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The Comparative Economics of Globalisation and Governance in Sub-Saharan Africa

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Abstract: *This study investigates the effect of globalisation on governance in 40 Sub-Saharan African countries for the period of 2000-2019, with particular emphasis on income levels (low income versus middle income), legal origins (English common law versus French civil law), landlockedness (landlocked versus unlandlocked), resource wealth (oil-rich versus oil-poor) and political stability (stable versus unstable). The empirical evidence is based on fixed effects regressions in order to control for the unobserved heterogeneity. Political, economic, social, and general globalisation variables are used, while three bundled governance indicators are also employed to assess five main hypotheses. From baseline findings, while all globalisation dynamics negatively affect political governance, only political and social globalisation dynamics have a negative incidence on economic governance. Social and general globalisation dynamics positively affect institutional governance. The hypotheses that higher income, English common law, unlandlocked, oil-poor, and politically-stable countries are associated with higher levels of globalisation-driven governance, are valid, invalid, and partially valid contingent on the globalisation and governance dynamics.*

Keywords: Africa; Governance; Globalisation; Panel; Fixed effects
JEL Classification: F30, O10, O55

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1. Introduction

This study, which assesses the comparative economics of globalisation and governance in Sub-Saharan Africa, is motivated by four major contemporary development insights: (i) disturbing poverty levels in Africa and the importance of institutions in alleviating such poverty; (ii) an open debate in the literature on the role of globalisation on institutions; (iii) an evolving paradigm in the conception and measurement of governance standards; and (iv) the need to contribute to existing literature with a comparative perspective based on fundamental characteristics of African governance.

First, the African continent is currently characterised by immiserising growth because, despite over two decades of growth resurgence that began in the mid-1990s (Tchamyou, 2019), extreme poverty has been increasing on the continent. This narrative is consistent with an April 2015 World Bank report which revealed that extreme poverty declined in all continents of the world except for Sub-Saharan Africa, where about 45% of countries in the region were considerably off-track from reaching the United Nations Millennium Development Goals (MDGs) extreme poverty target (see World Bank, 2015; Asongu & Kodila-Tedika, 2017). Moreover, prospective studies maintain that unless concerns surrounding poverty are addressed, most countries in the sub-region are unlikely to achieve the Sustainable Development Goals (SDGs) by the year 2030 (Bicaba et al., 2017; Asongu & Le Roux, 2019; Tchamyou, 2020). It has also been well-established in the existing literature that good governance is imperative in the fight against poverty on the one hand (Tchamyou, 2021),[1] while on the other, globalisation is an inescapable process that affects the quality of governance in developing (Lalountas et al., 2011) and African (Asongu, 2014a) countries.[2]

Second, globalisation has been documented to affect governance standards in developing countries *via* a plethora of mechanisms. These include interactions among individuals and cultures that culminate in the transmission of a system of values among individuals from many nationalities and backgrounds (Jensen & Oster, 2009; Beggren & Nilsson, 2015; Asongu et al., 2018). These transmitted values have some bearing on recipients' leadership orientations, which could eventually influence perceptions towards institutional structures and governance. Country-specific checks and balances can also be modelled by globalisation. Within this framework, countries mutually oversee one another by constantly monitoring checks and balances. Ultimately, the governance quality of a country that is subject to oversight can improve by virtue of constraints to better standards from other friendly countries. Furthermore, the advent of information and communication technology that has been moving hand-in-glove with globalisation has also improved institutional quality, and enabled countries with lower institutional standards to catchup with their counterparts with higher institutional standards (Asongu & Nwachukwu, 2016a). For instance, such technologies facilitate the tracking of corruption and mismanagement activities, especially for countries and individuals with a proven history and track record of poor governance.

Despite the positive rewards of globalisation in terms of governance, contemporary literature is still open to debate on the direction of the relationship. For example, a strand of the literature maintains that much of the improvements in the structures (including governance) in developing countries can be traceable to externalities from globalisation (Diao et al., 2017; Lalountas et al., 2011). Conversely, another strand of the literature is of the view that the externalities of globalisation have escalated poor governance qualities like complex practices of corruption that are not easy to trace (see Goredema, 2009; Shapiro & Levine, 2015).

Third, there is an evolving paradigm in the conception of governance that is fundamentally based on differences in the two dominant models of development: namely, the Washington consensus, which prioritises political governance, and the Beijing model, which prioritises economic governance (Asongu & Ssozi, 2016).[3] For instance, blanket notions of governance have been employed in the empirical literature to denote ‘corruption control’, which is a dimension of institutional governance (Kangoye, 2013). Moreover, a holistic conception of governance entails institutional, economic, and political governance. It follows that even the use of corruption control to denote institutional governance would lead to statistically fragile analyses and falsifiable inferences, unless a composite indicator is used which encompasses both the ‘rule of law’ and corruption control. This study addresses the underlying drawback by employing three bundled governance indicators, namely: institutional governance (consisting of ‘corruption control’ and ‘the rule of law’), economic governance (entailing ‘government effectiveness’ and ‘regulation quality’) and political governance (encompassing ‘political stability/non-violence’ and ‘voice and accountability'). The use of these bundled governance indicators also complements the literature on the quality and statistical validity of governance indicators from the World Bank. For more insights, the interested reader can revisit the debate between Kaufmann et al. (2007a, 2007b) and Kurtz and Schrank (2007a, 2007b), on the quality of Worldwide Governance Indicators (WGI).

