ABSTRACT

Foreign investment (FDI) can have a good impact on the economy of a country. The good impact is in the form of filling the shortage of state income, human resources, technological adaptation, and others. A Research needs to be done to determine the factors that determine the decisions of foreign investors in investing their capital. This study aims to analyze the effect of GDP growth, inflation rate, interest rate, income level, education level, and tax rate on FDI in 10 ASEAN member countries from 2000 to 2020. Multiple linear regression is the methodology used to conduct this research. This study uses a significant level of 0.05 and shows that GDP growth and education levels have a positive and significant effect while interest rates has negative and significant effect. Inflation, income levels, and tax rates do not significantly affect foreign direct investment in the 10 ASEAN member countries. The government needs to make policies that are friendly to investors referring to the research results to increase the number of FDI.

Keywords: *FDI, GDP growth, inflation, interest rates, income levels, education levels, tax rates, fixed-effect model*