

## **CORRUPTION, EASY OF DOING BUSINESS, FOREIGN DIRECT INVESTMENT AND COMPETITIVENESS (STUDY IN ASEAN COUNTRIES)**

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### **Abstract**

*This study aims to analyze perceptions of corruption, ease of doing business, foreign investment on national competitiveness in ASEAN countries. This study uses panel data analysis with CEM, FEM, and REM approaches by using research samples from 10 countries that are members of the ASEAN Organization. The results showed that Corruption Perception Index (CPI), ease of doing business, and Foreign Direct Investment had a significant and positive effect on National Competitiveness in ASEAN Countries. It means that every increasing perception of corruption will increase national competitiveness or it can be said that the level of perception of corruption increases (then it is cleaner from corruption) and every ease of doing business and foreign direct investment increases it will increase national competitiveness in the ASEAN region.*

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### **1. Introduction**

Competitiveness is a multidimensional concept. This can be seen from three different levels: country, industry, and enterprise level. Competitiveness comes from the Latin, *competere*, which means involvement in a competitive market. Competitiveness has become a general term to describe the economic strength of an entity against its competitors in a global market economy where goods, services, people, skills and ideas move freely across geographic boundaries. Competitiveness has become a general term to in a global market economy in which goods, services, people, skills, and ideas freely move across borders, describe an organization's



economic strength in comparison to its competitors. (Murtha & Lenway, 1994; Xia et al., 2012). A firm's level of competitiveness (enterprise-level competitiveness) can be defined as a firm's ability to design, manufacture, and/or sell products advantages over the goods offered by competitors, in terms of price quality and non-price (CIVELEK et al., 2015; D'cruz et al., 1992; Porter et al., 2007).

One of the ways in which a country's national competitiveness can be measured is the Competitiveness Index released in the *Global Competitiveness Report by the World Economic Forum (WEF)* with a scale of 0-100; the closer to 100, the higher the competitiveness in the country (very competitive) and vice versa.

Singapore is the number one country in the world that has the highest competitiveness index value. The concept of high competitiveness consists of various aspects, namely the economy, institutions, infrastructure, health, education, human, complex technology, of course, can influence or be influenced by the level of perception of corruption in a country. This is consistent with the research carried out by Ulman (2014) titled "*The Impact of the National Competitiveness on the Perception of Corruption*". According to *Transparency International* in the ASEAN region itself, an increase in the quantity of economic transactions results in more goods passing through customs, more new factories requiring permits, and others that can lead to more corrupt practices. Then, an increase in the flow of goods, money, or traffic of lawful people can be accompanied by an increase in illicit trade (Anggita, 2019).

The level of corruption in a country can be measured, one of which is the level of perception of corruption as carried out by *Transparency International (TI)*. This institution measures the *Corruption Perception Index (CPI)* from 1-100; The closer to 100, the corruption in that country has a lower level of corruption perception (very clean), and vice versa. This index describes the level of opportunity for corruption in a particular country.

Globally, in ASEAN countries, Singapore is a country that can be said to be almost free of corruption compared to other ASEAN countries with an average score in 5 years above 80, then followed by Brunei Darussalam with an average score above 55 and Malaysia with an average score. an average of 49.5 throughout 2015-2020.

## **2. Literature Review**

Corruption, as a form of action by public institutions, can affect or be influenced by economic outcomes, which are manifested in a decline in economic performance, welfare, health, and living standards. These aspects which define national competitiveness are empirically proven in many studies that there is a major influence where corruption of public institutions has an impact on the functioning of all economic activities (Mauro, 1995; Tanzi & Davoodi, 1998).

One of the activities of all aspects of the economy is business activities on a medium and large scale. These activities are determined by the environment in which they operate themselves. Companies' performance, competitiveness, and growth potential are significantly impacted by these operating or development conditions, which also determine a nation's attractiveness to foreign investors (Fabus, 2018).



According to BKPM (2017) there are 10 indicators that must be addressed in an effort to facilitate business carried out by *IFC/World Bank*, namely starting a business, licensing related to establishing a business, connecting electricity, registering property, gaining access to credit, paying taxes, enforcing contracts, settling bankruptcy cases, protecting minority investors, and conducting cross-border trade.

The ease of doing business in 10 countries in Southeast Asia is Singapore with an average score of 85. Then Malaysia and Thailand are 79 and 75. Indonesia itself gets an average score of 66 throughout 2015-2019. Reflecting the ease of doing business in a country encourages and attracts foreign investors to invest their capital. The highest foreign direct investment development growth in ASEAN is owned by Singapore with a value of 32.16 percent in 2019. Cambodia with the greatest amount of 13.52% and with the lowest direct investment value of the 10 countries in ASEAN are Thailand, Indonesia and Brunei Darussalam.

