The Stimulus of Globalization on Quality of Governance: Evidence from ASEAN Countries

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Abstract

Corruption is the biggest issue in developed and developing countries. It has undesirable outcomes in economics for instance; reducing private sector investments, economic growth, differing foreign direct investment, anti-poverty program, and low level of governance in the country. Globalization and corruption are objects whose entities cannot be separated because the level of the globalization may also impact the corruption level in the country. This study assesses the relationship between the Globalization on Quality Governance (QoG) in ASEAN (Association of Southeast Asian Nation). We reinforce the existing literature on the effect of Globalization on QoG. Using a panel data of ASEAN countries over the span of 1984 to 2016, this study analyzed the data utilizing Panel Autoregressive Distributed Lags (ARDL). This study affirms the presence of a quadratic (non-linear) inverted U-shaped relation between the Globalization on QoG. The findings obtained from ARDL framework is consistent with Dumitrescu-Hurlin panel Granger Causality framework. The study contributed to society for example NGOs, Policy Maker, and researcher. In the academic field, this study contributed in term of methodology how the globalization enhances the QoG.

Keywords: *Globalization, ARDL, ASEAN, Quality of Governance, Corruption*

1. Introduction

The impact of globalization has now become a hot topic in active public debate. The interest related to this topic involves improving the significance of the procedure of the globalization that is currently starting (Ezcurra, 2012). Globalization is not a new phenomenon. Actually, it began in the 19th Century. There are some questions related to globalization such as “Does globalization a good weapon to mitigating corruption?” “Do the phenomena of globalization is able to improve the quality of governance in developed and developing countries?” and “How the impact of Economic and Political globalization on developing countries?.” This study addresses the issues above related to the context of South East Asia Countries.

The process of globalization starts with the opening of the national border to a variety of flows including people, goods and services, capital, information, and idea (Clark, 2000). Although some scholars are difficult to provide a precise definition of the globalization, there was wide agreement that the globalization tends to erase the relevance of the national border, producing a complex link between many actors at a multicontinental distance (Norris, 2000; Shin, 2002). The improvement of mutual relationship has a crucial impact on some aspects of modern society such as political, economic, social, and cultural features (Ezcurra, 2012). Therefore, understanding the impact of the globalization is important for solving numerous problems posed by this process, as well as to be able to analyze who is beneficial and who is not, not only for the single country but also for many countries.

There are many studies related to how globalization can improve the institutional quality and control of corruption. The study by Nadeem, Hayat, and Nazir (2014) argue that there are some benefits of globalization. Firstly, the globalization improves trade competition and forms an interlink market system which will benefit among countries. Secondly, globalization is unavoidable, which means that countries of all level are involved in the system. Lastly, the globalization provides a positive impact in the countries of all level including the third-world economies by building free democracies, free trade, and business opportunities.

This paper, on the first note, contributes to the existing literature by examining the role of the globalization on QoG in South East Asian Countries in understanding what are the encouraging and hindering factors that may influence the development and growth of the South East Asian Countries. This study undertakes the macroeconomic approach to examine how factors such as globalization affect the QoG in each of the 8 South East Asian Countries. The rest of the paper is organized as follows. The review of literature and hypothesis development are in Section 2. Data and Methodology are presented and discussed respectively in Section 3. Research Framework is in Section 4. Result and discussion are covered in Section 5. Section 6 is the conclusion.

2. Objectives

The objective of the study is to examine the stimulus of the globalization on the quality of the governance in ASEAN Countries.

3. Materials and Methods

3.1 Review of Literature and Hypothesis Development

Nowadays, the impact of globalization is widely discussing in public (Bhagwati, 2011; Stiglitz, 2002). It is because the issue of globalization is increasing the term of the process of globalization. From the theoretical perspective, there are some opinions mentioning globalization and governance that may relate to each other (Ezcurra 2012). However, the link between globalization and governance is complex. There are many factors and mechanisms needed to take into account. In Addition, economic, political, and social globalization will influence the quality of governance (Keohane & Nye Jr, 2000).

