

THE RELATIONSHIP AMONG FOREIGN DIRECT INVESTMENT, INFLATION RATE, UNEMPLOYMENT RATE, AND EXCHANGE RATE TO ECONOMIC GROWTH IN INDONESIA

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Abstract – *The main theme of this project is economic growth and focus on finding the relationship among foreign direct investment, inflation rate, unemployment rate, and exchange rate toward the economic growth in Indonesia based on the multiple linear regression analysis. The result represents that FDI, inflation rate, unemployment rate, and exchange rate has a significant influence towards the economic growth. The two of them which are exchange rate and inflation rate show a significant influence toward the economic growth. Thus, when the exchange rate and inflation rate increase, the economic growth will be decrease. Meanwhile, the rest of them which are unemployment rate and FDI also have a significant influence toward the economic growth. If FDI and unemployment rate increase, then Indonesia's economic growth will also increase. Indonesia as a developing country shows an increase in the influence of Foreign Direct Investment toward economic growth and allow it to continue to rise in the future, but for now all of the macroeconomics factors that observed in this research have a significant influence toward Indonesia's economic growth.*

Keywords: *Foreign Direct Investment, inflation rate, exchange rate, unemployment rate, economic growth, relationship, multiple linear regression analysis*

Introduction

Indonesia is an emerging global powerhouse in Asia. With the GDP expected to reach US\$ 1 trillion in 2012, Indonesia is the largest economy in Southeast Asia. Much less affected by the global financial crisis compared to its neighboring countries, Indonesia's economy grew by 5.7% in 2013, making "The World's Most Stable Economy in the Last Five Years" according to The Economist Magazine. Indonesia grew by 6.2% in 2012 and in 2014, stronger economic growth is expected around the lower end of the 5.8-6.2% range. Future economic expansion is expected to include more inclusive growth as nominal per-capita GDP is expected to quadruple by 2020, according to a Standard Chartered report (bkpm.go.id, 2014). Indonesia has opened Foreign Direct Investment since 1967 and the realization of investment in Indonesia based on Investment Coordinating Board 2014 defined in the following graph.



Figure 1 Investment Realizations in Indonesia 2009-2013

Other factors that also affect economic growth are macroeconomics factors such as: inflation rate, unemployment rate, and exchange rate. There are still pros and cons from the previous study though it has been analyzed by varied econometric methods. It is important to do the research to find the relationship among those variables.

Literature Review

Economic Growth

Growth is measured by the change in real gross domestic product (GDP) and by the change in per capita real GDP. Per capita real GDP is real GDP divided by the total population. GDP is the total market value of all final goods and services produced in an economy in a one-year period. This tool is probably the single most-used economic measure. GDP is usually divided into four categories which are consumption, investment, government spending and net exports. Consumption means spending by households on goods and services, investment is spending for the purpose of additional production, government spending is goods and services that government buys, while net exports is spending on goods and services produced in the Indonesia that foreigners buy (exports) minus goods and services produced abroad that Indonesia citizens buy (imports). It can be summarized that GDP measures aggregate final production taking place in a country. GDP also represents a flow (an amount per year) and refers to the market value of final output.

Foreign Direct Investment

Foreign Direct Investment (FDI) is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate). FDI implies that the investor exerts a significant degree of influence on the management of the enterprise resident in the other economy (World Investment Report 2007: Transnational Corporations, Extractive Industries and Development).

In the 1990's, Foreign Direct Investment became the largest single source of external finance for developing countries (UNCTAD Handbook of Statistics, 2003). Empirical work on the role of Foreign Direct Investment seems to suggest that Foreign Direct Investment is an important source of capital, complements domestic private investment, is usually associated with new job opportunities, in most of the cases is related to the enrichment of technology transfer and overall boosts economic growth in host countries (Chowdhury and Mavrotas, 2003). With the virtual disappearance of commercial bank lending to developing economies in the 1980s, most countries lessened restrictions on Foreign Direct

Investment and many countries aggressively offered tax incentives, subsidies, and import duty exemptions to attract foreign enterprises (Aitken and Harrison, 1999).

