CHAPTER V
CONCLUSION AND SUGGESTION

A. Conclusion

Based on the research and data analysis, the result from regression model by using linear regression analysis ordinary least square method aims to measure the influence of foreign direct investment, export and import on gross domestic product in Indonesia. The conclusion can be seen in these following explanation.

1. As one of alternative financing in Indonesia, Foreign direct investment has not become a reason for gross domestic product will increase. The findings of foreign direct investment have negative and insignificant effect. This result is relevant to the research conducted by the kholis (2012) said this condition is based on the fact that investment in Indonesia is very fluctuated. Indonesia has not been a priority as a place to invest capital of foreign investors. A study conducted by UNCTAD in 2006 placed Indonesia as a less desirable area because the location intensity score is less than 5. In addition, the performance and potential of foreign investor inflows are also categorized as low. This is due to the many barriers to entry for foreign investors such as less efficient bureaucracy and less supportive infrastructure is the reason why Indonesia is less desirable by foreign investors.
2. Export has a positive and signifcant on economic growth (GDP) in Indonesia. Export in one of gross domestic product, to increase the

gross domestic product we need to in crease export. This result is relevant to the research before. Pranoto (2016) Said the greater the export value of a country will cause the higher economic activity to be achieved by the country. The existence of export activities in Indonesia makes it possible to produce various goods and services that exceed the amount of production needed for the country itself. In addition, the existence of export activities will also increase the level of economic activity in Indonesia and the level of state income will increase so as to encourage economic growth. Saputra (2016) stated that the important role of exports to Indonesia's economic growth, this is because exports can bring foreign exchange for the country of Indonesia. The role that governments can take to increase exports for the purpose of funding foreign exchange is by working with exporters. The government has a role to boost revenue by creating an export sector that can compete with export products from other countries, while exporters have a role in finding and increasing markets for export products. A very big role is in the hands of the government in making policies and rules in support of export activities, namely reducing the tariff rate for core raw materials and other components that will be used to produce export products.

Salvator (1990) also confirmed that exports are one of the engines driving economic growth. A review by Salvator shows that exports are one of the main factors for developing countries to promote economic growth

3. Import also has a positive and significant effect on ecnomic gorwth (GDP) in Indonesia. To totally production of other natural resources, such imports of goods needed from developed countries, to bring new technology technology to developing countries like Indonesia. That will ultimately increase factor productivity and increase output growth. This result relevant with research before. According to Baark (1988), the second approach is an innovation-oriented approach, which considers the importance of capital goods as a supply of new technologies for the manufacturing sector. Imports of capital goods supply efficient machinery that occupy new technologies, which are obtained from research and development in developed countries. Thus, the diffusion of technology embodied in domestic industries from developed countries is important to increase productivity growth throughout the economy and this increases domestic output, which in turn, leads to GDP growth. A good example of the technology embodied in this import category is the import of computer hardware and software. This increases labor efficiency by reducing the time spent on production and thereby increasing production, which in turn leads to GDP growth. The shape of the new technology is usually in the form of semi-finished goods and capital goods. Therefore, for developing countries, imports of intermediate goods and capital goods from more technologically advanced countries are a direct means of improving the efficiency of domestic production processes and their

own innovation and growth processes. The role of capital goods in the manufacturing sector can be seen from two perspectives. Oriented innovation and growth orientation. An efficient transport system is essential to facilitate the movement of goods at low cost, as it is said that the modal goods help to achieve new manufactured goods and affect the three main sectors of the economy namely agriculture, industry and transportation. The development of these three uni factors will lead to the growth of GDP. Increased industrial growth in turn requires considerable imports of additional capital goods (Maina, 2008).

B. Suggestion

1. Investment is one part of gross domestic product it means to increase the gross domestic product we need to pay the attention about investmen too. The government needs to consider foreign direct investment as Indonesia's economic support. Investment will increase productivity which in turn leads to the opening of new jobs. The availability of new jobs will certainly bring a good impact on gross domestic product . In addition, foreign direct investment will bring new technology and science. Therefore, private investments, both domestically and internationally, should be sought from time to time by providing incentives such as providing tax breaks and reducing licensing bureaucracies, providing fast, cheap, efficient service and so

on. A more comprehensive study is needed to determine the real problems faced, so that the determination of investment policy strategy will not be left behind from other countries. To attract investors the government needs to seek a favorable investment climate, economic stability, enhancing state security and proper and decisive regulations. So that foreign investors feel confident comfortable and secure to invest their capital in Indonesia. But given the benefits of excellent foreign direct investment, to help the country's economy. The government should pay attention to the objectives of the objectives of the foreign direct investment itself, in order to provide good and harmless benefits and harm the state's economy. It is better for the government to oversee the company's incoming companies, so as not to dispose of waste carelessly, and damage the surrounding environment that will have a negative impact on the country. The government should be more selective in choosing foreign companies to invest in Indonesia which is more beneficial to our own country. Furthermore, the government should oversee the exploration rights granted to companies invested by foreign capital in order not to exploit the natural wealth, and adversely affect the economy. The government should carefully consider the treaty and disciplinary agreement between the Indonesian state and the foreign investor so that the result of foreign investment is not much to be brought to the investor country, so that the policy of foreign direct investment itself gives a good impact for the Indonesian economy.

2. Exports play an important role in increasing gross domestic product, to increase the gross domestic product we need to increase export, because any export change will affect national income in a country. This is because export activity is one component of aggregate expenditure. If exports increase aggregate spending increases and further stimulate the economic growth of a country. From that export should be increased, the government can provide policy policies to the public, especially those who will do the export in order to obtain easiness in fulfilling the requirements of exporting. The community is expected to contribute in this case in increasing export by creative economy, and expected more and more society to improve the quality of its product in order to compete in market. To stimulate an increase in exports, it is expected that a continuous and sustainable policy of the government to support export activities through the simplification of the export administration system, the shrinking of export costs, the further expansion of the export destination market, the improvement of research, the development of Indonesian products, the improvement of infrastructure facilities and infrastructure as well as the stability of the value exchange. With this, export is expected to be a solution to Indonesian economy.

3. To determine the gross domestic product import is one of important part. High import will not have a negative impact on economic conditions, if we can control between exports and imports balance, the government should pay attention to the materials that should be imported into Indonesia. One of them is semi-finished materials, and reduces branded product products. The imported semi-finished material is expected to help domestic industry to stimulate exports. The government must be smart and careful in seeing the shortcomings in Indonesia, and solve them by importing materials that will be the solution in the long term later. Governments should be selective in importing goods that can drive factors of production. So import become a good solution for the problems that exist in the Indonesian economy.