THE COUNTRY-LEVEL ANALYSIS OF INSTITUTIONAL FACTORS AFFECTING THE FOREIGN DIRECT INVESTMENT (FDI) IN 6 ASEAN COUNTRIES

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ABSTRACT

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This empirical study is a country-based analysis aiming to investigate how institutional factors (primary economic and social determinants) affect the FDI inflows in six ASEAN countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam during the period of 1990-2016. This study uses a mixed-methods research approach employing a pooled data multiple regression technique to analyze the significant determinants of FDI in the ASEAN region at the country level from a holistic approach.

The findings revealed that, on the one hand, social institutions affected inward FDI in several countries such as Malaysia, Singapore, the Philippines, and Vietnam. On the other hand, economic institutions were seen to have a significant correlation with the flow of FDI in most countries, particularly through the proxies of government effectiveness and control of corruption. However, conventional socio-economic factors, such as GDP growth, GDP per capita, and the labor force can still explain the movement of FDI in some countries, which means that the consideration of FDI with regard to socio-economic determinants is important to some extent. This paper contends that the flow of FDI in most ASEAN countries is not only motivated by economic institutional quality, but also by the robust social institutions (or rich social capital endowment) in a society. This includes sound and effective institutions that govern overall economic activities and implementations. The results of the present study are consistent with previous scholarly works advocating the crucial role of institutions in determining positive economic outcomes and FDI inflows.

This paper concludes by suggesting that the concrete improvement of institutional quality among ASEAN economies is vital for sustaining the current flow of FDI, trade attractiveness, and for encouraging further ASEAN market integration or the ASEAN Economic Community (AEC) 2025. Moreover, good institutional environments would also lead to a friendlier business climate, strengthen a trustworthy society, and increase national competitiveness as a whole.

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CHAPTER 1

INTRODUCTION

1.1 Statement of the Problem

The study of the determinants affecting foreign direct investment (FDI) in today's world has gained increasing interest from economists and public administrators, especially after the successful transformation of ASEAN into a single market or the ASEAN Economic Community (AEC). This is because FDI is a core engine for economic growth for most of the ASEAN nations; therefore, in-depth knowledge of FDI determinants is indispensable. Nevertheless, previous studies and research have tended to pay attention to the investigation of socio-economic and human capital determinants in particular, including GDP growth, GDP per capita, the labor force, population growth, gross enrollment, and the literacy rate. This is because these factors were believed to be a prerequisite to attracting large-scale FDI and cross-border trade more productively.

To date, it is undeniable that institutional factors in the guise of both economic and social institutions have played a major role in shaping the direction of FDI in many ways. Economic institutions include government effectiveness, regulatory quality, control of corruption, and rule of law. Social institutions (or social capital) mainly contain social trust and civic cooperation. In modern society, economic institutions are assumed to reduce transaction costs, enhance confidence, and ease investment considerations (C. G. Lee, 2009; North, 1990, 1992; Williamson, 1979). On the other hand, they would inhibit as indirect costs for business (Nor, 2012). Buracom (2014) underlined the substantial role of institutional quality, specifically through regulatory quality and rule of law, in determining the FDI inflows in many ASEAN countries.

On the other hand, it is anticipated much economic backward is caused by the absence of strong social capital or good social institutions in a society. It has been proven that social institutions through the proxies of social trust and civic cooperation contribute to investment, growth, income per capita, and economic performance; this includes rigorous social institutions in fostering economic health and development in a society (Engbers & Rubin, 2018; Knack & Keefer, 1997; D. Lee, Jeong, & Chae, 2011; Whiteley, 2000).

This paper mainly seeks answers to how social institutional factors—via the proxies of social trust and civic cooperation—affect the movements of FDI inflows at the country level in the ASEAN region. Few scholarly works have attempted to ascertain such patterns, thereby resulting in the need for robust theoretical analysis. This dissertation aims to fill the gaps in the literature by testing key hypotheses concerning the relationship between social institutions and FDI inflows in key ASEAN countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, during the period of 1990-2016. The researcher firmly believes the examination based on these rationales is worthwhile and timely for analysis.

1.2 The Significance of the Study

This study makes a theoretical contribution to "new institutional theory" by conceptualizing the primary assumptions concerning how social institutions, through social trust and civic cooperation determinants, affect the FDI inflows in each ASEAN country. All remain unanswered however partly explained by economic institutional determinants, which have been inadequate for fully understanding the dynamic flows of FDI in the ASEAN region. This has left a critical open question for this study to investigate this phenomenon with a more concrete explanation. With this approach, at the same time, the weakness of Neo-classical economics is to be cemented because it downplays the roles of institutions. Neo-classical economics only emphasizes three main assumptions: (1) cost less of business transaction; (2) institutions are irrelevant; (3) institutions are an exogenous factor. To make a short

counter-argument here, the transaction is matter and a large part of national income is from the transaction; the empirical study entitled “measuring the transaction sector in the American Economy” provided concrete evidence claiming that 45% of national income contributed to transaction costs in 1970 (North, 1992). This includes the rising importance of the institutional environment and institutions of governance in reducing transaction costs and smoothening business operations (Fukuyama, 2001; North, 1990; Williamson, 1996). Besides the above contributions, the outcomes from this study can be used as policy guidance to enhance economic performance and to motivate the greater flow of FDI to each country more constructively.

The central motivations for seleting ASEAN (specifically 6 ASEAN countries) as a case study were: (1) ASEAN is a unique integrative market with huge diversities and is unlike other economic groupings such as the EU, APEC or BRICS—mostly due to different social capital endowment, institutional performance, and socio-economic background. Therefore, the selection of ASEAN as case study in comprehending current FDI determinants is appropriate; (2) the limited number of scholarly works on social institutions (or social capital) contributing to a significant correlation between social institutions and FDI inflows in the ASEAN region; hence, this empirical study will cement the gap in the literature; (3) ASEAN is now one of the most attractive markets for global FDI and is becoming one of the greatest economic powerhouses for international business operations across the world. ASEAN Secretariat (2017) reported during 2016, FDI flows from the European Union (EU) rose by 46% to $30.5 billion, from China 44% to $9.2 billion, from Australia 77% to $3.4 billion, together with the highest record of Intra-ASEAN investment of $24 billion for the first time. This includes the transformation of ASEAN to a lucrative community in 2025, which could further unlock the liberalization of goods, services, investment, and people’s mobility. In this matter, a deeper analysis of the FDI determinants in the ASEAN region is worth attention.

Adopting an integrative framework of analysis, this study is a mix-method research with an in-depth qualitative investigation and uses “a pooled-data regression technique” to analyze the quantitative data. All these justifications emerge as a

beginning step to conduct this doctoral dissertation leading to the following research questions; (1) How do institutional and social capital factors affect the FDI inflows in six ASEAN countries? (2) Which policy direction should be proposed to enhance the flows of FDI into the six ASEAN countries?

1.3 Objectives of the Research

- To study how institutional factors influence the FDI inflows in six ASEAN countries.
- To propose policy guideline and implications to enhance ASEAN's FDI attraction and related economic performances.

1.4 Benefits of the Research

A key benefit of this research is to broaden the knowledge boundary in public administration and policy study by conceptualizing new institutional theory via the integrative framework of analysis. It analyzes how a set of these determinants especially social institutional forces affect the FDI inflows in each selective country. This study intends to incorporate new factors into the analysis paving the way to new empirical evidence and insightful outcomes to be obtained.

1.5 Scope of Analysis

The emphasis of this research principally analyzes how social institutional and economic institutional factors influenced the FDI inflows in each ASEAN country, namely Indonesia, Malaysia, the Philippines, Thailand, Singapore, and Vietnam, during the period of 1990-2016. The main reason for not analyzing ASEAN as a unit was due to the different stages of socio-economic development, unique nationality contexts, and diverse institutional performances and investment policies. Therefore, the analysis of ASEAN at the country level was considered to be more appropriate.

ASEAN in this study refers then to only the six ASEAN countries mentioned above. It should be noted FDI inflows to ASEAN means the FDI inflows from all countries, including intra-ASEAN FDI.

1.6 Operational Definitions

- **ASEAN**

ASEAN is the abbreviation of Association of Southeast Asian Nations – geographically located in Southeast Asia – comprising of ten countries namely Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

- **Economic Institutions**

The term economic institutions in this study mainly focus on government effectiveness, regulatory quality, control of corruption, and rule of law. Other typologies of institutions such as political institutions, prudential laws, the absence of violence, political right, and civil liberty are excluded from the investigation.

- **Social Institutions**

Social institutions (or social capital) in this research cover two main dimensions: social trust and civic cooperation. Social trust refers to “social trust or generalized trust,” which is one of the most common forms of social capital associated with virtue, honesty, and reciprocity. More precisely, it is the level of confidence or trust that individuals placein others. Civic cooperation emphasizes so-called “civic cooperation or civil engagement.” This represents in a form of the cultural component through societal norms, reciprocity, values, and network of cooperation among individuals. It deals with individual engagement or participation in specific activities, including responses and justifications based on a particular circumstance.

1.7 Limitations of the Study

This study analyzes how social institutional factors affect the FDI inflows in six ASEAN countries and investigates the effects of economic institutions to some extent. However, the investigation into the political institutions such as constitutions, prudential laws, civil liberties, political rights, and stability were excluded due to their having different layers of analysis, which might go beyond the scope of this investigation. Categorized as a contemporary study, most of the data collection for the institutions began as late as 1995, meaning that the data set dated from this period. The reader should be aware social institutional factors limit to social trust and civic cooperation, and there is a missing observation in this category. Accordingly, the prediction power of these variables is diminished. The outcomes from this study will reflect the public policy rather than international political economy since key political institutional factors were not included.

CHAPTER 2

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

For most developing economies, FDI is considered as one of the most important vehicles to drive a country to a higher economic development and prosperity. It is an engine to stimulate growth through the so-called “positive spillover effects” as it correlates to economic competitiveness, productivity enhancement, employment, and technological transfer. For international trade, FDI is also a catalyst to promote the free flow of goods, services, and mobility of capital across the countries.

In ASEAN, FDI is essential for economic success, serving as a mechanism to enhance cross-border trade and investment, especially in a country like Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. All of them enjoyed a large stream of FDI inflows over the past decades, and the governments were very active to promote FDI from all corners of the world through numerous incentives and privileges. This becomes more intensifying after a successful ASEAN market integration or ASEAN Economic Community (AEC) 2015. This includes the transformation of AEC to a more integrative market in 2025. For this reason, a greater understanding of FDI determinants is crucial not only in the field of economics but also public administration.

A huge number of empirical evidence have shed light on the variety of significant factors, ranging from socio-economic to human capital ones, having a positive correlation to the FDI inflows. This includes the attempt of scholars to comprehend an increasing role of economic and social institutions in larger dimensions that determine the patterns of such FDI movements. In this part, the consideration of main theories

underpinning the FDI determinants is worth attention before constructing the conceptual framework and data analysis.

2.1 Eclectic Theory

This theory is known as the OLI paradigm, coined by John Dunning, focusing on the analysis of FDI movements and the expansion of multinational enterprises (MNEs). It is assumed that the stream of FDI is motivated by three main configurations: ownership, location, and internationalization advantages. *(1) Ownership advantage:* this hypothesizes that the MNEs have a specific advantage to overcome the cost of their business operations overseas, such as accession to patents, entrepreneurial skills, superior technology, and capital investment. These advantages are a comparative advantage in terms of outweighing the cost of doing business in the home country, causing the expansion of MNEs and business presence in other countries. *(2) Location advantage:* this signifies that the cost of production locally is an advantage, such as labor, raw materials, and related costs induced by the host government's policy interferences. Such an advantage involves a comparative assessment between the host and home countries. It then results in the expansion of production and manufacturing across national borders. *(3) Internationalization advantages:* this refers to the comparative advantage of the MNEs via controlling and administering processes through licensing and other business regulation arrangements. All of these allow the MNEs to have superior gains in comparison with local firms (Masron & Yusop, 2012). This part concluded that these specific advantages would ease business considerations, attract MNEs, and encourage inward FDI in the international markets.

2.2 Internationalization Theory

Internalization theory took root on the classical work of Coase (1937) entitled "The nature of the firm." This theory discusses the rationales why MNEs and FDI expand to the international markets (Buckley, 2009). The main idea of this theory emphasizes

the imperfections of intermediate product markets, which is when market imperfections occur, the internationalization arises (Buckley, 2009; Rugman, 1980; Yussof & Ismail, 2002). It postulates that internationalization can happen when profits perceived by firms outweigh the costs. Internalization theory became the mainstream theory elaborating the justification of the expansion of MNEs and FDI. This theory shares a common ground with the OLI paradigm of Dunning under the internationalization concept; that is, the costs and benefits of running a business abroad are cheaper compared to doing so in the domestic market. It concerns the direct operation of firms under the context of ownership and control of activities in foreign markets.

2.3 Endogenous Growth Theory

Endogenous growth theory is the economic theory that advocates the significance of human capital investment, which can lead to the long-standing growth and prosperity of a nation. This theory originated in 1990 with Robert E. Lucas, a Noble Prize laureate in economics in 1993, and Paul M. Romer, a Noble Prize laureate in economics in 1996. It underlines long-term economic growth and prosperity, which depend on human capital investment through education, R&D, expertise, and technological development. All of these can generate positive externalities to other economic sectors via two magnitudes: *(1) spill-over effects; (2) learning-by-doing effects.* This advocated pro-active roles of government in allocation public expenditures on human capital together with relevant R&D and training programs. This results in private and social benefits to the society; including, attractiveness for FDI and business consideration. Empirical evidence to support this theory is (Borensztein, Gregorio, & Lee, 1998; Li & Liu, 2005; Schultz, 1961). They found a strong correlation between FDI and human capital, claiming that human development has positive effects on economic growth, the expansion of domestic investment, and FDI attractiveness. Li and Liu (2005) examined the relationship between FDI and economic growth and the results revealed a closed positive connection between FDI and human capital forces, which leads to long-term economic progress and

development. In the context of ASEAN, Yussof and Ismail (2002) argued that foreign investors possibly invest in countries where the level of human resources, human capital, and income per capita is comparatively high. This is obvious in the case of Malaysia, Thailand, and Indonesia since these countries are competitive in terms of attracting a large influx FDI and cross-border trade—not only because of cheap labor, but also because of a solid foundation of human capital investment with the ability to improve further.

2.4 New Institutional Theory (Neo-Institutional Theory)

The term new institutional theory or neo-institutional theory is a theory paying specific attention to the sociological view of institutions that affect the political, economic and social behavior of stakeholders in a society. The new institutional theory consists of different analytical approaches and does not constitute a unified body of thought (Hall & Taylor, 1996). In public policy, the new institutional theory can be divided into three main disciplines: political institutions, economic institutions, and social institutions.

- *Political Institutions:* it shapes up the political process by means of the production of legislation, regulations, and the legal and governing bodies of the state. It involves a large scale of formal institutions, such as constitutions, prudential laws, government bureaucracy, civil liberties, political rights, and stability. Political institutions are claimed to be a main source to produce economic institutions with a potential to determine their quality through the legal system, facilitate the market economy, and the enforcement of safeguarding policy and property rights (Frances, 2004). Having sound political institutions could lead to economic growth, stability, and competitiveness in a community. In turn, political instability would result in lower investment flow and national competitiveness (Schneider & Frey, 1985). The analysis of political institutions can be evaluated via the proxies of the political regime, stability, and related democratic indices. This, however, goes beyond the scope of this

research, which is the reason why the emphasis was placed on social and economic institutions instead.

- ***Economic Institutions:*** it is an effort to integrate a theory of institutions into economics (North, 1992). The economic institution is a concept that pays specific attention to the roles of the institution in economic activities in the society. It is hypothesized the productive roles of government effectiveness, regulatory quality, control corruption, and rule of law in providing trustworthiness and long-term prospects for business. They determine types of activities that are allowed, prohibited, awarded or even sanctioned in related activities performed by members in the society. It is assumed a country would be economically prosperous if these institutional forces are reliable and driven by these effective mechanisms. These forces have the ability to provide indirect incentives to an economy with a potential to shape the pattern of growth, stagnation or even decline to a country (North, 1991). All of these would lead to economic growth and the expansion of FDI under positive circumstances.

- ***Social Institutions:*** these are the central focus of this study, which is a joining chorus among moral obligations, norms, social value, and societal networks—widely known as soft or informal institutions (Putnam, 1995, 2001); these are precisely called social capital. For human and business interactions, these components help enforce agreements and ensure the smooth cooperation among the people in the society to achieve common goals or collective purposes. The main thesis of social institutions or social capital is to express the sociological view or essence towards a healthy society. In most social research, social institutions are considered as networks of relationships, informal norms manipulating individual behavior, and collective choices and cooperation among mankind.

Thus, a rich endowment of social capital or good social institutions is crucial for a society to flourish and grow further (Suebvises, 2018). It has been emphasized that the social network is a core ingredient of social capital with competencies to increase the motivation and ability of citizens to engage in public affairs and to raise the overall effectiveness of public goods provision. Social networks might be linked to

government institutions, such as agricultural groups community business networks, and microfinance groups; hence, social capital is a crucial component for improving public sector accountability, especially in the case of Thailand.

According to the scope of the analysis, this study emphasizes social institutions (or social capital) in particular since they play a considerable role in the success of trade growth and investment expansion across countries. They are deemed an essential part in achieving a healthy and stable society. Social institutions, in many ways, join forces with economic institution determinants, which are government effectiveness, regulatory quality, control of corruption, and rule of law. This is the reason why economic institutions were incorporated into this investigation in order to achieve a holistic analysis of FDI determinants. The following discussion details how economic and social institutions influence the flow of FDI including how they create other positive spillover effects on overall economic activities.

2.4.1 Economic Institutions

Economic institutions theory was advocated by Douglass North in an effort to integrate the theory of institutions into economics. It aims to modify and extend the rationale of the neo-classical concept by incorporating a wider range of issues into the analysis (North, 1995). This theory was built on the ground of economic principles, such as property rights protection, competition policy, and sound incentives, all assumed to underpin the economic growth and competitiveness of an economy in from long-run perspectives (Rodrik, 2003). The main assumptions contend that economic institutional forces will result in long-term prospects, growth, and prosperity for cross-border trade and FDI attractiveness.

Economic institutions mainly refer to (1) specific administrative units, which deal with government and private bodies that encourage the free production of goods and services that are important for driving the economy forward; (2) well-established structures that involve a guarantee of competitive market mechanisms, banking performance, customs procedures, and effective governing bodies of property rights.

This includes a network of organizations such as factories, buyers, producers, retailers, and distributors that are frequently included. These institutional bodies are regarded as a platform in a society, which shape and influence human interaction (North, 1990). In terms of economic growth, the effectiveness of these institutions helps to smooth the economic activities in a society. It includes safeguards regarding any negative interferences in an economy. Economic institutions in many cases can indirectly promote economic performance and development as a whole.

In addition, economic institutions involve financial and labor market regulations that could dominate the firm's decisions and business considerations in a particular economy. These factors can indirectly affect economic activity and the business environment, including formal and informal practices that guide the interaction and behavior among the members of a society. It is accepted a crucial connection between institutions and economic policies are matter since the quality of institutions affects economic agenda and vice versa; this is a multi-layered relationship between institutions and the growth of the economy (IMF, 2003). Better-quality economic institutions can reduce bureaucratic red tape, rent-seeking activities, and unnecessary transaction; at the same time, they can improve investment flow by enforcing good contracts and ensuring a good business environment (Aron, 2000).

Importantly, economic institutions dominate business considerations, such as policy on resource allocations, manufacturing locations, and capital investments. Firms have to consider these factors before hitting the overseas markets. Institutions, in this case, can enhance the protection of the investor, proper property rights management, and contract enforcement. These provide confidence to businesses, reduce market uncertainty, and prevent unnecessary transaction costs in the long run.

For public administration, economic institutions have become one of the main indicators to measure growth among different economies (Wiggins & Davis, 2006). A series of empirical findings indicated that the quality of economic institutions is matter and has significant impacts on economic growth and FDI (Dunning, 1994). The impacts of institutions, both formal and informal, depend on the way in which

they govern rules and regulations, leading to either positive or negative conditions. Economic institutions are therefore necessary. To this end, an effective institutional setting would further encourage trust, confidence, and relationships, not only from business to business but also from business to government, in a positive manner.

2.4.2 The Functions of Economic Institutions

Economic institutions are supposed to be a part of an economy and cannot be separated in the market system according to the advocacy of new institutional theory. These institutions have played a pivotal role in various dimensions and have influenced business considerations regarding the transaction and production costs of business. The functions of economic institutions primarily involve the following:

(1) A reduction of uncertainty: this is achieved by establishing a stable structure for human interaction, from conventions, codes of conduct, and norms of behavior to statute laws and contracts between individuals.

(2) The provision of security of property rights and equal access to economic resources: this is achieved through the execution of related policies in a broad section of society. This helps to reduce the pressure of undesirable changes and certainty.

(3) Ensuring suitable resource allocation in a society: institutions may affect the attractiveness of resources by changing their availability, flexibility, and the cost of labor, which directly affect the cost of business operations as a whole.

(4) A guarantee of transparent and effective transaction and production costs: this could be perceived as an effective mechanism that governs overall business procedures with trust and reliability.

- Economic Institutions as "Transaction Costs"

The performance of an institution involves so-called "transaction costs," which are the expenses incurred when buying or selling goods or services. It would say they represent the labor required to bring goods or service to the market, giving rise to entire industries dedicated to facilitating exchanges (Investopedia, 2016b). In the real world situation, transaction costs are critical and is not zero as claimed by the neo-classical school. Firms are inevitably affected by transaction costs, one way or another, such as the costs associated with contract enforcement, market access, and economic exchanges. Institutions, both formal and informal, can stabilize these transaction costs via a proper monitoring of economic activities. This includes the roles of institutions in the supervision of enforcement mechanisms, measures to safeguard a business, and market uncertainty. Without institutions, transaction costs would be uncertain and the confidence of firms and investors would decline; ignorance of institutions is eventually disastrous for the overall economy.

Economic institutions join the chorus with transaction cost theory in that transaction costs are central to the study of economics. It identifies critical dimensions for characterizing transactions, describes the main governance structures of transactions, and indicates how and why transactions can be matched with institutions (Williamson, 1979). Therefore, the roles of the institution to regulate transaction costs in a society is pivotal for the well-functioning of the entire economic system.

- Economic Institutions as "Production Costs"

Institutions also deal with "production costs." These involve the costs incurred by a business when manufacturing goods or providing a service and include a variety of expenses such as labor, raw materials, consumable manufacturing supplies, and general overhead. Additionally, any taxes levied by the government or royalties owed by natural resource extracting companies are also considered production costs (Investopedia, 2016a). argued that institutions could affect the business environment and confidence of firms. This is because inefficient institutions might raise

unnecessary production costs by disrupting the related supply chain. This includes bureaucratic red tape or lengthy delays of procedures such as business registration, permits, and complicated tax structures. All of these can negatively increase production costs and lead to the decline of the long-term competitiveness of a country.

Regarding the transaction and production costs in the ASEAN region, it is undeniable that they are relatively competitive with other regions. Since the early 1990s, a massive capital movement flowing to the ASEAN region was apparent. This included various forms of business presence, multinational companies and representative offices operating throughout the ASEAN region, particularly in Singapore, Malaysia, and Thailand. Therefore, many ASEAN countries have attempted to modify their investment laws and regulations to assist a number of incoming foreign investors and inward FDI. These executions include the ease of paying taxes, reduction in administrative procedures, the expedition of business registration processes, protection of foreign investors, and addressing bureaucratic red tape. Such executions can make a difference, which could bring about an increase in the GDP per capita up to 0.8% annually and enhance attractiveness for all foreign investors (WorldBank, 2016). To this end, sound institutions will not only promote a friendlier business environment but also encourage firms' decisions to invest.

2.4.3 Current State of Economic Institutions and FDI Research

A great number of scholars have underlined the concrete role of institutional qualities in determining a positive impact on FDI inflows and macroeconomic performance in host countries. The institutional factors in these studies have covered numerous determinants, such as good governance, political stability, the absence of violence, government effectiveness, rule of law, and control of corruption. These factors were claimed to be significant in stimulating FDI and international trade. Their results revealed a positive correlation between institutional quality and FDI inflows. In this matter, they argued that the maintenance institutional effectiveness was strongly required in order to sustain FDI and trade flow. Policymakers were then advised to

pay attention to the improvement of institutional quality hand in hand with the gradual development of socio-economic and human capital forces. This is because the ignorance of institutions would lessen overall competitiveness and incoming FDI.

The empirical study of Jadhav (2012), investigating the determinants of FDI in BRICS economies, revealed that not only are traditional economic factors important regardng the FDI inflows in these economies, but the positive degree of institutional qualities is also important. He noted an increasing role of institutions in determining FDI inflows. His findings were reinforced by a study of Kishor and Singh (2015) who investigated the factors that affected FDI inflows in BRICS countries by employing panel data analysis during the period 1994-2014. They found that a good financial system and infrastructure development provided by the government played a pivotal role in mobilizing FDI inflows and prosperity. They suggested that the improvement of institutional performance, hand in hand with investment liberalization, was vital since they could result in the positive impact of FDI and trade expansion in a constructive manner. In order to ensure a good, long-term business environment, governments should consider the enhancement of institutional quality in a holistic view.

Focusing on ASEAN, Yue (1999) studied the direction of trade, FDI, and economic development in Indonesia, Malaysia, the Philippines, Singapore, and Thailand and found that these countries had actively pursued FDI-led development strategies in the past decades. At this point, he argued that institutional performance is a crucial part of driving this strategy. His conclusions go in line with D. Lee et al. (2011) underlining that institutional unpredictability can have a negative impact on the flows of FDI. Therefore, vigorous economic institutions should be one of the mechanisms for sustaining this momentum. The results are similar with those of Masron and Nor (2013) who examined the impact of institutional in 8 selected ASEAN countries, namely Cambodia, Indonesia, Lao PDR, Malaysia, the Philippines, Singapore, and Thailand, on FDI inflows, claiming that institutional qualities had positive implications for the FDI in these countries. Hence, the improvement of institutions in various forms could stimulate the additional productive flow of FDI.

The contemporary study of Buracom (2014), who conducted an empirical study on ASEAN economic performance, institutional effectiveness, and FDI by employing a regression model on FDI, indicated a significant correlation between macroeconomic performance and institutional factors influencing the FDI inflows in the ASEAN region. He argued that most countries, except for Singapore, are poor institutionally, resulting in a risk in the decline of future FDI. In this connection, institutional development in most ASEAN nations is crucial for sustaining growth and attracting international investment. He claimed that in the ASEAN region institutional qualities are relatively low and there is a need to improve institutional performance as a whole.

2.4.4 Social Institutions (or Social Capital)

Increasing interest among policymakers and economists to have a better understanding of the movements of FDI is becoming more obvious. Their attention is shifting from conventional socio-economic, human capital, and institutional forces to socially-related factors, which hypothetically affect overall economic outcomes and trade flows. This focus has emerged as a new concept called "social institutions or social capital theory." In this regard, the definition of social capital is contentious and a consensus is still debatable among theorists (Siles, 2002).

Bourdieu (1986), in the classical work "The form of capital," stated that social capital is an embodiment of the voluntary associations in a modern society. This can be understood as the resources produced by these associations having a collective purpose and shared by its members or groups of members. Such a formation of individuals can create a sense of solidarity, mutual recognition, and permanent networks of relations. Therefore, a different manner of control of social capital may explain why the same amount of economic and cultural capital can yield diverse degrees of profit and power of influence for different actors in a society. In other words, social capital is the aggregate of actual or potential resources connected with a network of relationships and mutual acquaintances permitting people to interact, exchange goods and services, and establish obligations or credits among them.

Coleman (1988), in the classic works entitled “social capital in the creation of human capital” and “foundations of social theory,” argued that social capital is a function consisting of different entities characterizing two main features in common—some aspects of the social structure and the facilitation of certain actions of the individuals that are in that structure. It includes anything that facilitates collective action, reciprocity, and trust and involves social norms that specify what actions should be regarded by persons as proper, correct, or improper. He further explained that norms have no legal or formal basis and may sometimes be in conflict with laws. Norms can take the form of conventions and values that the members in a society unwittingly accept. All of these can affect individuals’ behaviors and collective actions in both positive and negative ways.

Putnam (1995) argued that social capital has three components: moral obligations, social value (trust), and social networks (voluntary association). He claimed taht social capital is described as the networks, norms, and social trust that facilitate coordination and engagement for mutual benefits. He added that social trust comes from two sources: the norm of reciprocity and networks of civic engagement. He stated that the social problems in the United States in the past decades were potentially caused by the decline of social capital. In his work entitled “Making democracy work,,” he mentioned that social capital was a precondition for the stronger development of northern part of Italy than the south. That is, the successful governmental reform in the north was supported by blooming civic communities and engagement in comparison with the southern part. This includes a well-functioning local government and a prosperous economy through public activities of citizens, resulting in a friendlier atmosphere and mutual trust among the citizens.

Schuller (2001), in the prominent work entitled “the complementary roles of human and social capital,” contended that social capital should be defined as the networks, norms and trust, and the way in which these components allow agents and institutions to interact for common or mutual goals. The emphasis was on collaborative networks and relationships and norms, which influence mutual interactions. The most frequent measure of social capital was according to him the certain degree of participation in

the civic engagement in particular activities, such as membership in voluntary associations or interest groups. He further argued that the notion of social capital has been deployed to explain a wide range of social phenomena, economic performance, and employment and health trends.

The concept of social capital became more well established due to the rising amount of concrete evidence, such as the studies (Fukuyama, 1995; Knack & Keefer, 1997; Suebvises, 2018; Woolcock, 1998). Fukuyama (1995) argued that social capital is the ability of people to work together for common purposes in groups and organizations; it is the existence of a certain set of informal values or norms shared among the members of a group that permit cooperation among them. Woolcock (1998) advocated that social capital should be treated in terms of the norms and networks that facilitate collective action. Therefore, social capital or good social institutions is needed in order to move the community forward. Recent studies have confirmed that social capital—via the interpersonal trust of citizens and social relationships and networks—have had an impact on economic growth as strong as human capital (Whiteley, 2000).

In terms of measurements, social capital can be evaluated via the proxies of social trust and civic cooperation. A wide range of scholarly works have adopted these proxies to investigate the relationships among social capital, economic performance, and development; the results have indicated the significant correlations among these factors in determining economic progress and innovation advancement (Dakhli & Clercq, 2004; Knack & Keefer, 1997; Zak & Knack, 2001). In the case of ASEAN, the investigation of social capital via social trust and civic cooperations is worth attention. See below the clarification of social trust and civic cooperation in detail.

- Social Trust

“Social trust or generalized trust” can be regarded as one of the most common forms of social capital associated with virtue, honesty, and reciprocity, all of which foster societal cooperation among individuals (Fukuyama, 1995). Social trust refers to the

level of confidence that individuals have in others; this might be what they say, request, or expect one to do (Wee-Liang, 2006). Social capital scholars have highlighted that there are, in fact, different types of trust and not all of them critically contribute to the construction of societal civic cooperation (Uslaner, 2002). Trust in strangers (or people you do not know personally) would result in greater civic cooperation and virtue. This is called "generalized trust," which is built on the expectation of the goodwill of unknown people. On the other hand, other types of trust based on individuals or networks of relationships may not positively create a solid foundation for a good civic community. This is called "particularized trust," which is likely to grow among people that share similar demographic values or socio-economic backgrounds. This type of trust tends to create an expectation of goodwill only within their circle or group (Suebvises, 2018).

Therefore, the central focus of this study refers to "generalized trust" in particular, which is consistent with prior studies and can contribute to the analysis of FDI determinants in the ASEAN region more productively. The data source in this category was the World Value Survey (WVS)—a global network of social scientists studying the changing values and impacts on social life using the survey methodology. The surveys include nationally representative surveys conducted in almost 100 countries, using questionnaires. Thousands of political scientists, sociologists, social psychologists, and economists have used these data to analyze topics such as economic development, public administration, gender equality, and related subjective well-being (Survey, 2018). Many cross-countries studies such as (Ahmad & Hall, 2017; Hongxin & Seung, 2011; A.-R. Lee & Glasure, 2007) adopted social capital data from this source to analyze the impacts of social capital on a wide range of social and economic issues.

- Civic Cooperation

In the modern world, "civic cooperation or civil engagement" is a key component in ensuring the smooth functioning of the economic and social affairs of an economy. For the first half of the 20th century, citizens relied on public officials and

administrators to make decisions about public policy and implementations; the latter part of the 20th century saw a shift toward greater direct citizen involvement, and this tendency has tended to critically grow across nations (Roberts, 2004).

Civic cooperation constitutes a cultural component through the influences of norms of reciprocity, values, and networks. This includes the existing voluntary associations and citizens' organizations that help maintain a cohesive civil society in a way that generates a good cooperative atmosphere for the nation and for business as a whole. It has been asserted that democracy, civic engagement, and trust are connected based on the assumption of a good civil society, which are prerequisites for achieving a healthy democracy. In this connection, the relationships among trust, civic cooperation, and economic performance may have a significant impact on economic prosperity and national competitiveness (Knack & Keefer, 1997; Misztal, 2001).

Civic cooperation deals with individual engagement or participation in specific activities such as the members of an association or party. For measurement, civic cooperation is the assessment of respondents who are questioned concerning whether each of the following behaviors "can always be justified, never be justified or something in between," which are: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have a chance. In answering these questions, the respondents might choose a number from 1 (never justifiable) to 10 (always justifiable) for each question. The results would imply the strength of civic cooperation in the community and indicate how healthy the society is.

Moreover, certain behaviors or actions of the mentioned above might influence the way in which citizens or members of a society mutually interact. In policy study, good civic cooperation is claimed to be a catalyst to boost a more trusting society via good virtues and reciprocity. These are preconditions for the success of social integration, public harmony, and a stable community. Hence, the importance of civic cooperation in a society should be taken into account as being crucial to public and economic

policies since it may affect overall economic outcomes, the country's performance, and the good image of a nation as a whole.

2.4.5 The Function of Social Institutions

With reference to the mentioned necessity of social institutions, the constructive roles of social institutions can be seen as vital as they can serve as a solid foundation for the growth and development of a country. In most cases, social institutions have key functions as follows.

(1) Social capital as societal glue: social capital can activate social harmony and reduce social discrepancy via the positive mobilization of civic engagement in respective social activities, such as voluntary associations, trade unions, political parties, or interest groups. These can mobilize powers and resources from different actors via "multiplication effects."

(2) Social capital as societal networks: social capital through the constructive engagement of civil cooperation could encourage the development of institutions in a society in that it would pave the way to unlock an atmosphere for good cooperation based on the equal basis of sharing and participation among people.

(3) Social capital as social values: social capital would foster virtue among diverse groups of citizens; this would pave the way forward to a more reliable society, which is a precondition for economic and social development. This could be exercised in the form of unwritten rules and regulations that operate behind the curtain of economic policy or social agendas.

(4) Social capital as Positive Externalities: social capital can generate positive externality for the public with the ability to ensure the smooth functioning of social activities via concrete cooperation. These are the components of economic success and prosperity in the world today.

2.4.6 Current State of Social Institutions (or Social Capital) Research

To date, increasing evidence in leading interdisciplinary journals has shed light on the critical role of social institutions or social capital that contribute to the economic performance, growth, and sustainability of a nation (Adhikari & Goldey, 2010; Eroğlu & Kangal, 2016; Holland, Silva, & Kitts, 2015; Yuan, 2006). The notions of social capital have been applied to examine a wide range of social phenomena and crisscrossing to various economic and public administration analyses. An example is the investigation of social capital research in connection with economic growth, development, and job creation conducted by (Engbers & Rubin, 2018; Fukuyama, 2001; Whiteley, 2000). They argued that social capital has played an important role in explaining the economic performance of contemporary society and its impact on economic growth. In the economic sphere, it reduces transaction costs, which is necessary for the success of the government and modern democracy (Fukuyama, 2001).

The theoretical cornerstone of social capital study could refer to the prominent work Knack and Keefer (1997) who investigated the relationships among social capital, norms, and economic payoff. This study was a cross-country investigation using indicators of trust and civic norms derived from Wolrd Value Survey, a sampling of 29 countries. The results indicated taht social trust and civic cooperation are significantly related to investment and growth. They are associated with economic performance and are stronger in countries with formal institutions that effectively protect property and contract rights. The findings concluded that trust and civic norms are essential to economic progress and investment in a society.

The latter work of Putnam (2001) reinforced the findings of Knack and Keefer and further elaborated the productive role of social capital, claiming that the level of the community and the quality of life will be higher if the members of the community actively participate in it. This participation directly serves as a solid foundation in a society.

According to the findings of Zak and Knack (2001) in the work entitled “trust and growth,” it was shown that low trust environments will reduce the rate of investment and cripple the output growths of an economy. That is to say, investment is higher where trust is higher; this is the positive relationship between trust and growth, which was empirically observed. Trust can likely reduce the cost of transactions; therefore, high-trust societies are more productive than low-trust societies.

Regarding FDI, the empirical study of Choe, Lee, Swenson, and Deborah (2016) argued that social capital in conjunction with the locational factor will influence the decision of multinational firms investing in South Korea. It was presented that a high level of trust and norms could attract more knowledge-based FDI firms than the lower ones. Their study then underlined the significance of social capital via positive externalities. It was suggested that the strengthening of social trust and norms would contribute to FDI attraction in the case of Korea.

Regarding poverty reduction, it has been suggested that the strengthening of social capital through social networks, such as business ties, political ties, and social organizations, may contribute significantly to poverty reduction and boost community engagement. The quality of local institutions as measured by local residents’ trust in institutions was seen to modulate the effectiveness of political ties and social organizations in the case of China (Zhang, Zhou, & Lei, 2017).

Regarding institutions, social capital has been argued to contribute to institutional quality—more so in richer countries (Tovar & Tavares, 2014). Social capital via the concrete participation in a society could foster technological progress as well. It has been claimed that both social capital had positive effects on income and the effectiveness of human capital development (Baliamoune-Lutz, 2011). Specifically, formal institutions were claimed to be more effective in combating corruption in countries where a high level of social trust exists (Bjørnskov, 2011).

In terms of innovation, social capital can stimulate the improvement of the activities of a country in the form of self-reinforcing mechanisms via the execution of collective

networks and information-sharing cooperation between individuals and economic agents, which innovatively encourages an economy to grow (Thompson, 2018). Moreover, social capital that is developed through voluntary participation in larger social organizations could effectively promote civic engagement in related innovative activities as well Huang, Whang, and Xuchuan (2017). Therefore, in an open society, the productive formulation of ideas is important in order to further develop innovation and technology in a more productive manner.

Regarding economic wellbeing, a new discovery of Engbers and Rubin (2018) indicated that social capital is vital for healthy economic communities and is positively associated with job creation in metropolitan areas; this could be a bridging form of social capital in a borderless world. Ahmad and Hall (2017) employed generalized trust data from WVS to conduct an investigation into the relationships among trust-based social capital, economic growth, and property rights, and found that social capital is a deep determinant of growth. A complex relationship among social capital, the quality of the government, and economic development was also found; it was revealed that countries with both high levels of social capital and economic development could exhibit a higher level of government effectiveness (Doh, 2014).

This includes the contributing role of social capital in the development of human capital through schooling and educational opportunities, which promote inclusive growth and enable people to build trust, confidence, and cooperation in a society, knitting the social fabric for social benefits (Soumyananda, 2014). In this connection, it has been contended that the economic development of a country might somewhat depend on the impacts of social capital in various forms: social culture, norms, regulations, and collective actions.

It can be concluded then that social capital or social institutions through the determinants of social trust and civic cooperation can meaningfully stimulate FDI, economic performance, and innovation in many countries. Thus, in a society where the level of social capital is high, it can reduce the transaction costs of business (with

respect to enforcement of contracts), promote a country's trustworthiness, and induce other beneficial economic activities.

In summary, an empirical test of hypotheses between social institutions and FDI inflows in the ASEAN region is worth attention—not only to validate new institutional theory, but also a more accurate policy guidance to be proposed. The next section illustrates the theoretical sources of the variables and presents a diagram of the conceptual framework for further comprehension.

2.5 Theoretical Sources of Variables

The table below demonstrates how a set of independent variables fit with the specific theory under this investigation including the comparative analysis of the related control variables. See full details below:

Table 2.1 Theoretical Sources of Variables

Independent Variable	Theory
Social Trust	Social Institutional Theory
Civic Cooperation	Social Institutional Theory
Government Effectiveness	Economic Institutional Theory
Regulatory Quality	Economic Institutional Theory
Rule of Law	Economic Institutional Theory
Control of Corruption	Economic Institutional Theory
Ease of Doing Business	Economic Institutional Theory
Ease of Paying Taxes	Economic Institutional Theory
Natural Resources	Control Variable
GDP Growth Rate	Control Variable
GDP per Capita	Control Variable
Labor Forces	Control Variable
Populations Growth Rate	Control Variable
Cost to Import	Control Variable
Cost to Export	Control Variable
Life Expectancy at Birth	Control Variable
Adult Literacy Rate	Control Variable
Combined Gross Enrollment	Control Variable

2.6 Diagram of the Conceptual Framework

In order to obtain rich data analysis, this study specified the set of independent variables into three main categories: (1) social institutional factors, (2) economic institutional factors, and (3) control variables. The control variables, mainly comprised of traditional socio-economic and human capital factors, were constructed in order to avoid the possibility of bias in the research outcomes. The conceptual framework for the multiple regression analysis then is as follows:

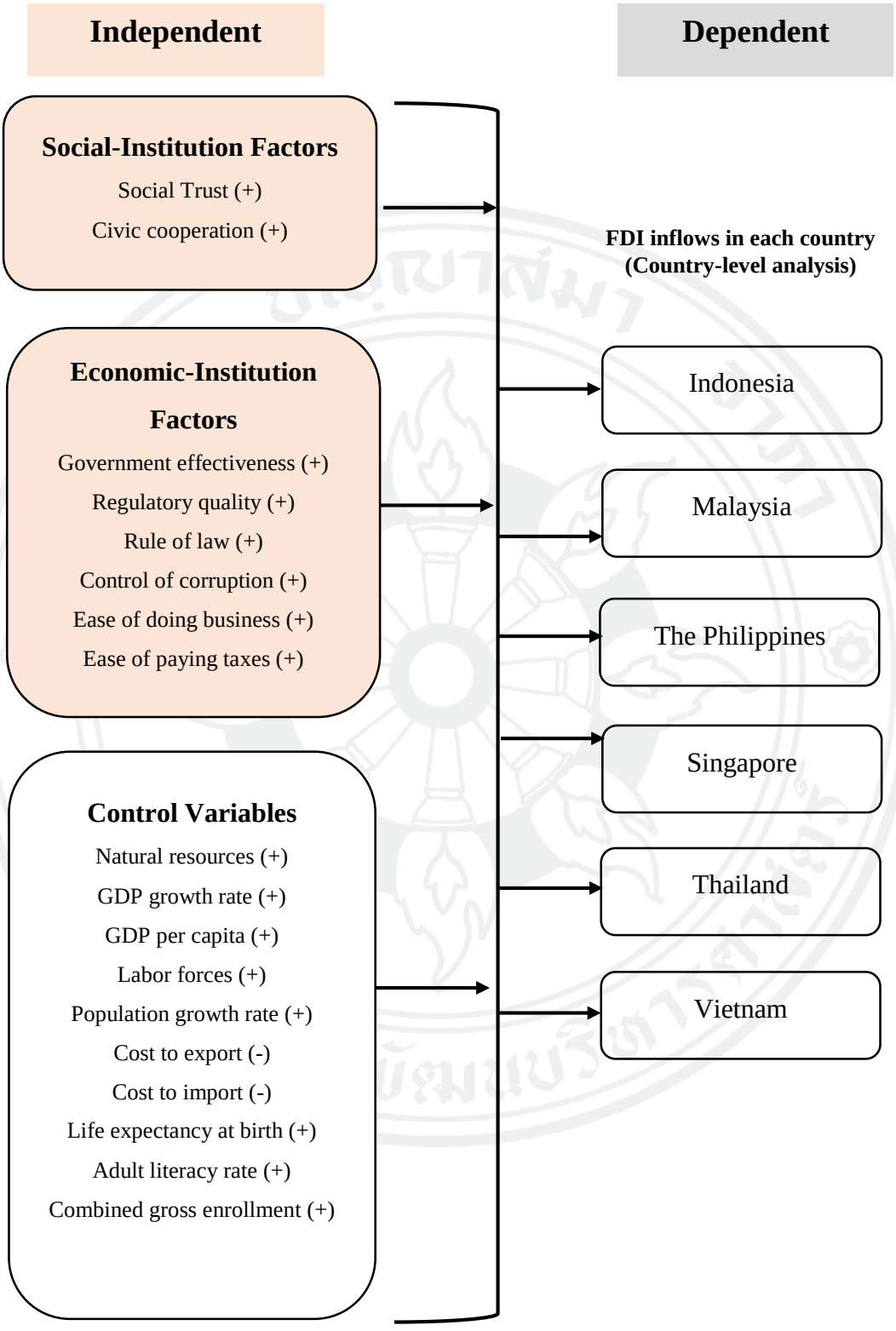

Figure 2.1 Diagram of the Conceptual Framework.

2.7 Control Variables

In order to identify the effects of the institutional factors more clearly, the researcher decided to set two groups of factors, socio-economic and human capital factors, as the control variables in order to avoid the possibility of bias in the research outcomes, and they would have an effect to determine the FDI inflows (dependent variable) in the analysis.

2.8 Hypotheses

H1: Social trust has a positive effect on the FDI inflow in the 6 ASEAN countries studied.

H2: Civic cooperation has a positive effect on the FDI inflow in the 6 ASEAN countries studied.

H3: Government effectiveness has a positive effect on the FDI inflow in the 6 ASEAN countries studied.