Inflation Rate

Inflation is a continual rise in the price level. The price level is an index of all prices in the economy. A one-time rise in the price level is not inflation; it is an ongoing rise in the price level. If the price goes up 10 percent in a month, but then remains constant, the economy does not have an inflation problem. The aggregate supply-aggregate demand (AS-AD) framework also postulated a positive relationship between inflation and growth where, as growth increased, so did inflation. If the short run aggregate supply shifting up while aggregate demand remains constant, it will make the price level increase. However, the economy will return to potential output but with a higher rate of inflation.

Unemployment Rate

The unemployment rate is the percentage of people in the economy who are willing and able to work but not working. Usually, when economy is growing, the unemployment is decrease, but when the economy is in a recession, the unemployment is rising. The unemployment rate is measured by dividing the number of unemployed individuals by the number of people in civilian labor force and multiplying by 100.

Exchange Rate

The price of one country's currency in terms of another's currency is called the exchange rates. The currencies of all countries are connected through exchange rates. Foreign demand for domestic goods increases while the domestic demand for foreign goods decreases as individuals shift their spending to domestic goods at home. Both these effects increase net exports and shift the AD curve to the right. By the same perceptive, when a country's currency gains value, the aggregate demand curve shifts in the opposite direction.

Methodology



Data Analysis**Description of the GDP Growth, FDI, Inflation, Unemployment and Exchange Rate during 1983-2012 periods**

Table 1. Description of the GDP Growth, FDI, Inflation, Unemployment and the Exchange Rate during 1983-2012 periods

Year	GDP Growth (%)	FDI (Rupiah)	Inflation (%)	Unemployment (%)	Exchange Rate (%)
1983	8.45	292,000,000	11.46	2.00	909.26
1984	7.17	222,000,000	8.76	2.00	1025.94
1985	3.48	310,000,000	4.31	2.05	1110.58
1986	5.96	258,000,000	8.83	2.70	1282.56
1987	5.30	385,000,000	8.90	2.62	1643.85
1988	6.36	576,000,000	5.47	2.85	1685.70
1989	9.08	682,000,000	5.97	2.81	1770.06
1990	9.00	1,093,000,000	9.53	2.55	1842.81
1991	8.93	1,482,000,000	9.52	2.62	1950.32
1992	7.22	1,777,000,000	4.94	2.74	2029.92
1993	7.25	2,004,000,000	9.77	2.78	2087.10
1994	7.54	2,109,000,000	9.24	4.36	2160.75
1995	8.40	4,346,000,000	8.64	7.20	2248.61
1996	7.64	6,194,000,000	6.47	4.87	2342.30
1997	4.70	4,677,000,000	11.05	4.69	2909.38
1998	-13.13	-240,800,000	77.63	5.46	10013.62
1999	0.79	-1,865,620,963	2.01	6.36	7855.15
2000	4.92	-4,550,355,286	9.35	6.08	8421.78
2001	3.64	-2,977,391,857	12.55	8.10	10260.85
2002	4.50	145,085,549	10.03	9.06	9311.19
2003	4.78	-596,923,828	5.06	9.67	8577.13
2004	5.03	1,896,082,770	6.40	9.86	8938.85
2005	5.69	8,336,257,208	17.11	11.24	9704.74
2006	5.50	4,914,201,435	6.60	10.28	9159.32
2007	6.35	6,928,480,000	6.59	9.11	9141.00
2008	6.01	9,318,453,650	11.06	8.39	9698.96
2009	4.63	4,877,369,178	2.78	7.87	10389.94
2010	6.22	13,770,580,771	6.96	7.14	9090.43
2011	6.49	19,241,252,762	3.79	6.56	8770.43
2012	6.23	19,618,049,398	4.30	6.14	9386.63
Average	5.47	3,507,390,693	10.17	5.67	5523.97
Max	9.08	19,618,049,398	77.63	11.24	10389.94
Min	-13.13	-4,550,355,286	2.01	2.00	909.26

Table 1 describes the GDP Growth which is representing the economic growth, FDI, Inflation, Unemployment and the Exchange Rate during 1983-2012 periods. The average value of GDP Growth in that period is 5.47 with the highest value 9.08 in 1989 and the lowest value -13.13 in 1998. The average value of FDI in that period is 3,507,390,693 with the highest value 19,618,049,398 in 2012 and the lowest value 4,550,355,286 in 2000. The average Inflation rate in that period amounted to 10.17 with the highest value 77.63 in 1998 and the lowest value 2.01 in 1999. The average Unemployment rate in that period is 5.67 with the highest value 11.24 in 2005 and the lowest value 2.00 in 1983-1984. The average value of Exchange Rate in that period is 5523.97 with the highest value 10389.94 in 2009 and the lowest value 909.26 in 1983. This statement indicates that the GDP Growth, FDI, Inflation, Unemployment and Exchange Rate has increased and decreased each year as shown in the following figure, respectively.

