ABSTRACT

Indonesia is a developing country which generally faces problems such as a lack of domestic funds (savings gaps) which are generally overcome through channeling funds from abroad. From the standpoint of both policy and development theory, investment is crucial to economic growth. In order to boost Foreign Direct Investment (PMA) in Indonesia, strategic measures must be implemented.

One of the Indonesian provinces that is the center of attention for FDI investment is West Java. With rapid economic development and various industrial sectors, West Java has become a major destination for Foreign Direct Investment (PMA). By examining GRDP variables, the impact of labor and infrastructure on foreign investment in West Java Province, and other relevant aspects, this study seeks to understand the factors that drive investment decisions in the region.

This study uses a quantitative approach. The main data source is secondary data collected from BPS and BKPM, then the data will undergo further analysis using Eviews 10 software. Using the Panel Data Regression Method with cross section data are the districts and cities of West Java province from the factors that influence FDI . Then the time series data is 10 years (2013-2022). The dependent variable is PMA. Independent variables are GDP, infrastructure and labor

FEM (fixed effect model). became the best model after carrying out the Chow test and Hausman test. After passing the classical assumption test, a panel data regression model analysis from FEM with GLS weight was carried out. Where the results obtained are the GRDP variable. Infrastructure and Labor are positive for FDI. Then the final determination is carried out by testing the hypothesis.

From the results of this research, GRDP has a significant positive influence on FDI. Furthermore, infrastructure based on the length of good roads in this study does not show a significant influence. Then workers with higher education do not show a significant or no influence on FDI.

Key words: FDI, GRDP, Infrastructure, Labor..