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Innovative Strategic Positioning of Capital Flows Mobilization of The Original Five ASEAN Countries: Which are Leading?

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Abstract

Research Aims - The study was conducted to employ the capital flows mobilization (CFM) indicators as the leading economic indicators to determine the leadership role among the five original ASEAN countries. It sought to simplify and answer three research questions on the differences of CFM indicators among the ASEAN countries, their ranks, and how they were positioned in terms of CFM performance and Granger causality risk level.

Methodology - Nonparametric statistics and the economic game theory using a four-quadrant matrix were used to answer the three research questions.

Research findings - The first hypothesis was accepted, which indicates that the CFM performance among the five original ASEAN countries differed significantly during the period after the Asian financial crisis in 1998 to 2017. The second research question indicated that Malaysia and Singapore were ranked the first in the ISP of CFM, while Thailand, Indonesia, and Philippines came next to these two leading ASEAN countries. The third research question indicated that Malaysia and Singapore were strategically positioned in the first quadrant, which must deploy the maintenance of high-growth CFM. Thailand seemed to occupy the innovative CFM refocus strategy, while Indonesia, the expected leading figure in the region, was only positioned fourth. It was expected to fully liberalize and begin with risk diversification in its CFM. The Philippines remained concentrating in its CFM liberalization.

Originality - Few studies are considered in the CFM framework, which is integrated with the ISP and using a four-quadrant matrix as an effective measurement. This study is also measuring the ISP effectiveness of CFM in Southeast Asian countries.

Managerial implications in the South East Asian Context- The result of the study will be valuable for determining the strategic position of the capital flow mobilization or CFM leading in South East Asian countries. It will enhance the fundamental role of a country in protecting countries from financial turbulences and also on the effectiveness of monetary policy.

Research limitations and recommendations - The study focused only on the exploration of how the longitudinal unbalanced panel data of the original ASEAN countries' economic indicators from the year 2000 to 2016 by utilizing a four-quadrant positioning matrix tool. It is also concentrated only on the former mentioned or money, which flowed in and out of a country's economic system in accordance with the realm of innovative strategic positioning.

Keywords - Capital flow mobilization, innovative strategic positioning, Granger causality.

Introduction

The Association of South East Asian Nations (ASEAN), originally organized by virtue of the Bangkok Declaration in Bangkok, Thailand, on August 8, 1967, sought to develop the three-pillar sectors of the member countries' politics, economics, and

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cultural progresses together. The region covers a geographical area of around 4.5 million square km, representing around 3% of the world's areas, with a total population of around 625 million, representing a 9% of world population. According to the ASEAN secretariat (2018), total capital flows in the form of foreign direct investments or FDI in ASEAN had amounted to a total of US$96.7 billion as of 2016 or representing some US$21,500 per square km. Intra ASEAN investments constituted some US$23.9 billion followed by EU (US$30.5 billion), Japan (US$14.0 billion), US (US$11.7 billion), China (US$9.2 billion), and others (US$7.4 billion).

This study sought to explore the economic progress of the five original ASEAN countries, namely Indonesia, Malaysia, Thailand, Singapore and the Philippines, and determine the strategic position of their capital flow mobilization or CFM leading indicators. Even though by virtue of the Indonesian much larger GDP (in purchasing power parity or ppp), in comparison with the other four original ASEAN countries, many generally look at the country as a de facto economic leader in ASEAN, as noted by Putra (2015). Indonesia GDP in ppp indicated an amount of US$3,243 billion compared with Thailand's as the second highest in the amount of US$1,229 billion as of December 31, 2017. Rattanasevee (2014) commented that Indonesia plays an important role in the ASEAN's success and survival. On the contrary, Rüland (2016) revealed that Indonesian businesses are apprehensively fearful of the regional corporatism among the member countries in the ASEAN Economic Community. He further commented that most Indonesian businesses are not yet ready to initiate intra ASEAN joint ventures in Indonesia due to a strong culture of protectionism. Yet, another economist, Heiduk (2016), argued that there seemed to be a hyperbolic tendency that Indonesia, under the present administration, may stay away from ASEAN. Generally, Indonesia has been involved to a certain extent in the political advocacy of peace talks as well as supporting the international humanitarian projects within the ASEAN and other regions. Nevertheless, this involvement does not always determine the leadership role of Indonesia. Thus, it is with the other original members of ASEAN as well.

