

ABSTRACT

The purpose of this study is to identify the determinants of foreign direct investment (FDI) inflows in emerging market Asian countries using panel data from 2005-2020. Foreign Direct Investment (FDI) is recognized as a major force integrating developing countries into the world economy and is expected to be a key factor in promoting sustainable and balanced economic growth. This shows that foreign investment has played an important role in investment financing, job creation and employment, which has led to higher wages and incomes, transfer of foreign technology and management skills, encouraging competition that leads to increasing productivity.

Emerging Market Asian countries are the host countries that receive the highest foreign direct investment (FDI) inflows compared to other emerging market countries. Even in crisis conditions, emerging market countries, especially the Asian region, are still investment destinations because of their resilience to crisis shocks. In analyzing the determinants of Foreign Direct Investment (FDI), the variables of Market Size, Trade Openness, Interest Rates, Control of Corruption, Education Level and Infrastructure are used. The method used to analyze the data was Fixed Effect Model (FEM) Data Panel.

The results of the study show that Market Size, Control of Corruption and Infrastructure have a positive and significant impact on foreign direct investment inflows. The Education Level variable was found to have a negative effect on FDI inflows. While the variables of Trade Openness and Interest Rates have no significant effect.

Keywords: *Foreign Direct Investment (FDI), Emerging Market Asia, Panel Data, Fixed Effect Model (FEM)*