

ABSTRACT

There is disagreement about the results of each determinant of economic growth, as a determinant in measuring economic development. Given the acceleration of economic development in 7 member countries of ASEAN (Association of Southeast Asian Nations), a better understanding of the relationship between the factors driving the increase in economic growth is essential for policymakers. This study aims to analyze the effect of economic variables and the quality of institutions represented by the Worldwide Governance Indicators (WGI) index on economic growth using panel data in ASEAN 7 countries during the 2009-2018 period. Descriptive analysis methods and panel data regression analysis, using Generalized Least Square (GLS) method, were used to answer the research objectives. The results confirm that the variables of quality of institutions, government spending, and Foreign Direct Investment (FDI) has a positive and significant effect on the economic growth of ASEAN-7 countries. Otherwise, the population has a negative and significant effect on the economic growth of ASEAN-7 countries.

Keywords: Economic growth, institutions quality, government spending, FDI, population, ASEAN-7, GLS.