

Abstract

Corruption has always been a hot topic for a long time ago, especially in developing countries. Normally, corruption affects investment negatively as investors will not put their money in untrustworthy ones, such as corruptors. However, there is empirical evidence that defies common sense as it shows that corruption turns out to be an incentive for investing. The logic is that due to a bad business environment and inefficient bureaucracy, corruption is needed to smoothen the business process. This led to the question does Ease of Doing Business index (EODB) by the World Bank affects the investment inward significantly or not. Hence, this paper tries to find the relationship between corruption and EODB to foreign direct investment (FDI) in Southeast Asia (SEA) country as most cases of corruption as investment incentive happened in the developing countries and the author tries to contribute the fellow countrymen. The findings of this study show that corruption does negatively affect FDI and EODB positively affects FDI. Therefore, combatting corruption and improving the business environment are two priorities for governments as well as investors.

Keywords: Corruption, Ease of Doing Business, Foreign Direct Investment