H4: Regulatory quality has a positive effect on the FDI inflow in the 6 ASEAN countries studied.

H5: Rule of law has a positive effect on the FDI inflow in the 6 ASEAN countries studied.

H6: Control of corruption has a positive effect on the FDI inflow in the 6 ASEAN countries studied.

H7: Ease of doing business has a positive effect on the FDI inflow in the 6 ASEAN countries studied.

H8: Ease of paying taxes has a positive effect on the FDI inflow in the 6 ASEAN countries studied.

CHAPTER 3

RESEARCH METHODOLOGY

This research is designed as qualitative research with a supplementary of quantitative technique to ensure the fruitful analysis and concrete findings. It mainly employs the secondary data from the World Bank, IMF, Worldwide Governance Indicator (WGI), and World Value Survey (WVS). The data derived from these sources are suitable to perform this cross-national study in a productive manner. The ultimate goal of this research is to investigate how institutional factors shape the patterns of FDI inflows in each selected country. Conventional socio-economic determinants are then treated as "control variables" to avoid the possibility of bias on the research outcomes. This chapter illustrates sample selection, steps of measurements, identification of variables and a full explanation of independent and dependent variables in the analysis.

3.1 Sample Selection

The sample selection was six ASEAN countries, namely Malaysia, Indonesia, the Philippines, Singapore, Thailand, and Vietnam. The examination period was 1990 to 2016. With different economic contexts, institutional performance, and social capital endowment, ASEAN should be a proper case study to test the relationship between institutions and FDI inflows so that the knowledge boundary concerning the FDI analysis in the context of ASEAN would be extended.

ASEAN has become more of a global FDI destination since the early 1990s. It has been widely dubbed as "the golden period of the ASEAN economy" because ASEAN

together with East Asian countries enjoyed satisfactory real GDP growth on the average of 4.6% during the mid-1990s due to the influx of FDI, cross-border investment, and international business dislocation. As a result, the so-called “tiger economies” were entitled to praise the impressive GDP growth and economic development in this region (IMF, 1998). Until the bubble economy exploded in 1997, the economic situation in this region went down dramatically. Many ASEAN countries were encountering hardships and struggling to survive economically. By that time, key ASEAN countries such as Thailand and Indonesia decided to take out loans with the IMF and devalued their currency in order to maintain exports and to stabilize the economy. The situation was eased and a sign of recovery was apparent in early 2000. In 2003, the notion of ASEAN integration was echoed with the rising number of FDI promotional policies and incentives.

In 2015, the ASEAN Economic Community was successfully originated as a regional single market and this achievement will be geared towards AEC 2025, which could bring ASEAN to a higher plane for development and greater integration.

These are the reasons why the investigation of ASEAN is worth analysis. In this study, the analysis of ASEAN’s FDI determinants throughout the period of 1990-2016 is thought provoking and will make it possible to understand the future of ASEAN integration.

3.2 Measurements and Identification of Variables and Sources

The table below identifies a dependent variable, independent variables, measurement and identification of variables and data sources for references. See below:

Table 3.1 Measurement and Identification of Variables and Sources

Variable	Measurement	+/-	Source
Dependent variable			
FDI	Foreign direct investment in logged million USD.		UNCTAD (1990-2016)
Independent variables			
Government Effectiveness	It is a capturing perception of quality of public services, the quality of the civil services and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. This will be measured with the reference to a ranking unit of scores from 0-100. The higher scores correspond a stronger government effectiveness in a certain country.	+	Government Effectiveness (1996-2015)
Regulatory Quality	It is the perceptions directing to the ability of the government to formulate and implement sound	+	Worldwide Governance Indicators

Variable	Measurement	+/-	Source
	policies and regulations that permit and promote private sector development and trustworthiness concerning business consideration. This will be measured based on the ranking unit of scores from 0-100. The higher scores correspond a stronger regulatory quality in a certain country.		(1996-2015)
Rule of Law	It is the evaluation of perception to the extent to which agents have confidence in and abide by the rules of society; including, the quality of contract enforcement, property rights protection, the court and the likelihood of crime and violence in a society. This shall be measured in a ranking unit of scores from 0-100. The higher scores correspond to a stronger rule of law in a certain country.	+	Worldwide Governance Indicators (1996-2015)
Control of Corruption	It the evaluation of perception regarding the public power, which is exercised for private gain including both petty and grand forms of corruption; as well as, capturing of the state by elites and private interests. It can be measured with	+	Worldwide Governance Indicators (1996-2015)

Variable	Measurement	+/-	Source
	regard to a ranking unit of scores from 0-100. The higher scores correspond the greater control of corruption in a certain country.		
Ease of Paying Taxes	It is an economic ranking concerning the complexity of paying taxes. This refers to the ease of paying taxes under the perception of business sector and investors. It implies the ability of the government in providing rapid and quick procedures regarding the annual of taxes payments for business and foreign investors; this includes the related documentation procedures and timing on taxes paid. To measure this, the researcher decided to reverse the scale so that the larger values would correspond the easier for paying taxes in the certain economy. Therefore, the maximum scores would depend on the total numbers of countries in the ranking scales each year. There are 180-190 economies in the ranking scale on average.	+	Pricewaterhouse Coopers (2008-2016)
Ease of Doing Business	It is an economic ranking in terms of ease of doing business in a wide range of economies. It covers ten	+	The World Bank (2006-2016)

Variable	Measurement	+/-	Source
	sub-factors for evaluations: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. The lower ranking scores underline the greater environment for doing business in a particular economy. The researcher decided to reverse the scale so that the higher values would correspond to the easier condition for doing business in a certain country. Therefore, the maximum scores would depend on the total numbers of countries in the ranking scales each year. There are 180-190 economies in the ranking scale on average.		
Social Trust	It is the measurements of perception concerning the percentage of respondents in each country answering that "Most people can be trusted" (after deleting "don't know" answers). The answer from respondents would range from 0-100. The higher value of scores implies the greater value of trust in the	+	World Value Survey (1995-2014)

Variable	Measurement	+/-	Source
	society. To handle the missing and inconsistency of data, the researcher decided to use "mean" where is appropriate.		
Civic Cooperation	It is the assessment of respondents who are questioned concerning whether each of the following behaviors "can always be justified, never be justified or something in between," which are: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have a chance. In answering these questions, respondents might choose a number from 1 (never justifiable) to 10 (always justifiable) on each question. To analyze this data, the values from these three items are combined and summed as a new scale called CIVIC The value in this category is the weighted average from the mentioned sub-items. The higher scores indicate the greater civic cooperation in a certain country.	+	World Value Survey (1995-2014)
Natural Resources	It is the measurements of total natural resources rents. They are the sum of	+	The World Bank (1990-2015)

Variable	Measurement	+/-	Source
	oil rents, natural gas rents, coal rents (hard and soft), mineral rents and forest rents. This can be evaluated as a percentage of GDP.		
GDP Growth Rate (annual %)	It is an annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 USD. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.	+	The World Bank (1990-2016)
GDP per Capita (USD)	GDP per capita is gross domestic product divided by midyear population. This is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in the current USD. The higher GDP per capita, the higher economic wellbeing financially.	+	The World Bank (1990-2016)
Labor Force (total number of labors)	Labor force comprises people ages 15 and older who supply labor for the production of goods and services during a specified period. It includes people who are currently employed and people who are unemployed but	+	The World Bank (1990-2016)

Variable	Measurement	+/-	Source
	seeking work as well as first-time job-seekers. Not everyone who works is included, however. Unpaid workers, family workers, and students are often omitted, and some countries do not count members of the armed forces.		
Population Growth Rate (annual %)	Annual population growth rate for year *"t"* is the exponential rate of growth of midyear population from year t-1 to t, expressed as a percentage. The population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship.	+	The World Bank (1990-2016)
Cost to Export (USD per container)	It is the measurement of all fee associated with completing the procedures to export. These include costs for documents, administrative fees for customs clearance and technical control, customs broker fees, terminal handling charges, and inland transport Calculated on the fees levied on a 20-foot container in USD.	-	The World Bank (2005-2014)

Variable	Measurement	+/-	Source
Cost to Import (USD per container)	It is the measurement of all fee associated with completing the procedures to import. These include costs for documents, administrative fees for customs clearance and technical control, customs broker fees, terminal handling charges, and inland transport Calculated on the fees levied on a 20-foot container in USD.	-	The World Bank (2005-2014)
Life Expectancy at Birth (total years)	Life expectancy at birth indicates the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life.	+	UNDP Human Development Reports (1990-2015)
Adult Literacy Rate (total percentage of people ages 15 and above)	The adult literacy rate is the percentage of people ages 15 and above who can both read and write with understanding a short simple statement about their everyday life.	+	UNDP Human Development Reports (1990-2015)
Combined Gross Enrollment (% per population)	It is the number of students enrolled in primary, secondary and tertiary levels of education, regardless of age, as a percentage of the population.	+	UNDP Human Development Reports (2000-2012)

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3.3 Data Analysis

Upon the completion of data collection, sets of determinants are identified. Independent variables are socio-economic, human capital, economic and social institutional forces. The dependent variable is the FDI inflows in each ASEAN country. The qualitative method will be first employed to provide a historical background of cross-national data regarding economic structure, key investment policies, and institutional performance in each country. Later, the quantitative analysis shall be supplemented to test the hypotheses of the study and examine the relationship among institutional factors with respect to the FDI inflows country by country.

All data is pooled from the specific duration of 1990-2016 and represented in disguise of the overview of economic, amount of FDI inflows, institutional performance and related business indicators in each country. The evidence shall be presented by descriptive statistics and statistical table summary. For quantitative data analysis, the researcher employed IBM SPSS Statistics 20.

Once all data is computerized and layout, Pearson correlation diagnosis shall be performed to test the multi-correlation issues (or the association between two or more variables) to ascertain that all variables are free from the statistical problems. After that, the standard multiple regression equation will be constructed and analyzed. ENTER mode is then selected for performing the multiple regression analysis making sure that all variables are simultaneously put into the equation.

CHAPTER 4

OVERVIEW OF FDI, ECONOMIC INSTITUTIONS AND SOCIAL INSTITUTIONS (SOCIAL CAPITAL) IN ASEAN COUNTRIES

4.1 Overview of FDI in ASEAN Countries

FDI has become the heart of international business and has been a catalyst for motivating greater trade flow and cross-border investments among countries since the end of World War II. It was intensified by economic globalization and trade liberalization in the post-Cold War period. Theoretically, FDI is assumed to cause economic growth and progress through the so-called "spillover effects," such as employment opportunity, the mobility of resources and labor, relocation of firms, expansion of transnational companies (TNCs), and technology transfer, all positively resulting in more economic interactions from one country to others. FDI, on the other hand, is stimulated by the host country via government-sponsored programs, policies, and incentives, especially in the developing ASEAN countries. In order to achieve this, many ASEAN countries have attempted to promote friendlier investment laws, easing regulations and providing stimulus packages and privileges offered to foreign investors in a bid to attract large-scale capital flow and financial resources. By doing so, they are confident that this is a long-term solution for economic prosperity and development.

FDI is obviously widespread throughout Asia as a large part of global FDI coming into the Asian market in particular over the past decades (Masron & Yusop, 2012). ASEAN accordingly has enjoyed this momentum of FDI growth, including other

investment and trade flows. At the country level in the ASEAN region, FDI will sustain economic growth and competitiveness amid global economic uncertainty and it can stimulate future growth, development, and productivity in the long run via spillover effects. Studies such as (Athukorala & Tien, 2012; Kishor & Singh, 2015; Yue, 1999) have provided concrete evidence showing that FDI has constructively resulted in economic progress and employment in most ASEAN countries with the ability to solve the limitation of small market sizes.

For ASEAN itself, it is an attractive market as it is an open economic region with relatively low trade barriers, resource-rich locations, and low cost of labor. Importantly, there are numerous supportive government policies that promote foreign investment and capital flows. Over the past decades, Singapore, Thailand, and Malaysia were satisfied with the massive amount of FDI inflows from the EU, the USA, and Japan. They perceived FDI as a driver of growth and prosperity.

From a historical perspective, the greater flow of FDI into the ASEAN market was caused by the "Plaza Accord Agreement," an agreement between the United States, France, Britain, German and Japan in 1985 that forced the depreciation of the U.S. dollar in relation to the Japanese Yen in the global currency market. The Yen dramatically soared in value relative to the U.S. dollar, leading to considerable difficulties for Japanese industries to continue to export goods. As a result, the relocation of Japanese industries and the outpouring of capital to Asia became more obvious ever since; consequently, there has been expansion of Japanese firms to the newly-industrialized economies in the ASEAN region (Kotler, Kartajaya, & Huan, 2015). Apart from the mentioned rationales, the transformation of ASEAN into a single market was expected in the name of the ASEAN Economic Community, which was inaugurated in 2015 and could drive a massive influx FDI to the region. This will include the transformation of AEC 2015 to a more integrative market in 2025 (or AEC 2025). This is an opportunity for foreign investors to hit the ASEAN market by having more business presence, and the relocation of firms (Economist, 2013).

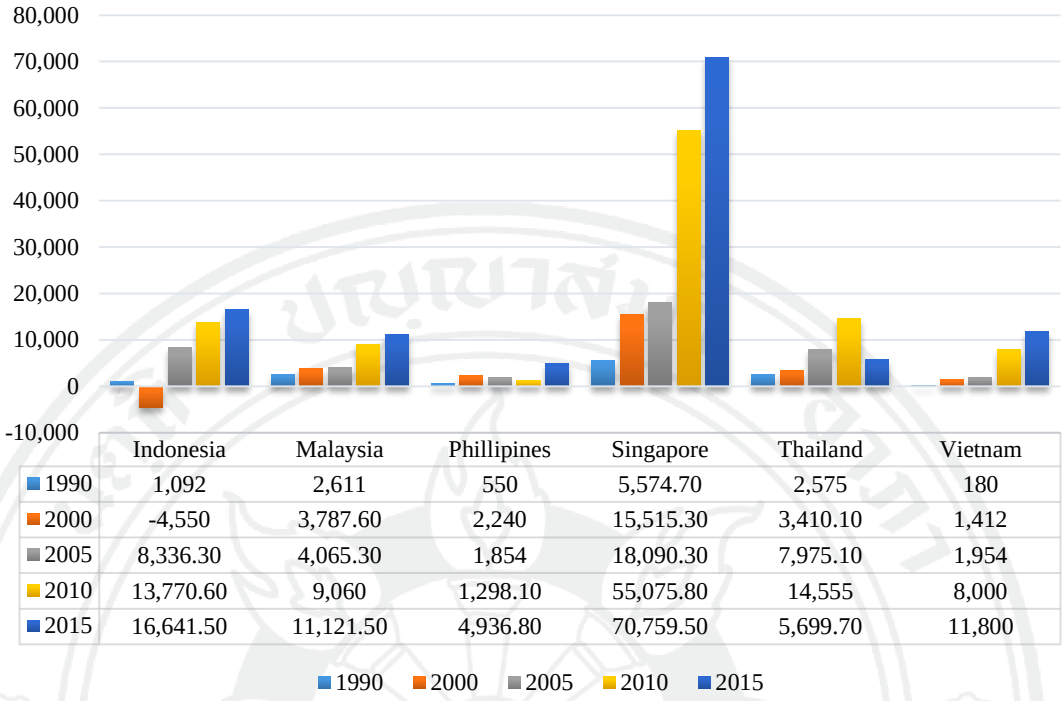
Table 4.1 illustrates the pattern of FDI inflows to 6 ASEAN countries from 1990 to 2015. The movement is seen as an upward trend in almost every country. The greater flows of FDI to these 6 countries reflect the confidence of foreign investors in the ASEAN market, including the opportunity for investment expansion for years to come. Based on table 4.1, there are three observations that require attention.

First, between 1990 and 1995, before the Asian economic crisis in 1997, high growth of FDI was witnessed in several countries—Indonesia (from 1,092 million USD in 1990 to 4,418 million USD in 1995); Singapore (from 5,547.7 million USD in 1990 to 11,942.8 in 1995); and Vietnam (from 180 million USD in 1990 to 1,780.4 million USD in 1995). The growth in countries such as Singapore, Indonesia, and Vietnam was a phenomenon implying high FDI attractiveness in the ASEAN region.

Second, Singapore firmly maintained its position as the largest FDI recipient during this period (1990-2015). In 1990, the FDI in Singapore was 5,574.7 million USD while Malaysia, in second place, absorbed the volume of roughly half the size of Singapore or 2,611 billion USD. During 2005-2010, the FDI inflows in all countries, except for the Philippines, skyrocketed. For example, Singapore increased from 18,090.3 million USD to 55,075.8 million USD, and Vietnam climbed from 1,954 million USD to 8,000 million USD. This was considered the golden period of the FDI boom in the ASEAN market because during the later period the growth of FDI diminished. This might have been because of the longer-than-expected EU financial crisis since 2008, together with the fragile recovery of the US economy, causing the global FDI to stagnant.

Third is the rising power of Vietnam as the third largest FDI recipient in 2015, after Indonesia and Singapore. The emergence of Vietnam was a spectacle because in 1990 FDI inflows to Vietnam (180 million USD) were very much behind countries such as the Philippines (550 million USD), Malaysia (2,611 million USD), and Thailand (2,575 million USD). Surprisingly, in 2015, Vietnam surpassed those countries having up to 11,800 million USD in FDI inflows, only behind Indonesia (16,641.5 million USD) and Singapore (70, 579.5 million USD). See full details below.

Unit: Million USD



	Indonesia	Malaysia	Phillipines	Singapore	Thailand	Vietnam
1990	1,092	2,611	550	5,574.70	2,575	180
2000	-4,550	3,787.60	2,240	15,515.30	3,410.10	1,412
2005	8,336.30	4,065.30	1,854	18,090.30	7,975.10	1,954
2010	13,770.60	9,060	1,298.10	55,075.80	14,555	8,000
2015	16,641.50	11,121.50	4,936.80	70,759.50	5,699.70	11,800

Figure 4.1 FDI Inflow to 6 ASEAN Countries (1990-2015)

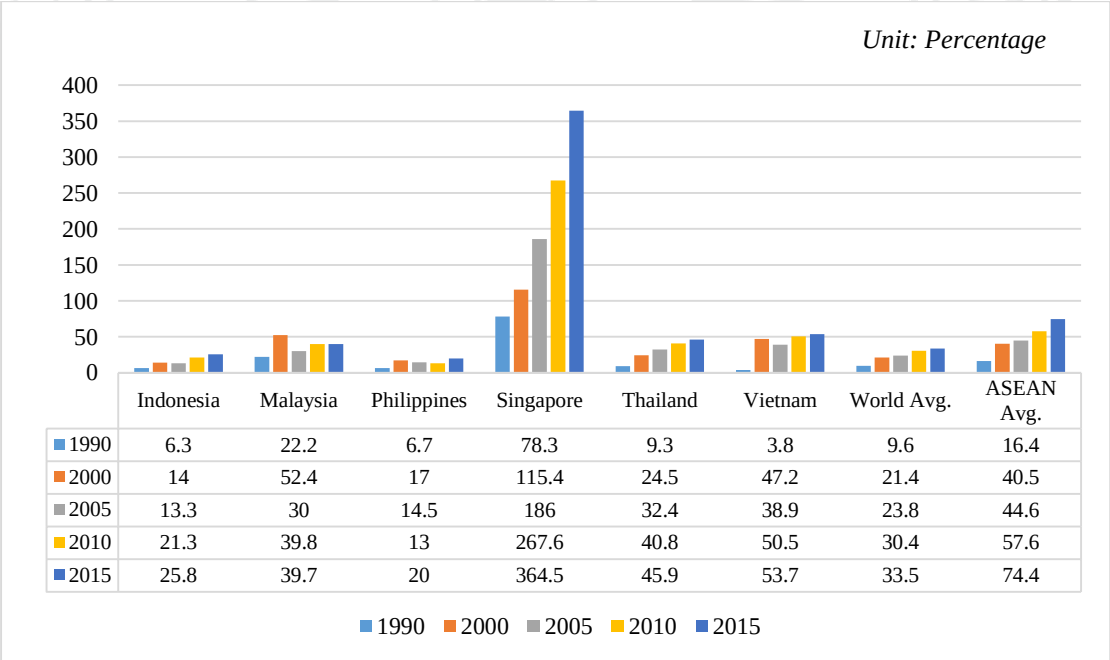
Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics), modified by the author

FDI pouring into the ASEAN region has gradually soared over the years in spite of the severe Asian financial crisis in 1997 and the mortgage crisis in 2010. Singapore, Thailand, and Malaysia were considered the top three magnets for FDI. In 2015, FDI inflows to all ten ASEAN countries accounted for 126,638.8 million USD. Singapore was positioned as the largest FDI receiver at around 70,579.5 million USD, followed by Indonesia (16,641.5 million USD), Vietnam (11,800 million USD), Malaysia (11,121.5 million USD), and Thailand (5,699.7 million USD).

Table 4.2 identifies FDI inward stock as a percentage of the GDP from 1990-2015. This category indicates a significant portion of FDI per GDP in ASEAN countries. It can be seen that the average of FDI inward stock in ASEAN has substantially increased from time to time. The average was 16.4% (1990), and increased to 44.6%

(2005), 57.6% (2010), and 74.2% (2015). Since 1995, the average of FDI inward stock per GDP in ASEAN started to surpass the global average; that is to say 20.6% (1995), 44.6% (2005), and 74.2% (2015), whereas the global average accounted for only 11.1%, 23.8% and 33.5% in the same duration.

By country, the share of FDI inward stock is seemingly higher than the global average of 33.5%. In 2015, some ASEAN countries went beyond the regional average of 74.2%; for example, Singapore (364.5%), Vietnam (53.7%), Thailand (45.9%), and Malaysia (39.7%). These skyrocketing numbers implied that ASEAN countries could rely heavily on FDI and external markets to drive growth. At the same time, inward FDI to ASEAN still remained very strong in comparison with the world average. This corresponded with the confidence in investment and the prospect of doing business in the ASEAN market as a whole. See full details below.



	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam	World Avg.	ASEAN Avg.
1990	6.3	22.2	6.7	78.3	9.3	3.8	9.6	16.4
2000	14	52.4	17	115.4	24.5	47.2	21.4	40.5
2005	13.3	30	14.5	186	32.4	38.9	23.8	44.6
2010	21.3	39.8	13	267.6	40.8	50.5	30.4	57.6
2015	25.8	39.7	20	364.5	45.9	53.7	33.5	74.4

Figure 4.2 FDI Inward Stock as a Percentage of GDP (1990-20015)

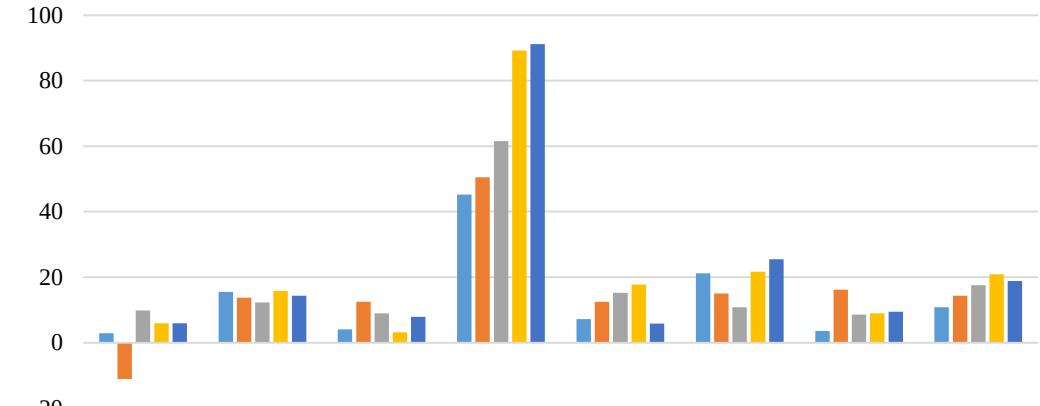
Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics), modified by the author. Note: ASEAN average is the average of the entire 10 ASEAN countries

Table 4.3 clarifies the FDI inflows per gross fixed capital formulation (or gross domestic fixed investment) during 1990-2105. This category refers to the net increase of physical assets or net capital accumulation in a certain country, indicating how FDI significantly contributes to capital formation across countries.

It can be seen that the FDI inflows per fixed capital formulation in most countries were likely to fluctuate across the period, except for Singapore, which was quite constant in the past ten years—moving at around 90%. In Indonesia, the FDI inflows per fixed investment accounted were 6.1% in 1995, plummeting to -11.1% in 2000, rebounding to 9.8% in 2005, and going slightly down to 5.9% in 2010 to 2015. In Thailand, it was 12.5% in 2000, increasing to 15.2% and 17.8% in 2005 and 2010, but going down to 5.8% in 2015. This is in contrast to Singapore, where the figure seemed to increase continuously in 1990-2005, and in 1990 (45.2%), 1995 (41%), 2000 (50.5%), 2005 (61.5%), 2010 (89.2%), and 2015 (91.2%). This reflects the strong potential of the Singaporean market. In 2015, Singapore topped the rank in this category of 91.2%.

It can be inferred that FDI was the main component for gross fixed capital formation, especially in Singapore, which was over 90% of the FDI in 2015 and contributed to the fixed capital formation of the country. This left the following countries very much behind: Vietnam (2^{nd}) at 25.5%, Malaysia (3^{rd}) at 14.3%, and beyond the ASEAN average of 18.8%. This means that only Singapore relies heavily on FDI in part of the capital formation while for the other ASEAN countries it is the opposite. On the other hand, this could imply that the country development level would fail to justify the FDI flows per domestic fixed investment. See full details below.

Unit: Percentage

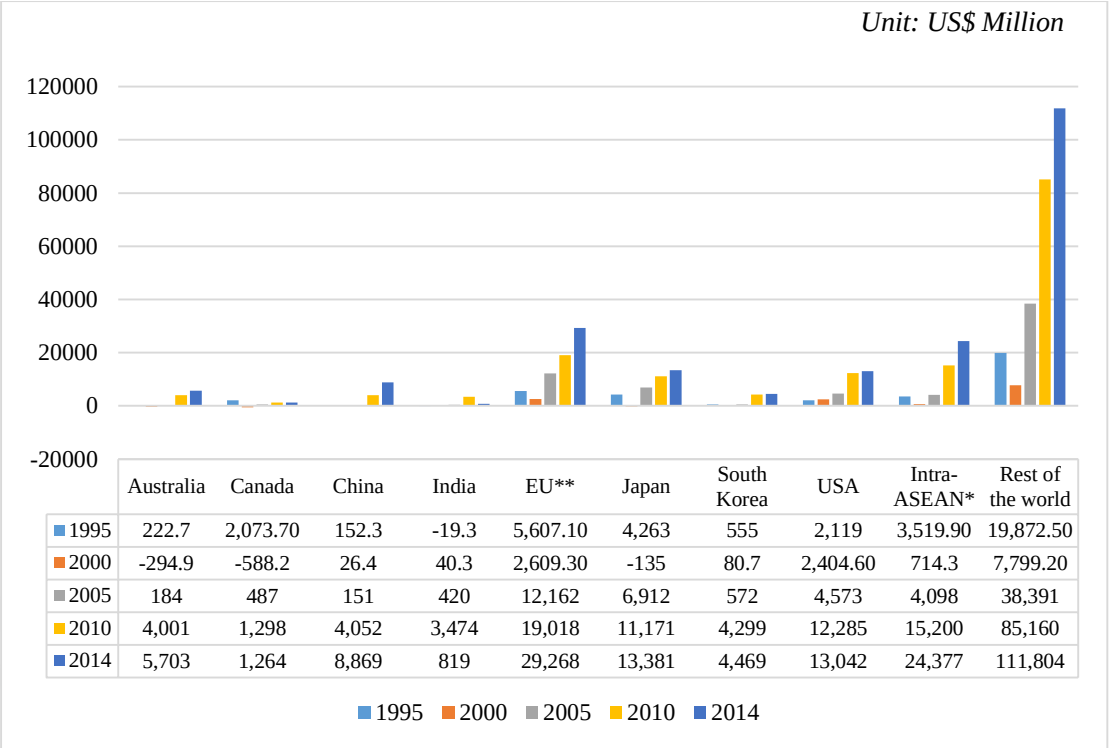


	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam	World Avg.	ASEAN Avg.
1990	2.9	15.5	4.1	45.2	7.2	21.2	3.6	10.8
2000	-11.1	13.8	12.5	50.5	12.5	15	16.2	14.3
2005	9.8	12.3	9	61.5	15.2	10.8	8.6	17.6
2010	5.9	15.8	3.2	89.2	17.8	21.7	9	20.9
2015	5.9	14.3	7.9	91.2	5.8	25.5	9.5	18.8

Figure 4.3 FDI Inflows as a Percentage of Gross Fixed Capital Formation (1990-2016)

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics), modified by the author. Notes: ASEAN average is the average of the entire 10 ASEAN countries

Table 4.4 below depicts the portion of FDI from major powers investing in the ASEAN market from 1995 to 2014. The FDI movements in this category appear to have an upward trend due to the substantial increase over the period. The FDI inflows pouring into the ASEAN market grew considerably, from 38,365.9 million USD (1995) to 212,996 million USD (2014). This implies the impressive growth of FDI and confidence in doing business in the ASEAN market as a whole.



	Australia	Canada	China	India	EU**	Japan	South Korea	USA	Intra-ASEAN*	Rest of the world
1995	222.7	2,073.70	152.3	-19.3	5,607.10	4,263	555	2,119	3,519.90	19,872.50
2000	-294.9	-588.2	26.4	40.3	2,609.30	-135	80.7	2,404.60	714.3	7,799.20
2005	184	487	151	420	12,162	6,912	572	4,573	4,098	38,391
2010	4,001	1,298	4,052	3,474	19,018	11,171	4,299	12,285	15,200	85,160
2014	5,703	1,264	8,869	819	29,268	13,381	4,469	13,042	24,377	111,804

Figure 4.4 FDI Inflows into ASEAN by Source Country (1995-2014)

Source: ASEAN Secretariat: ASEAN FDI Database (Balance of Payments Basis)

Notes: * Excluding Cambodia (Data not available in details)

** EU (1995-2000) comprised of 15 countries, EU (2005-2014) comprised of 28 countries. (-) The negative sign means disinvestment

Based on the table, there are two observations for consideration. First, the largest source of FDI flowing to the ASEAN region came from the EU, currently 28 nations, accounting for 5,607.1 million USD (1995), 12.162 million USD (2010), 19,018 million USD (2010), and 29,268 million (2014); on the other hand, the second largest countries were those in rival between Japan and USA. In fact, the second largest FDI belonged to the USA (1990), Japan (2005), USA (2010), and Japan (2014).

Second, the rising power of China. Chinese FDI accounted for 151 million USD (2000), skyrocketing to 4,052 million USD (2010) and doubling in size to 8,869 million USD (2014).

By comparison, it is interesting that even the EU, the USA, and Japan are all positioned as the largest FDI players in the ASEAN market, but their incremental pace lagged far behind China. The EU took 12,162 million USD (2005), an increase to 19,018 million USD (2010), and jumped to 29,268 million USD (2014). The USA took 4,573 million USD (2005), 12,285 million USD (2010), and 13,042 million USD (2014). Japan accounted for 6,912 million USD (2005), slightly increasing to 11,171 and 13,381 million USD in 2010 and 2014 respectively.

Another reflection of ASEAN attractiveness is FDI inflows by activity based on certain business lines. According to the AEC Chart Book 2017, it was found that financial and insurance activities absorbed the largest share of the inflows, accounting for around 35%, followed by the wholesale and retail trade and the automobile industry by 20%. This indicated the strength of ASEAN's financial service and trading and automobile sectors, which are robust and have the potential to grow further for the years to come.

This included a lot of policy packages, incentives, and privileges offered by governments to foreign investors across the ASEAN countries.

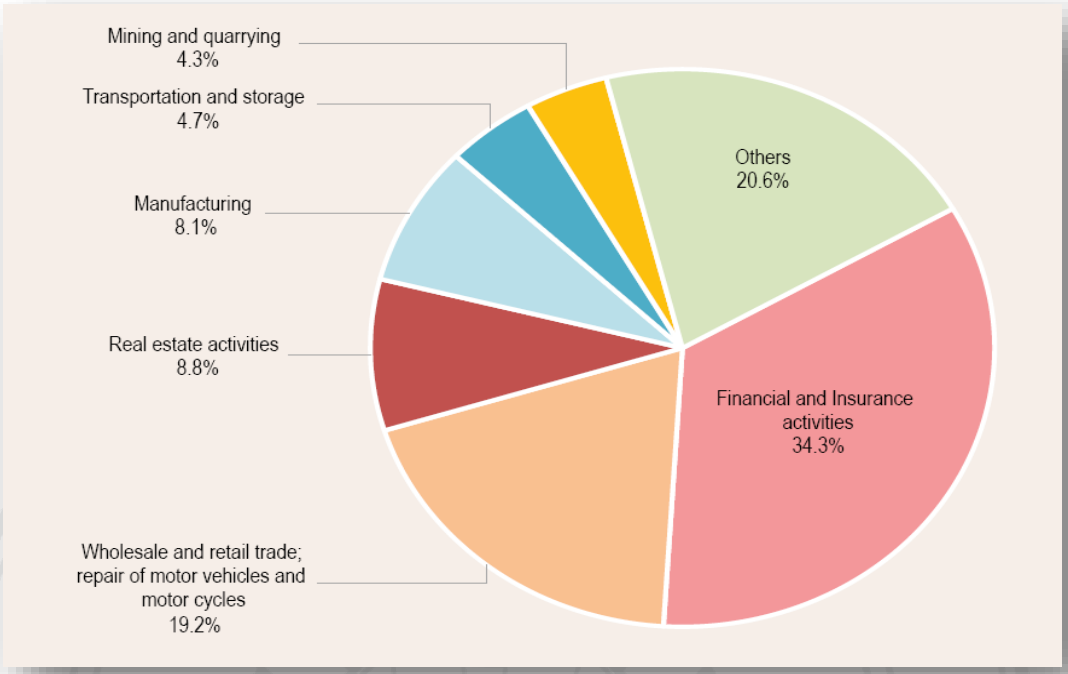


Figure 4.5 FDI Inflow by Activity in 2016

Source: ASEAN Economic Community Chartbook 2017, ASEAN Secretariat

4.2 Overview of Economic Institutions in ASEAN Countries

In ASEAN, the economic institutions vary depending on the country's conditions because ASEAN is a group of countries comprising diverse economic structures and uneven development, such as income gaps, economic disparity, and different regulations and business environments. In the ASEAN region, the economic institutions deal with a great number of actors, ranging from government to private agencies, for example, the Ministry of Trade, the Federation of Industries, the Board of Investment, the Board of Trade (in Thailand), the Department of Labor and Employment, the Department of Trade and Industry (in the Philippines), the Ministry of Trade and Industry, the Ministry of Law, the Ministry of Manpower (in Singapore), the Ministry of International Trade and Industry, the Ministry of Domestic Trade, Co-

operatives and Consumerism (in Malaysia), the Minister of Industry and Trade, and the Minister of Planning and Investment (in Vietnam). All of these include related regulators and sub-implementing organizations. It should be noted that the names of these agencies are different due to the administrative system and governing bodies in each individual country.

These institutions have certain authority to determine the series of rules, procedures, and norms in a society. Strong institutions can lead to a positive environment for business that unlocks greater economic prosperity and development. In contrast, the weaker ones will potentially result in negative prospects, and deter international trade and break investments (North, 1990). Vigorous institutions are considered a catalyst for sustaining wealth and the progressiveness of a nation in that it creates incentives for prosperity and encourages investment (Acemonglu & Robinson, 2012).

In this research, the researcher investigated the economic institutions through the analytical lens of a cross-category perspective. These include governance indicators, economic freedom, the doing business ranking, the paying taxes ranking, the global competitiveness ranking, and the business environment ranking. The following section details how these institutions affect the overall economic outcomes and business in each country.

4.2.1 Economic Institutions through "Governance Indicators"

In cross-country studies, the frequently-used proxies for evaluating economic institutions are the so-called "governance indicators," which comprise government effectiveness, regulatory quality, rule of law, and control of corruption. These factors potentially deal with the ability of the government agencies and implementing bodies that legally exercise authority through mandates, rules, regulations, and constraints in a bid to control a particular action by individuals and groups of businesses. This includes the administration of economic orders and activities affecting the entire business environment and the trustworthiness in a society.

To date, there is a growing amount of empirical evidence showing a significant relationship between the governance indicators and economic development of a country. It has been found that property rights together with governance effectiveness play a crucial role in economic development and in fostering economic growth and prosperity (Levy Carciente, 2016). He used these proxies to examine how economic institutions—via a set of governance indicators—shape the flow of FDI and determine economic outcomes in a wide range of countries.

Table 4.5 demonstrates the performance of government effectiveness in ASEAN at the country level during the period 1996-2015. The values displayed range from -2.5 to +2.5; the higher score represents the greater performance of government effectiveness. It is apparent that most ASEAN countries, except for Singapore, underperformed by having an average score much lower than 0.0 points throughout the recorded period. See full details below.

Table 4.1 Government Effectiveness in 6 ASEAN Countries (1996-2015)

Country	**1996**	**2000**	**2005**	**2010**	**2015**	**Average score**	**ASEAN rank**
Indonesia	-0.4	-0.3	-0.4	-0.2	-0.2	-0.3	6
Malaysia	0.7	1.1	1.1	1.1	1.0	0.86	2
Philippines	-0.2	-0.1	-0.1	0.0	0.1	-0.06	4
Singapore	2.1	2.2	2.0	2.3	2.3	2.18	1
Thailand	0.3	0.2	0.4	0.2	0.4	0.3	3
Vietnam	-0.5	-0.4	-0.2	-0.3	-0.26	-0.26	5

Source: Worldwide Governance Indicators (1996-2015), modified by the author
Note: Average score and ASEAN rank is the author's calculation

Table 4.6 details the regulatory quality performance throughout the ASEAN countries. It is obvious that most countries have relatively weak scores, or lower than

1.0. This means that the regulatory quality in ASEAN (or the ability of the government to implement sound policies and the enforcement of contracts) is substandard, except for Singapore (2.04). The situation in some countries was even worse. For example in 1996, Indonesia gained 0.2 but in 2105 went down to -0.2; the Philippines obtained 0.3 and dropped to 0.0 in 2015; Thailand remained unchanged with the score moving between 0.2 and 0.3. To this end, this paper argues that the regulatory quality practices in most ASEAN countries should be improved in order to maintain future competitiveness and confidence on the part of foreign investors. See full details below.

Table 4.2 Regulatory Quality in 6 ASEAN Countries (1996-2015)

Country	**1996**	**2000**	**2005**	**2010**	**2015**	**Average score**	**ASEAN rank**
Indonesia	0.2	-0.2	-0.5	-0.4	-0.2	0.22	4
Malaysia	0.7	0.5	0.6	0.6	0.8	0.64	2
Philippines	0.3	0.2	-0.1	-0.2	0.0	0.04	5
Singapore	2.2	2.1	1.8	1.8	2.3	2.04	1
Thailand	0.2	0.5	0.5	0.2	0.3	0.34	3
Vietnam	-0.5	-0.7	-0.6	-0.6	-0.5	-0.58	6

Source: Worldwide Governance Indicators (1996-2015), modified by the author
Note: Average score and ASEAN rank is the author's calculation

Table 4.7 displays the rule of law or the confidence in abiding by the rules of society in each ASEAN country. This is the measurement of the protection of private property rights, the enforcement of the law, the court system, and judicial and executive accountability. In this category, only Singapore outperformed the others by having the average score of 1.57 through the years, while the remaining countries were substandard. This signifies that the rule of law in the ASEAN region is problematic,

causing a drop in confidence in property rights protection and enforcement of contracts. This includes the extent of the low level of accountability and transparency of the government as well. The rule of law in various countries worsened such as seen in Indonesia (-0.37 to -0.41), in Thailand (0.54 to -0.11), and Malaysia (0.61 to 0.57).

This evidence suggests negative progress regarding the rule of law in ASEAN countries. At this point, the government in each country needs to actively come up with more responsive policy to enhance the property rights protection and rule of law in order to regain the confidence and trustworthiness of all investors and stakeholders.

Table 4.3 Rule of Law in 6 ASEAN Countries (1996-2015)

Country	**1996**	**2000**	**2005**	**2010**	**2015**	**Average score**	**ASEAN rank**
Indonesia	-0.37	-0.75	-0.82	-0.64	-0.41	-0.59	6
Malaysia	0.61	0.31	0.57	0.53	0.57	0.51	2
Philippines	-0.01	-0.44	-0.36	-0.58	-0.35	-0.34	4
Singapore	1.28	1.27	1.76	1.68	1.88	1.57	1
Thailand	0.54	0.55	0.09	-0.20	-0.11	0.17	3
Vietnam	-0.40	-0.34	-0.24	-0.53	-0.27	-0.35	5

Source: Worldwide Governance Indicators (1996-2015), modified by the author
Note: Average score and ASEAN rank is the author's calculation

Table 4.8 presents data on the control of corruption (or the public power exercised for private gain and the possibility of avoiding any form of corruption led by the state's elites or private interests) in each ASEAN region from 1996-2015. This indicator implies the ability of the government to safeguard investment and economic activities to be free from the likelihood of bribery and dishonesty. The greater capacity for controlling corruption, the higher is the trust and confidence that will be guaranteed. From this table, it can be seen that only Singapore was outstanding, having the

average score of 2.2, leaving behind Malaysia, the runner-up, accounting for only 0.54, while the majority of ASEAN countries had minus scores, such as Indonesia, the Philippines, Thailand, and Vietnam.

The result of this implies the inability of most governments in ASEAN to handle the corruption and this will then cause the confidence and trustworthiness in business decisions to decline, especially in terms of long-term optimism regarding FDI.

Table 4.4 Control of Corruption in 6 ASEAN Countries (1996-2015)

Country	**1996**	**2000**	**2005**	**2010**	**2015**	**Average score**	**ASEAN rank**
Indonesia	-0.6	-0.9	-0.9	-0.7	-0.5	-0.72	6
Malaysia	0.5	0.4	0.3	0.1	0.3	0.32	2
Philippines	-0.2	-0.5	-0.6	-0.8	-0.4	-0.5	4
Singapore	2.2	2.3	2.2	2.2	2.1	2.2	1
Thailand	-0.2	-0.1	-0.1	-0.3	-0.4	-0.22	3
Vietnam	-0.4	-0.6	-0.8	-0.6	-0.4	-0.56	5

Source: Worldwide Governance Indicators (1996-2015), modified by the author
Note: Average score and ASEAN rank is the author's calculation

In conclusion, based on a wide range of governance indicators through government effectiveness, regulatory quality, rule of law, and control of corruption in ASEAN countries from 1996-2015, this dissertation contends that most ASEAN countries, except for Singapore, underperform and are ineffective in terms of maintaining a high level of governance performance. These relatively low scores might cause business confidence to drop and investment flow to cease. ASEAN countries should then come up with more aggressive policy to address these problems by improving overall governance performance in order to level up the whole business attractiveness.

4.2.2 Economic Institutions through “Economic Freedom”

Another key dimension for evaluating the performance of institutions is the consideration of economic freedom, which can be defined as the freedom of choice enjoyed by an individual in acquiring and using economic goods and resources. It plays a crucial role in promoting the prosperity, progress, and economic growth of a country.

In most cases, high economic freedom can promote a friendlier business atmosphere and environment for business and investors. In the market economy today, economic freedom appears in the form of social norms that grow organically out of society and regulate behavior. This involves democratic political systems appearing as laws and regulations (Miller & Kim, 2017). In most cases, the focus is on the government, which exercises lawful authority concerning state decrees or orders that intervene in individual liberty and choices.

Precisely, economic freedom in this research is the assessment of business sentiments with regard to their right to act without hindrance, restraint, or intervention from the government. All of this is hypothesized to considerably affect large-scale economic environments and business preferences. A large amount of research has taken the economic freedom index as one of the proxies to evaluate economic institutions, such as the liberty of individuals to use their labor, finance or capital without restraint and government interference. In this case, Miller and Kim (2017) proposed measurements of economic freedom via the analysis of sub-indicators. See full details below for an explanation of economic freedom and the key indicators in each category.

Table 4.5 Category of Economic Freedom and Indicators

Category	Indicator
Rule of law	Property rights
	Judicial effectiveness
	Government integrity
Government size	Tax burden
	Government spending
	Fiscal health
Regulatory efficiency	Business freedom
	Labor freedom
	Monetary freedom
Market openness	Trade freedom
	Investment freedom
	Financial freedom

Source: Index of economic freedom, the heritage foundation, 2017

Table 4.6 illustrates ASEAN economic freedom ranking at the country level from 2008-2017 by assigning scores ranging from 0-100. The higher scores correspond to the greater performance of economic freedom, while the lower ones display the opposite. Based on this evidence, there are three discussions for greater comprehension.

First, Singapore was able to top the rank with no surprise by having the highest average score of 87.8; this is because Singapore has the massive promotion of market access policy focusing on trade and financial liberalization to attract all forms of cross-border trade and investment. Singapore left Malaysia far behind in second place. Second, most ASEAN countries achieved a certain level of better economic freedom by having an increase in their scores in comparison to the base year in 2008. This implies that the majority of ASEAN nations recognize the importance of economic freedom in pursuing greater economic progress. Third, only Vietnam had a relatively low score at around 51 points.

This paper argues that economic freedom in a wide range of ASEAN countries varies depending on the specific country's condition and there is no unified pattern. The leading countries are Singapore and Malaysia and the followers are Indonesia, the Philippines, and Thailand.

In this connection, companies that are about to invest in the ASEAN market are advised to take into account economic freedom by adopting a multi-local strategy in the target country (Economist, 2013).

