International Journal of Contemporary Issues in Social Sciences
Volume 3, Issue 1, 2024 ISSN(P):2959-3808 | 2959-2461

THE FDI, CORRUPTION, POLITICAL STABILITY AND DOMESTIC INVESTMENT INFLUENCE ON ECONOMIC GROWTH IN BRICS

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Received: 11 November, 2023 **Revised:** 15 December, 2023 **Accepted:** 25 December, 2023 **Published:** 10 January, 2023

ABSTRACT
The achievement of the SDGs involves addressing various factors that helps alleviate poverty, promotes investment, stabilize economy, mitigate climate change risks and promotes economic development. These factors are pivotal in driving sustainable development in BRICS countries and are integral to achieving the overreaching goals of the SDGS. This study aims to examine the influence of corruption, political stability, foreign direct investment, and net exports on the economic growth of BRICS countries. Data were collected from the period of 2010 to 2020. Furthermore, the research hypotheses were tested using Panel least squares regression method. The results show that there is a negative impact of corruption on economic growth. The resultsfurther show that the impact of foreign direct investment, political stability and domestic investment is positive and significant. The significance of this research rests in the fact that it might be used by policymakers to investigate the effects of corruption and political instability on national development. More effective legal and higher standards for governmental regulation should be established, showing the possibility of promoting economic growth.

Keywords: Investment, Corruption, Political Stability, Domestic Investments Political Investment, Economic Growth, Foreign Direct Investment, BRICS Countries, GDP.

INTRODUCTION
One of the difficult challenges has been faced by the most countries is corruption. Accusations of corruption are rising at an alarming rate in several nations (Zanetta et al. 2022). The BRICS economies are not immune to the effects of corruption, which is a worldwide problem. Corruption has been a problem for all of these countries, but especially for the five listed below. The topic of corruption has been extensively explored in the fields of sociology, economics, and the hard sciences. Corruption, according to these papers, has a net beneficial effect on GDP. In part because it lessens the costs and hassles of transactions and red tape (Kesar et al. 2022). However some academics have suggested that corruption is the greatest threat to economic stability. It has a chilling effect on economies worldwide. Corruption is harmful because it leads to ecological disasters, societal breakdown, and poverty, increased inequality, stifled economic growth, weakened democracies, and shattered trust. Costs to the economy, government, society, and the environment all raise due to corruption (Adebayo et al. 2022). Around US$2.6 trillion per year is lost due to corruption worldwide, according to the Forum of World Economic. Corruption has a negative impact on economic growth, discourages investment, and weakens the rule of law.

Corruption is a problem in almost every country, and it has a negative impact on the economy. Indicator of Corruption Risk The CRI highlights the BRICS countries' persistent unwillingness to combat corruption. There has been no substantial progress achieved by the (BRICS) government during 2010–2014 in addressing corruption issues, despite anti-corruption rhetoric, increasing frequency, and high-profile scandals. CRI has released the results (Moiseev et al. 2020). Inadequate efforts to combat corruption have far-reaching implications on the political climate and economic conditions in the BRICs countries. The BRICS countries' MAP positions are displayed in Figure 1. On May 26th, 2022, the National Commission of Supervision of China hosted an online BRICS Workshop on Anti-Corruption and Economic Growth with over 60 participants from BRICS countries and related international organisations (BRICS 2022). The objective of the study is to identify the impact of foreign direct investment, corruption, political stability, and domestic investment on economic growth of BRICS countries.

Corruption can hinder economic growth by undermining the rule of law, discouraging foreign investment, and distorting resource allocation. It can lead to lack of transparency in equality and inefficiency that effect economic growth badly. Reducing corruption through anti-corruption measures and effective governance is crucial for sustained economic growth (Chen and Ganapati, 2023). Similarly, Political stability also plays the vital role to expand economic growth as it provides a conducive environment for business operations and investment. On the other hand, Political instability can disrupt economic activities, deter investors, and lead to uncertainty. Therefore, stable political conditions are essential for development and long-term economic planning (Ayhan et al., 2023).

FDI defines as the investment made by foreign entities in a country's economy. It positively affects the economic growth by providing expertise, technology and capital to the host country by creating jobs, improve infrastructure and stimulate domestic industries (Yimer, 2023). Domestic investment including both private and public sector investments in technology, healthcare, education and infrastructure lead to economic growth. It boosts human capital development, innovation and productivity. It stimulates economic growth by increasing the capacity of the economy to produce services and goods efficiently (Yedder, 2023).

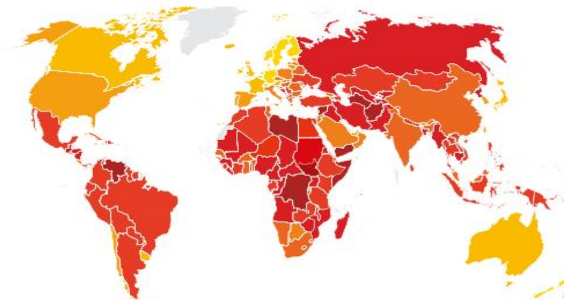
The positive interaction of low corruption level, political stability, increases in domestics and foreign direct investment from a synergistic framework promote economic growth as well as sustainable development. These factors work in tandem facilitates efficient resource allocation, creating an environment which attracts investments and support social progress and long term economic growth (Ezeudu, 2023).

Moreover, low corruption, increases in investment and stable politics lead to fulfil the goals of sustainable development (Wang et al., 2023). It provides an implementable and practical solution which helps towards the achievement of the SDGs as these all factors reduce the poverty, stable the country economy, promotes equality, enable to positively contribute for the climate change risk mitigation and particularly development of economic growth that may depend upon to achieve the goals of sustainable development in BRICS countries (Ahmed & Anifowose, 2023).

