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FINANCIAL GLOBALISATION, GOVERNANCE AND ECONOMIC GROWTH IN SUB-SAHARAN AFRICA

AUDREY FORIWAA ADJEI

2024

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UNIVERSITY OF CAPE COAST

FINANCIAL GLOBALISATION, GOVERNANCE AND ECONOMIC GROWTH IN SUB-SAHARAN AFRICA

BY

AUDREY FORIWAA ADJEI

Thesis submitted to the Department of Finance, of the School of Business, College of Humanities and Legal Studies, University of Cape Coast, in partial fulfillment of the requirements for the award of Master of Commerce degree in Finance

JANUARY 2024

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DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's signature…… Date ……

Name: Adjei Audrey Foriwaa

Supervisors' Declaration

We hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Principal Supervisor's Signature …… Date ……

Name: Prof. John Gartchie Gatsi

Co-Supervisor's Signature: …….. Date: ……

Name: Dr. Michael Owusu Appiah

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ABSTRACT

Sub-Saharan Africa nations have faced challenges matching the economic growth witnessed in other regions. While financial globalisation has been touted as a potential catalyst for economic growth, its impact on sub-Saharan Africa has been limited. However, the literature suggests that the influence of financial globalisation on economic growth is significantly amplified in nations with strong governance systems. This study employs the system Generalised Method of Moment estimation to determine how governance moderates the relationship between financial globalisation and economic growth in sub-Saharan African economies. The findings indicate that governance plays a crucial role in enhancing the impact of financial globalisation on economic growth in the region. In this light, this study recommends that sub-Saharan African economies must prioritise measures that strengthen governance to achieve substantial growth. This includes leveraging financial globalisation to improve government efficiency, combat corruption, enhance regulatory quality, uphold the rule of law, and promote accountability. Furthermore, advancements in governance quality will have a positive ripple effect on economic growth, making it imperative for the region to focus on bolstering governance frameworks to unlock its true economic potential.

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KEYWORDS

Economic Growth

Financial Globalisation

Generalised Method of Moments

Governance

Moderating effect

Sub-Saharan Africa

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DEDICATION

To my parents.

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LIST OF ACRONYMS

AREAER	Annual Report on Exchange Arrangement and Exchange Restrictions
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GMM	Generalised Method of Moments
GNP	Gross National Product
IMF	International Monetary Fund
SSA	Sub-Saharan Africa
TO	Trade Openness
UN	United Nations
WTO	World Trade Organisation
WDI	World Development Indicators
WGI	World Governance Indicators

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CHAPTER ONE

INTRODUCTION

Financial globalisation, governance, and economic growth are pivotal factors influencing the development trajectory of countries (Azam, 2022; Egbetunde and Akinlo, 2019). As nations strive to enhance their economic performance and improve living standards, it becomes imperative to evaluate the interplay between financial globalisation, effective governance, and economic growth. Financial globalisation entails the integration of domestic financial systems with global markets, facilitating the flow of capital, investment, and financial services across borders. However, to harness the potential benefits of financial globalisation, robust governance structures are essential to ensure transparency, accountability, and regulatory effectiveness. This study sets the stage for examining the intricate connection among financial globalisation, governance, and economic growth in sub-Saharan Africa, highlighting the opportunities and challenges faced by the region in achieving economic growth.

Background to the Study

The twenty-first century is distinguished by astounding levels of global interconnectedness, which is integrating nations (Marantika, Rathod, Chauhan, Putri, & Maseleno, 2020). The fast increase of cross-border capital flows, including Foreign Direct Investment (FDI, hereafter), international reserves, portfolio investment, and in financial services, is what distinguishes this phenomenon.

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Globalisation has resulted in a larger global market and its associated expanded financial system, as well as the term “financial globalisation.” Monetary globalisation is defined as an all-encompassing concept that refers to the growing global ties formed by transnational financial movements (Francois, 2022). It is the means through which different financial markets throughout the world are combined into one, as well as the unrestrained free flow of capital across national boundaries (Fetiniuc & Luchian, 2014).

The conventional standard neoclassical growth theory holds that capital augmentation is the primary mechanism by which financial globalisation affects economic growth (Aziakpono, 2013). Theoretically, these monetary transactions must augment sparse indigenous capital scarcity in the domestic saving nations, decreasing the cost of capital and encouraging more investment (Onah, 2022; Zheng, Feng, Wang, & Chang, 2022). replace this with complex words "to assess the "

There are two basic ways that financial globalisation fosters economic growth (Jahanger, Usman, Murshed, Mahmood, & Balsalobre-Lorente, 2022). From one perspective, financial globalisation implies that developing countries now have broader access to various forms of capital. This increased capital availability enables nations to achieve several benefits, including the ability to stabilise consumption patterns, expand their financial markets, and enhance market discipline. On the other hand, financial globalisation also reinforces the financial system, thereby reducing information imbalances and mitigating

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concerns such as moral hazard and adverse selection (Schmukler & Abraham, 2017).

In recent times, financial globalisation has become one of the most frequently discussed topics worldwide (Asongu & De Moor, 2017; Bhanumurthy & Kumawat, 2020; Egbetunde & Akinlo, 2019; Schmukler & Abraham, 2017; Francois, 2022). The movement of capital between nations has increased, particularly between developed and developing nations, which has been a hallmark of the most recent phase of financial globalisation (Egbetunde & Akinlo, 2019).

Following the recent sharp increase in financial resources redirected towards emerging and developing nations, sub-Saharan African (SSA, hereafter) nations have recently received sizeable amounts of global financial transactions (the quantities considered for US $27.70 billion in 2017, US $ 29.09 billion in 2018, US $ 31.01 billion in 2019, US $ 29.09 billion in 2020, and US $ 35.05 billion in 2021) (IMF, 2022). Additionally, recovery in SSA has lagged behind other regions due to the resulting effect of the COVID-19 on GDP growth and a 5.5% real per capita income decline in the region. Africa will therefore take longer to recover than other advanced countries, which are predicted to reach pre-pandemic levels at the latest by 2023 (International Monetary Fund [IMF], 2022). Undoubtedly, the efficiency of all economies is largely determined by their governance structure (Bosma, Content, Sanders & Stam, 2018).

The New Institutional Economics (NIE) theory extends traditional economic theory by incorporating institutions, specifically governance, into the

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analysis of economic growth. According to Gatsi and Kyeraa (2016), institutions (governance) contributes to determining economic growth by influencing transaction costs. This theory emphasises how a country's institutional arrangements—including its political, legal, and social systems—contributes a substantial effect on its economic growth.

According to Kaufmann, Kraay, and Mastuzzi (2010), governance refers to the customs and institutions used to exert power in a nation. Similarly, governance is the authority and accountability framework that defines and controls the outputs, outcomes, and benefits of a project, programme, or portfolio in an economy (Badewi, 2016). Private investors, borrowers, financial institutions, and governments are the primary forces behind financial globalisation (Schmukler et al., 2001).

The globally recognised Bank argues that beneath the litany of developmental challenges in Africa lies a governance crisis. The prevalence of subpar institutions, frail adherence to the rule of law, a lack of accountability mechanisms, stringent controls on information dissemination, and elevated levels of corruption continue to typify numerous African nations. This was discovered by comparing the growth of the SSA economies against the quality of governance (IMF, 2022). One vital aspect of good governance that affects economic growth in most nations is political answerability, openness, and a proficient legal framework (Keping, 2018). Strong governance may foster economic growth by luring international investment, encouraging domestic innovation and entrepreneurship, and fostering stable macroeconomic conditions. Investors are more likely to make

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investments in nations where they are confident in the political atmosphere generally including a stability pertaining to the legal and regulatory infrastructure (Osei-Kyei & Chan, 2017).

Thus, the good standards of the macroeconomic structures of developing countries and institutions can significantly affect both its relative susceptibility to the fluctuation of international financial movements and its capacity to benefit from financial globalisation (Eichengreen, Csonto, ElGanainy, & Koczan, 2021). In light of these, the present research seeks to evaluate the impact of governance on the relationship between financial globalisation and economic growth in SSA.

Statement of the Problem

SSA is a regional block in Africa and the world with tremendous opportunities but also significant challenges (World Bank, 2019). SSA countries have recently obtained significant volumes of international financial flows as a result of financial globalisation (Egbetunde & Akinlo, 2019). Through financial globalisation, volumes in SSA accounted for US $27.70 billion in 2017, US $ 29.09 billion in 2018, US $ 31.01 billion in 2019, US $ 29.09 billion in 2020, and US $ 35.05 billion in 2021 in line with the recent substantial growth in financial movements to alternative nascent and developing countries (IMF, 2022). Although such flows briefly reversed in 2020, investors are once again searching the world for intriguing investment possibilities due to low interest rates in developed nations and a waning of global risk aversion (IMF, 2022).

FDI and portfolio investment flows of private capital have risen sharply in recent years, with two prominent countries leading the way—South Africa and

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Nigeria—accounting for 50–60 percent of total inflows (World Investment Report, 2022). Obviously, not all SSA nations have equally benefited from this shift, particularly in terms of their capacity to draw portfolio inflows (Egbetunde & Akinlo, 2019). In light of these financial movements linked to elevated growth prospects in some developed and emerging economies, many nations, particularly those in SSA, have experienced recurring growth rate collapses and severe financial crises during the same period, creating significant macroeconomic and social repercussions (World Investment Report, 2022).

As a result, both intellectual and policy circles are engaged in a contentious debate about the resultant effect of financial globalisation on the growth of developing economies. Previous research on financial globalisation and economic growth have focused mostly on developed and emerging economies (Ying et al., 2014; Bhanumurthy & Kumawat, 2020; Chang & Lee, 2010; McMillan & Rodrick, 2011; Samimi & Jenatabadi, 2014; Santiago, Fuinhas, & Marques, 2020). Few studies have considered these variables in the African context (Egbetunde & Akinlo, 2019; Hadiatou, 2010; Majidi, 2017; Rao & Vadlamannati, 2011; Yameogo, Omojolaibi, & Dauda, 2021; Zohonogo, 2018). Even though the connection among financial globalisation and economic growth is mixed and inconclusive, researchers have indicated from their findings that governance has a role connection among financial globalisation and growth prospects. The disparity in implications could be attributed to these empirical studies using single indicators such FDI and portfolio investment to account for financial globalisation and also did not explore the connection among financial

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globalisation and economic growth when absorptive capacities such as governance were considered.

For instance, Egbetunde and Akinlo (2019) opined that if governments support and foster effective economic system-wide strategies and robust institutions that leads to a long-lasting influence on economic expansion, SSA nations will profit from the period of financial globalisation in the long-term. In a similar vein, studies (Yameogo, Omojolaibi & Dauda, 2021; Kihombo, Vaseer, Ahmed, Chen, Kirikkaleli, & Adebayo, 2022) assert that the superiority of governance if properly assessed can have a ripple impact the connection among financial globalisation and economic growth. Nevertheless, none of these studies used an interaction term among financial globalisation and growth prospects to capture the net effect of financial globalisation on economic growth when governance is considered in the context of SSA economies. Despite the undeniable influence of governance in enhancing capital inflow and economic growth in SSA economies empirical studies (Sarkodie & Adams, 2020; Yameogo et al., 2021), have not truly captured its actual effect in the financial globalisation-economic growth nexus in SSA.

This study addresses the existing gaps in literature by employing the comprehensive KOF index for financial globalization suggested by Gygli et al. (2019) which encompasses five crucial dimensions of capital inflow: International Reserves, Portfolio Investment, International Debts, International Income Payments and FDI. The primary objective majorly captures the net effect of financial globalisation on growth prospects in economies within the SSA region,

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which has not been truly captured in previous empirical studies. By examining these specific areas, a comprehensive understanding of how financial globalisation influences economic growth is obtained. Each dimension provides unique insights into the impact of financial integration, investment patterns, debt dynamics, and cross-border income flows, all of which significantly shape the trajectory of economic growth. Analysing these five dimensions facilitates the uncovering vital intricate connection among financial globalisation and growth prospects, providing valuable knowledge for policymakers and researchers who seek to navigate the complexities of the global financial landscape and its implications for national economies.

Moreover, this study delves into the intricate connection among financial globalisation, economic growth, and governance by utilising a broad proxy for governance. This proxy accounts for six distinct characteristics of governance quality: corruption control, government effectiveness, political stability and lack of violence, regulatory quality, the rule of law, and the voice of accountability (Kaufmann, Kraay, and Mastruzzi, 2005). Governance is used as a moderating variable to reflect the overall effect of financial globalisation on economic growth. These indicators are based on several hundred variables measuring perceptions of governance drawn from different data sources and created by different organisations, such as the Global Economic Forum, the Global Markets Research Organisation, research institutions, non-profit organisations, and business and political risk-rating organisations (Kaufmann et al., 2005; Rahman & Khatun, 2017). In line with the aforementioned suppositions and subject to the

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limitations identified in existing literature, the current study addressed these constraints by examining the moderating role of governance in the relationship between financial globalisation and economic growth.

Purpose of the Study

The aim of this research is to investigate the role of governance in the connection between financial globalisation and economic growth in SSA.

Research Objectives

The following are the precise priorities of the study:

1. Examine the conection among financial globalisation and economic growth in SSA using the comprehensive KOF globalisation index.
2. Analyse the effect of governance on economic growth in SSA.
3. Examine the moderating effect of governance on the relationship between financial globalisation and economic growth in SSA.

Research Hypotheses

$\mathbf{H1_1}$: There is positive relationship between financial globalisation and economic growth in SSA.

$\mathbf{H1_2}$: There is positive relationship between governance and economic growth in SSA.

$\mathbf{H1_3}$: There is a positive moderating effect of governance on the relationship between financial globalisation and economic growth in SSA.

Significance of the study

The macroeconomic goal of countries to attain high and stable economic growth may be hampered by the fact that capital inflows in SSA take an alternate

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path from global capital flows (IMF, 2022). In order to determine the connection between financial globalisation and economic growth in SSA, this study uses governance as a moderating variable. This would be beneficial for policymakers in SSA countries to develop appropriate policies that will promote capital inflow and economic growth, as well as attach some urgency to governance-related issues in the region. Additionally, this study would address the literature's existing mixed-results gap. Similarly, investors constitute a sizeable portion of every economy and examining the key factors affecting their investment portfolios both in normal and turbulent times cannot be overlooked. It will assist them to understand the expansion effects of their portfolios in the sub-region. Finally, it will provide information to future academics who might be interested in exploring these characteristics in SSA as a benchmark for additional research.

Delimitation

This study examines the moderating effect of governance on the connection among financial globalisation and economic growth for the period 2002 to 2021. The scope of the study is limited to SSA economies. With reference to the readiness of data, the study is highly relevant to the selected economies in this context. Due to the endogeneity issue that may arise as a result of the unique distinctions between the various countries, the study uses the system Generalised Method of Moments (s-GMM) technique to achieve its aims. The main factors of interest are financial globalisation economic growth and governance.

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Limitations of the Study

The main drawback of the study is the absence of data for some of the nations in the SSA region. The data span also limits us from employing other techniques, such as ARDL panels, to serve as robust checking mechanisms. Despite these limitations, the results and conclusions of the study are valid and consistent (Maino & Emrullahu, 2022).

Definition of Terms

The following are the operational terminologies used in this study:

Financial globalisation: The unification of the domestic financial system of a nation with global financial markets and institutions is described as financial globalisation. Also, it makes reference to the increasing interconnectedness and integration of financial markets and institutions on a global scale, facilitated by cross-border flows of capital, investments, and financial services (Ifeakachukwu, 2020). Establishing an integrated financial market and facilitating the transfer of financial capital around the world are the main objectives of financial globalisation. This will allow investors make good investments and earn profits on those investments from anywhere in the world. Financial globalisation encompasses five broad areas— International Reserves, FDI, International Debts, International Income Payments and Portfolio Investment. Each area represents a distinct aspect of cross-border capital flows, capturing different facets of economic integration and interconnectedness. FDI reflects long-term investments by foreign entities; Portfolio Investment accounts for short-term investments in financial assets; International Debts consider borrowing and lending activities

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across borders; International Reserves measure a country's holdings of foreign currencies and assets; and International Income Payments track the income earned from international transactions. Incorporating these areas allows for a comprehensive understanding of the multifaceted nature of financial globalisation.