The above are all the triggering points for the study of strategic positioning of CFM to be conducted to determine which ASEAN countries are indeed leading in the CFM. Considering the given unconvinced evidence that Indonesia has performed as a leader for the ASEAN, in spite of its largest GDP of US$3,243 billion as of

DESCRIPTION	Indonesia		Malaysia		Thailand		Singapore		Philippines	
	2017	%	2017	%	2017	%	2017	%	2017	%
DP (in ppp**)	3,243	9.9	926	8.7	1,229	6.6	514	9.5	875	6.3
Credits	688	6.0	619	2.1	149	-23.2	967	5.2	154	13.1
Market cap.	428	20.6	383	5.6	349	10.7	655	6.2	290	12.2
Investments:										
FDI (at home)	293	19.8	155	6.7	206	9.8	1,158	18.4	67	1.2
FDI (abroad)	20	7.3	156	15.5	112	32.0	726	16.9	48	23.9
TOP – BOT	16	-2.6	25	2.9	38	11.1	87	13.5	-37	n/a

Source: Bank of International Settlement (BIS)
*Compounded growth rate from the year 2000 to 2017 (using HP financial calculator 12C)
**Purchasing power parity or national product equivalent price in USD

Table 1.
Original ASEAN Countries' CFM and GDP Indicators During 2000–2017 (in Billion US$)

2017, economic leadership in the region is still a matter of ambiguity. The study therefore explored which ASEAN countries indeed have the leading CFM indicators that we could say that a certain country did lead in its CFM performance. In particular, the study sought to answer the following research questions:

1. Did CFM indicators nonparametrically differ among the five original ASEAN countries' during the period after the Asian financial crisis in 1998 to 2017?
2. In terms of their ranks, which ASEAN countries have led in the CFM performance?
3. How was CFM strategically positioned in terms of its size and Granger causality risk level?

Based on the above, the main and only tested hypothesis at null form (H0) was based on the research question 1), the H_0 of which was "*CFM indicators didn't nonparametrically differ among the five original ASEAN countries during the period after the Asian financial crisis in 1998 to 2017.*"

Review of Related Literature

Capital Flow Mobilization Concept

The globalization wave allowed production factors such as capital and skilled or unskilled workers to gradually move internationally. In practice, nearly all the countries became active, particularly in mobilization of investments from abroad and strategic globalization of international companies. The role of capital flow is a powerful factor in economic development (Shengelia, 2014). It also influences foreign trade dynamics and structures, spreading of modern technologies and shifts of financial resources. The framework of capital flow provides a basis for a wide scope of economic problem analysis and policies (Green & Murinde, 2003). Capital flows signify to the movement of money for the purpose of investment, trade or business production, including the flow of capital within corporations in the form of investment capital and also for operations and research and development activity.

Ghosh (2010) in Claessens & Ghosh (2013) argued that clarifying on the large capital flow can lead to strong upward pressure on the exchange rate appreciation and widen current account deficits. Also, contributing macroeconomic overheating in terms of inflationary pressures, asset booms, and higher debt ratios.

They also facilitate integration of a country into the international economic space, use of latest management, growth of export potential and currency incomes of a country, improvement of trade and taxation balance, installation of new technologies, formation of new work places, and increase of employment

There is now a wide consensus that international capital flows can result in good and bad impacts (Guichard, 2017). On the one hand, international capital flows support long-term growth through a better international allocation of saving and investment; they can enhance transparency and corporate governance by exposing

recipients to international investors. On the other hand, they also can make complicate macroeconomic management of recipient countries, increase financial vulnerabilities, and lead to financial crises and sudden stops with negative implications for economic growth.

