ABSTRACT

THE EFFECT OF GOOD GOVERNANCE, GOVERNMENT SPENDING, AND FOREIGN DIRECT INVESTMENT ON ASEAN ECONOMIC GROWTH

By

Ria Nitami

This study aims to analyze the impact of good governance, government spending, and Foreign Direct Investment (FDI) on economic growth in developing ASEAN member countries during the period 1996–2023. The method used is panel time series data regression analysis with a quantitative approach.

The results show that the impact of good governance on economic growth varies between countries and between indicators. The Voice and Accountability indicator has a positive effect in Laos and Vietnam; Political Stability is significant in Cambodia and Malaysia; Government Effectiveness has a positive impact in the Philippines, Indonesia, Laos, and Thailand; Regulatory Quality is significant in Laos, Cambodia, and Vietnam; Rule of Law has a positive effect in five countries but a negative effect in Laos and Cambodia; while Control of Corruption is only significant in the Philippines and Malaysia.

Government spending has a positive impact in the Philippines, Laos, Cambodia, and Vietnam, but a negative impact in Indonesia, Malaysia, and Thailand. FDI has a positive impact in the Philippines, Laos, Malaysia, Thailand, and Vietnam, but a negative impact in Indonesia and Cambodia. Overall, these three variables play a crucial role in driving economic growth in ASEAN developing countries. Therefore, strengthening governance, improving government spending efficiency, and creating a conducive investment climate are essential to achieving sustainable economic growth.

Keywords: Good Governance, Government Expenditure, FDI, Economic Growth, ASEAN, Time Series

ABSTRAK

PENGARUH *GOOD GOVERNANCE,* PENGELUARAN PEMERINTAH, DAN *FOREIGN DIRECT INVESTMENT* TERHADAP PERTUMBUHAN EKONOMI ASEAN

Oleh

Ria Nitami

Penelitian ini bertujuan untuk menganalisis pengaruh *good governance,* pengeluaran pemerintah, dan *Foreign Direct Investment* (FDI) terhadap pertumbuhan ekonomi di negara berkembang anggota ASEAN periode 1996–2023. Metode yang digunakan adalah regresi time series dengan data sekunder dari *World Bank* dan *Worldwide Governance Indicators.*

Hasil penelitian menunjukkan bahwa pengaruh *good governance* terhadap pertumbuhan ekonomi bervariasi antar negara dan antar indikator. Indikator Voice and Accountability berpengaruh positif di Laos dan Vietnam; Political Stability signifikan di Kamboja dan Malaysia; Government Effectiveness berdampak positif di Filipina, Indonesia, Laos, dan Thailand; Regulatory Quality berpengaruh di Laos, Kamboja, dan Vietnam; Rule of Law berpengaruh positif di lima negara namun negatif di Laos dan Kamboja; sementara Control of Corruption hanya signifikan di Filipina dan Malaysia.

Pengeluaran pemerintah memiliki pengaruh positif di Filipina, Laos, Kamboja, dan Vietnam, namun negatif di Indonesia, Malaysia, dan Thailand. FDI memberikan pengaruh positif di Filipina, Laos, Malaysia, Thailand, dan Vietnam, namun negatif di Indonesia dan Kamboja. Secara keseluruhan, ketiga variabel tersebut memiliki peran penting dalam mendorong pertumbuhan ekonomi negara-negara berkembang ASEAN. Oleh karena itu, diperlukan penguatan tata kelola, efisiensi belanja pemerintah, serta penciptaan iklim investasi yang kondusif untuk mencapai pertumbuhan ekonomi yang berkelanjutan.

Kata kunci: *Good Governance,* Pengeluaran Pemerintah, FDI, Pertumbuhan Ekonomi, ASEAN, Time Series