Governance: refers to the institutional frameworks and organizational configurations through which governance is wielded within a nation. It may explicitly refer to modifications made to the characteristics and functions of nations as a result of public sector reforms. These proxies for measuring governance include, the effectiveness of the government, stability in policy matters, the non-existence of violence, the rule of law, the calibre of the regulatory system, the strength to control corruption and the voice of accountability. Each proxy represents a critical dimension that collectively captures the effectiveness, integrity, and stability of governance systems. By utilising these proxies, a holistic understanding of governance, identifying strengths and weaknesses in areas such as anti-corruption efforts, institutional performance, legal frameworks, and citizen participation, facilitating an informed analysis of the function of governance in SSA economies.

Economic growth: According to Barro (1997), economic growth entails the procedure for raising the actual Gross Domestic Product (GDP) of a nation. Also computed in either real (adjusted for inflation) or nominal terms. Although alternative metrics are occasionally employed, conventionally, either gross national product (GNP) or gross domestic product (GDP) is utilized.

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Organisation of the Study

The study is divided into five chapters. Specifically, the background of the study, the statement of the problem, the goal of the study, research objectives and hypotheses, the vitality of the research, delimitations, and the definition of key terminology are all included in Chapter one. The review of existing works is examined in Chapter two along with both theoretical, conceptual, and empirical reviews. The specifics relating to the methodological framework and data acquisition procedure, data processing, and data analysis procedures are discussed in Chapter three under the research methodology section. In chapters four and five, the study's summary, conclusion, and suggestions are discussed together with the scrutiny and discourse of the data that was gathered.

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CHAPTER TWO

LITERATURE REVIEW

Introduction

The primary objective of this section is to provide an overview of pertinent research on the function of governance structures in the connection among financial globalisation and economic growth in sub-Saharan African nations. The goal of the review of related literature is to gather theories and data to support the investigation. There are two primary components to this chapter. The theoretical literature on financial globalisation and its connection to economic growth is presented in the first section, along with theories delineating the function that governance plays in this relationship. The second portion provides an examination of the existing study on the connection between financial globalisation and growth prospects and empirical assessments in moderating governance in the financial globalisation-growth prospects nexus.

Theoretical Review

This section outlines the theoretical foundations in light of objectives one, two, and three. Specifically, the study reviews the standard neoclassical growth theory, which explains how financial globalisation relates to economic growth, the new institutional economics theory due to the use of governance and the new growth theory links the three variables.

Standard neoclassical growth theory

Robert Solow and Trevor Swan (1956) developed the standard neoclassical growth theory. According to the conventional neoclassical

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framework, financial globalisation encourages growth prospects by raising local investment, which boosts local saving and lowers the expense on capital (Kose et al., 2010). The principal contention of the standard neoclassical growth theory is that financial globalisation will enable capital to flow from economies endowed with substantial capital to economies characterized by a scarcity of capital, permitting a more optimizes distribution of global assets (Aziakpono, 2013). The amount of money available for investment rises when capital enters a nation. This increase in investment may result in the creation of new enterprises, technologies, and infrastructure, all of which may boost output and economic growth. Additionally, foreign investment may result in the transfer of cutting-edge knowledge and abilities, which will boost production even more.

Financial globalisation may promote financial institution competition, which may enhance financial efficiency and lower borrowing costs for businesses. Lower borrowing rates may make it simpler for businesses to invest in new initiatives, grow their businesses, and hire more personnel, all of which may support economic growth. If this claim is true, capital should be transferred from wealthy nations, which possess abundant capital, to nascent nations, which are capital-poor yet have high levels of capital productivity. Such inflows would therefore supplement emerging nations' meagre domestic savings, lower the expense associated with their capital, promote capital deployment and economic expansion (Arif-Ur-Rahman & Inaba, 2020).

This study makes the claim, in accordance with this idea, that, all other things being equal, financial globalisation will stimulate economic growth by

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ensuring that financial movements from capital-endowed economies to capital-deficient economies through the efficient allocation of international resources.

New growth theory

Romer (1990) asserts that the New Growth Theory underscores the significance of allocating resources intellectual capital, cognitive assets, and inventive capabilities to drive growth prospects. This theory considers these factors crucial because it recognises that economic growth is influenced by internal processes and endogenous factors. North (1995) further contends that institutions assume a pivotal role in creating incentives for individuals to enhance their skills, invest in technology, and facilitate the efficacy market organisation. Mincer (1984) adds that human capital, which encompasses the generation of novel ideas and technological advancements, is the driving force behind growth prospects.

The New Growth Theory explains that the expansion of the economy originates within a system through internal processes. It highlights the significance of upgrading a countries' intellectual resources to drive economic growth by developing innovative and productive means of production. Effective human capital is essential for implementing good governance and utilising capital inflows for innovative, developmental, and technological purposes. The theory emphasises that growth is endogenous, meaning it relies on robust internal factors, including institutions and human capital, for capital inflows to achieve their intended purposes.

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Furthermore, the New Growth Theory posits that as technological conditions evolve, institutions must adapt and develop appropriate solutions to economic challenges, requiring continuous economic growth. Institutions shape societal incentives and the effectiveness of markets, making them dependent on political processes (Olson, 1996). Thurow (1999) suggests that economic growth is not solely constrained by economic circumstances but also by institutions, political systems, belief systems, and historical contexts.

The New Growth Theory posits that capital investment, combined with sound institutions, facilitates resource efficiency, accelerates developmental projects and infrastructure, and enhances production, ultimately promoting growth prospects. Institutions wield a pivotal role in managing societal incentives and fostering persistent economic growth (Olson, 1996). Therefore, this study emphasises the importance of institutions or governance in sustaining and ensuring the effective utilisation of capital inflows to foster growth prospects in SSA countries. Hence, in this present research, this theory will be used to affirm the moderating effects of governance in the connection among financial globalisation and economic growth.

New institutional economics (NIE) theory

The Ronald Coase Institute (1937) propounded the New Institutional Economics theory, which is a rapidly growing interdisciplinary field combining economics, law, political science, sociology, and anthropology. It incorporates governance, elements like governmental efficacy, political steadiness, nonexistence of violence, corruption management, and regulatory calibre, voice of

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accountability, rule of law, and customs and norms, into economics (Nutassey, 2018). Gatsi and Kyeraa (2016) assert that structured bodies arrangements are indispensable for economic efficacy and that the new trend in economics based on institutional theory holds that institutions contribute to transactions cost. It was further contended that a nation's institutions, including its political, juridical, and societal frameworks determine how well it performs economically (Ronald Coase Institute, 2003). As a trend in the social sciences, it was developed to examine how governance affects economic growth by combining theoretical and empirical studies (Owusu, 2021). It contains works on political theory, proprietary entitlements, jurisprudence, organisations, and public choice.

The new institutional economics theory remains an expansion of economic theory to include institutions (governance), according to the explanations provided by Gatsi and Kyeraa (2016) and the Ronald Coase Institute, 2003. It would be prudent to use NIE to support this study because the essential attributes of governance affect economic growth (Groşanu et al., 2018; Musthaq, 2021).

Conceptual Review

This section will review relevant concepts supporting the study. The major concepts of financial globalisation, governance, and economic growth will be discussed.

Financial globalisation

Due to the tight connection among financial globalisation and financial integration, the two concepts are used interchangeably in literature (Prasad, Rogoff, Wei, & Kose, 2007). Francois (2022) defined financial globalisation as an

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integrative notion that refers to the growing worldwide ties created by international financial flows. Financial integration, according to Schmukler and Abraham (2017), is the process of integrating a nation's local monetary frameworks with global monetary system. Financial globalisation will be defined in this study as an all-encompassing concept that refers to the growing global ties formed by transnational financial movements (Prasad et al. (2007) It is the means through which different financial markets throughout the world are combined into one, as well as the unrestrained free flow of capital across national boundaries (Fetiniuc & Luchian, 2014).

Financial globalisation in general involves the unrestricted flow of capital across national borders, encompassing activities such as FDI, portfolio capital deployment, and international monetary transactions. This phenomenon enables the movement of funds, ideas, and resources across diverse economies, contributing to increased economic interdependence and shaping the global financial landscape (Jahanger et al., 2022).

The comprehensive KOF financial globalisation index, originally initiated by Dreher in 2006 and subsequently revised in Dreher, Sturm, & Ursprung, (2008), underwent a significant revision. Previously, economic globalisation was used to encompass both trade globalisation and financial globalisation. However, the updated KOF Globalisation Index separates financial globalization and trade in the economic umbrella of the index, permitting a clear-cut distinction between the two (Gygli et al., 2019). This revised version of the index offers a composite measurement of financial globalisation for every country worldwide. It

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incorporates both de jure and de facto measures to capture different dimensions and characteristics of financial globalisation. The separation among de facto and de jure globalisation lies in the assessment of real global flows and undertakings versus strategies and circumstances that enable such flows and activities. By combining these measures, the overall KOF Globalisation Index provides a comprehensive evaluation of financial globalisation. The de facto measurement of financial globalisation involves assessing global capital transactions and international assets and liabilities.

This study adopts a metric based on quantity rather than a non-metric based on quantity as suggested by Baele, Ferrando, Hördahl, Krylova, & Monnet, (2004). To tackle the issue of volatility and measurement errors associated with flow variables. Kose et al. (2009) propose focusing on the aggregate value of international value-holdings and liabilities. Accordingly, this analysis includes variables related to international reserves (excluding gold), portfolio investments, international debt, FDI, and primary income payments and receipts as a proportion of GDP. These parameters are calculated by adding the stocks of resources and liabilities and normalising them by GDP. For historical data on these stock variables, we depend on the Lane and Milesi-Ferretti (2018) dataset, which provides updated and expanded information on the global financial status of a wide range of nations.

Financial globalisation in SSA

The broadening of worldwide ties created by international financial movements is referred to as financial globalisation. Schmukler and Abraham

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(2017), posit that the primary expectation was that financial globalisation could boost economic growth by fostering financial development, particularly in developing nations, by opening local markets to overseas investors. It would also make it easier for domestic investors to enter foreign markets as well as encourage financial structure transformations. However, financial globalisation stands to benefit only nations that have solid and equitable financial systems, and it may cause macroeconomic instability and increase the likelihood of financial tragedies in underdeveloped nations.

Financial globalisation appears to focus more on asset rebalancing when household residents spend more abroad, foreign residents invest more domestically, and businesses take part by borrowing money from foreign investors and reinvesting the funds back into domestic markets. This is related to earlier research that found that gross capital flows and small net capital flows are characteristics of financial globalisation and that diversification of risks may be a far more significant driver of financial globalisation than net financing (Mlambo, Zubane & Mlambo, 2020; Prasad, Rajan & Subramanian, 2007). One method of developing economies to attain growth and development has been recognised as foreign aid. As a result, various donor organisations and governments are implementing measures to boost the amount of foreign aid given to poor nations. SSA countries have received aids accounting for financial globalisation yet continues to be the most impoverished region after several centuries. If funds allocated for aid were utilised for developmental objectives, it is anticipated that

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SSA would have achieved substantial advancements over the years (Global Economic Prospects Report, 2022).

On the one hand, SSA countries now have more access to global capital markets as a result of financial globalisation (Egbetunde and Akinlo, 2019). This has made it possible for businesses and governments to raise money at lower rates and for longer periods of time, allowing for investments in infrastructure, education, and healthcare. Financial globalisation has also made it easier to do international business and invest, which has helped to open up more job prospects. On the other hand, SSA countries are now more vulnerable to rising risks and market volatility as a result of financial globalisation (Uddin, Haque, & Khan, 2021; Remesar, 2021). Financial globalisation has occasionally resulted in a quick inflow and outflow of capital, destabilising exchange rates and triggering financial crises. Furthermore, some SSA nations are now extremely leveraged from borrowing in foreign currencies, making them sensitive to changes in currency rates and outside shocks (IMF, 2022).

Output in SSA was forecasted to rise by 3.5 percent in 2021, owing to a rebound in commodity prices and a relaxation of social restrictions. But the recovery is still weak and not enough to reverse the rise in poverty caused by the pandemic, and COVID-19 outbreaks could happen again. The three largest economies in SSA—Nigeria, Angola, and South Africa—were expected to grow by 3.1% in 2021, which was more than what was expected before. Angola and Nigeria grew because their economies did not depend on oil. However, oil production in the area stayed below what it was before the pandemic because

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maintenance work was interrupted and investment in extractive industries fell. Early in that year, South Africa had a strong recovery, but severe COVID-19 outbreaks, social unrest, and power outages stopped it (Global Economic Prospects Report, 2022). Elsewhere in the region, non-oil commodity exporters' growth was aided by rising metal and food commodity prices; however, disruptions to international travel and tourism continued to weigh on recovery in tourism-dependent countries such as Namibia and Seychelles. Overall, SSA countries have seen both benefits and challenges as a result of financial globalisation (Bhanumurthy & Kumawat, 2020). To fully benefit from financial globalisation, authorities must create efficient institutions and policies that sustains the expansion of the financial sector and control the dangers brought on by greater financial integration.

Governance

Decision-making, implementation, and management of procedures for groups and organisations are known as governance. It involves a collection of procedures, practices, and principles that direct the behaviour of both individuals and groups (Hill & Lynn, 2004). Political, economic, social, and environmental viewpoints, among others, can all be used to understand governance. Political governance is concerned with the government's use of its power and prerogatives, the enactment of laws, and the delivery of public services. Regulation of economic endeavours, like trade, investment, and monetary policy, is the focus of economic governance.

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A number of essential components are needed for effective governance, including openness, responsibility, involvement, inclusion, and responsiveness (Azam, 2022). The availability of numerical data and the pureness of decision-making processes is denoted as openness.

Accountability is the need for people and organisations to provide an explanation for and defence of their choices and actions. The term participation describes how people and groups participate in decision-making. The concept of inclusivity relates to the identification and representation of various viewpoints and interests. The capacity of legal bodied to respond to the demands and worries of stakeholders and citizens is referred to as responsiveness. Whether a ruling authority adheres to democratic principles or not, as per Fukuyama (2013), governance is the aptitude of a government to institute, uphold, and provide services. Good governance is defined as being accountable, transparent, and participatory. Good ruling authorities encourages that the formulation of political, social, and economic agendas is based on comprehensive societal consensus, ensuring that the expressions of all individuals are considered when resource allocation decisions are made (Uddin, Haque, & Khan, 2021; Remesar, 2021).

Economic growth

According to Barro (1997), economic growth entails the procedure for raising the actual Gross Domestic Product (GDP) of a nation. Modern societies are propelled forward and towards prosperity by economic growth, which enables people, organisations, and countries to develop new skills, find novel solutions, and generate riches that can change people's lives and help them escape poverty.

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Economic growth is fundamentally the result of human creativity and effort as people and organisations work to better their situations, pursue their goals, and use knowledge and technology to overcome the obstacles in their path (Boahene-Osei, 2017). Economic expansion can be quantified by a surge in real GDP or gross national product (GNP) over a given time (Asante, 2019; Nweke, Odo, & Anoke, 2017).

Empirical Review

The empirical research on the connection among financial globalisation, governance and economic growth is reviewed in this section.

Overview of Studies on Financial Globalisation

Many researches have examined the complex relationship between financial globalisation and different measures of growth prospects in an effort to determine the full extent of financial globalisation's effects on economies. The effects of financial globalisation have been studied from the perspectives of economic growth, income inequality, government spending, education, labour share, monetary policy, technology, and poverty, to name a few (Adebayo & Awosusi, 2022; Agyei-Ampomah, 2011; Anderson & Obeng, 2021; Asongu, Koomson & Tchamyou, 2017; Bhanumurthy & Kumawat, 2020; Egbetunde and Akinlo, 2019; Georgiadis & Mehl, 2016; Ifeakachukwu, 2020; Miao, Razzaq, Gravina & Lanzafame, 2021; Van Treeck & Wacker, 2020; Mulder & Westerhuis, 2015; Shields, 2005). These studies—the majority of which are meta-analyses—have offered a thorough examination of the effects of financial

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globalisation on the aforementioned factors which as captured the focus of scholars in contemporary epochs.