Table 4.6 Economic Freedom Index in 6 ASEAN Countries (2008-2017)

Country	**2008**	**2010**	**2012**	**2015**	**2017**	**Average score**	**ASEAN rank**
Indonesia	53.9	55.5	56.4	58.1	61.9	57.1	5
Malaysia	64.5	64.8	66.4	70.8	73.8	68.0	2
Philippines	56.9	56.3	57.1	62.2	65.6	59.6	4
Singapore	87.4	86.1	87.5	89.4	88.6	87.8	1
Thailand	63.5	64.1	64.9	62.4	66.2	64.2	3
Vietnam	49.8	49.8	51.3	51.7	52.4	51.0	6

Source: The Heritage Foundation, heritage.org/Index, 2008-2017, modified by the author

Notes: The Average score is calculated from 2008-2017

Brunei from 2008-2012 (data not available in details), the average score calculated only 2015-2017. ASEAN rank is the rank based on the average score from 2008-2017

4.2.3 Economic Institutions through “Ease of Doing Business”

Ease of doing business (or the doing business ranking) is an economic ranking indicating how simple it is to do business in a wide range of economies. It covers ten sub-factors for evaluation: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. The lower rank indicates the easier it is to do business in an economy. This ranking reflects the ability of the government via respective institutional bodies to provide such services and facilitation to foreign investors in a speedy and effective manner.

The evidence of the doing business ranking during 2006-2017 showed that Singapore topped the rank for both ASEAN and global rankings. It is regarded as the world’s most business-friendly country with good governance and effective institutions, ensuring long-term prospects for business and investment. Other ASEAN countries such as Malaysia and Thailand performed quite well regarding inducing business and cross-border investment from abroad. Their rankings were likely impressive based on the overall of 190 economies in 2018.

The biggest concerns for doing business would be in countries such as Indonesia, the Philippines, and Vietnam, where the ranking positions were almost over 100. This implies unfriendly business conditions, bureaucratic red tape, and a low level of institutions in providing adequate support for business. All of this can result in uncompetitive and distractive business activities in these countries. See full details below.

Table 4.7 Doing Business Ranking in 6 ASEAN Countries (2006-2017)

Country	2006	2010	2012	2014	2016	2017	ASEAN Rank
Indonesia	115	122	129	120	109	91	5
Malaysia	21	23	18	6	18	23	2
Philippines	113	144	136	108	103	99	6
Singapore	2	1	1	1	1	2	1
Thailand	20	12	17	18	49	46	3
Vietnam	99	93	98	99	90	82	4

Source: The World Bank, Doing Business Report 2006-2017, modified by the author

Note: The lower rank indicates the greater ease of doing business in a particular country. ASEAN rank is author's calculation based on the ranking in 2017

4.2.4 Economic Institutions through "Ease of Paying Taxes"

Ease of paying taxes (or paying taxes ranking) is an economic ranking concerning the complexity of paying taxes in an economy. This is the ability of the government, institutional bodies, implementing agencies, and front-line implementers to provide friendly tax structures, quick procedures, and smooth taxation processes for the foreign investors that run the business in a certain economy. The lower rank indicates the greater ability of the government to provide an effective system for tax settlements.

The paying taxes ranking from 2008-2017 indicates that most ASEAN countries were not competitive in terms of having a friendly-tax structure and acting in a quick manner for investors, except for Singapore. It can be stated then that only Singapore and Malaysia performed well throughout this period; Singapore was in the top 10 and Malaysia was in the top 50 on average. Countries such as Indonesia, the Philippines, Thailand, and Vietnam were obviously problematic as the overall rankings were not so high.

This suggests the government's inability to provide an effective tax regime and good settlement for foreign investors. It could be said that the tax settlements in these countries are likely to be time-consuming and delayed, which requires a longer time for business and firms to settle tax burdens. This might make investors uncomfortable in running their business in a particular economy. See full details below for a breakdown of the paying taxes ranking in the 6 ASEAN countries from 2008 to 2017.

Table 4.8 Paying Taxes Ranking in 6 ASEAN Countries (2008-2017)

Country	**2008**	**2010**	**2012**	**2014**	**2016**	**2017**	**ASEAN Rank**
Indonesia	110	127	130	137	148	104	3
Malaysia	56	24	28	36	31	61	2
Philippines	126	135	135	131	126	115	5
Singapore	2	5	4	5	5	8	1
Thailand	89	88	97	70	70	109	4
Vietnam	128	147	151	149	168	167	6

Source: The World Bank & PricewaterhouseCoopers, Paying Taxes Report 2008-2017, modified by the author

Note: The lower rank indicates the greater ease of doing business in a particular country. ASEAN rank is author's calculation based on the ranking in 2017

4.2.5 Economic Institutions through "Global Competitiveness Ranking"

The global competitiveness ranking is an analytical framework that evaluates a set of determinants focusing on a country's competitiveness in various dimensions covering 12 policy domains: (1) institutions, (2) infrastructure, (3) macroeconomic framework, (4) good health and primary education, (5) higher education and training, (6) goods

markets, (7) labor markets, (8) financial market, (9) technology, (10) market size, (11) production process, and (12) innovation. This is a large-scale assessment of countries concerning their competitiveness, which mirrors the ability of the government and institutional agencies to ascertain high levels of a country's competitiveness in the search for prosperity and well-being for their citizens as a whole.

The finding of this revealed that Singapore is the only ASEAN nation that was one of the most competitive nations throughout the period. Malaysia, Indonesia and Thailand are on the track that moves forward to a more competitive level. However, the Philippines and Vietnam need to work harder in order to level up their competitiveness as a whole. This study contends that the competitiveness among the ASEAN countries is greatly diverse due to the different capacity of the government to carry out economic and development policies to meet standard global requirements. Most of the ASEAN countries are then advised to improve their competitiveness in order to maintain trade and investment attractiveness for the years to come.

Table 4.9 Global Competitiveness Ranking in 6 ASEAN Countries (2011-2018)

Country	**2011-2012**	**2013-2014**	**2015-2016**	**2017-2018**	**ASEAN Rank**
Indonesia	46	38	37	36	4
Malaysia	21	24	18	23	2
Philippines	75	59	47	56	6
Singapore	2	2	2	3	1
Thailand	39	37	32	32	3
Vietnam	65	70	56	55	5

Sources: Global Competitiveness Report Index (2011-2018), modified by the author

Note: The lower rank indicates the greater competitiveness of a country.

ASEAN rank is author's calculation based on the ranking in 2017-2018

4.2.6 Economic Institutions through "Business Environment Ranking"

The business environment ranking is the assessment of which country is the best to do business in. It details the quality of the business atmosphere, including the economic attractiveness of a particular economy. This indicator is important as it can make a thesis statement describing how good or bad of a country in providing an attractive environment for business, investment, and business relocation. A better environment for business would lead to a more stable economy and investment attractiveness from a holistic view.

The findings from the business environment ranking from 2009 to 2018 conducted by the Economist Intelligence Unit disclosed that only Singapore and Malaysia were the best business environment in the ASEAN region. Singapore was ranked 1st and Malaysia 2nd. Thailand was somewhat competitive in this category—the ranking position was around 35 across the board. The problematic countries were Indonesia, the Philippines, and Vietnam as their overall rankings remained above the top 50. Ignorance of business environmental development would be risky for the future competitiveness level.

This study contends that only Singapore—at both global and regional levels—can provide maximum satisfaction concerning the business environment at all times, while the other countries should put more effort into enhancing a higher level of business environment. Therefore, serious attention to developing the business environment or having a friendlier atmosphere for business is vital, not only at the national level but also for the whole ASEAN region.

Table 4.10 Business Environment Ranking (2009-2018)

Country	2009-2013	2014-2018 (forecast)	ASEAN Rank
Indonesia	58	56	5
Malaysia	24	19	1
Philippines	51	53	4
Singapore	1	1	1
Thailand	38	34	3
Vietnam	60	59	6

Sources: Business Environment Ranking (2009-2018), The Economist Intelligence Unit, modified by the author

Note: The ranking during 2014-2018 is a forecast. ASEAN ranking is the author's calculation based on the forecast from 2014-2018

In conclusion, with respect to the rankings of all the institutions—governance indicators, economic freedom, doing business ranking, paying taxes ranking, global competitiveness ranking, and business environment ranking—this dissertation argues that most ASEAN nations are poor institutionally, with a low level of governance and business environment, except for Singapore. At this point, the overhaul improvement and enhancement of institutional quality in all dimensions are pivotal for maintaining economic competitiveness and FDI attraction. Less attention paid to institutional development would not only deter incoming FDI but also create a decline in overall competitiveness.

To this end, each ASEAN country should exercise greater effort and come up with responsive policy to increase institutional quality and performance.

4.3 Social Institutions (or Social Capital) in ASEAN Countries

Social institutions or social capital in ASEAN might take root as intangible assets—relatively in abstract forms—and influences underneath the social structure. It influences individuals in terms of social values, networks of relationships, and norms, which directly and indirectly lead to individual actions and influence business considerations. In ASEAN, widely regarded as a group of high contextual societies with great diversity, social capital endowment crucially matters for individuals and business as it serves as a fundamental element for mutual cooperation to achieve common goals.

Social capital (or social institutions) is frequently measured through the proxies of social trust and civic cooperation. Even though this study places strong emphasis on social trust or generalized trust, in the real world trust can be seen from many different perspectives, for example trust in government officials, trust in institutions, personal trust, or even trust in strangers. In terms of civic cooperation, this can be comprehended through the degree of political engagement, voting turnout, or even justification of certain actions such as claiming government benefits (which a person is not entitled to), avoiding a fare on public transportation, and cheating on taxes when you have a chance. Indisputably, all of these can determine the level of social capital in ASEAN in multi-layer aspects.

In order to provide a bird's-eye view of the social capital in ASEAN countries, the consideration of key social capital indicators, such as trust in government officials, citizen trust in institutions, general trust, and civic cooperation (summed in the form of justifiable behaviors or responses) is worthwhile to understand the unique context of ASEAN at country level. See more details in the following sections;

4.3.1 Social Institutions through "Trust in Government Officials"

In a modern liberal democracy, trust in government officials is vital for citizens as taxpayers regarding the reliability and trust that they grant to the government as a lawful authority to safeguard their economic well-being and to operate social affairs on their behalf. Trust in the government is pivotal for a country's development and success, especially through the smooth execution of government policies, programs, and regulations. This is because the government is required to be responsive to their obligations inorder to minimize uncertainty in the economic system and to enhance social stability within an economy. Therefore, trust in the government awarded and granted by the people is necessary to move a community forward. In ASEAN and East Asia, according to the survey of World Value Survey (WVS), it was reported that citizens in several ASEAN countries had a relatively low level of trust and confidence in these social institutions. This tendency has a positive relationship with the widespread corruption in the Asian region, which has a corrosive effect on trust in political institutions and government officials.

Table 4.11 Trust in Government Officials

Country	**WAVE 1 (2001-2003)**	**WAVE 2 (2005-2008)**	**WAVE 3 (2010-2012)**	**ASEAN Rank**
Indonesia	-	75	62	5
Malaysia	-	71	73	3
Philippines	53	47	51	6
Singapore	-	83	77	2
Thailand	83	68	70	4
Vietnam	-	88	85	1

Sources: Asian Barometer (2001-2012), modified by the author

Note: Unit is a percentage. The higher percentage indicates the greater trust in a government official. ASEAN rank is author's calculation based on the ranking only in WAVE 3

4.3.2 Social Institutions through "Trust in Institutions"

Trust in institutions in this category mostly refers to trust in political institutions, which covers specific political institutions, agencies, and actors. Such agencies and related bodies would be government institutions, and officials or politicians that are under formal political systems and have full authority to exercise their power on behalf of the state. Trust in political institutions captures the perception of citizens in terms of how they feel in various dimensions. These institutional components are regarded as preconditions for a successful democratic society, indicating how each citizen has a feeling toward them.

It can be argued that citizens in non-democratic countries show much higher trust level than citizens in democracies. This is because the political culture can ascertain a socio-psychological foundation and influence the public more easily. For most of the ASEAN and Asian countries, this is immersed deeply in their culture in terms of legal authority, the seniority system, and order, which permit or prohibit their actual responses. They then tend to lean towards trusting political authorities such as the national government and top political leaders. This contrasts with citizens in liberal democracies where the political culture emphasizes accountability, freedom, and individual rights rather than non- democratic countries (Wang, 2013).

The score in talbe 4.12 is presented as a percentage of the respondents that indicated that they have some or a great deal of trust in these institutions and relevant bodies. This indicates a certain level of trust towards the said institutions as a whole. Table 4.15 illustrates citizens' trust in political institutions in the ASEAN region at the country level ranging from top political offices (president or prime minister) to the local government. This indicator provides a macro view of how strong the institutions are in the entire ASEAN region. See full details below.

Table 4.12 Trust in Institutions

	Top Political Office*	National Government	Civil Services	Local Government
Indonesia	71	56	70	70
Malaysia	80	77	80	75
Philippines	33	44	54	59
Singapore	87	86	78	N.A.
Thailand	62	55	66	74
Vietnam	N.A.	93	71	83

Sources: Asian Barometer WAVE 3 (2010-2012), modified by the author

Note: * Top Political Office is a proxy of "Presidency or Prime Minister." The total score is 100. N.A. data not available at country level

From the table, the evidence indicates that the score of trust in political institutions varied across the board. For national government, it was obvious that Vietnam possessed the highest score of 93 out of 100, followed by Singapore (86), Malaysia (77), Indonesia (56), Thailand (55), and the Philippines (44). This indicates that non-democratic countries such as Vietnam and incompleted democracies such as Singapore obtained relatively high trust from their citizens rather than the remaining ASEAN countries. The results suggest a relationship among institutional trust, institutional performance, and a country's development level throughout ASEAN.

4.3.3 Social Institutions through "Perception of Corruption and Institutional Trust"

The perception of corruption and institutional trust illustrates how individuals feel about the corruption situation and institutional trust in a society. In most Southeast Asian countries, it is believed that there is widespread public distrust in politicians across the region, and there is still no sign of improvement. For example, in the case of the Philippines, the current administration has partly caused societal frustration

with good governance, corruption, and frequent use of violence to crack down on criminals and descent. In Thailand, poor governance, a military coup in 2014, and a malfunctioning democracy have dragged down the country's development and credibility. In Malaysia, a corruption scandal involving a state development fund has remained unsolved. With reference to the "Asian Barometer Survey," the perception of corruption and institutional trust can be classified according to 4 main typologies: (1) critical (perceive high corruption, low institutional trust); (2) tolerant (perceive high corruption, high institutional trust); (3) supportive (perceive low corruption, high institutional trust); (4) demanding (perceive low corruption, low institutional trust).

It has been contended that the citizens in democracies are more likely to perceive high corruption and to have low institutional trust, while the citizens in more developed societies are less likely to perceive high corruption and low institutional trust. In this case, the level of a country's development and economic well-being has no effect on institutional trust at either high or low levels (Weatherall, 2017). This illustrated that economic health and stability have no correlation with the perception of corruption and institutional trust.

Table 4.13 Perception of Corruption and Institutional Trust

Country	**Critical** (High corruption, low trust)	**Tolerant** (High corruption, high trust)	**Supportive** (Low corruption, high trust)	**Demanding** (Low corruption, low trust)
Indonesia	18	19	45	18
Malaysia	9	12	66	13
Philippines	29	19	27	24
Singapore	2	3	83	12
Thailand	14	13	55	19
Vietnam*	2	6	90	3

Sources: Asian Barometer (2014-2016), modified by the author

Note: * Data for Vietnam is during 2010-2012, the latest data set is not available.

The unit is a percentage

However, it should be noted that both political institutions and trust in political institutions are likely to have inadequate power to explain all of the movements of FDI and trade flows in a particular country. This is because there is a contrastive relationship compared to the other determinants mentioned earlier. Therefore, the consideration of social capital hand in hand with another set of determinants is necessary.

4.3.4 Social Institutions through "Youth Political Participation"

Youth political participation is a crucial component in a modern democracy nowadays. It is highly expected that young peoples' participation in any kind of political matter should be more promoted as it leads to a higher quality of democratic governance. The involvement of youth in politics potentially paves the way to greater civic engagement and cooperation in a society because it could allow them to unlock their capacity to take part in the community in a more concrete way, for example through social activities, education, and charity work. This would generate the sense of social belonging for youth at a young age—or to be a better citizen—apart from the nourishing of the traditional education system. Political participation is regarded as supplementary to shaping civic engagements beneficially through the freedom of choice and liberty, such as voting turnout, participating in political demonstrations, and signing petitions for specific issues. Therefore, the encouragement of youth in political participation together with civic engagement and related activities should be vigorously promoted.

In this study, the illustration of youth political participation is proxied by the portion of "youth electoral turnout." This action reflects the way in which the young generation is allowed, interested in, or has the willingness to be involved in politics. It also indicates how strong or weak a country is in promoting youth participation in national politics. See full details on the breakdown of youth electoral turnout at the country level in ASEAN region below.

Table 4.14 Youth Electoral Turnout

Country	WAVE 2 (2005-2008)	WAVE 3 (2010-2012)	ASEAN Rank
Indonesia	82.7	77.7	3
Malaysia	47.2	40.7	5
Philippines	73.4	65	4
Singapore	63.3	38.7	6
Thailand	90.6	81.9	1
Vietnam	75.8	81.1	2

Sources: Asian Barometer (2005-2012), modified by the author

Note: Unit is a percentage. The higher percentage indicates the greater trust in a government official. ASEAN rank is author's calculation based on the ranking only in WAVE 3

Table 4.14 revealed that there was a dramatic drop in youth electoral turnout comparing 2005-2008 and 2010-21012 in most countries, except for Vietnam. This is because the youth participation in East Asia was neglected and was not the priority for most administrations (Chang, 2012). The situation was worse in Singapore where voting is compulsory but youth turnout remarkably dropped from 63.3 to 38.7 percent. At this point, this paper contends that political participation has nothing to do with country development level or national economic well-being. It does not even go in line with institutional performance, where Singapore topped the majority of institutional rankings, as mentioned above.

4.3.5 Social Institutions through "Social Trust or Generalized Trust"

Social capital scholars have underlined there are different types of trust and not all of them critically contribute to the construction of societal civic cooperation (Uslaner, 2002). Essentially, trust in strangers (or people you do not know personally) would result in more civic cooperation and virtue in a society. This is precisely called

"generalized trust," which is built on the expectation of the goodwill of unknown people. On the other hand, other types of trust based on individuals or networks of relationships may not positively emerge as the solid foundation of a good civic community. This is called "particularized trust," which is likely to grow among people that share similar demographic values or socio-economic backgrounds. This type of trust tends to create an expectation of goodwill only within their circle or group (Suebvises, 2018).

The central focus and data analysis in this study would largely rely on the so-called Generalized Trust, which is consistent with prior contemporary studies such as (Ahmad & Hall, 2017; Hongxin & Seung, 2011; A.-R. Lee & Glasure, 2007). However, it should be noted that the missing observations are the limitation of the analysis in this category as well. See full details below for the social trust index during 1995-2014 at the country level.

Table 4.15 Social Trust Index Ranking (2000-2014)

Country	**WAVE 3 (1995-1999)**	**WAVE 4 (2000-2004)**	**WAVE 5 (2005-2009)**	**WAVE 6 (2010-2014)**
Indonesia	-	38.2/100	37.5/100	-
Malaysia	-	-	8.8/100	8.5/100
Philippine	5.5/100	8.3/100	-	-
Singapore	-	21.1	29.2	37.7
Thailand	-	-	41.3/100	32.1/100
Vietnam	-	32.4/100	50.9/100	-

Source: World Value Survey (2000-2014), modified by the author

Note: Social trust is an assessment of respondents to the question "Most people can be trusted?" after deleting do not know the answer. The score is a percentage based on 100 points in total. In Singapore, the value in WAVE 5 is the weighted average values from WAVE 3 and 5.

The findings for the social trust index ranking 1995-2014 showed that Thailand and Vietnam were relatively high trust societies, as the overall score was around 40-50 throughout the record, while countries such as the Philippines and Malaysia had comparatively low scores. Singapore would be considered to be at a moderate social trust level having the overall score at around 30 from 100 in recent years. It should be noted that the finding is this category does not go in line with the mentioned institutional performance and governance level in the previous discussion.

This paper argues that doing business and investment considerations should be carried out more carefully since the degree of social trust was apparently low resulting in greater requirements of clear-cut contract enforcement and legally binding agreements in running a business. However, well-rounded considerations to invest or not to invest in a certain country should take into account other determinants highlighted in the previous section as well.

4.3.6 Social Institutions through “Civic Cooperation”

Civic cooperation in any decision-making processes that affect their lives and wellbeing of societal members is an imperative and is a cornerstone for stable democracy in a modern society. This is the reason why civic cooperation is necessary to drive the community forward (Roberts, 2004). In this connection, the consideration of civic cooperation is crucial for understanding the deeper social dimension.

In this research, civic cooperation is measured by the strength of the norms of civic cooperation obtained from the respondents that answered the question whether each of the following behaviors "can always be justified, never be justified, or something in between.” They consist of: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have the chance. The values from these items were combined and summed as a new scale called civic cooperation.

The calculation is the sum of the raw score of 1 (never justifiable) to 10 (always justifiable), then the weighted average was based on a 55-point maximum in each specific duration. In order to handle the missing observations due to the limitations of the data source, the researcher decided to mitigate this undesirable impact by using “means and weighted average” where appropriate to fill in the missing data.

Table 4.16 Civic Cooperation Index Ranking (1995-2014)

Country	**WAVE 3 (1995-1999)**	**WAVE 4 (2000-2004)**	**WAVE 5 (2005-2009)**	**WAVE 6 (2010-2014)**
Indonesia	-	15.72/55	16.44/55	-
Malaysia	-	-	13.12/55	15.09/55
Philippine	14.7/55	13.62/55*	12.57/55	-
Singapore	-	15.69/55	15.25/55**	14.82/55
Thailand	-	-	13.76/55	15.77/55
Vietnam	-	16.81/55	15.64/55	-

Source: World Value Survey (1995-2014), 1995-1999 and 2010-2014 data not available, modified by the author

Note: * The value in WAVE 4 is the weighted average values from WAVE 3 and 5.

** The value in WAVE 5 is the weighted average from WAVE 4 and 6.

The results disclosed that most ASEAN countries had a relatively low score with respect to the strength of civic cooperation, and the tendency was quite the same across the countries. During 2005-2009, only Indonesia and Singapore were superior with the average score at around 15-16 points; however, their scores were obviously low based on the maximum of 55.

This implies a type of administrative regime, governance performance, and institutional quality to determine the degree of civic cooperation. This study argues that the majority of ASEAN nations have great limitations when it comes to the civic cooperation issue; it might result in lower social harmony, stability, and business attraction.

CHAPTER 5

DATA ANALYSIS: ECONOMIC AND SOCIAL INSTITUTIONS DETERMINANTS AFFECTING THE FDI INFLOWS IN 6 ASEAN COUNTRIES

This chapter provides the measurement of all the variables, descriptive statistics, and empirical tests of the hypotheses with explanations of the research outcomes. The contents and findings in this part are illustrated country by country in order to comprehend the unique context and variations across the countries more clearly.

The primary reason for separating the countries into sub-investigations (country level analysis) was due to the great diversity among the units of analysis; specifically, socio-economic structure, development level, institutional performance, and social capital endowment. This includes the huge differences in FDI policy and incentives, development gaps, and investment regulations in each country, which did not permit the researcher to analyze the data set at once but had to be done one by one at the country level. This led to greater productive results and a better understanding of the FDI movements in each country more specifically.

The data analysis begins with the qualitative method, aiming to provide the horizontal ground of the core and supplemented factors causing the FDI inflows in each country. Later, the quantitative investigation will be performed to consolidate and confirm the overall research findings.

5.1 Procedures of Data Analysis

5.1.1 Qualitative Method

The qualitative investigation was first executed in order to provide a macro view of the socio-economic background concerning the FDI movements, competitiveness level, institutional performance, and social capital endowment in each country. In order to do this, documentary analysis with reference to the large number of scholarly works, academic journals, and research conducted by reputed organizations such as The World Bank, the World Economic Forum, UNCTAD, PricewaterhouseCoopers, The Economist, the ASEAN Secretariat, Asian Barometer, and academic-related organizations will be explored. This includes the world's leading academic journals such as World Development, Public Policy and Administration, the American Journal of Political Science, etc. The derived data from these sources will guarantee the reliability, validity, and trustworthiness of the data analysis and of all of the research outcomes.

However, the data from these sources are fairly recent because the investigation into this matter using these determinants began as late as the early 2000s; therefore, the examination into this area dates from these periods. These factors include the following:

- Economic Freedom Index
- Doing Business Ranking
- Paying Taxes Ranking
- Global Competitiveness Ranking
- Most Problematic Factors for Doing Business
- Business Environment Ranking
- Social Trust and Civic Cooperation Index

5.1.2 Quantitative Method

The quantitative method was performed n order to test the hypotheses of the study. The main statistical tool for the data analysis was the "pooled-data regression technique." The descriptive statistics for each country is first presented to provide a holistic view of all of the variables. Next, the Pearson correlation diagnosis for each country was executed reaffirming goodness of fit, validity, and non-violation of the assumptions. Finally, the empirical model for the multiple regression analysis for each country was constructed and then the data analysis was performed.

5.2 Data Selection and Verification

Data sources from The World Bank, World Economic Forum, UNCTAD, PricewaterhouseCoopers, The Economist, ASEAN Secretariat, Asian Barometer, and academic-related organizations together with leading academic journals were reviewed based on the country-level investigation. The majority of these data dated back not later than 2000 on average in order to guarantee that the findings were up to date. For the quantitative method, the pooled-data regression technique was employed after the examination of the above data set. All of the data were arrayed in a chronological time series from 1990 to 2016, separately analyzed by country. In this study, IBM SPSS version 20 was employed for the data analysis.

In detail, the Pearson correlation matrix was first scrutinized in the search for auto-correlation problems among all of the sets of variables for each country. When statistical problems or violations were discovered, the researcher decided to: (1) remove certain problematic variables in order to sustain the model fit; and (2) replace missing values with the mean before running a standard multiple regression analysis. All of these steps were taken in order to ensure that all of the variables fit the specific regression equation. In the regression command, spilt files and sorted cases by groups of countries were selected.

Characterized as policy research, the confidence level was set at 95% and 90%. In doing so, the computerized outputs for each country could be comparatively studied in a more correct manner. When it came to the input of variables into the linear regression model, the ENTER mode was designated for reassuring that all of the variables were simultaneously put into the equation.

5.3 Correlations and Multicollinearity

The researcher realized the undesirable effects of correlations and multicollinearity, which are common statistical phenomena when two or more independent variables are high. These problems can lead to inaccuracy of the results and the interpretation of the research findings. Therefore, the approximation of the correlation coefficient with accuracy is crucial (Algina & Olejnik, 2003). The correlations and multicollinearity were then fully diagnosed before performing the regression analysis.

They severely exhibit when the Pearson correlation values appear to be higher than .80 and the variance inflation factor (VIF) is greater than 10. In order to mitigate the possibility of these adverse impacts, the researcher followed through with the above guidance by looking into the sizable values of the Pearson correlation together with the VIF, and then selectively removed it one by one. In doing so, the goodness of fit and validity of the analysis could be maintained. An explanation of the removal of the variables is detailed at the beginning section for each country.

5.4 Limitation of Data Analysis

It should be noted that some of the predictors were automatically excluded from the equations due to missing observations; specifically, the TRUST and CIVIC indicators, where most of the data were available during 2005-2014. This is because the primary

data source—the World Value Survey—had collected data in a narrow range of countries. As a result, missing observations of data on TRUST and CIVIC seemed to be an undesirable situation. With regard to the institutional factors—government effectiveness, regulatory quality, rule of law and control of corruption—it should be noted that the data were available only from 1996-2015. Doing business and paying taxes could be backdated only to 2006-2016.

In order to understand the set of determinants more clearly, the researcher assigned the symbol and arranged them into two groups (dependent variable and independent variables) as follows:

5.5 Specifications of Variables

- **Dependent variable**

  Y1 = FDI inflows in Indonesia

  Y2 = FDI inflows in Malaysia

  Y3 = FDI inflows in the Philippines

  Y4 = FDI inflows in Singapore

  Y5 = FDI inflows in Thailand

  Y6 = FDI inflows in Vietnam

- **Independent variables**

  X1 = Government Effectiveness

  X2 = Regulatory Quality

  X3 = Rule of Law

  X4 = Control of Corruption

  X5 = Ease of Doing Business

  X6 = Ease of Paying Taxes

  X7 = Social Trust

  X8 = Civic Cooperation

  X9 = Natural Resources

  X10 = GDP Growth

  X11 = GDP per Capita

  X12 = Labor Forces

  X13 = Population Growth

  X14 = Cost to Import

  X15 = Cost to Export

  X16 = Life Expectancy at Birth

  X17 = Adult Literacy Rate

  X18 = Combined Gross Enrollment

With the assigned symbols of all variables, the equation for multiple regression in each country shall then become:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 \ldots + b_nX_n$$

5.6 The Analysis of Economic and Social Institutions Affecting FDI Inflows at Country Level

In order to see the overall economic background, the empirical evidence, and the results discussed in each country, the researcher decided to separate the countries into individual levels one by one. This technique will help the reader understand the different contexts in each country regarding a wide range of issues, ranging from socio-economic background to the specific performance of institutions. See the full details below.

5.6.1 (Y1) The Analysis of Economic and Social Institutions Affecting FDI Inflows in Indonesia

5.6.2 (Y2) The Analysis of Economic and Social Institutions Affecting FDI Inflows in Malaysia

5.6.3 (Y3) The Analysis of Economic and Social Institutions Affecting FDI Inflows in the Philippines

5.6.4 (Y4) The Analysis of Economic and Social Institutions Affecting FDI Inflows in Singapore

5.6.5 (Y5) The Analysis of Economic and Social Institutions Affecting FDI Inflows in Thailand

5.6.6 (Y6) The Analysis of Economic and Social Institutions Affecting FDI Inflows in Vietnam

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5.6.1 The Analysis of Economic and Social Institutions Affecting FDI Inflows in Indonesia

Indonesia is the largest economy among the ASEAN countries concerning combined GDP and population size. It is currently the world's fourth most populous nation, the world's 10th largest economy with reference to the purchasing power parity (PPP). Indonesia is the only ASEAN country that is a member of the G-20. It is classified as a "middle-income country" as it has made great effort to reduce national poverty, cutting the poverty rate to more than half since 1999 to 10.9% in 2016, with impressive economic growth and progress. Indonesia has reported that its GDP per capita has progressively risen, from 857 million USD in 2000 to 3,603 million USD in 2016, with a high possibility to grow further (WorldBank, 2018a). According to (PricewaterhouseCoopers, 2015), the future growth of the Indonesian economy is shining—being able to rank the fourth largest GDP in terms of PPP in 2050 and accounting for $12,210 billion only behind China ($61,079), India ($42,205), and the United States ($41,384). In 2030, the GDP with reference to the PPP of Indonesia is forecast to be valued up to $5,486 billion and to overtake Germany ($4,590), the United Kingdom ($3,586), and France ($3,418).

Table 5.1 Quick Facts about Indonesia

Key Indicator	
GDP size (2016)	$932.259 billion
GDP per capita (2016)	$3,603 million
GDP growth rate (2016)	5.01%
Unemployment rate (2018)	5.6%
Population (2016)	261.12 million
Inflation: CPI (2016)	3.5%
Economic freedom index (2018)	64.2% *(moderately free)*
Doing business ranking (2017)	91/190
Paying taxes (2017)	104/190

Key Indicator	
Global competitiveness index (2017-2018)	36/137
Business environment ranking (2014-2018)	56/82 *(forecasted)*

Source: The World Bank (2016), The Heritage Foundation: Index of Economic Freedom (2018), Global Competitiveness Report (2017-2018), and The Economist Intelligence Unit: Business Environment Ranking (2014-2018), compiled by author

Under the current administration of the president, Joko Widodo, Indonesia is moving its economy forward to a higher plane of development and progressiveness. The government is performing an upgrade on basic infrastructures in various forms, such as roads, railroads, and deep seaports to accommodate FDI and related business needs. All of the policies are executed hand in hand with the strengthening of economic-institutional mechanisms, such as the eradication of corruption, the development of regulatory quality, and the liberalization of the market. However, the bureaucratic red tape and underperformance of institutions are still among the most challenging issues for the country.

The limitations of these institutions would cloud a good environment for business and investment consideration, especially for sub-indicators such as business freedom, trade freedom, investment freedom, financial freedom, and property rights. These reflect the overall economic freedoms and institutional performance of the country. See the full details below.

Table 5.2 Economic Freedom Index: Indonesia (2010-2018)

Key indicator	**2008**	**2010**	**2012**	**2015**	**2017**	**2018**
World Rank	**119/162**	**114/183**	**115/184**	**105/186**	**84/186**	**69/186**
Overall Score	53.9	55.5	56.4	58.1	61.1	64.2
Business Freedom	48.8	53.1	54.6	49.3	49.1	57.3
Trade Freedom	73	77.9	73.9	74.8	80.5	80.5
Investment Freedom	30	35	35	40	35	40
Financial Freedom	40	40	40	60	60	60
Property Rights	30	30	30	30	48.3	49.3

Source: The Heritage Foundation, Economic Freedom Index, heritage.org/Index, 2008-2018, modified by the author

Notes: The total score is 100. The overall score from 2008-2015 based on the combination of 10 sub-indicators. The overall score from 2017-2018 based on the combination of 12 sub-indicators

In 2018, it was disclosed that Indonesia was at the 69th global level, 15th at the regional level, and 5th among the 6 ASEAN countries focused on in the present study. It is considered “moderately free” having average scores at a mid-scale—meaning that the freedom for business is fairly attractive (HeritageFoundation, 2018). A positive sign of improvement based on the overall score and other related sub-indicators was observed (the higher score indicates greater economic freedom). More importantly, it was found that investment freedom and property rights are considerably problematic as the average scores were lower than 50 from the total of 100. This could mean that the implementation of investment and property rights policies via the respective institutions is likely to fail to provide trustful investment policy and property rights protection to investors, resulting in relatively low scores compared to other indicators. There has been a slight score improvement in the past ten years. This has dragged down the overall score. In order to maintain competitiveness and to strengthen its institutions, the Indonesian government should

look into the development of relevant institutions in charge of property rights protection and investment formulation policies.

Another key economic institution for consideration is the "doing business ranking," investigating how difficult or easy it is to run a business in a wide range of economies. The ranking provides perspectives on the entire business environment concerning whether it is attractive or not attractive for foreign investors based on 10 indicators. These factors, as mentioned earlier, relate to the strength of domestic-institutional mechanisms in providing trustworthiness and confidence in business. They can be seen as the indirect costs of the business sector in complying with specified regulations, including the legal binding and obligations in the targeted economy. The lower rank (highly attractive) indicates the simpler atmosphere and condition for running a business in a particular economy. See the full details below.

Table 5.3 Business Ranking: Indonesia (2006-2017)

Year	**2006**	**2010**	**2012**	**2014**	**2016**	**2017**
Overall ranking	115/155	122/183	129/183	120/189	109/189	91/190

Source: The World Bank, Doing Business Report 2006-2017, modified by the author
Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of doing business in a particular country

The results revealed that doing business in Indonesia is not very competitive. The country is regarded as a follower among the overall economies with reference to the ranking. This means that Indonesia lacks behind most of the other countries concerning business attractiveness and having a good environment for business operations. A positive sign can be seen only in 2017, when the country was able to achieve a two-digit ranking. This implies less effectiveness of the government in formulating a sound business environment to attract investors, FDI, and capital flows

into the country. To this end, Indonesia is strongly advised to overhaul its business environment and to speed up related procedures in order to help investors. Failure to do so may further damage the country's competitiveness and attractiveness for years to come.

A new factor for evaluating economic institutional performance is "paying taxes." It is the extension of doing business, focusing on the effectiveness and friendliness of taxes regime in a country. This includes time-spent assessment and related procedures relating to tax payments, which foreign investors are legally required to fulfill. Paying taxes is the ranking of the economy jointly undertaken by the World Bank and PricewaterhouseCoopers in a wide range of countries, emphasizing the evaluation of the complexity of tax procedures. This ranking officially began in 2008. It refers to the perception of how difficult or easy it is when it comes to paying taxes under the legal requirements and practices in a territory. This indicator implies the ability of the government through the implementing agencies to provide rapid and quick settlements concerning annual tax payments for businesses and foreign investors. This includes the timing of documentation, computerization, and the time spent on taxes paid. In this category, the lower rank indicates simpler and quicker taxes settlements for the business in an economy.

Table 5.4 Paying Taxes Ranking: Indonesia (2006-2017)

Year	**2008**	**2010**	**2012**	**2014**	**2016**	**2017**
Overall ranking	110/178	127/183	130/183	137/185	148/189	104/190

Source: The World Bank & PricewaterhouseCoopers, Paying Taxes Report 2006-2017, modified by the author

Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of paying taxes in a particular country.

The findings of the paying taxes ranking showed that Indonesia is not very competitive as it can be seen that the paying taxes ranking in Indonesia was beyond the top 100 ranks, implying that tax settlements and related taxation procedures are unlikely to be friendly to investors. A positive sign was seen in 2017—the best ranking ever for Indonesia. However, it is still far from the mid-scale and behind Singapore (8^{th}) and Malaysia (61^{st}).

Another indicator for the measurement of economic institutional performance is through the lens of "competitiveness." Competitiveness in this study refers to the global competitiveness report conducted by the World Economic Forum covering 12 key components. They relate to the institutional environment and quality of the efficiency of public services. This includes legal and administrative frameworks and deals with good-functioning infrastructures that affect not only individuals but also the business operations in the country. All reflect the capacity of the government to provide such facilities and services. See the full details below.

Table 5.5 Global Competitiveness Ranking: Indonesia (2013-2018)

Key indicator	**2011-2012**	**2013-2014**	**2015-2016**	**2017-2018**
Overall ranking	**46/142**	**38/148**	**37/140**	**36/137**
Institutions	71/142	67/148	55/140	47/137
Infrastructures	76/142	61/148	62/140	52/137
Macroeconomic environment	23/142	26/148	33/140	26/137
Good market efficiency	67/142	50/148	55/140	43/137

Sources: Global Competitiveness Report Index (2011-2018), modified by the author
Note: The total numbers of country ranks each year vary due to WEF's data collection

The findings for the competitiveness ranking revealed that Indonesia is quite competitive on a global scale. The overall ranking during 2017-2018 was 36th out of the total 137 economies. However, a negative factor, which could drag the overall ranking, is the infrastructure as the ranking in this category obviously lacks behind other factors. Thus, the government through good institutions with transparent execution could help develop the country's competitiveness for the years to come.

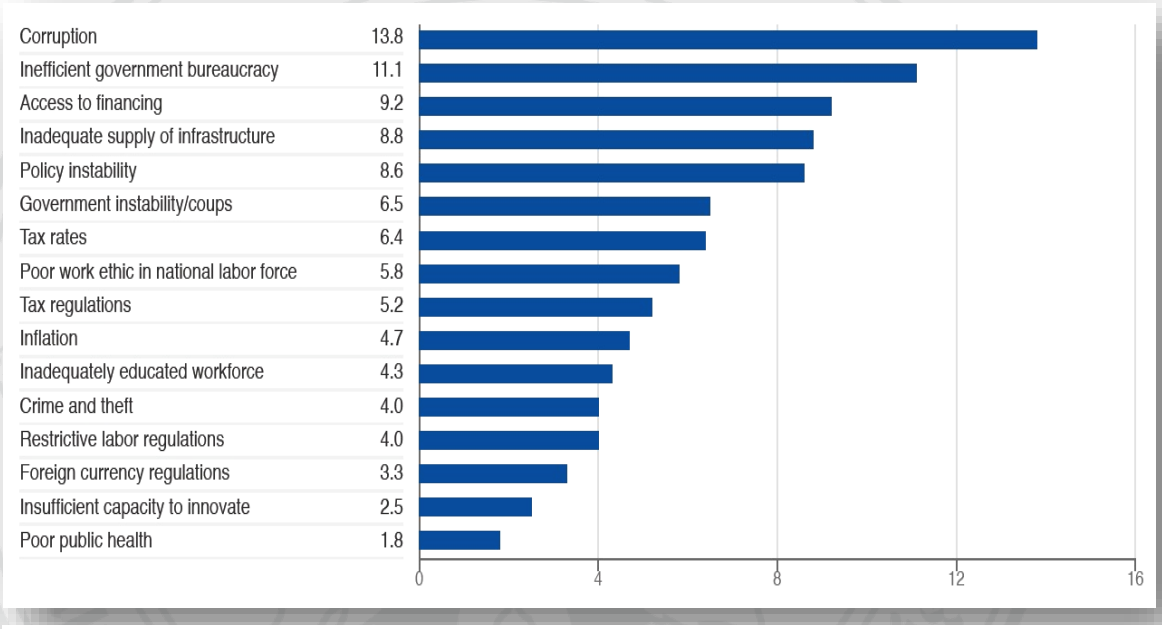

Figure 5.1 Most Problematic Factors for Doing Business in Indonesia (2017-2018)

Sources: Sources: World Economic Forum, Global Competitiveness Report Index (2017-2018), Executive Survey 2017 (the total score is 100), modified by the author

Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them from 1 (most problematic) and 5 (least problematic.) The score corresponds to the responses weighted according to their rankings

The above figure shows numerous problematic factors for doing business in Indonesia, which comprise a variety of limitations. The most severe ones are

corruption (13.8%), inefficient government bureaucracy (11.1%), and access to financing (9.2%). These three factors primarily involve institutional effectiveness and performance in providing confidence and support to the business sector. This indicates the caliber of related agencies' service delivery, which is relatively low. All of these damage the investment climate and the possibility of firms to expand their business presence in the country. Therefore, the government needs to take a closer look in order to resolve these problems via more concrete policy measures to regain trust and confidence.

In terms of the business environment, The Economist Intelligence Unit conducted the so-called "business ranking forecast report," aiming to measure the quality or attractiveness of the business environment in a wide range of economies. The study used ten different criteria covering the political environment, the macro-economy, market opportunities, policy for business, FDI, foreign trade and exchange control, taxes, finance, labor market, and infrastructure. The results aimed to provide reflection on the mentioned criteria perceived by companies and could be used as a guideline for business formulation strategies in a certain country.

Table 5.6 Business Environment Ranking: Indonesia

Year	**Global Ranking (2009-2013)**	**Global Ranking (2014-2018)**
Overall ranking	58/82	56/82 *(forecast)*

Sources: Business Environment Rankings (2009-2018), The Economist Intelligence Unit, modified by the author

Note: There are 91 indicators in total based on 10 criteria. Each of the 91 indicators is scored on a scale from 1 (very bad for business) to 5 (very good for business). The ranking based on a weighted average of the highest scores.

Based on the total number of 82 countries, it was found that the ranking of Indonesia was not impressive as it was ranked as a follower country in both 2009-2013 and

2014-2018. A slight increase in the later period was not very great. It can be said that the business environment in Indonesia is not so advantaged for attracting foreign investors and capital flow from abroad.

In the analysis of social capital, one of the most highly-reliable scales is the analytical framework of the World Value Survey, which aims to measure people's values and beliefs in different contexts. In this study, the key indicators are "social trust" and "civic cooperation." Both reflect the strength of trust and cooperation of people in the society. It is widely believed that the greater level of trust and civic cooperation in a society could lead to higher development and trade attractiveness in numerous forms, such as FDI, capital flow and business considerations. These are regarded as new determinants for policy and public administration analysis, particularly in the context of ASEAN. However, the data collection was quite limited and inconsistent because of the data sources. See below for full details of the social trust and civic cooperation assessment in Indonesia.

Table 5.7 Social Capital: Indonesia (2000-2014)

Key Indicator	**WAVE 4 (2000-2004)**	**WAVE 5 (2005-2009)**	**WAVE 6 (2010-2014)**
Social trust	38.2/100	37.5/100	-
Civic cooperation	15.72/55	16.44/55	-

Source: World Value Survey (2000-2014), modified by the author

Note: (1) Social trust is an assessment of respondents to the question "Most people can be trusted?" after deleting do not know the answer. The score is a percentage based on 100 points in total; (2) Civic cooperation is assessment of respondents who are questioned concerning whether each of the following behaviors "can always be justified, never be justified or something in between," which are: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have a chance. The values from these three

sub-items are combined and summed as a new scale called Civic cooperation. The calculation is a sum of a raw score of 1 (never justifiable) to 10 (always justifiable), then weighted average based on a 55-point maximum.

The survey revealed that the level of social trust and civic cooperation in Indonesia was relatively low based on the full scores. This might have been because most Indonesians consider trusting people in doing business is risky, and cheating on government benefits in many forms is likely to be considered acceptable. These reflect the low level of institutional trust and civic norms in the society, meaning that overall business activities such as business contracts, enforcement, and legal obligation must be clearly carried out before settling any of business deal, which entails greater time consumption in “sealing” the deal and less reliability in the business environment. All of this can slow down the speed of business procedures and create a decline in the favorable investment consideration in the country.

