LIST OF CONTEN

Page

ORIGINALITY STATEMENT OF THE THESIS ..... **ii**
THESIS SUPERVISOR'S APPROVAL ..... **iii**
THESIS EXAMINATION COMMITTEE ..... **iv**
ABSTRACT ..... **v**
PREFACE ..... **vi**
LIST OF CONTEN ..... **viii**
LIST OF FIGURES ..... **x**
LIST OF TABLES ..... **xi**
CHAPTER 1 INTRODUCTION **1**
1.1 Research Background 1
1.2 Research Objectives 5
1.3 Research Questions 6
1.4 Research Beneficiary 6
1.5 Thesis Structure 8
CHAPTER 2 LITERATURE REVIEW **10**
2.1 Environmental Degradation 10
2.2 Determinant of Environmental Degradation 12
2.2.1 Foreign Direct Investment (FDI) 12
2.2.2 Economic Growth (GDP) 13
2.2.3 Trade Openness 14
2.2.4 Manufacturing 15
2.2.5 Political Stability 16
2.2.6 Urbanization 18
2.2.7 Population Growth 19
CHAPTER 3 RESEARCH METHOD **20**
3.1 Data 20
3.2 Empirical Model 21

3.3 Panel Data Model Analysis 22
3.3.1 Common Effects Model 23
3.3.2 Fixed Effects Model 23
3.3.3 Random Effects Model 23
3.4 Panel Model Selection 24
3.4.1 Chow-Test 24
3.4.2 Hausmant Test 24
3.4.3 Lagrange Multiplier (LM) Test 25
3.5 Diagnostic Test 25
3.5.1 Autocorrelation Test 26
3.5.2 Heteroskedasticity Test 26
3.5.3 Cross-Sectional Dependence Test 27
CHAPTER 4 RESULT AND DISCUSSION **28**
4.1 Descriptive Statistics 28
4.1.1 Descriptive Statistics All Countries 28
4.1.2 Descriptive Statistics Developed & Emerging Countries 31
4.2 Panel Model Estimation 35
4.2.1 Chow Test 35
4.2.2 Hausman Test 36
4.3 Diagnostic Test 36
4.3.1 Heteroscedasticity Test 36
4.3.2 Autocorrelation Test 37
4.3.3 Cross-Sectional Dependence Test 37
4.4 Result and Empirical Interpretation 38
CHAPTER 5 CONCLUSION **48**
5.1 Conclusion 48
5.2 Suggestion 51
Bibliography **53**

LIST OF FIGURES

Page

Figure 1.1 *Global view on foreign direct investment (UNCTAD, 2023a)* 2

Figure 1.2 *The Flows of FDI from 2020 to 2021 to developing nations in Asia and its subregions (UNCTAD, 2022).* 3

Figure 1.3 *CO_2 Emission in the world. Source: Faulder (2021).* 3

Figure 1.4 *N2O Emission Worldwide* (Tiseo, 2023). 4

Figure 2.1.1 *Environmental Kuznets Curve. Source:* (Prasad, 2024) 11

LIST OF TABLES

Page

Table 3.1 Country List 20

Table 4.1 Descriptive Statistics All Countries 28

Table 4.2 Descriptive Statistics Developed & Emerging Countries 31

Table 4.3 Chow Test 35

Table 4.4 Hausman test 36

Table 4.5 Heteroskedasticity test 36

Table 4.6 Autocorrelation test 37

Table 4.7 Cross-sectional dependence test 38

Table 4.9 Panel Data Regression 38