Fourth, consistent with the extant comparative literature (Badawi & Makdisi, 2007; Asongu, 2012a; Roudometof, 2014) in order to avail more room for policy implications, the study investigates the globalisation-governance relationship with particular emphasis on fundamental characteristics of African governance, namely: income levels (low income versus middle income); legal origins (English common law versus French civil law); openness to sea (landlocked versus unlandlocked); resource-wealth (oil-rich versus oil-poor) and political stability (stable versus unstable).

The remainder of the study is organised as follows. The theoretical underpinnings, empirical evidence and testable hypotheses are engaged in Section 2. The data and methodology are covered in Section 3, while Section 4 presents empirical results. Section 5 concludes with a future research direction.

2. Theoretical Underpinnings, Empirical Evidence and Testable Hypotheses

2.1 Theoretical and empirical evidence

The nexus between globalisation and governance is emphasised by the way 'governance perceptions' in a country are affected by increasing openness. According to these perceptions, poor governance is likely to be entertained in an environment of monopolistic competition (Klitgaard, 1988). Such competition is attenuated with increasing globalisation which decreases discretion and increases accountability. Within a framework where no economic agents have the possibility of influencing the prices of commodities that they are commercialising, there are incentives to improve governance and management. From a political angle, the Protestant ethic has been documented to be more associated with better levels of governance (Bonaglia et al., 2001; Osinubi & Asongu, 2021). On the contrary, the reverse tendency is more likely when countries are less open to international trade and/or less democratic (Klitgaard, 1998).

In addition to information and communication technology (ICT), which we have discussed in the introduction as a factor connecting globalisation to governance, there are other traditional channels which we briefly engage in three main strands (Krueger, 1974; Bonaglia et al., 2001; Ramlachan et al., 2021; Nchofoung & Asongu, 2022). The first channel articulates activities of rent-seeking, which are the result of restrictions in trade. In contrast to tariffs, quotas and permissions of official nature, imports are linked to considerable economic rents because of monopolistic powers associated with legal importers. Other economic agents could engage in questionable activities to share such rents. These include smuggling, bribery, black market participation and corruption. The underlying activities of rent-seeking could push some activities within the economy to operate at sub-optimal levels and hence, engender variations between social and private costs, which are associated with more costs in terms of welfare, in addition to tariff restrictions. The original work of Kreuger was subsequently extended to a theory of tariffs (Bhagwati & Srinivasan, 1980) and unproductive (Bhagwati, 1982) profit-oriented activities.

The nexus between restrictions on trade and corruption has also been covered by Gatti (1999). The impact of two inward-related policies on corruption has been disentangled by the author, namely: foreign competition and direct policy distortion. Substantial restrictions to international trade bear a direct influence on the ability of public agents to policy distortion and foreign competition for bribes. The scenario leads to reduced competition between foreign and domestic corporations, which is essential for poor management, corruption, and rent-seeking.

The second strand, which articulates the competition-diminishing channel, has been engaged by Ades and Di Tella (1999), who have argued from specific and general viewpoints that the level of rent-seeking in markets influences dimensions of poor governance. The authors substantiate their perspective by further arguing that since differential rent levels also depend on the intensity of competition, many connections exist between low competition and poor governance features (like corruption). For example, an environment that is characterised by high rents as a result of low competition can augment the level of bureaucratic bribes. On the contrary, within the same framework, a nation would enjoy better governance by improving the monitoring of its bureaucracy. With regard to the authors, it is relevant to calculate the net impact of characteristics of poor governance (like corruption) because of apparent opposing tendencies. Nigeria, which is used as a case study to illustrate the nexus between corruption and rent-seeking, has substantially benefited from petroleum exports, accounting for about 80% of its government revenue over the past three decades. Unfortunately, according to the narrative, during the same period, import and construction booms have been controlled for the most part by elites from the ruling class: evidence that confirms the postulated fundamental linkage between rent-seeking and poor governance.

A third channel connecting globalisation to governance encompasses the burden of overseeing public agents because of growing globalisation (Wei, 2000; Ramlachan et al., 2021). The underlying idea of this mechanism is that strengthening institutional quality and the capacity to improve governance standards substantially depend on resources devoted to such purposes. According to the narrative, if a nation allocates more resources for the betterment of prevailing institutions or/and building of novel ones, more advantages would be apparent in terms of lower costs and/or higher benefits. Under the assumption that investors of foreign origin have more opportunities of channelling their investments and/or exports between national markets, it is logical to extrapolate that compared to international transactions, corruption (and more generally, poor governance) is less detrimental to domestic transactions. The resulting differential impact motivates incentives for enhanced governance. Thus, relative to nations that are in isolation or autarky, a nation that is integrated with other countries is more likely to devote more resources towards consolidating governance standards in the face of increasing integration.

2.2 Testable hypotheses for comparative governance

In this section, we engage the testable hypotheses for comparative governance in terms of income levels, legal origins, openness to sea, natural resources and political stability. Linkages between the fundamental characteristics and governance are engaged in chronological order.