Multiple Regression Analysis: FDI inflows in Indonesia

Descriptive Statistics

The set of descriptive statistics provides a macro view of all variables under this investigation, which needs to be firstly comprehended before the following regression analysis part. See table below for full details:

Table 5.8 Descriptive Statistics of Variables: Indonesia

Variable	Minimum	Maximum	Mean	Std. Deviation
GOVEFF	29.00	55.00	42.1000	6.71918
REGQ	21.00	57.00	39.7000	8.77256
RULELAW	20.00	41.83	30.7582	6.09642
CORRUP	8.29	38.46	23.2880	8.76214
DOBUS	41.00	81.00	59.6364	12.74577
PAYTAX	30.00	69.00	53.3333	11.70470
TRUST	38.00	38.00	38.0000	.00000
CIVIC	16.00	16.00	16.0000	.00000
RESOUR	2.00	12.00	6.9615	2.21776
GDPGRW	-13.00	8.00	4.9630	3.85787
GDPCAPTA	464.00	7892074398741.00	292299053487.9630	1518830425856.25780
LAFORCE	75661559.00	127198979.00	102830024.5556	15867043.71001
POPGRW	1.00	2.00	1.2222	.42366
COSTIM	486.00	647.00	540.7000	57.08288
COSTEX	379.00	595.00	490.9000	69.40933
LIFEEXP	63.00	69.00	66.5385	1.70249
LITER	82.00	94.00	88.0000	2.77128
GENROLL	64.00	77.00	69.8462	4.74071
FDI	-4550.00	21811.00	6010.5185	7467.97390

Table 5.9 Empirical Results of Regression: FDI Determinants in Indonesia

Variable	Coef.	Std. Err.	T	Sig.	Collinearity Statistics	
					Tolerance	VIF
(Constant)	-207522.598	28626.889	-7.249	.000		
GOVEFF	-.005	180.305	-.038	.970	.189	5.298
REGQ	**-.334**	**137.754**	**-2.418**	**.032***	**.190**	**5.271**
CORRUP	**.573**	**157.293**	**3.631**	**.003***	**.146**	**6.856**
DOBUS	-.008	93.075	-.082	.936	.374	2.673
PAYTAX	-.014	119.884	-.139	.892	.334	2.992
GDPGRW	.062	166.159	.721	.485	.493	2.030
POPGRW	**-.363**	**3245.842**	**-1.969**	**.072****	**.107**	**9.340**
COSTIM	**.575**	**30.399**	**4.209**	**.001***	**.194**	**5.148**
COSTEX	**-.315**	**23.951**	**-2.403**	**.033***	**.212**	**4.725**
LITER	**.352**	**381.026**	**2.536**	**.026***	**.189**	**5.295**
ENROLL	**.664**	**332.526**	**4.628**	**.001***	**.177**	**5.665**

Dependent variable: FDI inflows in Indonesia; Obs.27

R Square = .956; ***adjusted R Square = .906****; F = 18.818; p = .000; Durbin-Watson = 2.563*

*Statistically significant at 0.05 level

** Statistically significant at 0.1 level

TRUST and CIVIC variables were removed from the equation due to data inconsistency

GOVEFF, REGQ, RULELAW, and CORRUP, data available only 1996-2015

The estimated equation to predict the FDI inflows in Indonesia then become:

$$Y1 = -207522.598 - .334X2 + .573X4 - .363X13 + .575X14 - .315X15 + .352X17 + .664X18$$

The Pearson correlation matrix, shown in Annex 1, found that the rule of law (RULELAW) had an autocorrelation with the regulatory quality (REGQ) at .879, and life expectancy showed the same issue with labor forces (LAFORCE) at .931. They both exhibited correlation values above 0.8. As a result, RULELAW and LIFEEXP

had to be removed from the equation in order to maintain the goodness of fit. It should be noted that the data on the TRUST and CIVIC variables were inconsistent; accordingly, they were automatically removed from the equation.

With reference to the summary output above, the coefficient of determination (the adjusted R Square) is 0.906 or 90%, meaning that about 90% of the variation of the dependent variable, or FDI, is explained by the set of independent variables, indicating the satisfaction of the model fit. The empirical findings revealed that regulatory quality (REGQ), control of corruption (CORRUP), cost of import (COSTIM), cost of export (COSTEX), literacy rate (LITER), and combined gross enrollment (ENROLL) had a statistically-significant relationship with FDI inflows into the country at the 0.05 level. Population growth (POPGRW) was also found to have a significant relationship at the confidence level of 0.1 with the coefficient value of -1.969.

Key findings

The results suggest that the FDI determinants in Indonesia comprised numerous forces, ranging from traditional-economic, institutional, and human capital factors, but not social capital factors. However, social capital in the form of TRUST and CIVIC determinants could not be examined at the country level because of the missing observations. In this matter, the qualitative analysis of social trust and civic cooperation in Indonesia need to be further explored in order to understand the flows of FDI more clearly. However, it could be argued that institutional determinants, especially REGQ and CORRUP, are key the factors causing the FDI inflows into the country. The government is encouraged to maintain the enforcement of investment laws and regulations, together with the stronger effort for corruption control since they would likely promote greater FDI inflows for the future. Further development of human resources to increase the literacy rate and gross enrollment in higher education is essential for attracting FDI in a positive manner. Having over a 250 million combined populations, Indonesia will be at a comparatively greater advantage than other ASEAN countries in attracting FDI. It will be able to maintain this momentum

if the government pursues tangible education policies for the young generation enrolled in higher academic institutions together with training for employment. This will help safeguard the increase in the number of skilled laborer to feed future market demands. The results will pave the way for a greater number of skilled laborers in the market with the ability to boost the influx of FDI productively in the long run.

Additional Findings

COSTIM and COSTEX were proven to have a positive relationship with FDI inflows with coefficients of 4.209 and -2.403 respectively. This signified the operating costs of doing business abroad, especially the cost of imports and exports having a noticeable and critical impact on FDI inflows. The result of this is in line with international theory, assuming that FDI tends to go to the countries where the cost of imports or exports is more competitive (Buckley & Casson, 1976). It is clear that, in the case of Indonesia, the cost of both imports and exports is a matter for policymakers and investors to do business in the international markets. In order to accommodate the various kinds of international investments, the government is implementing a large number of investment policies to improve its investment climate to be friendlier to incoming investors. The government through the key implementing agency, the Indonesia Investment Coordinating Board, has proposed a series of policy frameworks to stimulate FDI, such as no requirements for investing in infrastructure sectors, flexible 5-15 year tax exemptions in certain pioneering industries, and the launching of speedy investment licensing services. These new policy initiatives will be helpful for promoting better investment climates.

Previous studies have shed light on other related factors that cause inward FDI to Indonesia apart from socio-economic and institutional factors. These include openness policy, which is another fundamental criterion, especially, easing restrictions for foreign firms and the implementation of more liberalization policy (Lipsey & Sjoholm, 2011). These can simplify business considerations, not only for the mobility of investment but also for the relocation of capital. These cover the competitive costs of production perceived by multinational corporations in running a business overseas

compared to one's home country, such as labor costs This will result in the overall production outputs. If the Indonesian government steps up measures to be more competitive, it will lead to greater inflows of international investment and more business presence. It played a key role to attract an inward of FDI to Indonesia in the form of business confidence and prospects. This is because the FDI has tremendously contributed to economic growth and restructuring during the past 50 years (Lindlad, 2015). These, therefore, should be taken into account when analyzing the determinants of FDI in Indonesia.

More importantly, in order to sustain the momentum of FDI competitiveness, it is suggested that Indonesian trade policy be more pragmatic and integrative in relation to the government master plan strategy in order to improve competitiveness and to diversify exports as a whole. Previous study conducted by H. Lee and Tan (2006) pointed out that the intensification of FDI inflows into the ASEAN region, especially in Indonesia, Malaysia, and Thailand, is closely related to the level of technology transfer. This argument was strongly supported by the scholarly work of Aminullah (2007) highlighting taht FDI through technology investment is vital since it can cause economic growth, and by the same token economic growth can be stabilized by technology investment. It is also recommended that maintaining technology investment in the private sector is crucial for stable economic growth and competitiveness in Indonesia in the long run. Therefore, related factors to promote technology transfer could increase the flow of FDI into Indonesia indirectly.

In addition, FDI has become more crucial for the Indonesian economy, especially after the economic crisis in the late 1990s, because other capital funds are scarce in the country; and a large part of its economy is likely to be more dependent on FDI in the future (Sjoholm, 2002). Concerning the scholarly work on the structural vector autoregressive (SVAR) models by Berument, Ceylan, and Vural (2006), it is argued that Japanese economic performance—especially the real exchange rate, inflation, and growth—affected the Indonesian economy and part of the investment flow during 1988-2004. This is because the Japanese growth appreciated the local currency and increased growth in real terms. In order to comprehend the factors affecting the FDI

to Indonesia more correctly, these set of variables need to be carefully considered. In summary, with reference to a large number of scholarly works and the results of the empirical analysis, it can be said that the determinants of the FDI in Indonesia are varied, not only in terms of socio-economic factors but also external forces. This involves for example the ability of technology transfers between the home and host countries, trade policy, alongside with concrete implementation measures and mobility of the flow of funds on a global scale.

In conclusion, in the case of Indonesia, it can be stated that an unfriendly business environment, the complication of tax regimes, limitations in economic freedom to the extent of corruption-prone and inefficient government bureaucracy are the main hindrances regarding the FDI inflows into the country. This confirms the quantitative empirical findings underlining the necessity for effective regulatory quality and control of corruption since they have a significant relationship with FDI inflow in a constructive manner. Other factors that can stimulate the influx of FDI include the cost of imports, the cost of exports, the literacy rate, and combined gross enrollment; all of these exhibit a significant correlation with FDI inflows and firms' consideration.

In conclusion, Indonesian government is strongly encouraged to pay more attention to the various dimensions of development—ranging from the overhaul of economic-institutional performance and socio-economic factors in order to level up national competitiveness and to revitalize the country's image to be more attractive for investment and business consideration.

5.6.2 The Analysis of Economic and Social Institutions Affecting FDI Inflows in Malaysia

Malaysia is an upper-middle income country with the combined GDP of US$296.53 billion, a 4.2% GDP growth rate (2016), US$9,508.23 GDP per capita, and is economically well performing among the ASEAN nations (WorldBank, 2018b). A "new economic model for the country's development" was launched in 2010, aiming to achieve higher combined GDP and GDP per capita expecting continual growth of the GDP at around 5-6% until 2020. With this aspiration, Malaysia is expected to be a high-income nation by 2020 with economic prosperity and competitiveness. Malaysia is the only ASEAN nation that sets the ambitious goal to achieve. It has successfully diversified its economy from agriculture and commodity-based to a vigorous manufacturing and services sectors propelling the country as a leading exporter of electrical appliances, and electronic parts and components. It is one of the most competitive nations in ASEAN.

Openness to trade and investment liberalization is claimed to be a key instrument for job creation, economic prosperity, and income growth—about 40% of jobs in Malaysia are linked to export activities. These are the economic engine for moving the country forward. With the limitations of market size, however, Malaysia has been forced to rely heavily on international trade and investment. The exports per GDP account for 74.7%. On FDI, the ASEAN Secretariat (2017) reported that Malaysia is the 3rd largest receiver of FDI at around $11.328.8 million, only behind Singapore ($53,912.2 million) and Vietnam ($12,600 million). After the Asian financial crisis in 1997, Malaysia has shown resilient economic ability, returning on the track of growth at around 5.4% since 2010 with a progressive set of policies to promote FDI and capital flow from abroad.

Table 5.10 Quick Fact about Malaysia

Key Indicator	
GDP size (2016)	$296.53 billion
GDP per capita (2016)	$9,508.23
GDP growth rate (2016)	4.2%
Unemployment rate (2018)	5.6%
Population (2016)	31.18 million
Inflation: CPI (2016)	2.1%
FDI inflows (2018)	$9.9 billion
Economic freedom index (2018)	22/186 *(mostly free)*
Doing business ranking (2017)	23/190
Paying taxes (2017)	61/190
Global competitiveness index (2017-2018)	23/137
Business environment ranking (2014-2018)	19/82 *(forecast)*

Source: The World Bank (2016), The Heritage Foundation: Index of Economic Freedom (2018), Global Competitiveness Report (2017-2018), and The Economist (Intelligence Unit): Business Environment Ranking (2014-2018), compiled by author

According to the Heritage Foundation (2018), it was revealed that the Malaysian Economic Freedom is ranked the 22nd freest and 6th among the 43 countries in the Asia-Pacific region. It is considered “Mostly Free” with an impressive average score of 74.5, higher than the regional average (61) and world average (61.1). The trade regime is fairly open with no mandated minimum wage and relaxed labor regulations. Moreover, the visible improvement of trade freedom can be seen across the board. Malaysia then is one of the most progressive nations in ASEAN. See full details below.

Table 5.11 Economic Freedom Index: Malaysia (2008-2018)

Key indicator	**2008**	**2010**	**2012**	**2015**	**2017**	**2018**
World Rank	**51/162**	**59/183**	**53/184**	**31/186**	**27/186**	**22/186**
Overall Score	64.5	64.8	66.4	70.8	73.8	74.5
Business Freedom	69	69.9	78.1	93.5	90.8	83.9
Trade Freedom	76.2	78.7	78.8	80	81.2	87.4
Investment	40	30	45	55	60	60
Financial Freedom	40	50	50	60	50	50
Property Rights	50	55	50	55	85.3	83.8

Source: The Heritage Foundation, Economic Freedom Index, heritage.org/Index, 2008-2018, modified by the author

Notes: Total score is 100. The overall score from 2008-2015 based on the combination of 10 sub-indicators. The overall score from 2017-2018 based on the combination of 12 sub-indicators

Regarding the ease of doing business, Malaysia is obviously attractive. It has been under the top 30 at the global level since 2006 and topped the historical single digit rank of 6th in 2014. This implies that doing business, with the engagement of relevant institutions, in Malaysia is very friendly to foreign investors, especially in terms of getting credit and paying taxes, which are very competitive among the ASEAN nations. In detail, the new online system for paying taxes by filing and paying the goods and services tax (GST) was introduced, an electronic tax system was enhanced, and a single window for both exports and imports was established through public-private partnership of $3.5 million. More importantly, a regulatory reform committee was formed to bridge the coordination gap among respective agencies in order to facilitate international investment and cross-border trade.

Table 5.12 Doing Business Ranking: Malaysia (2006-2017)

Year	2006	2010	2012	2014	2016	2017
Overall	21/155	23/183	18/183	6/189	18/189	23/190

Source: The World Bank, Doing Business Report 2006-2017, modified by the author
Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of doing business in a particular country

In terms of paying taxes, Malaysia performed well during 2010-2012. The ranking was under the top 30th. A drop was observed, however; that is, in 2017, the rank dropped to the lowest position of 61st, causing Malaysia to be likely unattractive. This might have been because the time spent to comply with taxes increased by 46 hours since a new tax was introduced—the replacement of the sales and services tax system with the VAT system in 2015 (Paying Taxes, 2017). This included the longer time spent for businesses to comply with consumption taxes, which increased up to 58 hours. These difficulties tend to cause a business to take a longer time for tax settlements, together with a larger number of new regulations to comply with. As a result, paying taxes in Malaysia is considered complex, unlike in the past. Therefore, the government with respective implementing agencies or institutions needs to pay more attention to resolving these conundrums in order to maintain tax competitiveness for the years to come. See full details below.

Table 5.13 Paying Taxes Ranking: Malaysia (2008-2017)

Year	2008	2010	2012	2014	2016	2017
Overall	56/178	24/183	28/183	36/185	31/189	61/190

Source: The World Bank & PricewaterhouseCoopers, Paying Taxes Report 2006-2017, modified by the author

Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of paying taxes in a particular country.

The findings for the global competitiveness ranking indicated Malaysia was noticeably highly competitive, ranking in the top 30 in recent years. Based on the assessment of the sub-indicators, it is apparent that good market efficiency and infrastructure are the strongest factors propelling the overall competitiveness ranking across the board. The macroeconomic environment seems to be the biggest concern, lowering all competitiveness. Institutions' capacity somewhat fluctuated over time, ranking at around 20th throughout the record. In the case of Malaysia, the government is suggested to pay more attention to the development of the macroeconomic conditions in a bid to maintain an all-inclusive competitiveness level for the future.

Table 5.14 Global Competitiveness Ranking: Malaysia (2011-2018)

Key indicator	**2011-2012**	**2013-2014**	**2015-2016**	**2017-2018**
Overall ranking	**21/142**	**24/148**	**18/140**	**23/137**
Institutions	30/142	29/148	23/140	27/137
Infrastructures	26/142	29/148	24/140	22/137
Macroeconomic	29/142	38/148	35/140	34/137
Good market efficiency	15/142	10/148	6/140	20/137

Sources: Global Competitiveness Report Index (2011-2018), modified by the author
Note: The total numbers of country ranks each year vary due to WEF's data collection

Looking into the problematic concern of doing business in Malaysia, the results revealed that accessing financial sources was the most troublesome. This implies that financial resources and related financial matters seemed to be unpleasant for local and international businesspersons. They perceived that it is likely difficult to financially access. Financial matters are a crucial force for all business and investment

considerations; thus, the immediate response from the government through specific institutional bodies to tackle this problem is vital.

Another key concern is inefficient government bureaucracy; this problem seems to be common in most ASEAN nations, where the governments are relatively sizable and ineffective in providing public services to all groups of service users. In this case, the government via respective institutions may have to rethink how to simplify the procedures of financial assess and enhance government competitiveness. Policies addressed to these problems would not only support domestic enterprises and small business, but also FDI considerations. The mentioned suggestions would boost investment and fund flow to the country.

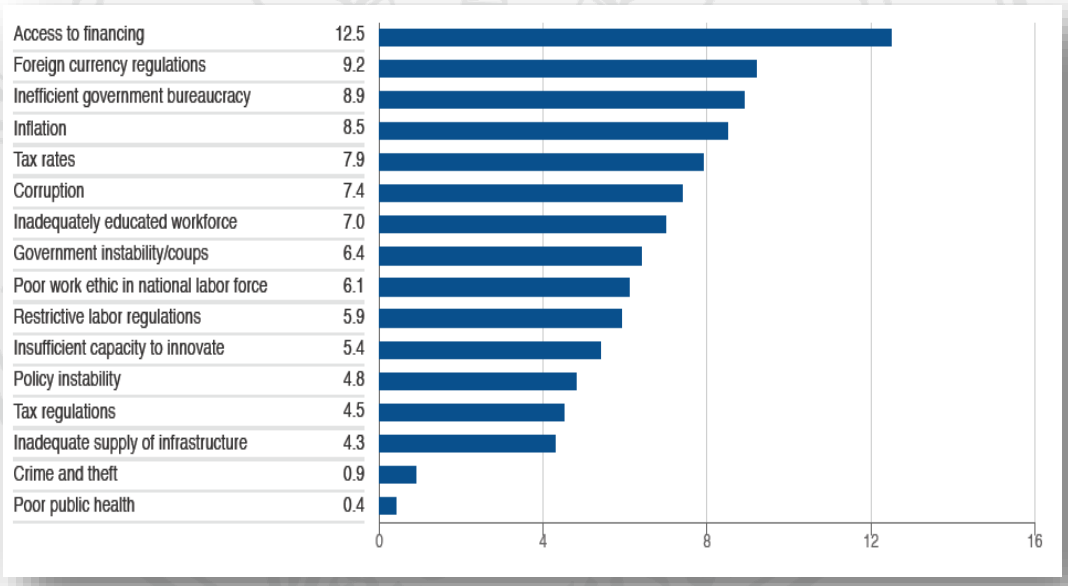

Figure 5.2 Most Problematic Factors for Doing Business in Malaysia (2017-2018)
Sources: World Economic Forum, Global Competitiveness Report Index (2017-2018), Executive Survey 2017 (the total score is 100), modified by the author
Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them from 1 (most problematic) and 5 (least

problematic.) The score corresponds to the responses weighted according to their rankings

The results of the business environment ranking revealed that Malaysia is likely to be competitive throughout the period. From 2009-2013, it was the 24th and marginally stepped up 5 places to 19th position during 2014-2018. This development reflects the ability of the government to improve the business environment conditions to be more responsive and friendly to foreign investors. The improvement of the business environment of the country will stimulate more FDI, capital flow, and favorable business considerations for the country for the years to come.

Table 5.15 Business Environment Ranking: Malaysia

Year	**Global Ranking (2009-2013)**	**Global Ranking (2014-2018)**
Overall ranking	24/82	19/82 *(forecast)*

Sources: Business Environment Rankings (2009-2018), The Economist Intelligence Unit, modified by the author

Note: There are 91 indicators in total based on 10 criteria. Each of the 91 indicators is scored on a scale from 1 (very bad for business) to 5 (very good for business). The ranking based on a weighted average of the highest scores

In terms of social capital, it is obvious that the level of social trust in the country from 2005 to 2014 was critically low, with only 8.8% of 100 respondents saying that most people could be trusted. This implies that Malaysia is a low-trust society; as a result, doing business and signing any contract in Malaysia should be cautious. The procrastination of business contracts and related business deals can likely be expected. In terms of civic cooperation, it can be argued that the strength of the civic cooperation of the people in the society is similarly low; still, it is higher than the social trust level. All in all, it can be said that the social capital in Malaysia from time to time is substantially problematic and this might cause the business environment to

decline because most people cannot be trusted and have high potential to cheat on each other if the opportunity permits.

Table 5.16 Social Capital in Malaysia

Key Indicator	**WAVE 4 (2000-2004)**	**WAVE 5 (2005-2009)**	**WAVE 6 (2010-2014)**
Social trust	-	8.8/100	8.5/100
Civic cooperation	-	13.12/55	15.09/55

Source: World Value Survey (2000-2014), modified by the author

Note: (1) Social trust is an assessment of respondents to the question "Most people can be trusted?" after deleting do not know the answer. The score is a percentage based on 100 points in total; (2) Civic cooperation is assessment of respondents who are questioned concerning whether each of the following behaviors "can always be justified, never be justified or something in between," which are: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have a chance. The values from these three sub-items are combined and summed as a new scale called Civic cooperation. The calculation is a sum of a raw score of 1 (never justifiable) to 10 (always justifiable), then weighted average based on a 55-point maximum.

Multiple Regression Analysis: FDI inflows in Malaysia

Descriptive Statistics

A macro view of all the variables under this investigation is presented in the form of descriptive statistics, which needed to be comprehended before performing the regression analysis. See the table below for full details.

Table 5.17 Descriptive Statistics of Variables: Malaysia

Variable	Minimum	Maximum	Mean	Std. Deviation
GOVEFF	76.00	86.00	81.2000	3.17225
REGQ	62.00	76.00	69.2500	3.58175
RULELAW	61.00	74.52	65.1717	3.49666
CORRUP	57.77	71.22	65.5531	4.08920
DOBUS	135.00	184.00	163.1818	13.15156
PAYTAX	123.00	171.00	155.8889	13.21405
TRUST	8.00	9.00	8.5000	.52705
CIVIC	13.00	15.00	14.0000	1.05409
RESOUR	5.00	26.00	11.1154	4.65899
GDPGRW	-7.00	10.00	5.8519	3.94875
GDPCAPTA	2441.00	11184.00	6067.4815	2885.99579
LAFORCE	7026632.00	14891692.00	10531810.8889	2354839.14184
POPGRW	1.00	3.00	2.2593	.52569
COSTIM	385.00	560.00	440.5000	53.97788
COSTEX	432.00	525.00	450.6000	27.52453
LIFEEXP	70.70	74.90	73.0231	1.23590
LITER	88.70	94.60	92.0824	1.72744
GENROLL	69.00	71.00	70.5385	.66023
FDI	553.95	12197.58	6099.3469	3312.26664

Table 5.18 Empirical Results of Regression: FDI determinants in Malaysia

Variable	Coef.	Std. Err.	T	Sig.	Collinearity Statistics	
					Tolerance	VIF
(Constant)	*-35182.634*	50180.223	-.701	.497		
GOVEFF	**.203**	**125.786**	**1.970**	**.072****	**.298**	**3.361**
RULELAW	**-.289**	**109.051**	**-2.940**	**.012***	**.326**	**3.069**
CORRUP	-.001	85.963	-.008	.994	.383	2.608
DOBUS	-.142	46.549	-1.239	.239	.240	4.164
PAYTAX	-.026	34.380	-.342	.738	.545	1.834
TRUST	**.306**	**1289.548**	**2.538**	**.026***	**.217**	**4.619**
GDPCAPTA	**.943**	**.156**	**6.933**	**.000***	**.171**	**5.856**
GDPGRW	**.345**	**72.888**	**3.972**	**.002***	**.418**	**2.393**
LITER	**.689**	**463.477**	**3.632**	**.003***	**.088**	**11.394**
ENROLL	**-.300**	**995.469**	**-2.227**	**.046***	**.174**	**5.759**

Dependent variable: FDI in Malaysia; Obs. 27

R Square = .962; ***adjusted R Square = .918****; F = 21.779; p = .000; Durbin-Watson = 2.834*

*Statistically significant at 0.05 level

** Statistically significant at 0.1 level

TRUST and CIVIC, data available at country only 2005-2014

GOVEFF, REGQ, RULELAW, and CORRUP, data available only 1996-2015

The estimated equation to predict the FDI inflows in Malaysia then become:

$$Y2 = -35182.634 + 0.203X1 – 0.289X3 + 0.306X7 + 0.943X11 + 0.345X10 + 0.689X17 – 0.3X18$$

The above empirical model shows the good prediction power of the coefficient of determination value of 0.981 or 90%, indicating that the FDI (or independent variable) is explained by these independent variables; only 10% could be explained by other factors.

Key findings

The results indicated that social trust (TRUST) has a statistically-significant relationship with FDI inflows in Malaysia at the confidence level of 0.05. Government Effectiveness (GOVEFF) and Rule of Law (RULELAW) were also found to have significant relations with FDI inflows at 0.1 level. This suggests that institutional and social capital factors can stimulate the FDI inflows in Malaysia hand in hand with relevant socioeconomic and social capital factors. Unlike Indonesia, this finding implies that social trust in Malaysia can affect the FDI inflows considerably. This supports the arguments advocated by (Knack & Keefer, 1997) who claimed that a certain level of social trust can positively impact business considerations and cross-border investment.

Additional Findings

Based on a large number of the scholarly works concerning the FDI determinants analysis in Malaysia, it is presently debatable whether the market size of Malaysia and close economic relationship with China might have affected FDI inflows, especially during the period of 1970-2006. This is because over the past decades China has made a great contribution towards the economic growth in Malaysia through various kinds of investment together with close diplomatic relations based on reciprocal roots at governmental levels. Consequently, this allowed China to take the largest percentage increase of FDI in Malaysia between 2001 and 2005 (Choong & Lim, 2009). This tendency will likely become more obvious in the future. This includes a complementary relationship between both sides, triggering a considerable indirect effect on related cross-border investment.

Baharumshah and Almasaied (2014) have presented a link between FDI inflows and economic growth as they correlated with other determinants, such as domestic capital formation, the financial market, and human capital development. Their study found that they are important forces in attracting FDI inflows from overseas, particularly in

terms of multinational enterprise investments. These factors could motivate the growth of FDI in Malaysia for both the short term and long term. This includes the development of domestic financial and education systems boosting the country to enjoy more spillover effects on growth hand in hand with FDI.

Moreover, it has been argued that FDI and economic growth in Malaysia seem to be interrelated as economic growth depends on several factors. All of this is related to FDI forces, such as high savings rates, effective financial intermediation, open trade policy, education level, and technology transfer. They have been found to have a significant impact on stimulate economic growth and FDI inflows in a productive manner (Borensztein et al., 1998). interaction between FDI and financial development was also claimed to be connected to the promotion of Malaysian economic growth and FDI during 1970-2001 (Choong & Lim, 2009). That is to say, the factors that are able to promote financial development can also promote FDI as well. In Malaysia, FDI, directly and indirectly, involves other factors, such as domestic investment and government expenditures. They are widely believed to have positive domino effects on domestic output growth in short and long phases.

The above findings were consolidated by the work of K. N. Wong, Cheong, and Fausten (2009). They assumed that for Malaysia, which is a highly export-oriented country, FDI inflows are not only promoted by sound economic policy on trade in goods, but also require active policy to sponsor trade in services—free trade and investment regimes for services in particular. The development of these factors could possibly lead to greater flow of FDI into the country with the ability to steer the Malaysian economy forward as a whole.

In conclusion, the factors that cause the FDI inflows in Malaysia are substantially diverse and not only depend on institutional performance, conventional socio-economic and human capital forces, but also on other primary determinants, such as domestic financial development, open trade policy, and technology transfer and sound policy on trade in services. In order to comprehend the factors affecting the inflows of

FDI in Malaysia more thoroughly, these factors should be included for further study to enhance greater concrete analysis and productive outcomes.

5.6.3 The Analysis of Economic and Social Institutions Affecting FDI Inflows in the Philippines

The Philippines is one of the most dynamic economies, with growth and development in the ASEAN region. With a growing middle-income class, urbanization, and workforce in the market, its economic performance has been considered robust, with an average growth rate of 6.3% from 2010-2016 and 4.5% between 2000 and 2009 (WorldBank, 2018c). This has allowed the country to be one of the strongest performers among the ASEAN economies in the past decade. It has been reported that the main business activities of the country rely on the services sector, which includes the outsourcing, real estate, finance, and insurance industries. These are the economic engine that drives growth and development. The key national strategy is the "Philippine Development Plan 2017-2022," which underlines the importance of socioeconomic agenda, such as transformation, increasing growth potential, and a supportive business environment; these will enable the country to move forward toward national prosperity in 2040 and sustainable development goals in 2030. This includes responsive fiscal and monetary policies to encourage business industries and FDI.

The Philippines is categorized as a "middle-income country," with a sizable population and labor among ASEAN countries. In 2016, the total population accounted for 103.32 million people and the total number of laborers was 43.75 million. The workforce of the Philippines is recognized regionally as being competitive due to high proficient English communication skills at all levels. It is a mid-size economy in ASEAN, accounting for $304.9 billion of the GDP with an impressive growth rate of 5% year on year. However, the World Bank (2016) reported that the Philippines' GDP per capita was only $2,951 in 2016. That is, the country is lagging behind countries such as Malaysia ($9,508), Thailand ($5,910), and Indonesia ($3,570).

Table 5.19 Quick Facts about the Philippines

Key Indicator	
GDP size (2016)	$304.9 billion
GDP per capita (2016)	$2,951
GDP growth rate (2016)	6.92%
Unemployment rate (2018)	5.9%
Population (2018)	104.2 million
Inflation: CPI (2016)	1.8%
FDI inflows (2018)	$7.9 billion
Economic freedom index (2018)	61/186 *(moderately free)*
Doing business ranking (2017)	99/190
Paying taxes (2017)	115/190
Global competitiveness index (2017-2018)	56/137
Business environment ranking (2014-2018)	53/82 *(forecast)*

Source: The World Bank (2016), The Heritage Foundation: Index of Economic Freedom (2018), Global Competitiveness Report (2017-2018), and The Economist (Intelligence Unit): Business Environment Ranking (2014-2018), modified by the author

In 2018, the Philippines' economic freedom score was 65, the 61st freest in the world, 13th among the 43 countries in the Asia-Pacific region. The overall score has decreased by 0.6 points, with lower scores for government integrity, monetary freedom, and property rights, while there have been improvements in trade freedom and judicial effectiveness. The Philippines recognizes property rights, but enforcement is relatively weak. For example, property registration is costly and records management is ineffective (HeritageFoundation, 2018). However, the overall score is considered above the regional and world averages. This, more or less, implies that the Philippines is quite competitive. See full details below.

Table 5.20 Economic Freedom Index: the Philippines (2008-2018)

Key indicator	2008	2010	2012	2015	2017	2018
World Rank	**92/162**	**109/183**	**107/184**	**76/186**	**58/186**	**61/186**
Overall Score	56.9	56.3	57.1	62.2	65.6	65
Business Freedom	53	48.1	54.3	53.3	62.6	62.6
Trade Freedom	78.8	77.8	75.5	75.4	76.4	80.7
Investment	30	40	40	60	60	60
Financial Freedom	50	40	50	60	60	60
Property Rights	30	30	30	30	49.2	45

Source: The Heritage Foundation, Economic Freedom Index, heritage.org/Index, 2008-2018, modified by the author

Notes: The total score is 100. The overall score from 2008-2015 based on the combination of 10 sub-indicators. The overall score from 2017-2018 based on the combination of 12 sub-indicators.

Concerning the doing a business ranking, the results revealed that the business environment in the Philippines is noticeably uneasy—its ranking has gone beyond the top 100 over time. However, a sign of improvement can be observed as the ranking has decreased. In 2017, it was ranked 99th, the best position ever for the Philippines. In order to ensure a friendly business environment with good regulatory, the government has decided to set up regulatory reform committees to execute programs improving the overall business environment of the country. This includes speedy procedures regarding construction permits and building control by applying pre-approval methods under the supervision of the Department of Building Official Services of Quezon city to expedite workflow and to reduce fees for obtaining a building permit (Doing Business, 2017). This initiative was implemented together with the deployment of electronic systems, such as online filing and payment, in a bid to help businessmen and foreign investors. In addition, the government has targeted the increase of trade digitalization; that is, the greater use of computerized systems with more accountable transactions. All of these implementations can beneficially

minimize human interactions, which will create fewer opportunities for bribery and fraud among business contracts. It is believed that these strategic executions will reduce unnecessary business procedures and be able to make the overall regulatory practices more efficient. See full details below.

Table 5.21 Doing Business Ranking: the Philippines (2006-2017)

Year	**2006**	**2010**	**2012**	**2014**	**2016**	**2017**
Overall	113/155	144/183	136/183	108/189	103/189	99/190

Source: The World Bank, Doing Business Report 2006-2017, modified by the author
Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of doing business in a particular country.

In terms of the paying taxes ranking, the results were similar to those for doing business in that the overall ranking of the country was not impressive. The ranking position has gone beyond 100 from time to time, and only a slight improvement was observed during 2016-2017. This ranking suggests that the government is ineffective in providing a good business environment and a friendly tax settlement regime. For instance, the Philippines only allows VAT cash refunds for specific types of taxpayers but excludes exporters and non-profit organizations (Paying Taxes, 2017). For them, it is troublesome and time-consuming to receive VAT refunds with proper timing. The government, however, realized this negative circumstance and therefore it decided to introduce an online system for filing by allowing the online corporate income taxes and VAT return to be completed offline (Doing Business, 2017). With this policy initiative, the ranking slightly dropped to 115th place based on the previous years. In conclusion, it is suggested that the government through specific institutions and implementing agencies needs to take more concrete measures to simplify the overall tax regime to be more friendly to investor in order to maintain competitiveness and a promising environment for international investment.

Table 5.22 Paying Taxes Ranking: the Philippines (2008-2017)

Year	2008	2010	2012	2014	2016	2017
Overall	126/178	135/183	135/183	131/185	126/189	115/190

Source: The World Bank & PricewaterhouseCoopers, Paying Taxes Report 2006-2017, modified by the author

Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of paying taxes in a particular country.

The findings from the Global Competitiveness Ranking unveiled that the Philippines was moderately competitive based on the overall score throughout the record. From 2017-2018, there was a 10-place drop in comparison with 2015-2016. This signifies that more improvements in various forces, such as infrastructure and good market efficiency, need to be undertaken. Especially, the weakest factor, good market efficiency, should be actively developed, as it is a negative factor dragging the overall ranking down from time to time. See full details below.

Table 5.23 Global Competitiveness Ranking: the Philippines (2011-2018)

Key indicator	2011-2012	2013-2014	2015-2016	2017-2018
Overall ranking	**75/142**	**59/148**	**47/140**	**56/137**
Institutions	117/142	79/148	77/140	94/137
Infrastructures	105/142	96/148	90/140	97/137
Macroeconomic	54/142	40/148	24/140	22137
Good market efficiency	88/142	82/148	80/140	103/137

Sources: Global Competitiveness Report Index (2011-2018), modified by the author

Note: The total numbers of country rank each year vary due to WEF's data collection

Based on the analysis of the most problematic factors for doing business in the Philippines, it was found that inefficient government bureaucracy, inadequate supply of infrastructure, and corruption remain the most problematic factors for doing business in the country. These problems must be resolved using a holistic approach since they are all interrelated; especially, the latter one (the corruption), which is one of the most challenging issues under the administration of President Duterte. From time to time, it is widely claimed that the Philippines is one of the most corrupt countries in the Asia-Pacific region and this problem is likely to remained unsolved (Forbes, 2018). It was ranked 101/176 economies in 2016 and it has been forecast that this problem will tend to be more severe in the coming years. At this point, the government needs to pay special attention to reimaging the country to be more responsive to tackling the problem of corruption and to regain greater trustworthiness. The solutions would cover the improvement of government bureaucracy and effective institutions hand in hand with the implementing agencies and sub-agencies.

Another key consideration is the uncompetitive tax rate. In the Philippines, it is claimed that corporate tax is up to 30%, regional operating headquarters are taxed at 10%, and an additional 15% tax is imposed by the branch of the foreign head office (Corporate Tax Rates, 2018). All of these are relatively high and not competitive in comparison with other ASEAN countries: Thailand is at 20%, Malaysia at 24%, and Singapore at 17%. At this point, the government is encouraged to recalculate taxes to be more competitive. This is because the previous execution of tax reforms and the enhancement of electronic filing and payment systems might be inadequate for the country (Paying Taxes, 2018).

Moreover, infrastructure problems, such as bad roads, dirty water, poor coverage of electricity and related connectivity should be fully addressed since they are major constraints not only in terms of economic growth, but also investment attractiveness and preferable business considerations. To this end, the elimination of these hindrances would level up the country's competitiveness as a whole. See full details below.

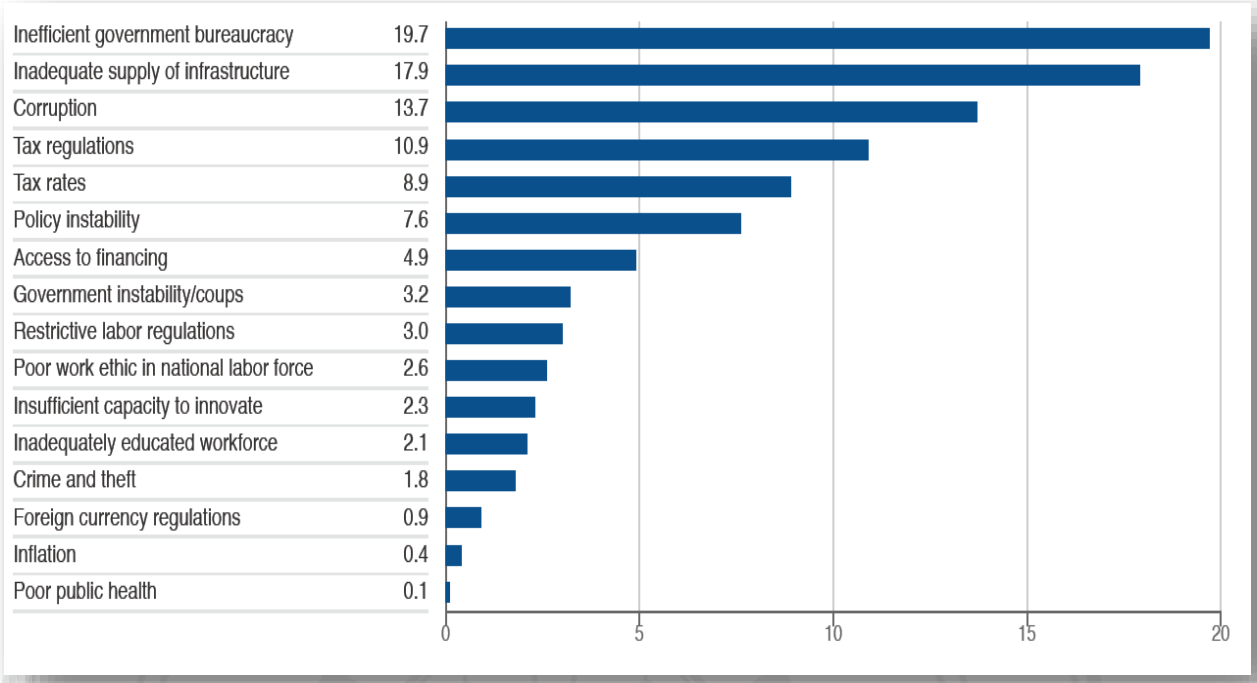

Figure 5.3 Most Problematic Factors for Doing Business in the Philippines (2017-2018)

Sources: World Economic Forum, Global Competitiveness Report Index (2017-2018), Executive Survey 2017 (the total score is 100), modified by the author

Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them from 1 (most problematic) and 5 (least problematic.) The score corresponds to the responses weighted according to their rankings

Regarding the business environment ranking, it was found that the Philippines was unlikely to be competitive since it ranked at around 50th place out of 82. The current business environment of the country is slightly deteriorating as the estimated rank from 2014-2018 is 53rd, which has increased in comparison with the base years 2009-2013. See details below.

Table 5.24 Business Environment Ranking: the Philippines

Year	Global Ranking (2009-2013)	Global Ranking (2014-2018)
Overall ranking	51/82	53/82 *(forecast)*

Sources: Business Environment Rankings (2009-2018), The Economist Intelligence Unit, modified by the author

Note: There are 91 indicators in total based on 10 criteria. Each of the 91 indicators is scored on a scale from 1 (very bad for business) to 5 (very good for business). The ranking based on a weighted average of the highest scores

Based on the social capital analysis, the results indicated that the social trust indicator was enormously low in both phases and missing data in the recent years was observed. Civic cooperation was relatively low, as with social trust. Out of the total score of 55, the civic cooperation scores across the board were much lower than half. That is, the overall score was 14.7 during 1995-1999, 13.62 during 2000-2004, and 12.57 during 2005-2009. This implies that the Philippines is a low trust and low civic cooperative society; that is to say, relying on the people in this country would be severely dangerous. At this point, most people are assumed to be cheating, especially regarding the exploitation of benefits that they are not entitled to. See the table below for full details.

Table 5.25 Social Capital in the Philippines

Key Indicator	WAVE 3 (1995-1999)	WAVE 4 (2000-2004)	WAVE 5 (2005-2009)	WAVE 6 (2010-2014)
Social trust	5.5/100	8.3/100	-	-

Civic cooperation	14.7/55	13.62/55 (weight avg. WAVE 3&5)	12.57/55	-

Source: World Value Survey (1995-2014), modified by the author

Note: (1) Social trust is an assessment of respondents to the question "Most people can be trusted?" after deleting do not know the answer. The score is a percentage based on 100 points in total; (2) Civic cooperation is assessment of respondents who are questioned concerning whether each of the following behaviors "can always be justified, never be justified or something in between," which are: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have a chance. The values from these three sub-items are combined and summed as a new scale called Civic cooperation. The calculation is a sum of a raw score of 1 (never justifiable) to 10 (always justifiable), then weighted average based on a 55-point maximum.

It can be inferred that the socioeconomic factors, economic-institutional forces, and social capital determinants are relatively. The economic freedom of the country is considered indifferent—either attractive or favorable. The findings in this category indicate that chronic problems with inefficient government bureaucracy, inadequate supply of infrastructure, and corruption remain the largest issues in doing business in the country based on the perceptions of policymakers and investors. The doing business and paying taxes rankings drew a similar conclusion; that is doing business in the Philippines is not easy due to a large number of regulations that have to be followed and time-consuming tax procedures to comply with.

For the Philippines, the ignorance of various institutional reforms and upgrades with full attention from government authority would result in less attractiveness for FDI and the country might lose its competitiveness among other ASEAN nations. At the regional level, this would also cause ASEAN market integration to be stagnant.

Multiple Regression Analysis: FDI inflows in the Philippines

Descriptive Statistics

A macro view of all the variables under this investigation is presented in the form of descriptive statistics, which needs to be comprehended before performing the regression analysis. See the table below for full details.

Table 5.26 Descriptive Statistics of Variables: the Philippine

Variable	Minimum	Maximum	Mean	Std. Deviation
GOVEFF	49.00	62.00	55.2000	3.36546
REGQ	45.00	63.00	52.8500	5.16338
RULELAW	33.65	52.00	40.7018	5.69911
CORRUP	22.38	55.12	36.5926	10.43734
DOBUS	36.00	95.00	56.0909	21.07821
PAYTAX	43.00	64.00	54.7778	7.15503
TRUST	6.00	8.00	7.0000	1.05409
CIVIC	13.00	14.00	13.5000	.51299
RESOUR	.00	4.00	1.6538	1.01754
GDPGRW	-1.00	8.00	4.2963	2.46225
GDPCAPTA	715.00	1006813533894.00	37289391625.2222	193761354643.17227
LAFORCE	23885939.00	45504070.00	34326408.1481	6538630.18312
POPGRW	2.00	3.00	2.0370	.19245
COSTIM	660.00	915.00	773.3000	78.75285
COSTEX	585.00	771.00	699.2000	80.57129
LIFEEXP	65.00	68.00	66.9231	.93480
LITER	93.00	96.00	93.6923	.67937
GENROLL	76.00	79.00	77.0000	1.19523
FDI	195.00	7912.00	2033.7037	1710.00355

Table 5.27 Empirical Results of Regression: FDI determinants in the Philippines

Variable	Coef.	Std. Err.	T	Sig.	Collinearity Statistics	
					Tolerance	VIF
(Constant)	*133748.684*	32633.298	4.099	.001		
GOVEFF	-.180	69.409	-1.545	.148	.347	2.879
DOBUS	**.655**	**19.545**	**4.384**	**.001***	**.212**	**4.714**
PAYTAX	.229	58.209	1.694	.116	.259	3.854
CIVIC	**-.515**	**624.942**	**-3.211**	**.007***	**.184**	**5.423**
GDPGRW	.062	89.390	.479	.641	.286	3.498
LAFORCE	**.671**	**.000**	**3.885**	**.002***	**.159**	**6.303**
COSTIM	-.050	3.473	-.534	.603	.535	1.870
LITER	**-.486**	**325.902**	**-3.830**	**.002***	**.294**	**3.404**
ENROLL	-.006	248.417	-.063	.951	.583	1.714

Dependent variable: FDI in the Philippines; Obs. 27

R Square = .943; ***adjusted R Square = .877****; F = 14.225; p = .000; Durbin-Watson = 2.396*

*Statistically significant at 0.05 level

TRUST is removed from the equation as it exhibited a strong correlation with CIVIC

CIVIC: data available at country level only 1995-2014

GOVEFF, REGQ, RULELAW, and CORRUP, data available only 1996-2015

The estimated equation to predict the FDI inflows in Philippines then become:

$$Y3 = 133748.684 + 0.655X5 – 0.515X8 + 0.671X12 – 0.486X17$$

The outcomes from the Pearson correlation indicated that RULELAW was correlated with REGQ at .826, CORRUPT was correlated with REGQ at .841, COSTEX was correlated with COSTIM at .890, and LIFEEXP was correlated with LAFORCE .878. Therefore, RULELAW, CORRUP, COSTEX, and LIFEEXP had to be eliminated from the equation in order to maintain the goodness non-autocorrelation issue. This empirical model was robust, with the adjusted R Square value of 0.877 or up to an

87% prediction power, meaning that the FDI inflows were explained by these independent variables.

