BIGEDU™

Journal of Asian Development
ISSN 2377-9594
2023, Vol. 9, No. 1

Factors Driving Foreign Direct Investment: An Empirical Investigation Using Multiple Regression

Leomar M. Sabroso (Corresponding author)

License Professional Teacher, Master of Science in Agricultural Economics

College of Business Administration Education, University of Mindanao

ORCID: https://orcid.org/0000-0002-0553-3303

E-mail: leomar_sabroso@umindanao.edu.ph

Anthony P. Cañete

License Librarian, Master of Science in Library and Information Science

University of Southeastern Philippines

University of the Immaculate Conception, Support Service Personnel

Audio-Visual Librarian – College Department

ORCID: https://orcid.org/0009-0006-9206-4045

E-mail: acanete@uic.edu.ph

Received: April 14, 2023 Accepted: May 2, 2023 Published: May 5, 2023

doi: 10.52941/jad.v9i1.43 URL: https://doi.org/10.52941/jad.v9i1.43

Abstract

The Philippines actively promotes foreign direct investment to increase economic growth, but has fallen behind its neighbors in the global ranking. This includes the prohibition of owning equity and a limit on the amount of equity that can be owned. The country has been unable to break through the middle-income trap, leading to a disparity in foreign investment due to its inability to adjust its law in global situations. The study sought to determine the trend of foreign direct Investment and the economic factors of the Philippines, and to examine the relationship between FDI and economic factors. Moreover, this study employed a quantitative method to examine the link between factors that may be quantified to evaluate objective hypotheses. Multiple regression analysis was used to measure the relationship between the dependent and independent variables. The study made use of the available secondary data from World Bank, which was from 1971 to 2020. The results showed no significant relationship between the two, suggesting that foreign investment intervention is necessary to ensure an economic upswing.

Keywords: Foreign direct investment, economic factor, multiple regression

1. Introduction

In a rapid changing world, every economy strives to make its country more progressive and grow. These country has a vested interest in serving the needs of its people, including the country's growth. The Philippines, for example, actively promotes the country's expansion in foreign direct investment, which has a favorable impact on economic growth (Atanacio Pérez et al., 2022).

Philippines is one of the most restrictive countries in the world for foreign direct investment, third in the world ranking (Diola, 2022). This includes the explicit prohibition of owning equity and a limit on the amount of equity that can be owned (Foreign Investment Act of 1991) (Sandler & Clune, 2020). Due to the constraints, the country has fallen behind its neighbors and has been unable to break through the middle-income trap, which occurs when a country fails to react to changes in its local market and, as a result, loses its global competitiveness (Kalalang et al., 2022).

The inability of a country to adjust its law in global situations causes a disparity in the investment (United Nations, 2020a, 2020b). Foreign investment's law in regulation, ownership and constitutions (bin Mohamad, 2019), the introduction of technology, good practices, and resources (Asirvatham et al., 2017) to fill in the gap of the country to improve and achieve developed status on par with the first world.

Nonetheless, restitution for issues concerning both economic standing and investment yearns for answers pertaining to the advancement of the country's development goals (Dolan, 1993). For a country that progresses despite limited resources, the need for change is foreseeable. As a result, foreign investment intervention in the nation must be scrutinized to assure an economic upswing and not the other way around.

1.2 Objective of the Study

The primary aim of the study is to determine the factors affecting foreign direct investment (FDI) inflows in the Philippines. Specifically, it sought to answer the following: (1) To determine the trend of the Foreign Direct Investment and the Economic Factors of the Philippines. & (2) To examine the relationship between FDI and Economic Factors of the Philippines.

