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THE IMPACT OF GOOD CORPORATE GOVERNANCE ON FOREIGN DIRECT INVESTMENT MODERATED BY BLOCKCHAIN TECHNOLOGY IN OMAN

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Abstract: *Foreign direct investment policies and good corporate governance are interrelated dimensions in both governance and economic policies arena. This study endeavors to incorporate relevant empirical research and literature to extend the intended potentials of good corporate governance on foreign direct investment including foreign portfolio investment particularly in public non-financial listed companies in Oman. Moreover, this paper will identify the role of good corporate governance mechanism for promoting foreign direct investment for the Omani local firms. The study also proposes that BlockChain technology is one of the important instruments that may play a significant role as a moderator between the implementation of good corporate governance and promoting foreign direct investment for the Omani non-financial corporations. Since the existing literature provides less evidence that attempts to observe the influence of good corporate governance on foreign direct investment particularly in Oman, this paper offers and calls for a promising proposition for future research in the Gulf Countries Council (GCC) and particularly in Oman.*

Keywords: *Good Corporate Governance; FDI; BlockChain technology, local firms, Oman*

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Introduction

There is no doubt that the national economic policies and Good Corporate Governance (GCG) do play a major role in the world economy. Foreign Direct Investment (FDI) in particular and good corporate governance are interrelated dimensions on both governance and economic policies arena (Aziz & Mishra, 2016). The concept of corporate governance, therefore, has become an important topic that plays a significant role in accessing the global market and including societal well-being (OECD, 2016). Hence, many governments and corporates as well have made substantial efforts to implement the concept of governance and resolving certain issues that encounter the concept of governance among local firms (Abdullah and Valentine, 2009). Furthermore, governments with corporation with privet sector do the same efforts to promote FDI policies of their local firms (Gupta, 2013).

The concept of governance refers to a system by which corporates directed and controlled their own business. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders, and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs (OECD, 1999). In line with, the Organization for Economic Co-Operation and Development (OECD) perspectives, the Capital Market Authority (CMA) in Oman conceptualized the concept of Corporate Governance as a "system by which the company is directed and controlled, through the following processes: (a) Identifying and allocating rights and obligations among different parties in the corporate, such as the board of directors, management, employees, shareholders, related parties and others, as the case may be. (b) Setting out the required rules and procedures required for decision making concerning company affairs. (c) Setting out the objectives and strategies required to achieve the above objectives. (d) Specifying the criteria for monitoring and evaluating the company's performance" (Capital Market Authority, 2015).

Many countries, including Oman, are witnessing a huge wave toward the concept of good corporate governance to access the global capital markets and enhance promoting FDI and in particular Foreign Portfolio Investment (FPI) to the listed local firms. The FDI can be defined as a capital flow from one country making a physical investment in a particular firm into another country. The FDI may also may include the acquisition of part or as a whole business outside the investing home country. In the same context Spaulding Barry and Graham (2011) point out that the rapid growth and change in global investment patterns, the definition has been expanded to include the acquisition or enterprise outside the investing firm's home country. To point out the correlation between good corporate governance and FDI, it's been argued that good corporate governance will attract foreign investors to the local firms (Gupta, 2013). The study highlighted that Corporate governance is considered as a window that attracts foreign investment (Gupta, 2013). In addition, Seyoum (2009) finds out that greater levels of corporate transparency have a strong connection with the rise of the FDI flow in developing countries more than developed countries. In the same context, the OECD report (2015), determined the credibility of better corporate governance in adhering to foreign sources of capital and improve the confidence of international and local investors.

Furthermore, in light of Oman's vision 2040, promoting the concept of good corporate governance among the local institutions is one of the priority aim in Oman. In 2002, Oman adopted and implemented the concept of good corporate governance by issuing a mandatory charter for the organization and management of public listed companies to adopt a policy of disclosure and transparency in the annual reports of these companies (Baydoun et al., 2012).

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In the same pattern, and to strengthen the concept of good corporate governance among the Omani institutions, a Royal Degree No: 30/2015 was issued in July 2015 to establish Oman Center for Corporate Governance and Sustainability (OGSC). In addition, to sustain the development and growth among the Omani firms another Royal Degree No: 35/2012 to establish the General Authority for Investment and Export Development (*Ithraa*) to promote Oman as one of the best destinations for foreign investment and building a significant economy. Both *Ithraa* and OGSC as government entities were established to support the implementation of good corporate governance among the Omani corporations and enhancing the government FDI policies as well as FPI policies.