In general, the definitions of globalization from some scholars are the enlargement of worldwide connections, a group of social life on a worldwide scope, and the improvement of worldwide mindfulness, therefore, the association of world society. Globalization is distinct to similar concepts such as internationalization, liberalization, universalization or westernization (Caselli, 2012; Scholte, 2008). The definition of internationalization as according to Scholte (2008) is the improvement on transaction and interdependence among countries. Liberalization is the process of removing officially imposed restrictions on movements of resources between countries. Universalization describes the process of dispersing (separating) various objects and experiences to people at all inhibited part of the earth. Westernization is interpreted as a universalization, in which social structures of western societies are spread across the earth.

Other definitions of globalization are stated as follow. Gygli, Haelg, and Sturm (2018) said that “The definition states that globalization describes the process of creating networks of connections among actor at intra or multi-continental distances, mediated through a variety of flows including people, information and ideas, capital, and goods. Globalization is a process that erodes national boundaries, integrates national economies, cultures, technologies, and governance, and produce complex relations of mutual interdependence” (p.5). In addition, Shahzad (2006) provided the definition of globalization as “expansion of economic activities across political activities boundaries of nations” (p1), which means the process of economic linkages and economic interdependence among the nation in the worldwide economy. Furthermore, it can be described as "Globalization can be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa" (A. McCrew, pp.60). The famous definition provided by Keohane and Nye (1977) stated that “Globalization is a state of the world involving a network of interdependence at multicontinental distances. The linkage occurs through flows and influences of capital and goods, information and ideas, and people and forces, as well as environmentally and biologically relevant substances (such as acid rain or pathogens)” (p.2).

There are three types of globalization as according to the World Development’s indicators (Group, 1978). Firstly, Economic globalization is defined as the long-distance flows of goods, capital, and services as well as information and perceptions that accompany market exchanges. It is measured by actual flows of trade and investments, and by restrictions on trade and Capital such as tariff rates. Secondly, Political globalization is measured by the number of embassies and high commissions in a country, the number of international organizations of which the country is a member, the number of UN peace missions the country has participated in, and the number of international treaties that the country has signed since 1945. Lastly, Social globalization is measured by three categories of indicators. The first is personal contacts such as telephone traffic and tourism. The second is information flows such as a number of internet users. The third is cultural proximity such as trade in books and a number of Ikea warehouses per capita. However, this study will focus on only two out of three elements of globalization, which are political globalization and economic globalization while social globalization seems extremely least discussed deeply.

3.2 Globalization and Quality of Governance

The globalization plays a certain role in explaining the quality of governance. Globalization can improve the trade, capital, information flows, and the movement of society across the borders (Lalountas, Manolas, & Vavouras, 2011). The purpose of globalization is to make homogenization, prices, products, wages, wealth, rates of interest, and profit to be similar all over the world (Waltz, 1999). Prior research discusses the link between globalization on quality governance and corruption. According to (WorldBank, 2016), there is a positive correlation between globalization and anti-corruption in the case of middle and high income. On the other hand, globalization in lower-income countries is not effects on corruption. In addition, governance states that interdependence will promote peace and limit the use of power. Simple interdependence will become complex interdependence binding the economic and tightening the political interest among the countries (Keohane & Nye, 1977). Prior research on globalization tends to focus on globalization as instrumental in fighting corruption (Asongu, 2014; Asongu, 2017; Glynn, Kobrin, & Naim, 1997; Lalountas et al., 2011; Torgler & Piatti, 2013). However, whether globalization improves the quality of governance and control of corruption in ASEAN is unknown yet.