With "BRICS," economists mean a coalition of five developing nations: Brazil, Russia, India, China, and South Africa. It is defining a political group that has some institutional backing. Population (42%), GDP (35%), land area (30%), and international commerce (18%) are all larger in the BRICS countries than anywhere else on Earth (O'Neill 2022). Goldman Sachs economist Jim O'Neill came up with the BRIC moniker in 2001 to describe the other major emerging economies together with the United States is get-together of the five major economies in the world. Conversations between the BRIC nations began in 2006, and since 2009, they have been held at the level of chiefs of state. South Africa officially became a BRICS member in December of 2010 (O'Neill 2022

Figure 1
BRICS Countries

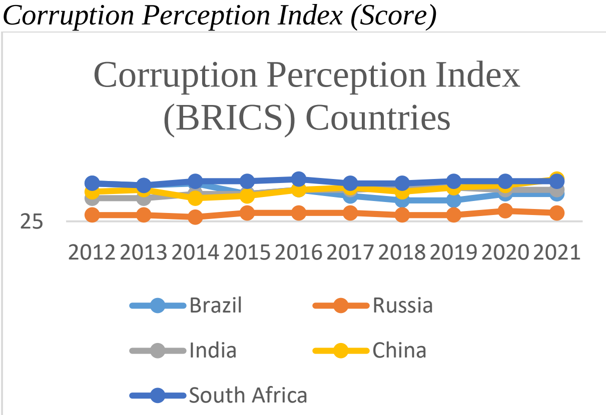
International Journal of Contemporary Issues in Social Sciences
Volume 3, Issue 1, 2024 ISSN(P):2959-3808 | 2959-2461



Source:
BRIC - Wikipedia

Kesar et al. (2022), who are professionals in the field of finance, hypothesised that there is a scarcity of investment capital. As a consequence of this, it is critical for the expansion of economies in developing nations in the global marketplace. As an external source of capital, FDI helps boost economic expansion. Developed nations are known to invest a bigger proportion of their GDP on foreign direct investment. Brazil (38/100), Russia (29/100), India (40/100), China (45/100), and South Africa (43/100) all had lower scores on the corruption perception index in 2021. Brazil (96/180), Russia (136/180), China (66/180), and South Africa (70/180) will be ranked best in corruption perception index in 2021. (CPI 2022). Figure 2 presents the countries of the BRICS group together with their respective corruption perception index (scores). According to the data, South Africa has a high corruption perception index whereas Russia has a low one (CPI 2022).

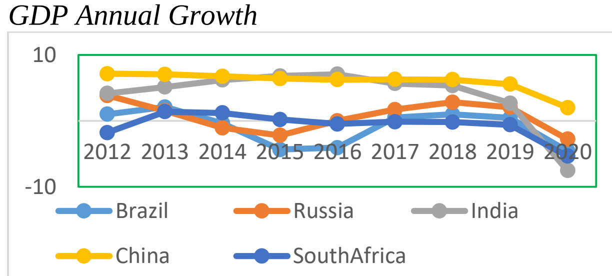
Figure 2
Corruption Perception Index (Score)



Source:
Based on data from www.transparency.org/cpi

The BRICS nations are considered to be in the category of developing nations. Its economy is expanding rapidly (O'Neill 2022). Moreover, political ideologies, nuclear power, and energy consumption are all seen through vastly different lenses in each of these nations. There was remarkable development among the BRICS countries in the early 2000s, when they accounted for 24 percent of global GDP and 16 percent of global commerce. These countries were home to roughly 40% of the world's population in 2021 (O'Neill 2022). In spite of their shared economic features, their cultures and interests are quite different from one another. Countries like Russia and Brazil, for instance, have substantial roles as exporters of commodities. But China is a major importer of raw materials. Corruption, poverty, economic inequality, and high illiteracy rates are all problems that affect the BRICS countries. In 2021, China's GDP is 16.86 trillion U.S. dollars, whereas the GDP of the other BRICS countries is less than three trillion dollars combined. In 2021, the BRICS bloc's combined GDP will top US$24.44 trillion, making it slightly larger than America's (O'Neill 2022). The GDP of the BRICS countries is displayed in Figure 3. It is not surprising that the China has the largest population among the other BRICS countries, and it has experienced rapid economic growth over the past few decades. Moreover, The COVID-19 pandemic has had a significant impact on the economies of nations worldwide, leading to contractions and reduced GDP growth as shows in Figure 3 2019 to 2020 GDP. This effect was particularly pronounced in the early stages of the pandemic when many countries implemented lockdowns and restrictions to curb the spread of the virus. The decrease in economic activity during these periods had a direct impact on GDP

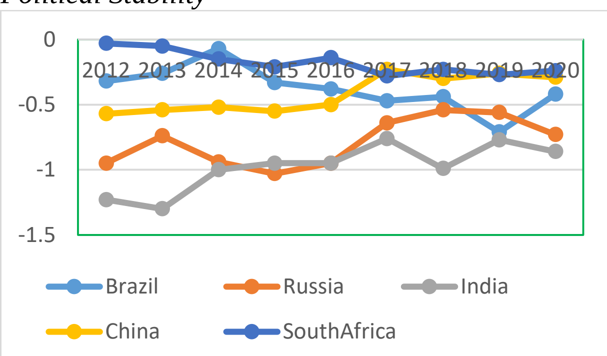
Figure 3
GDP Annual Growth



Source:
Based on data from www.worldbank.org

Past research has shown that political stability is also a factor that influences economic growth. Alper (2018) conducted research on the effect that PS has on GDP in BRICS countries and discovered that a 1% increase in PS results in a 1.27% increase in GDP. According to Rashid, Looi, and Wong's (2017) argument, the variable that has the greatest impact on GDP is political stability. The BRICS countries all exhibit signs of political instability, as shown in figure 4. Due to the fact that the PSI ratings for every country in 2020 were below 0. In addition, the findings indicate that South Africa's PSI values were significantly higher than those of the other BRICS countries.