Normality Test

Normality testing is done through Kolmogorov-Smirnov Test. With the help of SPSS 13 software, it obtained results as follow:

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		30
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.68934978
Most Extreme Differences	Absolute	.128
	Positive	.069
	Negative	-.128
Kolmogorov-Smirnov Z		.700
Asymp. Sig. (2-tailed)		.711

a. Test distribution is Normal.

b. Calculated from data.

Normality analysis based on Kolmogorov-Smirnov method requires normal curve if the value of Asymp. Sig is at the limit of maximum error, i.e. 0.05. As in the regression analysis, the one which tested by the normality test is the distraction variable or the residual that is random stochastic, then the data above can be used because the residual variables are normally distributed.

Multicollinearity Test

Multicollinearity is a condition where many or all variables are not high correlated. Variance Inflation Factors used to detect whether there are Multicollinearity or not. With the help of SPSS 13 software, it obtained the following results:

Table 3. Multicollinearity Test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	FDI	.828	1.208
	Inflation	.796	1.256
	Unemployment	.228	4.384
	Exchange Rate	.205	4.884

a. Dependent Variable: GDP Growth (y)

On the table 3, it can be seen that the VIF value is less than 10; therefore it can be conclude that there are no multicollinearity in the calculated data.

Autocorrelation Test

Autocorrelation test is used to determine whether there is a correlation among the residual in one observation with the other observation in regression model. Autocorrelation test is done with Durbin Watson Statistic Test by comparing the calculated Durbin-Watson value (DW) with the critical values (dL and dU).

The sample size that is used in this research is $n = 30$, $\alpha = 0.05$ and the independent variable is $k = 4$, obtained critical value $dL = 1.1426$ and $dU = 1.7386$

The Durbin Watson test obtained the following results:

Table 4 Autocorrelation Test

Model Summary ^a	
Model	Durbin-Watson
1	1.914

b. Dependent Variable: GDP Growth (y)

According to table 4, the value of Durbin-Watson is 1,914. It lies between $dU (1.7386) < DW (1.914) < 4 - dU (2.2614)$, therefore it can be conclude that there is no autocorrelation in the data.

Heteroscedasticity Test

Heteroscedasticity Test aims to test whether there is a difference in the variance of each residual variable. If the variance of each residual is constant, it is called homoscedasticity. The test is done by correlating each independent variable with the absolute value of the residual using the Spearman Rank correlation. With the help of SPSS 13 software, it obtained the following results:

Table 5 Heteroscedasticity Test

Correlations			Unstandardized Residual
Spearman's rho	FDI	Correlation Coefficient	.049
		Sig. (2-tailed)	.798
		N	30
	Inflation	Correlation Coefficient	.455
		Sig. (2-tailed)	.011
		N	30
	Unemployment	Correlation Coefficient	-.066
		Sig. (2-tailed)	.730
		N	30
	Exchange Rate	Correlation Coefficient	.005
		Sig. (2-tailed)	.980
		N	30

From table 5, it can be seen that there is a non-significant correlation. It is seen from the p-value (Sig) that is bigger than 0.05. Therefore it can be conclude that there is no heteroscedasticity in this regression model.

Multiple Linear Regression

Multiple Linear Regression (R) is used to find out the relationship between FDI (X_1), Inflation (X_2), Unemployment (X_3) and Exchange Rate (X_4) towards GDP Growth (Y).

Table 6 Multiple Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.905 ^a	.818	.789	1.81949

a. Predictors: (Constant), Exchange Rate, Inflation, FDI, Unemployment

The value of coefficient multiple linear regressions earned from the output of the SPSS software above is 0.905. That is shows that there is a strong relationship between FDI (X_1), Inflation (X_2), Unemployment (X_3) and Exchange Rate (X_4) towards GDP Growth (Y).