2. Literature Review

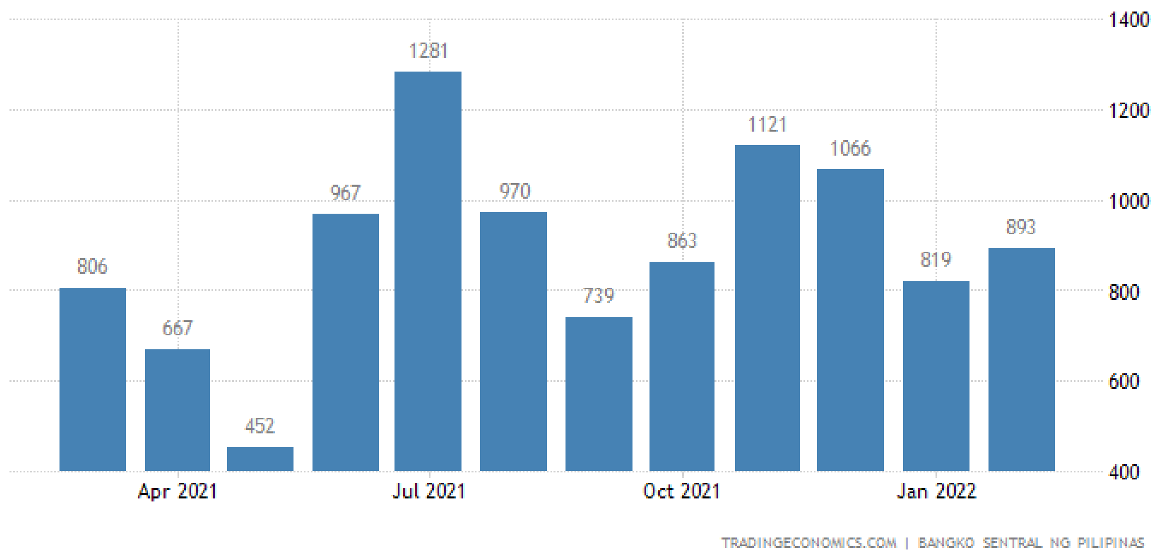
The Philippines has been prompting greater foreign direct investment as a means of boosting economic growth. Foreign direct investment and economic growth has been the topic for many economies to craft policies. Similar study conducted in Nigeria where FDI has a positive effect to Economic growth (Oyegoke & Aras, 2021) which was the first host economy of FDI in Sub-Saharan Africa, and the third in the continent enabling the country to craft policies boosting output productivity. However, mutual link impact between foreign direct investment and economic growth in Vietnam has suggested to invest more of their resources in education and training, financial market development and in reducing the technology gap between the foreign and local firms to achieve the desired development goals (Anwar & Nguyen, 2010). Furthermore, the idea on measuring the relationship between foreign direct investment and economic growth is not something new, particularly the same study conducted in Jordan in which foreign direct investment has a positive impact to their economic growth with an ultimate goal of attracting foreign investors in the country (Al-Mihyawi, 2019).

2.1 Foreign Direct Investment

In terms of drawing investors, foreign direct investment has progressed from the local market to the global market (Patterson et al., 2004). "Whole or partial ownership of a corporate entity in one nation (the host country) by inhabitants of, or a corporation based in, another country" is what FDI refers to (the home country). Foreign direct investment (FDI) is a type of cross-border investment in which an investor from one country has a long-term stake in and considerable influence over a company from another country (Art Ridgeway, 2004; "Foreign Direct Investment: Theory, Evidence, and Practice," 2002; "OECD Benchmark Definition of Foreign Direct Investment," 1996; "OECD Benchmark Definition of Foreign Direct Investment 2008," 2009; OECD, 2014).

Foreign investment is critical to the Philippine economy since it creates jobs, decreases the country's debt, and helps the Philippines to remain competitive with other countries (Standen, 2022; Smith, 2007).

Net foreign direct investment into the Philippines increased 46.3 percent year on year to USD 0.89 billion or $893 million in February 2022 from $611 million the previous month, rebounding sharply from a 16 percent drop in January, reflecting primarily the continued infusion of funds by non-resident investors into their local subsidiaries, and this was the highest FDI inflows recorded since December of last year ($10.5 billion) (Ta-asan, 2022; Trade Economics, 2022).



Historically, according to the report from Philippine Statistics Authority (2019) the Philippines received high investment from different country, like the Netherlands who topped the investing country during the quarter with PhP 10.1 billion as it shared 22.0 percent of the total FI commitments. Furthermore, Japan and Thailand occupied the second and third posts, pledging PhP 9.4 billion or 20.5 percent and PhP 8.5 billion or 18.4 percent, respectively, of the total FI approved in Q1 2019.

In different industry, Manufacturing bested all other industries as it stands to receive 76.1 percent of the total FI pledges or PhP 35.0 billion. Administrative and Support Service Activities came in second, with investment commitments valued at PhP 3.5 billion, contributing 7.7 percent. This was followed by Accommodation and Food Service Activities at PhP 2.9 billion or 6.4 percent of the total FI.