Countries with high competitiveness make foreign investors feel at home in investing in the long term. They assume that low levels of corruption, ease of doing business, and direct investment are one of the indicators of the success of economic development by referring to the country's national competitiveness. As research conducted by Ulman (2014) and Emsina (2014) impact of the nation's competitiveness on perceptions of corruption. The results explain that the competitiveness of a country is very dependent on the level of public tendency to practice corruption in a government. Nanda (2018) conducted research on the ease of doing business on the global competitiveness index, they said that there was an influence between the ease of doing business on the global competitiveness index and of course it would increase economic development in a country.

Based on this phenomenon, The research gap in this study is by adding the Foreign Direct Investment variable to National Competitiveness. The purpose of this study is to *investigate the influences on national competitiveness and how the influence of Corruption, Easy Doing of Business, Direct Investment (FDI) on increasing National Competitiveness (Global Competitiveness Index) in ASEAN countries.*

### **3. Research Method**

This study aims to analyze Corruption, Ease of Doing Business (easy doing of business), Direct Investment (FDI), on Increasing National Competitiveness (Global Competitiveness Index) in nations that are a part of the ASEAN organization. The object of this research is 10 countries that are members of ASEAN. The observation period in this research is 5 years, starting from 2005 to 2019. Secondary data from are the sources of the data used in this study of World Bank and Book Report in the World Economic Forum (WEF).

Panel data are used in the method of data analysis. The three methods (models) utilized are the *Common Effect Model, Fixed Effect Model, and Random Effect Model* (Gujarati, 2011). The three are distinguished based on the assumption that there is a correlation between the error component and the independent variable (regressor).



Estimating the influence of perceptions of corruption, ease of doing business, direct investment on national competitiveness is formulated in the general model of econometric functions as follows:

$$\text{Log (GCI}_{it}) = a_0 + a_1 \text{Log (CPI}_{it}) + a_2 \text{Log (EDB}_{it}) + a_3 \text{Log (FDI}_{it}) + e_{it}$$

Information:

- GCI<sub>it</sub> : National Competitiveness (Scale)
- CPI<sub>it</sub> : Corruption Index
- EDB<sub>it</sub> : Ease of Business
- FDI<sub>it</sub> : Direct investment (% of GDP)
- a<sub>0</sub>, a<sub>1</sub> ... a<sub>6</sub> : Parameter estimation
- e<sub>it</sub> : *error terms*
- i : Regency/city
- t : Year

## 4. Results

### Model Estimation Results

Based on the estimation results in the Global Competitiveness Index (GCI) models through the *CEM*, *FEM* and *REM*, which are presented in the table below, it shows that in the common effect model variable Perception of Corruption (CPI), ease of doing business, and Direct Investment (FDI) by demonstrating that the probability of each variable being less than the significance level, which is = 5% (0.05), has a significant impact on National Competitiveness in ASEAN nations. Using the Fixed Effect Model, the estimation results show that the variables Easy Doing Business and Direct Investment (FDI) have a significant impact on national competitiveness in ASEAN countries. However, the probability value of the variable Perception of Corruption (CPI) shows that it does not have a significant impact on national competitiveness. Using the Random Effect Model, estimates of the National Competitiveness Model show that the variables Perception of Corruption (CPI) and Ease of Doing Business have a significant impact on ASEAN countries' national competitiveness, whereas the Direct Investment (FDI) variable has no significant impact on ASEAN countries' competitiveness. The variable's probability value was greater than the significance level of > = 5% (0.05) for national competitiveness.

**Table 1. Estimated Results using *Common Effect, Fixed Effect and Random Effect Approach***

Variable	Common		Fixed		Random	
	Coefficient	Probability	coefficient	Probability	coefficient	Probability
C	1.913989	0.0000	3.924273	0.0000	3.035157	0.0000
CPI	0.008629	0.0010	0.002073	0.6627	0.013545	0.0001
EDB	0.033294	0.0000	0.007369	0.0363	0.012753	0.0001
FDI	0.764003	0.0593	0.687402	0.0542	0.576095	0.8005
R-Squared	0.928869		0.9963 0		0.578353	
Adjusted R-Square	0.923664		0.994924		0.547501	



