

ACKNOWLEDGEMENT

My biggest gratitude to Allah S.W.T for the guidance and blessings throughout my years in university and especially during the process of writing my thesis. I would also like to express my sincere gratitude to these people who have blessed me with many supports throughout my college years:

1. To my family, mama, papa, ka Sandra, putri, bang rivky, thank you for all the advice and encouragement to help me when im feeling down during the process of writing this thesis.
2. Dr. Ferry Hadiyanto, S.E., M.A., as my advisor who has patiently guided me and give me advice and supports throughout the process of finishing thesis.
3. My amat friends who have given me inputs and helped me throughout the research process: raja, restin, iben, bangkit, arza, adit, jangkar.
4. Arza and Mando, for giving me a variety of colours throughout the life of college. Thanks guys!
5. Ghea Suria Gayatri who has given me a big support and accompanied me throughout the process of finishing the thesis.
6. My kind friends who makes me happy throughout the college: Suten, Salma

7. Restin, Amirah, Jangkar, Salma, who accompanied me when im writing this thesis.
8. Fellow inter-class program students; Ayang, Witra, Kinan, Haidi, Liza Hendiasti, Intsi, Amirah, Carissa, Ghea, Ifad, Sammy, Arza, and Mando, who have overcame obstacles together with me throughout the learning process in college.
9. Kaesparov, IESP Students batch of 2014 for the time that has been spent together in college

Bandung, August 2019
Hafiz Yeris Ananda

SID. 120210140088

TABLE OF CONTENTS

VALIDATION PAGE	i
STATEMENT OF AUTHENTICITY	ii
ACKNOWLEDGEMENT	iii
ABSTRACT	v
ABSTRAK	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xi
LIST OF GRAPH.....	xii
CHAPTER I INTRODUCTION	1
1.1 Research Background.....	1
1.2 Research Problem.....	8
1.3 Objective of Research	9
1.4 Significance of Research.....	9
CHAPTER II LITERATURE REVIEW	10
2.1 ASEAN Overview.....	10
2.2 Theoretical Framework	10
2.2.1 Foreign Direct Investment Theory	10
2.2.2 Population Growth Theory.....	18
2.2.3 Population density.....	21
2.2.4 Life Expectancy	22
2.3 Empirical Studies	22
2.3.1 Kok, R., & Ersoy, B. 2009, “Analyses of FDI Determinants in developing countries.”	22

2.3.2	Alsan, Marcella, Bloom David E. and Canning David, 2006. “The Effect of Population Health on Foreign Direct Investment Inflows to Low- and Middle-Income Countries.”	24
2.3.3	Akin Mustafa Seref (2009). “How is the Market Size Relevant as a Determinant of FDI in Developing Countries? A Research on Population and the Cohort Size”	25
2.3.4.	Hoang H. Hiep and Duc H. Bui (2014). “Determinants of Foreign Direct Investment in ASEAN: A panel approach”	26
2.4	Research Framework.....	28
2.5	Research Hypothesis	30
CHAPTER III RESEARCH METHODOLOGY		31
3.1	Scope of research	31
3.2	Data	31
3.3	Method Analysis	31
3.3.1	Econometric Model.....	32
3.4.	Operational Variables.....	33
3.5	Statistical test	34
3.5.1	Hausman Test.....	34
3.5.2	Coefficient Determination.....	34
3.5.3	Classical assumption	35
3.5.4	Heteroskedasticity	35
3.5.5	Autocorrelation	36
3.5.6	Multicollinearity.....	37
3.6	Research object	37
3.6.1	Foreign Direct Investment (FDI)	37
3.6.2	Annual percentage growth rate of GDP	37

3.6.3	Population Density	38
3.6.4	Life Expectancy	38
3.6.5	Total Population	38
CHAPTER IV FINDINGS AND DISCUSSION		39
4.1	Descriptive Analysis	39
4.1.1	Foreign direct investment in 5 ASEAN Countries from 2008-2015	39
4.1.2	Gross domestic product growth in 5 ASEAN Countries from 2008- 2015	40
4.1.3	Life expectancy in 5 ASEAN Countries from 2008-2015	41
4.1.4	Population density in 5 ASEAN Countries from 2008-2015	42
4.1.5	Total Population in 5 ASEAN Countries from 2008-2015	44
4.2.	Estimation Result	45
4.3.	Statistical Analysis	47
4.3.1	T Test	47
4.3.2	F Test.....	49
4.3.3	Coefficient determination (R²)	50
4.4	Classical Assumption in Regress Analysis	50
4.4.1	Multicollinearity test	50
4.4.2	Heteroscedasticity Test	51
4.4.3	Autocorrelation Test.....	52
4.5	Economic Analysis.....	52
4.5.1	Intercept value	52
4.5.2	The impact of GDP growth to FDI	52
4.5.3	The impact of Total Population to FDI.....	53

4.5.4	The impact of Population density to FDI.....	54
4.5.5	The impact of life expectancy to FDI	55
CHAPTER V CONCLUSIONS AND RECOMMENDATIONS		57
5.1	Conclusions	57
5.2	Recommendations	57
REFERENCES.....		58
APPENDIX.....		63

LIST OF TABLES

Table 3.1 Operational Variables	33
Table 4.1 Hausman test result	45
Table 4.2 Robust Random Effect	46
Table 4.3 T Table	47
Table 4.4 T Statistic	47
Table 4.5 F Table	49
Table 4.6 F statistic	49
Table 4.7 Multicollinearity Test Result	51

LIST OF GRAPH

Graph 1.1 FDI in 5 ASEAN countries (2008-2015)	3
Graph 1.2 Total Population in 5 ASEAN countries (2008-2015).....	5
Graph 4.1 Foreign direct investment in 5 ASEAN Countries 2008-2015	40
Graph 4.2 Gross domestic product growth in 5 ASEAN Countries from 2008-2015.....	41
Graph 4.3 Life Expectancy in 5 ASEAN Countries from 2008-2015	42
Graph 4.4 Population density in 5 ASEAN Countries from 2008-2015.....	43
Graph 4.5 Total Population in 5 ASEAN Countries from 2008-2015.....	44