The same case happened way back 2016 where the Netherlands topped the investing countries in the fourth quarter of 2016 followed by Australia, and the United States of America (USA). Investment from the Netherlands reached PhP 34.9 billion or 27.7 percent share. Australia committed PhP 31.8 billion or 25.3 percent, while USA pledged PhP 20.1 billion or 16.0 percent of the total approved FI. Total pledges from the three countries contributed 69.1 percent to the total approved FI (PSA, 2016).

Despite the government's strong limitations, this shows that the country remains a great investment hub (Diola, 2022). Nonetheless, improving the rules and policy regulations will assist the country attract even more investors, which would result in increased economic growth.

2.2 Economic Factors

Economic growth has been rapid relatively since the past decades. Economic growth is a

progress of a country where resources are turned into an optimal value assets in other words, increase in the National Income or GDP (Pelsa & Balina, 2022). In the study of (King & Levine, 1994) where they examine how investment and physical capital are the main drivers for economic development. Technological change is an important association with growth and development. Thus, investment is a factor for economic growth and development – an investment which can be in a form of physical assets among economic sectors.

2.2.1 Industrialization

Findings related to industrialization has shown positively influence economic growth in the long run which is the key driver for sustainable economic growth (Elfaki et al., 2021). However, in a regional economic development context, suggest that industrialization do not give extensive significant impact for the community (Sutikno & Suliswanto, 2017). Despite the different circumstance, no industrialization investment would mean a lag in the country's goal in achieving sustainable economic development (Mah, 2021).

2.2.2 Trade Openness

The less restricted the country for trade can generally lead to economic growth (Gries et al., 2009) in which trade openness results in a significant positive response in the cumulative sum of the positive component of the GDP per capita (Al-Shayeb & Hatemi-J, 2016).

2.2.3 Gross Domestic Product per Capita

Increased FDI inflows in ratio to GDP tend to be drawn to economies with stronger infrastructure, smaller markets, and lower income levels, as well as higher openness and exchange rate depreciation. For emerging economies, FDI is a vital source of funding, and vice versa (Anyanwu & Yameogo, 2015; Jaiblai & Shenai, 2019). Also, there is a unidirectional causation running from foreign direct investment to per-capita GDP (Charles Osondu et al., 2014).

2.2.4 Urbanization

With the fast economic growth and rising urbanization has becoming a growing issue throughout the world. Adverse effect of rapid urbanization is the rise of slums and informal settlements, urban expansion, and severe ecological degradation, socioeconomic inequities have grown pervasive, necessitating a reorientation of urban policy and governance (Roy, 2021). In which urbanization may be a result as well as a cause of economic growth, and different levels of urbanization may be appropriate for different economies. Other unrelated processes may also have a role in urbanization and greater degrees of development in cities (Turok & McGranahan, 2013, 2019). It is evident that urbanization has a significant influence on employment, modernization, and access to various systems, claiming to be an essential predictor of economic growth with a significant impact on industrial, manufacturing, and service sectors but a negative impact on agricultural (Nasir, 2015).

2.3 Theoretical Framework

This research is based on Jean-Baptiste Colbert's (1619–1683) Mercantilism Theory, which outlines the essential architecture of mercantilist economic strategy for practical application. Discuss how an economy may maximize exports while reducing imports, and how imperialism, colonialism, tariffs, and subsidies can help achieve a favorable trade balance. In which the key to State wealth was the growth of commerce (and the maintenance of a favorable trade balance). The concept of Colbert was elaborated by different economist which was founded in the idea of achieving economic growth (Letiche, 1960). Adam Smith who was the father of economics, conceptualized "the invisible hand" and the concept of trade in his book "An Inquiry into the Nature and Causes of Wealth of Nation" (1776) in which people are the economic agent to participate in economic activities (Higgs et al., 1896; Smith, 2008, 2020) to achieve the desired economic growth. It was further discussed that trade is not limited to the domestic principle but also involves trade with different nations. Moreover, the same concept was developed by David Ricardo in which a nation actively trade with other country with the goods and services they have comparative advantage with, that includes capital investment (SHPINEV, 2021; Smith, 2020) which all boils down as to how a country can growth with the help of foreign investment from other country (Maneschi, 2008).

