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Abstract
Purpose - The purpose of this paper is to investigate the significant factors determining foreign direct investment (FDI) in Cambodia, Laos, and Vietnam (ASEAN3) and Indonesia, Malaysia, the Philippines, Thailand, and Singapore (ASEAN5). Design/methodology/approach - This paper applies the first differencing technique to estimate the parameters on the constructed panel data starting from 2000 to 2011. Findings - Due to the different stages of economic development between ASEAN3 and ASEAN5, the determinants of FDI are different. We found that there are significantly positive effects of infrastructure facility, level of openness, and negative effect of inflation on FDI inflow in ASEAN3; while real exchange rate, gross domestic product and net official development assistance have no effect on its FDI. The finding in ASEAN5 showed that market size and infrastructure facility are significant factors to attract FDI. Furthermore, even though there are an increase in inflation rate as well as a decrease in level of openness measurement, ASEAN5 are still attractive to foreign investors. Originality/value - The time variant and invariant unobserved effects that are ignored in the previous studies are considered in this study. © 2015 Emerald Group Publishing Limited.

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