

UNIVERSITI TEKNOLOGI MARA

**THE INFLUENCES OF ICT
DEVELOPMENT, GLOBALIZATION
AND SOCIOECONOMIC FACTORS
ON QUALITY OF GOVERNANCE
AND CONTROL OF CORRUPTION
IN THE ASEAN REGION**

DARUSALAM

Thesis submitted in fulfillment
of the requirements for the degree of
Doctor of Philosophy
(Financial Criminology)

Accounting Research Institute

February 2022

ABSTRACT

Since its establishment in 1967, ASEAN¹ has made tremendous achievements in promoting peace, stability and in improving its socio-economic development. These have contributed towards the gradual increase in international trades, resulting in higher cumulative Gross National Product (GDP) for the region. However, recent business reports, white papers, and business conference proceedings have claimed that ASEAN's progress in enhancing an integrated region has been constrained by key challenges such as poor governance and corruption. Review of previous studies has seen limited empirical evidence that support such earlier claims. As such, this study was undertaken to provide evidence on factors that influence poor governance and corruption in ASEAN. Premised on the key parameters of ASEAN's three integration initiatives and the review of global studies, this study aimed to examine the influences of three variables, namely ICT development and globalization (as independent variables) and socioeconomic factors (as control variables) on two dependent variables, quality of governance (QoG) and control of corruption (CoC). Constrained by the availability of data, the study covered eight ASEAN member countries namely Indonesia, Malaysia, Thailand, Singapore, Philippines, Brunei Darussalam, Vietnam, and Myanmar. Panel data covering between 22 to 34 observational years for all the related variables were sourced from three trusted and reputable databases – The World Bank (for data on control of corruption and socio-economic factors), KOF Swiss Economic Institute (for data on ICT development and globalisation) and Quality of Government Institute, Gothenburg University of Sweden (for data on quality of governance). This study employed the Autoregressive Distributed Lag (ARDL) technique to assess the relationships between variables using two research frameworks. The information asymmetry and the social contract theories were utilized to explain the relationships between the variables. In the first research framework, it was found that ASEAN's existing ICT development focussed mainly on ICT access and usage and lacked focus on ICT skills. This had resulted in a negative significant long-run relationship between

¹ the Association of Southeast Asian Nations

ICT development and QoG. Similarly, the current interest in forging an intra-ASEAN globalization agenda was also found to be counter productive on QoG. In the second research framework, the study examined if there were relationships between ICT development and globalization with CoC. Interestingly, the long-run relationships between ICT development and CoC were showing positive and significant results, implicating that, ICT have been used effectively by users to report corruption. Many anti-corruption agencies in ASEAN are also found to be moving towards the digitalisation technology to detect and mitigate corruption. The enhancement of ICT skills at both the public and public sectors is an important strategy to be incorporated into the ASEAN ICT Masterplan. Moving the globalization agenda from merely focusing on intra-ASEAN partnership to building international economic and political collaborations with other developed non-ASEAN nations is seen as a necessary step to move ASEAN forward to another level. The long-run relationship between globalization and CoC also showed a positive significant result. The research contributions from this study can be viewed from four perspectives. First, contribution to practice includes the specific recommendations on ICT skills and diverse globalization policy to improve the QoG and CoC for ASEAN. Second, contribution to theory is in the use of the information asymmetry and the social contract theories to explain the knowledge gap between the citizens and the government, which resulted in the wrong interpretations of information and in the non-compliant of regulations related to governance and corruption. Third, contribution to methodology is through the incorporation of country-level macroeconomic data and analysis to financial and accounting research in governance and corruption studies. The document analysis of relevant reports enriched the descriptive statistical analysis of the study. Finally, contribution to the body of knowledge is through several published articles from this study, which have added towards the empirical findings and specific literature on the influence of ICT development and globalization on QoG and CoC in ASEAN.

Keywords: ICT development, Globalisation, Socio-economic factors, Quality of Governance, Control of Corruption, ASEAN, ASEAN member countries.

ACKNOWLEDGEMENT

First and foremost, I wish to thank God for allowing me to embark on my Ph.D. program and successfully completed this long, challenging, but interesting journey. I am particularly indebted to the Government of Indonesia and the Ministry of Religious Affairs of Indonesia for the financial support through the *Mora Scholarship 5000 Doctor* program. I also dedicate my acknowledgement to the State Islamic University of Raden Fatah Palembang, Indonesia for granting me the study leaves.

My gratitude and thanks go to my main supervisor Prof. Dr. Normah Omar, Co-Supervisors, Prof. Dr. Jamaliah Said, Prof. Dr. Marijn Janssen (TU Delft, Netherlands), and my advisor, Associate Professor Dr. Kazi Sohag (Ural Federal University, Russia) for their continuous commitment and endless support throughout my Ph.D. journey. This thesis will not be possible without their masterly guidance, sacrifices and patience. Having four great supervisors has been an interesting and unique experience for me, and I learned so much from each one of them, and thank you all for this wonderful opportunity.

My thank is also extended to Universiti Teknologi MARA for accepting me as an international student and to the Accounting Research Institute (ARI) for the specific doctoral program in Financial Criminology. Towards the end of my final year, I am thankful to have also received financial support from the Accounting Research Institute, through the research assistant program.

My special appreciations go to my friends who have been there during my ups and downs in my Ph.D. journey. Special thanks to Dr. Naila Iram from Pakistan, who was forever willing to mentor me with statistical analysis. To my “Dr to-be colleagues”, Dr. Marhamah, Dr. Inna Junaenah, Dr. Renato Sitompul, Dr. Vidi Sukmayadi, Dr. Inda D Lestantri, Dr. Reskino, Dr. Endang Fitriyah Mannan, Dr. Oemar Asyraf, S.M., M.sc., Dr. Uky Destika, SE., M.Sc, Dr. Sehar Saeed, Dr. Kazi Musa, Dr. Zulaikha, and other juniors, you are simply the best.

Finally, this thesis is dedicated to my loving parents – Warso and Aiseng for their support, doa, vision and determination to educate me and my other siblings. To my sisters, brother in law, niece and nephew- Marna Wensi, S.P, Putra, S.P, Martati Ruani., S.Kom, Cici Gamiarsih., S.Pd, Resmika, S.Psi, Indah Winsara, S.Pdi, Helvando, and Raisa Juliansi – my appreciation to all of you for always being there when I needed you the most. Without your love, I would not have been able to handle all the challenges faced in completing this Ph.D. For that, thank you very much.

TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xiii
LIST OF FIGURES	xv
LIST OF ABBREVIATIONS	xvi
CHAPTER ONE: INTRODUCTION	1
1.1 Preamble	1
1.2 Background and Motivation of The Study	3
1.3 Problem Statement	1
1.3.1 Lack of Formal Governance Structure and Its Inter-relation with Corruption	1
1.3.2 Limited Empirical Studies on Influences of Governance and Corruption	2
1.3.3 Measurement of Governance and Corruption	4
1.4 Research Objectives and Research Questions	6
1.4.1 Research Objectives	6
1.4.2 Research Questions	7
1.5 Definitions of Main Variables	7
1.5.1 Quality of Governance (QoG)	1
1.5.2 Control of Corruption (CoC)	1
1.5.3 Information Communication Technology (ICT) Development	1
1.5.4 Globalization	2
1.5.5 Socioeconomic Factors	2
1.6 Major Findings and Contribution of the Study	3