

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Essentially, this research was conducted out in order to achieve objectives. The purpose of this study is to analyze the effect of Gross Domestic Product (GDP), inflation rate (INF), external debt (ED) and interest rate (INR) on Foreign Direct Investment (FDI) inflows in ASEAN States that are listed for the period 2016 - 2021. This chapter is intended to review all the summary of research findings, contribution of the study, limitation of the study, and future research.

5.2 Summary of Research Findings

There are four (4) research question in the study and will be discussed as follows.

5.2.1 The Effect of Gross Domestic Product on Foreign Direct Investment

This study's findings indicated that the Gross Domestic Products (GDP) variable partially has no significant effect on Foreign Direct Investment (FDI). The first research question is "What is the influence of GDP towards the FDI Inflows of ASEAN States?". Hypothesis 0 is formed to determine the effect of gross domestic product on foreign direct investment.

According to the study's findings, the GDP variable's t-count has a greater value than the t-table. When examined from the probability value, which is lower than the significant level ($\alpha = 0.05$), it indicates that the Gross Domestic Product (GDP) variable partially has a positive significant effect on Foreign Direct Investment (FDI). It means that the significant amount of GDP has positively impacted financial FDI Inflows and will have an impact on investors' expectations for receiving dividends that share in the states investment.

5.2.2 The Effect of Inflation Rate on Foreign Direct Investment

This study's findings indicated that the Inflation Rate (INF) variable partially has no significant effect on Foreign Direct Investment (FDI). The first research question is "What is the influence of INF towards the FDI Inflows of ASEAN States?". Hypothesis 0 is formed to determine the effect of inflation rate

on foreign direct investment.

According to the study's findings, the inflation Rate (INF) variable's t-count has a greater value than the t table. When examined from the probability value, which is higher than the significant level ($\alpha = 0.05$), it indicates that the Inflation Rate (INF) variable partially has a no significant effect on Foreign Direct Investment (FDI). It means that the significant amount of INF has no impact on FDI Inflows and will have no impact on investors' expectations for receiving dividends that share in the states investment.

5.2.3 The Effect of External Debt on Foreign Direct Investment.

This study's findings indicated that the External Debt (ED) variable partially has no significant effect on Foreign Direct Investment (FDI). The first research question is "What is the influence of ED towards the FDI Inflows of ASEAN States?". Hypothesis 0 is formed to determine the effect of external debt on foreign direct investment.

According to the study's findings, the External Debt (ED) variable's t-count has a greater value than the t table. When examined from the probability value, which is higher than the significant level ($\alpha = 0.05$), it indicates that the External Debt (ED) variable partially has a no significant effect on Foreign Direct Investment (FDI). It means that the significant amount of ED has no impact on FDI Inflows and will have no impact on investors' expectations for receiving dividends that share in the states investment.

5.2.4 The Effect of Interest Rate on Foreign Direct Investment

This study's findings indicated that the Interest Rate (INR) variable partially has no significant effect on Foreign Direct Investment (FDI). The first research question is "What is the influence of INR towards the FDI Inflows of ASEAN States?". Hypothesis 0 is formed to determine the effect of interest rate on foreign direct investment.

According to the study's findings, the Interest Rate (INR) variable's t-count has a greater value than the t table. When examined from the probability value, which is higher than the significant level ($\alpha = 0.05$), it indicates that the Interest Rate (INR) variable partially has a no significant effect on Foreign Direct

Investment (FDI). It means that the significant amount of INR has no impact on FDI Inflows and will have no impact on investors' expectations for receiving dividends that share in the states investment.

5.3 Contribution of Study

The contribution of this study in practical is expected that policy maker or the government will take into account other factors that may have an effect on FDI Inflows. Policy maker should take account of this factor since the findings of this study show that only GDP are significantly affecting the FDI Inflows, it means that a lot of other factors that may affect the inflows of FDI, but also needed to make sure the GDP of their country are continuously progressing positively since it is the only factors that are still not changing compare with previous research.

5.4 Limitation

The limitation of this study would be the sample size. Since this study only focused on the top listed FDI receiver in ASEAN States in 2016 – 2021, the sample size might be too small, thus the findings cannot be generalized. Therefore, it limits the data collection for this research. Due to that, only ASEAN States that has publish the required component according to the world bank in the period of 2016 - 2021 that can be extracted.

5.5 Future Research

It is hoped that future researchers will be able to use or add other research variables because it is extremely possible that other factors that were not considered in this study would affect the FDI Inflows, since macroeconomic factor are numerous. Future researchers will also likely be able to extend their study period and incorporate samples from different ASEAN States or maybe even from a different region that are available around the globe.