Lane (2015) also stated that capital inflows may also intensify domestic distortions, especially where poor corporate governance and financial regulation allow corporates and banks to take excessive risks and expand through international leverage.

However, Shengelia (2014) stated that the movement of capital could bring great use for recipient country and the country of capital sources. The benefit will depend on the policy conducted by both countries and also on the established rules and structures of institutions acting on capital flow mobilization.

The interest in driving capital flows is not new and dates from the early 1990s when capital flow returned to Latin American countries after the debt crisis of the early 1980s. The abundant literature since then has produced mixed results, which partly reflect the variety of country samples and subperiods under study. The key findings are summarized in the literature reviewed by Koepke (2015), as explained in Table 2, which analyzes 40 studies devoted to push and pull factors from 1996 to 2014 (Guichard, 2017).

As explained in the above table, the drivers of capital flows have been found to vary over time and across countries as well as across the different types of capital flows. Specifically, the evidence is quite strong, describing that push factors are the leading drivers of portfolio flows. On the other hand, we can conclude that pull factors are the leading drivers of banking flows and even more FDI flows.

Defined Concept of Innovative Strategic Positioning (ISP) of CFM

The review of related literature presented the defined concept of strategic positioning of CFM, and the four-quadrant strategic positioning matrix of the ASEAN leadership in CFM.

Type	Driver	Portfolio Equity	Portfolio Debt	Banking Flows	FDI
	Global risk aversion	—	—	—	?
Push	Mature economy interest rates	—	—	-	?
	Mature economy output growth	+	+	?	?
	Domestic output growth	+	+	+	+
Pull	Asset return indicators	+	+	+	?
	Country risk indicators	-	-	—	-

+	Strong evidence for positive relationship
+	Some evidence for positive relationship
?	Mixed evidence, no clear relationship
-	Some evidence for negative relationship
—	Strong evidence for negative relationship

Source: Koepke (2015)

Table 2.
Capital Flows Driver

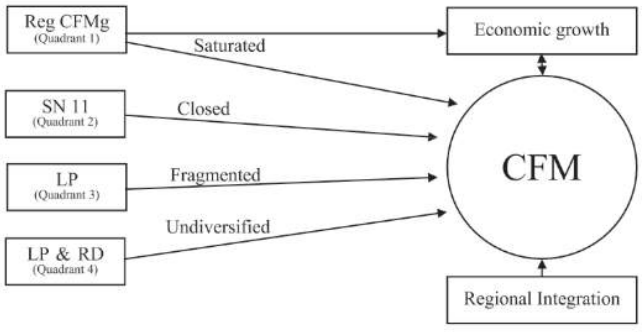
Oftentimes, the term "capital" doesn't have the same connotation as that of stock of money like capital stock owned by a company shareholder, which social science seemed to have developed the term to broadly mean "intellectual capital" as well. However, this study only concentrated on the former mentioned or money, which flowed in and out of a country's economic system in accordance with the realm of innovative strategic positioning.

Then, what is an innovative strategic positioning of a CFM? Innovative strategic positioning of a CFM is hereby defined as a strategy tool in the form of a four-quadrant matrix, which identifies the strategic positioning of a certain country pertaining to the performance of its capital flows mobilization. It innovatively seeks to meet the formulated requirements of how mobilization of capital flows must be managed. Thus, ISP of CFM is fundamentally a function of the innovative strategic positioning.

ISP of CFM $= f(x, y)$, or
ISP of CFM $= f$ (CFM strategies, GC level of risk), where
x = CFM strategies,
y = Granger-causality (GC) level of risk ($p = 0.05$)

Quadrant 1 = Regional CFM growth for economic development, incl. poverty eradication, adequate employment opportunity, improving quality of life, and environmental changes;
Quadrant 2 = CFM in selected priority-based and strategic nonimport industries;
Quadrant 3 = CFM liberalization policies (formulation and implementation); and
Quadrant 4 = CFM liberalization policies and CFM risk diversification.