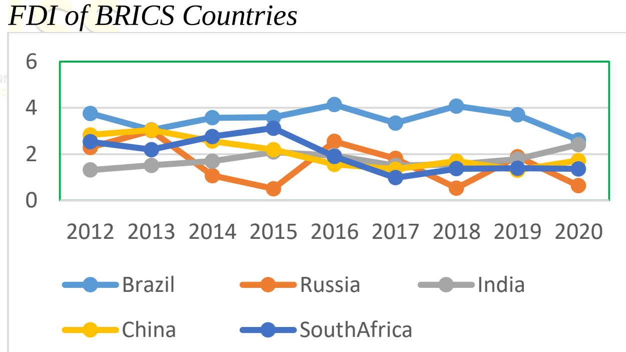
Figure 4
Political Stability



Source:
Based on data from www.theglobaleconomy.com

According to previous research, one of the most essential phenomena is foreigners' contributions to economic progress. The economically developed nations have made their economies more accessible to foreign investment and development (Qing et al. 2022). Countries in development face similar difficulties while attempting to spur economic expansion. There is consensus that low- and middle-income nations can benefit from more FDI (Zanetta et al. 2022). Many recent studies and findings on corruption's significance and determinants have revealed that it has a greater impact on economic prospects than reliance on natural resources and international trade (Zanetta et al. 2022).
Past studies have shown that corruption has a chilling effect on economic development. It causes money and effort to be spent on things that aren't profitable (Radulescu, Panait, and Voica 2014; Qing et al. 2022; Moiseev et al. 2020). Foreign direct investment serves as a means to accumulate financial resources within the context of the third world. The GDP is constrained by the haphazard distribution of resources. This suggests that different economic sectors are having trouble obtaining the necessary funding due to capital degradation. Foreign direct investment (FDI) flows are directly influenced by corruption. Investment in a country's economy is crucial to the economy's growth. Corruption, political stability (foreign direct investment), and local investment were all found to have an impact on GDP. Business activity and capital formation were shown to be the most significant factors influencing the perception of development across countries. This is a problem that has to be addressed and mitigated (Moiseev et al. 2020). Foreign direct investment among the BRICS countries is displayed in Figure 5 Most Recent Value (Millions) $ values. The data demonstrates that South Africa attracts more FDI than the other BRICS countries. The Russian Federation, however, ranks lower**.**

Figure 5
FDI of BRICS Countries



Source:
Based on data from www.worldbank.org

Focusing on the BRIC nations, this research examines how corruption affects foreign direct investment and GDP growth. The BRIC nations were chosen for this analysis because they are rapidly developing economies with some of the world's highest rates of growth (Radulescu, Panait, and Voica 2014). Meanwhile, these nations share common problems, like widespread corruption in their governments and economies. Reasons for the rise of corruption include weak institutions, inadequate government purchasing, and opaque tax and auditing mechanisms (Qing et al. 2022).

According to Adebayo et al. (2022), corruption is a highly nuanced phenomenon. The consequences on economic growth are the result of politics and bureaucracy. Corruption slows development because it decreases the efficiency of a country's businesses, investments, institutions, and planned economic programmes. Furthermore, it meddles with domestic markets where it doesn't belong. Both the public and private sectors are hindered in their efforts to create economic growth.

The BRICS group of countries is the fastest-growing emerging market, and their economies are all modernising at about the same rate. Corruption is a major problem in the economic and political systems of the BRIC countries. Corruption undermines national security and the value of investments, both of which have negative effects on the economy (Qing et al. 2022).

This study try to give the answer of following

RQ1: Does FDI contribute to economic growth in BRICS? What is the impact of corruption on economic growth in BRICS? What are the impact domestic investments on economic growth in BRICS? Does political stability contribute to economic growth in BRICS?

Moreover, the BRICS nations have been the focus of numerous studies on FDI's effects on GDP expansion. Corruption is a serious problem in the BRICS nations as well. As a result, this research endeavours to assess how corruption, FDI, political stability, and domestic investments affect GDP development in the BRICS nations. The rest of the paper consists of an overview of relevant literature, discussion of relevant theory, the formulation of research hypotheses, a detailed methodology, an analysis of the study's findings, and a discussion.

LITERATURE REVIEW

Theoretical Background

Past research has used ideas including game theory, the Kindleberger model, and the classical economic theory of corruption to explain the ties between graft, FDI, political instability, NII, and GDP growth. John von Neumann is credited with proposing the game theory (1920). It's a field that has recently emerged. It's a mathematical framework developed to solve problems involving multiple parties, either working together or at odds. To help people make more informed choices, this hypothesis was developed. The focus is on finding the optimal course of action ahead of time. According to the theory, economic outcomes reflect the preferences (or utility) of economic agents even if they did not anticipate receiving those outcomes (Elnawawy M, Okasha, and Hosny 2021). The correlation between graft, foreign direct investment, and GDP has been studied using this idea. Potentially interested overseas financiers might have looked the other way. The justification is that a multinational company will first ensure the benefits of entering international markets. They have an edge over native firms thanks to these benefits, which they lack in their home markets. While deciding whether or not to invest in a country, a multinational corporation or investor will only consider the benefits that will accrue to themselves (Radulescu, Panait, and Voica 2014). Economic growth is not dependent on the internal resources of the country. The life of the citizens have changed due to the jobs, they have been provided by the multinational corporation FDI investment of the country, this all set the standards of the living local community (Lutfi, Ashraf, Watto, & Alrawad, 2022). The investor's decisions of the selling and buying securities are fully depended on the excepted return on the equity (Hussain et al., 2022).

According to Kindle Berger's (1969) theory, FDI can only be successful in two situations: (1) the investment of foreigners can be profitable, and (2) the market is imperfect (Kechagia and Metaxas 2022). For instance, in a totally competitive economy, FDI would be impossible. If there are no restrictions on commercial exchange between nations, then yes, international trade is effective. Adam Smith is credited with proposing the classical economic theory. The correlation between corruption, government stability, and economic growth can be explained by this theory as well. This theory sees corruption as a method of allocating scarce resources, with the conduct of rational market actors explained by incentives and rents. Corruption's link to GDP is a testable hypothesis. When public authority is more and private gain come into conflict, corruption results. Corruption has a negative effect on investments (Kesar et al. 2022). Corruption, at its essence, is the dishonesty of those in positions of authority.Successfully exchanging money or power between two or more people in the absence of any legal or moral oversight. Investors are impacted by corruption in a number of ways, including ambiguity in the licencing process and higher costs associated with doing business in a country (Zanetta et al. 2022).