With regard to income levels, compared to low-income countries, middle-income nations are more likely to be associated with better governance structures. Two main motivations underline the positive association between income levels and governance. On the one hand, higher-income countries have traditionally been associated with higher levels of governance. This has been confirmed in African countries (Asongu, 2012a). In essence, compared to low-income nations, high-income countries should: (i) have a burgeoning middle class that sustainably demands political rights for better political governance; (ii) be associated with better public commodities or economic governance; and (iii) be linked to more respect for state institutions. On the other hand, from intuition, high-income countries are comparatively more globalised or integrated into the world economy in terms of international trade and financial transactions.

> *Hypothesis 1*: Compared to low-income countries, middle-income countries have higher levels of governance.

Legal origins are essential in comparative institutional development (La Porta et al., 1998, 1999; Nchofoung et al., 2021a). Moreover, when it comes to the influence of openness on development in Africa, comparatively higher levels of openness (e.g., to trade) by English common law countries have also been documented to account for the higher economic development compared to their French civil law counterparts (Agbor, 2015; Asongu, 2012b; Asongu, 2015). The underlying postulate is that English common (French civil) law places more emphasis on private property rights (power of the state) (La Porta et al., 1998, 2000). The institutional advantage of English common law countries has been extended to other areas of management and governance, notably: more efficient courts (Djankov et al., 2003), better institutions with less corrupt governments (La Porta et al., 1999), and more information accounting standards (La Porta et al., 1998). Beck et al. (2013) have theorised political and adaptability channels to articulate why legal origins matter in comparative economic development. In summary, the present study assumes that the institutional web of informal norms, formal rules and enforcement characteristics that are fundamentally traceable to legal origins influence governance standards.

> *Hypothesis 2*: English common law countries have higher levels of governance compared to their French civil law counterparts.

Compared to countries that are open to the sea, landlockedness has an institutional cost (Arvis et al., 2007). Moreover, nations that are closed to the sea are intuitively less integrated into the world economy (or globalised) because they do not enjoy positive externalities from trade openness and migration that are linked to sea transport.

> *Hypothesis 3*: Landlocked countries are associated with lower levels of governance compared to countries that are open to the sea.

While the prospect of higher governance standards in resource-rich countries is in line with the postulate on income wealth, there are also strong reasons to hypothesise that nations that have acknowledged scarcity in natural resources have focused more on institutions as a means of achieving economic development (America, 2013; Amavilah, 2016). This assertion is consistent with the narrative of the 'resource curse' in Africa, environmental degradation, and mismanagement of government revenues (by some oil-rich countries like Nigeria) rent-seeking, corruption and 'transfer mispricing' associated with multinationals exploring natural resources (Osabuohien et al., 2015; Nchofoung et al., 2021b).

> *Hypothesis 4*: Resource-poor countries are associated with higher levels of governance compared to their resource-wealthy counterparts.

From intuition, countries that enjoy comparatively more political stability should also be associated with higher levels of governance, because the absence of civil wars and political strife provides an enabling environment for economic and institutional governance. The underlying perspective relates to globalisation, because investors have been documented to prefer economic environments that are characterised by less ambiguity and more stability (Kelsey & le Roux, 2017, 2018).

> *Hypothesis 5*: Politically stable countries are associated with higher levels of governance relative to politically unstable countries.

Considering the above, the chosen fundamental features have some influence on the adoption of neoliberal and/or globalisation policies, which ultimately influence governance and economic development.

3. Data and Methodology

3.1 Data

This paper investigates a panel of 40 Sub-Saharan African nations with data from Dreher et al. (2010), World Development Indicators (WDI) and the WGI of the World Bank for the period 2000-2019. The sampled periodicity is constrained by data availability. The dependent variables from the WGI (see Kaufmann et al., 2010) are: economic governance (entailing government effectiveness and regulation quality); political governance (consisting of political stability/no violence and voice and accountability), and institutional governance (made of corruption control and the rule of law). The bundling of governance variables into composite measurements is done by principal component analysis (PCA) (see Section 3.1.2).

The fundamental features on which the testable hypotheses are based have already been motivated in Section 2.2. For lack of space, we only highlight the criteria for the choice of fundamental characteristics.[4] Classification of nations by legal origins is from La Porta et al. (2008), whereas the categorisation of countries in terms of income levels is in accordance with Asongu (2014a)[5] on World Bank classification. Resource wealth is based on oil-dominated exports that represent at least 30% of gross domestic product (GDP) for at least a decade during the sampled periodicity. Unlandlocked and landlocked countries are apparent from any African map. Countries that are considered politically unstable are those that have witnessed some substantial degree of political strife/instability for at least half of the sampled periodicity. Four main independent globalisation variables are used, namely: political globalisation, economic globalisation, social globalisation and general globalisation. The variables are from Greher et al. (2008).

The sources and definitions of indicators are disclosed in Appendix 1, while the summary statistics are provided in Appendix 2. The correlation matrix in Appendix 3 is used to restrict the size of the conditioning information set in order to avoid concerns of multicollinearity.

