Effect Of FDI and Services on GDP and Their Impact on Unemployment in ASEAN Countries

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Abstract. This research was conducted in Indonesia regarding the influence of FDI and services on GDP and their impact on unemployment in ASEAN countries. The purpose of this research is to determine the effect of FDI and services on GDP and their impact on unemployment in ASEAN countries, using the library research method through sources from library, Internet, website, and world bank, with secondary data, population and samples namely ASEAN countries, total data for 25 years from 1995 to 2019, Independent variables namely FDI and Services, dependent variable Y namely GDP and Z1 namely Unemployment. The research instrument is a literature study. Processing data using eviews 10 and analyzing the data looking for regression, correlation, coefficient of determination, hypothesis. The result is that there is a positive effect of FDI and services on GDP with t count = 39.36> t table 1.729 and the probability is simultaneously and partially = 0.0000 <0.05, and GDP has a negative effect on unemployment in ASEAN countries with t count 10.42> t table 1.729 and the probability is 0.0000<0.05.

Keywords: FDI, Services-1; GDP-2 and Unemployment-3

1 Introduction

One of the targets of the foundation of ASEAN was to speed up financial development, social advancement and social improvement in Southeast Asia, so on August 8, 1967 in Bangkok an association was shaped, in particular ASEAN (Association of South East Asian Nations). The ASEAN Community is a unitary Southeast Asian nation that looks outward, lives in peace, stability and prosperity, and is bound together in a dynamic and caring development partnership. In this study, the X variables studied were FDI, and Services. And the Y variable is GDP and Z is Unemployment, with the reason that this study aims to determine whether there is an effect of FDI and Services on GDP and the impact on Unemployment and how big the effect is.

To make the basis of a country's economic policy, it is necessary to measure its economic development, one of which is the Gross Domestic Product (GDP). The meaning of Gross Domestic Product is how much a development of labor and products that can be delivered by the State inside a specific timeframe. The capacity of the Gross Domestic Product is to gauge the financial advancement of a country. This implies that the GDP of every country in ASEAN is different relying upon the elements that influence the actual GDP, the more factors that influence the expansion in GDP it will make a country's GDP high, generally a little nation or

not many variables that influence the expansion in GDP then The nation has a little GDP. FDI is additionally frequently perceived as a medium or device on the planet monetary framework whose elements are now worldwide. FDI is unfamiliar direct speculation or unfamiliar venture, where a financial backer in the monetary circle of one nation is keen on a business in the monetary circle of another country.

The still small FDI in several ASEAN countries is the result of the complexity of obtaining permits for foreign countries to invest their capital in the country, legal certainty, the amount of corruption from top to bottom levels, frequent labor demonstrations against companies, infrastructure that does not support the establishment of a company. furthermore, absence of neighborhood wellsprings of unrefined components so that imports at significant expenses.

Likewise, administrations influence GDP, administrations are each activity or execution presented by one party to another that is on a fundamental level elusive and doesn't cause an exchange of responsibility for. In this study the assistance variable is as commodity administrations. Then GDP additionally influences Unemployment, the thought of joblessness is characterized as a condition where an individual having a place with the workforce classification doesn't have some work and is effectively searching for work. Unemployment is the result of the lack of job opportunities, the increasing number of workers, the increasing influx of foreign workers, the use of machines, robots and other technologies.

Problem Formulation
Based on the identification of the problem and the limitation of the problem set out above, the formulation of the problem in this study is: Is there any influence of FDI, , and services on GDP and their impact on Unemployment in ASEAN countries?

Research Objectives
To answer the formulation of the problem above, this research sets the following objectives: Analyzing the influence of FDI, and services, on GDP and its impact on unemployment in ASEAN countries.

2 Theoretical Foundation

Gross Domestic Product (GDP)
BI Institute GDP (Gross Domestic Product) or additionally frequently called GDP (Gross Domestic Product) is a proportion of pay and consumption of an economy, paying little mind to pay got from or paid to non-occupants. What's more, GDP is likewise the absolute market worth of generally labor and products delivered in a country in a specific timeframe. For the economy in general, pay should approach use on the grounds that each exchange has a purchaser and a merchant, and each dollar spent by purchasers is a dollar of pay for dealers. b.

According to McEachern According to Mc.Eachern (2000:146) Gross Domestic Product is a device to quantify the market worth of conclusive labor and products delivered in a country for one year. Gross domestic product can look at the economy of a country starting with one time then onto the next to see the improvement or decline of a nation's economy.

Definition of Unemployment
Unemployment is a problem that often occurs in a country that needs to be addressed and a way out. The public authority's powerlessness to give work opportunities to each inhabitant inside the compass of its administration causes joblessness. The effect of imbalance between the quantity of the labor force and the quantity of open positions (work opportunities) will bring

about joblessness. There are few job opportunities/job vacancies in a country, while the number of labor force is larger, unemployment will occur. If there are no job opportunities, it will result in the workforce being unable to work and forced to be unemployed waiting for the job opportunities to exist, or odd jobs that are not in accordance with their qualifications, only to meet temporary needs, or become a burden for their families to support them.

Definition and Definition of Unemployment The term unemployment basically comes from the word "unemployed" which means doing nothing at all. If deciphered from the beginning of the word, the importance of the word joblessness is anybody who doesn't do anything by any means in the field of work (any action that brings in cash). Joblessness is each individual who enters the age or workforce (for example is in the age scope of 15 years to 64 years) who doesn't attempt to satisfy his necessities. According to Sukirno (1994: 204), unemployment is a condition where someone who belongs to the labor force wants to get a job but didn't get it. The main factor that causes unemployment is the lack of employment opportunities and aggregate expenditure.