Independent Variables **Dependent Variable**

3. Method

3.1 Research Design

This study employed a quantitative method (Creswell, 2013; Greene, 2013; Perreault, 2011) which examines the link between factors that may be quantified to evaluate objective hypotheses. Multiple Regression Analysis is used to measure the relationship between the dependent and independent variables. Independent variables are variables which values are known that can explain the dependent variable (Dhakal, 2018; Frieman et al., 2022). In other words, Multiple regression is a statistical method for measuring the relationship between numerous independent variables and a single dependent variable. The goal of multiple regression analysis is to predict

the value of a single dependent variable by using known independent variables (Moore et al., 2006). Hence, multiple regression was utilized in measuring the relationship between the foreign direct investment and economic factors (Abdouli & Hammami, 2020).

3.2 Source of Data

The study makes use of the available secondary data from World Bank. These secondary data obtained was from the year 1971 to 2020 (a 50-year observation) in measuring the foreign direct investment inflows and the economic factors thereof. Furthermore, the variables used in the study and its descriptions are as follows:

Variables	**Description**
Foreign Direct Investments	Foreign direct investment, net inflows (% of GDP)
Industrialization	Industry (including construction), value added (% of GDP)
Trade Openness	Trade, export plus import, % of GDP
Gross Domestic Product per Capita	GDP per capita (constant 2015 US$)
Urbanization	Urban population (% of total population)

Source: World Bank (2021).

3.3 Statistical Treatment:

The gathered data was analyzed using the student friendly statistical tool STATA version 14. This is the efficient tool used to regress and measure the relationship between the variables. Each predictor value is weighed, the weights denoting their relative contribution to the overall prediction.

$$Y = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_4 X_{4i} + \ldots . + \beta_n.$$

Here Y is the dependent variable, and $X_1,\ldots,X_n$ are the *n* independent variables. In calculating the weights, a, $b_1,\ldots,b_n$, regression analysis ensures maximal prediction of the dependent variable from the set of independent variables. This is usually done by least squares estimation (Moore et al., 2006).

3.3.1 Model Specification

The regressor econometric equation model of the study is as follows:

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_4 X_{4i} +$$

Where:

Y represents the foreign direct investment of the *i*-th country;

B_0 = the intercept term;

β_{is} = efficiency parameters to be estimated;

X_{1i} = the industrialization;

X_{2i} = trade openness;

X_{3i} = gross domestic product per capita;

X_{4i} = urbanization; and

μ_i = represents the error term.

4. Results and Discussions

A multiple regression was run to predict Foreign Direct Investment from Industrialization, Trade Openness, Gross Domestic Product per Capita, and Urbanization. The r2 and the adjusted r2 value indicate that the proportion of variance in the dependent variable that can be explained by the independent variables with a value of 0.5746 and 0.5368, respectively. In which, these independent variables can moderately explain 57% of the variability of the dependent variable. Furthermore, the output shows that the independent variables highly statistically significantly predict the dependent variable, $F(4, 45) = 15.2$, $p < 0.000$. Thus, the diagnostic of the regression model is a good fit of the data and two out of the four independent variables statistically significant to the prediction, $p < 0.05$.

Moreover, the findings revealed that foreign direct investment have a significant relationship with trade openness (0.0192795, $p < 0.014$) which means that foreign investors are interested to invest in the country if the state is open for trade and there are lesser strict rules in doing trade business. Similar results was found in the study of (Zaman et al., 2018) stipulated that the higher the openness of a country for trade the higher it has a positive significant impact to the foreign direct investment inflows. Furthermore, it is important that a country must strengthen their foreign direct investment policies, loosen some restrictions and minimize some trade cost to move forward in attract multinational companies (Cantah et al., 2018; Güris & Gözgör, 2015). In addition, the participation to many different trade agreements, and maintain economic relations with other countries positively impacts the foreign direct investment in boosting the industries (Lien, 2021; Quy, 2021). However, the findings of (Rathnayaka Mudiyanselage et al., 2021) differ from the positive results as trade openness negatively affects the FDI inflow suggesting that it will not do good to a country who widely open their trade even in the long-run and it will eventually attract less investors coming in in the country.

Likewise, the findings also revealed that Gross Domestic Product per capita has shown significant relationship between foreign direct investment. This suggest that foreign investors would likely invest in a growing and progressive country if the GDP is high. It is pretty obvious that investors would want to invest in a country where there is economic growth; the first thing a foreign investors/ company do before investing is checking the health of the country (GDP) (Čičak & Sorić, 2015). In addition, the result is relevant to the findings of (Čičak & Sorić, 2015; Duarte et al., 2017; Hansen & Rand, 2006) stating that an increase in FDI would result to higher economic growth as it has a positive impact to GDP. The more develop the country is, the more foreign direct investor will be attracted to invest and vice versa (Numbu & Belyaeva, 2021). Similarly, an investigation of foreign direct investment in developing countries has shown positively significant with GDP per capita while negatively significant in the developed countries due to the institutional quality in developed countries compared to the developing counterpart (Sabir et al., 2019).