Investors might be stamped with the prospect of legal ramifications if they are found to be involved in any illicit activity. If they behave badly, they risk being banned from the host country and possibly many others as well. If employees act unethically in front of clients and consumers, it could hurt the company's reputation. Reputation at home can have an impact on a company's bottom line, in addition to its international reputation. Bribery is the most common method of corruption. Moreover, corrupt behaviour is defined as an illegal activity with the end goal of material gain. This research explains how corruption has impacted foreign direct investment and economic growth. Corruption causes government instability; hence the two go hand in hand with a negative correlation to economic expansion (Kechagia and Metaxas 2022)

Economic Growth

The term "economic growth" refers to an increase in the number of products and services produced per unit of time and population. In addition, some of the internal factors such as advantages of geographical location, human resource, legal system, public investment and policies for growth that attracts capital, are all considered the most important factors for the country to grow economically (Dang & Nguyen, 2021). As a result of the flexibility of the economy, services and goods can be produced at a wide range of rates. The rate of economic expansion was estimated using GDP figures. The Gross Domestic Product measures the economic output of a country. Within a certain time frame, this service is offered in a specific country. It's the key factor in determining the state of the economy, people's standard of living, and the general level of prosperity in a nation (Moiseev et al. 2020). Government spending, investment, gross private investment, private consumption, and (exports – imports). In most cases, the national statistical office will perform the calculation in accordance with the accepted international norm. As such, it can be viewed as an accurate indicator of a nation's standard of living. The Gross Domestic Product (GDP) is a vital statistic since it measures the health of the economy and provides valuable insight into its size. One common measure of economic vitality is the annualised rate of growth in real gross domestic product. Similar to how an uptick in real GDP is expected to signal economic improvement (Kesar et al. 2022). The long-run factor of growth to overseas direct investment is measured as an endogenous growth model. In the Solow model include technology equals the long-run growth rate of GDP per capita through their knowledge and the growth rate of technology(Am Marcel, 2019).

According to Moiseev et al. (2020), globalisation has a crucial role in creating opportunities that contribute to economic progress. It's helpful in the context of global finance. Growth in both GDP and GNP are powerful drivers of foreign direct investment (FDI). Kesar and Jena (2022) looked into how corruption relates to GDP development in the BRICS nations. The research looked at data from the ARDL model between the years 2002 and 2018. Corruption has a substantial impact on economic development, according to the study. The research concluded that the BRICS countries should take steps to decrease corruption because of the negative impact it has on economic growth.

The Gross Domestic Product (GDP) accounts for the total monetary worth of all final goods and services created within a nation's boundaries, whether by citizens or foreigners. Yet, Gross National Product accounts for the value of all exports and imports made by a country's residents. GDP is a metric used to assess a country's economic might. In contrast, Gross National Product measures the output of a whole country's residents. Gross domestic product (GDP) is defined as the monetary value of a country's entire net output. It is the most important gauge of the health of the country's economy. Yet, Gross Domestic Product per capita is a measure of a country's economic output. It explains why there are so many inhabitants there. In order to do this, we need to divide a country's GDP by its total population. As such, it is the most accurate indicator of a nation's standard of living (Nizam and Liaqat 2022).

The impact of corruption on foreign direct investment (FDI) into Africa was analysed by Qazi, Ahmad, and Ambreen (2021). From 1995 through

2012, data were gathered from 53 nations. Statistical analysis was performed using the Generalized Method of Moments for Dynamic Systems. Foreign direct investment was affected by issues such as economic freedom, infrastructure, market size, and effective government. Research shows that corruption in Africa makes it easier for foreign direct investment to enter the continent. To sum up, Africa has a very lax regulatory framework. Understanding the dynamics of foreign direct investment (FDI) in Africa is useful for policymakers in encouraging more investment from abroad.

Corruption and Economic Growth

The term refers to any business practice that violates accepted norms or the law. Corruption will move the development and growth of the economy through the slowing it down, wasting people's assets, creating losses, causing budget damage, and spreading the gap among the poor and rich, that increasing the poverty (Dang, Nguyen, & Tran, 2022). Consensus exists amongst experts on this. It has far-reaching effects on the economy and society as a whole (Nizam and Liaqat 2022). Without a shadow of a doubt, corruption is one of the most troublesome features of any economy. Economists from all over the world agree that corruption is the most difficult obstacle to overcome. For economic progress and prosperity, this is the greatest obstacle. The decline in investment and the distortion of business activity that results in economic inflation are direct consequences. How corruption affects foreign direct investment (FDI) in East and South Asia was studied by Qazi, Ahmad, and Ambreen (2021). According to the research, corruption can take several forms, including misuse of authority and graft at the administrative level. The country's economic situation would only worsen as a result. The country's economic situation deteriorates as a result. Research has shown that corruption is detrimental to economic growth (Moiseev et al. 2020; Kesar et al. 2022).

Specifically, Kesar et al. (2020) looked into how factors including trade openness, political stability, and corruption affected GDP growth in BRICS nations. The research employed an ARDL panel model. Corruption was found to have an inverse U-shaped association with economic growth. Moreover, a lowest level of corruption is very important for sustainable development because it ensures efficient resources allocation, enhances the overall economic growth of country and business and reduces the transaction costs. Accountable and transparent governance attracts more investment both foreign and domestic, fostering the growth of economy and contributing to long tern sustainability (Ahmed & Anifowose, 2023).

Assaoui and Fabian (2021) contended that it was unclear what prompted the corruption. Based on the results of the study, it was found that this can occur as a result of a person's own psychological issues or their desire to improve themselves. The correlation between corruption and GDP in developing countries was shown to be negative. The study's model was built on the concept of much equilibrium. Corrupt practises can be seen as a means to an end by some, including Ahmad, Ullah, and Arfeen (2012), who argue that in a particular specific context, they can aid entrepreneurs in the creation of wealth. It stymies advancement and must be eliminated. According to the results, it is inversely associated to economic expansion. Corruption's harmful effects are more pronounced in poor countries than in developed ones, according to research by Dwiputri, Pradiptyo, and Arsyad (2019). By examining bribery and economic growth in a framework of dynamic equilibrium, the study found that countries with well-established corruption networks had better prospects for both. The four data sets were examined by Chandra and Yokoyama (2011). The objective was to find out if corrupt practises affect a country's ability to expand its economy. Corruption, it found, stunts economic development. What the current economic climate is like is also a factor. The economies of smaller developing nations suffer as a result. When compared, it aids the development of developing nations like Malaysia and China, which have recently entered the industrial age.