Past studies generally agreed that globalization is a tool for fighting corruption. A journal written by (Asongu, 2014; Lalountas et al., 2011) stated that globalization can be a weapon to mitigate corruption only for middle and high-income countries but not for a developing country. Data taken from 2002-2010 consist of policy implication. The study focuses on Africa where human development and corruption are a worrying issue and reveals some problems especially on structural adjustment policies (liberalization for the most area) forced by the IMF (International Monetary Fund) and WB (World Bank) to increase the human development (Klitgaard, 1988). According to (Lalountas et al., 2011), globalization affects corruption from human development. It is because human development is a globalization road to strengthening a global commitment to carry on and speed up the pace of human development. Three types of human development index (HDI) are GDP per capita, literacy, and life expectancy (Asongu, 2014). However, according to (Asongu, 2014), globalization also threatens to build human development because it is evolving to find market victory from government and self-interest over humanity. In the same line of thought, corruption has the tendency when the states low level per capita economic prosperity, education, and life expectancy.

In addition, prior research by (Ahmad & Ghani, 2005; Blouin, Ghosal, & Mukand, 2012; Bonaglia, Braga de Macedo, & Bussolo, 2001; Kaufmann, Kraay, & Mastruzzi, 2011; Khan, 2017; Waltz, 1999) investigated how globalization is able to increase the quality of the governance. The results showed that "globalization, governance and economic performance affect each other in very mutual relationships" (p.1). For example, research by (Luo, 2005) examined how globalization affects corporate governance and accountability in MNEs (Multinational enterprises). It was also stated that "An international firm's corporate governance and accountability systems are influenced by its globalization scale, local responsiveness, foreign competition, and international experience. Normatively, the design of corporate governance and accountability should be properly aligned with these firm-level globalization characteristics" (p.1), which brings to the proposed hypothesis:

There is a positive relationship between globalization and Quality of Governance

3.3 Quality Governance

The definition of governance is "*the traditions and institutions by which authority in a country is exercised. This include (A) the process by which governments are selected, monitored and replaced; (B) the capacity of government to effectively formulate and implement sound policies; (C) the respect of citizen and* *the state for the institutions that govern economic and social interaction among them*" (Kaufmann et al., 2011, p.6). According to World Bank *"the manner in which power is exercised in the management of a country's economic and social resources for development" (Santiso, 2001, p.3).*

Instead of relying solely on Corruption perception index (CPI) by Transparency International to measure corruption, this study examines factors that influence the quality of governance and corruption. Conceptually, corruption represents a negative connotation of the offense. In contrast, this study examines anti-corruption measures in the forms of Quality of Governance and control of corruption. To check the robustness, this study utilizes two different measures of QoG from the International Country Risk Guide (ICRG) and Worldwide Governance Indicators (WGI). However, it further emphasizes the control of corruption domain of QoG under Kaufman. Table 1 respectively summarizes 12 proxies of QoG under ICRG and 6 proxies of QoG under Kaufman, WGI. In this research, we examine Globalization stimulus the quality of governance and control of corruption. this study will measure the QoG under ICRG because of the complex component measurement and long period data available under ICRG.

Table 1 Quality of Governance

	ICRG		Kaufman
No	**Component**	**No**	**Components**
1	Government Stability	1	Voice and Accountability
2	Socioeconomic Conditions	2	Political Stability / Absence of Violence
3	Investment Profile	3	Government Effectiveness
4	Internal Conflict	4	Regulatory Quality
5	External Conflict	5	Rule of Law
6	Corruption	6	Control of Corruption
7	Military in Politics		
8	Religious Tensions		
9	Law and Order		
10	Ethnic Tensions		
11	Democratic Accountability		
12	Bureaucracy Quality		