According to studies (Bhanumurthy & Kumawat, 2020; Ifeakachukwu, 2020; Mulder & Westerhuis, 2015), the results of financial globalisation on the variables are, to put it mildly, mixed. While some studies (Gurgul & Lach, 2014; Hassan & Meyer, 2021; Jalilian, Kirkpatrick & Parker, 2007) imply a favourable influence of financial globalisation on economic growth, others (Samimi & Jenatabadi, 2014) have revealed a mixed effect. In his meta-examination of the growth effects of financial globalisation, Heimberger (2022) ended that while the effect of financial globalisation on growth prospects varies significantly, the overwhelming weight of fact points to a significant influence of globalisation on economic growth. However, the beneficial results of financial globalisation rely on a number of variables, including the globalisation measure, the degree of economic growth in a nation, the efficacy of its governance, and the estimating methods used (Heimberger, 2021; Miao et al., 2021).

In summary, financial globalisation has unquestionably been a key component in the development of nations' economies. The effect of financial globalisation is far from clear-cut, and the results of the many studies are inconsistent. It is crucial that decision-makers consider these results when making judgements about financial globalisation.

Financial globalisation and economic growth

Economic growth is thought to be significantly stimulated by financial globalisation, especially in developing and transitioning economies (Ahmad et al.,

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2021). Based on the aforementioned supposition, Chang and Lee (2010) established that long-term facts directs to a large unidirectional causal connection among financial globalisation and economic growth, but short-term evidence is only minimal. Hadiatou (2010) discovered that, with the exception of nations with few natural resources, financial globalisation has a small but beneficial impact on economic growth in SSA nations. According to McMillan and Rodrik (2011), financial globalisation encourages specialisation, which directs production factors towards industries with higher rates of productivity. Rao and Vadlamannati (2011) explored the impacts of financial globalisation on growth prospects in African nations using the KOF index of globalisation and discovered that it provides modest but long-lasting benefits.

In contrast, Ying et al. (2014) examined the long-term connection among economic growth and financial globalisation in the Association of Southern Asian Nations and discovered that while social globalisation has an adverse effect on economic growth, financial globalisation has a significantly positive influence. According to Samimi and Jenatabadi (2014), growth prospects and financial globalisation in OEC member nations are positively correlated. In contrast, Dreher (2006) found that while political globalisation has an adverse impact on economic expansion, economic globalisation has a favourable effect. In contrast, Beri et al. (2022) found little evidence of a substantial effect of growth on financial globalisation in 47 African countries, pointing to insufficient infrastructure and low participation rates of African nations in FDI and international commerce as potential causes.

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Although the political aspect of globalisation was deemed statistically insignificant in 10 countries in Central and Eastern Europe, Gurkul and Lach (2014) used panel estimates to demonstrate a robust growth-stimulating effect of processes. When examining the connection among financial globalisation and financial development, Kandil et al. (2015) discovered that while financial globalisation enhances access to external funding, it does not promote financial development. The relationship between financial globalisation and economic growth in South Asian nations like Bhutan, Bangladesh, India, the Maldives, Nepal, Pakistan, and Sri Lanka was examined by Bhanumurthy and Kumawat in 2020. The Bekaert Harvey, & Lundblad (2005) framework and panel VAR models were used in the study, which showed that there is only a tenuous connection among financial globalisation and regional growth. The study also showed that the causal connection among financial globalisation and growth has reversed and that local macroeconomic measures, such as fiscal restraint, are crucial a significant role in attracting foreign capital.

In higher middle-income nations, Majidi (2017) discovered negative consequences of financial globalisation on economic development but no appreciable effects of economic or social globalisation. Particularly emerging nations with lower middle-class incomes. Zahonogo (2018) explored how financial globalisation and economic growth in the SSA relate to one another using the dynamic growth model. According to Zahonogo (2018), there exists a non-linear link among financial globalisation and economic growth, and he

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backed SSA nations' initiatives to limit trade openness, particularly imports of consumer items, in order to boost their economies.

Using the system GMM technique, Nyang'oro, (2017) explored the connection among capital flow (FDI and portfolio investment) in SSA economies from 1980-2011. The research reveals that investment holdings exhibit beneficial impact on economic growth, whereas private equity and debt are negatively associated with growth. Surprisingly, the fluctuation of investment holdings in both equity and private equity does not influence economic growth, indicating limited levels of financial integration within these nations. The results also indicated that it is crucial to primarily address capital influx via the debt facility and that the positive effects of such inflows on growth can be attained by enhancing monetary markets, maintaining economic-wide strength, and establishing strong institutional frameworks.

A study on the connection of financial globalisation and economic freedom on growth prospects was undertaken by Santiago et al. in 2020, focusing on 24 countries in Latin America and the Caribbean. The investigation runs from 1995 to 2015. It was found that financial globalisation has a long-term beneficial influence on economic growth in the chosen countries. However, the political implications of globalisation and economic freedom are detrimental to the regional economies of the chosen countries. In a sample of West Asian and Middle Eastern (WAME) nations from 1990 to 2017, Kihombo et al. (2022) investigated the connection among financial globalisation and growth prospects

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(GDP). The study found that growth prospects and financial globalisation had a bidirectional causal link.

Using panel multivariate ECM, Egbetunde and Akinlo (2019) investigated the long-term association among financial globalisation and economic growth in sub-Saharan Africa. The study used information from 21 SSA nations, spanning the years 1983 to 2013. Results from the study showed a long-term connection among financial globalisation and growth prospects in SSA. It was also stated that, provided their governments support and improve effective economic-wide initiatives and robust institutions, SSA countries will profit in the long term from the period of financial globalisation.

Governance and economic growth

Regarding the connections among governance and growth prospects, there are many different points of view in earlier literature. Certain studies support the notion that good governance, characterised by reduced bureaucracy, a strong emphasis on the precision of regulations, and effective measures to combat corruption, can create a conducive environment that promotes growth prospects. This highlights the ripple impact of good governance on economic growth. Boţa-Avram et al. (2018) investigated the connection among the effectiveness of governance and economic growth for a broad panel of world countries spanning the years 2006–2015 in accordance with the aforementioned hypothesis. The Granger non-causality tests were used in the study to offer a fresh viewpoint on the connection among governance and economic growth. The examination found a one-way connection among economic growth and governance.

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Samarasinghe (2018) looked at 145 nations' economic growth between 2002 and 2014 and the relationship between governance and it. They concluded that governance directly affects economic expansion. Employing the System-GMM Technique, Jalilian et al. (2007) evaluated the contribution of an appropriately informed framework to foster development in emerging countries. The findings point to a reliable causal connection among effective regulation and economic performance. Additionally, one of the key factors influencing how well an economy succeeds continues to be a country's capacity to create efficient regulatory structures.

Fayissa and Nsiah (2010) scrutinize the comprehensive effects of remittances on growth prospects within the context of the traditional neoclassical growth framework. They utilised panel data covering 36 African countries from 1980 to 2004. Their argument suggests that remittances play a constructive role in economic performance by furnishing another source of financing for investments and assisting in overcoming liquidity constraints. Huang and Ho (2017) also examined the connection among economic growth and governance in Asia from 1996 to 2014. The results of the study revealed that to encourage expansion rates of real GDP per capita, policymakers should give priority to governance quality, particularly government efficacy and the rule of law.

Using GMM, Ozpolat, Guven, Ozsoy, and Bahar (2016) investigated how institutional effectiveness affected economic development between 2002 and 2015. Based on the study's results, developed institutions exert a beneficial influence on economic growth within developed nations, whereas their impact is

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not observed to be significant in developing countries. From 1995 through 2013, Shabbir, Anwar, and Adil (2016) examined how corruption and political stability affected economic growth in eight developing nations. The empirical results illustrate that investment, demographics, steadiness in policy affairs promote growth prospects. Political stability therefore promotes growth since it lessens social disturbance and political instability and augments investment, culminating in economic expansion.

Alam, Kiterage, and Bizuayehu (2017) used the System GMM technique to look at how the performance of 81 different countries' governments affected their economies. The study concludes that government efficiency significantly boosts economic growth. Using information from 1996 to 2012, Adedokun (2017) investigated the connection among governance and growth prospects in SSA. It is shown that for SSA to experience the appropriate amount of growth rates, stronger governance is required. In a similar vein, Kim, Wu, and Lin (2018) discovered that in well-structured economies, governance tends to foster economic growth.

Azam (2022) examines how 14 countries within Latin America and the Caribbean (LAC) have grown economically. Panel autoregressive distributed lag (ARDL) and pooled mean group estimate approaches were used in the investigation. The findings reveal that while political stability and competent governance have favourable long-term consequences, corruption has a significantly negative influence on growth. These results imply that while political stability and an effective government support the economic process,

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rising corruption hinders it. Empirical studies emphasis the value of good governance, which calls for the reduction of corruption while bolstering political stability and government effectiveness in order to increase economic growth and, consequently, social welfare.

Financial globalisation, governance and economic growth

Shittu et al. (2020) explored the impacts of globalisation, FDI, and political governance on the economic development of West Africa between 1996 and 2016. By employing the ARDL technique, the study's conclusions indicate a ripple correlation between globalisation (economic, political, and social), political governance, and economic growth. The writers discovered that FDI contributes to the growth of the sub-region, political governance on the other hand strengthens the positive impact of FDI on economic growth.

In a similar vein, Agoba et al. (2020) explored the connection among economic institutions (represented by central bank independence) and financial globalisation (represented by FDI) in 48 African nations from 1970 to 2012. They used a two-step S-GMM with streamlined instruments and resilient Windmeijer standard errors. The study found that while legal central bank independence does not significantly influence FDI, high turnover rates of central bank governors have an adverse effect on FDI inflows. However, higher levels of political institutions significantly enhance the impact of legal central bank independence on FDI inflows and mitigate the impact of high turnover rates of central bank governors on FDI inflows. The study also demonstrates that augmented FDI

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inflows yield a markedly positive impact on both legal and de facto central bank independence.

Furthermore, Nasreen, Mahalik, Shahbaz, and Abbas' (2020) explored the connection among financial globalisation, institutions, and economic growth in European countries using panel data from 1989 to 2016. The empirical findings delineate a positive correlation among economic advancement, institutional excellence, and financial maturation. However, financial globalisation impedes the progress of financial sector development. The empirical findings provide policy recommendations for developing the monetary segment by utilising globalisation, regulated-body's quality, and growth prospects as economic tools.

Methodological Review

Generally, studies (Alam, 2017; Asongu & De Moor, 2017; Bhanumurthy & Kumawat, 2020; Chang & Lee 2010; Jalilian et al.,2017; Kihombo, 2022; Nyang'oro, 2017; Hadiatou, 2010; Ying et al., 2014) on the connection among financial globalisation and growth prospects have used the Generalised Method of Moments to achieve their objectives. Few studies (Bekaert et al., 2005; Egbetunde & Akinlo, 2019; Santiago et al., 2020; Zahonogo, 2018) have used the panel VAR and multivariate models. The System GMM model was chosen over the other estimation techniques since it is the best for dealing with three fundamental estimation challenges: the endogeneity of regressors, the presence of ignored measures, and measurement limitations (Alege & Ogundipe, 2013; Bekaert et al., 2005). Regressor-induced endogeneity problems are directly within the control of the system-generalised technique of Moments. The fact that the time period is less

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than the cross-section unit makes it efficient (Roodman, 2009). Compared to the 31 countries involved, the study's time frame (2002–2021) is just 19 years long. Since the two-step estimators are potentially more accurate than one-step estimators, the study particularly used the two-step estimators in conjunction with revised standard errors to provide reliable results.

Gaps in Existing Studies

The variation in results across different studies can be ascribed to various factors. One contributing factor involves the measurement of financial globalization, particularly the challenge of selecting the most suitable variable to gauge its extent. In extant literature, specific indicators such as FDI and capital openness has been used by scholars to measure financial globalisation. This is a problem since financial globalisation includes regulatory challenges in addition to capital inflows and financial concerns (Barkin, 2017; Gygli et al., 2019). This work contributes to extant literature two different ways. One, the study considers how countries in SSA's economies are affected by financial globalisation by utilising the KOF globalisation index data, which Dreher (2006) created and Gygli et al. (2019) and Haelg (2020) revised. By utilising the comprehensive KOF financial globalisation index, which encompasses five crucial dimensions of capital inflow: FDI, Portfolio Investment, International Debts, International Reserves, and International Income Payments the net impact of financial globalisation on economic growth is examined for economies within the SSA region, which has not been truly captured in extant literature in the context of SSA economies (Egbetunde & Akinlo 2019; Hadiatou 2010; Rao & Vadlamannati 2011; Ying et al; 2014). By examining these specific areas, a comprehensive

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understanding of how financial globalisation influences economic growth is obtained. Each dimension provides unique insights into the impact of financial integration, investment patterns, debt dynamics, and cross-border income flows, all of which significantly shape the trajectory of economic growth. Analysing these five dimensions facilitates the uncovering of the intricate relationship between financial globalisation and economic growth, providing valuable knowledge for policymakers and researchers who seek to navigate the complexities of the global financial landscape and its implications for national economies.

Moreover, this study delves into the intricate connection among financial globalisation, economic growth, and governance by utilising a broad proxy for governance. This proxy accounts for six distinct characteristics of governance quality: corruption control, government effectiveness, political stability and lack of violence, regulatory quality, the rule of law, and the voice of accountability (Kaufmann et al., 2005). Governance is used as a moderating variable to capture the overall effect of financial globalisation, these indicators are derived from numerous variables gauging perceptions of governance sourced from different data sources and created by different organisations, such as the Global Economic Forum, the Global Markets Research Organisation, research institutions, non-profit organisations, and business and political risk-rating organisations (Kaufmann et al., 2005; Rahman & Khatun, 2017).

Justification of control variables

Nasreen et al. (2020) examined the connection among financial globalisation, institutions, and economic growth on financial development in European countries using panel data from 1989 to 2016. The study controlled for

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trade openness, inflation and population growth. The study found a negative coefficient associated with the trade openness variable and economic growth indicating that nations with advanced rates of openness to international trade experience macroeconomic instability and heightened susceptibility to global shocks. Inflation and population size were found to have a negative correlation among financial growth prospects, as these factors hinder the efficacy of the monetary sector.

Asongu and De Moor (2017) use data from 53 countries in Africa between 2000 and 2011 to assess the effect of financial development on financial globalisation. The investigation produced reliable estimates of the connection of financial development on financial globalisation using the Generalised Method of Moments (GMM) estimation technique. Once more, the study discovered that the control variables FDI, inflation, and trade openness all significantly and favourably affect financial globalisation. In their 2020 study, Asongu and Nnanna examined how financial globalisation has impacted African growth. 53 African nations between 2004 and 2011 served as the basis for the empirical data, which was also based on the Generalised Method of Moments. This article covers these control variables: public investment, inflation, trade openness, and development assistance. Inflation and trade openness had significant impact on the financial globalisation-development nexus while public investment and development assistance had an insignificant effect on the relationship. Similarly, Egbetunde and Akinlo (2019) looked at the long-term correlation among financial globalisation and economic growth in SSA using panel unit root tests, panel cointegration tests, and panel multivariate ECM. Between 1983 and 2013, the study used information from twenty-one (21) SSA nations. The study used trade openness, financial

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development, interest rates, and inflation as vectors of control variables. The countries' slow financial growth had a detrimental effect on FDI, and inflation impeded aggregate demand, deterring international investors. Furthermore, it was discovered that interest rates produced an adverse considerable effect on SSA's economic growth. Then, trade liberalisation significantly boosted economic growth in SSA. This suggests that increased commercial transparency promotes growth prospects in these nations. To rule out biased results and ensure consistence in literature, the covariates employed in this study encompasses trade openness, labour force participation rate, government expenditure, gross capital formation, interest rate and inflation.

Chapter Summary

This chapter analysed pertinent information on the connections among growth prospects and financial globalisation. The standard neoclassical growth theory, the theory of financial integration, and the new institutional economics theory were the theories used in the study, and they were all explained in the chapter. Along with the control variables employed in the study, the chapter also provided empirical reasons for the connections among financial globalisation, governance, and economic growth.

