



UNIVERSITI
TEKNOLOGI
MARA

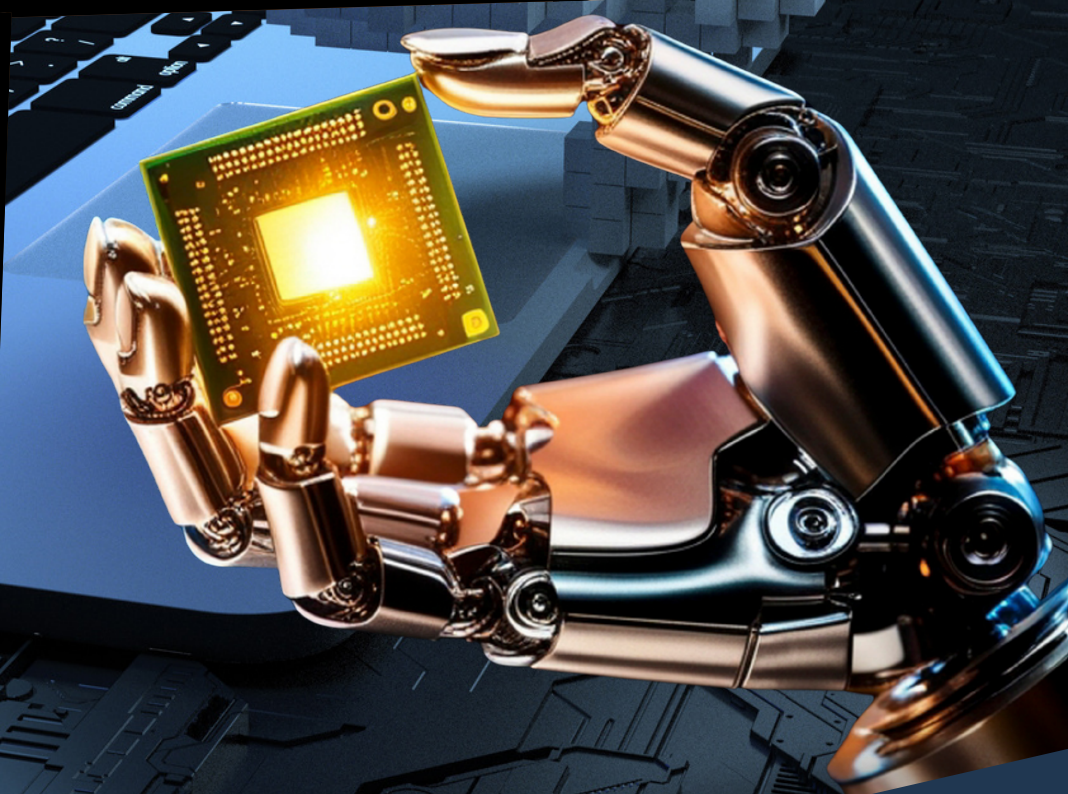


FBM

FACULTY OF BUSINESS
AND MANAGEMENT
UNIVERSITI TEKNOLOGI MARA,
CAWANGAN KEDAH

2026
VOLUME 13

Insights



e-ISSN 2716-599X



e-ISSN 2716-599X

FBM INSIGHTS

Faculty of Business and Management

Universiti Teknologi MARA Cawangan Kedah

e-ISSN 2716-599X

The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

Published by : Faculty of Business and Management,
Universiti Teknologi MARA Cawangan Kedah

Published date : 17 May 2026

All rights reserved. No part of this publication may be reproduced, copied, stored in any retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission from the Rector, Universiti Teknologi MARA Cawangan Kedah, Kampus Sungai Petani, 08400 Merbok, Kedah, Malaysia.

The views, opinions, and technical recommendations expressed by the contributors and authors are entirely their own and do not necessarily reflect the views of the editors, the publisher and the university.

FBM INSIGHTS EDITORIAL BOARD

Advisor

Dr. Yanti Aspha Ameira binti Mustapha, Universiti Teknologi MARA Cawangan Kedah

Chief Editor

Dr. Zuraidah binti Mohamed Isa, Universiti Teknologi MARA Cawangan Kedah

Dr. Norhidayah binti Ali, Universiti Teknologi MARA Cawangan Kedah

Managing Editor

PM Dr. Azyyati binti Anuar, Universiti Teknologi MARA Cawangan Kedah

Puan Nurfaznim binti Shuib, Universiti Teknologi MARA Cawangan Kedah

Puan Nurul Izzati binti Idrus, Universiti Teknologi MARA Cawangan Kedah

Editors

Dr. Dahlia binti Ibrahim, Universiti Teknologi MARA Cawangan Kedah

Dr. Roziyana binti Jafri, Universiti Teknologi MARA Cawangan Kedah

Puan Rosliza binti Md. Zani, Universiti Teknologi MARA Cawangan Kedah

Puan Najah binti Mokhtar, Universiti Teknologi MARA Cawangan Kedah

Puan Hanani binti Hussin, Universiti Teknologi MARA Cawangan Kedah

Puan Shakirah binti Mohd Saad, Universiti Teknologi MARA Cawangan Kedah

Puan Wan Shahrul Aziah binti Wan Mahamad, Universiti Teknologi MARA Cawangan Kedah

