



**A COMPARATIVE ANALYSIS OF FOREIGN DIRECT INVESTMENT
INFLOWS BETWEEN SINGAPORE AND INDONESIA**

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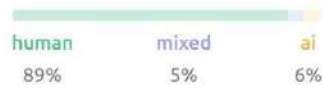
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ABSTRACT

Title: A Comparative Analysis of FDI Inflows between Singapore and Indonesia

This study aims to investigate the competitive advantage in Foreign Direct Investment (FDI) inflows between Indonesia and Singapore by analyzing critical elements that shape their investment climates. Utilizing competitive advantage theory as the analytical framework, the research focuses on Porter Diamond Model determinants factors: factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry. Using a qualitative method, these determinants are further examined through eight variables to identify strengths and weaknesses in each country's approach to attracting FDI. The findings reveal that Singapore demonstrates superior performance in six variables out of eight. In contrast, Indonesia performs better in two variables out of eight. Despite its strengths, Indonesia faces challenges in infrastructure and regulatory efficiency, which diminish its overall appeal to investors compared to Singapore. The study underscores the critical importance of targeted policy reforms in Indonesia to address these gaps, enhance its investment climate, and maximize the economic benefits of FDI. These insights provide valuable guidance for both nations in formulating strategies to sustain and improve their competitive positions in the global FDI landscape.

Keywords: FDI, Indonesia, Singapore, Competitiveness, Porter Diamond Model

ABSTRAK

Judul : Analisis Perbandingan Arus Masuk FDI antara Singapura dan Indonesia

Penelitian ini bertujuan untuk menganalisis keunggulan kompetitif dalam aliran Foreign Direct Investment (FDI) antara Indonesia dan Singapura dengan mengidentifikasi elemen-elemen kunci yang membentuk iklim investasi di kedua negara. Menggunakan teori keunggulan kompetitif sebagai kerangka analisis, penelitian ini memfokuskan perhatian pada faktor-faktor determinan dalam Porter Diamond Model, yakni factor conditions, demand conditions, related supporting industries, serta firm strategy, structure, and rivalry. Dengan metode kualitatif, faktor-faktor determinan tersebut dianalisis melalui delapan variabel guna mengidentifikasi kekuatan dan kelemahan masing-masing negara dalam menarik FDI. Hasil penelitian menunjukkan bahwa Singapura menunjukkan kinerja yang lebih unggul pada enam dari delapan variabel yang dianalisis. Sebaliknya, Indonesia lebih unggul pada dua variabel lainnya. Meskipun memiliki kekuatan tertentu, Indonesia menghadapi tantangan signifikan terkait dengan infrastruktur dan efisiensi regulasi, yang secara substansial mengurangi daya tariknya bagi investor jika dibandingkan dengan Singapura. Penelitian ini menekankan pentingnya reformasi kebijakan yang terarah di Indonesia untuk mengatasi kesenjangan ini, memperbaiki iklim investasi, serta memaksimalkan manfaat ekonomi dari FDI. Temuan ini memberikan panduan strategis bagi kedua negara dalam merumuskan kebijakan yang dapat mempertahankan dan meningkatkan posisi kompetitif mereka dalam konteks FDI global.

Kata kunci: FDI, Indonesia, Singapura, Daya Saing, Porter Diamond Model

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“For I know the plans I have for you, declares the LORD, plans to prosper you and not to harm you, plans to give you hope and a future.”

Jeremiah 29:11

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LIST OF ABBREVIATIONS

FDI	: Foreign Direct Investment
IFDI	: Inward Foreign Direct Investment
OECD	: Organisation for Economic Co-operation and Development
ASEAN	: Association of Southeast Asian Nations
GDP	: Gross Domestic Product
CPI	: Corruption Perception Index
EODB	: Ease of Doing Business
EDB	: Economic Development Boar
MNC	: Multinational Corporation
UNCTAD	: United Nations Conference on Trade and Development
MTI	: Ministry of Trade and Industry
ACRA	: Accounting and Corporate Regulatory Authority
WTO	: World Trade Organization
BKPM	: Badan Koordinasi Penanaman Modal
WJP	: World Justice Project
ROL	: Rule of Law
FTA	: Free Trade Agreement
BPS	: Badan Pusat Statistik
HCI	: Human Capital Index
GCI	: Global Competitiveness Index