Corruption and its arbitrary effects in the Asia-Pacific region were studied by Lee and Hong (2012). By employing Eden's, Uhlenbrock's, and Rodriguez's framework to this research paper. The research used a combination of techniques. The research concluded that the level of corruption in a country had little effect on international investors. The answer depends on how arbitrary the laws in that country are. Any investment that has a significant degree of randomness should be avoided. GDP in this context is not a reliable measure of household wealth, and international comparisons should be treated with caution. Income inequality is not reflected in measures like a country's gross domestic product per capita. Therefore, the purchasing power of an individual or an economy cannot be accurately represented by a comparison based on US dollar exchange rates**.**

H1: Corruption has a significant and negative impact on economic growth

Political Stability and Economic Growth

The perception of the possibility that the government would be overthrown or unstable by the use of violent means or unconstitutional means, including politically-motivated terrorism and violence, can be measured by the absence of violence and by the perception of political stability. The political stability offers a conductive environment for the growth of economy by reducing the risk and uncertainty. Moreover, the stable conditions of politics attract the domestic investment and FDI, enabling the business plan for the long tern which contributes to economic development and sustainability. It facilitates the implementation of effective and consistent economics pollicises and supporting sustainable development (Ezeudu, 2023).

The term "political instability" refers to the tendency of a government to fall, which can occur either as a result of intense competition among various political parties or as a result of the parties themselves collapsing (Mbukanma, Ravinder, and Kelechi 2019). Instability in the political sphere has a chilling effect on the expansion of the economy since it slows down the pace of increase in productivity and, to a lesser extent, the accumulation of both physical and human capital (Jadhav 2012). In addition, the modification of the government occurrence increases the probability of further modifications. Past research has indicated that a country's level of political stability has an effect on its rate of economic growth (Abdella, Naghavi, and Fah 2018). In light of the fact that the country is plagued by political unrest, the PSI score is a value of -2.5. (weak). If the value is 2.5 or gets closer to 2.5, this suggests that the country has high political stability (theglobaleconomic.com).

Kesar et al. (2021) investigated the impact of various factors on the BRICS countries' rates of economic growth. The Driscoll and Kraay standard error, the Fully Modified OLS, (DOLS), the Fixed Effect Model, and the Panel Dumitrescu Hurlin Causality test were all utilised in this study. According to the findings of the study, controlling corruption has a favourable effect on economic growth. According to the findings of the study, the governments of the BRICS countries should work to promote economic growth. They need to get rid of their outdate beliefs. They should work on controlling corruption, changing labour laws, and achieving outstanding governance by improving the quality of the institutions they have.

In addition, the lack of knowledge results in political instability, which in turn slows economic expansion, lowers investment levels (both domestically and internationally), and erodes public faith in the capabilities of the government to advance the country's progress. All the regulations and rules that are controlled by the companies, all these contain in the corporate governance (Huynh, Hoque, Susanto, Watto, & Ashraf, 2022). It was expected that economic growth effected, when taxes are the main factor in the government that through with, they can make the incidentals and that will be help them to achieved the goals (Ho, Tran, & Nguyen, 2023). The link among the mutual funds pay-out and the corporate governance, this mean that investment channel supported by the Corporate Governance (Maqbool, Abid, & Bhutta, 2022). The elimination of uncertainty regarding the future is one of the primary reasons why it is essential to achieve political stability (Mbukanma, Ravinder, and Kelechi 2019). Abdella, Naghavi, and Fah (2018) looked into the connection between public sector corruption, foreign direct investment, and the BRICS nations. Alper (2018) conducted research to investigate the impact that PS has on GDP in BRICS nations. According to the findings of the study, there is a 1.27% increase in GDP for every 1% increase in PS. According to Rashid, Looi, and Wong (2017), political stability is the factor that has the greatest impact on gross domestic product (GDP).

H2: Political Stability has a significant and positive impact on economic growth

Foreign Direct Investments and Economic Growth

It's when an investor or another corporation based outside of the country buys a stake in a domestic business. To grow into new markets, many businesses choose to acquire controlling interests in overseas firms or buy them altogether. It's an important part of the whole (Kechagia and Metaxas 2022). The economic growth of the country that hosts the event is aided by the benefits it provides. No one can dispute that FDI has a favourable impact on economic expansion. Emerging economies require substantial resources. In order to improve areas like healthcare, infrastructure, banking, etc., they needed to raise capital. In a similar vein, the emerging nation needs resources to strengthen the economy's foundation (Qazi, Ahmad, and Ambreen 2021). FDI brings in expertise, technology and external capital fostering economic growth by contribution to job creation, the transfer of advanced technology and infrastructure development. Sustainable development is promoted as FDI helps strength of economy and diversify the economy. It also reducing dependence on a narrow range of industries (Ahmed & Anifowose, 2023).

Good governance, as stated by Khatoon et al. (2022), means that a country can forego the use of unique incentives in order to entice FDI. Corruption of the bribing variety appears most frequently in the economic model. Bribery can be either passive or active, depending on the circumstances. Bribery can be active, when money is made at the point of service, or passive, where payment is made through coercion. Foreign direct investment is vital for both emerging and developed nations. It was a gauge of the state's attractiveness to foreign companies looking to stay put. Financial resources from one country are invested in a company or other entity located in another country. Investing from abroad has been shown to increase a country's Economy (Khatoon et al. 2022; Kesar et al. 2022; Kechagia and Metaxas 2022).

The rising FDI is directly responsible for the ever-increasing GDP share. It has a huge impact on the growth and improvement of the country's economy. Increases in remittances to home countries and general improvements in living standards are two ways in which FDI affects economic expansion. If a country uses the money it receives from the developed world properly, it will grow and prosper. It’s Depends on the political climate and economic stability of the country. Most investors prefer a nation with a stable government. The simple reason is that most investors would rather not take any chances. Foreign direct investment (FDI) is more effective at boosting domestic output in countries with already high levels of economic development and human capital, according to a recent study (Khatir and ve Güvenek 2021). According to research (Sabir, Rafique, and Abbas 2019), FDI contributes positively to GDP in the conventional model of politically stable countries. Since the primary goal of any investor is to maximise return while minimising loss, a positive image of a country's economic and political climate can encourage foreign investment and reduce the likelihood of a negative return. When the economy and government are both stable, investors are more likely to put money into the market. As FDI results in a more developed and successful economy, it is a positive economic factor. One of the study's main claims was that rising levels of FDI tend to bode well for a nation's economy**.**

H3: Foreign direct investment has a significant and positive impact on economic growth.