Lucareli (2012), quoted a well-known economist, Joseph Schumpeter, who had introduced the concept of innovation economics, which included the connotation of mobilization of capital flows in an economic system. Stemming from Schumpeter's theory on innovation, the UNCTAD secretariat (2015) developed capital flow strategies to help developing countries to deliver economic growth, which, in



Legend: *Reg. CFM g = Regional CFM growth. SNII = Strategic nonimport industries. LP = Liberalization policies. LP&RD = Liberalization policies & risk diversification.*

Figure 1.
Conceptual Framework of ISP of CFM

its conception, covered those of the banking system capital flows, capital market funds, inward foreign direct investment or FDI, and the openness of these capitals to support regional economic system. Guarnaschelli et al. (2017) representing the Dalberg Global Development Advisors, conceptualized a definition of innovative financing as that which focuses on eradicating poverty, raising living standards, protecting the environment, and collaboration between the private and public sectors for the best interest of the country. Refer to Figure 1 for the conceptual framework and Table 2 for the CFM components.

The private sector participation is indeed imperative to develop this ISP of CFM, a mobilization that fundamentally seeks to achieve economic growth and the improvement of a country's living quality. Hoek (2018), representing UNCTAD, reported that some US$2.18 trillion had been contributed by the world's private sectors toward the development of the ICT industries (US$0.24 trillion), transport (US$0.47 trillion), energy (US$0.69 trillion), and overcoming climate change (US$0.78 trillion). Unfortunately, out of this amount the developing countries only enjoyed a smaller pie of 27.1% compared with that of 44.0% for the developed countries. An ISP of CFM must be ideally implemented for the consumption of the developing countries' sustainable development. Nowadays, the mobilization of these capital flows seemed to be most of the developed as well as developing countries' priority. Koenig and Jackson (2016) also shared experiences with their German clients that participated in the US$2.5 trillion projects in reducing poverty, eliminating hunger, and mitigating climate change. Even though these authors were disappointed with this innovative CFM core philosophy of "risk, return, and exit" – the fact was that these private sectors did contribute using their CFM for the betterment of their clients in the developing countries.

It is therefore the purpose of this study to explore how this ISP of CFM among the five original ASEAN countries interacted during the period after the 1998 Asian financial crisis to the year 2017.

The fundamental theories underlying the economic leadership for driving CFM for the benefits of the ASEAN's people stem from the requirements of how CFM is successfully managed. The Schumpeterian concept of CFM is mainly capitalized on the credit creation as the monetary complement of innovation and economic development, as argued by Lucarelli (2012). He seemed to cite part of Schumpeter's theory on economic growth and development using endogenous capital machiner-

Table 3.
Economic Indicators for the Original ASEAN's Countries' Innovative CFM

Subscript	RATIOS (Formula)	INTERPRETATION OF THE RATIOS
C	Δ C and Δ C/Δ S	The higher the growth and Δ L/Δ S, the better
S	Δ S, Δ S/Δ DI, ΔS/Δ FDI	The higher the growth and Δ S/Δ DI, the better
Cap	Δ Cap	The higher the market cap., the better
I	Δ (DI + FDI)/Δ GDP	The higher, the better
TOP	- (Export +Import)/GDP	The higher, the better
	- Outward FDI/GDP	The higher, the better
	- Inward FDI/GDP	The higher, the better

Legend: *C = Loans to private sectors. S = Savings and deposits. Cap = Capital market financing (capitalization). I = Domestic investment (DI) + Foreign direct investments (FDI), and TOP = Trade openness (comprising of trade volumes, inward and outward FDIs of ASEAN countries).*

ies. While Shende (2018) from the United Nations organization argued that the central challenge to an increased volume and effectiveness of development financing is to create a stable foundation to mobilize, attract, and use all CFM sources, he also cited the experience of the developing countries' 70% use of foreign aids in the 1970s compared with only 20% nowadays. The focus of most CFM of financing resources nowadays is on trade financing, inward and outward FDIs, an international capital/money market funds. Edwards (2000) th[7] synthesized this Schumpeterian concept into a correlation among volatile CFM, currency instability, and the threat of regional contagion on the emergent economies of Latin America, Southeast Asia, and Eastern Europe.

