ABSTRACT

The inflow of foreign direct investment is determined by various factors, both economic and non-economic. One of the non-economic factors that are considered to have an effect on the inflow of foreign direct investment is the quality of good governance and corruption. This study aims to analyze the effect of the quality of good governance indicators and perceptions of corruption on foreign direct investment inflows. The sample used includes 10 countries that are members of ASEAN (Association of Southeast Asian Nations) in the 2010-2020 periods. The variables used in this study to reflect the quality of good governance indicators are based on the Worldwide Governance Indicators by the World Bank, namely political stability and absence of violence, voice and accountability, and regulatory quality, as well as a Corruption Perception Index to reflect the level of corruption, and economic growth. Inflation, and exchange rates to reflect macroeconomic variables as control variables in this study. This study use fixed effect model for estimate the result. The estimation results show that the variables of political stability and absence of violence and regulatory quality have a positive and significant effect on foreign direct investment inflows in ASEAN countries. This indicates that stable politics and quality regulations can encourage the entry of foreign direct investment in ASEAN countries.

Keywords: *foreign direct investment, fixed effect model, good governance indicators, corruption*

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