F-Statistics	178.4668	719.6174	18.74593
Prob(F-Statistic)	0.000000	0.000000	0.000000
Durbin-Watson Stat	0.177749	1.740608	1.037241

Source: Data Processed E-views 9.0, 2021

Based on the results of the estimation of National Competitiveness (GCI) using the common effect model, the F-Statistic value is 178.4668 and the F-Statistic is 0.0000 which is smaller than the 5% significance level (0.05), meaning that together the independent variables have a significant effect on the variables. bound, namely National Competitiveness. The coefficient of determination (R<sup>2</sup>) in these results is 0.928869 or 92%, meaning that the variation of the independent variables contained in this study, namely perceptions of corruption, ease of doing business and direct investment is able to explain 92% of the dependent variable, namely National Competitiveness. While 8% is explained by other variables that are not included in the equation model.

The results of the estimation of National Competitiveness (GCI) using the fixed effect model obtained the F-Statistic value of 719.6174 and the F-Statistic Probability of 0.0000 which is smaller than the 5% significance level (0.05), meaning that together the independent variables have a significant effect on the dependent variable. namely National Competitiveness. The coefficient of determination (R<sup>2</sup>) in the image above is 0.996308 or 99%, meaning that the variation of the independent variables contained in this study, namely perceptions of corruption, ease of doing business and direct investment is able to explain 99% of the dependent variable, namely National Competitiveness. While 1% is explained by other variables that are not included in the model.

The results of the estimation of National Competitiveness (GCI) using a random effect model obtained the F-Statistic value of 18.74593 and the F-Statistic Probability of 0.0000 which is smaller than the 5% significance level (0.05), meaning that together the independent variables have a significant effect on the dependent variable. namely National Competitiveness. The coefficient of determination (R<sup>2</sup>) in the picture above is 0.578353 or 57%, meaning that the variation of the independent variables in this study, namely perceptions of corruption, ease of doing business and direct investment is able to explain 57% of the dependent variable, namely National Competitiveness. While 43% is explained by other variables that are not included in the model.

## Best Model Testing

### Chow test

The probability value (Prob.) is used to perform the Chow test of the cross-section F that was obtained from the equation of national competitiveness (GCI). Given that the probability value of F cross-section for the national competitiveness equation is 0.0000, or Prob F 0.05, it may be claimed that H<sub>0</sub> is accepted in the equation. The common effect regression model for national competitiveness is thus the appropriate model based on the Chow test results.



**Table 2. Chow Test Results**

Effect Test	Statistics	df	Prob
Cross-section F	64.946922	(9.32)	0.0000
Cross-section Chi square	133.126136	9	0.0000

Source: data processed e-views 9.0, 2021

**Hausman test**

In order to evaluate the Random Effect and Fixed Effect models and identify which National Competitiveness (GCI) model is the correct one by looking at the probability value (Prob.) of random Cross-Section, the Hausman test was used. According to the results of the Hausman test, the Cross Section Random Probability (Prob.) for the National Competitiveness Equation (GCI) Model is 0.0000, which means that H0 is rejected if the Cross Section Random Probability (Prob.) is 0.05. Accordingly, the estimation with Fixed Effect is the best National Competitiveness Model based on the Hausman test, or it could be said that the Fixed Effect model is preferable to be employed in this article compared to the Random Effect model. (Gujarati, 2011; Verbeek, 2008; Wibisono, 2005) . The statistical test results are as follows;

**Table 3. Hausman test results**

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob
Random cross-section	33.512036	3	0.0000

Source: data processed e-views 9.0, 2021

**LM test**

A test known as the Lagrange Multiplier (LM) is used to determine whether the Common Effect (OLS) model or the Random Effect model is best for national competitiveness model (GCI). According to the findings of the LM test, the Cross-Section Probability (Prob.) result for the national competitiveness equation (GCI) models is 0.0000, that indicates that if the Cross Section Random Probability (Prob.) 0.05, then H0 is rejected, and the best national competitiveness model is based on A popular effect model estimate is applied to the LM test.