Key findings

The results found ease of doing business (DOBUS) and civic cooperation (CIVIC) were statistically significant in relation to the FDI inflows into the country. They were a statistically significant regarding the flow of FDI with the coefficient values of .655, and -.515 respectively. This indicates the important role of institutional and social capital factors in determining the FDI inflows in the Philippines. DOBUS and CIVIC, which are new factors for policy research in the ASEAN region, interestingly were revealed to have a correlation with the FDI inflows. This suggests that a good business environment, ranging from getting credit, work permits, and business registration, is a vital force in attracting the flow of FDI in a concrete manner. This finding is in line with the current development in the country. That is, the Philippine government is now relaxing its current rules and regulations on trade and various investment forms for the foreign investor, aiming to enhance competitiveness and to embrace greater business relocation responding to ASEAN integration 2015 and 2025. This includes the aspiration of the government to simplify tax procedures and cut out unnecessary transactions, facilitating FDI and new investments.

CIVIC was statistically significant with regard to the inward FDI into the country, meaning that greater civic cooperation from the society can positively result in FDI inflows. In this case, it can be assumed that government reform in the Philippines is likely to be a successful story, gaining back the momentum of trust and confidence from citizens and foreign investors took this as a key factor for business consideration especially in the case of the Philippines. This finding supports new institutional theory and social capital theory in relation to good governance and civic cooperation, which could lead to a positive effect on FDI with the ability to ensure long-term prospects for investment.

Additional Findings

LAFORCE and LITER also proved to have a significant impact on the FDI flow of .002 with a coefficient of 3.885 and -3.830 respectively. This implies that these traditional factors still play a major role in influencing the mobility of FDI. To maintain FDI competitiveness at both national and regional levels in the long term, the government needs to sustain sound policy to promote education hand in hand with the development of skilled and unskilled laborers since they would not only promote social well-being development but also investment from abroad in a positive manner.

A large number of previous studies have supplemented this empirical finding. Having a link with quality of labor and education, inward FDI was found to have a connection with government investment in human capital via education spending and occupational training. These are fundamental factors in pulling FDI and international trade, and this execution should join forces with infrastructure development. All would potentially attract greater flow of FDI with the ability to sustain the growth and development of the country (Agbola, 2014). These determinants are reportedly interconnected; specifically in the case of FDI in the automobile sector. It is suggested that not only the promotion of government investments in the prior-mentioned factors, but also policy coherence, systematic governance, and institutional support can help the domestic car industry, enabling the country to get back on track to competitiveness and to catch up with rivals such as Thailand, Indonesia, and Malaysia, which have been the leaders in the ASEAN region since the 1990s (Natsuda & Thoburn, 2017; R. Ofreneo, 2015; R. E. Ofreneo, 2016). These factors in the ASEAN market are obviously correlated with FDI forces.

Therefore, if the government wishes to retain from the lower investment flows, it is necessary to look into human capital and infrastructure readiness hand in hand with the development of institutional factors. These statements support the empirical findings of this study regarding the determinants of the labor force (LAFORCE), literacy rate (LITER), and particularly the ease of doing business (DOBUS), which reflect the ability of the government to provide friendly business conditions enhancing

confidences for investors and policymakers. This is very important for the long-term prospect for business and cross-border investment.

It is recommended that stronger investment incentives and effective tax ratse should be put in place so as to attract higher FDI into the country. This was stated in the comparative study Botman, Klemm, and Baqur (2010) who examined the investment incentives and effective tax rates in the Philippines, Malaysia, Indonesia, Vietnam, Cambodia, and Thailand. They further argued that the number of companies that fail to receive tax incentives, effective tax rates in the Philippines are higher than in other countries under the investigation. Their study concluded by mentioning that tax holiday measures can be regarded as more effective in providing incentives and stimulating FDI and new forms of investment into the country. In this case, the primary determinants, such as investment incentive policies and related tax reforms, should be taken into account. If these forces are comparatively attractive, it would lead to a greater influx of FDI in the coming years.

In addition, the idea of privatization and government reform in the Philippines was proposed together with the revision of trade and investment policy. The aim is to mitigate the multi-layers of inefficiencies and politicization of state-owned enterprises (Ana, 1998). The translation of this vision into action could level up the country to a higher plane for development with a potential to strengthen the country's competitiveness to attract more of FDI and capital flow into the future.

More recent studies contended that not the only the Philippines but also other ASEAN countries should take into account gross domestic investment at the age of the changing FDI landscape. It has also been suggested that these countries should have aggressive FDI liberalization policy as one of the major trade policy instruments in order to encourage the flow of FDI (Tan, Goh, & Wong, 2016). This approach would achieve inclusive growth and sustainable development in the long run. Additionally, the government should encourage more joint ventures business strategies between domestic and foreign firms in order to boost domestic investment at the same time. This can be implemented with a higher proportion of government budgets for

infrastructure development and support for local business to grow overseas, embracing the ASEAN Single Market 2015 and beyond. This would not only help the Philippines be a part of global supply chains and turn the country into one of the FDI destinations, but also deepen ASEAN market integration.

In summary, this paper indicates that the determinants for attracting FDI inflows into the Philippines comprise numerous forces, such as civic cooperation, ease of doing business, literacy rate, labor force, government investment in human capital, infrastructure conditions, policy support, government incentives, and domestic investment. These factors must be considered in a holistic way as they are obviously interconnected. In the case of the Philippines, further development of economic freedom and national competitiveness needs to be geared up. All of these can lift up the country's competitiveness and create a friendlier business environment, and this will motivate greater FDI and business relocation. Moreover, the development of related business conditions such as tax regimes, the business environment, and freedom in various forms hand in hand with economic institutional reforms should be thoroughly taken into consideration in order to maintain the national competitiveness as a whole.

5.6.4 The Analysis of Economic and Social Institutions Affecting FDI Inflows in Singapore

Singapore is an advanced country and tops the ranks of numerous economic indicators, such as great human capital, high GDP per capita, low corruption, and excellent infrastructures for business. It is the most competitive nation among the ASEAN nations, one of the best economic performers in Asia-Pacific, and ranks among the best destination for FDI in Asia. For future development, the national strategy called the "Smart Nation Policy" was put in place as a platform to make the country more competitive with higher digital technologies for the future. This includes the encouragement of the business sector in order to more greatly enhance its capacity with higher regulatory standards (SingaporeanGovernment, 2018).

Singapore is a "high-income country" with a gross national income of $52,962 per capita. It is one of the world's most business-friendly regulatory environments for local entrepreneurs and has been ranked among the world's most competitive economies. The combined GDP accounts for $296.9 billion (2016), which was lower than high Indonesia ($932.25 billion), Thailand ($407.02 billion), and the Philippines ($304.9 billion). It ranks as the 5th largest ASEAN economy. Statistically, the average GDP growth was around 3.8% from 2007-2016 (ASEAN Statistical Yearbook, 2017). Singapore was the largest FDI receiver in the ASEAN region accounting for around $70,579.5 million or 91.2% of the total gross fixed capital formation in 2015—far ahead of 2nd placed Indonesia at $16,641.5 million (World Investment Report, 2017). It is a highly free-market economy, has corruption-free business environment, and sound regulatory effectiveness. The government is active in promoting economic development with the ability to address various business concerns and offers a variety of incentives.

Table 5.28 Quick Facts about Singapore

Key Indicator	
GDP size (2016)	$296.9 billion
GDP per capita (2016)	$52,962
GDP growth rate (2016)	1.99%
Unemployment rate (2018)	1.8%
Population (2018)	5.6 million
Inflation: CPI (2016)	-0.5%
FDI inflows (2018)	$61.6 billion
Economic freedom index (2018)	2/186 *(free)*
Doing business ranking (2017)	2/190
Paying taxes (2017)	8/190
Global competitiveness index (2017-2018)	3/137
Business environment ranking (2014-2018)	1/82 *(forecast)*

Source: The World Bank (2016), The Heritage Foundation: Index of Economic Freedom (2018), Global Competitiveness Report (2017-2018), and The Economist (Intelligence Unit): Business Environment Ranking (2014-2018), modified by the author

Concerning the Economic Freedom analysis, it was found that Singapore was ranked 2nd place—only after Hong Kong, which has held the 1st rank throughout the record. This ranking of Singapore in 2nd place has remained relatively stable since 2008. This implies that the government is very responsive to the changing landscape of the globalized world. Even though this position has remained the same, improvements can be seen across the board—merely a slight drop from 2017-2018. The strongest indicators, which have brought about such a high score, are business freedom, trade freedom, and property rights. These indicators have high scores and are above 90 on average; particularly, the property rights score has constantly increased over time. One minor concern is the business freedom indicator, whose score has dropped from time to time. See full details below.

Table 5.29 Economic Freedom Index: Singapore (2008-2018)

Key indicator	**2008**	**2010**	**2012**	**2015**	**2017**	**2018**
World Rank	**2/162**	**2/183**	**2/184**	**2/186**	**2/186**	**2/186**
Overall Score	87.4	86.1	87.5	89.4	88.6	88.8
Business Freedom	97.8	98.2	97.2	96.9	95.1	90.9
Trade Freedom	95	90	90	90	90	90
Investment	80	75	75	85	85	85
Financial Freedom	50	50	70	80	80	80
Property Rights	90	90	90	90	97.1	98.4

Source: The Heritage Foundation, Economic Freedom Index, heritage.org/Index, 2008-2018, modified by the author.

Notes: The total score is 100. The overall score from 2008-2015 based on the combination of 10 sub-indicators. The overall score from 2017-2018 based on the combination of 12 sub-indicators.

For the Doing Business Ranking, the results indicated 1st and 2nd place throughout the record, which is a successful national story. It was the world's most favorable location for running a business for six consecutive years from 2010-2016. Singapore was claimed one the successful implementation policies for providing a sound business environment was the enhancement of the electronic one-stop shop, allowing the process of obtaining approvals from different authorities more easily. In addition, it is regarded as one of the first economies to introduce an electronic system for public administration with continual improvements in its tax compliance system. These are the main reasons why a good business environment is guaranteed in Singapore.

This paper states that, ranging from starting a business to property rights protection for investors, the core institutional system of the country for safeguarding investors hand in hand with effective governing agencies is highly effective, even higher than in many Western countries. All of this allows Singapore to at the front row for investment in the global arena. See full details below.

Table 5.30 Doing Business Ranking: Singapore (2006-2017)

Year	2006	2010	2012	2014	2016	2017
Overall ranking	2/155	1/183	1/183	1/189	1/189	2/190

Source: The World Bank, Doing Business Report 2006-2017, modified by the author.
Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of doing business in a particular country.

For the paying taxes ranking, the findings disclosed that Singapore was able to maintain top 5 throughout 2008-2016. This implies that in the past ten years paying taxes was found to be very friendly for foreign investors, especially in 2008, only behind the Maldives (with the world's best ease of paying taxes). Based on this category, the situation of paying taxes in Singapore is highly competitive, even if a drop was seen in 2017. In the case of VAT refunds in Singapore, a tax authority is required to pay VAT refunds within 90 days after approval, and interest is paid for each day's delay at a rate recalculated daily based on the central bank's published rate, which is similar to European countries such as Luxembourg and Norway (Paying Taxes, 2016).

In comparison with the EU, Singapore has a newer VAT system by using VAT at a single rate of tax for a broad base of consumer spending with few exemptions. This has led to a reduced cost of compliance for taxpayers and revenue raising for firms. For this reason, it has propelled Singapore to be one of the global leaders having a relatively strong tax settlement regime. See the ranking below.

Table 5.31 Paying Taxes Ranking: Singapore (2008-2017)

Year	2008	2010	2012	2014	2016	2017
Overall	2/178	5/183	4/183	5/185	5/189	8/190

Source: The World Bank & PricewaterhouseCoopers, Paying Taxes Report 2006-2017, modified by the author.

Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of paying taxes in a particular country.

Regarding the Global Competitiveness Ranking, it was found that Singapore is highly competitive—raking as the world's second most competitive country since 2011-2016 and dropped one place to 3rd position during 2017-2018. The most powerful factor paving the way for the high level of Singapore's competitiveness is its good market efficiency, which has been ranked in 1st place throughout the record. This implies that the market condition of the country is highly friendly to foreign investors and FDI. In 2016, the FDI inflow into the country accounted for $53,912.2 million (or 54.8% from the total FDI inflow in ASEAN), largely up from 39,988 million in 2011 (ASEAN Statistical Yearbook, 2017). Another strong component regarding the country's competitiveness is the institutions' ranking in the top 3 throughout the record. This implies the strong competency of the government bureaucracy in providing sound regulations and policies via its respective institutions and implementing agencies. Good infrastructure is another key component in many successful business stories as it can facilitate a large number of business operations and related activities productively.

One weak point of the competitiveness of the country is its macroeconomic environment performance, which is comparatively low among other factors. This might be mainly because of a persisting deflationary spell (Global Competitiveness Report, 2018). In this case, the government may have to pay more attention to improving the situation by looking into the sub-area of this and identify the main

hindrances that cause the lower rank of the macroeconomic indicator in order to maintain future competitiveness and business attraction.

Table 5.32 Global Competitiveness Ranking: Singapore (2011-2018)

Key indicator	**2011-2012**	**2013-2014**	**2015-2016**	**2017-2018**
Overall ranking	**2/142**	**2/148**	**2/140**	**3/137**
Institutions	1/142	3/148	2/140	2/137
Infrastructures	3/142	2/148	2/140	2/137
Macroeconomic	9/142	18/148	12/140	18/137
Good market efficiency	1/142	1/148	1/140	1/137

Sources: Global Competitiveness Report Index (2011-2018), modified by the author
Note: The total numbers of country ranks each year vary due to WEF's data collection

Moreover, restrictive labor regulations and insufficient capacity to innovate were discovered to be the largest hindrances barring a good environment for business and investment. That is to say, it might be difficult for Singapore to innovate further. However, there is room for improvement as the current administration is addressing these issues more seriously to bring back the momentum of competitiveness and growth. Thus, the government has targeted research and innovation as key strategies to develop an innovation-driven economy by encouraging public investment with a budget allocation of $16 billion from 2011-2015 and will invest $19 billion more in 2020 in order to ensure the implementation of this. See full details on the most problematic factors in running a business in Singapore.

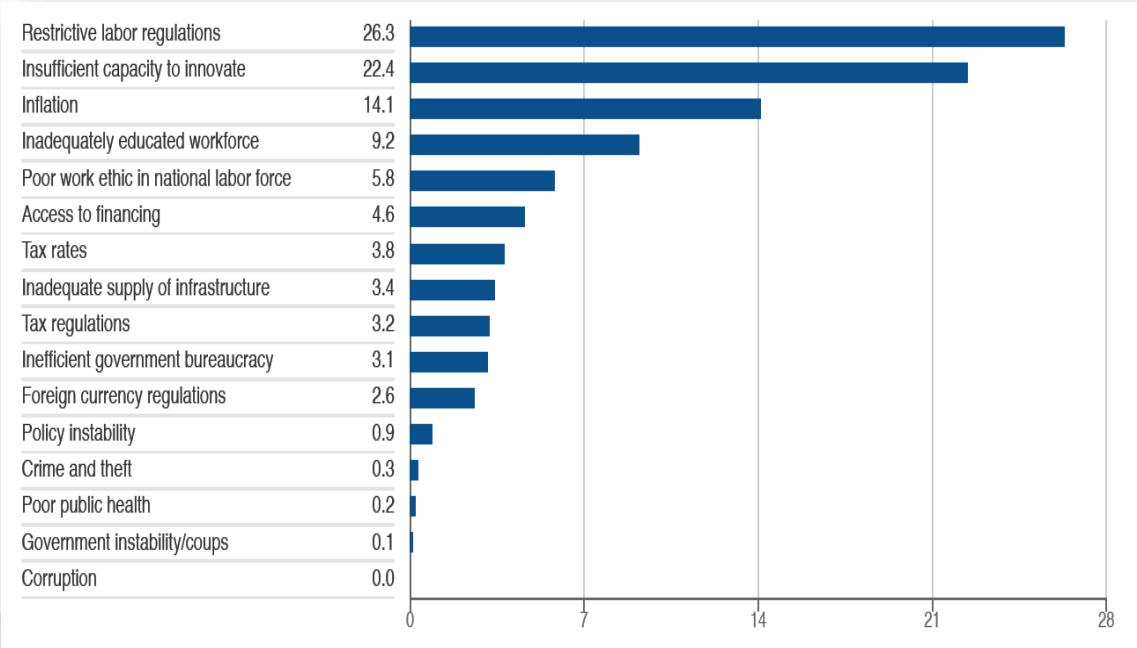

Figure 5.4 Most Problematic Factors for Doing Business in Singapore (2017-2018)

Sources: World Economic Forum, Global Competitiveness Report Index (2017-2018), Executive Survey 2017 (the total score is 100), modified by the author

Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them from 1 (most problematic) and 5 (least problematic.) The score corresponds to the responses weighted according to their rankings

The ranking on the business environment was revealed to correspond with other ranking categories; that is, Singapore has been set to remain the world's best location regarding its business environment since 2009, including the estimated period of 2014-2018, surpassing Switzerland and Hong Kong at number 2 and 3 respectively. This reflects the capacity of the government institutions in ensuring trustworthiness and confidence for trade and investment. As the most friendly business environment, Singapore can positively safeguard investors and firms in a constructive manner.

Table 5.33 Business Environment Ranking: Singapore

Year	Global Ranking (2009-2013)	Global Ranking (2014-2018)
Overall ranking	1/82	1/82 *(forecast)*

Sources: Business Environment Rankings (2009-2018), The Economist Intelligence Unit, modified by the author.

Note: There are 91 indicators in total based on 10 criteria. Each of the 91 indicators is scored on a scale from 1 (very bad for business) to 5 (very good for business). The ranking based on a weighted average of the highest scores.

The results of social trust revealed that during 2000-2004 the score was at 38.2 points and slightly dropped to 37.5 points in the later phase. However, the score in this category was relatively low based on the overall score of 100. Civic cooperation accounted for 15.72 points during 2000-2004 and there was a bit of an increase to 16.44 from 2005 to 2009. The score in this item was not so high based on the overall point of 55. This signifies that both social trust and civic cooperation in Singapore are not so strong. This paper contends that the social capital endowment in the country is not so strong as the overall score was quite low. See full details below.

Table 5.34 Social Capital in Singapore

Key Indicator	WAVE 3 (1995-1999)	WAVE 4 (2000-2004)	WAVE 5 (2005-2009) *(weight avg. WAVE 4&6)*	WAVE 6 (2010-2014)
Social trust	-	21.1/100	29.2/100	37.7
Civic cooperation	-	15.69/55	15.25/55	14.82/55

Source: World Value Survey (1995-2014), modified by the author

Note: (1) Social trust is an assessment of respondents to the question "Most people can be trusted?" after deleting do not know the answer. The score is a percentage based on 100 points in total; (2) Civic cooperation is assessment of respondents who

are questioned concerning whether each of the following behaviors “can always be justified, never be justified or something in between,” which are: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have a chance. The values from these three sub-items are combined and summed as a new scale called Civic cooperation. The calculation is a sum of a raw score of 1 (never justifiable) to 10 (always justifiable), then weighted average based on a 55-point maximum.

Based on the overall economic institutional rankings, this paper argues that Singapore is highly competitive, with strong support from various kinds of institutions, ranging from policy formulation at the government level to sub-implementing agencies. This has allowed Singapore to top the global rank in many categories, such as doing business, global competitiveness, paying taxes, and economic freedom. This has permitted Singapore to be one of the most attractive locations for international business and investment. Nevertheless, the future path for development is not a “bed of roses” since there are a number of challenging issues, such as innovation and an inadequately-educated workforce.

This is the main reason why the current government has injected a large amount of budget for the Research, Innovation and Enterprise Plan 2020 to enhance innovation and the related competencies of the country. Apart from pursuing innovation and education development policies, however, the government should look into the improvement of social capital via greater people’s participation and engagement in order to generate a stronger social foundation, which could lead to other positive externalities for the overall business sectors in the community.

Multiple Regression Analysis: FDI inflows in Singapore

Descriptive Statistics

A macro view of all the variables under this investigation is presented in descriptive statistics, which needs to be comprehended before performing the regression analysis in the next part. See the table below for full details.

Table 5.35 Descriptive Statistics of Variables: Singapore

Variable	Minimum	Maximum	Mean	Std. Deviation
GOVEFF	94.00	100.00	99.1500	1.72520
REGQ	96.00	100.00	99.2500	1.11803
RULELAW	88.00	96.63	92.3793	2.65011
CORRUP	95.84	98.57	97.3633	.85813
DOBUS	154.00	189.00	180.8182	9.96813
PAYTAX	177.00	185.00	181.0000	3.27872
TRUST	21.00	37.00	29.0000	6.76123
CIVIC	15.00	16.00	15.3333	.48795
RESOUR	.00	.00	.0000	.00000
GDPGRW	-2.00	15.00	6.0741	4.11307
GDPCAPTA	11864.00	56336.00	32446.7407	14339.29427
LAFORCE	1554273.00	3182443.00	2295279.8889	531830.99326
POPGRW	-1.00	5.00	2.3704	1.27545
COSTIM	367.00	440.00	417.6000	34.91959
COSTEX	416.00	460.00	444.8000	19.93768
LIFEEXP	76.00	83.00	79.5000	2.28473
LITER	89.00	97.00	93.2308	2.26817
FDI	2204.00	73987.00	27407.2593	23179.28861

Table 5.36 Empirical Results of Regression: FDI determinants in Singapore

Variable	Coef.	Std. Err.	T	Sig.	Collinearity Statistics	
					Tolerance	VIF
(Constant)	-2000676.879	752606.236	-2.658	.019		
GOVEFF	**.248**	**2107.723**	**1.847**	**.086****	**.155**	**6.456**
REGQ	.002	1675.560	.025	.981	.584	1.714
CORRUP	**.217**	**3791.676**	**1.810**	**.092****	**.193**	**5.169**
DOBUS	-.084	323.356	-.976	.346	.375	2.670
PAYTAX	**.229**	**1141.984**	**2.551**	**.023***	**.347**	**2.882**
TRUST	**.483**	**1150.501**	**1.960**	**.070****	**.046**	**21.770**
CIVIC	**.499**	**16715.990**	**1.934**	**.074****	**.042**	**23.936**
GDPGRW	-.030	470.775	-.359	.725	.399	2.505
GDPCAPTA	**.808**	**.168**	**7.784**	**.000***	**.259**	**3.867**
COSTIM	-.135	132.237	-1.154	.268	.203	4.932

Dependent variable: FDI in Singapore

R Square = .961; ***adjusted R Square = .928****; F = 28.749; p = .000; Durbin-Watson = 2.440*

*Statistically significant at 0.05 level

**Statistically significant at 0.1 level

TRUST and CIVIC: data available at country level only 2000-2014

GOVEFF, REGQ, RULELAW, and CORRUP, data available only 1996-2015

ENROLL: data not available

The estimated equation to predict the FDI inflows in Singapore then become:

$$Y4 = -2000676.879 + 0.248X1 + 0.217X4 + 0.229X6 + 0.483X7 + 0.499X8 + 0.808X11$$

Based on the analysis of the Pearson correlation matrix, it was discovered that LAFORCE was correlated with GDPCAPTA at.970, LIFEEXP was correlated with

GDPCAPTA and LAFORCE at .900 and .923, LITER was correlated with LAFORCE .881, and COSTEX was correlated with COSTIM at .998. In this case, LAFORCE, LIFEEXP, LITER, and COSTEX were removed from the equation. It should be noted that TRUST and CIVIC were included in the regression model because their correlation value was just slightly higher than 0.8. This model shows satisfactory goodness of fit with an R Square of .961 and an adjusted R Square of .928. See appendix 1 for full details.

Key Findings

The results of the regression analysis unveiled that ease of paying taxes (PAYTAX) had a statistically-significant relationship with the FDI inflows at the 0.05 level with the coefficient of 2.551. PAYTAX reflected the ability of the Singapore government in providing an easy method of taxation allowing foreign investors to settle their tax burdens in a quick and effective way. It then became an influential factor in the positive inward FDI into the country. This finding is in line with the economic ranking on paying taxes undertaken by the World Bank and PricewaterhouseCoopers, awarding Singapore 8th and 5th positions as the most effective tax economy for tax procedures in 2017 and 2016 (Paying Taxes, 2017). A speedy and effective tax system is necessary to facilitate business operations for favorable policy considerations for investors to do business in Singapore. For this reason, it was recently reported that Singapore topped the highest rank for an FDI destination among all ten ASEAN countries in 2004 at 61.2% and was able to firmly maintain its *status quo* in 2014 at 52.9% (ASEAN Statistical Yearbook, 2015).

The findings also indicated that civic cooperation (CIVIC) and trust in the society (TRUST) had a statistically significant relationship with FDI inflows at .070 and .074 at the confidence level of 0.1. This suggests that TRUST and CIVIC cooperation substantially advocated by the citizens and members of the society would result in an inward flow of FDI in a concrete manner. Similar to government effectiveness (GOVEFF) and control of corruption (CORRUP), they were found to have a significant impact on FDI at .086 and .092 corresponding. This proves that the

implementation of good governance in various forms could lead to favorable investment-policy consideration, paving the way for a good business environment. The finding of TRUST, in this case, could involve the informal investment sector, new business venture in particular, which depends less on demographic and economic indicators (P. K. Wong & Ho, 2007).

Additional Findings

GDPCAPTA, however, was found to have a positive and critical correlation with FDI—mirroring the financial well-being of the people and also promoting the flow of FDI in a productive manner. Singapore's economic growth is largely dependent on FDI and exports; its success story could be a result of active policy regarding services, paving the way for the relocation of foreign firms and FDI, especially in the manufacturing sector (Anwar, 2006; W. K. M. Lee, 1997; K. N. Wong et al., 2009). This is similar to Malaysia, which adopted service trade as the main driver for growth and development. The growth of the manufacturing sector in Singapore has been claimed to have a long-run relationship with foreign investment, employment, and human capital. Manufacturing output is remarkably affected by the FDI and well-qualified human capital in the sector (Anwar, 2006). It also involves the growth rate, real output, and productivity. Therefore, the promotion of FDI needs to be considered and promoted alongside with the manufacturing sector, employment, and human capital forces. It has also been argued that the success story of Singapore and in most of the ASEAN countries is because of vigorous investment liberalization policy, together with the spillover effects on the investment of capital, technology transfer, and employment (Jarvis, 2012).

In this regard, the FDI determinants in Singapore are hypothesized to involve technological transfers and supportive policy from the government as well. According to H. Lee and Tan (2006), it was found that the FDI inflows into Singapore and several ASEAN countries are relate to the levels of technology transfer, especially after the financial crisis in 1997, when FDI became the major source of capital inflows into the economy. It was further claimed that Singapore and Malaysia were

the most successful among the ASEAN countries in enjoying the great benefits from FDI and technology transfers. This includes the positive influence on domestic R&D, output, and investment activities.

Apart from the mentioned FDI determinants, the proactive policy of moving forward a series of free trade agreements (FTAs) and regional trade agreements (RTAs) with other countries has become an important matter for economic growth and prosperity. Singapore has been claimed to be very eager to pursue a large number of FTAs and RTAs, aiming to ensure market and investment access for local and foreign investors in the long run (Toh, 2006). This includes various engagements in bilateral agreements with many countries, such as New Zealand, Australia, Canada, Chile, Mexico, and with the European Free Trade Association (EFTA). All of these allow Singapore to be in the global spotlight for FDI and the relocation of its international business.

5.6.5 The Analysis of Economic and Social Institutions Affecting FDI Inflows in Thailand

Thailand successfully stepped up from a middle- to an upper middle-income country from 2011 due to remarkable economic progress in social and economic development, and it moved from a low-income country to an upper-income country in less than a generation. Thailand's successful story became a development model for many emerging economies in the wider Asian region. This included robust economic growth, social progress, and poverty reduction during the 1980s, all resulting in an influx of FDI and capital flow from numerous sources, especially massive investment and business relocation from Japan in the early of 1990s. After the financial crisis in 1997, Thailand showed its resilient ability to gain back momentum for growth, which was faster than the regional recovery pace. In 2003, Thailand took back full national credibility by making a complete early repayment to the IMF, one year ahead of the original schedule. This pushed Thailand to be at the front row of ASEAN again. However, the World Bank (2018) reported that the growth had slowed to 3.5% during 2005-2015, with a dip to 2.3% in 2014-2016. This might have been caused by long-standing political turmoil and a military coup in 2014. Economic growth slightly increased by 3.9% in 2017, the best growth ever since 2012, and a higher target of 4.1% was expected for 2018.

The current government is executing a national strategic policy for development called the "Thailand 4.0 agenda," a new economic model aiming to unlock the country from several economic challenges and pushing forward the nation forward with innovation and sector-specific industrial policies to attract new investments. This policy is being implemented alongside the 12th Master Plan for National Economic and Social Development 2017–2021, under the junta's grand 20-year national strategy. Although this strategic policy has been able to attract the current FDI and new investment, the hope that it will transform the economy to a higher level of prosperity is still overly optimistic. This could be due to the decline of trustworthiness and confidences at both national and international levels, including an inability of the

military government to resolve economic hardship for middle-income and low-income classes.

In 2018, Thailand's economic freedom score was 67.1, categorized as "moderately free," The overall score has risen by 0.9 points, with improvements in business and investment freedom outweighing lower scores for the government integrity and property rights indicators (HeritageFoundation, 2018). At the regional level, Thailand is ranked 12th among the 43 countries in the Asia–Pacific region. In order to enhance the business environment, the government has endeavored to improve the regulatory framework to be more effective and to come up with greater pro-investment policies. Legal business procedures have been streamlined and new investment incentives have been proposed. It claimed that political instability continues to undermine the investment climate, and the judicial system remains vulnerable to political interference (Miller & Kim, 2017). More importantly, government integrity and credibility are undermined by pervasive corruption. Downside risks have declined business environment and clouded the future competitiveness of the country.

Table 5.37 Quick Facts about Thailand

Key Indicator	
GDP size (2016)	$296.9 billion
GDP per capita (2016)	$52,962
GDP growth rate (2016)	1.99%
Unemployment rate (2018)	0.6%
Population (2018)	69 million
Inflation: CPI (2016)	0.2%
FDI inflows (2018)	$1.6 billion
Economic freedom index (2018)	53/186
Doing business ranking (2017)	46/190
Paying taxes (2017)	109/190
Global competitiveness index (2017-2018)	

Key Indicator	
Business Environment Ranking (2014-2018)	34/82 *(forecast)*

Source: The World Bank (2016), The Heritage Foundation: Index of Economic Freedom (2018), Global Competitiveness Report (2017-2018), and The Economist (Intelligence Unit): Business Environment Ranking (2014-2018), modified by the author

The results of economic freedom index 2018 unveiled Thailand is "moderately free." The score was 67.1, making its economy the 53rd freest. The overall score slightly improved from the previous year with improvements in business freedom and investment freedom outweighing lower scores for the government integrity and property rights indicators. At the regional level, Thailand is ranked 12th among 43 countries in the Asia Pacific. In order to enhance the free-enterprise system and to encourage more investment, the government has attempted to make the regulatory framework more effective and transparent. Trade freedom is relatively high, although non-tariff barriers continue to undercut gains from trade. In terms of the long-term prospect, however, political instability and social disharmony will tend to weaken the entire business and investment climate.

Table 5.38 Economic Freedom Index: Thailand (2008-2018)

Key indicator	**2008**	**2010**	**2012**	**2015**	**2017**	**2018**
World Rank	**54/162**	**66/183**	**60/184**	**75/186**	**55/186**	**53/186**
Overall Score	63.5	64.1	64.9	62.4	66.2	67.1
Business Freedom	72.1	70.7	72.5	72.5	69.9	77.2
Trade Freedom	75.2	75.9	75.2	75.4	82.8	83.1
Investment	30	40	40	45	50	55
Financial Freedom	50	70	70	60	60	60
Property Rights	50	45	45	40	51.3	48.6

Source: The Heritage Foundation, Economic Freedom Index, heritage.org/Index, 2008-2018, modified by the author

Notes: The total score is 100. The overall score from 2008-2015 based on the combination of 10 sub-indicators. The overall score from 2017-2018 based on the combination of 12 sub-indicators

The doing business ranking reports disclosed that Thailand is a productive country for doing business, especially during 2006-2012, when the ranking position was in the top 20. Later, the ranking continuously dropped, indicating that doing business in Thailand was becoming more difficult. This might be because of long-term political conflict and government instability, which peaked in 2013 and ended with a military coup in 2014. All of this caused the decline in business confidence and investment considerations, causing the overall ranking to drop.

The military government has failed to regain its reputation and confidence in providing a friendly business environment to promote FDI and business relocation. However, the government has attempted to improve the situation by making the credit reporting systems more efficient under the guidance of National Credit Bureau, together with simplified preregistration and registration formalities to make it easier for starting a business in the country (Doing Business, 2017). See full details below.

Table 5.39 Doing Business Ranking: Thailand (2006-2017)

Year	2006	2010	2012	2014	2016	2017
Overall ranking	20/155	12/183	17/183	18/189	49/189	46/190

Source: The World Bank, Doing Business Report 2006-2017, modified by the author
Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of doing business in a particular country.

The results of the Paying Taxes ranking showed a similar direction as the Doing Business Ranking. That is, the ranking obviously dropped from 88th in 2010 to 97th in 2014. A sign of improvement was seen in 2016 when the government authorities decided to implement a new automatic risk-based system for selecting companies for tax audits; this reduced errors and underpayment of tax liability due (Paying Taxes, 2018). The situation got worse in 2017 as the ranking went beyond 100 places. This implies that the tax regime in Thailand is unlikely to be efficient based on the perception of foreign investors. It might be said that the management of the tax system for foreign investors has deteriorated, reflecting the poor performance of the government during the past years. See full details below.

Table 5.40 Paying Taxes Ranking: Thailand (2008-2017)

Year	2008	2010	2012	2014	2016	2017
Overall	89/178	88/183	97/183	70/185	70/189	109/190

Source: The World Bank & PricewaterhouseCoopers, Paying Taxes Report 2006-2017, modified by the author.

Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of paying taxes in a particular country.

Regarding the Global Competitiveness Rankings from 2011-2018, it was found that Thailand was moderately competitive as the overall ranking was around 30th place throughout the record. Comparing 2011-2012 and 2017-2018, the overall ranking improved from 39th to 32nd, implying progressive government action to improve the entire competitiveness level of the nation in various ways. The strongest component for driving the overall competitiveness is the macroeconomic environment since this indicator is regarded as the best performer across the board. It stayed below 30th place through the years and improved from 27th in 2016 to 9th in 2018. This would be the key component of competitiveness to steer the country forward. However, the institutions have been shown to be the largest hindrance dragging national competitiveness down. This is because the overall rankings of this mostly stayed above 70th place and seemingly remained unchanged from 2013 to 2018. Regarding this matter, there still has been no sign of improvement for either the previous or current government administrations. See full details below.

Table 5.41 Global Competitiveness Ranking: Thailand (2011-2018)

Key indicator	**2011-2012**	**2013-2014**	**2015-2016**	**2017-2018**
Overall ranking	**39/142**	**37/148**	**32/140**	**32/137**
Institutions	67/142	78/148	82/140	78/137
Infrastructures	42/142	47/148	44/140	43/137
Macroeconomic	28/142	31/148	27/140	9/137
Good market efficiency	42/142	34/148	30/140	33/137

Sources: Global Competitiveness Report Index (2011-2018), modified by the author
Note: The total numbers of country ranks each year vary due to WEF's data collection

For Thailand, it is apparent that government instability together with the military coups became the largest factors barring a friendly investment climate and a good environment for business according to the perception of an executive survey in 2017, accounting for 13.6%. Other key hindrances are inefficient government bureaucracy and policy instability, with these two factors accounting for almost 25%, clouding the business and investment climate. In the case of Thailand, this implies that political issues can potentially determine the overall economic outcomes and competitiveness of the country.

This paper argued that under the military regime the institutional performance of the country has tended to drop and this has had a domino effect in terms of bureaucratic red tape and policy instability, causing a decline in confidence and trustworthiness at the national level. Another chronic problem is corruption; it was reported that the corruption situation under the current administration has tended to worsen. See the full details below.

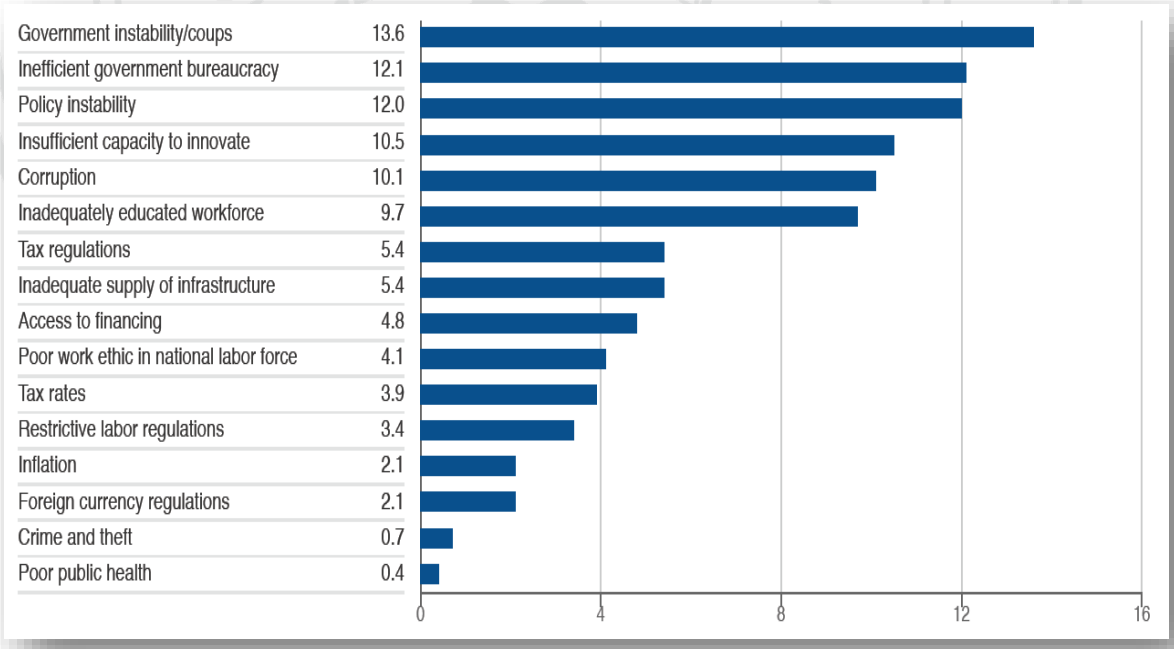

Figure 5.5 Most Problematic Factors for Doing Business in Thailand (2017-2018)

Sources: World Economic Forum, Global Competitiveness Report Index (2017-2018), Executive Survey 2017 (the total score is 100), modified by the author

Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them from 1 (most problematic) and 5 (least problematic.) The score corresponds to the responses weighted according to their rankings

For the business environment ranking, it was discovered that the results were not as bad as the mentioned policy instability and corruption indicators, which heavily dragged the country's competitiveness down. The business environment ranking in Thailand was ranked 38/82 during 2009-2013 with positive improvement to 34th position in 2014-2018. However, in terms of the estimation during 2014-2018, Thailand is seen to be behind Malaysia (19th) and Singapore (1st). In this category, however, Thailand has proved to have good performance with good ranking positions.

Table 5.42 Business Environment Ranking: Thailand

Year	**Global Ranking (2009-2013)**	**Global Ranking (2014-2018)**
Overall ranking	38/82	34/82 *(forecast)*

Sources: Business Environment Rankings (2009-2018), The Economist Intelligence Unit, modified by the author

Note: There are 91 indicators in total based on 10 criteria. Each of the 91 indicators is scored on a scale from 1 (very bad for business) to 5 (very good for business). The ranking based on a weighted average of the highest scores

Regarding the social capital analysis, it was found that the social trust level in Thailand was considerably high in comparison with other ASEAN countries. It scored 41.3 and 32.1 during WAVE 5 and 6 respectively. Civic cooperation appeared to be

relatively low, at 13.76 points during WAVE 5 and increased to 15.77 points in WAVE 6. See full details below.

Table 5.43 Social Capital in Thailand

Key Indicator	**WAVE 3 (1995-1999)**	**WAVE 4 (2000-2004)**	**WAVE 5 (2005-2009)**	**WAVE 6 (2010-2014)**
Social trust	-	-	41.3/100	32.1/100
Civic cooperation	-	-	13.76/55	15.77/55

Source: World Value Survey (1995-2014), modified by the author

Note: (1) Social trust is an assessment of respondents to the question "Most people can be trusted?" after deleting do not know the answer. The score is a percentage based on 100 points in total; (2) Civic cooperation is assessment of respondents who are questioned concerning whether each of the following behaviors "can always be justified, never be justified or something in between," which are: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have a chance. The values from these three sub-items are combined and summed as a new scale called Civic cooperation. The calculation is a sum of a raw score of 1 (never justifiable) to 10 (always justifiable), then weighted average based on a 55-point maximum.

In conclusion, in the case of Thailand, this study infers it is a moderately competitive and attractive country for business and FDI. It possesses strong economic backbone components, such as a low unemployment rate, a good business environment, and policy support from the government. However, the government instability under the military regime could cause a decline in opportunities in terms of the investment climate and prospects for the future. Concrete measures to address and solve long-term corruption, inefficient government bureaucracy, and poor institutions are key

issues that need to be taken into account. These negative effects pull the overall national competitiveness and FDI attraction down. If these problems remain unsolved, it could result in the diminishing of investment, fund flows, and national competitiveness for years to come.

Multiple Regression Analysis: FDI inflows in Thailand

Descriptive Statistics

A macro view of all the variables under this investigation is presented via descriptive statistics, which needed to be comprehended before performing the regression analysis. See full details below.

Table 5.44 Descriptive Statistics of Variables: Thailand

Variable	Minimum	Maximum	Mean	Std. Deviation
GOVEFF	59.00	68.00	63.4000	2.60364
REGQ	56.00	67.00	59.8000	3.36546
RULELAW	48.34	67.00	56.6922	6.47938
CORRUP	42.23	60.49	50.0666	5.01625
DOBUS	136.00	172.00	161.4545	12.06950
PAYTAX	87.00	128.00	102.4444	15.74890
TRUST	32.00	41.00	36.5000	4.74342
CIVIC	14.00	16.00	15.0000	1.05409
RESOUR	1.00	3.00	1.5769	.70274
GDPGRW	-8.00	11.00	4.4074	4.05025
GDPCAPTA	1508.00	6171.00	3414.2963	1589.09442
LAFORCE	31446413.00	40381693.00	36310186.8148	3236848.79932
POPGRW	.00	1.00	.7407	.44658
COSTIM	750.00	1042.00	827.5000	114.52147
COSTEX	585.00	848.00	658.6000	100.92263
LIFEEXP	70.00	75.00	71.7308	1.75631
LITER	93.00	97.00	95.0000	1.67332
GENROLL	72.00	76.00	74.8750	1.80772
FDI	1369.00	15493.00	5412.6667	3731.24862

Table 5.45 Empirical Results of Regression: FDI determinants in Thailand

Variable	Coef.	Std. Err.	T	Sig.	Collinearity Statistics	
					Tolerance	VIF
(Constant)	-262058.921	117921.407	-2.222	.043		
GOVEFF	**.593**	**533.813**	**1.862**	**.084****	**.190**	**5.251**
RULELAW	.295	243.836	.814	.429	.147	6.785
CORRUP	.144	227.944	.551	.591	.281	3.554
DOBUS	.100	116.287	.430	.674	.355	2.818
PAYTAX	**-1.201**	**149.695**	**-3.427**	**.004***	**.157**	**6.361**
TRUST	.133	308.253	.577	.573	.363	2.753
RESOUR	**-1.087**	**2256.934**	**-2.607**	**.021***	**.111**	**8.997**
GDPGRW	-.036	257.624	-.130	.898	.247	4.050
LAFORCE	**1.313**	**.000**	**4.162**	**.001***	**.194**	**5.155**
COSTEX	.004	15.409	.016	.988	.321	3.114
LITER	**.616**	**869.136**	**2.081**	**.056****	**.220**	**4.539**

Dependent variable: FDI in Thailand

R Square = .730; ***adjusted R Square = .498****; F = 3.149; p = .022; Durbin-Watson = 2.748*

*Statistically significant at 0.05 level

** Statistically significant of 0.1 level

TRUST and CIVIC: data available at country level only 2005-2014

GOVEFF, REGQ, RULELAW, and CORRUP, data available only 1996-2015

The estimated equation to predict the FDI inflows in Thailand then become:

$$Y5 = -262058.921 + 0.593X1 – 1.201X6 – 1.087X9 + 1.313X12 + 0.616X17$$

Pearson's correlation matrix revealed that CIVIC had a strong correlation with TRUST at 1.00, GDPCAPA was correlated with LIFEEXP .871, POPGRW was correlated with GDPCAPTA -.887, LIFEEXP was correlated with GDPCAPTA and LAFORCE at .871 and .919, COSTIM was correlated with COSTEX .992, and

ENROLL was correlated with COSTEX -.917. In this case, CIVIC, GDPCAPTA, POPGRW, LIFEEXP, COSTIM, and ENROLL needed to be removed from the equation since the correlation values relatively above 0.8. See the appendix for full details.