To measure the dynamic impact of globalization on QoG, we apply panel Autoregressive Distributed Lags (ARDL) approach under maximum likelihood estimation (MLE) developed by Pesaran, Shin, and Smith (1999). Panel ARDL version of Pesaran et al. (1999) has three estimators, Pooled Mean Group (PMG), Mean Group (MG) and Dynamic Fixed Effect (DFE). The PMG estimator incorporates dynamic heterogeneous panel regression into the error-correction model as follows,

$$\mathrm{lnQOGC}_{\mathrm{it}} = \mu_i + \sum_{j=1}^{p} \lambda_{\mathrm{ij}}\mathrm{GLOB}_{\mathrm{it\text{-}j}} + \sum_{j=0}^{q} \delta_{\mathrm{ij}}^{/} X_{\mathrm{it}-j} + \varepsilon_{\mathrm{it}} \quad \text{..........................(1)}$$

Where, i = 1, 2,….., N represents a cross-sectional unit, t = 1, 2, 3, …..T represents time (annual), j is the number of time lag, p is the lag of the dependent variable, and q is the lag of the independent variables. $X\square_{it}$ is the vector of independent variables such as globalization, fixed capital formation, labor force, trade openness, and μ_i is the fixed effect. Equation (1) can be written through re-parameterization as follows,

$$\Delta\mathrm{QOG}_{\mathrm{it}} = \mu_i + \varphi_i \mathrm{QOG}_{\mathrm{it}-1} + \beta_i' X_{\mathrm{it}} + \sum_{j=1}^{p-1} \lambda_{\mathrm{ij}^*} \Delta QOG_{it-j} + \sum_{j=0}^{q-1} \delta'^{*}_{\mathrm{ij}} \Delta \mathrm{X}_{\mathrm{it}-j} + \varepsilon_{\mathrm{it}} \text{ ....(3)}$$

$$\text{Where, } \varphi_i = -1\left(1 - \sum\nolimits_{j=1}^{p} \lambda_{ij}\right),\ \beta_i = \sum\nolimits_{j=0}^{p} \delta_{ij},$$

$$\lambda_{ij^*} = -\sum_{m=j+1}^{p} \lambda_{im},\ j = 1,2,,........,\ p-1, \text{ and}$$

$$\delta_{ij^*} = -\sum_{m=j+1}^{p} \delta_{im},\ j = 1,2,,........,\ q-1.$$

Now by grouping the variables in levels further, Eq. (2) is rewritten as an error correction equation:

$$\Delta \mathrm{QOG}_{\mathrm{it}} = \mu_i + \varphi_i(\mathrm{QOG}_{\mathrm{it}-1} - \theta_i' X_{\mathrm{it}}) + \sum_{j=1}^{p-1} \lambda_{\mathrm{ij}^*} \Delta \mathrm{QOG}_{it-j} + \sum_{j=0}^{q-1} \delta_{\mathrm{ij}}^{*\prime} \Delta \mathrm{X}_{\mathrm{it}-j} + \varepsilon_{\mathrm{it}} \quad \text{..........................(4)}$$

Where $\theta_i = -(\beta_i/\phi_i)$ defines the long-run or equilibrium relationship among QOG_{it} and X_{it}. In contrast, λ_{ij^*} and $\delta_{ij}^{*\prime}$ are short-run coefficients relating growth to its past values and other determinants like X_{it}. Finally, the error-correction coefficient ϕ_i measures the speed of adjustment of QOG_{it} toward its long-run equilibrium following a change in X_{it}. The condition $\phi_i<0$ ensures that a long-run relationship exists. Therefore, a significant and negative value of ϕ_i is treated as evidence of co-integration between QOG_{2it} and X_{it}. Thus, finally, the estimates are measured by:

$$\hat{\theta}_{\mathrm{PMG}} = \frac{\sum_{i=1}^{N} \tilde{\theta}_i}{N}, \hat{\beta}_{\mathrm{PMG}} = \frac{\sum_{i=1}^{N} \tilde{\beta}_i}{N}; \hat{\lambda}_{j_{\mathrm{PMG}}} = \frac{\sum_{i=1}^{N} \tilde{\lambda}_i}{N}, \text{and } \hat{\gamma}_{j_{\mathrm{PMG}}} = \frac{\sum_{i=1}^{N} \hat{\gamma}_i}{N}$$