Bush, Farrant, & Wright (2011) clearly link capital flows to capital mobility based on the famous neoclassical economist John Maynard Keynes' comment from his observation that capital flight preceding World War II was due to the economic turmoil. The above stand was even strengthened by Gagnon (2007) who highlighted Veblen's economic theory pertaining to how control of main productive economic assets leads to the core of capital's earning capacity, in which he elaborated on what this famous neoclassical economist said about the power of CFM in developing business. In spite of this empirical result of CFM, on the same theory of power and capital of Veblen, Mayhew (1996) contended that one CFM components, which is the foreign direct investment (FDI), does function as the motor of economic growth. This runs counter to the many empirical studies that have proven components of CFM do cause economic growth.

Four-Quadrant Leadership Strategic Positioning Matrix

In the positioning of the ASEAN countries' leadership in CFM, the study adopted the game theory's four-quadrant matrix positioning that measured the CFM indicators (on the x axis) and their Granger causality level of significance (on the y axis). The Encyclopaedia Britannica reported on Jo[6] Hadley, who first invented the matrix analysis in 1730, when he first measured the altitude of the sun and star above the horizon to find the geographic position of the sea (retrieved from https://www.britannica.com/biography/John-Hadley#ref235300). Gourinchas (2012), who patronized the concepts of the neoclassical economists, studied the function of productivity (as the horizontal axis) to capital flow mobilization (as the vertical axis). He concluded that countries with higher productivity would have the propensity to make more outward FDIs or receive more inward FDIs.

In a systematic order, the theories involved on the ISP of CFM are presented herewith. First, on maintenance of high growth CFM, Bush et al. (2011) in addressing the post-Keynesian view clearly indicated the importance of maintaining CFM high growth at any point of time, as it has the effect of creating financial turmoil as evidenced by the 2008 US financial crisis. Milne (2014) in support to the post-Keynesian economic strongly advised for risk diversification to be implemented in the capital flows controls for a high level of CFM stability. Second, on CFM refocus by risk, Devereux and Saito (2006) advised on the application of the Markowitz modern portfolio model in the selection of international capital market flows due to

the different characteristics of hedging consumption risk in each country. A portfolio of capital market flows, e.g., Eurobond investment and FDI, is worth exploring. Third, on CFM liberalization, Sedik and Sun (2012) presented an empirical finding on the emerging economy, as in China, achieving higher CFM, higher GDP, lower inflation rate, and higher equity return. On the same count, Klein and Olivei (2008) concluded that countries with a liberalized capital policy had a significantly greater financial depth, most probably for the next 20-year period, in addition to greater economic growth.

In support of the earlier mentioned economists' comments, Raffer (2015) confirmed that the importance of CFM through the development of the neoliberalism in controlling capital flows and specialization must be encouraged in the implementation of any strategic positioning like that discussed in this study (Refer to Table 4).

Research Gap, Contribution and Implication

What made the study apparently necessary for dissemination was the lack of literature on innovative strategic positioning or ISP, even though the individual components that constituted CFM growth, strategic nonimport industries, liberalization policies, and risk diversification were widely published and included in the related literature. Another reason for the gap is the importance of presenting the above components as a strategic positioning to solve CFM issues. The study clearly seeks to contribute to the body of knowledge in the field of strategic management and financial economic development, which are needed by policymakers in the economic development authority agency, investment coordinating board, and the related government and private sectors.