Another approach along with *Ithraa* and OGSC organizations, the Omani government supports the concept of good corporate governance to enhance FDI inflows by raising the awareness and recognition, and by employing BlockChain technology (Central Bank of Oman, 2018). Furthermore, over the past years, the Information Technology Authority (ITA) in Oman has begun the foundation for digitally transforming the government as well as local corporate (CBO, 2018). The rapid technology nowadays plays a role in the endorsement of the concept of good corporate governance as well as the local corporate FPI and FDI policies. In this matter, Evans (2018) indicated that a positive relationship with BlockChain technology and FDI inflows in the United State of America (USA) and China financial markets. Hence, BlockChain technology is one of the important mechanisms that may play a significant role as a moderator between the implementation of good corporate governance and the promotion of FDI in the local corporations. BlockChain technology may be considered as an alternative to ownership ledgers that lead to enhance cash flow with lower cost and more accurate recordkeeping (Yermack, 2015). Yermack (2015) argues that using blockchain technology may encourage investor's participation and allow them to identify the ownership positions of debt and equity investors. Furthermore, Yermack (2015) pointed out that using blockchain technology is beneficial for the shareholders, and offers lower costs of trading and more transparent ownership records, as well as voting, could become more accurate. Therefore, Oman accepts that efficient infrastructure needs to be in place across diverse sectors to cope with this transition (Central Bank of Oman, 2018).

This study endeavors to incorporate relevant empirical research and literature. However, the existing literature is not sufficient to provide evidence that attempts to observe the influence of good corporate governance on the flow of foreign investor's capital and whether it has a specific impact on FDI of non- financial companies' in the context of Oman. Along similar lines, a few studies indicate generally the importance of good corporate governance aspects on FDI entry, particularly for non-financial companies. Despite to these literature on good corporate governance and its impact on FDI entry to the host country, no one, to the best of researcher's knowledge, investigated how the blockchain technology as an infrastructure plays a role of moderating the correlation among good corporate governance and FDI flow to the host country.

Literature Review and Underlying Theories

Undoubtedly, there is little attention in the research on FDI inflows and corporations performance in Arab economies due to the lack of reliable data compared with other regions. The impact of GCG on the FDI inflows is a relatively unexplored topic in the existing literature, particularly in Oman. An extensive literature investigated the correlation between FDI inflows and the quality of local institutions such as good performance and or debt-free institutions, for local institutions but there is no specific focus on GCG of the local institutions. In contrast, this

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research directs attention to the impact of GCG on FDI inflows to the local market of Oman. By focusing on the association between GCG of local market and FDI inflows, the research attempts to bridge the gap in the existing literature on local institutional quality and FDI with the nascent work on the impact of GCG and FDI inflows.

The following sections will focus on the existing literature relevant to this research and will offer a discussion on the determinants of FDI inflows, GCG, and BlockChain based on several past studies. Reviewing the current studies in different themes will provide a strong foundation for understanding the correlation between good corporate governance and FDI. In addition, this review of literature will enhance the knowledge of how the rapid technology plays the role of a moderator between corporate governance and FDI. Finally, the sections will conclude by discussing the significant theories related to FDI, GCG, and blockchain as moderator.

Foreign Direct Investment (FDI)

FDI is considered as a global phenomenon that concerns many nations and it's widely understood that FDI is a vital element to economic development. Globally, while the capital flows among the countries have been increased over the period 1996–2006 by 8% the net inflows of FDI surged by 19% (Ju and Wei, 2007, as cited in Buchanan et al., 2012). An extensive review of the literature points out the relationship between the public governance of host country and FDI inflows. Most of these studies follow the Worldwide Governance Indicators (WGI) introduced by the World Bank. The WGI consists of six elements which are: (i) Voice and Accountability (VA), (ii) Political Stability (PS), (iii) Government Effectiveness (GE), (iv) Regulatory Quality (RQ), (v) Rule of Law (RL) and (vi) Control of Corruption (CC).