Where, j = 0, ...q-1, $\hat{\theta}_{\mathrm{PMG}} = \tilde{\theta}$

Therefore, based on the above methodology presented in equation 3, the following three models have been developed. Thus the model to be estimated is:

In the equation, $\lambda_i$represents parameters to be estimated and Δ indicates differenced operator. If the respective variables are integrated order I(1), then the error term is integrated order I(0) process for all *i*. A principal feature of co-integration is that any short-run disequilibrium converges towards the long run equilibrium at the rate of φ_i. Therefore, the parameter φ_i is the error-correcting speed of adjustment term. If $\varphi_i = 0$, then there would be no evidence of a long-run relationship. This parameter is expected to be significantly negative under the prior assumption that the variables show a return to long-run equilibrium. Whether the PMG approach is valid or not, that depends on several important findings (Samargandi, Fidrmuc, & Ghosh, 2015). First, the error-correction term has to be negative and not lower than -2 to ensure the existence of a long-run relationship among the variables of interest. Secondly**,** the obtained residual from PMG estimator has to be serially uncorrelated then the explanatory variables has to be treated as exogenous determinants. But these conditions can be fulfilled by incorporating lags into an ARDL model for the dependent (p) and independent variables (q) in error-correction form. Finally, this estimator is particularly useful when there are reasons to expect that the long-run equilibrium relationships between variables to be similar across countries because they might have a similar nature in terms of economic growth.

The second method (MG) is carried out by estimating separate regression for each cross section. This method provides long run and short run parameters by taking an average of individual parameters from each country-specific regression. Therefore, MG method allows coefficient to be heterogeneous in the short run and long run. The validity of MG estimators largely depends on the large time series dimension of the data. Further, the DFE method is carried out based on a few assumptions, like 1) country-specific intercept 2) it restricts the speed of adjustment coefficient and the short-run and long-run coefficient to be identical for all cross-section. Finally, the Hausman test is applied to identify the efficiency and consistency of each estimator over others.

3.4 Data Sources

This study intends to conduct in ASEAN Economy Community. In this research, 8 countries will be selected as a scope of the study; Malaysia, Indonesia, Brunei Darussalam, Singapore, Thailand, Vietnam, Cambodia, and Philippine.

Data: panel time series (1984-2016)

Data Sources: Secondary data

- Governance data from ICRG data set and Quality of Government Institute of Gothenburg university database.
- Control of corruption data from World Governance Indicators
- Globalization data from the Quality of Government Institute of Gothenburg university database.
- Data of Socio-Economic indicators and control variables from World Development Indicators

To estimate the impact of ICT and Globalization on the quality of governance, we consider data from 8 countries in ASEAN including Brunei Darussalam, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. The availability of data is from 1984 to 2016. We use the quality of governance as the dependent variable with ten indicators including government stability, socioeconomic condition, investment profile, internal conflict, external conflict, corruption, military in politics, religious tensions, a law in order, ethnic tension, democratic accountability, and bureaucracy quality. To check the robustness, we include important control variables based on the model specification and diagnosis tests, that are, government expenditure, gross domestic product constant (GDPC), and Human Capitan (HC). All other variables have been collected from WDI (World Development Indicators). Table 2 shows the descriptive statistic of our data.

Table 2 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
lqog	264	1.651055	.235428	.81093	2.00513
gi	264	53.41578	18.8382	19.2355	89.56081
gove	264	23.24475	9.611947	0	69.096
lgdpc	264	8.218811	1.56023	5.251812	10.87048
hc	264	2.270301	.4391362	1.3334	3.51807

3.5 Conceptual Framework

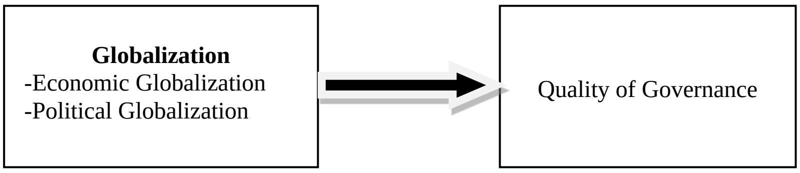

Figure 1 Conceptual Framework

Pertaining the above theory, we can develop the following empirical framework.

