Analysis of Foreign Direct Investment For Economic Growth In Indonesia

Rama Sugiyanto[1], Nadia Sabila Al'haq[2], Titis Aditya Handayani[3], Aman Kraidam[4]

{ramasugiyanto95@gmail.com[1], nadia.alhaq2001@gmail.com[2], titis.aditya.tah@gmail.com[3], amankraidam@gmail.com[4]}

Economic Department, University of Lampung, Lampung, Indonesia[1234]

Abstract. This research examines the influence of Foreign Direct Investment (FDI) on Indonesia's economic growth. As a developing country with an upper middle-income level and a population growth rate of 1.3% per year in 2023, Indonesia attracts both local and foreign investors. The Indonesian government actively promotes policies to attract investors, contributing to the country's economic development. This research explores the significant role of FDI in various industries, including telecommunications, oil and gas, and information technology, and how it transforms economic structures, boosts export values, and introduces new production methods. The study utilizes quantitative methods with data from 1993 to 2022, employing Eviews for analysis. The findings reveal that FDI positively impacts Indonesia's economic growth, supported by improved infrastructure and technological advancements. However, inflation remains a critical factor influencing investment decisions, necessitating stable price conditions for sustainable growth.

Keywords: Foreign Direct Investment, Inflation, Economic Growth.

1 Introduction

Indonesia is a developing country with an Upper Middle Income level according to World Bank data, with a population growth rate of 1.3% per year in 2023. This has drawn the attention of investors, as a developing country with growing economy and population makes Indonesia an attractive destination for both local and foreign investors. The government's efforts to implement various policies for investors and entrepreneurs aim to attract potential investors to participate in building Indonesia as a favored investment destination for channeling their funds. With its large population and significant developments in information [1], telecommunications, and infrastructure that are actively being built by the government to equalize the economy in the eastern, central, and western parts of Indonesia. Therefore, this equalization requires support from both local and foreign investors. In 2021, through press release HM.4.6/43/SET.M.EKON.3/03/2021 , the government expressed appreciation for foreign investors and ease of investment in Indonesia. Based on a survey conducted by Borderless Business Studies carried out by Standard Chartered Indonesia, Indonesia ranks 4th in opportunities for resource development and sales or company operations.

The inflow of Foreign Direct Investment (FDI) has caused significant impacts on various key industries such as the economy, telecommunications, oil & gas, technology information - forming a strong basis for long-term growth that accelerates modern development and

ICEBE 2024, September 04-05, Shah Alam, Malaysia

DOI 10.4108/eai.4-9-2024.2353715

industrialization within the country. Furthermore, FDI also plays a role in transforming economic structures; increasing product value for exports; creating new production methods that improve outdated practices; as well as improving infrastructure. As such, several studies have focused on analyzing FDI's impact on economic growth and inflation concerning investor interests across various industries [2].

The interplay between Foreign Direct Investment (FDI) and Information and Communication Technology (ICT) has emerged as a significant area of theoretical and empirical inquiry in fostering economic growth. Investment in ICT enables developing and emerging countries to leapfrog stages of development, allowing them to catch up. The importance of investment lies not only in improving efficiency and productivity, but also in its ability to attract significant FDI, which in turn drives economic growth. FDI entering the ICT sector can expedite infrastructure modernization and strengthen local technology capacities. This creates a multiplier effect where technological advancements and operational efficiencies spur higher competitiveness in the global market. Additionally, ICT infrastructure development driven by FDI contributes to fundamental shifts in global economic relations. Sources of competitive advantage shift from cheap labor and natural resources to technological innovation and digital connectivity [3].

With increased ICT capacity through FDI, developing countries can more effectively attract additional investment, enhance productivity, and create new opportunities for economic and social development. It also fosters a conducive environment for the growth of other sectors including education, healthcare, and public services; all of which are key pillars for sustainability. As a result, FDI in ICT not only advances economic growth but also strengthens the foundation for long-term inclusive and sustainable development [3].

Foreign Direct Investment (FDI) can be categorized into two primary types: mergers and acquisitions (M&A) and greenfield investments, each characterized by distinct features. M&A typically focuses on acquiring existing companies with the objective of restructuring them to enhance efficiency and competitiveness in the global market. This process often includes improvements in management, operational optimization, and strengthening the market position of the acquired firm. Conversely, greenfield investments are generally long-term in nature and aim to establish entirely new business entities. This involves constructing new facilities, initiating business operations, and developing both distribution networks and supply chains. Greenfield investments encompass a series of strategic steps such as creating forward and backward linkages in the supply chain, establishing market positions, and defining products and market niches for the new company [4].

Due to these fundamental differences, it is reasonable to expect that M&A and greenfield investments will have different impacts on the economic growth of recipient countries. M&A tends to strengthen and improve efficiency of existing companies while greenfield investments tend to create new production capacity and drive innovation as well as development of new infrastructure. Both types of investment can make significant contributions to economic growth but through different mechanisms and channels [4].

In addition, a consideration for an investor is the inflation in the target country, which causes the value of the Indonesian Rupiah to decrease. Price stability, in general terms, refers to maintaining a low and sustainable inflation rate that does not disrupt individuals' investment, consumption, or savings decisions. The primary objective is to prevent the general price level

from fluctuating beyond certain acceptable thresholds. Achieving price stability is essential for fostering economic and social stability over the medium and long term, as well as for promoting sustainable development. A failure to maintain price stability can pose significant challenges to a country's economic, political, and social frameworks [5].

