

## The Reality in Measuring Corruption and Good Governance in the Southeast Asia Countries

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**Abstract:** In the rapid changing world, the transformation of administration and governing the government has changed as the world change at the same time. The need for smooth and good administration of the government are very important in order to ensure the services provided by the government are good enough to serve the citizen of the country. Hence, the good governance practices are very crucial in order to prevent the corruption during governing the government. The imperfection in the perfection still exist in the perfect form of the good governance as most of the leaders of the countries had focused on the issues in the governance to ensure the check and balance are well-practiced in governing the government.

**Key words:** Political • Corrupt • Interest • Performance • Accountability

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### INTRODUCTION

Corruption can be defined as the abuse of the power in gaining self-interest of the activities and it can be divided into two categories; “structural” and “societal” which seen as the causes of the corruption in governance [1,2]. The causes of the corruption were resulted from the action of the political regimes, history (colonialism) on the corruption patterns and cultural factor in most of the countries in the world.

On the other hand, the other factor that encourage someone to participate in the corruption is the incentives as individuals can be seen as the unit of analysis in maximizing utility in the corruption. Corruption has negatively affect the quality and efficiency of the service as it undermined good governance and the rule of the law as World Economic Forum estimated \$2.6 trillion per year in the financial crimes due to the lack of consensus in this issue [3,4,5]

Corruption is an action which can be described as an action of monopolize and discretion which put aside the accountability [6]. The action of monopolizing over the good and service are being allocated showed individual liable as the insufficient accountability took place [7,8].

World Bank [9] and Transparency International (TI) described corruption as “the misuse of public office for private gain” and it involves public servants. Politicians and public-service officials as their improper behavior take

advantages on their position in manipulating the government’s assets and money. On top of that, this improper behavior could effects government resource and performance while the causes of the corruption might vary in every country in the world.

Good governance is very important to every one of us as it acted as monitoring the actions and comply with the laws in achieving the mission. Furthermore, it must be transparent to encourage the trust as the World Bank Institute has highlighted six major elements of good governance; (a) accountability, (b) effectiveness, (c) less of regulatory burden, (d) rule of law and (e) independence of laws enforcements on corruption.

According to the World Bank [10,11,12], politic has the authorization on the country’s development, economics and policies also it could help in reducing the poverty rate nevertheless inefficiency institutions and corrupted has effect policy implementation [9].

Identifying the good governance key elements is the process which refers to the management power and multilateral agencies such as United Nation (UN), International Monetary Fund (IMF), Inter-American Development Bank (IADB) and the European Commission (EC) are the examples of good governance.

However, the failure of good governance is due to achieve the main purpose of its mission and the uncertainty or the absence in the transparency and accountability in the government [13] and [14].

**Good Governance: Concept and Key Principles:** The term of governance has become a crucial topic especially the critical role in determining society well-being. As said by Kofi Annan in the United Nations meeting, he reflected that “good governance might be the crucial factor in reducing the poverty and improve the development of the nation. Defining the term of good governance is the hardest part as it can be challenging, complex, subtle and powerful. The meaning of governance is not the same as the term of government [15,16]. These two terms has different meaning one another because governance is the process of decision making between societies and government, determine the person who will be involved in the process.

The concept of good governance created due to the bad practices of bad governance which caused by corruption, unaccountable action by government itself and lack respect in human rights which become dangerous for the firm itself. The practices of good governance had become crucial for the firm itself in the political and economic agendas [17,18]. Good governance practice will determine how far the concept go in the future by the firm itself as it refers the effectiveness, efficiency and response of the practices [19,20].

The good governance principles covers *technical dimension*, *social dimension* and *political dimension*. *Technical dimension* refers to the economic, transparency, effectiveness and stability of the firm in implementing the good governance. *Social dimension* refers to the strength, democratic institutions and tolerance whilst *political dimension* refers to the legitimacy, accountability and respect within the good governance in the firm itself.

The good governance principles helps the firms and organizations to act in their interest all the times. The firm and organization need to have strong commitment in integrity, ethical values, openness, rule of law and comprehensive stakeholder engagement. On top of that, good governance requires the firm to define outcomes in some aspects especially, economic, social and environment in order to forecast the benefits of the aspects in the future.