Determinants of FDI

Many developing countries including Oman have currently developed their business environment by offering different incentives to attract FDI as much as possible to assist their economic development. FDI contributes to the economic growth in a host country by promoting productivity growth through technology transfer (Okada and Samreth, 2014, as cited in Masron, 2017). Masron (2017), claims that "FDI is an attractive source of capital because it is not a borrowed capital, and hence host countries need not be concerned about debt accumulation. The study argues that good public governance or institutional quality (IQ) plays a significant role in attracting FDI. In contrast, Darby et al. (2010) concluded that the impact of good governance on FDI is moderate (Darby et al., 2010, as cited in Masron, 2017). However, Buchanan et al., (2012) argue that poor institutional quality may surge the uncertainty associated with FDI and, therefore, constrain FDI flows (Buchanan et al., 2012). Gani (2007) in the same pattern, notes that the role of public governance elements are positively correlated with FDI. This observation is supported by Kuzmina et al., (2014), who found that weak public governance negatively affects foreign direct investment and the study concluded that moving from average to high level of governance across Russian regions increases FDI flows by doubles.

The above views are supported by Luo et al., (2009) study which concludes that the hostcountry corporate governance models contribute positively to attract FDI to the local firms. Likewise, Daude & Stein, (2007) hold the view that well-structured institutions have an overall positive effect on FDI. Other researchers, however, who have looked at FDI from a different angle, have found that not only the good public governance plays a significant role in attracting FDI but the role of "agglomeration in the form of localization, specialization, and diversification" can also play a significant role in attracting FDI (Bronzini, 2007). Others have highlighted that

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not only good public governance enhances FDI but other elements may impact the FDI inflows which are: market, resources, and efficiency of the institutions (Masron, 2017). In the same context, Ali et al. (2010) found that the macroeconomic stability and infrastructure quality can also impact FDI. Furthermore, the study shows that good infrastructure and a better legal system of institutions are another concern for foreign investors and can consequently impact the FDI. Similarly, Tran (2009) notes that better investment climate and infrastructure are the main reasons for the change in attitude of foreign investors in the case of Vietnam.

Mina (2007) argues that there are other determinants of FDI inflows. The study points out that the location and natural resources in the six Gulf Cooperation Council (GCC) impact FDI inflows. Mina (2007) hypothesized that the massive oil reserves and production have a positive influence on FDI inflows in the GCC countries. However, the finding reveals that oil potential alone has a negative influence on FDI flows but the institution's quality together with trade openness boosts the FDI flows. In addition, Mina (2007) expected that the location of GCC countries and the market size due to high-level income are other elements that have a positive impact on the FDI. Nevertheless, the study realized that due to GCC countries population sizes, the influence of the market size on FDI inflows is indeterminate. In a similar context, fewer regulatory restrictions and more religious diversity are other determinants that attract Japanese FDI to developed countries (Lucke et al. 2013, as cited in Masron, 2017). Similarly, weak institutional quality is an obstacle for FDI (Aziz, 2017). Furthermore, Aziz (2018) argues that FDI initiatives can be constrained by low levels of uncertainty and with high risk in the local market. Hence, the study points out that to attract foreign capital, there should be an appropriate institutional environment in terms of political stability, market efficiency, and property rights (Omar Ghazy Aziz, 2018).

Other significant elements of FDI inflows are infrastructure, quality of institutions, labor market, and taxation on inward FDI flows (Paul et al., 2014). Paul et al., (2014) discusses the impact of these elements in Central and Eastern European (CEE) countries over the period 2007–2010. The study finds that the accuracy and efficiency of public administration positively attract FDI. Furthermore, the study proposed that to increase the attractiveness for FDI, countries should improve the infrastructure, increase institutional quality, encourage labor market flexibility, and reduce taxes (Paul et al., 2014). Another study examines the determinants of FDI inflows to the Middle East and North Africa (MENA) countries after the Arab Spring in 2010. The study reveals that freedom and security of investments have a positive impact on FDI, whereas corruption has a negative influence on FDI inflows because it lead to an unsafe business environment (Helmy, 2013, as cited in Aziz, 2018). In addition, Al-Khouri (2015) indicates that countries which already received a huge FDI are aiming to attract more FDI in the future. The research found out that the political risk factors such as regulation and ethnic tension can significantly affect FDI (Al-Khouri, 2015).