**Table 4. LM . Test Results**

Test Summary	Chi-section	Test Hypothesis Time	Both
Breusch-Pagan	39.9340 (0.0000)	0.020315 (0.8867)	40.01371 (0.0000)
Honda	6.324033 (0.0000)	0.142532 (0.4433)	4.572552 (0.0000)
King-Wu	6.324033 (0.0000)	0.142532 (0.4433)	3.713106 (0.0001)
Standardized Honda	8.482820 (0.0000)	0.394307 (0.3467)	2.861505
Standardized King-Wu	8.482820 (0.0000)	0.394307 (0.3467)	1.860671 (0.0314)
Gourierioux, et al.*	--	--	40.01371 (< 0.01)

Source: data processed e-views 9.0, 2021



### Final Model Selection Overview

The common effect model was shown to be preferable than the fixed effect model based on the findings of the three methods, the Chow test, Hausman test, and lm test, as the Chow test also reveals that probability number is below the significance level. The Hausman test, which shows that the likelihood of the model's value is smaller than the 5% significance level, indicates that the fixed effect model is chosen over the random effect model. Since the results of the LM test show that the model's probability value is less than the 5% threshold of significance, it may be argued that the common effect model should be used instead of given the findings of the test.

**Table 5. Results of Model Selection, namely Common Effect**

Variable	Coefficient	Prob.
C	1.913989	0.0000
CPI	0.008629	0.0010
EDB	0.033294	0.0000
FDI	0.764003	0.0593
R-squared	0.928869	
Adjusted R-squared	0.923664	
F-statistics	178.4668	
Prob(F-statistic)	0.000000	
Durbin-Watson stat	0.177749	

Source: data processed e-views 9.0, 2021

The equations obtained from the regression results are:

$$\text{GCI} = 1.913989 + 0.008629\text{CPIit} + 0.033294\text{EDBit} + 0.764003\text{FDIit} + \text{eit}$$

According to the estimation results, there is a positive link between the coefficient value for Corruption Perception variable, which is 0.0008629, and the level of corruption in a given nation (clearer of corruption) it will increase national competitiveness by 0.0086 with a probability values of  $0.0010 < 0.05$  degrees of error. by 5% so that statistically the perception of corruption is significant to national competitiveness. The coefficient of the ease of doing business variable is 0.033294 and has a positive relationship, meaning that when a country's ease of doing business increases, it will increase national competitiveness by 3%. The significance value of the ease of doing business variable is  $0.0000 < 0.05$  5% degree of error, making it statistically significant in terms of its impact on national competitiveness.

The result of the direct investment variable coefficient (Foreign Direct Investment) is 0.764003 and has a positive relationship, meaning that if there is an increase in direct investment by 1 %, it will increase national competitiveness by 76%. The significance value of the ease of doing business variable is  $0.0593 < 0.05$  degree of error of 5%, so that statistically direct investment has a significant effect on national competitiveness.



## Statistical Test Results

### F Uji test

The d-table value is 2.802 since the research equation employs a 95% confidence level ( $\alpha = 5\%$ ) with  $df_1 = 3$  and  $df_2 = 47$ . The research equation yields either an F-count value of 178.4668 with a probability value of 0.000 or an F-count value of  $178.4668 > 2.802$  with a probability value of the f smaller than the 5% significance threshold,  $0.000 < 0.05$ . It may be inferred from the test results above that the variables of perception of corruption, ease of doing business, and direct investment simultaneously or jointly affect the national competitiveness variable in ASEAN countries significantly at the 95% confidence level.

### t test

With  $df = 47$  and a significance threshold of 5%, the t-table value in the equation is 1,678. According to the estimation results, the Corruption Perception (CPI) variable's t-count value is 3.54333, which means that it exceeds the t-table by a factor of 1.678. The probability value of the t-statistic is  $0.0010 < 0.05$ , it can be said that the Corruption Perception (CPI) variable partially has a significant effect on National Competitiveness.

With  $df = 47$  and a significance threshold of 5%, the t-table value in the equation is 1,678. According to the estimation results, the Ease of Doing Business variable has a t-count value of 10.1846, which indicates that the t-count is bigger than the t-table ( $10.1846 > 1.678$ ). The probability value of the t-statistic is  $0.0000 < 0.05$ , it can be said that the Easy doing of Business variable partially has a significant effect on National Competitiveness.

With  $df = 47$  and a significance threshold of 5%, the t-table value in the equation is 1,678. According to the estimation results, the Direct Investment (FDI) variable has a t-count value of 1.93955, which indicates that the t-count is bigger than the t-table ( $1.93955 > 1.678$ ). It may be concluded that the Direct Investment (FDI) variable partially has a significant effect on National Competitiveness because the probability value of the t-statistic is 0.05 0.05.

### Coefficient of Determination ( $R^2$ )

Based on the outcomes of the Common Effect approach for panel data estimate, it can be obtained a determination coefficient value of 0.9288, which means that the national competitiveness variable is determined by the variation of perceptions of corruption, ease of doing business, and direct investment by 93%, while the remaining 7% variation is determined by other variables. which is not listed in the model.