Coefficient Determination Analysis

Coefficient Determination Analysis is used to analyse how strong the influence of each independent variable towards the dependent variable. The coefficient determination analysis based on the SPSS calculation as follow:

Table 7. Coefficient Determination Analysis

Variable	Standardized Coefficients Beta	Correlations Zero-order	Value of Partial Relationship	Value of Partial Relationship (%)
X ₁	0.196	0.182	0.036	3.6%
X ₂	-0.678	-0.834	0.566	56.6%
X ₃	0.314	-0.180	-0.057	-5.7%
X ₄	-0.633	-0.432	0.273	27.3%
Total Relationship			0.818	81.8%

Partial influence is acquired by multiplying the *standardized coefficient beta* with *zero-order*. According to the table above, it can be seen that the influence of the FDI (X₁) towards GDP Growth (Y) partially is 3.6%, the influence of Inflation (X₂) towards GDP Growth (Y) partially is 56.6%, the influence of Unemployment (X₃) towards GDP Growth (Y) partially is -5.7%, the influence of Exchange Rate (X₄) towards GDP Growth (Y) partially is 27.3%. Thus, the overall influence of FDI (X₁), Inflation (X₂), Unemployment (X₃) and Exchange Rate (X₄) towards GDP Growth (Y) is 81.8%. It also can be seen according to the value of coefficient determination.

Coefficient Determination

The impact of FDI (X₁), Inflation (X₂), Unemployment (X₃) and Exchange Rate (X₄) toward the GDP Growth (Y) it can be shown by the coefficient determination with the following formula:

$$\begin{aligned}
 KD &= R^2 \times 100\% \\
 &= (0.905)^2 \times 100\% \\
 &= 81.8\%
 \end{aligned}$$

It means that FDI (X₁), Inflation (X₂), Unemployment (X₃) and Exchange Rate (X₄) variables 81.8% influenced the GDP Growth (Y). While, the rest of 18.2% is the contribution of other variables other than FDI (X₁), Inflation (X₂), Unemployment (X₃) and Exchange Rate (X₄).

Overall Hypothesis Testing (F-Test)

F-Test is used to show whether the independent variables have significant influence towards the dependent variable or not.

Ho: There is no significant influence of FDI (X₁), Inflation (X₂), Unemployment (X₃) and Exchange Rate (X₄) towards GDP Growth (Y).

Ha: There is significant influence of FDI (X₁), Inflation (X₂), Unemployment (X₃) and Exchange Rate (X₄) towards GDP Growth (Y).

Statistical Test: ($\alpha = 5\%$)

$$F = \frac{R^2(n-k-1)}{k(1-R^2)}$$

Test Criteria: 1. Ho is accepted if the F calculation < F table

2. Ho is rejected if the F calculation \geq F table

F table = $F_{\alpha; (df_1, df_2)}$; $df_1 = k$, $df_2 = n-k-1$

F-Test result according to the SPSS calculation presents in the following table:

Table 8 Overall Hypothesis Testing (F-Test)

F count	Df	F table	Sig	Description	Conclusion
28.162	df1 = 4	2.759	0.000	Ho rejected	There is significant influence
	df2 = 25				

According to Table 8, H_0 is denied because the value of F calculation (28.162) > F table (2.759). Thus it can be concluded that simultaneously there are simultaneous significant effects from FDI (X_1), Inflation (X_2), Unemployment (X_3) and Exchange Rate (X_4) towards GDP Growth (Y).

Partial Hypothesis Testing (T-Test)

T-Test is used to test the partial hypothesis and shows the significant influence from each independent variable to the dependent variable.