3.2 Methodology

3.2.1 Principal component analysis

PCA is employed to reduce the governance variables into composite indicators of political governance, economic governance, and institutional governance (Tchamyou et al., 2019). The technique which has been employed to bundled governance variables in recent African institutional literature (Asongu, 2016a; Asongu & Nwachukwu, 2016b) is a statistical strategy that is employed to reduce a set of highly correlated variables into a smaller set of uncorrelated variables known as principal components (PCs). The corresponding PCs represent a considerable variation in the original data.

In this study, three PCs are retained, namely: political governance, economic governance and institutional governance. The criterion used to retain the PC is from Jolliffe (2002) and Kaiser (1974), who recommend that only those with an eigenvalue higher than the mean should be retained. As apparent in Table 1, institutional governance (Instgov), political governance (Polgov) and economic governance (Ecogov) respectively have total variations (eigenvalues) of 94.3%, 88.2% and 90% (1.866, 1.764 and 1.801).

Political governance (which consists of political stability/non-violence and voice and accountability') is the election and replacement of political leaders. Economic governance (made of government effectiveness and regulation quality) is the formulation and implementation of policies that deliver public commodities. Institutional governance (entailing the rule of law and corruption control) is the respect by the state and citizens of institutions that govern interactions between them. These definitions are consistent with contemporary governance literature (Asongu & Odhiambo, 2019, 2020).

Table 1: Principal Component Analysis for Composite Governance

Principal components	Component matrix(loadings)						Proportion	Cumulative proportion	Eigenvalue
	VA	PS	RQ	GE	RL	CC			
First PC (Polgov)	0.707	0.707	–	–	–	–	0.882	0.882	1.764
Second PC	0.707	-0.707	–	–	–	–	0.117	1.000	0.235
First PC (Ecogov)	–	–	0.707	0.707	–	–	0.900	0.900	1.801
Second PC	–	–	0.707	-0.707	–	–	0.099	1.000	0.198
First PC (Instgov)	–	–	–	–	0.707	0.707	0.943	0.943	1.866
Second PC	–	–	–	–	-0.707	0.707	0.056	1.000	0.113

Notes: PC: Principal component; VA: Voice and accountability; RL: Rule of law; RQ: Regulation quality; GE: Government effectiveness; PS: Political stability; CC: Control of corruption; Ggov (general governance): First PC of VA, PS, RQ, GE, RL and CC. Polgov (political governance): First PC of VA and PS. Ecogov (economic governance): First pc of RQ and GE. Instgov (institutional governance): First PC of RL and CC.

3.2.1 Estimation approach: Instrumental variable fixed effects

The fixed effects (FE) estimation strategy accounts for the unobserved heterogeneity between countries within the same fundamental characteristic. More generally, in the literature, when a panel consists of observations on fixed and relatively small sets of units of interest or agents, there is a presumption in favour of FE (Asongu, 2016a). In panel data analysis, the estimator from FE is also called a 'within estimator' and there is an assumption of time-independent impacts for every country that is potentially correlated with the regressors. Given that the outcome variable is governance, 'within variations' are intuitively more relevant than 'between variations.' Had an indicator of globalisation been the dependent variable, a 'between estimator' would have been preferable. Moreover, given that N<T in most of the sub-samples, we cannot use alternative methodologies like the generalised method of moments (GMM) that eliminate FE.

The panel FE model is presented as follows:

$$Gov_{i,t} = \partial_0 + \partial_1 G_{i,t} + \sum_{h=1}^{4} \omega_h W_{h,i,t-\tau} + \eta_i + \varepsilon_{i,t} \tag{1}$$

Where $Gov_{i,t}$ is governance of country i at period t; ∂ is a constant; G, globalisation; W is the vector of control variables (*GDP growth, foreign aid, domestic savings and inflation*); n_i is the country-specific effect and $\varepsilon_{i,t}$ the error term. The specifications are heteroscedasticity and autocorrelation consistent (HAC) in standard errors.

The adopted control variables from the WDI are foreign aid, GDP growth, inflation, and domestic savings. GDP growth is expected to improve governance standards because countries with comparatively higher economic prosperity have been documented to enjoy better standards of governance (Asongu & Nwachukwu, 2016b). The same source of the literature is of the view that very high inflation is likely to deteriorate the standards of governance because of a plethora of reasons. Accordingly, chaotic inflation could engender among others, disrespect of the rule of law, political instability, and high corruption by public officials to compensate for decreasing purchasing power.

The incidences of foreign aid and domestic savings on governance remain subjects of conjecture in the literature. From the angle of development assistance, whereas Okada and Samreth (2012) conclude that foreign aid reduces corruption in developing countries, Asongu and Nwachukwu (2016c) find that development assistance negatively influences all good governance measurements from Kaufmann et al. (2010). The impact of domestic savings is contingent on whether mobilised savings can be transformed into the opportunities of investments that are also linked to governance standards. In the light of documented surplus liquidity concerns in Sub-Saharan Africa (Tchamyou, 2019), it is not likely that much savings are transformed into credit for economic operations.

4. Empirical Results

4.1 Presentation of results

Table 2 presents the baseline findings, whereas Table 3 discloses results that are based on fundamental characteristics of African governance. Each table is subdivided into three panels, namely: political governance, economic governance, and institutional governance dynamics.