## Discussion

### The Effect Perceptions of Corruption on National Competitiveness

This study aims to examine the nature of this influence and determine whether perceptions of corruption have an impact on national competitiveness. It can be said that the standard of living, labor market conditions and financial markets, productivity, national attractiveness, technology, size of domestic or foreign markets, business capabilities, innovations that describe the concept of national





competitiveness affect the way of perceiving strategic actions and behavior of public institutions. represented by its public workers.

Lindgreen (2004) analyzes three viewpoints on corruption: a political viewpoint, an economic viewpoint, and an anthropological viewpoint. According to the economic perspective, corruption tends to decrease or remain low as a nation develops economically (Blackburn et al., 2005). From another economic perspective, corruption can harm the relationship between the authorities (government), economic agents, and private individuals, reduce the efficiency of allocation and economic growth, increase income inequality, reduce trust in public institutions, reduce the desire of investors to invest, and encourage poor public service culture (S. Ulman, 2013).

The approach that is usually used in various studies is corruption or the perception of corruption affecting development or economic growth, and the factors that influence acts of corruption are mostly socio-political aspects. This study demonstrates, however, that a nation's national competitiveness is one of the factors that determines whether corruption is viewed negatively or favorably in that nation. The corruption variable in this study significantly impacts national competitiveness. The variable then exhibits a favorable connection with national competitiveness. According to this link, if the perception of corruption rises, the level of national competitiveness will rise as well, increasing the perception of corruption (clearer from corruption). This is in line with the research of (S. Ulman, 2013) which show that the perception of corruption has a positive effect on national competitiveness.

These findings suggest that economic outcomes should be the primary focus of policy. When the economy performs well and satisfactorily, corruption is perceived differently, and its negative effects are lessened. Therefore, the two competitiveness pillars described in the Global Competitiveness Report should get the majority of emphasis. The perceived "image" of the nation, which also implies the corruption issue, can be remedied when the key components of these pillars are properly examined and markedly improved. In this case, the pillars of national competitiveness are structurally mostly long-term, which is very likely to affect the level of corruption due to the slow nature of corruption changes.

However, it must be emphasized that the pillars of national competitiveness are not independent of each other. On the other hand, they tend to reinforce each other. For example, a modest increase in institutional pillars is not sufficient to reduce perceptions of corruption, as other factors such as the macroeconomic environment, which interact directly with institutions, must also be improved. In a simple sense, countries with a fairly high perception of corruption should not only focus on institutional and legal reforms but also need to put policies in place from an economic point of view, namely by improving or enhancing the twelve pillars of national competitiveness simultaneously. In conclusion, the perception of corruption is one of the factors that can directly affect the national competitiveness of a country (S.-R. Ulman, 2014).



### **Easy of Doing Business on National Competitiveness**

The results of the research regression analysis show that the easy of doing business has a significant influence on the global competitiveness index. The research results show a significant positive relationship from easy of doing business to national competitiveness. The level of easy of doing business can affect the growth of competitiveness in ASEAN countries. In accordance with the research objectives, the results of the study are able to prove that the easy of doing business variable has a significant effect on national competitiveness. The ease of doing business index helps in assessing the level of performance as well as looking at gaps in the performance of a particular economy in the economic regulatory environment over time. So that the country with the best regulatory performance will get a high score in the index. The values that make it easy of doing business are starting a business, licensing related to building construction, connecting electricity, property registration, access to credit, paying taxes, cross-border trade, contract enforcement. With the convenience provided by the government, the impact will attract business people from various parts of the country to invest capital and create a good business climate and encourage economic growth that can support competitiveness in a country.

The results of this study support previous research conducted by Hadi Nawawi (2021) which stated that there was an effect of easy of doing business on global competitiveness in the United States, China, and Indonesia as seen from the high average of easy of doing business and global variables. The increasing competitiveness is almost joking with the supporting indicators.

### **Analysis of Foreign Direct Investment on National Competitiveness**

The results of the research regression analysis show that foreign direct investment has a significant influence on the global competitiveness index. The research results show a significant positive relationship from direct investment to national competitiveness. International direct investment is generally acknowledged in the literature to have a large positive impact on global competitiveness through the development of human capital, cutting-edge technology, and R&D activities in nations (Ahrend, 2006; Emsina, 2014; Lall, 2001). Especially since the 1980s, the significant increase in international investment as a result of market seeking by multinational companies has helped globalize and improve the quality of products and services by integrating the global R&D activities of these companies with their subsidiaries in the countries in which they invest.