The firm also requires to determine the interventions which is necessary for them to optimize the outcomes. The practices of key principles helps the firm to develop entity capacity (i.e; leadership and individuals) and manage the risks and performance through string control of internal and finance management whilst implement the practices of transparency and accountability.

There are five principles in the good governance based on the UNDP Principles; (1) *legitimacy and voice*,

(2) *direction*, (3) *performance*, (4) *accountability* and (5) *fairness*. *Legitimacy* is divided into participation (everyone should have voice in decision making) and consensus orientation (mediates different interests in order to reach broad consensus). *Direction* will focus on strategic vision which leaders and public have perspectives on good governance and development of human especially in history, culture and social.

*Performance* focused on responsiveness and effectiveness and efficiency. These elements discussed on the institutions and processes of the stakeholders to produce the result which meet the needs of human by utilizing the resources. *Accountability* is divided into accountability and transparency which focus on the decision maker in any firms while being transparent on the free flow of the information. *Fairness* focused on the equity and rule of law which discussed on the right of opportunities in enhancing human well-being while the legal frameworks must be fair and implemented fairly.

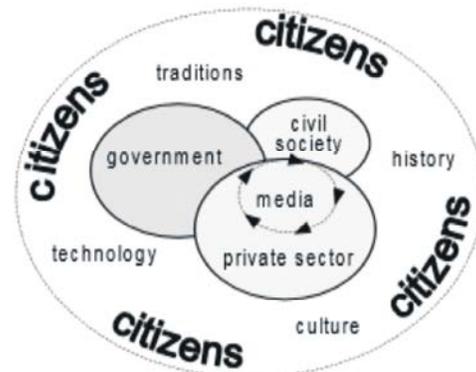


Fig. 1: Four sectors of society (Retrieved from *Principles for Good Governance in the 21st Century*)

The good governance concept could be applied based on the different context which is global, national, institutional and community.

According to the concept of good governance, the governance term would be easier to understand at the national level if they would consider the entities which could occupy the social and economic landscape.

**The Reality in Measuring Corruption:** The existence of corruption has been more than decades and determining the causes has also been more than what we can imagined nowadays. As the increasing of corruption rates, various anti-corruption activities has been executed to overcome the serious issues due to the affected social life. According to the [21], the World Bank has captured six dimensions of governance; (a) Voice and Accountability,

(b) Political Stability and Absence of Violence/ Terrorism, (c) Government Effectiveness, (d) Regulatory Quality, (e) Rule of Law and (f) Control of Corruption as it covers more than 200 countries in the world. The measuring of the corruption is based on the diverse of group, surveys, commercial risk agencies, NGOs and organizations to determine the level of governance performance, accountability, political stability and government effectiveness.

In the progress of fighting the corruption, we need to diagnose the problems and monitor the results then determine the best way to fight the corruption. Corruption could be measured in three different ways: (a) collective views of stakeholder, (b) countries' organizational background and (c) by auditing specific projects. *Collective views of stakeholders* are include the survey of individuals, personnel of the institutional as well as the outsiders' views from the NGOs and private sectors. This is very important in order to measure the level of the corruption especially the potential institution as the data could be used to compare or combine the information from many sources.

*Countries' organizational background* is another aspect which need to be focused especially on the activities of the corruption, opportunities and incentives such as the procurement, budget, payment and organization utilities. The potential fields has higher probabilities in encouraging the corruption activities especially in the underdevelopment and development countries. *Audit specific projects* in the potential fields as the auditing could trace the misused of the project funds by comparing the spending volume and physical output of projects. It can provides the information on the specific projects that has tendencies in the corruption activities.

In measuring the corruption, there are two methods that has been emphasized by the World Bank [22]: (a) individual's perception or view sometimes is the best and (b) survey-based questions of corruption. These two method are the best method emphasized by the World Bank in measuring the corruption. Worldwide Governance Indicators has released the rate of the government effectiveness, accountability, political stability and rule of law based on the countries in the world. However, the measurement of corruption involve the element of uncertainty because corruption cannot be 100% reliable due to the two major problems in all types of data.