The following findings can be established from Table 2 on a baseline governance-globalisation nexus. First, while all globalisation dynamics

Table 2: Baseline Governance-Globalisation Nexus

	Dependent variable: Governance											
	Political governance (Polgov)				**Economic governance (Ecogov)**				**Institutional governance (Instgov)**			
	Polglob	**Ecoglob**	**Socioglob**	**Glob**	**Polglob**	**Ecoglob**	**Socioglob**	**Glob**	**Polglob**	**Ecoglob**	**Socioglob**	**Glob**
Constant	**0.574****	**0.674*****	**0.572*****	**0.948*****	**0.548*****	0.108	**0.390*****	**0.462*****	-0.254	-0.086	**-0.252***	**-0.331***
	(0.039)	**(0.005)**	**(0.002)**	**(0.001)**	**(0.001)**	(0.444)	**(0.000)**	**(0.007)**	(0.183)	(0.589)	**(0.052)**	**(0.096)**
Political globalisation	**-0.008***	-	-	-	**-0.005****	-	-	-	0.004	-	-	-
	(0.067)				**(0.029)**				(0.186)			
Economic globalisation	-	**-0.013*****	-	-	-	0.002	-	-	-	0.001	-	-
		(0.009)				(0.482)				(0.619)		
Social globalisation	-	-	**-0.011*****	-	-	-	**-0.004***	-	-	-	**0.005****	-
			(0.005)				**(0.067)**				**(0.043)**	
Globalisation	-	-	-	**-0.018*****	-	-	-	-0.005	-	-	-	**0.006***
				(0.002)				(0.120)				**(0.096)**
GDP growth	**0.020*****	**0.022*****	**0.021*****	**0.021*****	0.004	0.005	0.005	0.005	0.003	0.002	0.003	0.003
	(0.000)	**(0.000)**	**(0.000)**	**(0.000)**	(0.130)	(0.107)	(0.107)	(0.100)	(0.354)	(0.443)	(0.372)	(0.396)
Foreign aid	**-0.022*****	**-0.021*****	**-0.024*****	**-0.024*****	**-0.015*****	**-0.013*****	**-0.015*****	**-0.015*****	0.004	0.003	0.006	0.005
	(0.000)	**(0.000)**	**(0.000)**	**(0.000)**	**(0.000)**	**(0.000)**	**(0.000)**	**(0.000)**	(0.223)	(0.339)	(0.134)	(0.182)
Domestic savings	-0.00005	-0.0007	-0.0003	0.0003	-0.002	-0.003	-0.002	-0.002	-0.003	-0.002	-0.003	-0.003
	(0.998)	(0.829)	(0.923)	(0.931)	(0.275)	(0.121)	(0.180)	(0.202)	(0.189)	(0.269)	(0.208)	(0.190)
Inflation	**-0.001****	**-0.001***	**-0.002****	**-0.002****	**-0.001*****	**-0.001****	**-0.001*****	**-0.001*****	**-0.001***	**-0.001***	**-0.001***	**-0.001***
	(0.049)	**(0.081)**	**(0.025)**	**(0.031)**	**(0.005)**	**(0.010)**	**(0.004)**	**(0.006)**	**(0.046)**	**(0.028)**	**(0.076)**	**(0.053)**
Adjusted R^2 (within)	0.044	0.061	0.063	0.065	0.049	0.043	0.047	0.046	0.017	0.015	0.021	0.019
Fisher	**7.39*****	**8.11*****	**8.38*****	**8.69*****	**6.47*****	**5.58*****	**6.18*****	**5.98*****	**2.15***	**1.84**	**2.62****	**2.35****
Countries	38	38	38	38	38	38	38	38	37	37	37	37
Observations	662	662	662	662	662	662	662	662	643	643	643	643

Notes: *, **, ***: significance levels of 10%, 5% and 1% respectively. Glob: Globalisation.

Table 3: Comparative Economics of Governance and Globalisation

	Panel A: Political governance									
	Income levels		**Legal origins**		**Openness to sea**		**Oil exports**		**Political stability**	
	LI	**MI**	**ENG**	**FRA**	**Open**	**Closed**	**Oil**	**Nonoil**	**Stable**	**Unstable**
Political globalisation	**-0.010***	**0.002**	**0.006****	**-0.012***	**-0.001**	-0.017	**-0.005**	**-0.013****	-0.026*	0.0006
	(0.093)	(0.537)	(0.028)	(0.055)	**(0.652)**	(0.115)	(0.166)	(0.021)	(0.092)	(0.828)
Globalisation	-0.016**	**-0.006***	-0.003	-0.022***	-0.013	-0.013***	0.004	-0.014**	-0.004	-0.045*
	(0.049)	**(0.054)**	(0.216)	(0.008)	(0.352)	(0.000)	(0.515)	(0.021)	(0.164)	(0.065)
Social globalisation	-0.020***	0.005*	**0.002**	-0.020***	0.002	-0.043***	**-0.006***	-0.016***	-0.005*	-0.012
	(0.001)	(0.056)	**(0.328)**	(0.002)	(0.239)	(0.000)	**(0.098)**	(0.001)	(0.065)	(0.384)
Globalisation	-0.024***	0.001	0.002	**-0.027*****	-0.004	-0.037**	-0.011	-0.022***	-0.004	-0.044*
	(0.005)	(0.693)	(0.447)	**(0.002)**	(0.175)	(0.013)	(0.111)	(0.001)	(0.203)	(0.056)