In spite of this, both industrialization (-0.0320518, $p > 0.401$) and urbanization (0.0281644, $p > 0.374$) variables are not statistically significant to influence the foreign direct investment of the country. Other literatures suggest, that industrialization has a vital role to fill in industrializing a country bringing capital investment, technology, and skills, (Jie & Shamshedin, 2019), however, the findings would say otherwise. In addition, Congruent result has shown in the study of (Gui-Diby & Renard, 2015) where foreign direct investment is not a factor in transforming a country to be industrialized.

Moreover, although the finding suggest that FDI do not influence urbanization, studies like (Behname, 2013; "Foreign Direct Investment and Globalization," 2021; Liu, 2019) have refuted this claim as they emphasize the importance of FDI towards urbanization which is a factor to attract investors. In such the study of (Chen & Wu, 2017; Wu & Chen, 2016) suggest that FDI works in segments way, where FDI significantly impact coastal regions but not the inland regions.

Table 1. The Multiple Regression Result between FDI and Economic Factors

Foreign Direct Investment	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
Industrialization	-0.0320518	0.0378393	-0.85	0.401	-0.1082641	0.0441605
Trade Openness	0.0192795	0.0075206	2.56	0.014	0.0041322	0.0344268
GDP per capita	0.0004971	0.0002219	2.24	0.030	0.0000501	0.0009441
Urbanization	0.0281644	0.0313543	0.90	0.374	-0.0349865	0.0913152
Constant	-1.06741	2.319753	-0.46	0.648	-5.739632	3.6048130
F(4, 45)	=	15.2				
Prob > F	=	0.0000				
R-squared	=	0.5746				
Adj R-squared	=	0.5368				
Root MSE	=	0.59285				

5. Conclusions and Recommendations

The following presents the conclusions and recommendations of the study, obtained from the analysis of the results.

5.1 Conclusions

Based on the empirical evidence the following conclusions were drawn:

The attractiveness of a country to foreign investors rely on how open for trade for the investors which reflected on the findings of the study where Trade Openness has a significant influence to FDI.

The progress and economic growth of a country in a the form of GDP per capita translate to how aggressive and drawn foreign investors to the country. Thus, GDP per capita has a substantial impact to FDI.

Industrialization and Urbanization do not have a substantial weight in attracting foreign investors. Thus, both Industrialization and Urbanization do not have significant relationship with FDI.

5.2 Recommendations

From the conclusions rendered above, the following recommendations were drawn:

To the government, to implement policies that allow for easy trade with fewer restrictions that

could deter foreign investment. Allow free trading and reduce trade costs (tariffs) with other countries while protecting the country's interests. Implement harsh penalties for offenders, particularly those involved in the black market and smuggled items and or any illegalities.

To the Bureau of Customs and related agencies, to actively participate in the fight against corruption and red tape. Prevent irregularities and illegalities in the padre system and the department. Ascertain the safety of the packages and contents. To avoid counterfeit items, carefully examine the item's quality and standards before entering and leaving the nation. Also, redirect funds to a critical economic sector, such as agriculture.

To Policy Maker, strengthen the country's bargaining and negotiation power. For economic growth and development, intensify ASEAN integration, trade agreements, and friendly relations with the rest of the world. Establish a policy to support the government agencies that require the most investment so that it may completely attain sustainability.

To Future Researchers should investigate other statistical methods such as regression modeling and time series analysis (VAR, VECM, Cointegration). Expanding on the topic from a variety of angles, including agricultural and other factors.

Conflict of Interest Statement

The authors declare no conflict of interest.

References

Abdouli, M., & Hammami, S. (2020). Economic Growth, Environment, FDI Inflows, and Financial Development in Middle East Countries: Fresh Evidence from Simultaneous Equation Models. *Journal of the Knowledge Economy*. https://doi.org/10.1007/s13132-018-0546-9

Al-Mihyawi, S. N. (2019). Foreign direct investment and economic growth in Jordan. *Journal of Social, Political, and Economic Studies*.