Domestic Investments and Economic Growth

Investing more money in a country's own businesses and goods rather than those of other countries is what is meant by "domestic investment." China's growth is driven primarily by domestic demand and investment rather than exports. Investments, like those made in R&D or property, are made with the expectation of future returns. It was widely believed that investment was crucial to the expansion of the economy. [i].When putting money into something, investors think about whether or not the return would be negative over the long run (Basak et al. 2022). The goal of any investor should be to maximize their return on investment. Higher-yield investments carry more uncertainty. When the stakes are low, the reward is little. The political and economic climate of a country is always a major factor in an investor's decision. The political and economic climates of a country are major factors in an investor's decision to invest there. Boosting domestic production will boost exports. It causes a rise in wealth and a fall in financial stress. Moreover, it contributes to economic expansion and maintains import-export equilibrium. Assaoui and Fabian (2020). Investing has been shown to have a major effect on economies in previous research (Lee and Hong 2012; Dwiputri, Pradiptyo, and Arsyad 2019; Chandra and Yokoyama 2011; Basak et al. 2022). Regarded by the artificial Intelligence, the future of banking may bring the innovative financial solutions to avoid the duplicitous financial transactions (Rabbani, Lutfi, Ashraf, Nawaz, & Ahmad Watto, 2023). Increases in domestic investment contribute directly to the growth of economy by increasing the job creating, reducing unemployment, technological advancement and infrastructure development. When coupled with the effective policies and governance that enhances the productivity, fosters innovation and supports the economy diversification with all important elements for sustainable development (Ahmed & Anifowose, 2023).

In order to better predict Nigeria's GDP, Abdulazeez and Adeyinka (2021) compared the performance of ARIMAX and ARIMA models. A favourable correlation between domestic investment and GDP was found in the study. A study by Hadian (2021) looked at how healthcare costs and life expectancy affected GDP in emerging economies in Europe and Asia.According to the findings, improving people's health results in the longest possible lifespan. As a result, people are more likely to put their money away and invest it. As a result, the economy will grow even quicker. According to Lingaiah (2021), investment is crucial to economic growth and development.

H4: Domestic Investment has a significant and positive impact on economic growth.

Methodology and Research Model

This study used explanatory research purpose because the concept of the study has constantly grown day to day with new ideas. It gives strength to the previous studies also. The study used a quantitative research approach. The Secondary data in this study were sourced from Transparency International (Corruption Perception Index), theglobaleconomic.com (Political Stability), and the World Bank Statistics database. Secondary data was utilized in this study to conclude the research problem. The dependent variable was economic growth (GDP). The independent variables were a foreign direct investment, and domestic investment. The data on economic growth (GDP), foreign direct investment, and domestic investment were collected from World Bank's Statistics Database. The data on political stability was collected from theglobaleconomy.com. Data on corruption was collected from Transparency International, Corruption Perception Index (CPI). This index ranks 180 territories and countries by their levels of perceived corruption public sector. According to business people and experts, the scale has a range of 0 to 100. Where 0 means the country is highly corrupt. In contrast, 100 means the country is very clean and doesn't have corruption. According to CPI, 2/3 of countries' corruption scores is below 50 in the year 2022 (CPI, 2022). The average score is 43. It demonstrated that most countries have corruption or failure to control corruption in the country. It contributes to the democracy crises around the world. The panel data was collected from the period of 2010 to 2020. The entities were BRICS countries as well. This study applied a correlational research design. The study aims to determine the corruption causes, FDI, political stability and domestic investment on GDP in BRICS countries. The model used for this study is mentioned below:

$$LGDP_{it} = \alpha_0 + \beta_1 LCOR_{it} + \beta_2 LPS_{it} + \beta_3 LFDI_{it} + \beta_4 LINV_{it} + \varepsilon$$

Where, LGDP is GDP per capita is a dependent variable, whereas LINV is domestic investments (% of GDP), LCOR, is corruption index and LFDI is foreign direct investment inflows (as % of GDP) are independent variables,political stability (y (-2.5 weak; 2.5 strong) and Absence of Violence/Terrorism measures) The index is an average of several other indexes from the Economist Intelligence Unit, the World Economic Forum, and the Political Risk Services, among others. It is sourced from the World Bank’s GlobalEconomy.com. . In equation i is the entity, t is time, and ε is an error.

Results and Data Analysis

To test the hypotheses, the following tests were performed. The tests included descriptive analysis, Panel Unit Root, Correlation, Hausman test, and Panel Least Square Regression (Nizam and Liaqat, 2022). Panel Unit Root was applied, to check whether the variables are stationary or non-stationary. The Correlation test was applied to quantify the degree to which variables have a relationship with each other. It can be positive or negative. From this analysis, the study can determine the correlation coefficient. Because it explains how much one variable changes when the other one does. Its analysis offers a linear connection between two variables. The Hausman test was applied to check the fixed or random effect between variables. In the last, Panel Least Square Regression was applied to examine the influence of Corruption, FDI, and investment on the GDP of BRICS Countries. Descriptive statistics results show in Table 1. The mean of economic growth (GDP) is 14501%. GDP, the standard deviation is 6955. It is higher than all variables' standard deviation. The results show that GDP is highly volatile during the sample period. Whereas political stability is low volatile during the sample period.

Table 1

Descriptive Statistics

	GDP	FDI	INV	PS	COR
Mean	14501.59	1359.326	32.71178	-0.512000	37.86667
Median	14041.00	504.7000	32.07000	-0.500000	40.00000
Maximum	27211.00	6410.900	53.76000	0.650000	45.00000
Minimum	1425.000	42.75000	12.75000	-1.300000	27.00000
Std. Dev.	6955.528	1997.398	14.34989	0.371561	5.408747
Skewness	0.374901	1.563808	0.094675	0.223512	-0.786278
Kurtosis	2.465195	3.718548	1.460578	3.726644	2.376659

Note: GDP = Gross Domestic Product; FDI = Foreign Direct Investment; INV =Domestic Investment; COR = Corruption

Table 2 shows the results of the panel unit root. The value of GDP, foreign direct investment,political stability, corruption, and domestic investment in the LLC test at the level was below 5%. In contrast, the value of GDP, foreign direct investment,political stability, corruption, and domestic investment in the IPS and ADF tests at the level was above 5%. On the other hand, the results show that the value of political stability and domestic investment in the PP test at the level was below 5%. In contrast, the value of corruption, GDP, and foreign direct investment in the PP test at the level was above 5%. The results show that the data was non-stationary. The results at 1st difference showed that the data became stationary. Because all variables' P-Value were below 5%. It means the data was stationary at first difference. The results of the unit root test concluded that variables are co-integrated with each other in order of one (I (1)). The variables were non-stationary at level, At 1st difference, they become stationary. Since stationary of data has been confirmed from panel unit root. After that, the study applied correlation and co-integration tests.

