

## ABSTRACT

*This study aims to empirically analyze the factors influencing foreign direct investment (FDI) inflows in Asian countries by comparing high-income and low-income country groups over the period 2003–2023. The variables analyzed include economic growth, trade openness, gross capital formation, governance quality, inflation, financial development, and exchange rates. This study employs a descriptive quantitative approach with a comparative causal design and utilizes secondary panel data sourced from the World Development Indicators (WDI) and the Worldwide Governance Indicators (WGI). Countries were grouped based on per capita income levels using the World Bank Atlas Method thresholds. Estimations were performed using the Feasible Generalized Least Squares (FGLS) method to address issues of heteroscedasticity, autocorrelation, and cross-sectional dependence.*

*The results of the study indicate differences in the determinants of FDI across country groups. Economic growth has a positive and significant effect on FDI in high-income countries, but not in low-income countries. Trade openness and governance quality have a positive and significant effect on FDI in both country groups. Gross capital formation has a positive and significant effect on FDI in low-income countries, but it is not significant in high-income countries. Inflation has no effect in either group of countries. Financial development has a positive effect on FDI in high-income countries, but a negative effect in low-income countries. The exchange rate has a negative and significant effect on FDI in both groups of countries. These findings confirm that differences in structural, macroeconomic, and institutional characteristics influence foreign investors' decisions; therefore, FDI attraction policies need to be tailored to each country's income level and economic structure.*

**Keywords:** *Foreign direct investment (FDI), high-income countries, low-income countries, economic growth, quality of governance.*

## ABSTRAK

Penelitian ini bertujuan menganalisis secara empiris faktor-faktor yang memengaruhi arus masuk *foreign direct investment* (FDI) di negara-negara Asia dengan membandingkan kelompok negara berpendapatan tinggi dan berpendapatan rendah selama periode 2003–2023. Variabel yang dianalisis meliputi pertumbuhan ekonomi, keterbukaan perdagangan, pembentukan modal bruto, kualitas tata kelola, inflasi, pengembangan keuangan, dan nilai tukar. Penelitian ini menggunakan pendekatan kuantitatif deskriptif dengan desain kausal komparatif serta data panel sekunder yang bersumber dari *World Development Indicators* (WDI) dan *Worldwide Governance Indicators* (WGI). Pengelompokan negara dilakukan berdasarkan tingkat pendapatan per kapita menggunakan batas Metode Atlas *World Bank*. Estimasi dilakukan dengan metode *Feasible Generalized Least Squares* (FGLS) untuk mengatasi permasalahan heteroskedastisitas, autokorelasi, dan cross-sectional dependence.

Hasil penelitian menunjukkan adanya perbedaan pola determinan FDI antar kelompok negara. Pertumbuhan ekonomi berpengaruh positif dan signifikan terhadap FDI di negara berpendapatan tinggi, tetapi tidak signifikan di negara berpendapatan rendah. Keterbukaan perdagangan dan kualitas tata kelola berpengaruh positif dan signifikan terhadap FDI di kedua kelompok negara. Pembentukan modal bruto berpengaruh positif dan signifikan terhadap FDI di negara berpendapatan rendah, namun tidak signifikan di negara berpendapatan tinggi. Inflasi tidak berpengaruh di kedua kelompok negara. Pengembangan keuangan berpengaruh positif terhadap FDI di negara berpendapatan tinggi, tetapi berpengaruh negatif di negara berpendapatan rendah. Nilai tukar berpengaruh negatif dan signifikan terhadap FDI di kedua kelompok negara. Temuan ini menegaskan bahwa perbedaan karakteristik struktural, makroekonomi, dan institusional memengaruhi keputusan investor asing, sehingga kebijakan penarikan FDI perlu disesuaikan dengan tingkat pendapatan dan struktur ekonomi masing-masing negara.

**Kata Kunci :** *Foreign direct investment* (FDI), negara berpendapatan tinggi, negara berpendapatan rendah, pertumbuhan ekonomi, kualitas tata kelola.