Puan Syukriah binti Ali, Universiti Teknologi MARA Cawangan Kedah

Puan Fatimah Norazami binti Abdullah, Universiti Teknologi MARA Cawangan Kedah

Puan Jamilah binti Laidin, Universiti Teknologi MARA Cawangan Kedah

Dr. Norhafizah binti Abdul Halim, Universiti Teknologi MARA Cawangan Kedah

Puan Farah Merican Binti Isahak Merican, Universiti Teknologi MARA Cawangan Kedah

Puan Etty Harniza Binti Harun, Universiti Teknologi MARA Cawangan Kedah

Manuscript Editor

Dr. Siti Norfazlina binti Yusof, Universiti Teknologi MARA Cawangan Kedah

Dr. Berlian Nur binti Morat, Universiti Teknologi MARA Cawangan Kedah

Secretary

Puan Intan Nazrenee binti Ahmad, Universiti Teknologi MARA Cawangan Kedah

Dr. Syahrul Nadwani binti Abdul Rahman, Universiti Teknologi MARA Cawangan Kedah

Technical Board

Dr. Afida binti Ahmad, Universiti Teknologi MARA Cawangan Kedah

Graphic Designer

Dr. Shafilla binti Subri, Universiti Teknologi MARA Cawangan Kedah

TABLE OF CONTENTS

Editorial Board.....	iii
1. TIME FOR CHANGE: REPLACING OUTDATED VIP SPEECHES WITH MEANINGFUL ENGAGEMENT IN MALAYSIAN CEREMONIAL PROTOCOLS <i>Nurliyana Abas*, Nabila Ahmad & Norlizawati Md Tahir</i>	1
2. PSYCHOLOGICAL ORIENTATIONS OF FOMO AND JOMO IN THE DIGITAL AGE <i>Ramli Saad*, Wan Shahrul Aziah Wan Mahamad & Yong Azrina Ali Akbar</i>	5
3. EMBEDDING ISLAMIC ETHICAL PRINCIPLES IN EMOTIONAL INTELLIGENCE DEVELOPMENT FOR CUSTOMER SERVICE: A SCOPUS AI-BASED REVIEW <i>Shakirah Mohd Saad*, Rosliza Md Zani, Abd Rasyid Ramli</i>	9
4. ARTIFICIAL INTELLIGENCE (AI) IN BANK LENDING: MOVING BEYOND HEURISTIC- BASED CREDIT <i>Anita Abu Hassan*</i>	14
5. THE LECTURER'S ROLE IN SHAPING MEANINGFUL LEARNING <i>Nurul Hayani Abd Rahman*, Rabitah Harun & Nani Ilyana Shafie</i>	17
6. WORK-LIFE BALANCE AND THE FUTURE OF EMPLOYEES' WELL-BEING <i>Nurul Hayani Abd Rahman*, Nurul Fazila Abd Rahman & Nani Ilyana Shafie</i>	20
7. ECO-MICROCREDIT AS A CATALYST FOR RURAL SUSTAINABILITY <i>Zuraidah Mohamed Isa*, Dahlia Ibrahim & Zaiful Affendi Ahmad Zabib</i>	23
8. THE ATTRACTIVENESS OF PAWNING GOLD FOR SHORT-TERM FINANCING <i>Dahlia Ibrahim* & Zuraidah Mohamed Isa</i>	27
9. DIGITALISATION AND ECONOMIC GROWTH: INSIGHTS FROM ENDOGENOUS GROWTH THEORY <i>Shahiszan Ismail*, Nor Azira Ismail & Jamilah Laidin</i>	29
10. SUBSIDY DELIVERY IN THE DIGITAL ERA: MALAYSIA'S HYBRID DISTRIBUTION MECHANISMS <i>Anita Abu Hassan*, Syukriah Ali & Najah Mokhtar</i>	33
11. ENDS JUSTIFY THE MEANS: MACHIAVELLIANISM AND COUNTERPRODUCTIVE WORK BEHAVIOUR <i>Mohd Najmie Osman* & Nor Shuhada Mansor</i>	36
12. THE SANDWICH GENERATION: EXPLORING ITS TYPES AND CONSEQUENCES <i>Wan Shahrul Aziah Wan Mahamad*, Ramli Saad & Yong Azrina Ali Akbar</i>	40