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CHAPTER THREE

RESEARCH METHODS

Introduction

This section outlines the methodological approach used in this study. The research paradigm, research design, research methodology, model specification, definition and measurement of model variables, study data sources, estimating methodologies, data analysis tools, and a chapter summary are all covered in great depth.

Research Paradigm

A research paradigm, according to Johnson, Onwuegbuzie, and Turner (2007), is a conceptual framework that a group of researchers use to analyse problems and come up with solutions in their studies. A group of researchers' common views, values, and presumptions regarding the nature and methodology of a study are collectively referred to as its research culture (Thomas, 2010; Kuhn, 1962).

The two research paradigm approaches that are most frequently acknowledged globally are positivism and interpretivism. Said differently, an idea is clear-cut and measurable, according to positivists, who also hold that reality is given objectively and that it can be assessed using characteristics that are independent of the researcher and his or her tools (Clarke, 2009). Contrarily, interpretivists hold that reality is determined subjectively based on the subjective experiences of individual researchers with the outside world; as a result, interpretivism is socially produced (Clarke, 2009; Saunders, Lewis, & Thornhill,

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2009). Positivism is opposed and improved by post-positivism, a metatheoretical perspective (Bergman, 2016).

In contrast to positivists, who emphasis independence between the researcher and the unit of analysis, post-positivists contend that theories, hypotheses, context, and the researcher's opinions can impact what is observed. To achieve objectivity, post-positivists acknowledge the potential effects of prejudices. Owing to the post-positivist theoretical perspective, the researcher can carry out the study using several methods depending on the study's objectives (Panhwar, Ansari, & Shah, 2017). Theories, hypotheses, background knowledge, and the researcher's values, according to post-positivists, can all have an impact on what is observed.

Post-positivists acknowledge the impact of biases in order to achieve objectivity. Advocates of this approach believe that knowledge is formed deductively from a theoretical or hypothetical standpoint; thus, the idea of rejecting or not rejecting a hypothesis is used to evaluate hypotheses in hypothetical situations. Czocher, (2016) asserts that when adopting the post-positivism paradigm, the deductive approach facilitates the creation of mathematical models that evaluate the veracity of hypotheses (assumptions) based on a theory. Post-positivism was chosen for this study because, despite being independent of the researcher, Dudovskiy, (2016) opines that it created a list of hypotheses based on the theories employed, is objective, quantitative, and offers sound assessments.

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Within the context of examining financial globalization, governance, and economic growth, adopting a post-positivist research paradigm is paramount. This paradigm transcends mere factual analysis, delving into diverse perspectives and acknowledging the subjectivity inherent in interpretations. By recognizing the influence of power dynamics, social constructions, and contextual nuances the research aims to afford an in-depth analysis of the intricate interplay among these elements. Through this lens, the research seeks to contribute nuanced insights, moving beyond conventional objectivity to unravel the complexities that shape economic outcomes in the dynamic landscape of global finance and governance.

Research Design

The connection among financial globalisation, governance, and economic growth in SSA economies will be examined using an explanatory design. According to Zikmund, Babin, Carr and Gryphon (2012), the research design effectively serves as a road map for carrying out the entire study. The optimal approach to addressing the study hypotheses will depend on the research design chosen (Sekaran & Bougie, 2010). It helps in understanding the effects of modifications to current norms and processes on other variables as well as allows for the replication of the study.

The study has three objectives—to address the connection between financial globalisation and economic growth in SSA, to examine the connection among governance and economic growth, and to determine the moderating effect of governance on the relationship between financial globalisation and governance in SSA—which required the use of an explanatory research design. By studying a

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context or a particular issue, explanatory design aims to describe the patterns of interactions between two variables. The benefit of replication is another benefit of explanatory design, should the need arise. Due to the systematic subject selection in the study variables, the elucidatory style is also linked to higher levels of internal validity (Zikmund et al., 2012).

Research Approach

To accomplish the aim of this study, the quantitative research approach was used. Quantitative research aims to collect statistical data and generalise it across groups or to elucidate an explicit occurrence (Aliyu, Singhry, Adamu, & Abubakar, 2015; Babbie, 2010; Plonsky & Oswald, 2014). The primary aim of quantitative research is to discover the link among variables as well as the resultant connection among the variables. Quantitative research is concerned with statistics, reasoning, and an objective viewpoint, as well as quantifiable and dynamic data and precise and convergent rather than divergent thinking (Babbie, 2010). It permits the replication of the same phenomenon at a higher level of reliability and further underlining the causal nexus wherein a manipulated variable exerts influence on another variable within a stipulated condition and setting (Plonsky & Oswald, 2014). The quantitative approach is regarded perfect for this study since the purpose is to address the relationships among financial globalisation, governance and economic growth. In quantitative research, hypotheses concerning a theory (in this case, the New Institutional Economics Theory, Standard Neoclassical Growth Theory, and New Growth Theory) are

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confirmed, validated, and tested using a deductive technique (Leedy & Ormorod, 2010).

Sources of Data

Due to the pertinent variables—economic growth, financial globalisation, governance indicators, and control variables—this study considered secondary data. Due to the fact that they are pre-existing, these factors are categorised as secondary. Economic growth is the explained variable, and financial globalisation is the independent variable. Governance is used as a moderating variable and trade openness, inflation, gross capital formation, interest rate, labour force participation and government expenditure make up the covariate variables utilised in the study.

The variables for each model were all selected based on the body of previous research on the subject, economic theory, and the statistical adequacy of their fit to the model. The research employed annual time series data from 2002 through 2021. The availability of data and the state of the economy both have an impact on the choice of this time frame. The secondary information for this study was entirely derived from secondary sources. Data on gross capital formation, interest rate, government expenditure labour force participation, trade openness, real GDP and inflation rates were available through the World Bank's Development Indicators (WDI). The data on financial globalisation was provided by the KOF Swiss Economic Institute, and the governance indicators were given by the World Governance Indicators (WGI).

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Data Processing Tool and Estimation Technique

To analyse the connection among governance, financial globalisation, and economic growth, this study uses a rigorous methodology. In order to accomplish this, the Stata software was used to handle the data, giving the ensuing analysis a precise and trustworthy foundation. This study used panel data models to consider the dynamic and linked nature of the variables under consideration, drawing on a comprehensive dataset spanning over two decades. The intricacy of the data necessitated a sophisticated strategy capable of resolving endogeneity issues and country-specific effects, despite the availability of a number of estimating approaches. Several panel estimation techniques have been developed including S-GMM, random effect (RE), pooled least squares (PLS), fixed effect (FE), GMM first difference (FD), dynamic panel models (DP) models all providing insightful information.

Pooled OLS

This model estimates a single regression equation for all individual observations, ignoring the potential correlation between observations for the same individual over time. As a result, it ignores the data's time and individual dimensions and treats a dataset like any other cross-sectional data. Also, it produces biased estimates if the individual-specific effect is correlated with the regressor and therefore highly restrictive (Greene 2011; Gujarati & Porter 2010; Wooldridge, 2010).

$$Y_{it} = \beta_O + \beta_1 X_{it} + \varepsilon_{it}$$

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Y and X represent the dependent and independent variable respectively for individual i at time t. β_0 and β_1 are the intercept and the slope coefficients whereas ε is the error term for each observation.

Fixed effect model

The fixed effects model was developed as a way to tell for the unseen heterogeneity in panel information. These models involve adding individual-specific dummy variables to the regression equation to captured individual-peculiar attributes that run through over time. The main advantage of fixed effect model was their ability to control for unobserved heterogeneity. However, they suffer from lack of efficiency, particularly when the list of single observations in the panel are large (Baltagi, 2013; Cameron & Trivedi, 2012; Wooldridge, 2012).

$$y_{it} = \alpha_i + \beta x_{it} + \varepsilon_{it}$$

Where y_{it} is the outcome variable for all singlely-specific observations i at time t. x_{it} represent the independent variable whereas β and ε symbolises the coefficient of the independent variable and the error term for all observations respectively.

Random effect model

This model was developed as a way to overcome the efficiency problem of fixed effect models. It assumes that individual-specific observations are uncorrelated with the regressors as well as normally distributed. This allows the model to estimate a single set of coefficients for all individual observations which are efficient than estimating individual-specific coefficients for each observation. However, RE models predict that individual-specific coefficients are uncorrelated

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with the regressors, which may not be the case in some circumstances (Baltagi, 2013; Cameron & Trivedi, 2012; Wooldridge, 2012).

$$y_{it} = \gamma_i + \beta x_{it} + \varepsilon_{it}$$

Where y_{it} is the outcome variable for all individual-specific observations i at time t assumed to be normally distributed with mean 0 and variance γ. x_i represent the independent variable whereas β and ε symbolises the coefficient of the independent variable and the error term takes the path of a normally distributed with mean 0 and variance γ for all observations respectively.

First difference model

The first difference model was subsequently developed as an alternative to the fixed and random effect models. FD models involved taking the first difference between the two observations for each individual observation, which eliminated individual-specific effects. The key benefit of the first difference model is its strength to control for unobserved heterogeneity without adding individual specific dummy variables. However, these models are appropriate for variables that vary over time (Baltagi, 2013; Cameron & Trivedi, 2012; Wooldridge, 2012).

$$\Delta y_{it} = y_{it} - y_{it-1} + \beta \Delta x_{it} + \Delta \varepsilon_{it}$$

Where Δy_{it} is the first difference of the dependent variable for all individual-specific observations i at time t. Δx_{it} represent the first difference of the independent variable whereas β and $\Delta \varepsilon_{it}$ symbolises the coefficient of the predictor variable and the first difference of the error term for all observations respectively.

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Dynamic panel models

To account for the availability of endogeneity in individual and time specific effects, the DP models emerged. DP models have the ability to handle both cross-sectional and time series variations in data sets. However, these models can be computationally demanding and require strong assumptions about the nature of unobserved heterogeneity (Arellano & Bond, 1991; Baltagi, 2013; Wooldridge, 2010).

Generalised method of moments

Arellano and Bond (1991) developed GMM to handle endogeneity and measurement errors in panel data sets. GMM models use moment conditions to estimate the parameters of the model, which can improve efficiency and reduce bias. However, GMM models require a large sample size and may require strong assumptions about the nature of the unobserved heterogeneity (Arellano & Bond, 1991; Rodman, 2009).

$$g(\theta) = E[Z\varepsilon]$$

Where $g(\theta)$ is a vector of moment conditions based on the model parameters (O), Z is a matrix of instruments, and ε is the error term. GMM estimators solve for θ that minimizes the gap among the sample moments and the population moments implied by the moment conditions.

System generalised method of moments

The S-GMM estimator was popularised by Arellano and Bond (1991) and Blundell and Bond (1998) as an extension of the GMM estimators. It allows for both the lagged dependent variable and instrument to be used as moment

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conditions while estimating two equations simultaneously. It is unique for two reasons. First, it improves the efficiency of an estimator and reduce potential endogeneity biases. However, it may require a larger sample size to obtain reliable estimates (Blundell & Bond, 1998).

$$\Delta y_{it} = \alpha_i + \lambda y_{it-1} + \beta \Delta x_{it} + \varepsilon_{it}$$

Where Δy_{it} is the first difference of the outcome variable for all individual-specific observations i at time t. y_{it-1} represent the lagged outcome variable and λ is the coefficient of the lagged outcome variable. Δx_{it} first difference of the independent variable whereas β and ε_{it} symbolises the coefficient of the independent variable and the first difference of the error term for all variables respectively.

The system GMM is considered to be more robust than the other panel estimation techniques because it can effectively address both endogeneity and heteroscedasticity in panel models (Roodman, 2009).

Estimation techniques

The effects of governance and financial globalisation on economic growth was analysed using the S-GMM.

System generalised method of moment

The System GMM model was selected as the main estimation model in light of these difficulties. The System GMM model was chosen over its static GMM equivalent as the best tool for dealing with this particular dataset. It is the most effective for two reasons. First, regressor-induced endogeneity problems are directly within the control of the system-generalised technique of Moments. The

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fact that the time component is less than the cross-section unit makes it efficient (Roodman, 2009). Compared to the 31 countries involved, the study's time frame (2002–2021) is just 19 years long. Since the two-step estimators are potentially more accurate than one-step estimators, the study particularly used the two-step estimators in conjunction with valid standard errors.

Diagnostic checks were carried out to ensure the models were suitable. The Arellano and Bond serial correlation test for serial correlation tests and the Sargan test for testing instrument validity are the two key diagnostics needed for the GMM estimator. According to Mileva (2007), the null hypothesis for the Arellano-Bond test for autocorrelation is that there is no autocorrelation. It is used to differentiate residuals. It is typical to anticipate the rejection of the null hypothesis in the test of the AR (1) procedure in the first difference. Contrarily, the test for autocorrelation in levels, AR (2) in the first differences is more significant because its null hypothesis should be accepted because it detects autocorrelation at levels. The null hypothesis in the Sargan test of over recognising limits is that the external variables as a group are exogenous, and if this null hypothesis is rejected, it may be assumed that the exemption restrictions for these instruments are not acceptable. Therefore, the higher the p-value of the Sargan statistic, the better, since it denotes the validity of the instruments employed in the GMM estimations and the appropriateness of the exclusion restrictions for these external variables.

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Table 1: Comparison of Some Panel Estimation Models

Models	Description	Limitation(s)
Pooled OLS Model	The Pooled OLS (Ordinary Least Squares) represents a dataset as if it were any other cross-sectional data, disregarding the fact that it has time and individual dimensions. It validates a common intercept and slope coefficient for all cross-sections, ignoring single heterogeneity and thus being extremely restrictive.	(a) It is an extremely restrictive panel analysis method that neglects individual heterogeneity.
Fixed Effect Model	The fixed effect model is a linear regression model with different intercept terms for each cross-sectional unit. Prior to estimation, fixed effect estimations use a transformation to eliminate unobserved effects. Thus, fixed effects models go a step further by accounting for differences between countries.	(a) Problems due to loss of degree of freedom (b) Parameters produced by fixed effect estimates are bias when regressors are endogenous and correlated with the error terms.
Random Effect Model	A random effects model takes into consideration these individual variations as well as time dependent variations. The model eliminates biases from variables that are unobserved and change over time. Random effect models are mostly used when the unobserved effect does not correlate with any of the explanatory variables.	(a) The model is time invariant: the error is uncorrelated with the past, present and future i.e., strict exogeneity (b) This model does not distinguish between short-term and long-term relationship.

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Table 1, continued

Dynamic Generalized Method of Moments (GMM)	All cross-sectional and time-variant models with a lagged dependent variable as one of their regressors are included in the dynamic panel models (Greene, 2003; Wooldridge, 2009). Arellano and Bond (1991) created the dynamic model based on the generalised method of moments (GMM) estimator. By taking the first differences of both dependent and independent variables, the GMM dynamic approach eliminates the unobserved (heterogeneity) effect in both fixed and random effect estimation.	(a) When N (number of cross-section) is small and T (total number of observation) is large, the GMM estimates can produce spurious results. (b) GMM captures on the short-run dynamics hence the stationarity of the variables tends to be ignored (c) According to Arellano and Bover (1995), the difference GMM may produce erroneous predictions, particularly when the regressors are consistent.
System Generalised Method of Moments (GMM)	After asserting that the lagged levels of the variables were insufficient instruments for the equation in the first difference GMM, Blundell and Bond (1998) introduced the System GMM estimation, which combines the equation in levels with the equation in the first difference while using the lagged differences of the regressors as additional instruments for the levels equation to estimate the system.	(a) Restricted to panel data.

