

Table of Contents

Cover Page	i
Ratification.....	ii
Acknowledgement.....	iii
Statement of Work Originality.....	iv
Preface.....	v
Table of Contents.....	viii
List of Tables.....	xi
List of Figures	xii
Appendix List.....	xiii
Abstract.....	xiv
CHAPTER I INTRODUCTION	1
1.1. Research Background	1
1.2. Problem Statement.....	6
1.3. Research Question	7
1.4. Research Objective	7
1.5. Research Motivation	7
1.6. Research Benefits	8
1.7. Research Contribution	8
1.8. Scope and Limitations.....	8
1.9. Research Structure	9
CHAPTER II THEORETICAL BACKGROUND AND LITERATURE REVIEW	11
2.1. Theoretical Background.....	11
2.1.1. Theories of international trade and investment	11

2.1.2.	Theories of FDI	14
2.1.3.	Location theories and industrial agglomeration	19
2.2.	Literature Review	22
CHAPTER III RESEARCH METHODOLOGY		32
3.1.	Research Design	32
3.2.	Operational Definition	34
3.2.1.	Dependent variable	34
3.2.2.	Independent variable.....	35
3.2.3.	Control variables	36
3.3.	Research Population and Sample	37
3.4.	Data Collection Technique.....	38
3.5.	Data Analysis Technique	39
3.5.1.	Classical assumptions tests	40
3.5.2.	Variable significance tests.....	42
CHAPTER IV RESULTS AND DISCUSSION.....		45
4.1.	Descriptive Statistics.....	45
4.2.	Classical Assumption Test.....	48
4.2.1.	Heteroskedasticity test	48
4.2.2.	Multicollinearity test.....	49
4.3.	Hypothesis Testing	50
4.3.1.	The t-test hypothesis test result	50
4.3.2.	The F-test hypothesis test result	51
4.3.3.	Coefficient of determination R^2	52
4.4.	Results and Discussions	52
4.4.1.	The effect of agglomeration economies in the service sector on FDI	52
4.4.2.	The effect of provincial minimum wage on FDI inflow.....	53
4.4.3.	The effect of provincial degree of openness on FDI	54
4.4.4.	The contribution of transportation infrastructure in attracting FDI.	55
CHAPTER V CONCLUSION.....		56
5.1.	Conclusion.....	56



5.2. Limitations and Possible Improvements	56
5.2.1. Limitations on the model	56
5.2.2. Limitations on the variables used	57
References	60
Appendices	64