The correlation between Corporate Governance and FDI

There is no doubt that GCG plays a significant role in attracting FDI. The OECD (2015) points out that there is no single model of GCG; however, there is an emphasis on the credibility of good corporate governance to promote FDI. Therefore, the OECD construct six principles of good corporate governance namely: ensuring the basis for an effective corporate governance framework; the rights and equitable treatment of shareholders and key ownership functions; institutional investors, stock markets, and other intermediaries; the role of stakeholders; disclosure and transparency; and the responsibilities of the board. The purpose of these principles is to provide the roadmap for governments and market participants to develop their

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frameworks for good corporate governance. Hence, the governments should consider the costs and benefits of regulations when they are shaping their corporate governance to meet the expectations of shareholders and other stakeholders and to attract the FDI as well (OECD, 2015). While previous studies mentioned above have acknowledged that the host country market size, labor cost, and risk profile of the host country are essential determinants of FDI. However, few studies have considered the impact of good corporate governance on FDI. The following sections will focus on the existing literature relevant to this research and will offer a discussion on the impact of good corporate governance principles that are mentioned above on FDI.

The impact of disclosure and transparency on FDI

Transparency and disclosure are essential principles in good corporate governance. To determine what type of information should be disclosed, many countries apply the concept of materiality. Material information can be defined by OECD as essential information that may support the investor in making an investment or voting decision (OECD, 2015). Furthermore, OECD points out that a good disclosure system that promotes actual transparency is crucial to shareholders' to exercise their shareholder rights on an informed basis. Hence, transparency and better disclosure can help to attract FDI inflows and boost foreign investor confidence (OECD, 2015). Moreover, non-transparent and poor disclosure practices among local firms in the host country lead to a loss of market integrity and create a significant cost, not only to the company and its shareholders but also to the economy as a whole and consequently obstructing the foreign investors (OECD, 2015). Another study found out that the private sector transparency of local firms has a significant and positive effect on inward FDI flows to developing countries (Seyoum & Manyak, 2009). The same study points out that private sector transparency has a greater influence on FDI inflows than public sector transparency in developing countries. Similarly, Seyoum (2009) points out that emerging economies such as Hungary and the Czech Republic have attracted a significant number of FDIs by enhancing corporate transparency. Hence, poor corporate transparency in a host country would hinder FDI inflows (Seyoum, 2009).

The Impact of The Rights and Equitable Treatment of Shareholders On FDI

As mentioned above the importance of good corporate governance elements such as transparency and disclosure can attract FDI. The rights and equitable treatment of shareholders represent a vital principle of good corporate governance that plays a significant role in attracting or obstructing the FDI inflows to the local market. The selection process, constitution of the Board of Directors (BOD), and appointing the Chief Executive Officers (CEOs) are considered important elements that demonstrate the equitable rights of shareholders; may attract or hinder the FDI to the local market. Fan and Wong (2011), point out that Chinese partial privatization is a good example of poor corporate governance concerning the rights and equitable treatment of shareholders. The study indicates that the Chinese privatization mechanism involves the initial public offerings (IPOs) of the majority shares to Chinese governmental agencies and a minority portion of state shares to the private sector. In addition, Fan and Wong (2011) point out, that the Chinese privatization mechanism grants a privilege to the new privatized listed companies to be controlled by the government as a majority shareholder as well as appoint the CEOs for the privatized companies (Fan & Wong, 2011). Generally, the study concludes that the appointment of "politically-connected" CEOs does not enhance shareholder value and consequently hinders the FDI inflows to the local market (Fan & Wong, 2011).

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The Role of Stakeholders on FDI