METHODOLOGY

The study descriptively and inferentially focused on the exploration of how the longitudinal unbalanced panel data of the original ASEAN countries' economic indicators from the year 2000 to 2016 were analyzed in a four-quadrant positioning matrix after confirming the level of Granger causality to their Δ GDPs in terms of their 0.05 significance (p). The matrix plotted and identified these analyzed economic indicators to determine the strategic positioning of the five original ASEAN countries' CFM (For the economic indicators, refer to Table 3). The study had used a nonparametric statistical method to explore the rank differences among the original ASEAN countries. Specifically, the first question was nonparametrically answered using the Kruskal Wallis test of differences formula as that given by Broto (2008).

Table 4.
Strategy and Rationale for the CFM Positioning Matrix

Coordinate	QUADRANT	STRATEGY	RATIONALE (Underlying Theory)
(2 ½-5, 2 ½-5)	1	Maintain CFM high growth	Continuous development = f (CFM) (Post-Keynesian Investment Theory)
(2 ½-5, 1-2 ½)	2	Refocus CFM by risk	Risk diversification to refocus CFM (Modern Portfolio Theory or MPT)
(1-2 ½, 1-3 ½)	3	Total CFM liberalization	Liberalization to motivate CFM (Liberalism Theory)
(1-2 ½, 2 ½-5)	4	CFM liberalization & risk diversification	Next to liberalization is diversified risk (Liberalism Theory and MPT)

The main H_0 for the first question was delimited to the unbalanced panel data of the economic indicators of innovative CFM of the five original ASEAN countries. The second question simply ranked the analyzed economic indicators of the five ASEAN countries' CFM, including that of their GDPs (in purchasing power parity) and growth. Details of the economic leading indicators are presented in Table 4. The third question was answered using a four-quadrant matrix analysis of the countries' CFM. The two main axes were the CFM economic indicators on the horizontal axis and the Granger causality 0.05 level of significance from the two-tailed distribution in order to determine the level of risk of CFM = f (GDP) on the vertical axis. The stochastic data on Granger causality level of significance for measuring the risk were obtained from Gulzar (2018).

RESULTS AND DISCUSSION

The study, which sought to observe the leading indicators of CFM as a function of how the five original ASEAN countries were positioned as economic leaders in the mobilization of capital flows, resulted in rejecting the H_0 that the ASEAN countries' ranks of the CFM indicators did not nonparametrically differ. At the df (60), the computed H (198.0) seemed to be far above the critical value H (43.2) at the 0.05 level of significance and H (37.5) at the 0.01 level of significance. It indicated that the CFM performance among the five original ASEAN countries differed significantly (Refer to Table 6).

ISP Indicators	Country	p (sig.) *
Saving deposit	Singapore	0.006
Private loan flows	Thailand	0.049
Profitability	Thailand	0.042
Capital market mobilization	Singapore	0.023
Direct investments	Indonesia	0.031
	Malaysia	0.002
	Singapore	0.002
FDI	Indonesia	0.012
	Thailand	0.038
Trade openness	Malaysia	0.047
	Singapore	0.014

Source: Gulzar, A. (2018) doctoral dissertation of AIIAS, Philippines. pp. 225-238.
*Average p: Indonesia (0.022), Malaysia (0.025), Thailand (0.043), Singapore (0.011), and >0.05 for Philippines.

Table 5.
Granger Causality (GC) Level in Terms of p (<0.05) CFM = f (GDP) by ASEAN Countries

Country	n	Average R_n	Result	Interpreted CFM Rank
Indonesia	13	3.31		Fourth
Malaysia	13	2.15		First
Thailand	13	3.08		Third
Singapore	13	2.38		Second
Philippines	13	3.92		Fifth
H critical value *			198.0	
Significance at df (60):				
Level 0.05			43.2	Significantly differed
Level 0.01			37.5	Significantly differed

*$H = \frac{12}{n(n+1)} \sum \frac{R_j^2}{n_j} - 3(n+1)$, where H = Kruskal Wallis test, R_n = rank order, n = Observation and constant