Hypothesis:

- $H_{01}: \beta_1 = 0$ There is no significant influence from FDI (X_1) towards GDP Growth (Y).
 $H_{a1}: \beta_1 \neq 0$ There is significant influence from FDI (X_1) towards GDP Growth (Y).
- $H_{02}: \beta_2 = 0$ There is no significant influence from Inflation (X_2) towards GDP Growth (Y).
 $H_{a2}: \beta_2 \neq 0$ There is significant influence from Inflation (X_2) towards GDP Growth (Y).
- $H_{03}: \beta_3 = 0$ There is no significant influence from Unemployment (X_3) towards GDP Growth (Y).
 $H_{a3}: \beta_3 \neq 0$ There is significant influence from Unemployment (X_3) towards GDP Growth (Y).
- $H_{04}: \beta_4 = 0$ There is no significant influence from Exchange Rate (X_4) towards GDP Growth (Y).
 $H_{a4}: \beta_4 \neq 0$ There is significant influence from Exchange Rate (X_4) towards GDP Growth (Y).

Statistical Test: ($\alpha = 5\%$)

$$T_{\text{calculation}} = \frac{b}{Se(b)}, \text{ degree of freedom} = n - k - 1$$

Test Criteria: 1. If the $-t \text{ table} \leq t \text{ calculation} \leq t \text{ table}$, H_1 is accepted and H_0 is rejected.

2. If the $t \text{ calculation} < -t \text{ table}$ or $t \text{ calculation} > t \text{ table}$, H_1 is accepted and H_0 is rejected.

The test result based on the SPSS calculation presents in the following table:

Table 9 Partial Hypothesis Testing (T-Test)

Variable	t count	df	t table	Sig	Description	Conclusion
X1	2.090	25	2.060	0.047	Ho rejected	Significant
X2	-7.101	25	2.060	0.000	Ho rejected	Significant
X3	1.762	25	2.060	0.090	Ho accepted	Not Significant
X4	-3.359	25	2.060	0.003	Ho rejected	Significant

Based on the table 4.9, the results can be seen as follows:

1. FDI (X_1) has a greater value of t calculation than the value of t table and Sig value < 0.05, so the H_0 is rejected. Therefore, it can be concluded that partially there is significant influence from FDI (X_1) towards GDP Growth (Y).
2. Inflation (X_2) has a smaller value of t calculation than the value of -t table and Sig value < 0.05, so the H_0 is rejected. Therefore, it can be concluded that partially there is significant influence from Inflation (X_2) towards GDP Growth (Y).
3. Unemployment (X_3) has a smaller value of t calculation than the value of t table and Sig value > 0.05, so the H_0 is rejected. Therefore, it can be concluded that partially there is no significant influence from Unemployment (X_3) towards GDP Growth (Y).

4. Exchange Rate (X_4) has a smaller value of t calculation than the value of t table and Sig value > 0.05, so the H_0 is rejected. Therefore, it can be concluded that partially there is no significant influence from Exchange Rate (X_4) towards GDP Growth (Y).

Influence of FDI (X_1), Inflation (X_2), Unemployment (X_3) and Exchange Rate (X_4) towards GDP Growth (Y).

Multiple Linear Regression Analysis is used to seek the influence of FDI (X_1), Inflation (X_2), Unemployment (X_3) and Exchange Rate (X_4) towards GDP Growth (Y) with the following equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$$

Y = GDP Growth

X_1 = Foreign Direct Investment

X_2 = Inflation

X_3 = Unemployment

X_4 = Exchange Rate

a = Konstanta

b_1, b_2, b_3, b_4 = Regression Coefficient

The calculated result for multiple regression analysis by SPSS software are presented in the following table:

Table 10 Multiple Regression Analysis

Variable	Regression Coefficient	Std. Error	t	Sig.
(Constant)	8.268	0.839	9.860	0.000
X_1	0.0000000001	0.0000000001	2.090	0.047
X_2	-0.205	0.029	-7.101	0.000
X_3	0.427	0.242	1.762	0.090
X_4	-0.001	0.000	-3.359	0.003

Based on the table 10, it can be seen that the calculation obtains a multiple linear regression equation as follow:

$$Y = 8.268 + 0.0000000001 X_1 - 0.205 X_2 + 0.427 X_3 - 0.001 X_4$$

The regression coefficient value on the independent variables describing if the independent variable increasing one unit and value of the other independent variables is estimated to be constant or equal to zero, therefore the value of the dependent variable expected to be going up and down according to the regression coefficient sign of the independent variable.

The multiple linear regression above obtained a constant value of 8.268. It means, if the GDP Growth (Y) is not influenced by the other independent variables which are: FDI (X_1), Inflation (X_2), Unemployment (X_3) and Exchange Rate (X_4) is zero, then the average of the GDP Growth would be worth 8.268.