Table 2

Panel Unit Root

Method	GDP		FDI		INV		COR		PS	
	Level	First	Level	First	Level	First	Level	First	Level	First
LLC	0.008	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.013	0.000
IPS	0.650	0.088	0.654	0.045	0.572	0.001	0.248	0.035	0.268	0.000
ADF	0.480	0.018	0.641	0.011	0.339	0.000	0.271	0.004	0.257	0.000
PP	0.552	0.000	0.781	0.021	0.034	0.000	0.505	0.001	0.048	0.000

Note: GDP = Gross Domestic Product; FDI = Foreign Direct Investment; PS = Political Stability; INV = Domestic Investment; COR = Corruption

The correlation test results are shown in Table 3. Correlation tests are statistical methods used to measure the strength and direction of the relationship between two or more variables. These tests help determine whether there is a statistical association between variables and, if so, the nature of that association (positive, negative, or no correlation). The results imply that there are negative relationships between GDP and corruption, the value is -0.63991. In contrast, positive relationships were shown between the GDP and domestic investment (0.505), foreign direct investment (0.08), and political stability (0.229).

Table 3

Correlation Test

	GDP	FDI	INV	PS	COR
GDP	1	0.08610	0.50511	0.22982	-0.63991
FDI	0.08610	1	0.44126	0.08747	0.13507
INV	0.50511	0.44126	1	0.30275	0.70391
PS	0.22982	0.08747	0.30275	1	0.34331
COR	-0.63991	0.13507	0.70391	0.34331	1

Note: GDP = Gross Domestic Product; FDI = Foreign Direct Investment; PS = Political Stability; INV = domestic Investment; COR = Corruption

Panel Least Square Regression

The study estimated the influence of corruption, political stability, foreign direct investment, and domestic investment on the economic growth of the BRICS countries. This study applied a regression of panel estimation with a fixed/random effect. The First Hausman test was applied to check whether the random or fixed effect model was appropriate. The results are shown in table 4 value of probability is 0.2687. The alternate hypothesis was supported by the test. The results indicated that the random effect was appropriate.

Table 4

Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.185990	4	0.2687

Table 5

Panel Least Square Regression with Random Effect

Dependent: Economic Growth (GDP)					
Variable	Coefficient	Std. Error	t-Statistic	Prob.	VIF
FDI	0.186402	0.085233	2.186964	0.0293	2.996
COR	-0.048724	0.010505	-4.638288	0.0006	3.114
INV	0.003735	0.001958	1.908173	0.0571	2.560
PS	0.161946	0.043299	4.40140	0.0000	3.889
C	5.960034	0.612459	9.764560	0.0000	
R-squared	0.603452				
Adjusted R-squared	0.583409				
F-statistic	16.23405				
Prob(F-statistic)	0.000094				
Durbin-Watson stat	2.678940				

Note: GDP = Gross Domestic Product; FDI = Foreign Direct Investment; PS = Political Stability; INV = Investment; COR = Corruption

Table 5 shows the results of panel least square regression. The Durbin Watson value is 2.6. The result indicated that there is no autocorrelation issue. The adjusted R-Squared value is 58%. The results demonstrated that 58% of IVs are explained by DV. The t-Statistics of foreign direct investment is 2.18, the beta value is .18 and P-value is 0.029. The result indicated that there is a positive and significant relationship between foreign direct investment and economic growth. The t-Statistics of corruption is -4.63, the beta value is --0.048 and P-value is 0.000. The result indicated that there is a negative and significant relationship between corruption and economic growth. The t-Statistics of Political Stability is 4.40, the beta value is 0.161 and P-value is 0.000. The result indicated that there is a positive and significant relationship between Political Stability and economic growth. The t-Statistics of domestic investment is 1.90, the beta value is 0.003 and P-value is 0.000. The result indicated that there is a positive and significant relationship between domestic investment and economic growth. VIF indicated the multicollinearity which shows correlation quantity between IVs. The result shows that there is no multicollineratity issue because VIF is below 10.

Discussion and Conclusion

Previous research was validated and a hypothesis was formed as a result of this investigation. Four hypotheses were generated for this investigation. All four hypotheses were confirmed by the data, lending strong empirical backing to the study model and demonstrating that foreign direct investment, Corruption, domestic investment, and Political Stability all have a noticeable effect on GDP. In spite of the fact that beta yields varying outcomes. The research concluded that domestic investment and Political Stability do have an effect on GDP. Yet, FDI has a positive effect on GDP in BRICS countries. Corruption was also proven to have a detrimental effect on GDP. We found that while corruption increased, GDP decreased and vice versa. Yet, the findings showed that rising foreign direct investment,domestic investment and political stability boost economic expansion. The findings and their detailed discussions are listed below.

Consistent findings from prior research provide credence to the findings of the current investigation. An early researcher on the topic, Mauro (1995), proposed that corruption had a deleterious effect on economic growth and investment. Power shifts and resources are crucial to the economy's growth. Because of this, corruption has a negative impact on GDP. Corruption was measured by Leff (1964), who also discovered a correlation between graft and GDP. Furthermore, numerous studies examine how corruption affects a nation's access to international capital, economic development, and standard of living. The long-term impacts of corruption on GDP were studied by Zeeshan et al. (2022). As the research showed, it hampered economic expansion significantly. Corruption has been shown to have a detrimental influence on GDP. Abdella, Naghavi, and Fah (2018) and Mbukanma, Ravinder, and

Kelechi (2019) both discovered that when political stability in a country improves, so does the economic growth of a corporation within that country. Wang, D. T., Gu, F. F., David, K. T., & Yim, C. K. B. (2013) Foreign direct investment was found to have a positive effect on GDP.Aga, A. A. K. (2014). The impact of foreign direct investment on economic growth: A case study of Turkey 1980–2012.FDI has significant effect on economic growth.The authors Emmanuel and Kehinde (2018) showed that domestic investment had a large and beneficial effect on GDP. The research concluded that Nigeria's investment prospects would improve if the country adopted more macroeconomic policies and created a climate that encouraged domestic investment. Domestic investment was proven to have a positive effect on GDP by Abdulazeez and Adeyinka (2021). Hadian found that improving one's health results in the longest possible lifespan (2021). As a result, people are more likely to put their money away and invest it. As a result, the economy will grow even quicker.

