ABSTRACT

This research focused on the macroeconomic factors affecting inward FDI into Thailand for the period of 2001-2012. For this study, FDI in Thailand in the form of investment value proposed through the BOI was selected as the dependent variable to represent long term investment mainly in the manufacturing sector as literatures identified that FDI contributes to the country's long term economic growth. First, this paper looked into the various theories of FDI as both inward and outward FDI has become an important economic factor discussed in past literature. Surprisingly, the outcome of each study resulted in different determinants affecting FDI in different countries.

The method used was Ordinary Least Square Regression using the quarterly data from year 2001 to 2012. Results revealed that five macroeconomic variables, such as GDP growth, Exchange rate, Labor productivity, Capacity Utilization and Unemployment rate, played a key role in influencing the decisions of Multinational Enterprises to invest in Thailand. Other macroeconomic variables such as Current account, GDP per capita, Inflation and Interest rate were insignificant macroeconomic variables affected the FDI in Thailand. More specifically, Thailand needs to consider improvement in productivity and human resources to be able to attract and sustain FDI in the long run.