Al-Shayeb, A., & Hatemi-J, A. (2016). Trade openness and economic development in the UAE: an asymmetric approach. *Journal of Economic Studies*. https://doi.org/10.1108/JES-06-2015-0094

Anwar, S., & Nguyen, L. P. (2010). Foreign direct investment and economic growth in Vietnam. *Asia Pacific Business Review*. https://doi.org/10.1080/10438590802511031

Anyanwu, J. C., & Yameogo, N. D. (2015). What Drives Foreign Direct Investments into West Africa? An Empirical Investigation. *African Development Review*. https://doi.org/10.1111/1467-8268.12141

Art Ridgeway. (2004). Definition of foreign direct investment (FDI) terms. *Statistics Canada*.

Asirvatham, J., Rasiah, R., Thangiah, G., & Naghavi, N. (2017). Impact of foreign direct investment, imports and tariff deregulation on exports among pioneering asean members: Panel data analysis. *International Journal of Business and Society*. https://doi.org/10.33736/ijbs.486.2017

Atanacio Pérez, A. G., Hernández Gracia, T. J., & Duana Ávila, D. (2022). Foreign Direct Investment and Its Impact on The Regional Level: A Prospective Analysis. *Journal of Administrative Science*. https://doi.org/10.29057/jas.v3i6.8140

Behname, M. (2013). FDI Localization, Wage and Urbanization in Central Europe. *The Romanian Economic Journal*.

bin Mohamad, M. H. (2019). Foreign Direct Investment Law In ASEAN Countries: Prospect For ASEAN Economic Community. *Yustisia Jurnal Hukum*. https://doi.org/10.20961/yustisia.v0ixx.21918

Cantah, G. W., Brafu-Insaidoo, G. W., Wiafe, E. A., & Adams, A. (2018). FDI and Trade Policy Openness in Sub-Saharan Africa. *Eastern Economic Journal*. https://doi.org/10.1057/eej.2016.9

Charles Osondu, M., Fredrick Onyebuchi, A., David Onyinyechi, A., & Gladys. C., A. (2014). Economic Growth in Nigeria: Evidence from the Appraisal of Financial Sector Reforms and its Causal Effects. *IOSR Journal of Humanities and Social Science*. https://doi.org/10.9790/0837-19520110

Chen, C., & Wu, Y. (2017). Impact of Foreign Direct Investment and Export on Urbanization: Evidence from China. *China and World Economy*. https://doi.org/10.1111/cwe.12187

Čičak, K., & Sorić, P. (2015). The Interrelationship of FDI and GDP in European Transition Countries. *The International Journal of Management Science and Business Administration*. https://doi.org/10.18775/ijmsba.1849-5664-5419.2014.14.1003

Creswell, J. (2013). Qualitative, quantitative, and mixed methods approaches. In *Research design*.

Dhakal, C. P. (2018). Interpreting the basic outputs (SPSS) of multiple linear regression. *International Journal of Science and Research (IJSR)*.

Diola, K. B. (2022, February 03). *Easing Barriers to Foreign Direct Investment*. Retrieved from PwC Philippines: https://www.pwc.com/ph/en/taxwise-or-otherwise/2022/easing-barriers-to-foreign-direct-investment.html#:~:text=Barriers%20to%20foreign%20direct%20investment%20(FDI)%20in%20the%20Philippines%20are,restrictiveness%20index%20(FDI%20Index).

Dolan, R. E. (1993). Philippines: A Country Study. *The Journal of Asian Studies*.

Duarte, L. D. R. V., Kedong, Y., & Xuemei, L. (2017). The Relationship between FDI, Economic Growth and Financial Development in Cabo Verde. *International Journal of Economics and Finance*. https://doi.org/10.5539/ijef.v9n5p132

Elfaki, K. E., Handoyo, R. D., & Ibrahim, K. H. (2021). The impact of industrialization, trade openness, financial development, and energy consumption on economic growth in Indonesia. *Economies*. https://doi.org/10.3390/economies9040174

Foreign direct investment and globalization. (2021). In *Regionalism and Globalization*. https://doi.org/10.4324/9780203183410-17

Foreign direct investment: theory, evidence, and practice. (2002). *Choice Reviews Online*.

https://doi.org/10.5860/choice.40-0422

Frieman, J., Saucier, D. A., & Miller, S. S. (2022). Multiple Regression and Beyond. In *Principles & Methods of Statistical Analysis*. https://doi.org/10.4135/9781071878903.n18

Greene, W. H. (2013). Econometric Analysis. Fifth Edition. In *Journal of Chemical Information and Modeling*.