The regression coefficient of the dependent variable indicates the relationship direction from the variable that is corresponding with the GDP Growth. The regression coefficient for the dependent variable X_1 is positive, it shows that there is a direct relationship between FDI (X_1) with GDP Growth (Y). The regression coefficient of the variable X_1 is 0.0000000001 means if one unit added in the FDI (X_1), it will cause the increasing of 0.0000000001 in the GDP Growth (Y).

The regression coefficient for the dependent variable X_2 is negative, it shows that there is no direct relationship between Inflation (X_2) with GDP Growth (Y). The regression coefficient of the variable X_2 is -0.205 means if one unit added in the Inflation (X_2), it will cause the decreasing of 0.205 in the GDP Growth (Y).

The regression coefficient for the dependent variable X_3 is positive, it shows that there is a direct relationship between Unemployment (X_3) with GDP Growth (Y). The regression coefficient of the variable X_3 is 0.427 means if one unit added in the Unemployment (X_2), it will cause the decreasing of 0.427 in the GDP Growth (Y).

The regression coefficient for the dependent variable X_4 is negative, it shows that there is no direct relationship between Exchange Rate (X_4) with GDP Growth (Y). The regression coefficient of the variable X_4 is -0.001 means if one unit added in the Inflation (X_4), it will cause the decreasing of 0.001 in the GDP Growth (Y).

Conclusions and Recommendations

Conclusions

Based on the research and data analysis, the result from regression model is to measure the relationship between Foreign Direct Investment, Inflation Rate, Unemployment Rate, and Exchange Rate with Economic Growth which is represented by GDP Growth.

The value of adjusted R^2 that resulted from the multiple regression model is 0.818 or around 81.8%. It indicates the independent variable simultaneously affect the economic growth for 81.8% while the rest is affected by other factors besides FDI, Inflation, Unemployment, and Exchange Rate which are discussed in this research.

Further, the result from multiple linear regression models using F-Test show that H_0 is rejected while H_a is accepted. That result means that there is significant simultaneous effect of independent variable toward economic growth. Hypothesis testing is using T-Test for partial influence of independent variable to economic growth, the result shows that H_0 is accepted and H_a is rejected in Unemployment Rate due to their significance level is higher than 0.05 and their $t_{\text{calculation}}$ value is less than the t_{table} value. Therefore, the H_0 is rejected and H_a is accepted in FDI, Inflation Rate and Exchange Rate due to their significance level is lower than 0.05 and their $t_{\text{calculation}}$ value is exceed the t_{table} value.

That result means that Unemployment Rate does not significantly affect the economic growth. Nevertheless, the result also shows that FDI, Inflation Rate, and Exchange Rate significantly affect the economic growth.

$$\text{Economic Growth} = 8.268 + 0.000000001 \text{ FDI} - 0.205 \text{ Inflation Rate} - 0.427 \text{ Unemployment Rate} - 0.001 \text{ Exchange Rate}$$

This regression function means that if value of the FDI, Inflation Rate, Unemployment Rate, and Exchange Rate is equal to zero, then the economic growth value will be 8.268. Thus, it can be concluded that the regression line intercepts Y-axis at 8.268. By the equation, it can be conclude that the higher value of inflation, unemployment, and exchange rate will make the economic growth value reduce by 0.205, 0.427 and 0.001 consecutively. Meanwhile, the higher value of FDI will make the economic growth value increase by 0.000000001. By this equation, it is known that the unemployment, inflation, and exchange rate have higher influence toward the economic growth rather than the FDI.

Recommendations

As described in the previous chapter about recommendation for the future research, author recommends to adding other indicators that are related to the economic growth besides the FDI, inflation, unemployment and exchange rate that already used in this research to see the influence of other factors that cannot be explained by the author. Then, the author also recommends that

Governments should strive to keep Foreign Direct Investment continues to increase with the increase of foreign investors to invest in Indonesia. Government also needs to keep the inflation rate and unemployment rate continued to decline to increase the economic growth of Indonesia. Government should also seek to stabilize the Indonesia Rupiah's exchange rate or even boosted it against the US Dollar.

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