	Panel B: Economic governance									
	Income levels		**Legal origins**		**Openness to sea**		**Oil exports**		**Political stability**	
	LI	MI	ENG	FRA	Open	Closed	Oil	Nonoil	Stable	Unstable
Political globalisation	-0.006	**-0.004****	**-0.004****	-0.005	**-0.007*****	-0.003	**-0.011*****	-0.005	**-0.002***	-0.011
	(0.113)	**(0.046)**	**(0.016)**	(0.105)	**(0.000)**	(0.581)	**(0.000)**	(0.109)	**(0.089)**	(0.223)
Economic globalisation	-0.001	**0.009*****	**0.010*****	-0.003	-0.0005	0.007	**0.011******	0.001	**0.008*****	-0.016
	(0.739)	**(0.000)**	**(0.000)**	(0.487)	(0.747)	(0.426)	**(0.002)**	(0.740)	(0.000)	(0.263)
Social globalisation	**-0.006***	0.0004	-0.0006	**-0.006***	-0.001	-0.009	**-0.006*****	-0.004	-0.001	-0.003
	(0.067)	(0.817)	(0.639)	**(0.099)**	(0.125)	(0.208)	**(0.001)**	(0.118)	(0.339)	(0.707)
Globalisation	-0.008	0.004	0.003	**-0.008***	**-0.005*****	-0.004	**-0.014*****	-0.005	0.001	-0.017
	(0.101)	(0.168)	(0.138)	**(0.085)**	**(0.002)**	(0.615)	**(0.000)**	(0.216)	(0.396)	(0.235)

	Panel C: Institutional governance									
	Income levels		**Legal origins**		**Openness to sea**		**Oil exports**		**Political stability**	
	LI	MI	ENG	FRA	Open	Closed	Oil	Nonoil	Stable	Unstable
Political globalisation	0.005	0.001	0.004	0.003	**-0.009*** **	**0.022*** **	**-0.012*** **	0.005	0.004	0.002
	(0.117)	(0.742)	(0.321)	(0.381)	**(0.009)**	**(0.000)**	**(0.003)**	(0.120)	(0.218)	(0.750)
Economic globalisation	0.015***	**-0.014*** **	-0.006	0.006	**-0.022*** **	**0.052*** **	0.004	0.002	0.007**	-0.034***
	(0.002)	**(0.004)**	(0.108)	(0.224)	**(0.000)**	**(0.000)**	(0.566)	(0.545)	(0.036)	(0.000)
Social globalisation	0.005	**0.008* **	0.001	**0.007* **	0.0004	**0.017*** **	0.004	0.003	0.00003	0.023***
	(0.116)	**(0.058)**	(0.749)	**(0.063)**	(0.893)	**(0.006)**	(0.257)	(0.367)	(0.992)	(0.000)
Globalisation	**0.012** **	-0.001	-0.0008	0.008	**-0.015*** **	**0.043*** **	-0.006	0.005	-0.015***	0.043***
	(0.015)	(0.850)	(0.874)	(0.109)	**(0.001)**	**(0.000)**	(0.390)	(0.218)	(0.001)	(0.000)

Notes: *, **, ***: significance levels of 10%, 5% and 1% respectively. IV: Instrumented variable. Glob: Globalisation. LI: Low income. MI: Middle income. ENG: English common law. FRA: French civil law. Christ: Christian-dominated. Islam: Islam-oriented. Open: Unlandlocked. Closed: Landlocked. Oil: petroleum exporting. Nonoil: Nonpetroleum exporting. Stable: Politically stable. Unstable: Politically unstable.

negatively affect political governance, only political and social globalisation dynamics have a negative impact on economic governance. Second, social, and general globalisation dynamics positively affect institutional governance. Third, the significant control variables in Panel A have the expected signs.

Hypothesis 1 on income levels is valid with respect to political governance, invalid in relation to economic governance, and partially valid in relation to institutional governance. Hypothesis 2, focusing on legal origins, is valid with respect to political governance, partially valid in relation to economic governance, and invalid with respect to institutional governance. Hypothesis 3, focusing on openness to the sea, is valid with respect to political governance and invalid from an economic and institutional governance perspective. Hypothesis 4 is invalid from the view of political governance, but valid in relation to economic and institutional governance. Hypothesis 5 related to political stability is only partially valid in relation to the three governance dynamics (i.e., political, economic, and institutional).

In the light of the above, four of the six investigated hypotheses have been validated. The unexpected findings on the dominance of low-income countries vis-à-vis high-income countries on the one hand, and unlandlocked countries vis-à-vis landlocked countries on the other have two main implications. First, the hypothesis on the governance cost of landlockedness may not hold in Africa, because some landlocked countries are in the driver's seat when it comes to good governance in the continent, notably: Rwanda and Botswana. Second, the fact that low-income countries perform comparatively better than their high-income counterparts could be traceable to the fact that in some specifications, resource-poor countries are performing much better than their resource-rich counterparts. The logic underlying the inference/elucidation is also traceable to the perspective that the recent growth resurgence in Africa has been fundamentally driven by booms in resource prices and hence by resource-rich countries.