The role of stakeholders in the host country is an essential aspect of GCG that foreign investors take into consideration when making investment decisions. Institutional quality, market stability, and regulatory quality are crucial to attract FDI (Mahmood et al., 2019). Asif and Majid (2018) indicate that enhancement of institutional quality in the host country boosts foreign investor confidence and consequently attracts FDI inflows to the host country. In the same spectrum, Aziz (2018) found a significant influence of institutional quality on FDI inflows among Arab countries. Hence, poor institutional quality was found to be the most significant deterrent to FDI inflows to Arab countries Aziz (2018). Mina (2012) indicates, that natural resources and human capital discourage FDI flows in GCC countries while institutional quality encourages FDI flows. Another point of view is that of Gani and Al-Abri (2013) who found out that FDI inflows to GCC countries can positively correlate to the local business environment rather than the political stability of the FDI host country. However, Morrissey and Udomkerdmongkol (2012) claim that political stability attracts the highest levels of FDI to the developing countries. In addition, controlling corruption in the host county is a critical aspect that impacts FDI inflow to the local market (Kaufmann et al., 2011 as cited in Mahmood et al., 2019). In the same pattern, Helmy (2013) confirms that the highest corruption rates lead to an unsafe business environment and consequently daunt the FDI inflows to MENA. Furthermore, Mina (2012) found that the influence of the regulatory system in the host country towards protecting the rights of the local firms can positively attract foreign investors to the local market. In addition, the results confirm that raising the risk of investment expropriation has a negative influence on FDI flows to MENA countries and consequently deters the FDI inflows to MENA (Mina, 2012).

Corporate Governance in Oman

Oman is the first to adopt corporate governance for publicly held companies among the Gulf Cooperation Council (GCC) (Yılmaz, 2018). In 2002, Oman adopted and implemented the concept of good corporate governance by issuing a mandatory charter for the organization and management of public listed companies to adopt a policy of disclosure and transparency in the annual reports of these companies (Baydoun et al., 2012). Furthermore, in 2016 the new codes of corporate governance in Oman were introduced to cope with deferent matters related to corporate governance (CMA, 2016). Enhancing corporate governance in Oman periodically is essential because the standards of current corporate governance in Omani listed corporations still differ widely (Elghuweel et al., 2017). Thus, Elghuweel et al., (2017) suggested establishing a compliance and enforcement unit to monitor the corporate governance practices which may be a step in the right direction to enhance the lack of the current corporate governance in Oman. Similarly, Rehman and Hashim (2020) indicated the current corporate governance code in Oman required further development and many amendments to achieve mature governance and to boost the confidence among the investors, shareholders, and other stakeholders. For example, the study points out that 54 percent Omani listed companies do not publish their relationship and investor details (Mohamed and Ehab, 2016 as cited in Rehman and Hashim, 2020). such this scenario will defiantly prevent the shareholders or even stakeholders to know if there is any corruption and consequently hindered the FDI inflows to the local market (Rehman and Hashim, 2020).

BlockChain Technology

It’s been mentioned above that transparency and disclosure, political stability and controlling corruption are necessary principles in GCG. Blockchain technology is an innovative technology that may play a significant role in GCG principles as well as attracting FDI inflows

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to the local firm of the host country (Kim & Kang, 2017). Kim and Kang (2019) indicate that blockchain technology as a technology was developed as a secure platform that itself transparent and consequently eliminates corruption. In addition, Kim and Kang (2017) stated that blockchain technology is considered as an effective instrument that can track the root of corruption. Furthermore, several research studies out that blockchain technology reduces uncertainty in the business environment by providing full transactional disclosure of a particular corporation (Beck et al., 2018). In the same pattern, Kim and Kang (2017) indicated that the International organizations that provide FDI to the developing countries can track their investment through the blockchain technology. From the rights of shareholders and ownership point of view, Yermack (2017) points out that blockchain technology could offer the shareholders lower costs of trading and more transparent ownership records which may boost foreign investors' confidence and consequently enhance FDI inflows. Furthermore, Yermack (2015) claims that firms might benefit from using BlockChain technology for immediate accounting and consequently reduce the role of auditing firms. Another point of view, indicated that the blockchain technology offers an easy exit window for the investors form the firm capital and they can easily liquidate their positions in a particular local firm (Yermack, 2017). Corporate voting is another element of rights and ownership of shareholders that blockchain technology may offer and become more accurate and transparent (Kim & Kang, 2017).

Underlying Theories

There is no doubt that the influence of a good corporate governance practice mainly depends on the board of directors and the executives managers who run the business and make sure to reduce or eliminate the investment risk from entire corporate (Wan Yusoff, 2012). The study points out, that accountability and transparency are very critical elements that assure shareholders' trust where business is running both honestly and cleverly (Wan Yusoff, 2012). From a theoretical perspective, presenting trust and transparency among shareholders is crucial also for FDI inflows. Therefore, there are some theories available for good corporate governance; however, to the best of our knowledge, there are only a few available studies in the field of correlation between FDI inflows and good corporate governance which directly attributes to this paper. These correlations cannot be simplified by only one theory but it should be combined with other related theories. Thus, agency theory, stewardship theory, stakeholder theory will be illustrated for this paper.