The survey questions on the corruption are subject to sampling error and the assessment on the corruption could be not accurate as the result of the audits cannot determine between corruption and incompetence due to the gaps in the data. On the other hand, the question

might not be informative on the corruption in public procurement even if the audit discovered the corruption in a project. Furthermore, the measurement of the corruption should minimize the error in the measurement and be transparent on the inevitably aspects as stressed by the [21] due to the many different sources used in creating the indicator.

**The Governance Indicator:** Nonetheless, this paper will focused on the Southeast Asia countries; Malaysia, Thailand, Indonesia, Philippine, Brunei, Vietnam, Cambodia, Myanmar and Singapore. This section will compare the indicators in 2014 as it is the latest released from the Worldwide Governance Indicators. The governance sections will focused on the Government Effectiveness in the Southeast Asia countries. The indicators are the *estimate of governance* and *percentile rank among all countries in the world*.

Table 1.1: Government Effectiveness in Governance (derived from the [22])

Country	Estimate of Governance	Percentile Rank
Brunei	1.08	81.73
Malaysia	1.14	83.65
Cambodia	-0.68	25.48
Thailand	0.34	65.87
Singapore	2.19	100.00
Indonesia	-0.01	54.81
Philippines	0.19	61.54
Vietnam	-0.06	52.40
Myanmar	-1.28	8.65

As you can see on the above, these two indicators the *estimate of governance* and *percentile rank* which is a part of the indicators. The rate of *estimate of governance* is based on the ranges from -2.5 (weak) to 2.5 (strong) while the *percentile rank* ranges from 0 (lowest) to 100 (highest). The highest *estimate of governance* is Singapore which is known because of their governance performance and as one of the most developed countries in the world besides Japan, New Zealand, South Korea and Portugal.

This showed that better practices in good governance could help them in developing better nation in the future as done by Singapore for many years compare to Myanmar which ranked on -1.28 and it is the lowest amongst the Asian countries. In the *percentile rank* section, Singapore still at the top as usual in the rank of 100.00 compare to other countries like Malaysia (83.65), Brunei (81.73), Thailand (65.87), Philippines (61.54), Cambodia (25.48), Vietnam (52.40), Myanmar (8.65) and Indonesia (54.81). This is really important because it is capturing perceptions of the quality of public services, policies, governments' credibility and independence of political pressures.

In the Voice and Accountability section, the table showed same aspects like in the Government Effectiveness; *estimate of governance* and *percentile rank* as it reflects perception of the citizen in the country which enable them to participate in selecting the government.

Table 1.2: Voice and Accountability (derived from the [22])

Country	Estimate of Governance	Percentile Rank
Brunei	-0.66	28.57
Malaysia	-0.33	36.95
Cambodia	-1.08	17.73
Thailand	-0.85	25.62
Singapore	-0.11	45.32
Indonesia	0.13	53.20
Philippines	0.13	52.71
Vietnam	-1.34	9.85
Myanmar	-1.39	9.36

In this section, the highest *estimate of governance* is Indonesia and Philippines which allow their citizen to get involve in the government selection and giving them the opportunities in participating the selection. Nevertheless, the lowest rank are Vietnam, Myanmar and Cambodia which is the underdevelopment countries in the world. This is also showed that the corruption is high in these three countries compare to other countries in Southeast Asia while the highest percentile rank is Indonesia and Philippines.

Singapore is not at the top list in the percentile rank and this shows that the voice and accountability in that small countries might not well-practiced compare to Indonesia and Philippines. However, Malaysia is at the rank of 36.95 and this also proved that the accountability is not at good point even though Malaysia is well-developed than Philippines and Indonesia.

### CONCLUSION

The corruption in Southeast Asia countries can be seen in the governance indicator as provided in the previous based on the governance level. The level of governance that too low showed that consensus on the governance were not in the practices. Hence, the leader or government should be more focused in fighting the corruption because this action could bring down the whole countries due to improper action. As emphasized by the United Nation in 2014-2017 Strategic Plan, the Plan are developed to achieve inclusive, sustainable development and greatest contributions.

The government should have a better plan for the future as the corruption keeps expanding and spreading at the same time. The good governance practices are very

crucial in order to prevent the corruption during governing the government. [23] emphasized the imperfection in the perfection still exist in the perfect form of the good governance. Besides that, stressed most of the leaders of the countries had focused on the issues in the governance to ensure the check and balance are well-practiced in governing the government.

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