

ABSTRACT

Foreign Direct Investment (FDI) is one of the most important components in financing development in a country. In Indonesia itself, there is inequality in Foreign Direct Investment (FDI) in each province. If explored further, the Western Indonesia Region dominates the higher level of Foreign Direct Investment (FDI) compared to the Eastern Indonesia Region.

This study aims to empirically examine the effect of economic growth, labor wages, infrastructure, and economic openness on Foreign Direct Investment (FDI) in Western and Eastern Indonesia for the 2018-2022 period. The analysis method used in this study is the *Ordinary Least Square* regression method with Fixed Effect Model. *The time series* data used is 2018-2022 and *the cross section* data used is 34 provinces in Indonesia. The independent variables used are economic growth, labor wages, infrastructure, and economic openness. While the dependent variable is Foreign Direct Investment (FDI) in Western Indonesia and Eastern Indonesia.

The results of this study found that partially, the variables that had a positive and significant effect in the Western Region of Indonesia and the Eastern Region of Indonesia were the variables of the number of workers and trade openness. Economic growth and infrastructure variables did not have a significant effect. Simultaneously, all variables have a significant effect on Foreign Investment in the Western Region of Indonesia and the Eastern Region of Indonesia.

Keywords: FDI, Economic Growth, Labor Wages, Infrastructure, Economic Openness