DIGITALISATION AND ECONOMIC GROWTH: INSIGHTS FROM ENDOGENOUS GROWTH THEORY

Shahiszan Ismail*

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah
shahiszan517@uitm.edu.my

Nor Azira Ismail

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah
noraz788@uitm.edu.my

Jamilah Laidin

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah
Jamil138@uitm.edu.my

*Corresponding Author

ABSTRACT

This article explores the role of government digitalisation in promoting economic growth through the scope of Endogenous Growth Theory. This theory states that digital governance strengthens long-run growth by enhancing productivity, improving innovation incentives, and facilitating knowledge spillovers. Unlike neoclassical models that treat technological change as exogenous, endogenous growth frameworks emphasise internal drivers shaped by policy and institutional quality. Therefore, this article highlights the deployment of digitalisation as a strategic public input that supports sustained economic development, particularly in developing economies.

Keywords: Government digitalisation; Endogenous Growth Theory; Economic growth

INTRODUCTION

Digitalisation has become a defining feature of contemporary economic development. Globally, government authorities are adopting digital technologies on a greater scale with the aim of enhancing the delivery of public service, improving the efficiency of administration, and strengthening the capacity of institutions. While the operational benefits of digital government are widely acknowledged, its broader macroeconomic implications deserve closer theoretical attention. From the perspective of economic growth, government digitalisation can influence long-run economic performance by shaping productivity dynamics, innovation incentives, and knowledge diffusion. Recent studies indicate that these effects are particularly relevant for developing economies (Lee & Park, 2025; UNDP, 2023; World Bank, 2021).

Endogenous Growth Theory provides a useful framework for understanding these dynamics. Whereas technological change is treated as exogenous in models of neoclassical growth, internal driving factors like innovation, the accumulation of human capital, and knowledge spillover are emphasised in models of endogenous growth. Within this framework,

policy choices and institutional quality directly affect long-term growth paths. Therefore, government digitalisation can be viewed as a growth-enhancing public input that strengthens the environment in which productivity and innovation progress (Arcos-Guanga et al., 2024; Khan et al., 2024).

GROWTH MECHANISMS OF GOVERNMENT DIGITALISATION

Productivity Enhancement

One key mechanism linking digitalisation to economic growth is productivity enhancement. Digital government initiatives reduce transaction costs by streamlining administrative procedures, improving coordination across public agencies, and increasing the speed and reliability of public service delivery. Empirical evidence shows that digital transformation enhances firm-level efficiency and overall productivity by lowering administrative burdens and improving resource allocation (Lee & Park, 2025). Referring to endogenous growth models, such productivity improvements contribute not only to short-term economic performance but also to sustained growth by strengthening the economy's productive capacity.

Innovation Incentives

A second mechanism operates through innovation incentives. Digitalised public institutions promote transparency, regulatory clarity, and access to data, thereby reducing the uncertainty faced by firms and investors. Recent studies suggest that the adoption of digital technology is positively associated with higher research and development activity, technological upgrading, and innovation-led growth, particularly in Asia-Pacific economies (He, 2025; Khan et al., 2024; Ziqi, 2024). Endogenous growth theory emphasises that innovation responds to incentives and institutional conditions rather than occurring randomly. By improving governance effectiveness and reducing information asymmetries, government digitalisation strengthens incentives for continuous innovation.

Knowledge Spillovers

A third mechanism relates to knowledge spillover. In endogenous growth models, knowledge is partially non-rival, meaning that ideas generated by one economic agent can benefit others without being depleted. Digital platforms, open data initiatives, and e-government systems facilitate the dissemination of information, best practices, and technological knowledge across firms, sectors, and regions. Recent research confirms that knowledge spillover plays a significant role in enhancing innovation capacity and sustaining economic growth, especially in digitally connected and innovation-driven economies (Arcos-Guanga et al., 2024; UNDP, 2023; Ziqi, 2024).

These mechanisms are particularly relevant for developing economies, including Malaysia, where digital transformation has become a strategic policy priority. In Malaysia, various official initiatives have been launched with the aim of accelerating digital governance and economic modernisation. These include the Malaysia Digital Economy Blueprint (MyDIGITAL) and the Malaysia Digital schemes, targeting stronger digital infrastructure, expanded e-government services, and the promotion of growth driven by innovation (Economic Planning Unit, 2021; Malaysia Digital Economy Corporation, 2022). Platforms such as the MyGovernment portal provide integrated digital services that improve accessibility and efficiency for citizens and businesses (MAMPU, 2023). Moreover, empirical studies suggest that

government support for digital industries can stimulate productivity, innovation, and job creation in Malaysia's digital sector (Kam et al., 2025).