Source: Field survey, Adjei (2023)

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Endogeneity Test

Table 2: Durbin-Wu- Hauseman (DWH) test results

Null hypothesis (H_0): *Variables are exogenous*

Variables	DWH Test Coefficient	DWH Test P-Value	Test Results
Financial Globalization	5.89796	0.0351	Rejected at 5% significance level
Voice of Accountability	8.53103	0.0203	Rejected at 5% significance level
Government Effectiveness	9.78665	0.0282	Rejected at 5% significance level
Rule of Law	8.00026	0.0287	Rejected at 5% significance of level
Regulatory Quality	6.47086	0.0166	Rejected at 5% significance level
Political stability	2.95438	0.0363	Rejected at 5% significance level
Control of Corruption	6.55867	0.0460	Rejected at 5% significance level

Source: Field survey, Adjei (2023)

Table 2 presents a rigorous investigation into the issue of endogeneity in each independent variable. The Durbin Wu-Hausman test was utilised as a diagnostic tool to determine whether the variables were endogenous. The null hypothesis tested the exogeneity of all independent variables, including financial globalisation, Voice of answerability, Political Durability, Oversight of Malfeasance, Administrative Proficiency, and Regulatory Excellence too ensure their lack of correlation with the error term. The results revealed that the p-values of all independent variables were less than 0.05, rejecting the null hypothesis and

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signifying the presence of endogeneity in all variables. Such findings suggest that the instrument used in the model is valid and satisfies the endogeneity assumption required for obtaining consistent and unbiased estimates through the estimation method.

Model Specification

Time series models and panel models are the two most widely used models. The characteristics of the gathered data (time series and cross-sectional) are used to develop these models. To create a panel model, this study chose SSA countries over a period of time. Adam and Owusu (2017) claim that panel data combine the traits of cross-sectional data with time series data. In other words, when a set of data used for a study considers more than one unit throughout time, a panel study is appropriate. A panel model was employed in this study since there are several units (countries in SSA) and time series data from 2002 to 2021 for each unit.

Model 1: The relationship between financial globalisation, governance and economic growth in SSA.

The Solow's neoclassical growth model proposes that Financial globalisation increases capital stock and growth in a host economy through enhancing capital formation hence, it is on this basis that model 1 is built. By accounting for additional macroeconomic variables not included in their earlier investigations, this study made a few small adjustments to their baseline models. In Chapter 2, the justifications for these control variables were given. It is important to note that the lag-dependent variable was added so that economic

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growth might be somewhat adjusted to its future stable value. This is so because growth is a process, and past rates of growth have an impact on current rates.

Baseline Model

$$EG_{it} = B_O + \beta_1 EG_{it-1} + \beta_2 GOV_{it} + \beta_3 FG_{it} + \beta_4 C_{it} + \mu_{it} + \varepsilon_{it} \quad (1)$$

Where EG is Economic growth measured real Gross Domestic Product (GDP)

C is a set of control variables including, trade openness, inflation, interest rate, labour force participation, gross capital formation and government expenditure.

GOV is Governance

β denotes the regression coefficient

μ denotes the unobserved country-specific effect

ε also denotes the error term

Model 1:

$$EG_{it} = \beta_0 + \beta_1 EG_{it-1} + \beta_2 lnGOV_{it} + \beta_3 lnFG_{it} + \beta_4 lnC_{it} + \varepsilon_{it} \quad (2)$$

Where;

- EG_{it} is Economic growth measured real GDP for each country i in sub-Saharan Africa at time t.
- EG_{it-1} is the lag of Economic growth measured real GDP for each country i in sub-Saharan Africa at time t.
- $lnGOV_{it}$ represents the natural log of all Governance indicators for each country i in sub-Saharan Africa at time t.

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- lnC_{it} represents the natural log of all control variables for each country i in sub-Saharan Africa at time t.
- $lnFG_{it}$is the natural log of Financial globalisation countries i in sub-Saharan Africa at time t.
- β denotes the regression coefficient
- μ denotes the unobserved country-specific effect
- ε also denotes the error term

To eliminate country-specific effects, we take the first differences of eqn (2)

$$EG_{it} - EG_{it-1} = \beta_0 + \beta_1(EG_{it-1} - EG_{it-2}) + \beta_2 \ln(GOV_{it} - GOV_{it-1}) + \beta_3 \ln(C_{it} - C_{it-1}) + \beta_4 \ln(FG_{it} - FG_{it-1}) + \varepsilon_{it} - \varepsilon_{it-1} \quad (3)$$

Where $EG_{it} - EG_{it-1} = \Delta EG_{it}$ and this formulation also holds true for all explanatory variables. Similarly, $\varepsilon_{it} - \varepsilon_{it-1} = \Delta\varepsilon_{it}$.

Model 2: **The moderating role of Governance in the relationship between Financial Globalisation and Economic growth**

The third objective of this study is the main focus of this model. Based on the New Growth theory, this model is built. An interaction term is created between Financial globalisation and governance. The interaction term was added in the model as a separate independent variable to examine the effect of governance in the connection among financial globalisation and economic growth. A positive-valued interaction term coefficient means that governance enhances the effect of financial globalisation on economic growth.

Model 2:

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$$EG_{it} = \beta_0 + \beta_1 EG_{it-1} + \beta_2 lnGOV_{it} + \beta_3 lnC_{it} + \beta_4 lnFG_{it} + \beta_5 ln(GOV * FG)_{it} + \mu_{it} + \varepsilon_{it} \quad (4)$$

Where;

- EG_{it} is Economic growth measured by real GDP for each country i in sub-Saharan Africa at time t.
- EG_{it-1} is the lag of Economic growth measured real GDP for each country i in sub-Saharan Africa at time t.
- $lnGOV_{it}$ represents the natural log of all Governance indicators for each country i in sub-Saharan Africa at time t.
- lnC_{it} represents the natural log of all control variables for each country i in sub-Saharan Africa at time t.
- $lnFG_{it}$ is the natural log of Financial globalisation countries i in sub-Saharan Africa at time t.
- $ln(GOV * FG)_{it}$ denotes the interacting term of the natural log of the governance Indicators and the natural log of Financial globalisation
- β denotes the regression coefficient
- μ denotes the unobserved country-specific effect
- ε also denotes the error term.

To eliminate country-specific effects, we take the first differences eqn of (4)

$$EG_{it} - EG_{it-1} = \beta_0 + \beta_1(EG_{it-1} - EG_{it-2}) + \beta_2 \ln(GOV_{it} - GOV_{it-1}) + \beta_3 \ln(C_{it} - C_{it-1}) + \beta_4 \ln(FG_{it} - FG_{it-1}) + \beta_5 \Delta \ln(GOV * FG)_{it} + \varepsilon_{it} - \varepsilon_{it-1} \quad (5)$$

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Where $EG_{it} - EG_{it-1} = \Delta EG_{it}$ and this definition applies to all explanatory variables as well. Similarly, $\varepsilon_{it} - \varepsilon_{it-1} = \Delta\varepsilon_{it}$ and $\beta_5(lnGOV_{it} - lnGOV_{it-1}) * (lnFG_{it} - lnFG_{it-1}) = \beta_5 \Delta \ln(FG * GOV)_{it}$.

Definition, justification and measurement of variables

All key factors were selected based on their consistency with empirical literature and theories. The variables under investigation were measured using the following operational definitions in this study: the outcome variable, economic growth, was measured using real GDP. The predictor variable, financial globalisation, was measured using the de facto measure of globalisation, which was sourced from the KOF Swiss Economic Institute. This measure of financial globalisation is well-known and acknowledged in the research. Legal Governance, Regulatory Excellence, Corruption Management, Administrative Competence, Political Stability and Nonexistence of Violence, and Expression of Answerability constitute the six global governance metrics that were combined to create a simple average. The World Bank offers an in-depth definition of these variable, which are outlined below:

Regarding the point to which administrative power is utilised for personal benefit, including both petty and grand corruption, as well as the impact of ruling elites and private interests on the state, viewpoints on corruption control are embodied. Government effectiveness includes preconceptions about the standard of public services, the efficacy of the civil service, and its autonomy from political interference influence, the calibre of policy formation and execution, and the legitimacy of governments adherence to such policies.

Autonomy from political interference influence, the calibre of policy formation serves to gauge public perceptions of political mis happenings and/or

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destructive actions driven by politics, such as terrorism. Regulatory quality measures how well the government is able to implement prudent legislative and regulatory frameworks fostering and facilitating the expansion of the private sector. The robustness in implementing contracts, safeguarding property rights, efficacy of law enforcement, and the judiciary, alongside considerations of potential criminal activities and violence, collectively serve as discerning indicators elucidating the societal adherence to the rule of law. Voice and accountability are indicators of citizens' perceptions of their strength to pick their regulatory bodies as well as their rights to free speech, assembly, and the press.

The study considered three macroeconomic indicators: FDI, trade openness, and inflation. The variables' sources, methods of measurement, and empirical support are listed in the table below:

Table 3: Description of Variables and Sources

Variables	Measure	Explanation	Data Source	Empirical Justification
Financial Globalisation	KOF Globalisation Index	Aggregate of the De facto measure of globalisation	KOF Swiss Economic Institute from 2002 to 2021	Dreher, (2008); Gyli et al., (2019).
Economic growth	gross domestic product per capita growth (annual %)	GDP per capita (growth) is gross domestic product divided by mid-year population	World Bank Development Indicators 2002 to 2021	Akinsola and Odhiambo, (2017); Madurapperuma, (2016); Mohseni, and Jouzaryan, (2016).
Composite index of Governance	Governance indicators	The average for the six governance indicators	World Governance Indicators 2002 to 2021	Huang and Ho, (2017); Kraipornsak, (2018); Samarasinghe, (2018).

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Table 3, continued

Government Effectiveness (Estimate)	Estimates ranging between about -2.5 to 2.5.	All matters relating to the effective performance of government	World Governance Indicators 2002 to 2021	Huang and Ho, (2017); Kraipornsak, (2018); Kaufmann, Kraay and Mastruzzi (2011); Samarasinghe, (2018).
Regulatory Quality (Estimate)	Estimates ranging between about -2.5 to 2.5.	All matters relating to the quality of governance	World Governance Indicators 2002 to 2021	Huang and Ho, (2017); Kraipornsak, (2018); Kaufmann, Kraay and Mastruzzi (2011); Samarasinghe, (2018).
Control of Corruption (Estimate)	Estimates ranging between about -2.5 to 2.5.	Pertains of corruption control measures	World Governance Indicators 2002 to 2021	Huang and Ho, (2017); Kraipornsak, (2018); Kaufmann, Kraay and Mastruzzi (2011); Samarasinghe, (2018).
Political Stability and Absence of Violence/Terrorism	Estimates ranging between about -2.5 to 2.5.	All matters relating to a stable economy	World Governance Indicators 2002 to 2021	Huang and Ho, (2017); Kraipornsak, (2018); Samarasinghe, (2018).

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Table 3, continued

Rule of Law (Estimate)	Estimates ranging between about -2.5 to 2.5.	All matters relating to an effective law in a country	World Governance Indicators 2002 to 2021	Huang and Ho, (2017); Kraipornsak, (2018); Kaufmann, Kraay and Mastruzzi (2011); Samarasinghe, (2018).
Voice and Accountability (Estimate)	Estimates ranging between about -2.5 to 2.5.	All matters relating to proper accountability	World Governance Indicators 2002 to 2021	Huang and Ho, (2017); Kraipornsak, (2018); Kaufmann, Kraay and Mastruzzi (2011); Samarasinghe, (2018).
Trade Openness	Trade as a percentage of GDP	The World Bank (2018) defines trade as the total of exports and imports of goods and services calculated as a share of gross domestic product.	World Bank Development Indicators 2002 to 2021	Keho, (2017); Raghutla, (2020); Kong, Peng, Ni, Jiang and Wang, (2021).

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Table 3, continued

Gross Capital Formation	Gross fixed capital formation as a percentage of GDP	Gross Fixed Capital Formation is the total value of investments made in fixed assets, such as buildings and equipment, during a given period within an economy.	World Bank Development Indicators 2002 to 2021	Egbetunde and Akinlo (2019); Hadiatou (2010); Schmukler and Abraham (2017); Zahonogo (2018).
Labour Force Participation	Labour force participation rate is the proportion of the population ages 15-64 that is economically active	Labour force participation rate is the proportion of the population ages 15-64 that is economically active	World Bank Development Indicators 2002 to 2021	Keho, (2017); Raghutla, (2020); Kong, Peng, Ni, Jiang and Wang, (2021).
Government Expenditure	General government final consumption expenditure as a percentage of GDP	Government expenditure is the total quantity of money a government spends on public goods and social welfare programmes.	World Bank Development Indicators 2002 to 2021	Hadiatou (2010); Schmukler and Abraham (2017); Zahonogo (2018).

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Table 3, continued

Inflation	Consumer price index (CPI)	The CPI measures the annual percentage change in the cost of acquiring a basket of goods and services for the typical consumer, which may be fixed or specified.	World Bank Development Indicators 2002 to 2021	Madurapperuma, (2016); Peng, Ni, Jiang and Wang, (2021); Kraipornsak, (2018).
Interest rate	Interest rate spread (lending rate minus deposit rate, %)	Interest rates represent the cost or return of borrowing or lending money	World Bank Development Indicators 2002 to 2021	Egbetunde and Akinlo (2019); Hadiatou (2010); Schmukler and Abraham (2017); Zahonogo (2018).

Source: Field survey, Adjei (2023).

Chapter Summary

The research techniques employed in this study are described in this chapter. The post-positivism research paradigm was applied in this study. The regressor predicted the regressand; therefore, the explanatory research design was also applied. Furthermore, only 31 as per 49 SSA nations were included in the study's sample due to a lack of data. Three additional models were made from the research. In SSA, the first model looked at the connection between financial globalisation and economic growth; the second model looked at the connection among governance and economic growth; and the third model assessed the moderating role of governance in the relationship between financial globalisation and economic growth. Additionally, the study used the S-GMM Technique to accomplish its goals. Stata 14.2's packages were used for all estimations.

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CHAPTER FOUR

RESULTS AND DISCUSSION

In this chapter, the findings of the empirical analysis are given and backed up with literature. In order to comprehend the condition of governance, financial globalisation, and economic growth in SSA countries, the chapter first gives descriptive statistics on all variables. Next, a correlation matrix is presented in the chapter to assist to mitigate multicollinearity challenges in empirical specification. Subsequently, the discussions pertaining to the diverse models estimated in the study are expounded within this chapter. The formal deliberations concerning the various models computed in the study are then elucidated within this chapter.

Descriptive Statistics

Descriptive statistics are delineated for a subset of 31 Sub-Saharan African (SSA) economies, constituting a subset of the total 48 SSA economies owing to data unavailability for certain variables in 17 SSA economies. A compendium of the sampled SSA economies utilized in the study is available in Appendix A. The descriptive statistics encompass metrics such as the mean, representing the average; the standard deviation, serving as an indicator of variance; the minimum and maximum values for each variable, along with the overall count of observations.

Table 4: Descriptive Statistics of the Regressand and the Regressors

Variable	Obs.	Mean	Std. Dev.	Min	Max
KOFFGI	619	46.918	11.792	20.863	86.574
GDP	619	4.269	4.672	-36.392	33.629
VA	619	-.554	.651	-1.851	.94
PS	619	-.555	.854	-2.699	1.117
GE	619	-.756	.587	-1.887	1.161
RQ	619	-.602	.563	-1.705	1.197
CC	619	-.655	.576	-1.581	1.245

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Table 4, continued

RL	619	-.707	.601	-1.85	1.024
GOV	619	-0.512	0.503	-2.399	0.678
IF	619	7.883	18.478	-8.975	382.816
TO	619	63.184	26.26	.757	156.862
LFP	619	65.796	10.55	41.595	89.45
INT	619	5.555	9.599	-3.602	69.942
GFCF	619	22.158	9.291	0	81.021
GEX	619	12.553	5.52	0	36.217

Source: Field data, Adjei (2023)

KOFFGI represents the aggregate index for the Financial Globalisation measure, Economic growth is measured with Real GDP divided by the mid-year population. The six governance indicators include Voice and Accountability (VA), Political Stability and Absence of Violence (PS), Government Effectiveness (GE), Regulatory Quality (RQ), Control of Corruption (CC), Rule of Law (RL), IF represents Inflation, TO represents Trade Openness as measured by the Trade (imports and exports) as a percentage of GDP. LFP measures labour force participation as a percentage of GDP, INT represents Interest rates measured as a percentage of GDP, GFCF measures gross fixed capital formation as a percentage of GDP, GEX measures government expenditure as a percentage of GDP.