$QOG_{it} = \beta_0 + GLOB_{it} + \varepsilon_{it}$……………….(1)

In the equation 1, QOG denotes the quality of governance over the time and cross countries, β_0 indicates intercept, $GlOB_{it,}$ reflects Globalization over the time and cross countries; and finally, ε_{it} indicates error terms or explained observations.

4. Results and Discussion

We executed the unit root test to examine a series of interest to conclude the respective order of integration. It is also necessary to note that no variable over integration order I(1) to avoid false result Pesaran and Pesaran (1997). Furthermore, it is important to check the order of integration of the variables to choose the suitable econometric model. The results of panel unit-root tests are presented in Table 2.

According to Im, Pesaran, and Shin (2003) in Table 3 clearly shows that the test accepts the null hypothesis of the presence of unit-root in the respective variables. As a result, the variables of this study are stationary at first difference level, which authenticates the appropriated of the ARDL (p,q) approach to be applied for analyzing data.

The results found from the dynamic analysis using panel ARDL (p,q) framework are presented in Table 4. The ARDL method clarifies the authentic of the relationship between Globalization in selected ASEAN countries. We reflect three methods of ARDL framework; PMG, MG, and DFE. The coefficient in the error-correction term is required to be negative and not less than -2. Table 3 shows that this coefficient is -0,231 and statistically significant at the 1% level. In the long run, the results under PMG method indicate that ICTs has a positive and significant impact on Quality Governance. In addition, the square form of ICTs has a negative and significant impact on Quality Governance. These findings support the work of Kim, Kim, and Lee (2009). This paper (Kim et al., 2009) gave a successful example of implantations of e-government for anti-corruption in Seoul, South Korea, known as the OPEN (Online Procedures Enhancement for civil applications) system of the Seoul Metropolitan Government (SMG). ICTs Development has a potential to create transparency and to use as a tool for anti-corruption and increase the quality governance (Ali & Gasmi, 2017; Bertot, Jaeger, & Grimes, 2010; Bhatnagar, 2003a, 2003b; Fukuyama, 2001; Johnson, Kaufmann, & Zoido-Lobaton, 1998; Palvia, Baqir, & Nemati, 2017; Sassi & Ali, 2017; Tanzi & Davoodi, 1998).

Table 3 Panel Unit-root Analysis

Variables	Level	1st difference
	IPS	IPS
CPI	-1.8175	-4.4060
GI	-1.1003	-5.6760
Gove	-2.4212	-6.7721
LGDPC	0.1068	-3.9105
HC	-1.7096	-2.5844

Furthermore, Table 3 shows the error-correction in which the coefficient is -0,106 and statistically significant at the 1% level. In the long run, the findings under PMG method indicate that Globalization has a positive and significant impact on Quality Governance. Additionally, the square form of Globalization also has a positive and significant impact on Quality Governance. These findings are consistent with practical work by (Ahmad & Ghani, 2005; Blouin et al., 2012; Bonaglia et al., 2001; Kaufmann et al., 2011; Khan, 2017; Waltz, 1999) which investigated how globalization is able to increase the quality of the governance. The results showed that “globalization, governance and economic performance affect each other in very mutual relationships” (p.1). For example, research by Luo (2005) examined how globalization affects corporate governance and accountability in MNEs (Multinational enterprises). It was stated that “An international firm's corporate governance and accountability systems are influenced by its globalization scale, local responsiveness, foreign competition, and international experience. Normatively, the design of corporate governance and accountability should be properly aligned with these firm-level globalization characteristics” (p.1).