Conclusion

Using GDP as a stand-in for economic growth in the BRICS countries (Brazil, Russia, India, China, and South Africa), this study seeks to identify the effects of corruption, FDI, political stability, and local investment. A variety of theories, such as game theory, the Kindleberger model, and the traditional economic theory of corruption, have been used in previous studies to explain the connections between corruption, political stability, FDI, domestic investment, and economic growth. The secondary data used in this analysis comes from the World Bank Statistics database and other reputable sources including Transparency International's Corruption Perception Index and theglobaleconomy.com's Political Stability reports. In this study, we use secondary sources to draw conclusions on the issue at hand. Economic expansion was the factor under study. Gross domestic product was seen as a surrogate for economic expansion. Foreign direct investment (FDI), domestic investment (II), and corruption were the independent factors. BRICS countries provided the panel data, which spans the years 2010-2020.

In order to verify the hypothesis, we conducted the following experiments. Descriptive analysis, the Panel Unit Root, Correlation, the Hausman test, and Panel Least Squares Regression were all part of the battery of tests run. To determine if the variables are stationary or not, Panel Unit Root testing was performed. The long-term association between variables was examined using the Co-integration test. To determine if the relationship between the variables was fixed or random, the Hausman test was performed. Finally, the effect of corruption, FDI, and investment on BRICS countries' GDP was analysed using Panel Least Squares Regression with a fixed effect.

The results backed up those of prior research. Corruption hinders progress in business and industry (Mbukanma, Ravinder, and Kelechi 2019). Many of the economic goals set by economists and governments are impeded by the emergence of corruption. That's because graft has influenced the implementation of desirable new advancements and projects. Corruption in government may delay development and project completion (Abdella, Naghavi, and Fah 2018), lending support to H1.

According to research by Mbukanma, Ravinder, and Kelechi (2019), political stability promotes economic growth. H2. The effects of FDI on economic growth have been studied by Wang, D. T., Gu, F. F., David, K. T., & Yim, C. K. B. (2013) and Jadhav (2012). Researchers discovered that there is positive relationship between FDI and GDP lending support to H3. According to S., Bashir, M., Abbasi, H. M., Yahya, G., & Abbasi, B. A. (2021) domestic investment has significant and positive impact on economic growth. As results of Ullah, I., Shah, M., & Khan, F. U. (2014), domestic investment has effect on Pakistani economic growth, which is consistent with H4. The findings indicate that even in countries with strong democratic cultural foundations, economic growth and progress are stunted or stifled if corruption is not effectively managed.

Implication

This study elucidated how corruption and political instability impede development. Insights from this study can help policymakers remove major roadblocks to economic expansion. Economic policymakers and national governments should work together to reduce corruption. The governments of the BRICS countries need to take a goal-oriented approach to boosting their economies. That will serve to diminish corrupt practises. Economic growth must also be prioritised in the midst of anti-corruption efforts. The results of this research will be more useful in convincing policymakers to implement anti-corruption measures and progressive taxation. Researchers and policymakers can use the findings of this study to better understand the impact of political instability and corruption on economic development. In spite of this, BRICS nations should use technology and a strict adherence to rules and regulations to lower regulatory impediments. To meet the needs of industrialization, the BRICS countries need increase their development investment. The BRICS countries need to put up significant effort to address political instability and corruption. In addition, economic uncertainty can be weathered with the help of investment as a solid foundation. The BRICS nations' policymakers should consider more than the immediate gains from better governance.

Recommendations

The findings of this study highlight the need for more investigation into the factors influencing foreign direct investment (FDI) that ultimately stunt economic development. Corruption also makes it more difficult to switch to low-carbon energy sources, which is a particularly serious problem in poor nations and hence a barrier to reducing greenhouse gas emissions. Reduce corruption to protect the environment, as it is one of the causes of deforestation and wasteful use of natural resources. Future research might make use of the Dynamic Panel, the ARDL (Symmetrical), or the NARDL (Asymmetrical) model. The research concludes that anti-corruption measures are necessary for governmental efforts to boost economic growth. The BRICS nations could benefit from increased FDI. The research advises that government officials work to enhance governance. In order to foster economic expansion, this can be accomplished by establishing more effective legislation norms and establishing higher standards for government regulation. Maintaining macroeconomic stability and guaranteeing a stable political and economic climate via bi/multi-lateral arrangements with neighbouring nations can promote inflows of foreign direct investment (FDI) and boost the country's and region's reputations. The researcher has a model for future research that can be used in a variety of MENA, G7, G20, etc. countries. Scientists can use the massive dataset for exploratory purposes. The scope of this investigation cannot expand beyond the four factors being examined. Inflation, poverty, and other factors can be introduced in the future.

Limitation

The current study may not the represent the clear picture of the global picture of the corruption, FDI, local investment, and political stability, because the current study only focuses on the BRICS countries, that include (Brazil, Russia, India, China, and South Africa). The present study run the analysis on the secondary data sources, which include the reports and the World Bank Statistics database from theglobaleconomy.com and transparency international. The present study covers the years 2010-2020, which may not capture recent developments or changes in the economic, political, or corruption landscape of the BRICS countries. The data might not reflect the current state of affairs accurately. The study identifies links between corruption, local investment, economic growth, FDI, and political stability, but it may be challenging to begin a clear underlying relationship between these factors based on the analysis. The quality and consistency of the data used for variables like political stability, corruption, and FDI may vary across countries, potentially introducing biases or limitations in the analysis. The findings of the study may not be directly applicable to countries outside the BRICS group or to different time periods. The specific context and characteristics of the BRICS countries may limit the generalizability of the results to other regions or countries.

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