Key Findings

The results showed that the ease of paying taxes (PAYTAX) had a statistically-significant relationship with FDI inflows at a 0.05 confidence level, while government effectiveness (GOVEFF) was also found to have a significant correlation with FDI inflows. It could be argued that institutional quality could affect the flow of FDI more clearly in the case of Thailand.

In this case, PAYTAX was unveiled as a key element for FDI attraction to the country. Therefore, sound institutional performance and productive mechanisms for providing effective tax regimes are crucial for allowing foreign investors to settle tax burdens more easily, which would lead to preferable FDI considerations. The ease of paying taxes also includes the ability of the government to carry out development tasks on tax procedures with less troublesome processes and greater time efficiency. This involves the management of taxation methods, which needs to be accomplished in a speedy manner, as well as the reduction of the unnecessary transactions, complications, and redundancy. This factor encourages business dislocation from overseas and a friendlier condition for investment climate. In this matter, the Thai government is advised to continue to improve the various kinds of tax structures to be more responsive to cross-border investment and more productive in terms of stimulating inward FDI for the years to come.

Government effectiveness (GOVEFF) proved to be statistically significant in relation to the flow of FDI at the confidence level of 0.1, with coefficient values of 0.593. This confirms the significance of new institutional theory in that institutions can provide an indirect incentive to investors and for the economy, with the ability to shape the pattern of growth and prosperity of the country. In this case, the government's

effectiveness could pave the way to the long-term reliability of investment and the enforcement of related contracts; these would encourage trustworthiness at the same time.

Additional Findings

Natural resources (RESOUR) and labor forces (LAFORCE) were found to have a statistically-significant relationship with the flow of FDI at .021 and .001, meaning that traditional economic factors still matter in terms of attracting foreign investment. Most multinational firms consider that the abundance of natural resource and cheap labor are cost effective for the expansion of their business and for locating their production bases in the country's destination according to neoclassical growth theory. Thailand could be regarded to have rich natural resources in many forms, such as natural gas, forests, fisheries and other related endowments, while the cost of labor in Thailand, both skilled and non-skilled costs, is likely to be competitive compared to the same level of country development in Malaysia for example. This includes the calculation of natural resources as raw materials for manufacturing and the production process, gearing up business operations with confidence in the long run. These forces then became magnets to attract the influx of FDI and business dislocation, causing an economic boom for Thailand and a step forward for the country's development in the early 1990s.

Previous literature has indicated that Thailand has adopted a series of favorable policies to attract FDI and has expressed a strong interest in upgrading the country's technological capacity through transnational enterprise investments. This is because inward FDI could be a means for development and for achieving economic goals via positive spillover effects—human capital development, domestic savings, and technological modernization and innovation (Kohpaiboon, 2003; Poon & Sajarattanochote, 2010). This includes the exchange of science and technology cooperation with advanced countries, with the intention that technical knowledge and training will be obtained, eventually leveling up the country's development. Moreover, the literacy rate in Thailand is regarded to be at a higher level compared to

its neighboring countries. With the education reform plan and the continual increase of the education budget of the country, the literacy rate in Thailand has been close to 100 percent since 2010 (UNESCO, 2018). Therefore, the maintenance of good education standards, a strong labor force, and technological capacity could stimulate inward FDI at the same time.

Other factors that have caused FDI inflows into to Thailand include government policy and the zoning of particular investment areas since these factors were found to have a positive effect on drawing regional FDI to those zones where incentives are on offer (Wattanadumrong, Collins, & Snell, 2010). This study mentioned the regional FDI policy through the first Investment Promotion Act (IPA) aimed to promote the private sector in terms of industrial projects under the protection of the Board of Investment for Industrial Enterprises in 1962, and Specific Industrial Promotion Zones (IPZs) were introduced in 1973. These investment policies also joined forces with several National Economic and Social Development Plans (NESDPs). All of these initiatives have helped boost confidence in investment, together with incentives not only for Asian investors but also non-Asian nationals. This has been claimed to be a strategic determinant that has enormously pulled FDI to the country up to the present time.

Sadoi (2010) stated that a sizable flow of FDI to Thailand primarily came in the form of the technological capacity of the automobile industry by Japanese investments. The Japanese capital flow in investment helped to move Thailand forward to the forefront of the automobile industry in the region. In this case, active investment policy, that is a bilateral economic partnership agreement between Thailand and Japan, was behind the successful economic development. In order to enhance national competitiveness, the Thai government should focus more on the development of technological human capital to respond to the rising demand for technical laborers, suppliers, and engineers in this sector.

Apart from human capital development and friendly investment policies, it has been suggested that FDI-related incentives, such as tax privileges, land ownership, and

immigration policies, be more strongly promoted in order to attract a larger flow of FDI and a higher level of technology transfer. These recommendations were fortified by Jarvis (2012) arguing that investment liberalization has a strong relationship with net inflows of investment capital, technology transfer, and economic growth. It is then necessary for Thailand and other ASEAN nations to reduce trade barriers and enhance standardization on investment regulatory policies to trigger more FDI. who argued that investment liberalization has a strong relationship with net inflows of investment capital, technology transfer, and economic growth. It is then necessary for Thailand and other ASEAN nations to reduce their trade barriers and to enhance standardization of investment regulatory policies in order to trigger more FDI.

5.6.6 The Analysis of Economic and Social Institutions Affecting FDI Inflows in Vietnam

Vietnam is among the most successful countries, transforming itself from one of the world's poorest countries decades ago to a "lower middle-income" country with a per capita income of US$1,260 in 2011. The poverty headcount substantially fell from 58% in the early 1990s to around 10% by 2010. According to a new estimated poverty line, Vietnam was then considered to be a middle-income country (WorldBank, 2013). Vietnam's development, in fact, took root under the economic and political reforms initiative by the so-called "Doi Moi" policy in 1986, which literally means renovation or reconstruction. It has become the economic philosophy for the country's development ever since. The ultimate goal is to increase economic growth and development by liberating the economy and creating a "socialist-oriented market economy."

Vietnamese integration with the global market is believed to be the outcome of the successful entry into the WTO in 2007, causing the overall economy to grow. Recent economic performance has been robust, reflecting healthy export-oriented manufacturing, strong domestic demand, and a rebound of the agriculture sector. The GDP growth in 2017 was around 6.8%, the greatest expansion in the past ten years. Various economic indicators have been positive; for example, the expansion of the GDP from US$115,932 million in 2010 to US$205,276 million in 2016, a real GDP growth rate year-on-year of 6.21% in 2016, and a greater amount of FDI inflow from US$8,000 million in 2010 to US$12,600 million in 2016. This includes the expansion of merchandise exports from US$162,065 million in 2015 to US$176,581 in 2016 or 9% growth, and merchandise imports from US$165,610 million to US$174,804 during the same period (IMF, 2016). These expansions boosted international trade and stimulate more FDI to the country.

In terms of FDI, Vietnam was ranked the 5th largest FDI receiver among developing Asia in 2016, accounting for US$12.6 billion or 6.8% growth (World Investment

Report, 2017). It also has become one of the favorite FDI destinations for electronics manufacturing in the ASEAN region, attracting a large number of investment projects from neighboring countries such as Singapore and Malaysia. Furthermore, the formation of the AEC has further boosted the positive perceptions of investors and has contributed to higher FDI inflow into the country. Incentives for doing business in Vietnam include trade liberalization, low production costs, and a sound regulatory environment.

In 2016, the government launched the "Five-year Socio-Economic Development Plan from 2016-2020," which shed light on the significance of the economic restructuring associated with an innovative growth model and the implementation of strategic breakthroughs on productivity, efficiency, and competitiveness. Major targets to achieve in five years are: (1) the growth of the GDP by 6,5-7% on average; (2) an increase of GDP per capita of approximately US$3,200-3,500 by 2020; the enlargement of social investment up to 32-34% of the GDP; and (4) an expected urbanization rate of 38-40% by 2020.

With respect to the FDI in the first quarter of 2018, it was reported that the country has 25,339 valid projects with total registered capital of 319.98 billion USD. The amount of FDI in this quarter was impressive in terms of driving Vietnamese FDI further.

Table 5.46 Quick Facts about Vietnam

Key Indicator	
GDP size (2016)	US$205.27 billion
GDP per capita (2016)	US$2,170.64
GDP growth rate (2016)	6.21%
Unemployment rate (2018)	2.2%
Population (2018)	92.6 million
Inflation: CPI (2016)	2.7%
FDI inflows (2018)	US$12.6 billion

Key Indicator	
Economic freedom index (2018)	141/186 *(mostly unfree)*
Doing business ranking (2017)	82/190
Paying taxes (2017)	167/190
Global competitiveness index (2017-2018)	55/137
Business environment ranking (2014-2018)	59/82 *(forecast)*

Source: The World Bank (2016), The Heritage Foundation: Index of Economic Freedom (2018), Global Competitiveness Report (2017-2018), and The Economist (Intelligence Unit): Business Environment Ranking (2014-2018), modified by the author

The results of the Economic Freedom in Vietnam revealed that Vietnam is not competitive, as the overall ranking from 2008-2018 went beyond 100th place on average and the ranking has remained unchanged until the present time. The overall ranking was up to 147th and 141st from 2017 to 2018. In order to solve this, reforms were undertaken such as partial privatization of state-owned enterprises, the liberalization of trade regimes, and increasing recognition of private property rights (HeritageFoundation, 2018). However, the previous executions seemed to be inadequate for maintaining the good economic freedom of the country. Key limitations consist of various kinds of poor institutions and the underperformance of the government.

For example, investment freedom and property rights are the largest barriers to economic freedom as a whole, dragging the overall score down. These drawbacks are lowering business confidence and the investment climate significantly. Investment freedom is highly problematic since the mean score is lower than 30 throughout the record. The situation worsened during 2012-2015 and has slightly increased in recent years. Another key hindrance is the property rights performance, as the overall score is relatively low throughout the ranking record. Signs of improvement have been seen only in recent years.

The situation of economic freedom will worsen in the future if the government fails to address these issues constructively. Therefore, active institutions for tackling these problems are crucial for maintaining a good, long-term business environment for the country. See full details below.

Table 5.47 Economic Freedom Index: Vietnam (2008-2018)

Key indicator	**2008**	**2010**	**2012**	**2015**	**2017**	**2018**
World Rank	**135/162**	**144/183**	**136/184**	**148/186**	**147/186**	**141/186**
Overall Score	49.8	49.8	51.3	51.7	52.4	53.1
Business Freedom	60	60.7	61.1	61.5	61.2	63.2
Trade Freedom	62.8	68.9	79.6	78.6	83.1	78.7
Investment	30	20	15	15	25	25
Financial Freedom	30	30	30	30	40	40
Property Rights	10	15	15	15	49.7	46.4

Source: The Heritage Foundation, Economic Freedom Index, heritage.org/Index, 2008-2018, modified by the author.

Notes: The total score is 100. The overall score from 2008-2015 based on the combination of 10 sub-indicators. The overall score from 2017-2018 based on the combination of 12 sub-indicators

Regarding the doing business ranking, the findings indicated that Vietnam is unlikely to be competitive. The overall ranking almost reached 100th place. This is far behind Malaysia and Thailand, whose rankings were lower than the 50th rank throughout this similar period. This implies that Vietnam is less competitive among its neighboring countries. The results in this category are in line with other previous rankings, pointing out the relatively low competitive status of Vietnam.

Therefore, the government needs to pay more attention to improving the entire business environment and to make it more attractive by enhancing regulatory quality, increasing investment and financial freedoms, and lifting up property rights

protection. All of these would create more confidence and a better business environment for the country.

Table 5.48 Doing Business Ranking: Vietnam (2006-2017)

Year	2006	2010	2012	2014	2016	2017
Overall ranking	99/155	93/183	98/183	99/189	90/189	82/190

Source: The World Bank, Doing Business Report 2006-2017, modified by the author.
Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of doing business in a particular country.

The results of the paying taxes ranking unveiled a similar tendency to doing the business ranking, which demonstrated a relatively low business environment. The findings are even worse than the doing business indicator, as the overall rankings are nearly at the bottom line based on the total ranking economies. This situation worsened during 2016-2017 since the ranking significantly dropped in comparison to the based the year of 2008. This suggests the greater inability of the government to keep up with the modern business environment in the era of economic globalization. Several countries, such as Thailand, Malaysia and Singapore, have been able to improve their ranking in this category as time has passed, but this is not applicable in the case of Vietnam.

Table 5.49 Paying Taxes Ranking: Vietnam (2008-2017)

Year	2008	2010	2012	2014	2016	2017
Overall	128/178	147/183	151/183	149/185	168/189	167/190

Source: The World Bank & PricewaterhouseCoopers, Paying Taxes Report 2006-2017, modified by the author.

Note: The total number of countries rank each year differs based on primary data availability. The lower rank indicates the greater ease of paying taxes in a particular country.

The evidence from the global competitiveness ranking from 2011-2018 indicated that Vietnam's competitiveness level is low with reference to the overall ranking. During 2013-2014, the competitiveness level plummeted to 70/148. However, improvements were observed in later years as the ranking went up to 55/137 in 2017-2018. One big problem dragging the country's competitiveness down is the institutions. The ranking of institutions across the board has remained negatively the same. In 2015-2016, it was ranked 85/140, slightly better in later years to 79/137. In 2017-2018, the most severe negative factor was good market efficiency. This indicator has critically dropped since 2013, with no positive sign of development. See full details below.

Table 5.50 Global Competitiveness Ranking: Vietnam (2011-2018)

Key indicator	**2011-2012**	**2013-2014**	**2015-2016**	**2017-2018**
Overall ranking	**65/142**	**70/148**	**56/140**	**55/137**
Institutions	87/142	98/148	85/140	79/137
Infrastructures	90/142	82/148	76/140	79/137
Macroeconomic	65/142	87/148	69/140	77/137
Good market efficiency	75/142	74/148	83/140	91/137

Sources: Global Competitiveness Report Index (2011-2018), modified by the author
Note: The total numbers of country ranks each year vary due to WEF's data collection

This paper argues that the main problematic issues for doing business in Vietnam comprise access to finance, and an inadequately educated workforce and corruption, -12.3%, 10.4%, and 10% respectively. This implied the failure of the government to provide financial resources for business, no coverage of the education system for all, and poor institutions for addressing the widespread corruption in the country. These

factors hinder business and investment considerations negatively and would result in the decline of the business climate as a whole, especially regarding corruption, which has been claimed to be a long-standing issue when it comes to the matter of doing business (Bhasin, 2010). This includes an inadequately skillful workforce, as Vietnam tends to focus on unskilled and cheap labor to attract FDI and foreign business. This might have been good in the past, but this would turn as problems for future competitiveness. See details below.

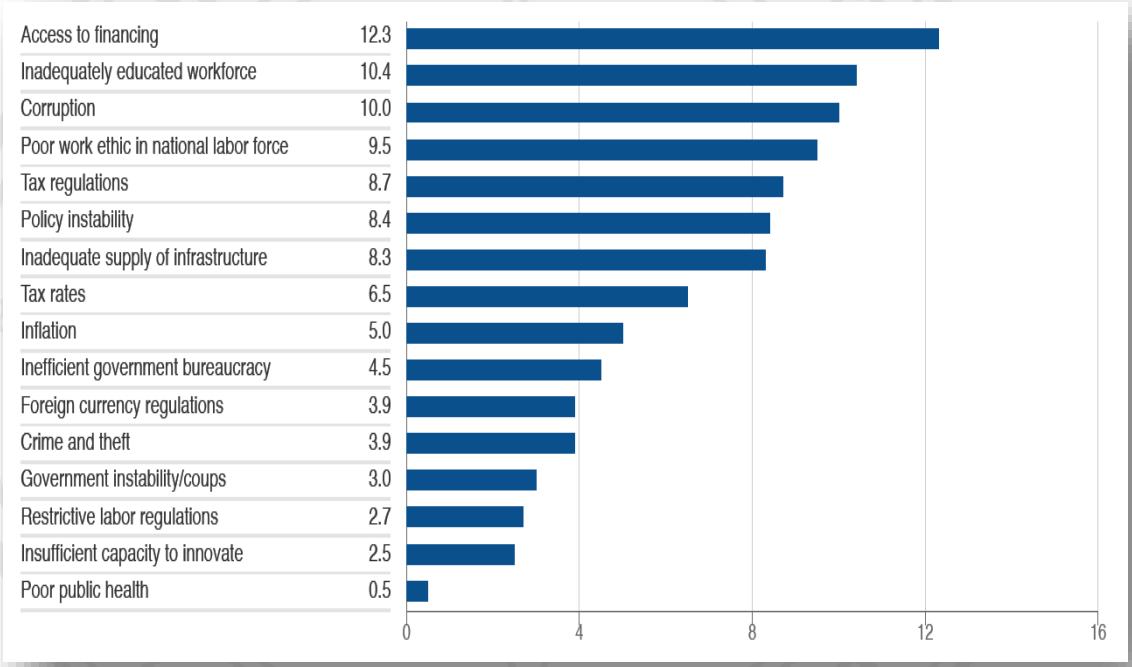

Figure 5.6 Most Problematic Factors for Doing Business in Vietnam (2017-2018)

Sources: World Economic Forum, Global Competitiveness Report Index (2017-2018), Executive Survey 2017 (the total score is 100), modified by the author

Note: From the list of factors, respondents to the World Economic Forum's Executive Opinion Survey were asked to select the five most problematic factors for doing business in their country and to rank them from 1 (most problematic) and 5 (least problematic.) The score corresponds to the responses weighted according to their rankings

The business environment ranking from 2009-2018 disclosed the same negative results; that is, the environment for business in Vietnam is critically low. The ranks in both phases were nearly at the bottom of the rank. This mirrors the unresponsiveness of the government in providing a good environment for business according to the perception of foreign investors and businesspersons. All of this suggests that doing business in Vietnam is possibly risky, with many uncertainties, causing unfavorable to the whole business considerations.

In this case, the government is highly encouraged to come up with aggressive policy measures such as reforms and modernization in order ease limitations and difficulties. The idea of reimaging the country and regaining the country's reputation with credibility are also necessary for improving the overall business environment and the investment climate. See full details below.

Table 5.51 Business Environment Ranking: Vietnam

	Global Ranking (2009-2013)	**Global Ranking (2014-2018)**
Overall ranking	60/82	59/82 *(forecast)*

Sources: Business Environment Rankings (2009-2018), The Economist Intelligence Unit, modified by the author.
Note: There are 91 indicators in total based on 10 criteria. Each of the 91 indicators is scored on a scale from 1 (very bad for business) to 5 (very good for business). The ranking based on a weighted average of the highest scores.

With respect to social capital, it was found that social trust was considerably high when compared with other ASEAN countries. Significant improvement can be seen during 2005-2009, when the overall score increased from 32.4 to 59.9 based on the previous duration. This signified that the changes in related social dimensions would somehow result in the score in this category surging, while civic cooperation throughout the period seemingly remained constant at 16.81 points in 2000-2004 and

was slightly down to 15.64 points in 2005-2009. However, the missing data in recent years is problematic, clouding the ability to forecast future tendencies. See full details below.

Table 5.52 Social Capital in Vietnam 2000-2009

Key Indicator	**WAVE 3 (1995-1999)**	**WAVE 4 (2000-2004)**	**WAVE 5 (2005-2009)**	**WAVE 6 (2010-2014)**
Social trust	-	32.4/100	50.9/100	-
Civic cooperation	-	16.81/55	15.64/55	-

Source: World Value Survey (1995-2014), 1995-1999 and 2010-2014 data not available, modified by the author.

Note: (1) Social trust is an assessment of respondents to the question "Most people can be trusted?" after deleting do not know the answer. The score is a percentage based on 100 points in total; (2) Civic cooperation is assessment of respondents who are questioned concerning whether each of the following behaviors "can always be justified, never be justified or something in between," which are: (1) claiming government benefits which you are not entitled to; (2) avoiding a fare on public transport; and (3) cheating on taxes if you have a chance. The values from these three sub-items are combined and summed as a new scale called Civic cooperation. The calculation is a sum of a raw score of 1 (never justifiable) to 10 (always justifiable), then weighted average based on a 55-point maximum.

According to the analysis of the economic institutional rankings, it can be inferred that FDI and business considerations are fundamentally restricted by various institutional factors in Vietnam. The country is unlikely to be attractive to business and cross-border vestment compared to other ASEAN nations. The overall scores in many categories were lower than the means. In several cases, they went nearly to the bottom line of the ranks; specifically, the paying taxes and business environment

rankings. This reflects the government's failure to provide a sound and reliable business-friendly environment, including sub-standard regulatory quality and corruption. Obtaining financial support for business is also troublesome. Another concern is an inadequately-educated workforce. All of these setbacks undermine the stability of the business system on a large scale, which could cause the entire attractiveness of the country to drop (Economic Freedom Index, 2010). This results in an undesirable climate for running a business in the country. As a result, the paper suggests that greater utilization of innovation and sophistication could enhance competitiveness in Vietnam, with the ability to level up the country's development and progressiveness as a whole. The government is then encouraged to come up with proper measures through policy reforms and initiatives to ease these limitations.

A reconsideration of market intervention in order to relax certain rules and regulations should be taken into account to enhance business confidence and FDI for the years to come. These executions would also promote and reimage the country, which could contribute to greater competitiveness and future development.

Multiple Regression Analysis: FDI inflows in Vietnam

Descriptive Statistics

A macro view of all the variables under this investigation is presented in the form of descriptive statistics, which needed to be comprehended before performing the regression analysis. See the table below for full details.

Table 5.53 Descriptive Statistics of Variables: Vietnam

Variable	Minimum	Maximum	Mean	Std. Deviation
GOVEFF	35.00	55.00	44.1500	5.37318
REGQ	22.00	34.00	27.6500	3.23265
RULELAW	34.00	46.15	39.9589	3.25322
CORRUP	23.90	40.00	33.4124	5.33843
DOBUS	57.00	112.00	89.0909	15.08280
PAYTAX	17.00	60.00	39.0000	13.65650
TRUST	32.00	51.00	41.5000	10.01388
CIVIC	16.00	17.00	16.5000	.52705
RESOUR	3.00	13.00	7.8462	2.42804
GDPGRW	5.00	10.00	6.7778	1.42325
GDPCAPTA	98.00	2186.00	841.4444	680.49068
LAFORCE	32591331.00	55930177.00	44169970.3333	7495826.14461
POPGRW	1.00	2.00	1.3704	.49210
COSTIM	586.00	670.00	612.4000	29.88199
COSTEX	468.00	610.00	545.7000	59.65279
LIFEEXP	70.00	76.00	73.5769	1.77027
LITER	90.00	94.00	92.0000	.73030
FDI	180.00	12600.00	4271.4074	3928.63630

Table 5.54 Empirical Results of Regression: FDI determinants in Vietnam

Variable	Coef.	Std. Err.	T	Sig.	Collinearity Statistics	
					Tolerance	VIF
(Constant)	*114614.631*	96331.332	1.190	.255		
REGQ	.182	198.116	1.306	.214	.172	5.821
RULELAW	-.222	219.093	-1.434	.175	.139	7.210
CORRUP	.032	128.030	.217	.832	.151	6.630
DOBUS	.235	58.658	1.680	.117	.171	5.847
PAYTAX	-.066	49.218	-.696	.499	.370	2.700
TRUST	**.293**	**74.535**	**2.622**	**.021***	**.267**	**3.745**
GDPGRW	-.036	241.456	-.409	.689	.436	2.294
GDPCAPTA	**.865**	**.697**	**7.166**	**.000***	**.229**	**4.366**
COSTIM	-.100	31.182	-.718	.485	.171	5.837
COSTEX	-.077	15.193	-.569	.579	.181	5.522

Dependent variable: FDI in Vietnam

R Square = .957; ***adjusted R Square = .913****; F = 22.058; p = .000; Durbin-Watson = 1.395*

*Statistically significant at 0.05 level

TRUST and CIVIC: data available at country level only 2000-2009

GOVEFF, REGQ, RULELAW, and CORRUP, data available only 1996-2015

ENROLL: data not available

The estimated equation to predict the FDI inflows in Malaysia then become:

$$Y6 = 114614.631 + 0.293X7 + 0.865X11$$

First, the Pearson correlation analysis revealed that CIVIC had an absolute correlation with TRUST at 1.00, LAFORCE was correlated with GDPCAPTA at .946, POPGRW was correlated with LAFORCE at -.845, and LIFEEXP was correlated with LAFORCE at .927. Therefore, CIVIC, LAFORCE, POPGRW, and LIFEXP needed to

be eliminated from the equation in order to maintain goodness of fit and a productive regression analysis.

Key Findings

The empirical results indicated that trust (TRUST) had a statistically-significant relationship with FDI inflows in Vietnam at a significance level of 0.05, with the coefficient value of 0.293. This underlined the fact that trust is a crucial factor in driving growth and FDI in Vietnam. TRUST remarkably was another key force into the flow FDI to the country in both direct and indirect manners. The encouragement of trust consequently in various dimensions could generate positive impacts on the future growth of FDI and other related forms of economic activities. The finding at this point goes in line with Knack and Keefer (1997), who stated that trust is significantly related to investment and is associated with stronger economic performance, especially in countries where formal institutions strongly protect property and contracts are enforced in a fair way. In this regard, it could be said that a solid foundation of trust is essential for promoting FDI with the ability to move economic progress forward in the case of Vietnam. This finding also associates to the study of Fukuyama (2001) who indicated that trust can reflect the ability of people to work together for common purposes in groups and organizations, thus leading to networks of economic collaboration and the creation of a better environment for business.

Apart from trust, this study argues that FDI inflows into Vietnam are largely dominated by GDP per capita, which means that higher GDP per capita could cause greater inflows of foreign investment into the country. In this case, an increase of GDP per capita is vital to the expansion of FDI. This finding supports neo-classical theory and joins forces with the current economic development in Vietnam with respect to economic performance. According to the World Bank's estimate, Vietnam has shifted from being a centrally-planned to a market economy and has transformed itself from one of the poorest countries in the world to a lower middle-income country with a brighter future in terms of business prospects (WorldBank, 2017). In this

connection, the implementation of government policy to raise the standard of living of Vietnamese people via the increase of incomes would promote higher investment in the country. Therefore, continual policy packages to promote the growth of the GDP per capita, such as greater income distributions and more employment opportunities in the future should be maintained. This would not only boost the national well-being but also promote inward FDI and other relevant forms of investment from abroad.

Additional Findings

Previous scholarly works (Anwar & Nguyen, 2010; Athukorala & Tien, 2012; Vu, 2008) highlighted the significance of FDI in relation to economic growth. It was stated that if factors such as investment in education, training, and financial market development are properly integrated, it would lead to inward FDI as well. These determinants were found to have positive effects on labor productivity and industrial transition grow, particularly in the sectors of oil and gas, construction, transportation, hotels and tourism, and real estate development and agriculture. All of this will lead to economic progress and an increase of FDI inflows as a whole.

Their findings reiterated that the soaring of FDI can have a direct effect on labor productivity and an indirect impact on GDP growth, which means that FDI is one of the key ingredients for economic success. In order sustain the momentum of FDI, it is then suggested that the Vietnamese government come up with additional proactive policy to assist foreign investors since this would help boost the further growth of FDI and the country's development for the years to come.

In case of Vietnam, a wide range of academic works (Suntikul, Butler, & Airey, 2010; Thoburn, 2004; Yang, Ramstetter, Tsaur, & Phan, 2015) has indicated that Vietnam's open-door policy has had a substantial linkage with the growth of FDI, its economic transition, and poverty reduction in the country after its successful economic reform, "Doi Moi," as indicated earlier. One year later, the state issued law on foreign investment by guaranteeing the right of ownership and fair treatment regarding the expropriation and nationalization of an asset for joint enterprises and foreign-owned

corporations, with the aim to spur a large-scale influx of FDI, especially in the tourism sector.

Afterward, FDI, hand in hand with the economic liberalization policy, became key focuses for the market-oriented strategy of moving the country forward and transforming its economy from centralized planning to market orientation. By this time, the government had implemented various policy measures to attract FDI by taking advantage of its competitive labor and resource-rich endowments. This represents the solid foundation of the Vietnamese reform programs, leading to the rapid development of labor-intensive manufacturing sectors such as the garment and footwear industries. Recently, Vietnam's membership in ASEAN in 1995 and the WTO in 2007 has been a symbol of the government's active role in engaging in the global economy (Suntikul et al., 2010).

Its economic reform in compliance with the WTO's regulations was accordingly undertaken, resulting in better investment and business conditions. Based on these initiatives and tangible investment-policy implementations, the amount of FDI inflows skyrocketed from 1,412 million USD in 2000 to 11,800 million USD in 2015 (World Investment Report, 2015).

The empirical study of Mai (2002) revealed that apart from the aforementioned forces in causing the expansion of FDI inflows in the early of 1990s, infrastructure development, the quality of the labor force, and the size of the local market were influential in determining the flow of FDI into Vietnam. Moreover, if the FDI is diversified throughout the country, it could fill the gap between the rich and the poor regions in the country. FDI is considered as a springboard supporting Vietnam in further growing economically. To this end, the government is advised to shift the concentration of public expenditures to poorer province development, targeting the improvement of physical and social infrastructure to accommodate FDI and other kinds of cross-border investments. All of this would expedite the economic progress and development in Vietnam more sustainably.

The latest empirical study of Pham and Talavera (2018) pointed out that social capital forces are pivotal as they can facilitate loan applications in the Vietnamese market; that is, the firms that have a closer relationship with government officials and business people can obtain loans more easily. This will help to ease business constraints and financial access.

5.7 Summary of Empirical Findings at Country Level

This paper has argued that both economic institutional and social capital factors are a matter for not only FDI attraction but also positive economic outcomes to the majority of ASEAN countries. The results highlighted institutional determinants are currently playing a major role to cause the FDI inflows to ASEAN region as a whole.

However, socio-economic factors and other additional factors, which are excluded and treated as control variables are still important to stimulate the flows of FDI in a concrete manner. To comprehend the dynamic flows of FDI in each country more clearly, the below table shows key findings of this research altogether with the qualitative-supplemented determinants from relevant studies:

Table 5.55 Summary of Empirical Findings at Country Level

Country	Empirical Findings	Qualitative-Supplemented Determinants
Malaysia	• Government Effectiveness • Rule of Law • Trust • GDP per Capita • GDP growth • Literacy Rate • Combined Enrollment	• Market Size • Economic Ties with China • Domestic Capital Formation • Financial Market Development • Education System • Open Trade Policy
Philippines	• Ease of Doing Business • Civic Cooperation • Labor Force • Literacy Rate	• Government Investment on Human Capital and Education Spending • Infrastructure Development • Investment Incentives • Tax Holiday • Gross Domestic Investment • Liberalization Policy • Sponsored Joint Venture Policy
Singapore	• Government Effectiveness • Control of Corruption • Ease of Paying Taxes • Trust • Civic Cooperation • GDP per Capita	• Active Policy on Services • The strength of the Manufacturing Sector • High Human Capital Resources • Investment Liberalization Policy • Supportive Investment Policies • Regional Trade and Bilateral Trade Agreements with various countries

Country	Empirical Findings	Qualitative-Supplemented Determinants
Thailand	• Government Effectiveness • Ease of Paying Taxes • Natural Resources • Labor Forces • Literacy Rate	• Favorable Investment Policy through Implementation of Investment Promotion Act • Industrial Promotion Policy • FDI Incentives and Privileges
Vietnam	• Trust • GDP per Capita	• Education Investment • Financial Market Development • Labor Productivity • Doi-Moi Policy in disguise of open door policy, economic reform, industrial transition and investment liberalization • Favorable FDI Incentive • Infrastructure Development • Size of Local Market • Quality of Labor Forces

CHAPTER 6

DISCUSSION OF THE RESULTS

This chapter presents an insight of explanations based on the research outcomes in chapter 5. It provides clarifications of the empirical outcomes in a holistic view so that further policy recommendations in each country shall be made more accurately. The contents in this session will be illustrated country by country beginning with Indonesia and continuing with Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

6.1 Discussion of the FDI Determinants in Indonesia

In the case of Indonesia, the main findings revealed that control of corruption (CORRUP), cost of import (COSTIM), literacy rate (LITER), and combined gross enrollment (ENROLL) had a significant positive relationship with FDI inflows. This means that the higher is the level of CORRUP, COSTIM, LITER and ENROLL, the greater will be inward FDI. The results support economic institutional and endogenous growth theories. New institutional theory suggests that the existence of good economic institutions could indirectly promote FDI and trade flows in an economy (Buracom, 2014; Dunning, 1994). However, COSTIM was found to contradict internationalization theory as a negative relationship was assumed between COSTIM and FDI inflows (or the lower cost of import could lead to more internationalization or an increase of FDI), but this empirical discovery revealed otherwise. In detail, ENROLL exhibited the greatest positive impact on inward FDI with the highest coefficient value of 0.664, followed by COSTIM (0.575), CORRUP

(0.573), and LITER (0.352). To this end, the considerations of additional factors under internationalization theory, such as the cost of exports, specific locations, and the nature of the business, should be taken into account in order to understand the movements of FDI in Indonesia more clearly.

On the other hand, regulatory quality (REGQ), cost of export (COSTEX), and population growth (POPGRW) illustrated a negative relationship with FDI inflow. This indicates that the lower degree of REGQ, COSTEX, and POPGRW can possibly cause the expansion of FDI inflows. This contradicts economic institutional and endogenous growth theories—assuming that the higher level of REGQ and POPGRW could boost FDI inflows. This finding revealed the opposite. COSTEX confirmed Internationalization Theory (or the lower cost of exports could create more internationalization or an increase of FDI). It also indicated a negative relationship with FDI inflows, with a coefficient value of -0.315. This paper supports Internationalization Theory in that firms prefer to seek lower costs to conduct business and production activities (Buckley & Casson, 1976). Further, POPGRW showed a significant negative relationship with FDI inflows, with the coefficient value of -0.363, followed by REGQ (-0.334) and COSTEX (-0.315).

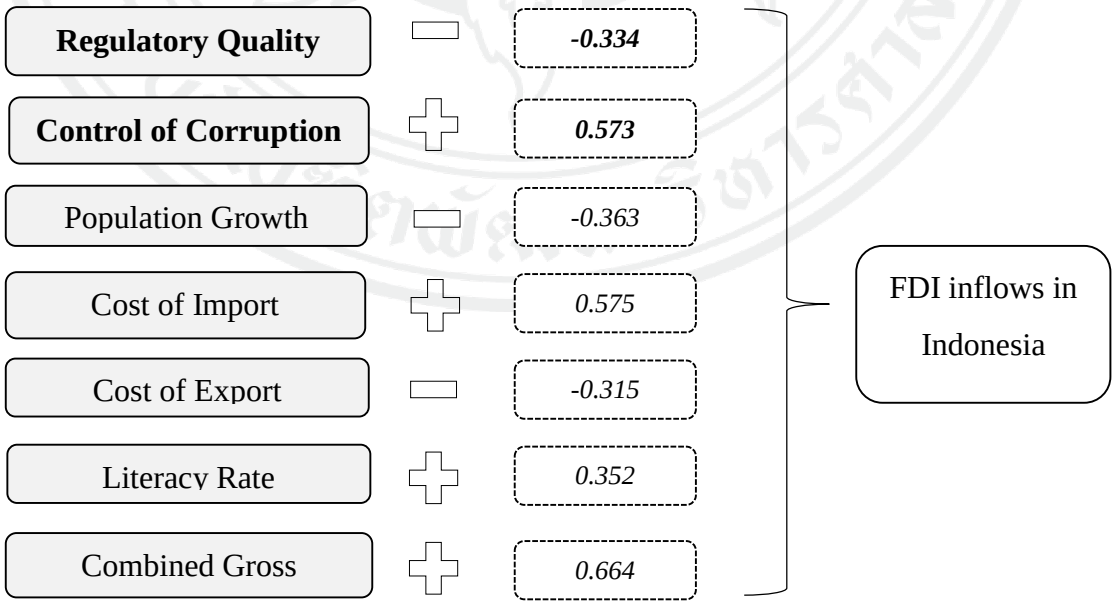

Figure 6.1 Determinants Affecting the FDI Inflows: Indonesia

In the case of Indonesia, there were several factors that caused an increase or drop in FDI inflows, especially human capital factors (literacy rate and combined enrollment) and the economic institutional factor (control of corruption). Previous findings consolidated the positive correlation between human capital development and FDI (Borensztein et al., 1998). It was also found that not only does control of corruption result in FDI inflows, but also government effectiveness helps to motivate economic growth and investment in a concrete manner (Wangworawong, 2015).

Lastly, in order to fully comprehend the dynamic flows of FDI in Indonesia, it is necessary to look into each individual factor rather than relying on the core theoretical assumptions. The Indonesian government is recommended to enhance confidence on the part of investors via the improvement of government bureaucracy and its sub-governing bodies in order to eliminate the image of the country as being corrupt. Moreover, not only does government effectiveness need to be rectified and developed, but also good governance in various dimensions is required. This includes the promotion of lower costs of imports, as Indonesia is not so competitive compared to neighboring countries such as Singapore and Malaysia, which are relatively lower in this regard. The literacy rate and the combined enrollment of the young generation should also be promoted before they enter the labor market with higher skills. All of these suggestions would allow Indonesia to become more productive in the future.

6.2 Discussion of the FDI Determinants in Malaysia

With regard to the multiple regression output, the results disclosed that government effectiveness (GOVEFF), social trust (TRUST), GDP per capita (GDPCAPTA), GDP growth (GDPGRW), and literacy rate (LITER) had a positive impact on the FDI inflows into the country. This indicates that the higher are GOVEFF, TRUST, GDPCAPTA, GDPGRW and LITER, the greater will be inward FDI. GDPCAPTA showed the strongest impact on the FDI inflows, with the highest coefficient value of 0.943, followed by LITER (0.689), GDPGRW (0.345), and GOVEFF (0.203). These

findings support the hypotheses of the study under new institutional, social capital, and human capital theories. All of this assumed a positive correlation between the mentioned determinants and FDI inflows, meaning that an increase or decrease of FDI is largely determined by these factors. On the other hand, rule of law (RULELAW) and combined gross enrollment (ENROLL) exhibited a negative correlation with FDI inflows; that is, the lower are RULELAW and ENROLL, the greater will FDI inflows be. These findings contradict new institutional and human capital theories since they assumed a positive correlation between these forces and FDI inflows. They also reverse the previous studies of Mengistu and Adhikary (2011), Masron and Nor (2012), and Buracom (2014) because these studies found a positive correlation between institutional quality, economic growth and FDI. See full diagram below.

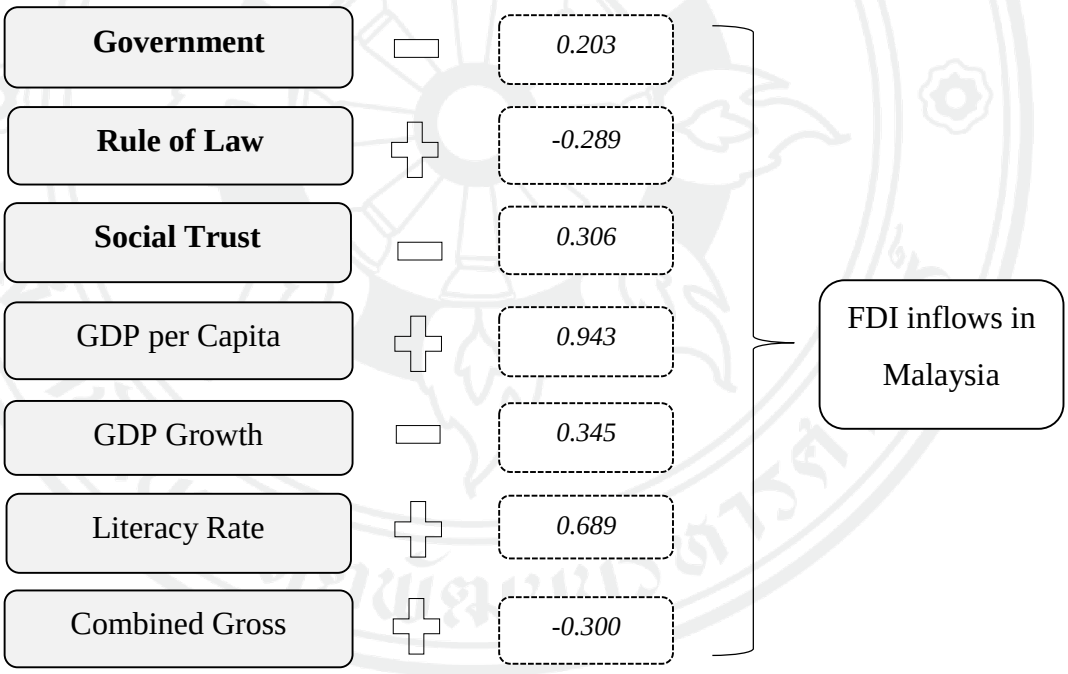

Figure 6.2 Determinants Affecting the FDI Inflows: Malaysia

In summary, in case of Malaysia, it should be noted other factors could dominate the flows of FDI such as close-economic relation with China and market size (Choong & Lam, 2010) domestic capital formation and level of human capital (Baharumshah & Almasaied, 2014). These factors were once found to have a positive impact on inward

of FDI in Malaysia. Therefore, policy-makers should be aware of these factors before making business consideration in Malaysia.

6.3 Discussion of the FDI Determinants in the Philippines

Based on the results of the multiple regression, doing business (DOBUS) and labor force (LAFORCE) were shown to have a positive impact on the FDI inflows in the Philippines. This means that the higher the levels of DOBUS and LAFORCE were, the higher was the inward FDI expected to be. LAFORCE revealed the largest impact on FDI inflows with the coefficient value of 0.671, followed by DOBUS (0.655). These findings support economic institutional and neo-classical growth theories as they underline the significant institutional performance and sizable labor force necessary to achieve economic outcomes—and FDI is certainly one of them.

Recently, it was observed that the doing business ranking of the country has noticeably leveled up. For example, it was ranked 144/183 in 2010, 108/189 in 2014, and 99/190 in 2017. This suggests that the development of the business climate and institutional quality in Malaysia would cause an increase in FDI inflows into the country. CIVIC and LITER was seen to have a negative effect on FDI with the coefficient value of -0.515 and -0.486 correspondingly (or the lower that the degree of CIVIC and LITER was, the larger were the FDI inflows into the country). This opposes social capital and human capital theories since they both hypothesize a positive relationship among these variables. A cross-country study of Knack & Keefer (1997) advocated social trust and civic cooperation were significantly related to investment and growth including the association to stronger economic performances.

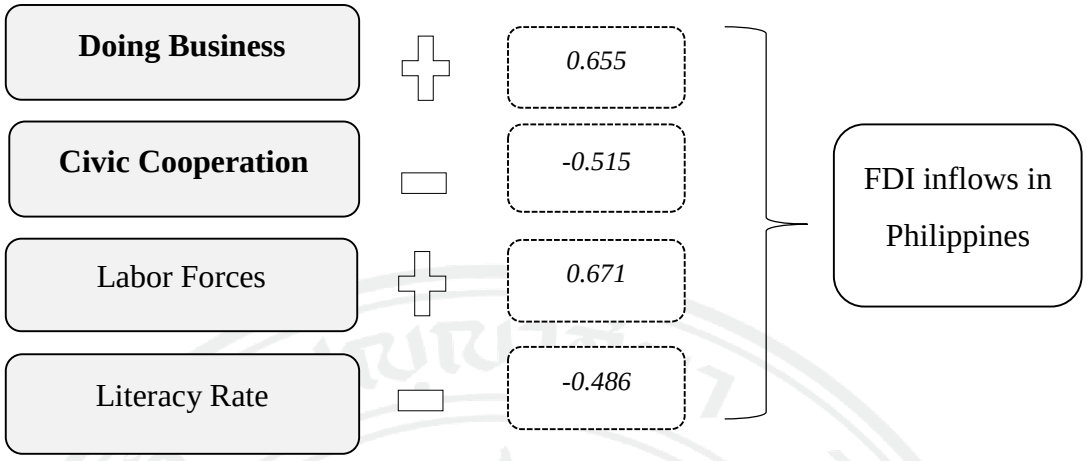

Figure 6.3 Determinants Affecting the FDI Inflows: the Philippine

In this matter, it should be noted that the civic cooperation factor could be a sensitive issue since the data set during 2000-2004 and 2005-2017 was missing. At this point, the consideration of other factors related to cross-border investment—such as government investment, education expenditure, and infrastructure development—is strongly encouraged. This is because they were found to be interconnected with the FDI in the past decades (R. Ofreneo, 2015). This includes the analysis of investment incentives, privileges and effective tax regime offered to the foreign investors, as they could be additional key drivers to steer FDI inflows constructively (Botman et al., 2010).

6.4 Discussion of the FDI Determinants in Singapore

The outputs of the multiple regression showed that government effectiveness (GOVEFF), control of corruption (CORRUP), paying taxes (PAYTAX), social trust (TRUST), and GDP per capita (GDPCAPTA) had a positive effect on the FDI inflows into the country. GDPCAPTA had the strongest impact on inward FDI with the highest coefficient value of 0.808, followed by CIVIC (0.499), TRUST (0.483), GOVEFF (0.248), PAYTAX (0.229), and CORRUP (0.217). These findings support new institutional and social capital theories and good economic performance, which

means that the greater degree of GDPCAPTA, CIVIC, TRUST, GOVEFF, PAYTAX and CORRUP that was exhibited, the higher were the FDI inflows into the country. Nevertheless, it should noted that regarding the TRUST and CIVIC factors in Singapore, according to the index ranking during 2000-2014, the overall scores were apparently lower than those of Indonesia, Malaysia, and Thailand. This indicated that the level of civic cooperation in Singapore is, in fact, not so high based on the comparative aspect. Missing data during 1990-1999 were a limitation of the results as well. This paper argues that this empirical finding in the case of Singapore supports several theories, which are opposite the findings for Indonesia, Malaysia, and the Philippines (the results of some parts revealed a negative impact and contradiction with the theories and recent scholarly work). See full diagram below for full details.