Table 6.
H (df = 60) of CFM Ranks of the Original Five ASEAN Countries

These differences were reflected in the result of the analysis. First, Indonesia, which many expected to be the economic leader in ASEAN, didn't seem to demonstrate this, as it was only ranked fourth. Indonesia's relatively large GDP of US$3.2 trillion as of 2017, in contrast with US$0.5 trillion achieved by Singapore, didn't necessarily authorize the nation to be called an economic leader in ASEAN. Second, in terms of trade openness, Singapore undoubtedly demonstrated an outstanding position with a composition of 213% in percentage of GDP (ppp) in its international trades volume (Ex. and Im.). Its outward FDIs and FDIs at home contributed some 52% and 78%, respectively. Malaysia then came in as the second contributor in TOP. Third, investment growth multipliers showed a striking difference between the lowest 5% experienced by the Philippines to the highest 665% by Thailand. Fourth, the growth of primary capital market funds accumulation also showed a large difference, as that shown by a low 4% in Singapore compared with a high 50% in Malaysia. Fifth, in terms of banking credit accumulation multipliers, Singapore demonstrated the lowest multiple of 3.8 times compared with that of Malaysia at 11.6 times. This evidence pointed to the fact that there were significant differences in the ranks of the ASEAN CFMs (Table 7).

The answer to the second research question was evidently demonstrated by the same as that shown in table 7 With an average Rn of 2.15, Malaysia occupied the first rank followed by Singapore (Rn = 2.38) in the second position. Thailand, Indonesia, and Philippines were positioned as the third, fourth, and fifth rank, respectively. This is another indication that Indonesia is not yet generally imputed as an economic leader in ASEAN.

In response to research question three, the average ranks of the original ASEAN countries' CFM and the GC level of risk of CFM = *f* (GDP) were depicted as an intersection of the *x* and *y* axes.

In response to research question three, the average ranks of the original ASEAN countries' CFM and the GC level of risk of CFM = *f* (GDP) were depicted as an intersection of the *x* and *y* axes.

LEADING INDICATORS	Ind	Mlsy	Thai	Sing	Phil
GDP (in ppp) growth – 2017*	9.8	8.7	6.6	9.5	6.3
GDP/capita (in USD ppp) - 2017	12,400	28,900	17,800	90,500	8,200
GDP growth %*	10	0	-3	2	-3
S growth %	34	97	90	97	45
(DI+FDI) growth %*	-1	7	-4	79	-11
S growth %/(DI) growth %*	995	1162	483	382	551
C growth %	44	114	118	76	46
C growth %/SD growth %	127	128	131	77	103
Market cap. growth %*	-15	-50	-26	4	-19
(DI+FDI) growth %/GDP growth	-38	193	-665	-172	-5
Trade & investment openness:					
Inward FDI/GDP (%)*	5	13	11	78	4
Outward FDI/GDP (%)*	1	12	3	52	2
(Ex. + Im.)/GDP(%)*	16	71	42	213	22
Average rank (R_a)	3.31	2.15	3.08	2.38	3.92

Source: Evaluated from the BIS statis ics (2000 – 20 7). *Compounded growth sinc 2000.

