian economic growth. In figure 2 and 3 exports by location and exports by major products are illustrated.
Figure 4. The relationship between NDP growth and the Dollar Exchange Rate Growth

Source: author’s calculation

Figure 4 provides a robust and negative graphical relationship between the NDP growth rate and dollar rate growth, which supports Vedia-Jerez and Chasco’s results. As we can see from the figure, dollar exchange rate growth is responsible for 42.2% of the economic growth. However, there is a mutual relationship between dollar exchange rate growth and export growth rate. Export growth rate as we see in Figure 1, results in NDP growth. Exports are usually made in USD; therefore, export growth is connected with an increase in dollar reserve. When dollar reserve increases, dollar rate decreases.

Figure 5. The relationship between NDP growth and inflation rate

Source: author’s calculation

A definite positive relationship between inflation rate and the rate of economic growth is plotted in Figure 5. Empirical analysis indicates that inflation rate is an essential factor of economic growth. Simionescu et al., (2017) noted that the relationship between inflation and GDP growth, especially in the short and middle term, tends to be specific for the country. For example, they mentioned Poland has a positive correlation between economic growth and inflation rate, unlike Mongolia.

For the 2018 fiscal year, low-income economies are defined as those with a GNI per capita between $1,006 and $3,955; upper middle-income economies are those with a GNI per capita between $3,956 and $12,235; high-income economies are those with a GNI per capita of $12,236 or more (Desk, n.d.). Mongolia is classified as a lower-middle-income economy. According to World Bank classification, Mongolia is ranked 107th out of 178 countries. The percentage of people below the poverty line is one of the proper variables for economic growth, although that measure is not often produced. In Table 4, lower-middle-income Asian countries’ GDP per capita and poverty rates in 2016 are shown. According to the Table 4, Mongolia is 4th of the ranking GDP per capita. However, it is in the 9th of the ranking its poverty rate, which means GDP per capita cannot determine the living standard of the country. For example, those countries’ economic conditions are much different than Mongolian economy. Mostly those countries’ economies are based on agriculture, industry, or service, while Mongolian economy is hugely dependent on mining sector and export.

Table 4. Asian lower-middle-income economies and poverty rates

<table>
<thead>
<tr>
<th>№</th>
<th>Country name</th>
<th>GDP per capita ($)</th>
<th>Rank</th>
<th>Poverty rate (%)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Armenia</td>
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<td>32.0</td>
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<tr>
<td>2</td>
<td>Bangladesh</td>
<td>1,359.0</td>
<td>11</td>
<td>31.5</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>Bhutan</td>
<td>2,804.0</td>
<td>7</td>
<td>13.3</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Cambodia</td>
<td>1,270.0</td>
<td>12</td>
<td>17.7</td>
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<tr>
<td>5</td>
<td>Georgia</td>
<td>3,854.0</td>
<td>2</td>
<td>9.2</td>
<td>2</td>
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<tr>
<td>6</td>
<td>Indonesia</td>
<td>3,570.0</td>
<td>6</td>
<td>10.9</td>
<td>3</td>
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<tr>
<td>7</td>
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<td>4,088.0</td>
<td>1</td>
<td>14.2</td>
<td>6</td>
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<tr>
<td>8</td>
<td>Moldova</td>
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<td>9</td>
<td>20.8</td>
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<tr>
<td>9</td>
<td>Mongolia</td>
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<td>4</td>
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<td>29.5</td>
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<td>11</td>
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<td>3,835.0</td>
<td>3</td>
<td>6.7</td>
<td>1</td>
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<td>12</td>
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<td>2,178.0</td>
<td>8</td>
<td>11.3</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Statistics of World Bank on poverty 2016, Central Intelligence Agency

As for 2016’s statistics, the poverty rates were quite high, i.e., 27.1% in the capital city Ulaanbaatar, and 34.9% in the countryside. Therefore, the growth of an average salary was tested as if the increase is real for purchasing power.

The average monthly salary is adjusted for inflation rate according to Table 5.

Table 5. Actual increase in the average salary after-inflation rate adjustment

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Average salary</td>
<td>274.2</td>
<td>300.4</td>
<td>341.5</td>
<td>424.2</td>
<td>557.6</td>
<td>692.3</td>
<td>796.6</td>
<td>888.0</td>
<td>861.9</td>
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<tr>
<td>Inflation rate %</td>
<td>22.1</td>
<td>4.2</td>
<td>13.0</td>
<td>8.9</td>
<td>14.0</td>
<td>12.5</td>
<td>10.4</td>
<td>1.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Adjusted growth %</td>
<td>129.8</td>
<td>105.1</td>
<td>114.1</td>
<td>115.3</td>
<td>110.4</td>
<td>104.2</td>
<td>99.5</td>
<td>105.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s calculation based on the statistics from National Statistics Office of Mongolia
in Table 5. It shows that an increase in salary does not always mean an increase in purchasing power. For instance, the salary increase in 2015 was lower than that of the inflation rate, which implies there was a decrease in purchasing power, see the Figure 6.

**Figure 6. The relationship between NDP growth and inflation rate**

![Graph showing the relationship between NDP growth and inflation rate](image)

Inflation-adjusted salary growth improves the data comparability, but it cannot represent the actual purchasing power nevertheless. In 1st line graph of Figure 6, we can see that the amount of average salary was continuously increasing. However, after inflation adjustment, the salary did not increase significantly from 2000 until 2016.

**CONCLUSION**

1. This article presents an empirical analysis of Mongolian economic growth determinants from 2000–2016. The analysis is composed of the following steps: descriptive statistics of the variables, correlation analysis, and regression analysis.

2. Correlation results suggest that the most important economic growth determinants are inflation rate, export growth rate, import growth rate, domestic investment growth rate, and dollar rate growth. However, due to the multicollinearity domestic investment growth rate and import growth rate were excluded from the regression analysis.

3. In the regression analysis, the selected variables explained 81.4% of the variation of Mongolian economic growth. Export growth rate correlated positively with NDP growth which supported Ramanayake’s result. Dollar exchange rate correlated negatively, and inflation rate had significant correlation with NDP growth which supported Simionescu’s research in Poland’s case.

4. Regression analysis and correlation analysis rejected the hypothesis that FDI significantly affects Mongolian economy growth. Also, it conflicts the results of Ramanayake and Lee (2015) which concluded the FDI variable is significant in developing countries but insignificant in developed countries. However, research result supported the hypothesis that mining products’ export has a significant and positive effect on Mongolian economy.

5. Mongolian economy is compared with other Asian lower-middle-income economies. Mongolia is ranked in the 9th by its poverty rate, while it is ranked in the 4th by its GDP per capita, which showed Mongolian economic conditions was much different than Mongolian economy. Mostly those countries’ economies are based on agriculture, industry, or service, while Mongolian economy is hugely dependent on mining sector and export.

6. Inflation-adjusted salary showed that the increase in the salary is not always a real growth in purchasing power. There were decreases in some year in purchasing power regardless of salary rise.

**REFERENCES**