CHALLENGES AND CONSIDERATIONS

Whereas digitalisation may bring advantages, it also involves various difficulties that must be addressed carefully through policy. The digital divide is a key challenge: a particular group or region might not be able to gain the benefits of digital transformation due to the inequality with which digital skills, infrastructure, and connectivity can be accessed (Organisation for Economic Co-operation and Development [OECD], 2021; United Nations Development Programme [UNDP], 2023). In addition, increased reliance on digital systems raises cybersecurity and data protection risks, which may affect public trust in digital government platforms and digital public services (World Bank, 2021). Addressing these challenges requires complementary policies such as expanding digital infrastructure, strengthening cybersecurity frameworks, and improving digital literacy. By mitigating these risks, governments can ensure that digitalisation contributes to inclusive and sustainable economic growth (OECD, 2021; UNDP, 2023).

CONCLUSION

Based on the perspective of Endogenous Growth Theory, government digitalisation plays a meaningful role in stimulating long-run economic growth. By enhancing productivity, encouraging innovation, and facilitating knowledge spillover, digital governance strengthens the internal engines of sustained economic development. Importantly, the benefits of digitalisation accumulate over time, implying that it should be viewed as a long-term growth strategy rather than a short-term administrative reform. For developing economies, digitalisation represents more than technological modernisation; it is also a strategic policy instrument that shapes the conditions for persistent growth in an increasingly knowledge-driven global economy (Arcos-Guanga et al., 2024; He, 2025; Khan et al., 2024).

REFERENCES

- Arcos-Guanga, A., Flor-Unda, O., Novillo-Villegas, S., & Acosta-Vargas, P. (2024). The impact of knowledge spillovers on economic growth from a national perspective: A comprehensive analysis. *Sustainability*, 16(15), 6537. <https://doi.org/10.3390/su16156537>
- Economic Planning Unit, Prime Minister's Department. (2021). *Malaysia digital economy blueprint (MyDIGITAL)*. <https://www.mydigital.gov.my>
- He, L. (2025). Digital governance capability and innovation spillover effects: Firm-level evidence. *Journal of Asian Economics and Policy Studies*. <https://direct.ewa.pub/journal/jaeps/article/view/22751>
- Kam, A. J. Y., Jasni, M. J. A., & Yusof, N. C. (2025). Government incentives and the development of the digital content industry in Malaysia. *Malaysian Journal of Economic Studies*, 62(1). <https://doi.org/10.22452/MJES.vol62no1.1>

- Khan, S., Liu, G., & Zhang, X. (2024). Digital technology adoption, globalization, and innovation-led growth in Asia-Pacific economies. *Journal of International Studies*, 17(1), 45–63. <https://www.sciencedirect.com/science/article/pii/S2199853124000155>
- Lee, M., & Park, J. (2025). Does government digital transformation drive high-quality urban economic development? Evidence from e-government platforms. *Systems*, 12(9), 372. <https://www.mdpi.com/2079-8954/12/9/372>
- Malaysia Digital Economy Corporation. (2022). *Malaysia digital (MD): Catalysing the nation's digital economy*. <https://mdec.my>
- Malaysian Administrative Modernisation and Management Planning Unit (MAMPU). (2023). *MyGovernment portal*. <https://www.malaysia.gov.my>
- Organisation for Economic Co-operation and Development (OECD). (2020). *Digital government index 2019: Results and key findings*. OECD Publishing. <https://www.oecd.org/gov/digital-government/>
- Organisation for Economic Co-operation and Development (OECD). (2021). *The digital transformation of SMEs*. OECD Publishing. <https://doi.org/10.1787/bdb9256a-en>
- United Nations Development Programme (UNDP). (2023). *Digital public infrastructure and inclusive growth*. United Nations Development Programme. <https://www.undp.org>
- United Nations Development Programme (UNDP). (2023). *Digital strategy 2022–2025: Empowering people through digital transformation*. <https://www.undp.org>
- World Bank. (2021). *GovTech maturity index: The state of public sector digital transformation*. World Bank. <https://openknowledge.worldbank.org>
- World Bank. (2021). *World development report 2021: Data for better lives*. World Bank. <https://doi.org/10.1596/978-1-4648-1600-0>
- Ziqi, H. (2024). The impact of digital government construction on digital finance. *Advances in Economics, Management and Political Sciences*, 118. <https://doi.org/10.54254/2754-1169/2024.18679>