Foreign Direct Investment (FDI)
As indicated by a few financial specialists, what is implied by the term unfamiliar direct venture is as per the following: According to Krugman (1999: 204), what is implied by the term unfamiliar direct speculation is global capital streams where organizations from one nation lay out or extend their organizations in different nations. Thusly, there isn't just an exchange of assets, yet additionally the requirement of command over organizations abroad.

Definition of Service
Administrations as a mind-boggling peculiarity. The word administration itself has numerous implications, going from individual assistance to support as an item. To know the definition of service clearly, the following is the definition of service according to several experts, among others: 1. Service is an act or a business or a performance (Leonard L. Berry 1980) 2. Services are intangible activities that are planned to fulfill customer satisfaction. (William. J.Stone in Sunyoto (2014: 186) 3. Service is an action or performance of one party that can be offered to another party which is essentially intangible and does not provide ownership (Kotler & Keller 2013).

2 Research Methods

This research was conducted in Indonesia within 2 months, the data source is from the world bank, using secondary data, the research instrument using literature studies from books, dissertations, journals, and website. The variables studied are the independent variable (X), namely: FDI, Services, while the dependent variable is Y: Gross Domestic Product and Z1: Unemployment. The research method used is library research. The nature of the data is quantitative data, population and samples, namely 10 ASEAN countries, namely Indonesia, Malaysia, Thailand, Vietnam, Philippines, Singapore, Brunei Darussalam, Cambodia, Laos, and Myanmar. , the number of sample data is 25 years.

The data collection techniques are: collecting data from the world bank regarding: FDI, services, GDP and unemployment in the country from 1995 to 2019. and data processing techniques with eviews 10 with panel data. Furthermore, the data analysis technique used is the test: fixed effect, random effect, chow, Hausman, R2, F and t test.

3 Results and Discussion

Discussion FDI in Indonesia fluctuates every year as seen from the graph below:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.092592	0.078565	39.36346	0.0000
LNFDI?	0.316306	0.045687	6.923385	0.0000
LNJASA?	0.412995	0.057220	7.217718	0.0000

From Table 1 the test results using eviews are interpreted and described as follows: analysis of eviews results 10 effects of fdi and services on GDP from the results of the Prob (F statistic) shows the influence of FDI and services on GDP is significant, seen from the Prob of 0.0000 <0.05. The linear regression test is the equation $Y = 3.092592 + 0.316306 X1 + 0.412995 X2$ The correlation test between the influence of FDI and services on GDP is positive as indicated by R square = 0.918158 The coefficient of determination test has a small effect, indicated by Adjusted R square = 0.914157 x 100 % = 91.14% .

As much as 91.14% FDI and services 8.86% influenced by other factors that were not examined. Simultaneous hypothesis testing is positive, namely t count 39.36346 > t table 1.729 with an error rate of 5% (0.05) this means that according to the provisions of the hypothesis test the results are Ha accepted and H0 rejected, which means that there is an influence of FDI and services on GDP in general. positive and significant means that there is an effect of FDI and services on GDP, as well as partially that t count FDI > t table that is 6.923385 > 1.729 meaning that FDI variable has an effect on GDP variable, also partially t count Services > t table that is 7.217718 > 1.729 means that there is an influence Industry variable to GDP variable.

The results of the data processing of the GDP (Y) variable on the Unemployment variable (Z) are:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.963271	0.092376	10.42771	0.0000
PDB?	-0.230914	0.040672	-5.677416	0.0000

Analysis Of Eviews 10 Influences of GDP On Unemployment

From the results of the Prob (F statistic) shows the effect of GDP on unemployment is significant, seen from the Prob of 0.0000 <0.05. The linear regression test is the equation $Z = 0.963271 - 0.230914 Y$ The correlation test between the effect of GDP on unemployment is negative as indicated by R square = 0.731867 The coefficient of determination test has a small effect, indicated by Adjusted R square = 0.720457 x 100 % = 72.04%. 72.04% of GDP to unemployment, 27.96% is influenced by other factors not examined.

The hypothesis test is that with an error rate of 5% (0.05) the probability of GDP on unemployment is 0.0000 < 0.05. This means that it is significant that there is an effect of GDP on unemployment, but the effect is negative because the t statistic is negative, namely -5.677416.

4 Conclusion

Simultaneously FDI and services affect GDP in ASEAN countries. Partially FDI affects GDP, also services affect GDP in ASEAN countries. GDP has a negative effect on unemployment in ASEAN countries according to the theory that if GDP increases, unemployment will fall vice versa.

Suggestion

In accordance with the conclusions above, the suggestions are as follows: To increase GDP in ASEAN countries, the factors that affect GDP must be optimized. To increase investment in the form of FDI in ASEAN countries, the government must provide ease of licensing bureaucracy, legal certainty, provision of adequate infrastructure, provision of necessary land, increasing knowledge and skills of Indonesian workers, and wise minimum wage regulations. 3. To increase the number of services in ASEAN countries, the government encourages domestic and foreign investors to open service businesses 4. Provide entrepreneurship education for students, college students, and the community to create jobs so that new businesses will be created.

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