From the descriptive statistics, average earnings from financial globalisation in SSA economies was 46.918 indicating that most SSA countries benefit from inflows accounting for financial globalisation. Real GDP growth was also low at 4.269 percent on average, reflecting low growth rates in the sub-region. The World Bank classifies countries with per capita incomes of US$ 1,035 or less as low-income countries and those with US$ 1,036 to $4,085 as lower-middle-income countries. In terms of governance, the quality of governance as a whole was between -2.399 and 0.678, with an average of -0.512. Given that even the highest governance indicator score had an average score of -0.5540, SSA economies have poor governance.

The study also gave a description of each of the six governance indicators in the sample SSA countries. The averages for Control of Corruption and Government Effectiveness were -0.655, which was between -1.581 and 1.245, and -0.756, which was between -1.887 and 1.161. Political Stability & Absence of

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Violence and Regulatory Quality recorded averages of -0.555 within the limits of -2.699 and 1.117, respectively, and -0.602 within the limits of -1.705 and 1.197. Furthermore, Rule of Law and Voice and Accountability averaged -0.707 within the limits of -1.85 and 1.024, respectively, and -0.554 within the limits of -1.851 and 0.94. These statistics on various governance indicators show that in most SSA economies, Government Effectiveness is the weakest dimension of quality governance, while Voice of Accountability is the strongest. Interest rate had an average value of 5.555% between the range of -3.602 and 69.942. Labour force participation averaged at 65.796 and ranged between 41.595 and 89.45. Gross fixed capital formation recorded an average of 22.26% in the sampled SSA economies. Government Expenditure also averaged at 12.55%. The sample of 31 SSA economies, recorded an average trade openness of 63.184%, falling between 0.757% and 156.862%. Finally, the average rate of inflation was 7.88%.

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Table 5: Pairwise Correlation

Variables	GDP	LFP	GFCF	GEX	INT	VA	PS	GE	RQ	CC	RL	IF	TO	FDI	INP	IR	PI	ID	GOV
GDP	1.000																		
LFP	0.101	1.000																	
GFCF	0.018**	-0.04**	1.000																
GEX	-0.051*	-0.02**	0.279	1.000															
INT	0.077*	0.276	0.00***	0.166	1.000														
VA	0.060*	0.131	-0.098*	0.127	-0.039*	1.000													
PS	0.001**	0.005*	0.030**	0.294	0.015**	0.644	1.000												
GE	0.028**	0.020**	0.042**	0.294	-0.054*	0.779	0.649	1.000											
RQ	0.033**	0.031**	-0.00**	0.302	-0.02**	0.792	0.649	0.939	1.000										
CC	-0.003*	-0.137	0.051*	0.299	-0.052*	0.608	0.561	0.799	0.773	1.000									
RL	0.012**	-0.01**	0.041**	0.301	-0.03**	0.804	0.735	0.921	0.914	0.822	1.000								
IF	-0.070*	-0.04**	-0.03**	0.052	0.158	-0.13	-0.11	-0.12	-0.15	0.046**	-0.105	1.000							
TO	0.047**	-0.093*	0.324	0.311	0.064*	0.151	0.323	0.167	0.164	0.028**	0.154	-0.120	1.000						
FDI	0.047**	-0.093*	0.324	0.311	0.064*	0.151	0.323	0.167	0.164	0.028**	0.154	-0.120	1.000	1.000					
INP	-0.051*	-0.02**	0.279	1.000	0.166	0.127	0.294	0.294	0.302	0.299	0.301	0.05**	0.311	0.311	1.000				
IR	-0.070*	-0.04**	-0.03**	0.052*	0.158	-0.13	-0.11	-0.12	-0.15	0.046**	-0.105	1.000	-0.120	-0.12	0.05**	1.000			
PI	0.028**	0.020**	0.042**	0.294	-0.054*	0.779	0.649	1.000	0.939	0.799	0.921	-0.120	0.167	0.167	0.294	-0.12	1.000		
ID	-0.051*	-0.02**	0.279	1.000	0.166	0.127	0.294	0.294	0.302	0.299	0.301	0.05**	0.311	0.311	1.000	0.05**	0.294	1.000	
GOV	0.024**	0.008**	0.011**	0.303	-0.03**	0.864	0.819	0.938	0.935	0.838	0.965*	-0.11	0.198*	0.198	0.303	-0.111	0.938	0.303	1.000

Source: Field data, Adjei (2023)

KOFFGI represents the aggregate index for the Financial Globalisation measured by [Foreign Direct Investment (FDI), Portfolio Investment (PI), International Income Payment (INP), International Debts (ID) and International Reserves (IR)] Economic growth is measured with GDP growth. The six governance indicators include Voice and Accountability (VA), Political Stability and Absence of Violence (PS), Government Effectiveness (GE), Regulatory Quality (RQ), Control of Corruption (CC), Rule of Law (RL), IF represents Inflation, TO represents Trade Openness as measured by the Trade (imports and exports) as a percentage of GDP. LFP measures labour force participation as a percentage of GDP, INT represents Interest rates measured as a percentage of GDP, GFCF measures gross fixed capital formation as a percentage of GDP, GEX measures government expenditure as a percentage of GDP. ***, **, * represents significant at 1%, 5% and 10% respectively.

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Table 5 displays a pairwise correlational matrix for the independent variable, financial globalisation, and the dependent variable, economic growth. To prevent multicollinearity in the model design, the correlations between the independent variables must be smaller than 0.90 (Adam, 2016). The correlation matrix shows that there is no significant pairwise association between the independent variables, with the exception of the correlation between the composite governance indicator and the individual governance indicators. Since the individual governance variables are not included in the same model as the composite governance indicator, it does not suffer from multicollinearity which was confirmed by a Variance Inflation Factor (VIF) test with a result of three (3).

The regression results on the relationship between financial globalisation, governance, and economic growth in Sub-Saharan Africa.

The empirical results of the objectives of this study are presented and discussed in this part. Tables 6 and 7 display the findings of the regression analysis. The results of the individual impacts of financial globalisation and governance on economic growth in SSA economies are shown in Table 6. The results on how governance influences the connection among financial globalisation and economic growth in SSA economies are presented in Table 7.

The individual impacts of governance and financial globalisation on economic growth in SSA economies are shown in the table below:

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Table 6: Separate effects of financial globalisation and Governance on Economic Growth of SSA Economies.

	Model 1a	Model 1b	Model 1c	Model 1d	Model 1e	Model 1f
L.GDP	0.121***	0.0869***	0.103***	0.0745***	0.0980***	0.330***
	(0.0136)	(0.0172)	(0.0117)	(0.0168)	(0.0129)	(0.0461)
Financial Globalization						
FDI	0.0738***					
	(0.00858)					
PI		0.521				
		(2.065)				
ID			-0.172***			
			(0.0497)			
IR				0.00103		
				(0.00177)		
INP					-0.204***	
					(0.0439)	
Governance						
RL	2.474**					
	(0.921)					
RQ		1.783				
		(1.769)				

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Table 6 continued,

VA			1.535* (0.873)			
PS				1.155 (0.532)		
GE					2.526*** (0.711)	
CC						3.727*** (0.765)
Control Variables						
TO	0.0234** (0.00345)	0.0627*** (0.00876)	0.0683*** (0.00808)	0.0804*** (0.00936)	0.0671*** (0.00678)	0.0803*** (0.0122)
LFP	0.0340 (0.0327)	0.0766* (0.0385)	0.0540 (0.0406)	0.103*** (0.0368)	0.0654* (0.0343)	0.0805** (0.0350)
GFCF	-0.00650 (0.00999)	0.00651 (0.0114)	0.00652 (0.0103)	0.00429 (0.00882)	0.00359 (0.0104)	-0.0440* (0.0250)
GEX	-0.148*** (0.0525)	-0.181*** (0.0534)	-0.1243 (0.0421)	-0.246*** (0.0383)	-0.1123* (0.0234)	-0.106** (0.0471)
IF	-0.00369 (0.00295)	0.0000126 (0.00410)	-0.000944 (0.00265)	-0.00078 (0.0034)	0.00118 (0.00351)	-0.00414 (0.00277)
INT	-0.00859	0.00726	0.00358	-0.00976	0.00968	-0.00357

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Table 6 continued,

	(0.0203)	(0.0158)	(0.0189)	(0.0294)	(0.0149)	(0.0160)
Constant	0.697	-1.489	-1.367	-4.026**	-0.319	-2.614
	(1.884)	(2.395)	(2.304)	(1.729)	(2.088)	(2.381)
Observations	588	588	588	588	588	588
No. of instruments	78	75	75	54	78	64
AR1 (p-value)	0.00188	0.00218	0.00242	0.00208	0.00204	0.00265
AR2 (p-value)	0.151	0.0805	0.121	0.115	0.101	0.489
Hansen-J (p-value)	1.000	1.000	1.000	0.985	1.000	1.000

Source: Field data, Adjei (2023)

KOFFGI represents the aggregate index for the Financial Globalisation measured by [Foreign Direct Investment (FDI), Portfolio Investment (PI), International Income Payment (INP), International Debts (ID) and International Reserves (IR)], Economic growth is measured with GDP growth. The six governance indicators include Voice and Accountability (VA), Political Stability and Absence of Violence (PS), Government Effectiveness (GE), Regulatory Quality (RQ), Control of Corruption (CC), Rule of Law (RL), IF represents Inflation, TO represents Trade Openness as measured by the Trade (imports and exports) as a percentage of GDP. LFP measures labour force participation as a percentage of GDP, INT represents Interest rates measured as a percentage of GDP, GFCF measures gross fixed capital formation as a percentage of GDP, GEX measures government expenditure as a percentage of GDP. ***, **, * represents significant at 1%, 5% and 10% respectively.

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Financial Globalisation and Economic Growth in SSA economies.

The findings of Model 1 on the relationship between financial globalisation and economic growth in SSA economies are presented in Table 6. At the 1% level of significance, the results demonstrate that FDI as an index of financial globalisation has a beneficial impact on the growth prospects of the sampled SSA economies. Real-world observations suggest that when foreign companies invest in countries, they bring in new technologies, improve productivity, and help develop local skills. The influx of foreign capital also aids in overcoming infrastructure challenges, supporting essential projects. Additionally, FDI often opens up new markets, boosting exports and creating jobs in the host countries. FDI also serves as a catalyst, injecting vital capital, advanced technologies, and managerial acumen into the host country's economic landscape. This infusion translates into heightened productivity, expanded employment opportunities, and knowledge dissemination.

International debt (ID) as an index of financial globalisation had an adverse effect on growth prospects in the sampled SSA economies. Excessive reliance on external borrowing often leads to unsustainable debt burdens, diverting a significant portion of national income towards debt servicing. This situation constrains governments' fiscal flexibility constricting their capacity to allocate resources to pivotal domains like education, healthcare, and infrastructure. The resulting economic downturn may lead to reduced productivity, increased poverty levels, and hindered long-term development prospects.

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Income payments, particularly in the form of interest and dividends on foreign loans and investments, exert an adverse effect on growth prospects in the sampled SSA economies. High income payments create a substantial outflow of resources, diverting crucial funds that could otherwise be directed towards domestic investment and development projects. This drain on financial resources hampers the capacity of SSA countries to invest in key sectors, hindering economic expansion. Moreover, the dependency on external financing and the consequent income payments often perpetuate a cycle of indebtedness, constraining fiscal policies and impeding long-term growth.

The standard neoclassical growth theory contends that financial globalisation will enable a more optimized allocation of global resources by facilitating the unhindered flow of funds from capital sources -rich economies to capital-poor economies, thereby improving economic growth in the capital-poor economies. The results of Model 1 does not entirely support the standard neoclassical theory, since only FDI as an index of financial globalisation accounts positively to economic growth in the sampled SSA economies. According to Egbetunde and Akinlo, (2019) the speed and magnitude of financial contagion outweighs the presumed benefits of global financial integration, creating a scenario where the risks associated with increased interconnectedness overshadow the advantages, ultimately contributing to a negative impact on economic growth. This leads to a decrease in capital inflow benefits and discourage international investors from entering or expanding their operations in the region. The resulting decline in investment levels impedes growth potentials.

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The findings are consistent with those of Bhanumurthy and Kumawat (2020), who believe that the link between financial globalisation and economic growth is weak, particularly because domestic macroeconomic policies like fiscal restraint, which serve as pull factors for the migration of foreign capital, limit the essential levels of economic growth in economies. Capital account liberalisation and the output-growth relationship, according to them, follow a transition function: growth may draw foreign capital in a limited period, and over the far periods, foreign capital may support growth directly and indirectly. But most crucially, stronger domestic financial and fiscal sectors might result in better effects from financial globalisation. They went on to say that a lack of coordination between foreign capital operations and long-standing fiscal conditions stifles growth benefits and creates a slow growth experience. The results also back up what Egbetunde and Akinlo (2019) say, which is that huge debt accumulation make countries in Sub-Saharan Africa more susceptible to adverse shocks since they frequently co-exist with credit booms and other forms of fragility. This suggests that if suitable economic-wide implications and strong bodies (that reform foreign capitals in the nations) are enacted, economies can gain from financial globalisation. The findings are also consistent with Majidi (2017), who discovered that financial globalisation has an adverse effect on the economic growth of the SSA economies studied.

According to them, increased financial globalisation may expose economies to heightened volatility and external shocks, thereby impeding stable and sustained growth. Secondly, the transmission mechanisms between global

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financial flows and local economic development are often complex and non-linear, making it challenging to establish a direct and consistently positive correlation.

The study, however, goes contrary to the conclusions of Rao and Vadlamannati (2011), who looked into how financial globalisation affected economic growth in African nations. From their perspective, financial globalisation increases the financing options available to enterprises and individuals. It allows corporations to raise capital through international capital markets, such as by issuing stocks and bonds, obtaining loans from foreign institutions, or attracting foreign investors. This increased access to financing encourages entrepreneurship, innovation, and business expansion, all of which are vital to economic growth. The results also go against those of Ying et al. (2014), who claimed that there exists long-term connection among economic growth and financial globalisation in the Association of Southern Asian Nations because governments, through greater efforts, actively foster global trade and foreign investment while aiming for improved membership in economic organisations and implementing outward-focused policies with other economies. The sample SSA economies may not experience this. The study ends by saying that that financial globalisation has a weak impact on economic growth in the sampled SSA economies for the time under review.

Governance and economic growth of SSA economies.

Table 6 further presents the findings on the effect of governance on growth prospects in SSA economies. The results of model 1-1f in the table showed that, at

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a 1% significance level, the indicators of governance had a positive significant effect on economic growth in SSA economies, as indicated by the coefficients of each indicator of governance. It is perceived that an effective Rule of Law would improve growth in SSA economies. A strong rule of law inspires investor confidence, both domestically and internationally. It ensures that contracts are enforceable, property rights are safeguarded, and that disputes are resolved fairly and expeditiously. When businesses and individuals have confidence in the legal system, they are more inclined to commit resources. Increased capital inflows stimulate economic growth by introducing capital, technology, and expertise, thereby fostering job creation and productivity gains. A well-regulated and supervised financial system provides investor protection, facilitates access to credit, and promotes efficient allocation of capital. It establishes a level playing field for financial institutions, encourages responsible lending and borrowing practices, and fosters confidence in the banking sector. A stable and well-functioning financial system supports investment, promotes savings, and facilitates growth prospects.

Similarly, a good ruling symbol of authority is a critical foundation for economic growth in SSA. It enhances investor confidence, protects property rights, facilitates contract enforcement, reduces corruption, promotes accountability, protects individual rights, and fosters financial stability. These positive implications provide an environment that attracts investment, encourages craft-making, and supports sustainable economic growth in the region.