Agency Theory

According to Abdullah and Valentine (2009), agency theory is defined as "the relationship between the principals, such as shareholders and agents such as the company executives and managers". Agency theory shows that shareholders are the owners or principals of the company, who are hiring the agents to execute the work. Consequently, the owners will compensate the agent to achieve their desired outcomes. To achieve the expected outcome from the agent, principals delegate the running of a business to the directors or managers, who are the shareholder's agents (Abdullah & Valentine, 2009). Delegated agents should be transparent and accountable in front of shareholders. In other words, directors or managers will be responsible to fulfill the good corporate governance code and consequently encourage FDI inflows. Therefore, agency theory indicated that shareholders expect the agents to perform and make their business decisions in the principal's interest (Yusoff, 2012). However, the agent may neglect the owners' interest and act toward their self-interest (Padilla, 2000 as cited in Abdullah and Valentine, 2009). Such a problem of this attitude forms the agent, presumably lead to poor corporate governance; hence, this conflict of interests will obstruct the FDI inflows. In the same context, Yusoff (2012) points out that the responsibility of the board of

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directors as an agent towards the shareholders is to enhance the shareholders' value to encourage new investors to local firms. The agency theory is explained by Abdullah and Valentine (2009) in the following diagram:

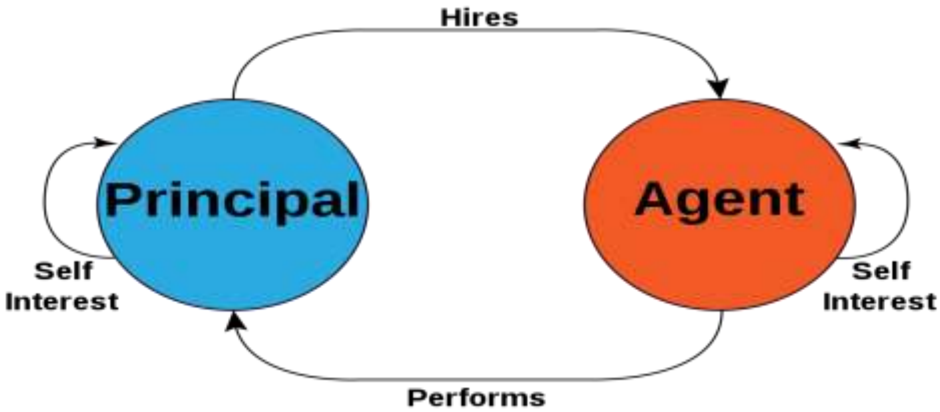

Figure 1: Agency Theory

Source: Abdullah and Valentine, 2009

Stewardship Theory

It is possible to understand the impact of good corporate governance on FDI inflows to the host country through stewardship theory as well as agency theory. Stewardship theory can be traced to psychology and sociology; it can be defined as "a steward protects and maximizes shareholders wealth through firm performance, because by so doing, the steward's utility functions are maximized" (Davis et al.,1997 as cited in Abdullah and Valentine, 2009). The steward theory perspective is that stewards are managers in certain corporations that are employed to protect and make profits for the shareholders. Abdullah and Valentine (2009) stated that the stewardship theory perspective refers to the point that stewards are satisfied and motivated when the corporation succeeds and attains significant profit. From this point of view, it's clear that the success of a local corporation can motivate the managers as well as foreign investors. In other words, according to the stewardship theory, foreign investors would be motivated also indirectly because the local firms of the host country attains significant profit because of its managers. This motivation of foreign investors is likely to be increased when the managers of the local corporation apply a new technology such as blockchain to boost their shareholders' profit.