Apart from identifying the highlighted policy syndromes, the literature on the governance-globalisation nexus has been limited to specific dimensions of governance and fundamental characteristics. Lalountas et al. (2011) and Asongu (2014a), for instance, have focused on: income levels and the corruption control dimension of institutional governance. We have engaged hitherto unexplored dimensions of governance and fundamental characteristics. As concerns substantially documented fundamental characteristics like legal origin, the findings broadly run counter to recent literature questioning the empirical validity of legal origins in comparative African development (Fowowe, 2013). This concluding discourse should be understood considering the contributions to the literature discussed above. It follows that the validity of the hypothesis related to legal origins is contingent on the governance dynamics on the one hand and globalisation proxy on the other.

As such, comparatively high levels of globalisation-driven governance should not be blanket, but contingent on which governance and globalisation dynamics are employed in the study. As a scholarly observation on the debates covered in the first two sections, the importance of globalisation in boosting or deterring governance standards should be based on prior empirical validity within a specific continent. Hence, policy formulation and implementation should not be motivated by established tendencies and debates in the literature, not least because the phenomena of globalisation and governance are complex and multidimensional.

5. Concluding Implications and Future Research Direction

This study has investigated the effect of globalisation on governance in 40 Sub-Saharan African countries from 2000 to 2019, with particular emphasis on income levels (low income versus middle income), legal origins (English common law versus French civil law), landlockedness (landlocked versus unlandlocked), resource wealth (oil-rich versus oil-poor) and political stability (stable versus unstable). The empirical evidence is based on FE regressions to control for unobserved heterogeneity. Political, economic, social and general globalisation variables are used, while three bundled governance indicators are also employed to assess five main hypotheses. From baseline findings, while all globalisation dynamics negatively affect political governance, only political and social globalisation dynamics have a negative impact on economic governance. Social and general globalisation dynamics positively affect institutional governance. The hypotheses that higher income, English common law, unlandlocked, oil poor and politically stable countries are associated with higher levels of globalisation-driven governance, are valid, invalid and partially valid, depending on the globalisation and governance dynamics.

Considering the above, comparatively high levels of globalisation-driven governance should be contingent on which governance and globalisation dynamics are employed. As the main policy implication, the importance of globalisation in boosting or deterring governance standards should be based on prior empirical validity. The comparative economics of globalisation-driven governance in Sub-Saharan Africa is not based on established empirical and theoretical postulations, which are discussed in the literature and hypotheses development sections of this study. Consequently, each country should base its policies on established empirical evidence of the considered and engaged linkages.

The study obviously leaves room for future studies, especially within the remit of assessing how established tendencies withstand empirical scrutiny from country-specific standpoints for country-specific policy implications. Moreover, assessing how the findings are also relevant to the United Nations (UN) 2030 SDGs and the Africa Union's Agenda 2063, would also be worthwhile.

Notes

1 Government quality has been substantially documented to promote inclusive development, especially in terms of solidifying the basis of social change (Efobi, 2015) and raising standards of living through better management of economic resources (Anyanwu & Erhijakpor, 2014; Fonchingong, 2014).

2 In accordance with Tchamyou (2017), globalisation is an indispensable process that can only be neglected at the price of putting the prosperity of nations and people in jeopardy.

3 Also see recent empirical (Asongu, 2016a) and theoretical (Asongu, 2016b) underpinnings of main narratives on the Washington consensus versus the Beijing model based on evolving concepts of governance.

4 We invite the interested reader to consult Asongu (2014b) for more insights.

5 There are four main World Bank income groups: (i) high income, \$12,696or more; (ii) upper middle income, \$4,096-\$12,695; (iii) lower middle income, \$1,046-\$4,095 and (iv) low income, \$1,045 or less.

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Appendices

Appendix 1: Definitions of Variables

Variables	Signs	Definitions of variables (measurements)	Source
Political stability	PolSta	"Measured as the perceptions of the likelihood that the government will be destabilised or overthrown by unconstitutional and violent means, including domestic violence and terrorism."	World Bank (WGI)
Voice and accountability	V&A	"Measures the extent to which a country's citizens are able to participate in selecting their government and to enjoy freedom of expression, freedom of association and a free media."	World Bank (WGI)
Political governance	Polgov	First principal component of political stability and voice and accountability. The process by which those in authority are selected and replaced.	World Bank (WDI)
Government effectiveness	Gov. E	"Measures the quality of public services, the quality and degree of independence from political pressures of the civil service, the quality of policy formulation and implementation, and the credibility of governments' commitments to such policies."	World Bank (WGI)
Regulation quality	RQ	"Measured as the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development."	World Bank (WGI)
Economic governance	Ecogov	"First principal component of government effectiveness and regulation quality. The capacity of government to formulate and implement policies, and to deliver services.	PCA
Rule of law	RL	"Captures perceptions of the extent to which agents have confidence in and abide by the rules of society and in particular the quality of contract enforcement, property rights, the police, the courts, as well as the likelihood of crime and violence."	World Bank (WGI)

