



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF CORRUPTION IN ASIA
PACIFIC**

NURULAI SYAH BINTI MOHAMAD NOR
2016351527

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
Bachelor of Business Administration
(Finance)

Faculty of Business and Management

December 2018

ABSTRACT

Corruption seem to be the severe problem that can hinders the development in a country. The purpose of this research is to investigate the determinants of Corruption in Asia Pacific country. The determinants that were examined are Gross Domestic Product, Unemployment, economic freedom, political stability and inflation. The data were used in this study was secondary data and were collected from Transparency International, World Development indicator (WDI) and DataStream. This study used a panel data in yearly basis from 2010 to 2016 which is seven interval time as to examine the causality. The panel linear regression were used in this study as to examined the relationship between (GDP, Unemployment, economic freedom, political stability and inflation) towards corruption. As this research papers identify the component that can affect to corruption as to implement new initiative to combat corruption.

ACKNOWLEDGEMENT

Firstly, praise to Allah Almighty because with His permission, this study can be completed in given time. I would like to take this opportunity to express my sincere gratitude to those who assisted me in completing this research paper.

Secondly, I was deeply indebted and grateful to Mrs. Nurul Haida binti Johan, my research advisor for her continuous support, guidance, advice and immense knowledge during the completion of this research.

In addition, I also like to thanks my friends and office colleagues for their understanding, continuous encouragement, help and support throughout the study period. Special thanks to my classmates for their kindness in sharing their understanding and opinion during the completion of this report. Last but not least, my deepest gratitude to my family for their love and full support throughout my study.

Thank you.

TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v-vii
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF SYMBOLS	x
LIST OF ABBREVIATIONS	xi
LIST OF NOMENCLATURE	xii
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	2-3
1.3 Problem Statement	4
1.4 Research Questions	5
1.5 Research Objectives	5
1.6 Significance of the Study	6
1.7 Scope of the Study	6
1.8 Limitation of the Study	6
1.9 Definition of Key Terms	7
1.10 Summary	8
CHAPTER TWO LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Theory	9
2.3 Relationship between GDP and corruption	10
2.4 Relationship between Unemployment and corruption	11
2.5 Relationship between Economic Freedom and corruption	11
2.6 Relationship between Political Stability and corruption	12

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Corruption is found to be the severe barrier in the development of Asia-Pacific country. Asian Pacific countries experienced the difficulties in make headway further away middle-income bracket caused of disrupted inclusive and sustainable growth.

Corruption is a severe problem faced by all countries. Corruption is a form of misuse of power by a person entrusted with a position of authority, often to obtain undue personal benefit. Due to the frequency of corruption activities occurring in a country, both each emerging market economies and democratic developed countries have begun to think rationally about the economic harm of corruption and have for this reason begun to invest in assets to obviate and combat corruption. Similarly, it requires more attention of factor that are closely related to corruption in a country. It is very important to combat corruption in identifying factors that influences the activity.

Regulations and weak enforcement frameworks cause a country vulnerable to corruption. Corruption comes in many forms, including corruption, embezzlement and cronyism. It undermines not only people's confidence in systems, institutions, political and economic leaders but also the business ethics and positive social norms.