Gries, T., Kraft, M., & Meierrieks, D. (2009). Linkages Between Financial Deepening, Trade Openness, and Economic Development: Causality Evidence from Sub-Saharan Africa. *World Development*. https://doi.org/10.1016/j.worlddev.2009.05.008

Gui-Diby, S. L., & Renard, M. F. (2015). Foreign Direct Investment Inflows and the Industrialization of African Countries. *World Development*. https://doi.org/10.1016/j.worlddev.2015.04.005

Güris, S., & Gözgör, K. (2015). Trade openness and FDI inflows in Turkey. *Applied Econometrics and International Development*.

Hansen, H., & Rand, J. (2006). On the causal links between FDI and growth in developing countries. *World Economy*. https://doi.org/10.1111/j.1467-9701.2006.00756.x

Higgs, H., Smith, A., & Cannan, E. (1896). Lectures on Justice, Police, Revenue, and Arms. *The Economic Journal*. https://doi.org/10.2307/2957203

Jaiblai, P., & Shenai, V. (2019). The determinants of FDI in sub-Saharan economies: A study of data from 1990–2017. *International Journal of Financial Studies*. https://doi.org/10.3390/ijfs7030043

Jie, L., & Shamshedin, A. (2019). The Impact of FDI on Industrialization in Ethiopia. *International Journal of Academic Research in Business and Social Sciences*. https://doi.org/10.6007/ijarbss/v9-i7/6175

Kalalang, R. J., Laorenza, E. V., & Canto, D. M. A. (2022). Stimulating Global Competitiveness: An Economic Analysis of the Middle-Income Trap in The Philippines. *Journal of Economics, Finance and Accounting Studies*. https://doi.org/10.32996/jefas.2022.4.1.23

King, R. G., & Levine, R. (1994). Capital fundamentalism, economic development, and economic growth. *Carnegie-Rochester Confer. Series on Public Policy*. https://doi.org/10.1016/0167-2231(94)90011-6

Letiche, J. M. (1960). Adam Smith and David Ricardo on Economic Growth. *The Punjab University Economist*.

Lien, T. K. N. (2021). The Effect of Trade Openness on Foreign Direct Investment in Vietnam *. *Journal of Asian Finance*.

Liu, D. (2019). Foreign Direct Investment, Capital Flows, and Urbanization: the Case of China. In *Cities of Dragons and Elephants*. https://doi.org/10.1093/oso/9780198829225.003.0011

Mah, J. S. (2021). Specialization in Primary Products, Industrialization and Economic Development of Ghana. *Forum for Development Studies*.

https://doi.org/10.1080/08039410.2021.1903546

Maneschi, A. (2008). How Would David Ricardo Have Taught the Principle of Comparative Advantage? *Southern Economic Journal*. https://doi.org/10.1002/j.2325-8012.2008.tb00886.x

Moore, A. W., Anderson, B., Das, K., & Wong, W. K. (2006). Combining Multiple Signals for Biosurveillance. In *Handbook of Biosurveillance*. https://doi.org/10.1016/B978-012369378-5/50017-X

Nasir, A. (2015). Impact of Urbanization on Economic Growth: Four Sector Analysis in Case of Pakistan. *Journal of Independent Studies and Research-Management, Social Sciences and Economics*. https://doi.org/10.31384/jisrmsse/2015.13.2.8

Numbu, L. P., & Belyaeva, Z. S. (2021). The relationship between foreign direct investment and gdp in cameroon (2000–2020). *R-Economy*. https://doi.org/10.15826/recon.2021.7.3.018

OECD. (2014). Glossary Of Foreign Direct Investment Terms And Definitions This. In *Organization for Economic Co-operation and Development*.

OECD Benchmark Definition of Foreign Direct Investment. (1996). In *OECD Benchmark Definition of Foreign Direct Investment*. https://doi.org/10.1787/9789264064805-en

OECD Benchmark Definition of Foreign Direct Investment 2008. (2009). In *OECD Benchmark Definition of Foreign Direct Investment 2008*. https://doi.org/10.1787/9789264045743-en

Oyegoke, E. O., & Aras, O. N. (2021). Impact of Foreign Direct Investment on Economic Growth in Nigeria. *Journal of Management, Economics, and Industrial Organization*. https://doi.org/10.31039/jomeino.2021.5.1.2

Pelsa, I., & Balina, S. (2022). Development Of Economic Theory – From Theories Of Economic Growth And Economic Development To The Paradigm Of Sustainable Development. *DIEM: Dubrovnik International Economic Meeting*. https://doi.org/10.17818/diem/2022/1.10

Perreault, K. (2011). Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. *Manual Therapy*, *16*(1), 103. https://doi.org/10.1016/j.math.2010.09.003

Philippine Statistics Authority. (2019). The Foreign Investments in the Philippines. Philippine Statistics Authority.