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Government effectiveness had a beneficial effect on economic growth. It is perceived that governments with capable institutions can design and execute sound economic strategies, including fiscal policies, investment promotion initiatives, and trade policies. Well-designed and effectively implemented policies can promote stability, attract investment, encourage entrepreneurship, and foster a conducive business environment, leading to sustainable economic growth. Positive government effectiveness fosters an enabling investment climate and facilitates public-private partnerships. Governments that effectively engage with the private sector and provides a favourable business atmosphere to draw investments, promote craft-making, and stimulate economic growth. Through transparent and efficient regulatory frameworks, governments can encourage private segment's involvement in economic activities and infrastructure development, leveraging private sector expertise, resources, and innovation. Positive government effectiveness has significant implications for economic growth in SSA economies. It facilitates effective policy formulation and implementation, drives infrastructure development, enhances public service delivery, controls corruption, promotes good governance, fosters public-private partnerships, and contributes to social and political stability. Governments with high levels of effectiveness are better equipped to create an enabling environment for economic activities, attract investment, stimulate entrepreneurship, and foster long-term sustainable growth prospects in the region.

Economic growth was significantly affected in a positive way whenever there was improvement in Voice of Accountability in the sampled SSA

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economies. It is perceived that voice of accountability helps combat corruption by increasing transparency and scrutiny. When citizens are empowered to speak out against corrupt practises and hold public officials accountable, it creates a deterrent effect and promotes integrity in governance. Reduced corruption enhances the efficiency of public resource allocation, improves the investment climate, and encourages domestic and foreign investment, thereby fostering economic growth. Accountability measures, such as clear elections, a pure judiciary, and freedom of the media, foster good governance and enhance the effectiveness of the public sector. When regulated bodies are answerable to their citizens, they are more likely to prioritise public welfare, deliver public services efficiently, and implement policies that promote economic growth. Effective governance and efficient public sector management contribute to a conducive business environment and stimulate economic activity. The positive implications of the voice of accountability for economic growth in SSA economies are that it reduces corruption, improves governance and public sector efficiency, ensures policy relevance and responsiveness, fosters social cohesion and political stability, promotes entrepreneurship and innovation, and contributes to human capital development. Governments and societies that value and promote the voice of accountability are more likely to set up a conducive atmosphere for growth prospects and development.

Regulatory Quality positively impacted economic expansion in the studied SSA economies. It is perceived that high regulatory quality instills confidence among domestic and foreign investors. When regulations are clear, predictable,

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and consistently enforced, businesses are more willing to invest and undertake entrepreneurial activities. Transparent and efficient regulatory systems reduce uncertainty and risks associated with business operations, which encourages investment and fosters a favourable investment climate. Increased investment leads to job creation, technological advancements, and productivity improvements, driving economic growth. Well-designed regulations ensure fair competition, prevent monopolistic practises, and protect consumers' rights. Effective regulatory oversight ensures a level playing field, encourages innovation, and fosters market efficiency. When markets are competitive and efficient, it leads to improved resource allocation, enhanced productivity, and overall economic growth. Regulatory quality plays a crucial role in protecting property rights. Strong and enforceable property rights are essential for economic development as they encourage investment, facilitate access to credit, and provide incentives for innovation and entrepreneurship. Well-defined and effectively enforced property rights, including intellectual property rights, attract investment and foster long-term economic growth. In the same vein, regulations that ensure transparency, disclosure requirements, and corporate governance standards instill confidence among investors. When investors feel secure in their rights, such as shareholder rights and protection against fraud and market manipulation, they are more likely to invest in the economy. Investor protection promotes a stable and resilient financial system, attracts foreign direct investment, and contributes to growth prospects.

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The positive implications of regulatory quality on economic growth in SSA economies promote investment and business confidence, enhance market efficiency and competition, protect property rights, ensure investor protection, improve the free-flow of doing transactions, and support sector-specific growth. Governments that prioritise regulatory quality and create a transparent, efficient, and effective regulatory environment are more likely to attract investment, foster entrepreneurship, and drive sustainable economic growth.

Control of bad habits that impede growth is perceived to positively impact economic growth of the sampled SSA economies. Controlling corruption enhances the investment climate by reducing the risks and uncertainties associated with corrupt practises. When corruption is minimised, it increases investor confidence and attracts both domestic and foreign investment. Investors are attuned with to invest in nations where there is a lower risk of corruption, as it ensures a fair and transparent business environment. Increased investment leads to job creation, technology transfer, and overall economic growth. Controlling corruption ensures that public resources are allocated efficiently and effectively towards development projects, infrastructure, education, healthcare, and other essential services. Effective resource allocation supports economic growth by promoting productivity improvements, enhancing public service delivery, and driving human capital development.

Subsequently, control of corruption leads to improved efficacy in the public sector. When corruption is minimised, public officials can focus on their responsibilities and perform their duties with integrity and professionalism.

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Efficient and accountable public sector institutions are better equipped to design and implement effective policies, regulate markets, and deliver essential services. Enhanced public sector performance contributes to economic growth by providing a stable and predictable environment for businesses and supporting sustainable development. The positive implications of controlling corruption on economic expansion in SSA economies are that it improves the investment climate, enhances resource allocation efficiency, strengthens public sector performance, promotes transparency and accountability, strengthens the rule of upheld procedures, and fosters social cohesion and trust. Governments and societies that prioritise the control of corruption create an environment that supports economic development, attracts investment, and drives sustainable economic growth. Political stability on the other hand had a positive but insignificant effect on economic expansion in SSA economies.

The positive impact of governance on economic growth in SSA economies lends support to the Ronald Coase Institute's New Institutional Economics theory (1937). According to the theory, the quality of governance is demonstrated by metrics encompassing corruption management, administrative efficacy, political steadiness, nonexistence of violence, legal governance, regulatory excellence, and expression of answerability. It was also argued that a country's institutions, such as its political, legal, and social systems, determine its economic performance. The NIE theory also touch on the esteemed role of institutional quality in shaping economic outcomes. Effective governance in SSA economies establishes and enforces rules, regulations, and norms that promote economic activities. Well-

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functioning institutions enhance market efficiency, protect property rights, ensure contract enforcement, and provide a conducive environment for businesses to flourish. The positive implications of governance on economic growth in SSA economies lend support to the principles of the NIE theory.

Effective governance structures that preserves possession rights, hold high the rule of law, minimise interaction costs, and promote investor confidence create an environment conducive to economic growth and development. By emphasising the significance of institutional factors, the ripple benefit of governance in SSA economies reinforces the importance of governance structures in driving sustainable economic progress. Recognising and enhancing governance practises in SSA economies is crucial for unlocking their full economic potential and fostering sustainable growth. Through the lens of the NIE theory, it becomes clear that well-regulated governance is not only a prerequisite for economic growth but also a catalyst for long-term prosperity in SSA economies.

Results of the control variables for the models assessing their separate effects on financial globalisation and economic growth in SSA.

All the models in Table 7 controls for six macroeconomic variables consisting of inflation, interest rate, gross fixed capital formation, government expenditure, labour force participation and trade openness. Trade openness had a positive and significant impact on economic growth in the sampled SSA economies. The study's discovery of a positive relationship between economic growth and trade openness implies that SSA economies should ensure that policies are initiated and put into effect so as to receive gains associated with

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trade openness and stimulate growth prospects. This result is consistent with the results of Asongu and De Moor (2017) who explained that economies with more liberal laws on trade are able to derive the necessary growth effects that comes with it. Egbetunde and Akinlo (2019) also confirm the study's results.

An adverse connection was found among government expenditure and economic growth. This means that as government spending increases, there tends to be a corresponding decrease in economic growth, indicating that excessive government intervention and wasting can crowd out local portfolios, hinder market efficiency, and limit economic productivity and growth potential. Similarly, an adverse relationship was discovered among labour force participation and economic growth suggesting that as labour force participation decreases, there tends to be a corresponding decline in economic growth, indicating that a smaller proportion of the population actively participating in the labour market can limit productivity, innovation, and overall economic output, potentially constraining economic growth potential. A negative relationship was found among gross fixed capital formation and growth prospects, suggesting that as investment in fixed capital declines, there tends to be a corresponding decrease in economic growth, indicating that insufficient investment in physical infrastructure, machinery, and equipment can hinder productivity, innovation, and the expansion of productive capacity, potentially constraining economic growth potential.

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Diagnostics on the models assessing the effects of financial globalisation and governance on economic growth in SSA.

The AR (1) and AR (2) are used to check for the presence of first and second order autocorrelation in the error term of the first-stage regression respectively. In most cases, the null hypothesis for the AR (1) process in initial differences is rejected, but not the null hypothesis for the AR (2) process, according to Mileva (2007). At the 5% level of statistical significance, all of the p-values for the AR (1) process revealed rejection of the null hypothesis of no autocorrelation, whereas the p-values for the AR (2) process did not. This proves that none of the models have autocorrelation. In conclusion, all of the instruments utilised in Table 5 are legitimate, as shown by the Sargan test probability values, which demonstrated no rejection of the null hypothesis that the instruments collectively are exogenous. The non-significance of the Hansen test also shows that the instruments employed in the GMM calculations have suitable exclusion limits.

The moderating role of governance in the relationship between financial globalisation and economic growth of SSA economies

Model 2 depicts the moderating role of governance in the relationship between financial globalisation and economic growth in SSA. The sub-models of Model 2 show the moderating role of each governance indicator in the relationship between financial globalisation and economic growth. Table 6 displays all of these models.

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Table 7: The role of Governance in the relationship between Financial Globalisation and Economic Growth of SSA Economies.

Dependent variable: *Economic growth*

	Model 1	Model 1a	Model 1b	Model 1c	Model 1d	Model 1e	Model 1f
L.GDP	0.402***	0.425***	0.690***	0.520***	0.551***	0.518***	0.548***
	(0.0433)	(0.0588)	(0.0534)	(0.0390)	(0.0458)	(0.0492)	(0.0514)
KOFFGI	-0.170**	-0.102**	0.0230	-0.0669	-0.0454*	0.00973	0.00461
	(0.0653)	(0.0428)	(0.0236)	(0.0439)	(0.0267)	(0.0244)	(0.0217)
RLKOFFGI	0.0607***						
	(0.0206)						
GEKOFFGI		0.0317**					
		(0.0128)					
VAKOFFGI			0.0219				
			(0.0137)				
CCKOFFGI				0.0495***			
				(0.0110)			
PSKOFFGI					-0.00198		
					(0.00667)		
RQKOFFGI						0.0182	
						(0.0203)	
GOVKOFFGI							0.0230
							(0.0252)

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Table 7, continued

Control Variables							
TO	0.117***	0.0806***	0.0408***	0.0848***	0.0550***	0.0518***	0.0466***
GEX	-0.388***	-0.248***	-0.0981	-0.180***	-0.197*	-0.275***	-0.259***
IF	0.0236***	0.0212***	0.00520*	0.00698*	-0.00185	0.00322	0.00302
INT	0.0699*	0.139***	0.0566***	0.0188	0.0475**	0.0240	0.0223
LFP	0.0295	0.156***	0.0612	0.0914**	-0.0455	-0.00117	-0.0135
GFCF	-0.127***	-0.0535*	-0.0132	-0.0716**	-0.104***	-0.0346*	-0.0221
Constant	10.08	-3.747	-4.831	-0.707	8.115	3.179	4.022
	(6.121)	(4.272)	(5.069)	(4.247)	(5.500)	(3.147)	(3.597)
Diagnostics							
Observations	588	588	588	588	588	588	588
No. of instruments	42	34	42	33	42	41	41
AR1 (p-value)	0.00265	0.00226	0.00194	0.00209	0.00257	0.00285	0.00256
AR2 (p-value)	0.641	0.701	0.872	0.855	0.980	0.901	0.966
Hansen-J (p-value)	0.790	0.362	0.816	0.483	0.856	0.915	0.873

Source: Field data, Adjei (2023)

Financial Globalisation measured by [Foreign Direct Investment (FDI), Portfolio Investment (PI), International Income Payment (INP), International Debts (ID) and International Reserves (IR)], Economic growth is measured with Real GDP divided by the mid-year population. The six governance indicators include Voice and Accountability (VA), Political Stability and Absence of Violence (PS), Government Effectiveness (GE), Regulatory Quality (RQ), Control of Corruption (CC), Rule of Law (RL), IF represents Inflation, TO represents Trade Openness as measured by the Trade (imports and exports) as a percentage of GDP. LFP measures labour force participation as a percentage of GDP, INT represents Interest rates measured as a percentage of GDP, GFCF measures gross fixed capital formation as a percentage of GDP, GEX measures government expenditure as a percentage of GDP. ***, **, * represents significant at 1%, 5% and 10% respectively.

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Table 7 presents findings on the effect of governance in moderating the relationship between financial globalisation and economic growth**.** The interaction between regulatory quality and financial globalisation showed a statistically ripple effect coefficient of 0.0182 at the 1% level. Table 6 displayed a negative coefficient for financial globalisation on economic growth, while Table 7 revealed a positive interaction effect. This implies that in SSA economies, improved governance, although weak, complements capital inflows from financial globalisation to enhance economic growth. By considering the average of the composite governance indicators, the study estimates the net influence of the interaction among governance and financial globalisation on growth prospects as follows;

$$\frac{\partial lnGDP}{\partial lnRL} = 2.474 + (0.0607 * -0.512) = 2.443$$

$$\frac{\partial lnGDP}{\partial lnGE} = 2.526 + (0.0317 * -0.512) = 2.509$$

$$\frac{\partial lnGDP}{\partial lnVA} = 1.535 + (0.0219 * \ -0.512) = 1.523$$

$$\frac{\partial lnGDP}{\partial lnCC} = 2.755 + (0.0495 * -0.512) = 3.7017$$

$$\frac{\partial lnGDP}{\partial lnRQ} = 2.116 + (0.0182 * -0.512) = 2.1067$$

Voice of accountability had a significant impact on the connection among financial globalisation and economic growth in SSA economies. The interaction effect had a positive net effect of 1.523 on growth prospects in the sampled SSA economies. When there is a robust system of accountability in place, it enhances transparency in financial transactions, regulatory practises, and governance

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mechanisms. This transparency fosters investor confidence, attracts foreign investments, and promotes financial integration. Moreover, accountability mechanisms ensure that financial institutions and market participants adhere to ethical standards, reducing the risk of fraudulent activities and promoting fair competition.

Through citizen participation, the voice of accountability ensures that the benefits of financial globalisation are shared equitably and that the interests of all interest groups, including marginalised villages, are included. By promoting inclusive decision-making processes and reducing corruption, the voice of accountability helps to foster trust in financial institutions and stimulate economic growth. Additionally, accountability mechanisms can act as checks and balances, preventing excessive risk-taking and promoting responsible financial practises. According to Azam (2022), for more than two decades, both contributors and those at the other end of international development monetary assets have recognised the importance of Voice of accountability as one of the stage aspects of growth and social development in developing nations. Despite the fact that development fund donors are yet to adhere to the strict plans of tying help to well-regulated governance practices and anti-corruption mechamisms in developing nations, there are numerous realities that demand the promotion and maintenance of well-regulated governance policies to facilitate economic growth. Overall, the voice of accountability strengthens the relationship between financial globalisation and growth prospects by promoting transparency, fairness, inclusive decision-making, and responsible financial behaviour.

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The interaction between financial globalisation and rule of law also had a positive net effect of 2.443 on economic growth in SSA economies. It is perceived that well-established laws and practices in SSA economies strengthened the connection among financial globalisation and economic growth. A valid and effective rule of law ensures that legal frameworks are transparent, enforceable, and provide equal protection for all participants in the financial system. This creates a predictable and stable environment that is essential for attracting foreign investments and promoting financial integration. When the rule of law is upheld, it safeguards property rights, enforces contracts, and protects investors from arbitrary actions, corruption, and expropriation. This fosters investor confidence, encourages long-term investments, and promotes a favourable business environment.

Moreover, the rule of law ensures that financial institutions operate with accountability, transparency, and integrity. It sets clear regulations and standards for market conduct, reduces information asymmetry, and promotes fair competition. By preventing fraud, market manipulation, and insider trading, the ruling symbol of authority maintains trust in the financial system and enhances its efficiency.

Additionally, the legal governance establishes a framework for adjudicating conflicts and implementing legal provisions which reduces transaction costs and encourages business transactions. According to Ozpolat et al., (2016), if the ruling symbol of authority is viewed through a different lens, our policy judgements will be extremely different. Politicians and bureaucrats are

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capable of engaging in corruption, which can be seen as yet another indicator of state predation. However, trades with private parties that profit from corruption are frequently involved. The rule of law implies restrictions on private authority over how foreign funds are channelled in order to assure their participation in growth-related activities, in addition to restrictions on state discretion. Overall, the rule symbol of authority strengthens the connection among financial globalisation and growth prospects by providing a stable, fair, and predictable legal environment that promotes investor confidence, protects property rights, and fosters the efficient functioning of financial markets.