In addition, stewardship theory may add value to this paper because the theory proposes the role of the CEO and the chairman of the board of directors should be the same to reduce costs of organization and consequently benefit the shareholders (Abdullah & Valentine, 2009). In the same pattern, the stewardship theory perspective is that combining the role of the CEO and the chairman of the board is important to reduce the organization cost and marginal satisfactory remuneration to them is sufficient (Glinkowska & Kaczmarek, 2016). According to the stewardship theory, this is considered as a lack of good corporate governance principles can lead to hindering FDI inflows to the local market. Moreover, in the real business, this perspective creates a deficiency of monitoring and controlling the corporations which consequently leads to business corruption that hinders FDI inflows. The Stewardship Theory is explained by Abdullah and Valentine (2009) in the following diagram:

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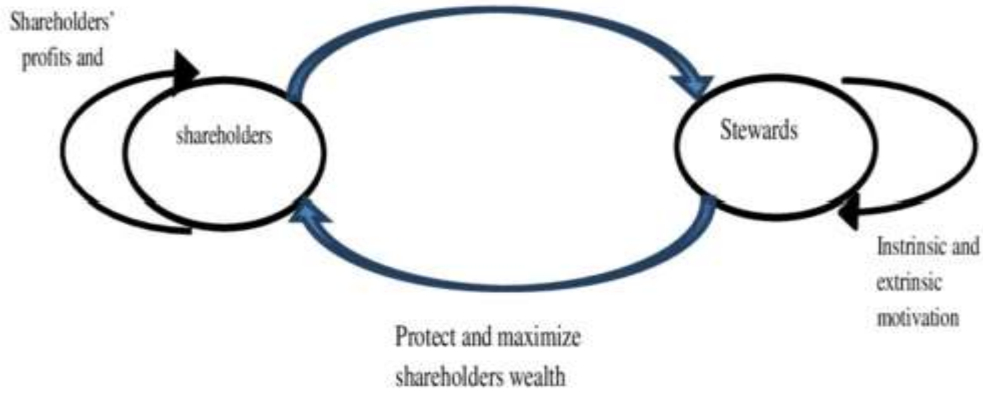

Figure 2: Stewardship Theory
Source: Abdullah and Valentine, 2009

Stakeholder Theory

This paper considers the stakeholder theory is a useful perspective for addressing the role of good corporate governance on FDI inflows to the host county. Stakeholder theory may add value to this paper because it offers an opportunity to interpret the correlation between the concept of good corporate governance and FDI inflows. Stakeholder theory can be defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Abdullah & Valentine, 2009). Stakeholder theorists propose that organizations have an external stakeholder's network such as suppliers, customers, and shareholders as well as internal stakeholders like employees and the managers (Abdullah &Valentine, 2009). In this context, the stakeholder theory perspective is about managing external and internal stakeholders in an efficient, effective, and ethical way (Freeman, 1984; Freeman, Harrison and Wicks, 2007 as cited in Harrison et al., 2015). In addition, stakeholder theory is concerned with the nature of relationships between external and internal stakeholders in terms of the processes and in terms of the consequences for the business and its stakeholders (Freeman, 1984 as cited in Abdullah & Valentine, 2009). Therefore, stakeholder theory is beneficial and efficient for good corporate interpretation because the stakeholders of the corporation are treated equally and none of them is discriminated against, such as sharing valuable information (Harrison et al., 2015). Equal treatment in the stakeholder theory perspective means transparency in the local business that encourages FDI inflows to the local business. The Shareholder Theory is explained by Abdullah and Valentine (2009) in the following diagram:

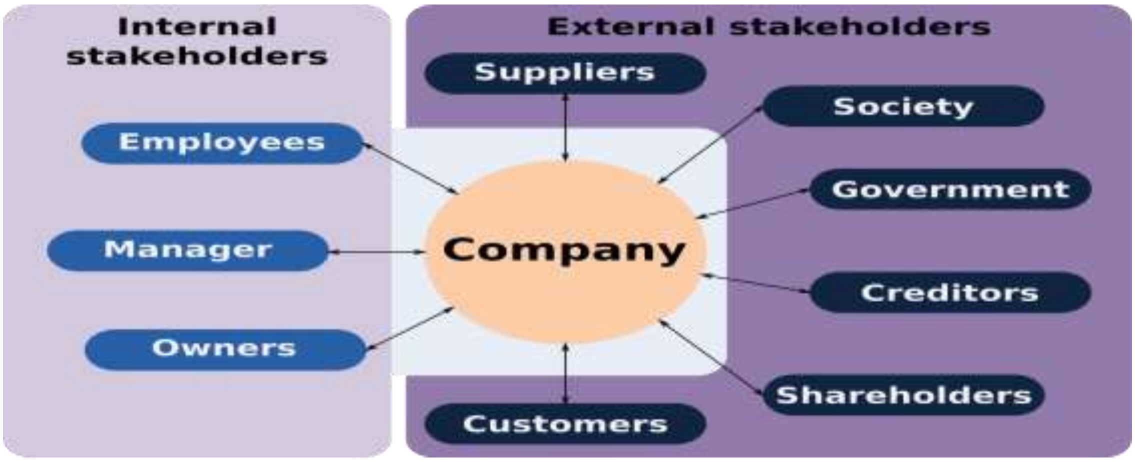

Figure 3: Shareholder Theory
Source: (Abdullah and Valentine, 2009)

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Research Methodology

The research aims to examine the correlation of good corporate governance, foreign direct investment, and the blockchain technology; the proposed research design is of a quantitative type within which data will be collected and analyzed. The elements analysis of this research are the non-financial institutions that implement the concept of good corporate governance in the Muscat Security Market (MSM). The population for this is all non-financial institutions in MSM that issues an annual report since the inception of the good corporate code in the MSM. Furthermore, due to the lack of time and certain difficulties that may occur during the study, a non-probabilistic approach may be used where the researcher would select the most accessible population members from which to obtain the information. This method is called convenience sampling. Inconvenience sampling the members are included in the sample because they are the easiest to access. The advantages of this method of sampling are that it is easy to apply at a reasonable cost, and requires limited time and help in collecting data that would not have been possible using probability sampling techniques.

The researcher will adopt and adapt a survey questionnaires from already conducted researches. Few additional questions might be added to complete the study and to cover all other related aspects. Moreover, in general adopting and adapting is preferable as it helps to link the study to all other related researches and also enhances effectiveness and efficiency. In this instance, a survey will be conducted to collect data that would help to answer the research questions and to draw conclusions and make recommendations. The research intends to involve both a pilot study and a primary study. The pilot study will be conducted in the MSM in Oman to test the questionnaire; that latter will detect and eliminate any ambiguities or misunderstandings. The pilot study will also use the CMA, SCP, and Ithraa to evaluate the idea of how good corporate governance in local firms inspire FDI to the Omani market. Moreover, the initial questionnaire will probably be designed in the English language from an Asian or Western perspective, which is very different from the Omani culture. Translation from English to Arabic should be planned to be finished within three weeks but editing the translation may take about two weeks. This is not because of poor translation but because of the context of the questions and the English terms that are different from Arabic terms.

Conclusion

In conclusion, national economic policies and good corporate governance do play a major role in the world economy. Several countries including Oman are witnessing a huge wave toward the concept of good corporate governance to access the global capital markets and to promote FDI and including foreign portfolio investment to the local firms. Foreign direct investment and the concept of corporate governance play a significant role in accessing the global market. Thus, this study endeavors to integrate relevant empirical research and literature to extend the intended potentials of good corporate governance on FDI that comprise FPI, particularly in public non-financial listed companies in Oman. In the same pattern, the researcher investigates among empirical literature and explore that there is no clear consensus on whether good corporate governance impact on FDI entry to the Omani local firms. This study identifies that the FDI inflows in Oman is to cover the national deficit and not adding value to the local corporations. Furthermore, the study explores that foreign investors' sold a significant number of their shares in listed companies at MSM. Additionally, the rise importance of blockchain technology is absolute relevance to good corporate governance and the FDI inflows to the local market.

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Thus, introducing the blockchain technology in this research is the originality of this study. Therefore, the research proposed a quantitative type within which data will be collected and analyzed. The non-financial institutions listed in the MSM are the population that issues an annual report since the inception of the good corporate code. The research findings can assist the CMA in amending the current codes of corporate governance as well as assist shareholders to able them to make appropriate decisions toward their current investment and potential future investments. In addition, the study can cover the existing theoretical gap in the literature by the introduction of BlockChain technology as a moderating role between FDI and good corporate governance. Consequently, the application of blockchain technology in this study as a moderator will enable the wealth of academia a through and deeper insights. Finally, this study can make a significant contribution toward corporate governance and FDI inflows not only in Oman but across the world.

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