Table 4 Globalization and Quality of Governance

	PMG		MG		DFE	
Variables	Long Run	Short Run	Long Run	Short Run	Long Run	Short Run
Error Correction		-0.106***		-0.318***		-0.157***
		(0.0397)		(0.0444)		(0.0320)
D.gi		-0.0423		-0.0715		0.00581
		(0.0466)		(0.0444)		(0.00857)
D.gi2		0.000568		0.000963		-3.15e-05
		(0.000622)		(0.000739)		(7.50e-05)
gi	0.0334*		0.0219		0.00178	
	(0.0200)		(0.0777)		(0.0143)	
gi2	-0.000458**		-0.000417		-3.56e-05	
	(0.000212)		(0.000678)		(0.000139)	
Constant		0.186**		-1.948**		0.156
		(0.0934)		(0.793)		(0.105)
Observations	256	256	256	256	256	256

PMG: pooled mean group; error time (ecm) should be negative and significant, residual (error time) uncorrelated with independent variables, error time must be uncorrelated, we can take lag in dv or iv. MG; mean group. DFE: dynamic fixed effect

To check the robustness test, we used Dumitrescu-Hurlin panel Granger Causality test (see Table 5). This study employs a Granger causality test developed by Dumitrescu and Hurlin (2012) to validate the causality relationship. The coefficient result from the ARDL estimator undoubtedly significant inferences. However, the results do not provide any information regarding the causal relationship between the analyzed variables. It is necessary for stakeholders such as policy maker and society to know the director of the causality among the variables to regulate appropriate policies. Another important advantage of this test is that it can be used for panel data in the presence of cross-sectional dependence. The result from Dumitrescu-Hurlin Granger causality test indicates that there is bidirectional causality Globalization and Quality Governance and Globalization and Corruption.

Table 5 Robustness Check

Hypothesis	**W-bar**	**Z-bar**	**Probability**	**Result**	**Conclusion**
$Lgi \rightarrow LQoG$	1.4505	0.9009	0.3676	No	Lgi not impact on LQoG
$LQoG \rightarrow Lgi$	2.4423	2.8846	0.0039	Yes	LQoG impact on Lgi
$Lgi2 \rightarrow LQoG$	1.5577	1.1154	0.2647	No	Lgi2 not impact on LQoG
$LQoG \rightarrow Lgi2$	2.4175	2.8350	0.0046)	Yes	LGoQ impact on Lgi2

5. Conclusion

This paper has examined how globalization develops and impacts the quality of governance and Corruption control in ASEAN Region. By using three types of panel ARDL framework: MG, PMG, and DFE, we drew the following conclusion;

1. The findings by PMG method show that Globalization has a positive and significant while the square method shows a negative and significant impact on quality governance in the long-run.

2. The findings by MG method show that Globalization has a positive and insignificant while the square method shows a negative and insignificant impact on quality governance in the long-run.

3. The findings by DFE method show that Globalization has a positive and insignificant while the square method shows a negative and insignificant impact on quality governance in the long-run.

This paper contributes to the theory and practice of macro economy by highlighting how globalization impact on quality governance. For instance, *this study contributed to society, for example, NGOs, Policy Maker, and researcher are taken into account implementing the globalization in ASEAN Countries. In the academic field, this study contributed in terms of methodology how globalization enhances the QoG.* The authors recognize the limitations of the present study and suggest that these limitations can be viewed as opportunities for future work and reflections. First, this research only measures the ASEAN region and limits independent variables. Future studies should attempt to replicate this research in a different setting and region. The empirical findings in this research are influenced by the ASEAN region, particularly the impact of quality governance initiatives.

6. Acknowledgements

We are indebted to the Mora Scholarship 5000 Doktor, State Islamic University of Raden Fatah Palembang, Indonesia and the Accounting Research Institute (ARI,UiTM) in giving us the support needed for this project. We appreciate the reviews and comments made by academicians on earlier drafts of this paper. Many thanks to the government agencies, organizations and commissions that participated in the project.

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