Table 7.
Leading Indicators of the Five Original ASEAN Countries

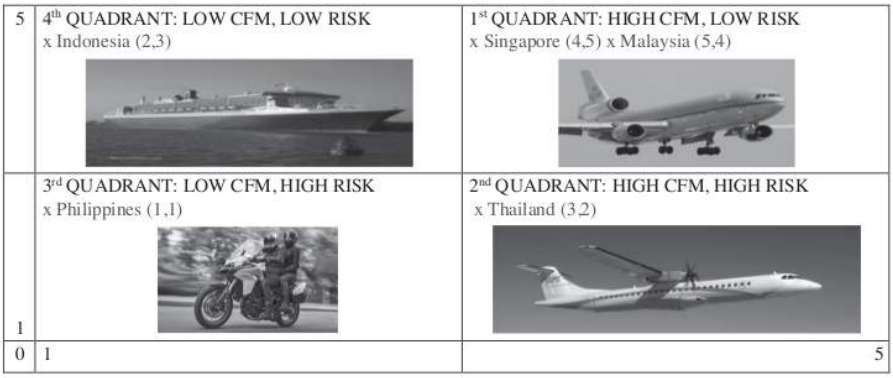
Both Malaysia and Singapore seemed to be positioned on the first quadrant, which must adopt the high-growth maintenance strategy. Indonesia and Thailand were positioned in the fourth quadrant, leaving the Philippines in the third quadrant. Based on the analysis results, Table 8 shows the following final ranks intersection: Indonesia (2, 3), Malaysia (5, 4), Thailand (3, 2), Singapore (4, 5), and Philippines (1, 1). And the above-mentioned coordinates (x, y = CFM, level of risk) of each ASEAN country was depicted on the four-quadrant matrix to identify its positioning in the contribution of CFM performance in the region. The analysis revealed that Malaysia and Singapore, even though they were much smaller economies than Indonesia, were supposed to be countries with characteristics of economic leadership in CFM contribution in the region. (Refer to Figure 2.)

THEORETICAL IMPLICATION

CFM indicators served as appropriate indicators to determine the leadership role among the five original ASEAN countries. Further research can consider using CFM in the future to compare the economic performance of different countries. It is also recommended to perform a similar study in the future to explore whether the ranking of the five original ASEAN countries in this paper changes over time.

MANAGERIAL IMPLICATIONS IN THE SOUTH EAST ASIAN CONTEXT

The results of this study are valuable for determining the strategic position of the capital flow mobilization or CFM leading in South East Asian countries. It will also enhance the fundamental role of a country in protecting countries from financial turbulences and also on the effectiveness of monetary policy. Based on the results



Legend: *Horizontal axis – capital flow mobilization (CFM). Vertical axis – Granger causality (GC) 0.05 level of significance. Quadrant 1 (fast jet aeroplane transport=high CFM, low risk); Quadrant 2 (fast propeller aeroplane transport=high CFM, higher risk); Quadrant 3 (slow motorcycle transport=low CFM, high risk); Quadrant 4 (slow cruiser transport=low CFM, low risk).*

Figure 2.
Positioning Matrix of ASEAN Leadership in CFM Indicators

CFM Rank	Scale	Country	GC Rank	Scale	Country
2.15	5	Malaysia	>0.05	1	Philippines
2.38	4	Singapore	0.018	5	Singapore
3.08	3	Thailand	0.028	2	Thailand
3.31	2	Indonesia	0.020	4	Malaysia
3.92	1	Philippines	0.022	3	Indonesia

Table 8.
Summary Positioning of CFM and GC Level of Significance

of their positioning, each country can then determine relevant strategies for future development. Countries which fall behind on several indicators can then assess and determine how to boost their economic performance.

CONCLUSION

Based on the discussion of the results, the findings are summarized as giving rise to the significant differences in the ranks of the five original ASEAN countries in their innovative CFM performance with Malaysia and Singapore occupying the leading positions, even though they are much smaller economies than that of Indonesia. The trade and investment openness of these two ASEAN countries demonstrated a strikingly larger level of involvement from the rest. The study therefore concluded that the leading economic indicators in CFM positioned Malaysia and Singapore in the high ISP of CFM growth strategy, followed by Thailand with the refocus CFM by risk strategy. Indonesia was positioned in the fourth quadrant, which required a CFM liberalization and risk diversification in its CFM. Last, the Philippines occupied the third quadrant, which required CFM liberalization without any direction to further diversify in CFM risks yet. Nevertheless, the patterns of economic growth and regional integration in ASEAN Granger caused the CFM to be recognized as important for further study.

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