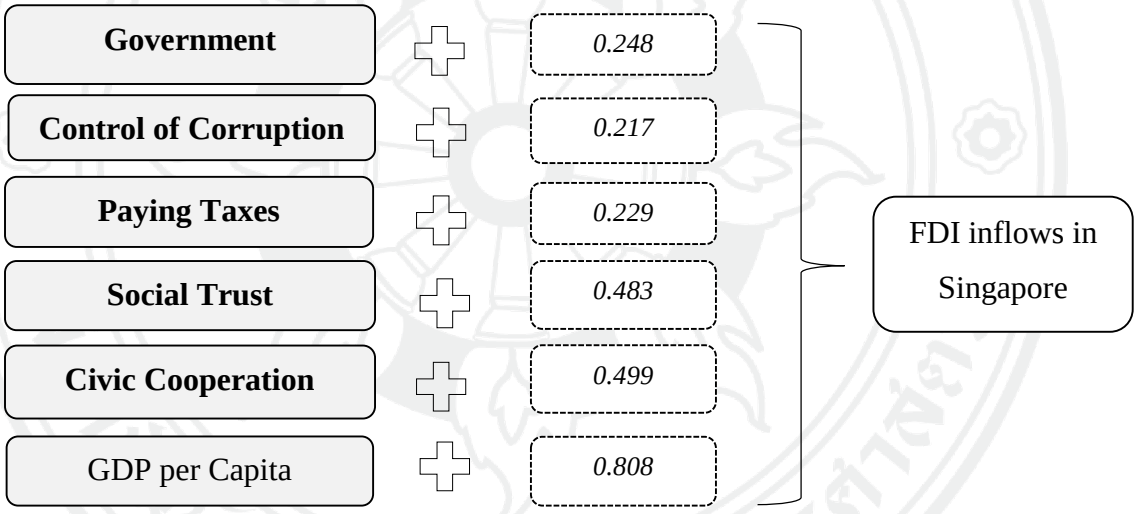

Figure 6.4 Determinants Affecting the FDI Inflows: Singapore

In conclusion, even Singapore has shown numerous successful economic stories in the past decades—especially as a hub of FDI in ASEAN. In terms of the long-term perspective, however, Singapore is required to give more attention to innovation and technology in order to sustain its competitiveness and growth. This includes greater varieties of investment policies—specifically in the service sector. This is because it was also found that the successful FDI inflows were rationally motivated by these policy implementations and incentives, allowing the influx FDI and overseas business operations to come into the country (Anwar, 2006; K. N. Wong et al., 2009).

6.5 Discussion of the FDI Determinants in Thailand

The results of the study demonstrated that government effectiveness (GOVEFF), labor forces (LAFORCE), and literacy rate (LITER) had a positive impact on the FDI inflows into Thailand. LITER showed the strongest effect on FDI inflows with the coefficient value of 0.616, followed by GOVEFF (0.593). These empirical findings support the hypotheses of the study under the assumptions of new institutional, neo-classical growth, and endogenous growth theories. All of these claim a positive correlation between the mentioned factors and the flow of FDI (meaning that the higher is the degree of GOVEFF, LAFORCE, and LITER, the greater will be the FDI inflows into the country). This is especially true of the literacy rate in Thailand, which is relatively high compared to other ASEAN countries, paving the way for social progress and greater attractiveness in terms of trade and investment (UNESCO, 2018). On the other hand, paying taxes (PAYTAX) and natural resources (RESOUR) exhibited a negative relationship with inward FDI—implying that the lower is the level of PAYTAX and RESOUR, the greater will be the FDI inflows into the country. This contrasts the hypotheses and previous literature because a positive correlation among economic-institutional factors, FDI, and economic performance has recently been found, resulting in a positive effect on FDI (Daude & Stein, 2004; Kurul & Yalta, 2017).

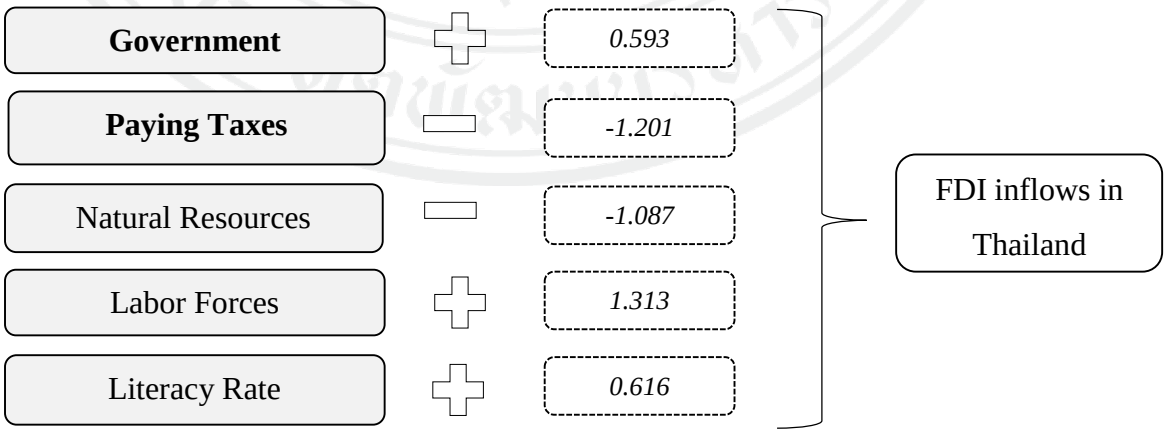

Figure 6.5 Determinants Affecting the FDI Inflows: Thailand

To sum up, in the case of Thailand, policymakers should be aware of other factors influencing FDI inflows. These are market size, domestic savings, human capital development, investment liberalization, and government policy, particularly the zoning of investment areas. All of these factors would not only encourage FDI, but also capital flows and related economic activities, which can potentially result in the expansion of international investment and trade growth (Agarwal, 1980; Billington, 1999; Jarvis, 2012; Wattanadumrong et al., 2010). To this end, the well-rounded considerations of the entire factors should be taken into account to comprehend the dynamic flows of FDI in Thailand more clearly.

6.6 Discussion of the FDI Determinants in Vietnam

The outcomes of the multiple regression illustrated that GDP per capita (GDPCAPTA) and social trust (TRUST) had a positive impact on the FDI inflows in Vietnam. GDPCAPTA displayed the strongest relationship with inward FDI with the greatest coefficient value of 0.865, followed by TRUST (0.293). This indicated that the higher is the degree of TRUST and GDPCAPTA, the greater will be the FDI inflows into the country. These results support social capital theory and the importance of the conventional socio-economic factor in driving FDI, trade flow, and economic activities. This finding fortified the empirical study of Knack & Keefer (1997) stating the positive connection among trust, investment and economic performances. See full details below:

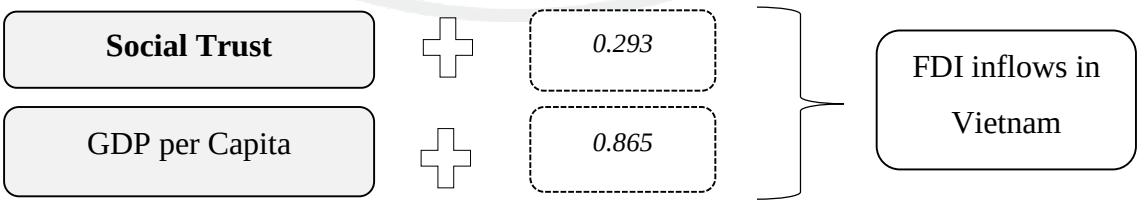

Figure 6.6 Determinants Affecting the FDI Inflows: Vietnam

In the case of Vietnam, an increase of GDP per capita from 1,333.58 USD (2010) to 2,185.69 USD (2016) could be considered successful economic development, upgrading the financial well-being of the people and allowing them more purchasing power for goods and services. This has led to a stronger economic foundation and an increase in the competitiveness of the nation as a whole. Recently, the World Bank reported that resilient domestic demand, robust export-oriented manufacturing, and a gradual recovery of the agriculture sector were driving Vietnam's economy to expand by 6.4%. All of this would permit Vietnam to be more attractive for investments and business relocation. Therefore, the key engine for driving the growth and FDI in Vietnam would rely on the rising of GDP per capita. One point of concern is that even though a positive correlation between TRUST and FDI was detected, it should be noted that the data set in this category was inconsistent; that is, there were missing data during 1995-1999 and 2010-2014. This would result in the validity and reliability of the research outcomes decreasing. At this point, further consideration of additional factors is required.

In conclusion, other factors related to economic performance and social conditions, such as education expenditure, the financial market condition, infrastructure development, the size of the market, and open-door liberalization policy should be considered. This is because these factors were previously found to have a positive impact on FDI inflows (Athukorala & Tien, 2012; Mai, 2002; Vu, 2008). Policy makers should be more aware of these latent factors to fully understand the dynamic flows of FDI in Vietnam.

6.7 Summary of the Key Findings

Based on the discussion at the country level in the previous section, the empirical findings generated mixed results, indicating that each individual country has specific determinants of an increase or drop in FDI inflows. The determinants in some countries caused considerable positive impacts on FDI inflows, while the same ones

had a negative effect. At this point, it could be argued that—apart from the factors under this examination, the business environment, economic background, development level, the caliber of the government in formulating sound policy, investment incentives, the tax regime, and market size—each country has its own specific factors for attracting FDI. This includes responsive policy to satisfy the needs of foreign investors and firms, privileges granted to investors, and the nature of the business in a certain country. Therefore, policymakers should be aware of and consider these factors more specifically based on the country destination before hitting the market.

Regarding social institutions, it was revealed that social trust is related to the movement of FDI as it had a positive impact on the FDI inflows into Malaysia, Singapore, and Vietnam. As a result, the promotion of social trust together with civic cooperation is vital not only to induce FDI inflows but also to pave the way towards a more stable and healthy society.

A common conclusion can be drawn from the government effectiveness and control of corruption factors, as these two forces were seen to influence the flow of FDI in several countries, such as Indonesia, Malaysia, Singapore, and Thailand. In addition, the empirical results revealed that institutional performance is a matter to the movement of FDI. It was observed that a country with higher institutional performance (particularly government effectiveness and control of corruption) could attract more FDI inflows compared to the poorer ones. This research contends that institutional quality is important for motivating the flow of FDI and for increasing economic competitiveness, not only in the ASEAN region but also in advanced countries as well. In this matter, constructive institutional roles in various dimensions, hand in hand with active economic policy and human capital development, could lift up economies to a higher ground of competitiveness, paving the way to a friendlier business climate and more FDI. Finally, the strengthening of social institutions via constructive engagement and civil cooperation, together with the enhancement of economic institutional quality, could positively promote greater business relocation, FDI inflows, and growth for the entire ASEAN region more beneficially.

CHAPTER 7

CONCLUSION

This study ultimately aimed to investigate how social institutional determinants—hand in hand with economic institutional factors—affected the FDI inflows in six ASEAN countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, during the period of 1990-2016. It makes a theoretical contribution to new institutional theories by conceptualizing the core assumptions concerning how social institutions, through "social trust and civic cooperation determinants," affect the FDI inflows in each of the six ASEAN countries. All of this remains unanswered or partly explained by economic-institution factors, which is inadequate for fully understanding the dynamic movements of FDI in the ASEAN region. The researcher designed this work as a country-level analysis; that is, the investigation was undertaken country by country. The main reason for choosing this approach was that a massive number of previous studies and research tended to analyze ASEAN as a single unit—overlooking the different context in each individual country, such as economic structure, development level, and institutional performance, including policy on trade and investment. The considerations of ASEAN as a unit might result in the lower accuracy and validity of the research outcomes. Therefore, this empirical study intended to fill the gap in the previous literature and to gain greater insight concerning the FDI inflows in each of the six ASEAN countries.

This paper incorporates new factors into the analysis, which recent scholarly works have not done; these are doing business, paying taxes, social trust, and civic cooperation. In doing so, the empirical outcomes will be more contemporary with a better reflection of the overall FDI movements at the country level. Given the theoretical contribution, this study largely contributes to new institutional theory,

especially regarding the economic and social institutional dimensions. These two branches would not only explain the dynamic flow of FDI into a developed country, but also the ASEAN region as a whole. The outcomes of this study can be utilized as policy guidance for ASEAN countries to induce greater FDI and enhance their competitiveness, especially under the context of the ASEAN Single Market in disguise of the ASEAN Economic Community (AEC) beyond 2025.

7.1 Major Findings

Based on the entire examination, the results revealed that economic institutional factors, especially government effectiveness and control of corruption, are matter in most countries. Social institutions (or social capital) factors, particularly through the analytical proxy of Social Trust, revealed a positive correlation with the FDI inflows in several countries. This means that the stronger the degree of these determinants is, the greater is the influx of FDI that can be expected. This confirms previous studies in that new institutional theory is valid and able to explain the dynamic flow of FDI, not only for advanced countries but also for developing ASEAN economies. The rising importance of these forces is crucial as they can determine the flow of FDI more productively. To this end, the policy or programs towards the promotions of good governance, social trust, and constructive engagements of civil society in a community is for incoming FDI and country competitiveness.

However, it should be noted that the impact size of these determinants matters only in some countries, not all. The impacts of institutional determinants on FDI inflows are diverse based on the specific country's condition. This is because a certain factor in one country could positively affect the inflows, but the same factor could be different in other countries. In the case of Singapore, for example, it is interesting that the degree of economic-institutional effectiveness (especially government effectiveness, pay taxes, and control of corruption) goes hand in hand with social institutions (social trust and civic cooperation). They are factors that cause FDI inflows into the country,

unlike other ASEAN countries. This suggests that the level of country development has tended to join forces with these institutional factors in the case of Singapore.

In addition, it was discovered there are several determinants shaping the flow of FDI that are difficult to quantify, for example: (1) close economic ties between the home and host countries and financial market development conditions in the case of Malaysia; (2) specific investment incentives guaranteed by legal frameworks offered to certain investment areas or lines of business in the case Thailand; (3) the degree of investment liberalization together with the penetration of regional and bilateral trade agreements with other economic powers in the case of Singapore; and (4) preferable joint venture policy specifically offered to certain industries in the Philippines. These are unquantified factors outside the investigation, but considerably affect the FDI inflows in various countries for different reasons.

Conventional socio-economic and human capital factors—as the control variables—such as population growth, life expectancy, and natural resources, were found to be significant in several ASEAN countries, but were seen to be less important for magnetizing the flow of FDI in the age of economic globalization. Still, these forces have served as a cornerstone for investment considerations in various countries. Therefore, the assessment of these factors based on the specific investment destination would be more important for policymakers and business leaders as a whole.

7.2 Theoretical Contributions

First, this paper primarily contributes to new institutional theory by conceptualizing key economic and social institutional determinants in the analysis in order to explain the dynamic flow of FDI in the six ASEAN countries studied. This is because most traditional studies have tended to focus on neo-classical growth and human capital Theories to describe the rationales behind FDI movements and investment flow across countries, which are inadequate for fully understanding the movement of FDI in

today's economic globalization. Therefore, the integration of new institutional theory into the analysis of FDI inflows in the context of ASEAN was considered to be worthwhile.

Second, with the integrative framework of analysis combining new determinants, the research outcomes will increase the ability to bridge the gap in the literature with greater explanations of how and why FDI is motivated in the ASEAN region. For this reason, this study incorporated new factors into the investigation: doing business, paying taxes, social trust, and civic cooperation. These determinants are considered new under the context of ASEAN-FDI research. To this end, the knowledge boundary in the field of public administration would be significantly extended and policy guidelines will be more accurate as a whole.

Third, this study was specifically designed as a country-level analysis (the diagnosis was undertaken country by county), and few scholarly works have used this technique. At this point, the rich in analysis and more insights of ground shall be fruitful. This includes greater accuracy of policy recommendations at the country level to be accomplished. The researcher strongly believes that this analytical undertaking was appropriate for achieving the primary objectives of the study. Furthermore, the policy recommendations based on the research outcomes can be utilized extensively not only for the ASEAN public and economic policymakers, but also for businesspersons that are interested in doing business in the ASEAN region.

7.3 Policy Recommendations: A Macro View

The results of the study have revealed that most ASEAN nations are aware of the rising significance of institutional quality, especially the development of Government Effectiveness, Regulatory Quality, Control of Corruption, and Rule of Law to be more responsive to the contemporary flows of FDI across the ASEAN region. With strong institutions, the goal of ASEAN market integration with greater attractiveness for

trade and FDI can be achieved. Even though the overall institutional quality in most ASEAN countries are relatively poor (except for Singapore), the institutional developments in several countries, such as Indonesia, Malaysia, and the Philippines, can be observed to some extent. In other countries, the developments of institutions have tended to be limited, for example in Thailand and Vietnam, where their ranking positions are likely to remain constant into the future. This implies the diversity of institutional performance and the imbalance development in various institutional aspects. It also indicates that even though ASEAN countries are pursuing the upgrade of institutional quality to attract more foreign investment and fund flow from abroad, the development of institutions in several countries is still limited due to political instability, social disparity, and bureaucratic red tape. All of this will hold the countries back from forward movement and from achieving the goals of AEC 2025.

Another key consideration is the rising importance of social institutions (or social capital) through the "social trust and civic cooperation" determinants in determining the positive flow of FDI. This is obvious in the case of Malaysia, Singapore, and Vietnam, where it was found that the higher degrees of social trust and civic cooperation could indirectly promote a good business environment and trustworthiness in the economies, bringing about more confidence, investment, and relocation of foreign firms. Unfortunately, many countries in ASEAN have not fully realized the significance of this, because most of their investment policies have placed strong emphasis on the promotion of incentives and privileges in particular—less policy attention has been directed to the development of social institutions at this time. This indicates that the weight is given to friendly investment policy rather than social capital development. This is unlike the Western countries, where trade and investment policies tend to go hand in hand with social development.

From a holistic view, most ASEAN countries should maintain and enhance their institutional quality in all forms, not only in terms of their economic institutions but also their social institutions. All of these factors will result in positive inward FDI and related cross-border trade; therefore, good institutional performance via a variety of government and private agencies is highly important for future FDI attractiveness as a

whole. However, the clarification and consideration of specific policy guidelines at the country level is appropriate for comprehending policy recommendations more clearly based on the different contexts in each country.

7.3.1 Specific Policy Recommendations for Indonesia

Indonesian policymakers involved in trade and investment policies are advised to be more integrative in terms of reducing bureaucratic red tape and inefficiency. This is because inefficient government bureaucracy in relation to government-related corruption is one of the largest problems barring a good business climate and FDI into the country. Therefore, concrete actions for reimaging government institutions, reducing corruption, and making the institutions more transparent and effective should be the first priority.

In addition, this paper recommends maintaining technology investment in the private sector, hand in hand with human capital development in various forms—especially with regard to creating a higher literacy rate and broadening the gross enrollment in higher education, which are necessary for greater investment attractiveness. These factors were found to be positively significant in relation to FDI inflows, and could generate positive spill-over effects on other economic activities. At this point, the government should be proactive in upgrading its human capital development, skilled labor, and human resources in order to maintain future competitiveness. All of this could pave the way for further growth and investment attractiveness.

Another dimension for consideration is the development of the overall domestic infrastructure, mainly because the competitiveness ranking underlined this indicator as the largest hindrance dragging down the country’s competitiveness as a whole. For example, Indonesia is the only ASEAN country that lacks good infrastructure and mass transportation systems in megacities, for example in the capital city of Jakarta and the manufacturing city of Bandung. The inadequate supply of infrastructures and transportation has become one of the largest negative factors for doing business in the

country according to the perception of the executive survey, the world economic forum 2017-2018. To this end, the government is encouraged to use more public expenditures for the overhaul development of infrastructure and transportation systems, which would serve as strong economic foundations to attract more foreign investments, including greater ability to boost the macroeconomic environment and level up national competitiveness.

7.3.2 Specific Policy Recommendations for Malaysia

Even though the overall competitive level of Malaysia has been impressive over the years, the financial freedom there seems to be a threat to lowering its competitiveness and attractiveness for investment. This is because it was found that from 2008 to 2018 there has been little improvement in the financial freedom in the country—the average score was around 40-50 points out of the total of 100. Lack of this improvement could potentially lead to the diminishing of future competitiveness and attractiveness for investment in the future. In this regard, the government is encouraged to take a closer look at enhancing financial freedom by considering greater relaxation of capital flow in the banking industry, flexible regulatory policies to promote the foreign financial sector, and fund flow management, including minimized government interference in the financial market. Policymakers should encourage a higher level of financial market stability, trustworthiness, and confidence in doing business in the country by executing the mentioned guidance. All of these could generate positive domino-effects on other related industries and create a better macroeconomic environment.

Other key points of concern are friendly tax regimes and effective tax rates for foreign investors. These are vital for boosting inward FDI and growth. A negative correlation was recently found between the overall tax regime and investment growth. At this point, the government is advised to create more concrete policy in order to improve the tax regime and to come up with a lower tax rate for foreign investors, such as lowing the corporate income tax (CIT) from the current 24% to around 20% or 17% in the future. This rate is comparable to that in Thailand and Singapore

(PricewaterhouseCoopers, 2018). This implementation could indirectly increase the position of the country's doing business ranking to be more productive for the business environment as a whole. All of these suggested policy measures could make Malaysia even more competitive, not only in terms of FDI attractiveness but also in terms of fund flows and business dislocation as positive side effects.

The last suggestion is the promotion of social trust in the society. Not only government effectiveness, GDP per capita, GDP growth do encourage FDI inflows, but also social trust, empirically showed a positive impact to influx FDI. In this connection, the promotion of social trust and civic cooperation could be done through people's participation and engagement beginning with policy formulation. This is pivotal for creating grounds for a better business climate and the investment environment of the country.

7.3.3 Specific Policy Recommendations for the Philippines

For the Philippines, one of the biggest problems hindering the creation of a good business environment and investment atmosphere is the inefficient government bureaucracy there, which includes related forms of ineffective institutions such as bureaucratic red tape, large government size, and inadequate policy measures for attracting FDI and international trade. This problem is similar to that in Indonesia, which is lessening the entire national competitiveness and attractiveness. It creates investment uncertainty and harmful prospects for business considerations. This includes a relatively low government capacity to provide business confidence, unsafeguarded property rights, and the lack of being able to ensure long-term investment freedom according to the economic freedom index 2008-2018. Because of this, during 2017-2018, it was reported that the Philippines was unable to maintain its position based on the global competitiveness ranking under the sub-indicator of "good market efficiency" from the previous rank of 80^{th} to 103^{rd}. All of these negative factors would cause competitiveness and confidence in FDI to drop. In this regard, a holistic approach with more serious policy measures to streamline government

bureaucracy, reduce duplication of work across agencies, and the downsizing of relevant government agencies should be taken into account. All of this should be the national agenda for reimaging the government to be more effective and transparent.

Moreover, the government needs to pay special attention to tackling the problem of corruption, which is another chronic problem of the country from time to time. The notorious corruption of the government is widely known regionally. The world economic forum, executive survey 2017, revealed that corruption is one of the biggest concerns for preferable investment considerations and trade expansion in the Philippines (Global Competitiveness Report Index, 2018). Therefore, the reduction of corruption and related forms of bribery, ranging from the government ministries to street-level bureaucrats, should be realized and a series of policy measures for controlling the wide spread of this problem must be proposed. With these recommendations, the confidence and trust from foreign investors will be regained.

Another key consideration is the revision of the tax rate, which is currently high compared to other developing countries. In the Philippines, the corporate tax is up to 30%, with regional operating headquarters taxed at 10%, and an additional 15% tax imposed by the branch on the foreign head office (Corporate Tax Rates, 2018). These rates are significantly high in comparison with other ASEAN countries, such as Thailand (20%), Malaysia (24%), and Singapore (17%). At this point, the government might reconsider calculating specific tax rates to be competitive for making both investment and trade more attractive. This will not only promote investment attractiveness but also level up the doing business climate.

7.3.4 Specific Policy Recommendations for Singapore

Even though Singapore is well known for good institutional quality, high government effectiveness, and active control of corruption, the maintenance of national competitiveness with the continual support from institutions amid higher global competition has not been “a bed of roses.” There is existing room for improvements,

particularly in the area of "easing restrictive labor regulations and further development of innovation capacity." Strict labor regulations would surely encourage labor market efficiency to the extent of mobility of the human resources management. However, the large number of restrictive labor regulations has seemed to hinder inward FDI and trade.

That is to say, for foreign firms and investors, it is going to be more difficult to bring in human resources, expertise and skilled labor from the home to the host country (in this case to Singapore), as they may have to face a rising number of measures and controlling procedures for such labor mobility. This would subsequently cause the decline of FDI and fund flows. The adverse impact of the too-strong labor regulations would result in unintended consequences for FDI movement in the future and would be a dilemma for policy decisions, where the government must be well-rounded, weighing the pros and cons of this more carefully.

Another point for consideration is the enhancing capacity of innovation as it was recently found that this is the limitation of the country in terms of moving forward, and is one of the most problematic factors for doing business in the country (Global Competitiveness Report Index, 2018). In this case, Singapore may not have to contest with ASEAN countries but European countries instead, such as Switzerland, the Netherlands, and Sweden, which are highly competitive with strong institutional quality and a productive environment. Thus, at the global level, the Singaporean government should consider the policy option of encouraging further development of innovation and technology hand in hand with financial support and R&D to add to the further momentum of this.

More importantly, apart from the maintenance of government effectiveness and control of corruption, as previously suggested, the government should pay more attention to encouraging social trust and civic cooperation in the society since these factors have been found to have a positive impact on FDI in a concrete manner. At this point, the promotion of social trust and civic cooperation via active social participation from all stakeholders in related policy-making processes should be fully

supported as this could indirectly enhance the business environment and the trustworthiness of the entire country.

7.3.5 Specific Policy Recommendations for Thailand

Thailand is one of the most competitive countries in the ASEAN region with high potential to be an investment hub, a production base, with logistic centrality at the regional level. The country has performed well concerning FDI attraction from European and American companies. However, government instability and frequent coups pose a threat, holding the country back from moving forward economically. This includes inefficient government bureaucracy and policy discontinuity from each government administration—primarily because of recent coups and relatively short-term government administrations. These have obstructed long-term policy continuity in various dimensions. These problems go beyond economic issues and include multi-complex layers of political-economic issues, which are complicated and will be difficult to solve within the coming years.

In the case of Thailand, however, policy recommendations should be made with respect to policy continuity, smooth implementations, and executions amid the changing political landscape. That is, policymakers are advised to look into long-term prospects and to focus more on applicable investment policies rather than short and medium ones. Policies should not highly depend on political parties or situations but be a part of the long-term national strategy. Economic and public policy should be collectively formulated by all stakeholders covering the constructive participation of the civil society. This can guarantee confidence and safeguard foreign investment amid fragile political circumstances and the future uncertainty of the country.

Like Indonesia and the Philippines, Thailand has been facing widespread corruption and ineffective government bureaucracy. According to the perceptions of business CEOs and executive expatriates, they believe that the corruption situation in Thailand is severe and needs to be tackled more seriously. Corruption and related forms of

bribery are among the largest concerns under the executive survey of 2017 by the World Economic Forum. In this connection, reimaging the government to be more transparent and accountable is vital for regaining the trust and confidence of business. In order to do so, the government is encouraged to consider corruption as a national agenda, which must be resolved by greater involvement and participation from all stakeholders. This includes the effective roles of institutions, ranging from policy-formulation units to sub-implementing agencies in order to eliminate corruption and its root cause, as well as stricter laws to prevent the possibility of bribery and fraud—not only at the government level but also at the street bureaucrat level and in the business sector as well.

Another point is v improvement of institutions, which are currently ineffective and downgrade national competitiveness and attractiveness. The Global Competitiveness Ranking 2011-2018 unveiled that the overall ranking of Thailand's competitiveness is quite impressive, but the greatest hindrance is poor institutions. This could negatively result in the decline of other sectors, such as the macroeconomic environment, the transparency of government policymaking, the strength of investor protection, and good market efficiency. If these problems still persist, it could inevitably have adverse impacts on these sectors. To this end, the Thai government is advised to upgrade institutional quality both formally and informally via more constructive engagement with a greater check and balance system on the part of civil society. All of these would enrich institutional quality, social engagement, and enhance national competitiveness for FDI.

7.3.6 Specific Policy Recommendations for Vietnam

According to the various economic institutional rankings, it is obvious that Vietnam is not competitive compared to other ASEAN economies. Therefore, the reform of institutional performance and related economic indicators is crucially necessary to steer the country ahead. This includes greater continual policy liberalization on trade and investment, which has been quite successful in the past. In order to enhance the

country's competitiveness, not only does institutional quality have to improve, but also the government has to provide more confidence in good market efficiency and the macroeconomic environment as well. These factors can diminish the entire competitiveness of a country.

Another issue for consideration is the relatively low economic freedom in Vietnam, especially in the sub-categories of investment and financial freedom. They were critically low throughout the record from 2008-2018; the average scores of these were lower than 40 out of 100. Unfriendly tax regimes and negative business environments have barred the free flow of investment and capital into the country. Even though the standard corporate income tax (CIT) rate is 20%, enterprises operating in the oil and gas industry are subject to considerably high rates, ranging from 32% to 50% depending on the location and specific project conditions (PricewaterhouseCoopers, 2018). This includes the time consumption for the tax refunds that taxpayers are required to carry forward for excess taxes to be at least 2 months before a cash refund can be requested, causing the average time needed before cash refunds are made to be nearly 5 months (Paying Taxes, 2017). These undesirable effects would cause the attractiveness of a country to drop. In this connection, the government is encouraged to tackle these limitations more seriously. Policy guidance would be an improvement of the tax regime, red tape, weak infrastructure, and more optimistic business conditions—all could boost investors' freedom in the market more effectively.

Last, the government is advised to look into the access to financial resources and the inadequately-educated workforce in the market. These are perceived as one of the most problematic issues in running a business in Vietnam. Policy initiatives to increase access channels for financial support—particularly small and micro business enterprises—are essential. This is because the majority of these small-sized businesses lack expertise in accessing financial services and loans for businesses. Thus, advice on financial credit and proper support from banking and microfinance institutions would provide them with more business opportunities. This is very important for joint-venture companies and international sub-contractors. At the same time, the preparation of skilled laborers at young ages is greatly important. The

government is recommended to concentrate on education reforms, which would pave the way for young labor to be more skillful, together with technological and innovation literacy. This could level up human capital resources, causing the positive externality to inward FDI and fund flow in a productive manner.

7.4 Suggestions for Future Research

Every research has certain limitations, even this comprehensive doctoral dissertation. Future research should be more focused on other factors affecting FDI and related cross-border trade in both direct and indirect manners. These are determinants, such as the level of economic integration, the number of trade agreements with foreign countries, the types of government regimes, and the number of financial institutions. These are thought-provoking factors, which could affect FDI substantially; therefore, the additional incorporation of these factors in further research would be valuable in terms of gaining greater insight into the FDI and trade flows in each ASEAN country.

Another point to consider is the inclusion of CLMV countries into the analysis. This is because these countries are playing an increasing role in inducing FDI, fund flows, and business relocation to the whole ASEAN region. Thus, the inclusion of these countries would be valuable for future research in order to obtain broader concrete outcomes, all of which, at the same time, could extend the knowledge boundary in the field of public administration.

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APPENDIX

APPENDIX A

SPSS OUTPUT FOR THE ANALYSIS OF ECONOMIC-INSTITUTIONS AND RELATED PERFORMANCES IN INDONESIA

MULTIPLE REGRESSION (Y1: INDONESIA)

Descriptive Statistics

	Mean	Std. Deviation	N
FDI	6010.52	7467.974	27
GOVEFF	42.10	5.744	27
REGQ	39.70	7.499	27
RULELAW	30.76	5.212	27
CORRUP	23.29	7.490	27
DOBUS	59.64	7.905	27
PAYTAX	53.33	6.493	27
TRUST	38.00	.000	27
CIVIC	16.00	.000	27
RESOUR	6.96	2.175	27
GDPGRW	4.96	3.858	27
GDPCAPTA	292299053487.96	1518830425856.258	27
LAFORCE	102830024.56	15867043.710	27
POPGRW	1.22	.424	27
COSTIM	540.70	33.585	27
COSTEX	490.90	40.837	27
LIFEEXP	66.54	1.669	27
LITER	88.00	2.717	27
GENROLL	69.85	3.221	27

Correlations

		FDI	GOVEFF	REGQ	RULELAW	CORRUP	DOBUS	PAYTAX	TRUST	CIVIC	RESOUR	GDPGRW	GDPCAPTA	LAFORCE	POPGRW	COSTIM	COSTEX	LIFEEXP	LITER	GENROLL
Pearson Correlation	FDI	1.000	.537	.459	.662	.727	.160	-.088	.	.	-.283	.224	-.283	.660	-.281	.313	.361	.680	.806	.629
	GOVEFF	.537	1.000	.311	.474	.632	.051	.078	.	.	-.036	.454	.101	.470	.000	.250	.511	.427	.461	.353
	REGQ	.459	.311	1.000	.879	.701	.047	-.078	.	.	-.228	.176	.061	.099	.000	.233	.269	.069	.348	.372
	RULELAW	.662	.474	.879	1.000	.795	.274	-.163	.	.	-.429	.206	-.067	.262	.000	.390	.475	.239	.534	.488
	CORRUP	.727	.632	.701	.795	1.000	.077	-.128	.	.	-.116	.482	-.114	.405	.000	.137	.261	.378	.504	.448
	DOBUS	.160	.051	.047	.274	.077	1.000	-.572	.	.	-.459	-.052	.000	.210	.000	.356	.354	.036	.323	.008
	PAYTAX	-.088	.078	-.078	-.163	-.128	-.572	1.000	.	.	.453	.034	.000	-.144	.000	-.126	.075	-.019	-.346	.189
	TRUST	.	.	.	.	.	.	.	1.000	.	.	.	.	.	.	.	.	.	.	.
	CIVIC	.	.	.	.	.	.	.	.	1.000	.	.	.	.	.	.	.	.	.	.
	RESOUR	-.283	-.036	-.228	-.429	-.116	-.459	.453	.	.	1.000	.032	.187	-.164	.051	-.382	-.352	-.217	-.540	-.105
	GDPGRW	.224	.454	.176	.206	.482	-.052	.034	.	.	.032	1.000	.002	.023	.288	-.024	-.023	-.051	.033	.077
	GDPCAPTA	-.283	.101	.061	-.067	-.114	.000	.000	.	.	.187	.002	1.000	-.049	-.105	.000	.000	-.064	-.074	-.363
	LAFORCE	.660	.470	.099	.262	.405	.210	-.144	.	.	-.164	.023	-.049	1.000	-.750	.130	.186	.931	.680	.301
	POPGRW	-.281	.000	.000	.000	.000	.000	.000	.	.	.051	.288	-.105	-.750	1.000	.000	.000	-.774	-.367	.000
	COSTIM	.313	.250	.233	.390	.137	.356	-.126	.	.	-.382	-.024	.000	.130	.000	1.000	.630	.166	.408	-.228
	COSTEX	.361	.511	.269	.475	.261	.354	.075	.	.	-.352	-.023	.000	.186	.000	.630	1.000	.231	.431	.264
	LIFEEXP	.680	.427	.069	.239	.378	.036	-.019	.	.	-.217	-.051	-.064	.931	-.774	.166	.231	1.000	.695	.262
	LITER	.806	.461	.348	.534	.504	.323	-.346	.	.	-.540	.033	-.074	.680	-.367	.408	.431	.695	1.000	.377
	GENROLL	.629	.353	.372	.488	.448	.008	.189	.	.	-.105	.077	-.363	.301	.000	-.228	.264	.262	.377	1.000
Sig. (1-tailed)	FDI	.	.002	.008	.000	.000	.212	.332	.000	.000	.076	.131	.077	.000	.078	.056	.032	.000	.000	.000
	GOVEFF	.002	.	.057	.006	.000	.401	.350	.000	.000	.429	.009	.308	.007	.500	.104	.003	.013	.008	.035
	REGQ	.008	.057	.	.000	.000	.409	.350	.000	.000	.127	.190	.381	.311	.500	.121	.088	.366	.038	.028
	RULELAW	.000	.006	.000	.	.000	.084	.208	.000	.000	.013	.151	.369	.093	.500	.022	.006	.115	.002	.005
	CORRUP	.000	.000	.000	.000	.	.352	.263	.000	.000	.282	.005	.286	.018	.500	.248	.094	.026	.004	.009
	DOBUS	.212	.401	.409	.084	.352	.	.001	.000	.000	.008	.398	.500	.146	.500	.034	.035	.428	.050	.484
	PAYTAX	.332	.350	.350	.208	.263	.001	.	.000	.000	.009	.433	.500	.237	.500	.265	.355	.462	.039	.172
	TRUST	.000	.000	.000	.000	.000	.000	.000	.	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	CIVIC	.000	.000	.000	.000	.000	.000	.000	.000	.	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	RESOUR	.076	.429	.127	.013	.282	.008	.009	.000	.000	.	.437	.175	.207	.400	.025	.036	.139	.002	.301
	GDPGRW	.131	.009	.190	.151	.005	.398	.433	.000	.000	.437	.	.496	.455	.073	.453	.456	.401	.435	.352
	GDPCAPTA	.077	.308	.381	.369	.286	.500	.500	.000	.000	.175	.496	.	.403	.301	.500	.500	.375	.358	.031
	LAFORCE	.000	.007	.311	.093	.018	.146	.237	.000	.000	.207	.455	.403	.	.000	.260	.177	.000	.000	.064
	POPGRW	.078	.500	.500	.500	.500	.500	.500	.000	.000	.400	.073	.301	.000	.	.500	.500	.000	.030	.500
	COSTIM	.056	.104	.121	.022	.248	.034	.265	.000	.000	.025	.453	.500	.260	.500	.	.000	.204	.017	.126
	COSTEX	.032	.003	.088	.006	.094	.035	.355	.000	.000	.036	.456	.500	.177	.500	.000	.	.123	.012	.091
	LIFEEXP	.000	.013	.366	.115	.026	.428	.462	.000	.000	.139	.401	.375	.000	.000	.204	.123	.	.000	.093
	LITER	.000	.008	.038	.002	.004	.050	.039	.000	.000	.002	.435	.358	.000	.030	.017	.012	.000	.	.026
	GENROLL	.000	.035	.028	.005	.009	.484	.172	.000	.000	.301	.352	.031	.064	.500	.126	.091	.093	.026	.
N	FDI	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GOVEFF	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	REGQ	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RULELAW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CORRUP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	DOBUS	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	PAYTAX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	TRUST	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CIVIC	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RESOUR	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPCAPTA	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LAFORCE	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	POPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTIM	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTEX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LIFEEXP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LITER	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GENROLL	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	GENROLL, POPGRW, DOBUS, GDPGRW, GDPCAPTA, COSTIM, RESOUR, REGQ, PAYTAX, GOVEFF, COSTEX, LITER, CORRUP, LAFORCE[b]	.	Enter

a. Dependent Variable: FDI

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.978[a]	.956	.906	2294.365	.956	18.818	14	12	.000	2.563

a. Predictors: (Constant), GENROLL, POPGRW, DOBUS, GDPGRW, GDPCAPTA, COSTIM, RESOUR, REGQ, PAYTAX, GOVEFF, COSTEX, LITER, CORRUP, LAFORCE

b. Dependent Variable: FDI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1386867179.625	14	99061941.402	18.818	.000[b]
	Residual	63169307.116	12	5264108.926		
	Total	1450036486.741	26			

a. Dependent Variable: FDI

b. Predictors: (Constant), GENROLL, POPGRW, DOBUS, GDPGRW, GDPCAPTA, COSTIM, RESOUR, REGQ, PAYTAX, GOVEFF, COSTEX, LITER, CORRUP, LAFORCE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-207522.598	28626.889		-7.249	.000		
	GOVEFF	-6.827	180.305	-.005	-.038	.970	.189	5.298
	REGQ	-333.085	137.754	-.334	-2.418	.032	.190	5.271
	CORRUP	571.105	157.293	.573	3.631	.003	.146	6.856
	DOBUS	-7.587	93.075	-.008	-.082	.936	.374	2.673
	PAYTAX	-16.663	119.884	-.014	-.139	.892	.334	2.992
	RESOUR	175.937	323.196	.051	.544	.596	.410	2.440
	GDPGRW	119.797	166.159	.062	.721	.485	.493	2.030
	GDPCAPTA	4.837E-011	.000	.010	.115	.910	.497	2.013
	LAFORCE	.000	.000	-.256	-1.081	.301	.065	15.408
	POPGRW	-6391.328	3245.842	-.363	-1.969	.072	.107	9.340
	COSTIM	127.941	30.399	.575	4.209	.001	.194	5.148
	COSTEX	-57.556	23.951	-.315	-2.403	.033	.212	4.725
	LITER	966.290	381.026	.352	2.536	.026	.189	5.295
	GENROLL	1538.843	332.526	.664	4.628	.001	.177	5.665

a. Dependent Variable: FDI

APPENDIX B

SPSS OUTPUT FOR THE ANALYSIS OF ECONOMIC-INSTITUTIONS AND RELATED PERFORMANCES IN MALAYSIA

MULTIPLE REGRESSION (Y2: MALAYSIA)

Descriptive Statistics

	Mean	Std. Deviation	N
FDI	6099.35	3312.267	27
GOVEFF	81.20	2.712	27
REGQ	69.25	3.062	27
RULELAW	65.17	2.989	27
CORRUP	65.55	3.496	27
DOBUS	163.18	8.156	27
PAYTAX	155.89	7.330	27
TRUST	8.50	.310	27
CIVIC	14.00	.620	27
RESOUR	11.12	4.569	27
GDPGRW	5.85	3.949	27
GDPCAPTA	6067.48	2885.996	27
LAFORCE	10531810.89	2354839.142	27
POPGRW	2.26	.526	27
COSTIM	440.50	31.758	27
COSTEX	450.60	16.194	27
LIFEEXP	73.02	1.212	27
LITER	92.08	1.355	27
GENROLL	70.54	.449	27

