

ABSTRACT

Riesta Firsty Anggraini. Analysis of Economic Risk and Political Risk on Foreign Direct Investment in ASEAN-7. Under the guidance of Mrs. Alifah Rokhmah Idialis S.E., M.Sc.

This study aims to determine the effect of economic risk and political risk on foreign direct investment (FDI) in ASEAN-7. This research uses quantitative approach with Panel Corrected Standard Error (PCSE) analysis technique. The results showed that economic risk with the indicator of Trade openness has a positive and significant effect on Foreign Direct Investment, while the indicator of Interest rates and Inflation has no significant effect on Foreign Direct Investment. Political risk with the indicator of Political stability has a positive and significant effect on Foreign Direct Investment, the corruption perception index has a negative and significant effect on Foreign Direct Investment. While the Democracy indicator has no significant effect on Foreign Direct Investment.

Keywords: *Economic Risk, Political Risk, Foreign Direct Investment, Panel Corrected Standard Error (PCSE)*

ABSTRAK

Riesta Firsty Anggraini. Analisis Risiko Ekonomi dan Risiko Politik terhadap *Foreign Direct Investment* di ASEAN-7. Dibawah bimbingan Ibu Alifah Rokhmah Idialis S.E., M.Sc.

Penelitian ini bertujuan untuk mengetahui pengaruh risiko ekonomi dan risiko politik terhadap *foreign direct investment* (FDI) di ASEAN-7. Penelitian ini menggunakan pendekatan kuantitatif dengan teknik analisis *Panel Corrected Standar Error* (PCSE). Hasil penelitian menunjukkan bahwa risiko ekonomi dengan indikator *Trade openness* berpengaruh positif dan signifikan terhadap *Foreign Direct Investment*, sementara indikator Suku bunga dan Inflasi tidak berpengaruh signifikan terhadap *Foreign Direct Investment*. Risiko politik dengan indikator Stabilitas politik berpengaruh positif dan signifikan terhadap Foreign Direct Investment, Indeks persepsi korupsi berpengaruh negatif dan signifikan terhadap *Foreign Direct Investment*. Sementara indikator Demokrasi tidak berpengaruh signifikan terhadap *Foreign Direct Investment*

Kata kunci: Risiko Ekonomi, Risiko Politik, *Foreign Direct Investment*, *Panel Corrected Standar Error* (PCSE)