

ABSTRACT

Crimes that affect people's behavior in carrying out economic activities. crime will incur additional costs that must be paid by firm. Based on the eclectic theory, the location factor to invest, one of which is caused by domestic conflict. This study aims to analyze the effect of several typologies of crime and non-crime variables on foreign direct investment in 34 Indonesian provinces in 2016-2020, and to identify the existence of a spatial autocorrelation of foreign direct investment and crime in Indonesia.

The method used in this study is panel data regression with the common effect model (CEM) approach and for spatial autocorrelation analysis the Moran's Index approach. Crime variables (total crimes, homicides, violence, property crimes, and corruption) and non-crime variables (provincial minimum wage, unemployment, infrastructure and per capita GRDP) were analyzed for their influence. directly to foreign direct investment.

The results of the study show that the variable total crimes, homicides and the provincial minimum wage have a significant negative effect on foreign direct investment in Indonesia. The unemployment and per capita GRDP have a significant positive effect on foreign direct investment in Indonesia. Meanwhile violences, property crimes, corruption and infrastructure have no significant effect on foreign direct investment in Indonesia. In addition, the research results also show a positive spatial autocorrelation on foreign direct investment and crime in Indonesia. Therefore it is necessary to increase security, especially in provinces that have a high level of crime, so that it does not have an impact on the realization foreign direct investment in the province itself and the provinces around it.

Keywords : Crime, Foreign Direct Investment, Provincial Minimum Wage, Unemployment, Infrastructure, Per Capita GRDP.