Correlations

		FDI	GOVEFF	REGQ	RULELAW	CORRUP	DOBUS	PAYTAX	TRUST	CIVIC	RESOUR	GDPGRW	GDPCAPTA	LAFORCE	POPGRW	COSTIM	COSTEX	LIFEEXP	LITER	GENROLL
Pearson Correlation	FDI	1.000	-.131	.600	.440	-.020	.301	.141	-.490	.490	-.290	.193	.828	.673	-.286	.260	.209	.543	.742	.389
	GOVEFF	-.131	1.000	-.324	.171	-.228	-.341	-.217	.297	-.297	.136	.207	-.042	.042	-.340	-.132	.055	.118	-.387	-.056
	REGQ	.600	-.324	1.000	.581	.511	.584	.469	-.689	.689	-.157	.298	.324	.248	.125	.401	.426	.132	.650	-.024
	RULELAW	.440	.171	.581	1.000	.169	.441	.220	-.320	.320	-.127	.219	.440	.437	-.156	.417	.539	.363	.468	.114
	CORRUP	-.020	-.228	.511	.169	1.000	.255	.322	-.275	.275	-.049	.177	-.288	-.225	.340	.194	.207	-.282	.097	-.378
	DOBUS	.301	-.341	.584	.441	.255	1.000	.273	-.622	.622	-.206	-.052	.304	.313	-.079	.749	.657	.128	.544	-.239
	PAYTAX	.141	-.217	.469	.220	.322	.273	1.000	-.426	.426	-.139	.037	.077	.131	-.031	.032	-.045	.051	.316	-.100
	TRUST	-.490	.297	-.689	-.320	-.275	-.622	-.426	1.000	-1.000	.176	-.126	-.374	-.250	.000	-.576	-.437	-.159	-.645	.128
	CIVIC	.490	-.297	.689	.320	.275	.622	.426	-1.000	1.000	-.176	.126	.374	.250	.000	.576	.437	.159	.645	-.128
	RESOUR	-.290	.136	-.157	-.127	-.049	-.206	-.139	.176	-.176	1.000	.482	-.524	-.655	.530	-.176	-.145	-.775	-.131	.051
	GDPGRW	.193	.207	.298	.219	.177	-.052	.037	-.126	.126	.482	1.000	-.197	-.341	.242	-.072	-.008	-.386	-.040	-.152
	GDPCAPTA	.828	-.042	.324	.440	-.288	.304	.077	-.374	.374	-.524	-.197	1.000	.924	-.591	.302	.231	.851	.631	.429
	LAFORCE	.673	.042	.248	.437	-.225	.313	.131	-.250	.250	-.655	-.341	.924	1.000	-.771	.239	.197	.909	.514	.238
	POPGRW	-.286	-.340	.125	-.156	.340	-.079	-.031	.000	.000	.530	.242	-.591	-.771	1.000	.000	.000	-.693	-.136	.000
	COSTIM	.260	-.132	.401	.417	.194	.749	.032	-.576	.576	-.176	-.072	.302	.239	.000	1.000	.917	.150	.388	-.204
	COSTEX	.209	.055	.426	.539	.207	.657	-.045	-.437	.437	-.145	-.008	.231	.197	.000	.917	1.000	.122	.301	-.180
	LIFEEXP	.543	.118	.132	.363	-.282	.128	.051	-.159	.159	-.775	-.386	.851	.909	-.693	.150	.122	1.000	.274	.242
	LITER	.742	-.387	.650	.468	.097	.544	.316	-.645	.645	-.131	-.040	.631	.514	-.136	.388	.301	.274	1.000	.460
	GENROLL	.389	-.056	-.024	.114	-.378	-.239	-.100	.128	-.128	.051	-.152	.429	.238	.000	-.204	-.180	.242	.460	1.000
Sig. (1-tailed)	FDI		.258	.000	.011	.460	.064	.241	.005	.005	.071	.167	.000	.000	.074	.095	.147	.002	.000	.022
	GOVEFF	.258		.049	.197	.126	.041	.139	.066	.066	.249	.150	.418	.418	.041	.256	.393	.278	.023	.391
	REGQ	.000	.049		.001	.003	.001	.007	.000	.000	.216	.065	.050	.106	.266	.019	.013	.255	.000	.453
	RULELAW	.011	.197	.001		.200	.011	.135	.052	.052	.263	.136	.011	.011	.219	.015	.002	.031	.007	.286
	CORRUP	.460	.126	.003	.200		.100	.051	.082	.082	.405	.189	.072	.129	.041	.166	.151	.077	.315	.026
	DOBUS	.064	.041	.001	.011	.100		.084	.000	.000	.152	.399	.062	.056	.347	.000	.000	.262	.002	.115
	PAYTAX	.241	.139	.007	.135	.051	.084		.013	.013	.245	.427	.351	.257	.439	.438	.411	.399	.054	.311
	TRUST	.005	.066	.000	.052	.082	.000	.013		.000	.189	.266	.027	.104	.500	.001	.011	.215	.000	.263
	CIVIC	.005	.066	.000	.052	.082	.000	.013	.000		.189	.266	.027	.104	.500	.001	.011	.215	.000	.263
	RESOUR	.071	.249	.216	.263	.405	.152	.245	.189	.189		.005	.002	.000	.002	.190	.235	.000	.257	.401
	GDPGRW	.167	.150	.065	.136	.189	.399	.427	.266	.266	.005		.162	.041	.112	.361	.484	.023	.421	.225
	GDPCAPTA	.000	.418	.050	.011	.072	.062	.351	.027	.027	.002	.162		.000	.001	.063	.123	.000	.000	.013
	LAFORCE	.000	.418	.106	.011	.129	.056	.257	.104	.104	.000	.041	.000		.000	.115	.162	.000	.003	.116
	POPGRW	.074	.041	.266	.219	.041	.347	.439	.500	.500	.002	.112	.001	.000		.500	.500	.000	.250	.500
	COSTIM	.095	.256	.019	.015	.166	.000	.438	.001	.001	.190	.361	.063	.115	.500		.000	.227	.023	.153
	COSTEX	.147	.393	.013	.002	.151	.000	.411	.011	.011	.235	.484	.123	.162	.500	.000		.273	.064	.184
	LIFEEXP	.002	.278	.255	.031	.077	.262	.399	.215	.215	.000	.023	.000	.000	.000	.227	.273		.083	.112
	LITER	.000	.023	.000	.007	.315	.002	.054	.000	.000	.257	.421	.000	.003	.250	.023	.064	.083		.008
	GENROLL	.022	.391	.453	.286	.026	.115	.311	.263	.263	.401	.225	.013	.116	.500	.153	.184	.112	.008	
N	FDI	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GOVEFF	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	REGQ	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RULELAW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CORRUP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	DOBUS	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	PAYTAX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	TRUST	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CIVIC	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RESOUR	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPCAPTA	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LAFORCE	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	POPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTIM	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTEX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LIFEEXP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LITER	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GENROLL	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	GENROLL, POPGRW, PAYTAX, COSTEX, GDPGRW, GOVEFF, CORRUP, TRUST, RESOUR, RULELAW, DOBUS, REGQ, GDPCAPTA, LITER[b]	.	Enter

a. Dependent Variable: FDI

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.981[a]	.962	.918	948.741	.962	21.779	14	12	.000	2.834

a. Predictors: (Constant), GENROLL, POPGRW, PAYTAX, COSTEX, GDPGRW, GOVEFF, CORRUP, TRUST, RESOUR, RULELAW, DOBUS, REGQ, GDPCAPTA, LITER

b. Dependent Variable: FDI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	274447549.297	14	19603396.378	21.779	.000[b]
	Residual	10801319.079	12	900109.923		
	Total	285248868.376	26			

a. Dependent Variable: FDI

b. Predictors: (Constant), GENROLL, POPGRW, PAYTAX, COSTEX, GDPGRW, GOVEFF, CORRUP, TRUST, RESOUR, RULELAW, DOBUS, REGQ, GDPCAPTA, LITER

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-35182.634	50180.223		-.701	.497		
	GOVEFF	247.765	125.786	.203	1.970	.072	.298	3.361
	REGQ	228.723	147.093	.211	1.555	.146	.171	5.859
	RULELAW	-320.591	109.051	-.289	-2.940	.012	.326	3.069
	CORRUP	-.695	85.963	-.001	-.008	.994	.383	2.608
	DOBUS	-57.684	46.549	-.142	-1.239	.239	.240	4.164
	PAYTAX	-11.769	34.380	-.026	-.342	.738	.545	1.834
	TRUST	3272.645	1289.548	.306	2.538	.026	.217	4.619
	RESOUR	-118.722	79.459	-.164	-1.494	.161	.263	3.806
	GDPGRW	289.542	72.888	.345	3.972	.002	.418	2.393
	GDPCAPTA	1.082	.156	.943	6.933	.000	.171	5.856
	POPGRW	2229.053	822.209	.354	2.711	.019	.185	5.396
	COSTEX	-2.054	20.598	-.010	-.100	.922	.311	3.214
	LITER	1683.339	463.477	.689	3.632	.003	.088	11.394
	GENROLL	-2216.673	995.469	-.300	-2.227	.046	.174	5.759

a. Dependent Variable: FDI

APPENDIX C

SPSS OUTPUT FOR THE ANALYSIS OF ECONOMIC-INSTITUTIONS AND RELATED PERFORMANCES IN PHILIPPINES

MULTIPLE REGRESSION (Y3: PHILIPPINES)

Descriptive Statistics

	Mean	Std. Deviation	N
FDI	2033.70	1710.004	27
GOVEFF	55.20	2.877	27
REGQ	52.85	4.414	27
RULELAW	40.70	4.872	27
CORRUP	36.59	8.922	27
DOBUS	56.09	13.072	27
PAYTAX	54.78	3.969	27
TRUST	7.00	.620	27
CIVIC	13.50	.439	27
RESOUR	1.65	.998	27
GDPGRW	4.30	2.462	27
GDPCAPTA	37289391625.22	193761354643.172	27
LAFORCE	34326408.15	6538630.183	27
POPGRW	2.04	.192	27
COSTIM	773.30	46.334	27
COSTEX	699.20	47.404	27
LIFEEXP	66.92	.917	27
LITER	93.69	.666	27
GENROLL	77.00	.620	27

Correlations

		FDI	GOVEFF	REGQ	RULELAW	CORRUP	DOBUS	PAYTAX	TRUST	CIVIC	RESOUR	GDPGRW	GDPCAPTA	LAFORCE	POPGRW	COSTIM	COSTEX	LIFEEXP	LITER	GENROLL
Pearson Correlation	FDI	1.000	.383	-.032	.104	-.024	.669	.515	-.075	-.323	.353	.415	-.057	.674	-.173	.238	.107	.399	.361	.011
	GOVEFF	.383	1.000	-.189	-.034	-.087	.174	-.020	-.155	-.591	.506	.075	-.083	.467	.000	-.012	-.205	.408	.353	-.043
	REGQ	-.032	-.189	1.000	.826	.841	.243	.048	-.560	.545	-.538	-.349	-.129	-.409	.000	.085	.124	-.535	-.490	.183
	RULELAW	.104	-.034	.826	1.000	.797	.283	.126	-.703	.346	-.352	-.184	-.111	-.308	.000	.110	.084	-.508	-.366	.158
	CORRUP	-.024	-.087	.841	.797	1.000	.414	.074	-.392	.665	-.573	-.211	.054	-.310	.000	-.068	-.167	-.516	-.347	.020
	DOBUS	.669	.174	.243	.283	.414	1.000	.658	.000	.234	-.181	.144	.000	.221	.000	.346	.186	-.065	.302	.152
	PAYTAX	.515	-.020	.048	.126	.074	.658	1.000	.000	.193	-.001	-.070	.000	.105	.000	.512	.414	-.105	.198	.071
	TRUST	-.075	-.155	-.560	-.703	-.392	.000	.000	1.000	.000	.062	.126	.322	.196	.000	.000	.000	.338	.372	.000
	CIVIC	-.323	-.591	.545	.346	.665	.234	.193	.000	1.000	-.747	-.232	.228	-.519	.000	.000	.000	-.622	-.395	.000
	RESOUR	.353	.506	-.538	-.352	-.573	-.181	-.001	.062	-.747	1.000	.418	-.131	.595	.069	-.062	-.171	.686	.476	-.186
	GDPGRW	.415	.075	-.349	-.184	-.211	.144	-.070	.126	-.232	.418	1.000	-.024	.610	-.105	-.193	-.259	.501	.435	.000
	GDPCAPTA	-.057	-.083	-.129	-.111	.054	.000	.000	.322	.228	-.131	-.024	1.000	-.020	-.038	.000	.000	.017	.092	.000
	LAFORCE	.674	.467	-.409	-.308	-.310	.221	.105	.196	-.519	.595	.610	-.020	1.000	-.319	-.078	-.178	.878	.692	-.150
	POPGRW	-.173	.000	.000	.000	.000	.000	.000	.000	.000	.069	-.105	-.038	-.319	1.000	.000	.000	-.419	.092	.000
	COSTIM	.238	-.012	.085	.110	-.068	.346	.512	.000	.000	-.062	-.193	.000	-.078	.000	1.000	.890	-.048	.000	.400
	COSTEX	.107	-.205	.124	.084	-.167	.186	.414	.000	.000	-.171	-.259	.000	-.178	.000	.890	1.000	-.099	.000	.570
	LIFEEXP	.399	.408	-.535	-.508	-.516	-.065	-.105	.338	-.622	.686	.501	.017	.878	-.419	-.048	-.099	1.000	.654	-.068
	LITER	.361	.353	-.490	-.366	-.347	.302	.198	.372	-.395	.476	.435	.092	.692	.092	.000	.000	.654	1.000	.000
	GENROLL	.011	-.043	.183	.158	.020	.152	.071	.000	.000	-.186	.000	.000	-.150	.000	.400	.570	-.068	.000	1.000
Sig. (1-tailed)	FDI	.	.024	.437	.303	.453	.000	.003	.355	.050	.036	.016	.388	.000	.194	.116	.297	.020	.032	.479
	GOVEFF	.024	.	.173	.433	.334	.193	.460	.220	.001	.004	.355	.340	.007	.500	.476	.152	.017	.035	.415
	REGQ	.437	.173	.	.000	.000	.111	.407	.001	.002	.002	.037	.261	.017	.500	.336	.269	.002	.005	.181
	RULELAW	.303	.433	.000	.	.000	.076	.265	.000	.039	.036	.180	.291	.059	.500	.292	.339	.003	.030	.215
	CORRUP	.453	.334	.000	.000	.	.016	.358	.022	.000	.001	.146	.394	.058	.500	.368	.203	.003	.038	.460
	DOBUS	.000	.193	.111	.076	.016	.	.000	.500	.120	.183	.237	.500	.134	.500	.038	.177	.374	.063	.224
	PAYTAX	.003	.460	.407	.265	.358	.000	.	.500	.168	.498	.364	.500	.300	.500	.003	.016	.301	.161	.362
	TRUST	.355	.220	.001	.000	.022	.500	.500	.	.500	.379	.266	.051	.163	.500	.500	.500	.042	.028	.500
	CIVIC	.050	.001	.002	.039	.000	.120	.168	.500	.	.000	.123	.126	.003	.500	.500	.500	.000	.021	.500
	RESOUR	.036	.004	.002	.036	.001	.183	.498	.379	.000	.	.015	.257	.001	.366	.379	.197	.000	.006	.176
	GDPGRW	.016	.355	.037	.180	.146	.237	.364	.266	.123	.015	.	.453	.000	.301	.167	.096	.004	.012	.500
	GDPCAPTA	.388	.340	.261	.291	.394	.500	.500	.051	.126	.257	.453	.	.461	.424	.500	.500	.467	.324	.500
	LAFORCE	.000	.007	.017	.059	.058	.134	.300	.163	.003	.001	.000	.461	.	.052	.350	.187	.000	.000	.228
	POPGRW	.194	.500	.500	.500	.500	.500	.500	.500	.500	.366	.301	.424	.052	.	.500	.500	.015	.324	.500
	COSTIM	.116	.476	.336	.292	.368	.038	.003	.500	.500	.379	.167	.500	.350	.500	.	.000	.405	.500	.019
	COSTEX	.297	.152	.269	.339	.203	.177	.016	.500	.500	.197	.096	.500	.187	.500	.000	.	.312	.500	.001
	LIFEEXP	.020	.017	.002	.003	.003	.374	.301	.042	.000	.000	.004	.467	.000	.015	.405	.312	.	.000	.369
	LITER	.032	.035	.005	.030	.038	.063	.161	.028	.021	.006	.012	.324	.000	.324	.500	.500	.000	.	.500
	GENROLL	.479	.415	.181	.215	.460	.224	.362	.500	.500	.176	.500	.500	.228	.500	.019	.001	.369	.500	.
N	FDI	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GOVEFF	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	REGQ	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RULELAW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CORRUP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	DOBUS	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	PAYTAX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	TRUST	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CIVIC	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RESOUR	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPCAPTA	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LAFORCE	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	POPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTIM	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTEX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LIFEEXP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LITER	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GENROLL	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	GENROLL, LITER, POPGRW, GDPCAPTA, PAYTAX, GOVEFF, GDPGRW, TRUST, COSTIM, RESOUR, REGQ, DOBUS, CIVIC, LAFORCE[b]	.	Enter

a. Dependent Variable: FDI

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.971[a]	.943	.877	600.05792	.943	14.225	14	12	.000	2.396

a. Predictors: (Constant), GENROLL, LITER, POPGRW, GDPCAPTA, PAYTAX, GOVEFF, GDPGRW, TRUST, COSTIM, RESOUR, REGQ, DOBUS, CIVIC, LAFORCE

b. Dependent Variable: FDI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71706081.497	14	5121862.964	14.225	.000[b]
	Residual	4320834.133	12	360069.511		
	Total	76026915.630	26			

a. Dependent Variable: FDI

b. Predictors: (Constant), GENROLL, LITER, POPGRW, GDPCAPTA, PAYTAX, GOVEFF, GDPGRW, TRUST, COSTIM, RESOUR, REGQ, DOBUS, CIVIC, LAFORCE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	133748.684	32633.298		4.099	.001	62646.836	204850.533		
	GOVEFF	-107.220	69.409	-.180	-1.545	.148	-258.448	44.009	.347	2.879
	REGQ	58.148	57.359	.150	1.014	.331	-66.826	183.121	.216	4.628
	DOBUS	85.695	19.545	.655	4.384	.001	43.109	128.280	.212	4.714
	PAYTAX	98.623	58.209	.229	1.694	.116	-28.203	225.449	.259	3.854
	TRUST	-81.020	310.526	-.029	-.261	.799	-757.598	595.557	.373	2.678
	CIVIC	-2006.792	624.942	-.515	-3.211	.007	-3368.424	-645.161	.184	5.423
	RESOUR	129.772	253.272	.076	.512	.618	-422.060	681.604	.217	4.611
	GDPGRW	42.822	89.390	.062	.479	.641	-151.941	237.585	.286	3.498
	GDPCAPTA	1.295E-009	.000	.147	1.886	.084	.000	.000	.782	1.278
	LAFORCE	.000	.000	.671	3.885	.002	.000	.000	.159	6.303
	POPGRW	822.577	804.989	.093	1.022	.327	-931.344	2576.499	.577	1.733
	COSTIM	-1.855	3.473	-.050	-.534	.603	-9.422	5.712	.535	1.870
	LITER	-1248.097	325.902	-.486	-3.830	.002	-1958.177	-538.017	.294	3.404
	GENROLL	-15.542	248.417	-.006	-.063	.951	-556.797	525.712	.583	1.714

a. Dependent Variable: FDI

APPENDIX D

SPSS OUTPUT FOR THE ANALYSIS OF ECONOMIC-INSTITUTIONS AND RELATED PERFORMANCES IN SINGAPORE

MULTIPLE REGRESSION (Y4: SINGAPORE)

Descriptive Statistics

	Mean	Std. Deviation	N
FDI	27407.26	23179.289	27
GOVEFF	99.15	1.475	27
REGQ	99.25	.956	27
RULELAW	92.38	2.265	27
CORRUP	97.36	.734	27
DOBUS	180.82	6.182	27
PAYTAX	181.00	1.819	27
TRUST	29.00	4.961	27
CIVIC	15.33	.358	27
RESOUR	.00	.000	27
GDPGRW	6.07	4.113	27
GDPCAPTA	32446.74	14339.294	27
LAFORCE	2295279.89	531830.993	27
POPGRW	2.37	1.275	27
COSTIM	417.60	20.545	27
COSTEX	444.80	11.730	27
LIFEEXP	79.50	2.240	27
LITER	93.23	2.224	27
GENROLL	.00	.000	27

Correlations

		FDI	GOVEFF	REGQ	RULELAW	CORRUP	DOBUS	PAYTAX	TRUST	CIVIC	RESOUR	GDPGRW	GDPCAPTA	LAFORCE	POPGRW	COSTIM	COSTEX	LIFEEXP	LITER	GENROLL
Pearson Correlation	FDI	1.000	.326	-.168	.582	-.005	.271	.424	.586	-.429	.	-.104	.933	.909	-.368	.171	.191	.839	.816	.
	GOVEFF	.326	1.000	-.157	.025	-.536	-.029	-.049	.673	-.753	.	.075	.366	.256	.397	.064	.064	.209	.000	.
	REGQ	-.168	-.157	1.000	-.132	-.300	.316	.376	-.260	.337	.	-.225	-.231	-.204	-.126	.019	.049	-.265	-.217	.
	RULELAW	.582	.025	-.132	1.000	.366	.226	.232	.447	-.390	.	.020	.575	.530	-.305	.049	.063	.571	.625	.
	CORRUP	-.005	-.536	-.300	.366	1.000	-.147	-.265	-.259	.123	.	.163	.018	.102	-.067	-.162	-.179	.207	.309	.
	DOBUS	.271	-.029	.316	.226	-.147	1.000	.342	.190	.095	.	-.240	.291	.284	-.348	.609	.621	.099	.180	.
	PAYTAX	.424	-.049	.376	.232	-.265	.342	1.000	.000	.157	.	-.062	.203	.185	-.464	-.172	-.133	.019	.123	.
	TRUST	.586	.673	-.260	.447	-.259	.190	.000	1.000	-.866	.	.121	.641	.505	.146	.329	.338	.471	.362	.
	CIVIC	-.429	-.753	.337	-.390	.123	.095	.157	-.866	1.000	.	-.070	-.526	-.418	-.393	.000	.000	-.432	-.241	.
	RESOUR	.	.	.	.	.	.	.	.	.	1.000	.	.	.	.	.	.	.	.	.
	GDPGRW	-.104	.075	-.225	.020	.163	-.240	-.062	.121	-.070	.	1.000	-.222	-.342	.119	-.231	-.233	-.259	-.241	.
	GDPCAPTA	.933	.366	-.231	.575	.018	.291	.203	.641	-.526	.	-.222	1.000	.970	-.248	.300	.310	.900	.846	.
	LAFORCE	.909	.256	-.204	.530	.102	.284	.185	.505	-.418	.	-.342	.970	1.000	-.325	.287	.294	.923	.881	.
	POPGRW	-.368	.397	-.126	-.305	-.067	-.348	-.464	.146	-.393	.	.119	-.248	-.325	1.000	-.130	-.146	-.262	-.428	.
	COSTIM	.171	.064	.019	.049	-.162	.609	-.172	.329	.000	.	-.231	.300	.287	-.130	1.000	.998	.189	.202	.
	COSTEX	.191	.064	.049	.063	-.179	.621	-.133	.338	.000	.	-.233	.310	.294	-.146	.998	1.000	.197	.211	.
	LIFEEXP	.839	.209	-.265	.571	.207	.099	.019	.471	-.432	.	-.259	.900	.923	-.262	.189	.197	1.000	.942	.
	LITER	.816	.000	-.217	.625	.309	.180	.123	.362	-.241	.	-.241	.846	.881	-.428	.202	.211	.942	1.000	.
	GENROLL	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1.000
Sig. (1-tailed)	FDI	.	.049	.201	.001	.490	.086	.014	.001	.013	.000	.302	.000	.000	.029	.197	.170	.000	.000	.000
	GOVEFF	.049	.	.217	.450	.002	.442	.405	.000	.000	.000	.355	.030	.099	.020	.375	.376	.148	.500	.000
	REGQ	.201	.217	.	.256	.064	.054	.027	.096	.043	.000	.130	.123	.153	.265	.462	.403	.091	.138	.000
	RULELAW	.001	.450	.256	.	.030	.129	.122	.010	.022	.000	.460	.001	.002	.061	.404	.377	.001	.000	.000
	CORRUP	.490	.002	.064	.030	.	.232	.091	.096	.271	.000	.209	.465	.307	.369	.210	.186	.151	.058	.000
	DOBUS	.086	.442	.054	.129	.232	.	.040	.172	.319	.000	.114	.071	.076	.038	.000	.000	.312	.185	.000
	PAYTAX	.014	.405	.027	.122	.091	.040	.	.500	.216	.000	.380	.155	.178	.007	.195	.255	.463	.271	.000
	TRUST	.001	.000	.096	.010	.096	.172	.500	.	.000	.000	.274	.000	.004	.234	.047	.042	.007	.032	.000
	CIVIC	.013	.000	.043	.022	.271	.319	.216	.000	.	.000	.365	.002	.015	.021	.500	.500	.012	.112	.000
	RESOUR	.000	.000	.000	.000	.000	.000	.000	.000	.000	.	.000	.000	.000	.000	.000	.000	.000	.000	.000
	GDPGRW	.302	.355	.130	.460	.209	.114	.380	.274	.365	.000	.	.133	.040	.277	.123	.121	.096	.113	.000
	GDPCAPTA	.000	.030	.123	.001	.465	.071	.155	.000	.002	.000	.133	.	.000	.106	.064	.058	.000	.000	.000
	LAFORCE	.000	.099	.153	.002	.307	.076	.178	.004	.015	.000	.040	.000	.	.049	.073	.068	.000	.000	.000
	POPGRW	.029	.020	.265	.061	.369	.038	.007	.234	.021	.000	.277	.106	.049	.	.259	.234	.093	.013	.000
	COSTIM	.197	.375	.462	.404	.210	.000	.195	.047	.500	.000	.123	.064	.073	.259	.	.000	.173	.156	.000
	COSTEX	.170	.376	.403	.377	.186	.000	.255	.042	.500	.000	.121	.058	.068	.234	.000	.	.163	.145	.000
	LIFEEXP	.000	.148	.091	.001	.151	.312	.463	.007	.012	.000	.096	.000	.000	.093	.173	.163	.	.000	.000
	LITER	.000	.500	.138	.000	.058	.185	.271	.032	.112	.000	.113	.000	.000	.013	.156	.145	.000	.	.000
	GENROLL	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.
N	FDI	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GOVEFF	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	REGQ	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RULELAW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CORRUP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	DOBUS	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	PAYTAX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	TRUST	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CIVIC	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RESOUR	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPCAPTA	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LAFORCE	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	POPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTIM	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTEX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LIFEEXP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LITER	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GENROLL	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	COSTIM, CIVIC, CORRUP, GDPGRW, PAYTAX, REGQ, POPGRW, DOBUS, RULELAW, GDPCAPTA, GOVEFF, TRUST[b]	.	Enter

a. Dependent Variable: FDI

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.980[a]	.961	.928	6238.04538	.961	28.749	12	14	.000	2.440

a. Predictors: (Constant), COSTIM, CIVIC, CORRUP, GDPGRW, PAYTAX, REGQ, POPGRW, DOBUS, RULELAW, GDPCAPTA, GOVEFF, TRUST

b. Dependent Variable: FDI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13424479990.327	12	1118706665.861	28.749	.000[b]
	Residual	544784942.859	14	38913210.204		
	Total	13969264933.185	26			

a. Dependent Variable: FDI

b. Predictors: (Constant), COSTIM, CIVIC, CORRUP, GDPGRW, PAYTAX, REGQ, POPGRW, DOBUS, RULELAW, GDPCAPTA, GOVEFF, TRUST

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-2000676.879	752606.236		-2.658	.019		
	GOVEFF	3893.686	2107.723	.248	1.847	.086	.155	6.456
	REGQ	41.263	1675.560	.002	.025	.981	.584	1.714
	RULELAW	-391.353	934.400	-.038	-.419	.682	.334	2.994
	CORRUP	6864.323	3791.676	.217	1.810	.092	.193	5.169
	DOBUS	-315.492	323.356	-.084	-.976	.346	.375	2.670
	PAYTAX	2912.991	1141.984	.229	2.551	.023	.347	2.882
	TRUST	2255.213	1150.501	.483	1.960	.070	.046	21.770
	CIVIC	32329.608	16715.990	.499	1.934	.074	.042	23.936
	GDPGRW	-168.955	470.775	-.030	-.359	.725	.399	2.505
	GDPCAPTA	1.306	.168	.808	7.784	.000	.259	3.867
	POPGRW	-1345.197	1516.305	-.074	-.887	.390	.400	2.499
	COSTIM	-152.621	132.237	-.135	-1.154	.268	.203	4.932

a. Dependent Variable: FDI

APPENDIX E

SPSS OUTPUT FOR THE ANALYSIS OF ECONOMIC-INSTITUTIONS AND RELATED PERFORMANCES IN THAILAND

MULTIPLE REGRESSION (Y5: THAILAND)

Descriptive Statistics

	Mean	Std. Deviation	N
FDI	5412.67	3731.249	27
GOVEFF	63.40	2.226	27
REGQ	59.80	2.877	27
RULELAW	56.69	5.539	27
CORRUP	50.07	4.288	27
DOBUS	161.45	7.485	27
PAYTAX	102.44	8.736	27
TRUST	36.50	2.791	27
CIVIC	15.00	.620	27
RESOUR	1.58	.689	27
GDPGRW	4.41	4.050	27
GDPCAPTA	3414.30	1589.094	27
LAFORCE	36310186.81	3236848.799	27
POPGRW	.74	.447	27
COSTIM	827.50	67.379	27
COSTEX	658.60	59.378	27
LIFEEXP	71.73	1.722	27
LITER	95.00	1.271	27
GENROLL	74.88	.938	27

Correlations

		FDI	GOVEFF	REGQ	RULELAW	CORRUP	DOBUS	PAYTAX	TRUST	CIVIC	RESOUR	GDPGRW	GDPCAPTA	LAFORCE	POPGRW	COSTIM	COSTEX	LIFEEXP	LITER	GENROLL
Pearson Correlation	FDI	1.000	.001	-.190	-.346	-.150	.227	-.384	-.110	.110	.454	-.153	.432	.549	-.340	-.001	-.050	.563	.274	-.022
	GOVEFF	.001	1.000	.358	-.340	-.484	-.293	.375	.418	-.418	.125	.347	.032	.209	.132	.479	.457	.181	-.258	-.520
	REGQ	-.190	.358	1.000	.219	.159	-.002	.382	.108	-.108	-.194	.227	-.216	-.069	.144	.281	.265	-.101	-.410	-.337
	RULELAW	-.346	-.340	.219	1.000	.690	-.175	.161	.081	-.081	-.722	-.192	-.689	-.619	.520	.136	.130	-.757	-.551	-.168
	CORRUP	-.150	-.484	.159	.690	1.000	.012	-.147	-.031	.031	-.408	-.284	-.559	-.463	.369	.102	.125	-.570	-.400	-.068
	DOBUS	.227	-.293	-.002	-.175	.012	1.000	-.264	-.460	.460	.132	-.056	.149	.053	-.217	-.598	-.604	.301	.275	.582
	PAYTAX	-.384	.375	.382	.161	-.147	-.264	1.000	.095	-.095	-.449	-.107	.083	.035	-.147	.153	.142	-.005	.011	-.255
	TRUST	-.110	.418	.108	.081	-.031	-.460	.095	1.000	-1.000	-.090	-.077	-.379	-.124	.694	.594	.560	-.216	-.488	-.446
	CIVIC	.110	-.418	-.108	-.081	.031	.460	-.095	-1.000	1.000	.090	.077	.379	.124	-.694	-.594	-.560	.216	.488	.446
	RESOUR	.454	.125	-.194	-.722	-.408	.132	-.449	-.090	.090	1.000	-.123	.644	.758	-.442	-.155	-.132	.714	.351	.201
	GDPGRW	-.153	.347	.227	-.192	-.284	-.056	-.107	-.077	.077	-.123	1.000	-.203	-.312	.103	.076	.061	-.214	-.134	-.062
	GDPCAPTA	.432	.032	-.216	-.689	-.559	.149	.083	-.379	.379	.644	-.203	1.000	.844	-.887	-.346	-.339	.871	.737	.274
	LAFORCE	.549	.209	-.069	-.619	-.463	.053	.035	-.124	.124	.758	-.312	.844	1.000	-.691	-.137	-.133	.919	.380	.122
	POPGRW	-.340	.132	.144	.520	.369	-.217	-.147	.694	-.694	-.442	.103	-.887	-.691	1.000	.412	.389	-.731	-.745	-.310
	COSTIM	-.001	.479	.281	.136	.102	-.598	.153	.594	-.594	-.155	.076	-.346	-.137	.412	1.000	.992	-.260	-.371	-.927
	COSTEX	-.050	.457	.265	.130	.125	-.604	.142	.560	-.560	-.132	.061	-.339	-.133	.389	.992	1.000	-.256	-.353	-.917
	LIFEEXP	.563	.181	-.101	-.757	-.570	.301	-.005	-.216	.216	.714	-.214	.871	.919	-.731	-.260	-.256	1.000	.562	.244
	LITER	.274	-.258	-.410	-.551	-.400	.275	.011	-.488	.488	.351	-.134	.737	.380	-.745	-.371	-.353	.562	1.000	.274
	GENROLL	-.022	-.520	-.337	-.168	-.068	.582	-.255	-.446	.446	.201	-.062	.274	.122	-.310	-.927	-.917	.244	.274	1.000
Sig. (1-tailed)	FDI	.	.497	.171	.038	.227	.128	.024	.293	.293	.009	.223	.012	.002	.041	.497	.401	.001	.084	.456
	GOVEFF	.497	.	.033	.041	.005	.069	.027	.015	.015	.267	.038	.437	.148	.257	.006	.008	.184	.097	.003
	REGQ	.171	.033	.	.136	.214	.496	.024	.296	.296	.166	.127	.140	.365	.237	.078	.091	.308	.017	.043
	RULELAW	.038	.041	.136	.	.000	.191	.211	.344	.344	.000	.169	.000	.000	.003	.249	.259	.000	.001	.201
	CORRUP	.227	.005	.214	.000	.	.477	.232	.440	.440	.017	.076	.001	.008	.029	.306	.268	.001	.019	.367
	DOBUS	.128	.069	.496	.191	.477	.	.092	.008	.008	.255	.392	.230	.397	.139	.000	.000	.064	.083	.001
	PAYTAX	.024	.027	.024	.211	.232	.092	.	.319	.319	.009	.298	.341	.431	.233	.223	.240	.491	.479	.100
	TRUST	.293	.015	.296	.344	.440	.008	.319	.	.000	.328	.352	.026	.269	.000	.001	.001	.140	.005	.010
	CIVIC	.293	.015	.296	.344	.440	.008	.319	.000	.	.328	.352	.026	.269	.000	.001	.001	.140	.005	.010
	RESOUR	.009	.267	.166	.000	.017	.255	.009	.328	.328	.	.271	.000	.000	.010	.220	.255	.000	.036	.158
	GDPGRW	.223	.038	.127	.169	.076	.392	.298	.352	.352	.271	.	.155	.056	.304	.353	.381	.142	.252	.379
	GDPCAPTA	.012	.437	.140	.000	.001	.230	.341	.026	.026	.000	.155	.	.000	.000	.039	.042	.000	.000	.083
	LAFORCE	.002	.148	.365	.000	.008	.397	.431	.269	.269	.000	.056	.000		.000	.247	.254	.000	.025	.272
	POPGRW	.041	.257	.237	.003	.029	.139	.233	.000	.000	.010	.304	.000	.000	.	.016	.023	.000	.000	.058
	COSTIM	.497	.006	.078	.249	.306	.000	.223	.001	.001	.220	.353	.039	.247	.016	.	.000	.095	.028	.000
	COSTEX	.401	.008	.091	.259	.268	.000	.240	.001	.001	.255	.381	.042	.254	.023	.000	.	.099	.036	.000
	LIFEEXP	.001	.184	.308	.000	.001	.064	.491	.140	.140	.000	.142	.000	.000	.000	.095	.099	.	.001	.110
	LITER	.084	.097	.017	.001	.019	.083	.479	.005	.005	.036	.252	.000	.025	.000	.028	.036	.001	.	.083
	GENROLL	.456	.003	.043	.201	.367	.001	.100	.010	.010	.158	.379	.083	.272	.058	.000	.000	.110	.083	.
N	FDI	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GOVEFF	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	REGQ	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RULELAW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CORRUP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	DOBUS	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	PAYTAX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	TRUST	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CIVIC	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RESOUR	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPCAPTA	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LAFORCE	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	POPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTIM	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTEX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LIFEEXP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LITER	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GENROLL	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	LITER, PAYTAX, GDPGRW, COSTEX, LAFORCE, REGQ, TRUST, DOBUS, CORRUP, GOVEFF, RULELAW, RESOUR[b]	.	Enter

a. Dependent Variable: FDI

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.854[a]	.730	.498	2643.778	.730	3.149	12	14	.022	2.748

a. Predictors: (Constant), LITER, PAYTAX, GDPGRW, COSTEX, LAFORCE, REGQ, TRUST, DOBUS, CORRUP, GOVEFF, RULELAW, RESOUR

b. Dependent Variable: FDI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	264123785.427	12	22010315.452	3.149	.022[b]
	Residual	97853836.573	14	6989559.755		
	Total	361977622.000	26			

a. Dependent Variable: FDI

b. Predictors: (Constant), LITER, PAYTAX, GDPGRW, COSTEX, LAFORCE, REGQ, TRUST, DOBUS, CORRUP, GOVEFF, RULELAW, RESOUR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-262058.921	117921.407		-2.222	.043		
	GOVEFF	993.873	533.813	.593	1.862	.084	.190	5.251
	REGQ	123.767	301.938	.095	.410	.688	.356	2.807
	RULELAW	198.579	243.836	.295	.814	.429	.147	6.785
	CORRUP	125.509	227.944	.144	.551	.591	.281	3.554
	DOBUS	50.026	116.287	.100	.430	.674	.355	2.818
	PAYTAX	-512.934	149.695	-1.201	-3.427	.004	.157	6.361
	TRUST	177.820	308.253	.133	.577	.573	.363	2.753
	RESOUR	-5884.046	2256.934	-1.087	-2.607	.021	.111	8.997
	GDPGRW	-33.599	257.624	-.036	-.130	.898	.247	4.050
	LAFORCE	.002	.000	1.313	4.162	.001	.194	5.155
	COSTEX	.242	15.409	.004	.016	.988	.321	3.114
	LITER	1808.514	869.136	.616	2.081	.056	.220	4.539

a. Dependent Variable: FDI

APPENDIX F

SPSS OUTPUT FOR THE ANALYSIS OF ECONOMIC-INSTITUTIONS AND RELATED PERFORMANCES IN VEITNAM

MULTIPLE REGRESSION (Y6: VIETNAM)

Descriptive Statistics

	Mean	Std. Deviation	N
FDI	4271.41	3928.636	27
GOVEFF	44.15	4.593	27
REGQ	27.65	2.763	27
RULELAW	39.96	2.781	27
CORRUP	33.41	4.564	27
DOBUS	89.09	9.354	27
PAYTAX	39.00	7.575	27
TRUST	41.50	5.892	27
CIVIC	16.50	.310	27
RESOUR	7.85	2.381	27
GDPGRW	6.78	1.423	27
GDPCAPTA	841.44	680.491	27
LAFORCE	44169970.33	7495826.145	27
POPGRW	1.37	.492	27
COSTIM	612.40	17.581	27
COSTEX	545.70	35.097	27
LIFEEXP	73.58	1.736	27
LITER	92.00	.555	27
GENROLL	.00	.000	27

Correlations

		FDI	GOVEFF	REGQ	RULELAW	CORRUP	DOBUS	PAYTAX	TRUST	CIVIC	RESOUR	GDPGRW	GDPCAPTA	LAFORCE	POPGRW	COSTIM	COSTEX	LIFEEXP	LITER	GENROLL
Pearson Correlation	FDI	1.000	.611	.564	.260	.084	.338	-.189	.339	-.339	-.077	-.394	.949	.881	-.584	.141	.308	.748	.371	.
	GOVEFF	.611	1.000	.700	.678	-.212	.091	-.128	.594	-.594	.120	-.179	.626	.561	-.368	-.068	-.028	.488	.483	.
	REGQ	.564	.700	1.000	.410	-.142	.203	-.031	.426	-.426	.208	.112	.514	.450	-.272	.070	-.007	.370	.602	.
	RULELAW	.260	.678	.410	1.000	-.138	.041	-.221	.456	-.456	.060	.072	.293	.241	-.144	-.440	-.259	.196	.207	.
	CORRUP	.084	-.212	-.142	-.138	1.000	.418	-.269	-.278	.278	-.798	-.119	.078	-.094	.368	.176	.560	-.067	.234	.
	DOBUS	.338	.091	.203	.041	.418	1.000	-.187	-.327	.327	-.383	-.064	.325	.186	.000	.564	.496	.086	.340	.
	PAYTAX	-.189	-.128	-.031	-.221	-.269	-.187	1.000	.123	-.123	.417	-.100	-.189	-.110	.000	.319	.130	.021	-.403	.
	TRUST	.339	.594	.426	.456	-.278	-.327	.123	1.000	-1.000	.339	-.044	.211	.201	.000	-.187	-.418	.143	.224	.
	CIVIC	-.339	-.594	-.426	-.456	.278	.327	-.123	-1.000	1.000	-.339	.044	-.211	-.201	.000	.187	.418	-.143	-.224	.
	RESOUR	-.077	.120	.208	.060	-.798	-.383	.417	.339	-.339	1.000	.048	-.118	-.042	-.179	-.143	-.381	-.118	-.291	.
	GDPGRW	-.394	-.179	.112	.072	-.119	-.064	-.100	-.044	.044	.048	1.000	-.447	-.463	.397	-.174	-.345	-.438	.000	.
	GDPCAPTA	.949	.626	.514	.293	.078	.325	-.189	.211	-.211	-.118	-.447	1.000	.946	-.676	.098	.389	.817	.341	.
	LAFORCE	.881	.561	.450	.241	-.094	.186	-.110	.201	-.201	-.042	-.463	.946	1.000	-.845	.071	.218	.927	.261	.
	POPGRW	-.584	-.368	-.272	-.144	.368	.000	.000	.000	.000	-.179	.397	-.676	-.845	1.000	.000	.000	-.845	.000	.
	COSTIM	.141	-.068	.070	-.440	.176	.564	.319	-.187	.187	-.143	-.174	.098	.071	.000	1.000	.401	.020	.000	.
	COSTEX	.308	-.028	-.007	-.259	.560	.496	.130	-.418	.418	-.381	-.345	.389	.218	.000	.401	1.000	.220	.000	.
	LIFEEXP	.748	.488	.370	.196	-.067	.086	.021	.143	-.143	-.118	-.438	.817	.927	-.845	.020	.220	1.000	.240	.
	LITER	.371	.483	.602	.207	.234	.340	-.403	.224	-.224	-.291	.000	.341	.261	.000	.000	.000	.240	1.000	.
	GENROLL	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	1.000
Sig. (1-tailed)	FDI	.	.000	.001	.095	.338	.042	.173	.042	.042	.351	.021	.000	.000	.001	.242	.059	.000	.028	.000
	GOVEFF	.000	.	.000	.000	.144	.326	.263	.001	.001	.276	.185	.000	.001	.030	.368	.445	.005	.005	.000
	REGQ	.001	.000	.	.017	.239	.155	.438	.013	.013	.149	.288	.003	.009	.085	.364	.486	.029	.000	.000
	RULELAW	.095	.000	.017	.	.246	.420	.134	.008	.008	.383	.360	.069	.113	.236	.011	.096	.164	.150	.000
	CORRUP	.338	.144	.239	.246	.	.015	.087	.080	.080	.000	.277	.350	.321	.030	.190	.001	.370	.120	.000
	DOBUS	.042	.326	.155	.420	.015	.	.175	.048	.048	.024	.376	.049	.176	.500	.001	.004	.335	.042	.000
	PAYTAX	.173	.263	.438	.134	.087	.175	.	.271	.271	.015	.310	.172	.293	.500	.053	.259	.459	.019	.000
	TRUST	.042	.001	.013	.008	.080	.048	.271	.	.000	.042	.415	.145	.157	.500	.175	.015	.239	.131	.000
	CIVIC	.042	.001	.013	.008	.080	.048	.271	.000	.	.042	.415	.145	.157	.500	.175	.015	.239	.131	.000
	RESOUR	.351	.276	.149	.383	.000	.024	.015	.042	.042	.	.406	.278	.418	.185	.238	.025	.279	.070	.000
	GDPGRW	.021	.185	.288	.360	.277	.376	.310	.415	.415	.406	.	.010	.007	.020	.192	.039	.011	.500	.000
	GDPCAPTA	.000	.000	.003	.069	.350	.049	.172	.145	.145	.278	.010	.	.000	.000	.314	.022	.000	.041	.000
	LAFORCE	.000	.001	.009	.113	.321	.176	.293	.157	.157	.418	.007	.000	.	.000	.363	.137	.000	.094	.000
	POPGRW	.001	.030	.085	.236	.030	.500	.500	.500	.500	.185	.020	.000	.000	.	.500	.500	.000	.500	.000
	COSTIM	.242	.368	.364	.011	.190	.001	.053	.175	.175	.238	.192	.314	.363	.500	.	.019	.461	.500	.000
	COSTEX	.059	.445	.486	.096	.001	.004	.259	.015	.015	.025	.039	.022	.137	.500	.019	.	.135	.500	.000
	LIFEEXP	.000	.005	.029	.164	.370	.335	.459	.239	.239	.279	.011	.000	.000	.000	.461	.135	.	.114	.000
	LITER	.028	.005	.000	.150	.120	.042	.019	.131	.131	.070	.500	.041	.094	.500	.500	.500	.114	.	.000
	GENROLL	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.
N	FDI	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GOVEFF	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	REGQ	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RULELAW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CORRUP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	DOBUS	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	PAYTAX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	TRUST	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	CIVIC	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	RESOUR	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GDPCAPTA	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LAFORCE	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	POPGRW	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTIM	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	COSTEX	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LIFEEXP	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	LITER	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
	GENROLL	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	LITER, COSTEX, RULELAW, GDPGRW, PAYTAX, COSTIM, RESOUR, TRUST, GDPCAPTA, DOBUS, CORRUP, REGQ, GOVEFF[b]	.	Enter

a. Dependent Variable: FDI

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.978[a]	.957	.913	1157.02804	.957	22.058	13	13	.000	1.395

a. Predictors: (Constant), LITER, COSTEX, RULELAW, GDPGRW, PAYTAX, COSTIM, RESOUR, TRUST, GDPCAPTA, DOBUS, CORRUP, REGQ, GOVEFF

b. Dependent Variable: FDI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	383885482.116	13	29529652.470	22.058	.000[b]
	Residual	17403280.402	13	1338713.877		
	Total	401288762.519	26			

a. Dependent Variable: FDI

b. Predictors: (Constant), LITER, COSTEX, RULELAW, GDPGRW, PAYTAX, COSTIM, RESOUR, TRUST, GDPCAPTA, DOBUS, CORRUP, REGQ, GOVEFF

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	114614.631	96331.332		1.190	.255	-93496.559	322725.820		
	GOVEFF	-31.869	152.698	-.037	-.209	.838	-361.753	298.014	.105	9.554
	REGQ	258.715	198.116	.182	1.306	.214	-169.288	686.718	.172	5.821
	RULELAW	-314.230	219.093	-.222	-1.434	.175	-787.550	159.091	.139	7.210
	CORRUP	27.777	128.030	.032	.217	.832	-248.816	304.369	.151	6.630
	DOBUS	98.524	58.658	.235	1.680	.117	-28.199	225.247	.171	5.847
	PAYTAX	-34.261	49.218	-.066	-.696	.499	-140.591	72.069	.370	2.700
	TRUST	195.451	74.535	.293	2.622	.021	34.427	356.475	.267	3.745
	RESOUR	-65.775	227.532	-.040	-.289	.777	-557.327	425.777	.175	5.700
	GDPGRW	-98.758	241.456	-.036	-.409	.689	-620.391	422.876	.436	2.294
	GDPCAPTA	4.993	.697	.865	7.166	.000	3.488	6.498	.229	4.366
	COSTIM	-22.394	31.182	-.100	-.718	.485	-89.759	44.970	.171	5.837
	COSTEX	-8.646	15.193	-.077	-.569	.579	-41.469	24.177	.181	5.522
	LITER	-1136.930	915.261	-.161	-1.242	.236	-3114.231	840.371	.200	5.006

a. Dependent Variable: FDI

BIOGRAPHY

NAME	Chanatip Suksai
ACADEMIC	Lecturer
BACKGROUND	AEC Study Center and International Cooperative Education Siam University, Bangkok
EXPERIENCES	ASEAN Centre for Energy, ASEAN Secretariat, Jakarta Ministry of Energy Centre for European Studies, Chulalongkorn University Thailand Productivity Institute Board of Trade of Thailand