Quy, T. (2021). The Relationship Between Foreign Direct Investment Inflows and Trade Openness: Evidence from ASEAN and Related Countries. *Huu Tin HO / Journal of Asian Finance*.

Rathnayaka Mudiyanselage, M. M., Epuran, G., & Tescașiu, B. (2021). Causal Links between Trade Openness and Foreign Direct Investment in Romania. *Journal of Risk and Financial Management*. https://doi.org/10.3390/jrfm14030090

Roy, M. (2021). Sharing economy and sustainability. In *Sustainable Development Strategies*. https://doi.org/10.1016/b978-0-12-818920-7.00004-9

Sabir, S., Rafique, A., & Abbas, K. (2019). Institutions and FDI: evidence from developed and developing countries. *Financial Innovation*. https://doi.org/10.1186/s40854-019-0123-7

Sandler, C., & Clune, M. (2020, July 24). *Foreign Direct Investment: Changes in The Philippines*. Retrieved from King & Wood Mallesons: https://www.kwm.com/de/en/insights/latest-thinking/fdi-philippines.html#_ftn1%20%E2%80%93%20restrictions

Shpinev, Y. (2021). David Ricardo on Investment. *Economic Problems and Legal Practice*. https://doi.org/10.33693/2541-8025-2021-17-1-146-151

Smith, A. (2008). An Inquiry into the Nature and Causes of the Wealth of Nations. In *Readings in Economic Sociology*. https://doi.org/10.1002/9780470755679.ch1

Smith, A. (2020). An inquiry into the nature and causes of the wealth of nations. In *Knowledge and Postmodernism in Historical Perspective*. https://doi.org/10.2307/2221259

Smith, J. (2007). Amending The Philippines' Laws Governing Foreign Property Ownership: The Extent to Which Mexican Law Can Serve As A Workable Template? *Georgia Journal of International & Comparative Law, 35*(3).

Standen, T. (2022, March 25). *The Philippines Amends its Foreign Investment Act*. Retrieved from ASEAN Briefing: https://www.aseanbriefing.com/news/the-philippines-amends-its-foreign-investment-act/

Sutikno, S., & Suliswanto, M. S. W. (2017). The Impact of Industrialization on The Regional Economic Development and Community Welfare. *Signifikan: Jurnal Ilmu Ekonomi*. https://doi.org/10.15408/sjie.v6i2.5334

Trading Economics. (2022, April). *Philippines Foreign Direct Investment*. Retrieved from Trading Economics: https://tradingeconomics.com/philippines/foreign-direct-investment#:~:text=Philippines%20Rebounds%20Sharply-,Net%20foreign%20direct%20investment%20into%20the%20Philippines%20surged%2046.3%25%20yoy,investors%20to%20their%20local%20subsidiaries.

Turok, I., & McGranahan, G. (2013). Urbanization and economic growth: The arguments and evidence for Africa and Asia. In *Environment and Urbanization*. https://doi.org/10.1177/0956247813490908

Turok, I., & McGranahan, G. (2019). Urbanisation and Economic Growth: The Arguments and Evidence for Africa and Asia. *Urbanisation*. https://doi.org/10.1177/2455747119890450

United Nations. (2020a). Inequality in a Rapidly Changing World. In *World social report 2020*.

United Nations. (2020b). World Social Report 2020 - Inequality in a Rapidly Changing World. In *World social report 2020*.

Wu, Y., & Chen, C. (2016). The impact of foreign direct investment on urbanization in China. *Journal of the Asia Pacific Economy*. https://doi.org/10.1080/13547860.2016.1176641

Zaman, Q. U., Donghui, Z., Yasin, G., Zaman, S., & Imran, M. (2018). Trade Openness and FDI Inflows: A Comparative Study of Asian Countries. *European Online Journal of Natural and Social Sciences*.

Journal of Asian Development
ISSN 2377-9594
2023, Vol. 9, No. 1

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (http://creativecommons.org/licenses/by/4.0/)