Moreover, the net effect of the interaction among covariate of corruption and financial globalisation was positive and significant at 3.7077. A low level of corruption reduces transaction costs, encourages fair competition, and fosters a favourable business environment. It ensures that financial transactions, contracts, and regulatory processes are conducted in a transparent and accountable manner. By combating corruption, governments can prevent the misallocation of resources, the erosion of public trust, and the distortion of market mechanisms. This fosters a climate of trust, which attracts foreign investments, encourages capital flows, and promotes financial integration. Moreover, controlling corruption enhances the efficiency and effectiveness of regulatory bodies and governance mechanisms, reducing the risk of regulatory capture and rent-seeking behaviour. By promoting integrity, accountability, and ethical practises, controlling corruption strengthens the financial system, improves market efficiency, and fosters sustainable economic growth.

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Hence, strengthening control of destructive activities measures improved the connection among financial globalisation and economic growth in the sampled SSA economies. Shabbir et al., (2016) demonstrated that the control of corruption improves administrative services by enhancing the quality of public officials and, as a result, growth. Another widely held belief among economists is that corruption causes resource misallocation and acts as sand in the wheels of bureaucracy. Furthermore, corruption manifests the symptoms of fundamental institutional flaws, which allow politicians to maximise illegal payments by increasing administrative bottlenecks. Hence, if strong policies are made for anti-corruption practices, resources can be directed to the right channels to ensure growth in all facets of SSA economies. Overall, effective control of corruption strengthens the relationship between financial globalisation and economic growth by promoting transparency, reducing corruption risks, enhancing investor confidence, and providing a conducive atmosphere for economic activities and investment.

Also, the interaction among financial globalisation and government effectiveness had a positive significant impact on the connection among financial globalisation and economic growth in SSA economies. A 2.509 positive impact was found in SSA economies in the financial globalisation-growth nexus whenever government effectiveness improved. A government's ability to efficiently regulate and manage financial markets, maintain political stability, and provide a conducive business environment significantly impacts the outcomes of financial globalisation on economic growth. An effective government can ensure

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that financial globalisation promotes economic growth by implementing appropriate policies and regulations that encourage investment, innovation, and competition. It can also safeguard against potential risks and crises associated with financial globalisation, such as market volatility and capital flight, through effective supervision and regulation. Additionally, a competent government can address social and economic inequalities arising from financial globalisation, ensuring that the benefits are distributed more equitably and sustainable development is achieved.

Conversely, a weak or ineffective government may fail to highlight on the options provided by financial globalisation, leading to adverse consequences such as financial instability, corruption, and economic stagnation. Therefore, the effectiveness of government institutions and policies is essential for harnessing the potential benefits of financial globalisation and fostering long-term economic growth. According to Alam et al., (2017), Governments and institutions are human-created constraints that shape human interactions and influence economic agents' incentives. Effective governance policies encourage more efficient labour divisions, higher economic growth results from more productive portfolio and faster social and economic polis implementation.

In conclusion, the net impact of the interaction between financial globalisation and the governance on growth prospects showed positive and significant effects, as evidenced by its positive coefficients. This suggests that improved governance, encompassing various aspects such as regulatory quality, transparency, and accountability, contributes to a conducive environment for

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economic growth. By fostering stable institutions and efficient governance mechanisms, SSA economies can enhance their growth potential and attract investment, ultimately leading to sustained economic growth.

Unique implications of the findings in SSA Economies.

A major obstacle to sustainable growth in SSA has been the region's geopolitical vulnerabilities, resulting from a lack of a solid political structure that considers the regards, desires, and views of the general population in decision-making processes (Millard and Fucci, 2023). Additionally, incumbent governments often exploit institutions to retain their hold on power. Pursuing economic growth has the added benefit of fostering social unity and political stability, particularly when political environments are fair, non-oppressive, and inclusive.

The findings are unique in that, among the six indicators of governance, only three are most significant for improving the monetary globalisation-economic growth nexus in SSA. Rule of law, control of corruption, and government effectiveness emerged the most significant factors in promoting economic growth in SSA economies. In particular, the connection between rule of strong authority and financial globalisation had the strongest impact, indicating the need for coordinated policy measures and efficient economic management. These governance indicators provide a foundation for stability, protection of property rights, and reduced corruption, which in turn enhance market efficiency and attract investment. By prioritising these aspects of governance, SSA

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economies can create a favourable environment for sustainable prospects and progress through financial globalisation.

Results of the control variables for the models assessing the moderating role of governance in the relationship between Financial globalisation and economic growth of SSA economies.

The same macroeconomic factors that were accounted for in Table 6 were also adjusted for in all of the models in Table 7. Trade openness exhibited a ripple and effect on growth prospects in sub-Saharan Africa, resulting in a 0.117% increase in economic growth at a 1% significance level. This finding highlights the importance for SSA economies to implement effective policies that promote trade openness and capitalise on its associated benefits to stimulate economic growth, aligning with previous studies by Asongu and De Moor (2017) and Egbetunde and Akinlo (2019).

Conversely, inflation had an adverse impact on growth, as rising inflation eroded buying ability, decreased real income, and hindered overall economic activity. It is crucial to maintain price stability and control inflation to foster a conducive environment for sustainable economic expansion. Additionally, interest rates demonstrated a ripple effect on growth prospects, encouraging savings and investment that contribute to capital accumulation and productivity improvements. On the other hand, government spending, labour force participation, and gross fixed capital formation all had negative relationships with economic growth. This showed the bad effects of too much government

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intervention, falling labour force participation, and not enough investment in fixed capital on economic productivity and growth potential.

Diagnostics tests on the models assessing the role moderating role of governance in the relationship between financial globalisation and economic growth of SSA economies

At a 5% level of significance, all of the p-values for the models in Table 6 for the AR (1) process revealed rejection of the null hypothesis of no autocorrelation process, but the p-values for the AR (2) process did not. This demonstrates that none of the models have autocorrelation. The Sargan's probability values represented acceptance of the null hypothesis that all the instruments utilised in each model are valid and that the instruments collectively are exogenous. Additionally, the Sargan test's lack of significance demonstrates that the exclusion constraints on the instruments used in the GMM calculations are adequate.

Agglomerating effect in all the models

To permit for the half-way resetting of economic growth to its long-run equilibrium value, the lag form of the economic growth factor was incorporated into each model. This is so since economic growth is a procedure, and past rates of growth have an impact on current rates. All of the models covered in this chapter show that the lag economic growth variable's coefficient was significant and positive. The fact that all of the models' coefficients for the lag growth factor have a positive sign indicates that the SSA economies' economic growth in earlier times has positively impacted that of the present. The lagged dependent variable's

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significance suggests that the system GMM is a suitable estimator, and the empirical findings can be trusted.

Chapter Summary

In the chapter, a trend analysis was presented on the connection between financial globalisation and economic growth in SSA economies. The chapter then provided a descriptive examination of the study's factors. The descriptive examination indicated that although the impact of financial globalisation is quite small, SSA economies on average have received substantial income accounting for financial globalisation between 2000 and 2021. The descriptive study also shows that SSA has a poor reputation for governance quality. The chapter further by discussed the distinct impacts of governance and financial globalisation on economic growth in SSA economies. As a result of the conversations, data show that good governance and financial globalisation are both necessary to boost economic growth. The chapter also covered how governance influences how financial globalisation and economic growth interact in SSA economies. The study highlighted that improved financial globalisations' impact on economic growth depends on excellent governance quality.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The key findings from the entire study are presented in this chapter. A summary of the findings, conclusions, recommendations, and ideas for additional research are also included in this chapter.

Summary of the Research

While there exists an opportunity for SSA countries to bridge the growth divide, the historical context reveals a persistent challenge as these economies have consistently registered lower economic growth levels compared to other regions. The literature offers various factors that could potentially stimulate economic growth in SSA. However, a notable gap in existing research lies in recognizing the pivotal role of governance's absorptive capacity within the intricate dynamics linking growth prospects on financial globalisation in SSA economies. Understanding how governance structures absorb and leverage the impacts of financial globalization is a crucial aspect that demands further exploration and consideration in the scholarly discourse.

In the context of SSA, the literature evaluation presented supportive ideas and empirical evidence regarding the connection among financial globalisation, governance, and economic growth. The study specifically used the Standard Neoclassical Theory, the New Institutional Economic Theory, and the New Growth Theory. The empirical review indicated that the evidence on the connection between financial globalisation and economic growth in SSA was inconclusive. This is due to the fact that earlier research has mostly focused on

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analysing the effects of financial globalisation and governance on economic growth individually. To test the hypothesis that governance moderates the relationship between financial globalisation and economic growth in SSA economies, this research, interacted financial globalisation with governance in the selected SSA nations. The post-positivist research paradigm and the quantitative research methodology served as the foundation for this investigation. For the study's estimation of the various models, an explanatory research design was also used. Because of information availability issues, 31 per 48 SSA economies were involved in the study.

The study also created three baseline models. The initial model definition aimed to determine how financial globalisation affected SSA economies' ability to thrive economically. The second model tried to establish the association between governance and economic growth in SSA economies. A third model was developed to ascertain the moderating role that governance played in the relationship between financial globalisation and economic growth in SSA economies. To estimate each model, the study used the system Generalised Method of Moment Estimation approach.

Summary of Key Findings

The outcomes of this investigation produced a number of significant and insightful conclusions with positive ramifications. Examining how financial globalisation affects economic growth in SSA economies was the study's first objective. The second objective looked at the relationship between governance and economic growth. The third objective focused on the moderating impact of

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governance on the relationship between financial globalisation and economic growth in SSA economies. The table below provides a summary of the results for these objectives:

Table 8: Summary of Results on the Hypothesis

Hypothesis	Confirmation
$H_1$1: There is positive significant effect of financial globalisation on economic growth of SSA economies.	Rejected
$H_1$2: There is positive significant relationship between governance and economic growth of SSA economies.	Accepted
$H_1$3: There is a positive significant moderation effect of governance on the relationship between financial globalisation and economic growth of SSA economies.	Accepted

Source: Field survey, Adjei (2023)

Financial globalisation and economic growth are found to be weakly correlated in the sample of SSA economies, according to the results of the first objective, the speed and magnitude of financial contagion outweighs the presumed benefits of global financial integration, creating a scenario where the risks associated with increased interconnectedness overshadow the advantages, ultimately contributing to an adverse effect on economic growth. This leads to a

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decrease in capital inflow benefits and discourage international investors from entering or expanding their operations in the region. The resulting decline in investment levels impede economic growth potential.

Additionally, with the second objective, it was discovered that good governance significantly boosted economic growth in SSA economies. This shows that strong governance must be maintained if SSA economies are to build their economies. Results for the third objective showed that governance supports financial globalisation, allowing it add to a more to the economies of SSA. This is because the addition of the interaction variable of governance to the model strengthened the connection among financial globalisation and economic growth. The study also looked at the precise roles that each of the six governance indicators played in the relationship between financial globalisation and economic growth in SSA economies. Financial globalisation was seen to have a ripple effect with each of the following variables: government effectiveness, regulatory quality, rule of law, and voice and accountability. Notably, rule of law, control of corruption, and government effectiveness emerged the most significant factors in promoting the financial globalisation-economic growth nexus in Sub-Saharan African (SSA) economies. In particular, the interaction between rule of law and financial globalisation had the strongest impact, indicating the need for coordinated policy measures and efficient economic management. By prioritising these aspects of governance, SSA economies can create a favourable environment for sustainable growth prospects and development.

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Conclusions

The findings indicate that both capital inflows and governance dynamics are essential for fostering economic growth in SSA economies. While governance plays a role in amplifying the impact of financial globalisation on economic growth, the influence of political stability, regulatory quality, and the voice of accountability are relatively weak in SSA economies. The significant influence of governance effectiveness, control of corruption, and rule of law on economic growth suggests that achieving the potential benefits of financial globalisation depends on establishing open and transparent institutions of high standards and integrity, ensuring that resources benefit everyone.

Governance effectiveness ensures that institutions can efficiently and responsively manage resources, fostering an environment conducive to economic growth. Control of corruption is crucial for preventing the misallocation of resources and maintaining favourable business climate, ultimately contributing to a fair and efficient economic landscape. Adhering to the rule of symbol of authority creates a stable and easily-told legal arrangements, instilling confidence in investors and facilitating economic activities.

The study also recommends that governments, as well as multifaceted and non-state entities like the World Bank and the African Development Bank, take the lead and aid in developing a robust economic-wide measure that promotes social equity. Additionally, policymakers should focus on strategies that leverage financial globalisation to generate shared wealth, such as enhancing technical and vocational education.

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Looking ahead, incentivising and promoting shared prosperity through financial globalisation in SSA requires specific focus to empower the efficacy of legal systems and combating corruption. By doing so, the region can better harness the potential of financial globalisation to drive economic growth while ensuring an equitable distribution of benefits.

Recommendations

In confronting the challenges posed by financial globalization to growth prospects with in Sub-Saharan African (SSA) economies, it is imperative to undertake careful risk assessment and management. This entails the establishment of robust regulatory frameworks and vigilant monitoring mechanisms to address potential adverse impacts. Policymakers should strategically prioritize the development of domestic financial institutions, recognizing them as key contributors to resilience and effective mitigation of challenges associated with financial globalization. Emphasizing a proactive and adaptive approach, policymakers can not only mitigate negative impacts but also harness the positive aspects of financial globalization, fostering sustainable economic development within the SSA region.

Additionally, the second objective will be furthered by the positive effects that institutional quality improvements will have on the economies of SSA. As records indicate that SSA economies acquire significant capital inflow as a result of financial globalisation, governments must ensure that these funds are put to good use by funding projects that will advance the sub-region's economy. To profit from the advantages of financial globalisation and economic growth, it is

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advised that SSA economies continue to implement economic-wide frameworks that encourage global commerce.

In terms of the third objective, such initiatives will result in significantly higher growth if laws are also put in place to raise the standard of institutions. The improvement of government efficiency, the reduction of corruption, the improvement of regulatory quality, adherence to the rule of law, and the facilitation of voice of accountability are specific ways in which financial globalisation might better increase economic growth. The civil and public services will be increasingly independent in devising effective policies to restrain the actions of interest groups as government effectiveness increases. Reduced corruption will stop incumbents from erecting impediments to economic growth by buying their way through the system.

Additionally, the improvement in regulatory quality will result in governments developing and promoting effective policies that will allow for and strengthen the growth prospects of the local segments. When incumbents follow the law, they will accept the initiatives taken by the government to soften their hostility towards economic expansion. Finally, individuals and the press will be able to address concerns about the opposing activities of incumbents if voice of accountability are permitted.

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Suggestions for Future Research

First of all, future research can build on this study by looking at how governance quality influences the connection among financial globalisation and economic growth in different emerging economies. Additionally, more research can look at how trade components (imports and exports) affect financial globalisation and how their interactions with governance have a ripple effect on growth prospects.

This study makes the case for the necessity for greater research, with a particular emphasis on studies that are nation-specified, so as to give detailed individualised policies that are in line with the distinctive developmental circumstances of each country. While the panel findings offered in this study is useful for attaining policy harmonisation across different nations, more specialised and nations-peculiar policies should be directed by pertinent time series empirical methodologies, according to this future research path. By carrying out such a study, it would be possible to better understand the needs of many SSA economies and create policies that are more appropriate for their particular situations.

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APPENDIX

List of 31 sampled Sub-Saharan Africa countries

Angola	Gabon	Niger	Tanzania
Benin	Ghana	Nigeria	Uganda
Burkina Faso	Guinea-Bissau	Rwanda	South Africa
Botswana	Kenya	Sudan	Democratic of Congo
Central African Republic	Madagascar	Senegal	Zambia
Cote d'lvoire	Mozambique	Sierra Leone	Guinea
Cameroon	Mauritania	Chad	The Gambia
Congo Republic	Mauritius	Togo	

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