Variables	Signs	Definitions of variables (measurements)	Source
Corruption control	CC	"Captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests."	World Bank (WGI)
Institutional governance	Instgov	First principal component of rule of law and corruption control. The respect for citizens and the state of institutions that govern the interactions among them.	PCA
General governance	G.gov	First principal component of political, economic, and institutional governance.	PCA
Political globalisation	Polglob	"This captures the extent of political globalisation in terms of number of foreign embassies in a country, membership in international organisations, participation in UN security."	Dreher et al. (2010)
Economic globalisation	Ecoglob	"Overall economic globalisation (considers both the flow and the restrictions in a given country to derive this). The higher, the better social globalisation."	Dreher et al. (2010)
Social globalisation	Socglob	"Overall scores for the countries extent of social globalisation. The higher the better socially globalised the country."	Dreher et al. (2010)
Globalisation	Glob	Overall index that contains economic globalisation, social globalisation and political globalisation.	Dreher et al. (2010)
GDP growth	GDPg	Gross domestic product growth (annual %)	World Bank (WDI)
Foreign aid	Aid	Total development assistance (% of GDP)	World Bank (WDI)
Domestic savings	Savings	Gross domestic savings (% of GDP)	World Bank (WDI)
Inflation	Inflation	Annual consumer price inflation	World Bank (WDI)

Notes: WDI: World Bank development indicators. WGI: World governance indicators. PCA: Principal component analysis.

Appendix 2: Summary statistics (2000-2019)

	Mean	SD	Minimum	Maximum	Observations
Political stability	-0.386	1.142	-2.665	8.056	761
Voice and accountability	-0.322	1.238	-1.837	16.336	761
Political governance	-0.019	1.354	-2.274	11.869	761
Government effectiveness	-0.387	2.038	-1.884	18.483	761
Regulation quality	-0.421	1.239	-2.027	15.343	761
Economic governance	0.009	1.374	-1.460	12.237	761
Rule of law	-0.358	1.782	-2.008	16.923	761
Control of corruption	-0.579	0.625	-1.562	1.216	742
Institutional governance	-0.019	1.403	-2.698	3.611	742
Political globalisation	57.480	14.362	22.745	89.343	800
Economic globalisation	43.743	11.501	21.358	84.906	800
Social globalisation	39.523	13.518	11.022	78.349	800
Globalisation	47.024	8.770	23.420	72.112	800
GDP growth	4.345	4.512	-36.391	33.629	799
Foreign aid	8.545	8.855	-0.250	92.141	798
Domestic savings	14.805	15.914	-40.814	64.927	723
Inflation	8.884	27.138	-9.616	513.906	767

Notes: SD: Standard deviation. IV: Instrumental variable.

Appendix 3: Correlation Matrix (uniform sample size: 643)

	Political governance			**Economic governance**			**Institutional governance**			**Globalisation dynamics**				**Control variables**			
	PS	VA	Polgov	GE	RQ	Ecogov	CC	RL	Instgov	Polglob	Ecoglob	Socglob	Glob	GDPg	Aid	Savings	Inflation
PS	1.000																
VA	0.704	1.000															
Polgov	0.947	0.893	1.000														
GE	0.691	0.764	0.780	1.000													
RQ	0.660	0.765	0.761	0.904	1.000												
Ecogov	0.689	0.783	0.787	0.965	0.984	1.000											
CC	0.725	0.756	0.797	0.873	0.796	0.847	1.000										
RL	0.781	0.829	0.865	0.913	0.876	0.912	0.901	1.000									
Instgov	0.772	0.813	0.852	0.916	0.857	0.902	0.974	0.975	1.000								
Polglob	-0.200	0.119	-0.073	0.122	0.218	0.184	0.046	-0.076	-0.015	1.000							
Ecoglob	0.501	0.475	0.530	0.606	0.558	0.591	0.594	0.544	0.583	-0.041	1.000						
Socglob	0.651	0.642	0.700	0.694	0.629	0.671	0.734	0.670	0.720	-0.036	0.708	1.000					
Glob	0.432	0.588	0.537	0.673	0.674	0.689	0.646	0.525	0.600	0.508	0.764	0.785	1.000				
GDPg	-0.015	0.013	-0.004	0.048	0.030	0.038	0.002	0.028	0.015	0.087	-0.026	-0.111	-0.019	1.000			
Aid	-0.178	-0.180	-0.193	-0.243	-0.227	-0.239	-0.222	-0.134	-0.183	-0.240	-0.353	-0.431	-0.502	0.083	1.000		
Savings	0.036	-0.122	-0.032	0.018	-0.036	-0.015	-0.015	-0.082	-0.050	0.068	0.219	0.179	0.221	0.050	-0.481	1.000	
Inflation	-0.176	-0.151	-0.179	-0.128	-0.200	-0.175	-0.154	-0.128	-0.145	-0.033	-0.014	-0.162	-0.105	-0.096	-0.039	0.068	1.000

Notes: PS: Political stability/Non-violence. VA: Voice and accountability. Polgov: Political governance. GE: Government effectiveness. RQ: Regulation quality. Ecogov: Economic governance. CC: Corruptioncontrol. RL: Rule of law. Instgov: Institutional governance. Polgov: Political globalisation. Ecoglob: Economic globalisation. Socglob: Social globalisation. Glob: globalisation. GDPg: Gross domestic product growth. Aid: Foreign aid. Savings: Gross domestic savings.