

ABSTRACT

Yuli Yana Anita, Foreign Direct Investment Inflows And Institutional Quality In Developing Countries. Based On Alvin Sugeng Prasetyo, S.E., M.Se Guidance.

Topics related to foreign direct investment inflows are mostly discussed in the empirical literature, especially in developing countries, because direct investment is needed to increase economic growth. Still, many foreign investors do not comply with the rules that apply in each country. This condition means that the quality of institutions in developing countries is low. The research objective of this study is to examine and analyze the influence of institutional quality in developing countries on foreign direct investment in developing countries. The method used is gmm two step. The estimation results show that all institutional quality indicator variables significantly affect fdi. The variables democracy and accountability, political stability, and regulation have a significant positive effect on fdi. This means that improving the quality of government institutions as measured by democracy and accountability, political stability and regulations can increase fdi in developing countries. The control variables corruption, rule of law, and government effectiveness significantly negatively affect fdi. This means that improving the quality of government institutions as measured by corruption control, rule of law, and government effectiveness can reduce fdi in developing countries.

Keywords: *Foreign Direct Investment, Developing Countries, Institutional Quality*

ABSTRAK

Yuli Yana Anita, Arus Masuk Investasi Asing Langsung Dan Kualitas Kelembagaan Di Negara Berkembang. Dibawah Bimbingan Alvin Sugeng Prasetyo, S.E., M.Se.

Topik yang berkaitan dengan arus masuk masuk investasi asing langsung sebagian besar dibahas dalam literatur empiris terutama pada negara berkembang, karena membutuhkan investasi arus langsung untuk meningkatkan pertumbuhan ekonomi, namun banyak investor asing yang tidak mematuhi aturan yang berlaku di masing-masing negara. Kondisi ini memberikan arti bahwa kualitas intitusi di negara berkembang masing rendah. Tujuan penelitian dalam studi ini yaitu menguji dan menganalisis pengaruh kualitas institusi di negara berkembang terhadap investasi asing langsung di negara berkembang. Metode yang digunakan gmm two step. Hasil estimasi menunjukkan bahwa semua variable indikator kualitas institusi berpengaruh signifikan terhadap fdi. Variabel demokrasi dan akuntabilitas, stabilitas politik, dan regulasi berpengaruh positif signifikan terhadap fdi. Hal ini memberikan arti bahwa peningkatan kualitas intitusi pemerintah yang diukur oleh demokrasi dan akuntabilitas, stabilitas politik, dan regulasi dapat meningkatkan fdi di negara berkembang. Variabel kontrol korupsi, aturan hukum, dan efektivitas pemerintah berpengaruh negatif signifikan terhadap fdi. Hal ini memberikan arti bahwa peningkatan kualitas intitusi pemerintah yang diukur oleh kontrol korupsi, aturan hukum, dan efektivitas pemerintah dapat menurunkan fdi di negara berkembang.

Kata Kunci: *Investasi Asing Langsung, Negara Berkembang, Kualitas Intitusi*