One of the main reasons developing countries support international direct investment inflows is because they want to connect to global technology and innovation networks through these companies. Multinational corporations are world leaders in many industries in the generation and internationalization of new technologies and can account for a large proportion of global business spending on R&D. The connection of multinational companies with innovation and production networks allows the development of advanced technologies in many of the countries where they invest and these countries gain competitiveness in international markets (Podobnik et al., 2012).



Until the 1990s, in most developing countries, local industry could achieve global competitiveness by taking technological leaps, with protectionist foreign trade policies. However, with the view that this policy has a negative impact on global trade flows and increased welfare in countries, many international agreements, especially World Trade Organization agreements, limit local market protectionist measures. As a result of these agreements, the path of developing countries to realize the technological breakthroughs that have been taken by countries such as Korea, Singapore and Taiwan with protectionist measures in the past has become difficult. In such an environment where protective measures are restricted, the technological development of the country's industries, the importance of attracting high-tech international direct investment and strengthening the linkages between the country's industry and these enterprises is evident (Snieska & Simkunaite, 2009; TEPAV, 2007). As a result, encouraging the entry of these investments into technology-intensive industries and strengthening the forward and backward links with domestic manufacturers are required to get the most out of international direct investment in terms of how it boosts competitiveness. Advanced technological investments made through international direct investment will ensure a country's competitiveness and create potential for these investments to expand to other domestic enterprises. As a result, encouraging the entry of these investments into technology-intensive industries and strengthening the forward and backward links with domestic manufacturers are required to get the most out of international direct investment in terms of how it boosts competitiveness. Advanced technological investments made through international direct investment will ensure a country's competitiveness and create potential for these investments to expand to other domestic enterprises. As a result, encouraging the entry of these investments into technology-intensive industries and strengthening the forward and backward links with domestic manufacturers are required to get the most out of international direct investment in terms of how it boosts competitiveness (Fernandes & Paunov, 2012).

In today's global economy, companies and industries are trying their best to possess these four factors in order to achieve global competitiveness, preserve their market share while surviving the intense competition they encounter on both home and international markets. Along with Porter's view that the success of multinational corporations in international markets is the result of these factors, much research has been conducted in the literature on the reasons for international direct investment to invest in a country and the benefits that a country brings as a result of the investment. The results show that international direct investment brings many innovations such as technology, technical assistance, knowledge, labor and management information to the host country as well as capital (Driffield et al., 2002) many countries, most of which are developing countries, have entered intense competition to attract international direct investment into their countries. International direct investment provides a means for businesses in emerging nations to become globally competitive due in large part to the host nation's technologically advanced industrial system. In addition, by spreading these factors to regional businesses that rely on absorption, the knowledge management and educated human resources of these investments lessen the nation's reliance on foreign resources and hasten the shift from industries that depend on imports to those that depend on exports country in the long term. As a result of increasing international competitive



pressures, one way for local companies to gain competitiveness is to operate as two international partners by combining their own insufficient opportunities with multinational companies' management and production facilities. The desire of these companies to use cheap inputs and market opportunities effectively in multinational company partnerships with local companies, especially in developing countries with large market volumes. In this case, multinational companies increase their share of the global market, while local companies compete globally by possessing the advanced technology, management skills, and talented human resource opportunities of multinational companies.

## 5. Conclusion and Sugestions

Based on the results of the analysis above, it can be interpreted as follows: Corruption perceptions in ASEAN countries have a significant and positive influence on National Competitiveness. If the perception of corruption (he cleaner it is from corruption) increase it will increase national competitiveness, this can be seen from the correlation and probability values as well as t-count. The *ease of doing business* in ASEAN countries has a significant and positive influence on National Competitiveness. If the ease of doing business increases, it will increase National Competitiveness in ASEAN Countries, this can be seen from the correlation, coefficient, probability and t-count values. Direct Investment (*Foreign Direct Investment*) in countries in ASEAN has a significant and positive influence on National Competitiveness. If direct investment increases it will increase National Competitiveness in ASEAN Countries, this can be seen from the correlation, coefficient, probability and t-count values. **Limitations** on this research are not measuring to what extent the long-term and short-term effects on perceptions of corruption, ease of doing business, and foreign direct investment on global competitiveness. The hope for future researchers is to add macro variables related to national competitive competitiveness and the update of data methodologies, especially data analysis techniques that will be used.

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