Economies experiencing high inflation rates generally exhibit lower average growth rates compared to those with stable prices. Consequently, maintaining price stability is crucial for fostering stable and sustainable economic growth, given its significant impact on investment and consumption decisions. Overall, achieving price stability contributes to economic stabilization, supports consistent and sustainable growth, and improves the quality of life. The relationship between inflation and economic growth has been a longstanding focus of discussion in economic literature [6] [5].

2 Literature Review

2.1. Economic Growth

Economic growth is the increase in a country's capacity to produce goods and services over time, measured in terms of an increase in national output or gross domestic product (GDP). Economic growth reflects the ability of an economy to generate more wealth and a higher standard of living for its population. Economic growth is a key indicator in measuring the extent of economic development occurring in a country [7].

Some classical economists state that there are four main factors influencing economic growth, namely the population size, the availability of capital goods, land and natural resources, and technological advancement [8]. The Harrod Domar theory aims to explain the conditions that must be met for an economy to achieve stable long-term growth. This growth theory model is built based on the experience of developed countries; it complements Keynesian theory where Keynes sees in the long term (dynamic conditions), this model explains assumptions that an economy can achieve strong economic growth over an extended period. Harrod Domar assigns a key role to investment in an economic growth process [9].

The Harrod model is based on three types of Growth Rates: 1) Actual Growth Rate determined by savings ratio and capital-output ratio; 2) Natural Growth Rate; 3) Guaranteed Growth Rate where the income growth rate at full capacity of an economy or what should be its actual rate of growth.

2.2. Foreign Direct Investment

Foreign Direct Investment (FDI) is a long-term investment activity that can serve as capital in the development to achieve a country's economic goals. Through FDI, the gap between the need for capital and actual existing capital can be overcome in achieving a country's economic growth. The inflow of funds or capital through FDI enables the transfer of knowledge and skills to the local community, as well as technological advancements that can be adopted by the people to enhance the productivity of the investment destination country [10].

Based on Solow's theory, ways to accelerate a country's growth rate include increasing savings and investments, along with technological advancements that can enhance labor income [8].

FDI has various types related to their respective characteristics. Based on their motivations, FDI can be categorized as: Resource-seeking, Market-seeking, and Efficiency-seeking.

Since globalization began in the early 199s, developing countries worldwide have regarded Foreign Direct Investment (FDI) as a primary source of funding for implementing national growth strategies. Foreign direct investment has a positive impact on a country's economic growth [11].

Foreign Direct Investment (FDI) plays a catalytic role in the economic growth of a country through capital funding, technology transfer, and job creation. Developing countries that utilize Foreign Direct Investment (FDI) through conducive regulations and good infrastructure often experience increased economic expansion. Countries that can maintain monetary policy stability tend to experience enhanced economic growth, as evidenced by the increasing amounts of foreign investment and consumer spending [12].

Countries need to implement simplified bureaucracy to attract foreign investors willing to invest their capital, as well as technological innovations that can significantly enhance productivity in producing goods and services for domestic needs or export-oriented purposes [13].

Over the years, FDI has been increasing in this part of the world, primarily due to its potential positive impact on employment opportunities in the host country, production capacity, exports and imports, population income levels and general welfare, balance of payments, and economic growth - typically measured by changes in a country's GDP [14] [15].

2.3. Inflation

Inflation is a condition where prices skyrocket and the value of currency decreases. Increasing inflation is a negative signal for investors. Based on the quantity theory of money proposed by Friedman, the theory links inflation to economic growth based on the equation of the total amount of money spent with the total amount of money in the economy. Friedman argues that the amount of circulating money is a cause of inflation that will also have an impact on economic growth [8].

There are two schools of thought in economics. First, in Keynesian economics, where real wage adjustments occur slowly, inflation can stimulate real economic growth. This occurs because inflation can redistribute income from workers who tend to have low savings rates to entrepreneurs who tend to have higher tendencies to save and invest. In addition, inflation can also increase nominal returns compared to funding costs, which encourages more investment and ultimately economic growth [16].

High inflation increases pressure on the government from interest groups to impose price controls on essential goods. This action can result in distortions in resource allocation, as controlled prices do not reflect actual market conditions. Furthermore, in an open economy with managed exchange rates, high inflation can trigger trade imbalances. This occurs because expectations of currency devaluation drive speculative capital outflows from the country, which in turn can exacerbate the overall economic situation [16].

Developing countries have an inflation threshold approximately five times higher than industrial countries. In industrial countries, inflation tends to reduce foreign direct investment (FDI) after exceeding its threshold. Whereas in developing countries, inflation negatively impacts foreign

direct investment (FDI) even before exceeding its threshold. High inflation levels can weaken a country's economic stability [12].

Inflation has a negative impact on economic growth. If a country's inflation rate is high, it will certainly hinder economic growth. There is an inverse relationship between inflation and foreign direct investment (FDI); high inflation in an economy will deter the inflow of foreign capital into a country [11], [17], [18].

2.4. The Impact of FDI on Economic Growth

Foreign Direct Investment (FDI) has a significant relationship with economic growth, especially in developing countries like Indonesia. According to research by Alfaro [19], FDI can accelerate the process of industrialization and economic modernization through the transfer of technology and knowledge, which in turn enhances international competitiveness. In Indonesia, the positive impact of FDI is evident in the creation of jobs and the sustainable development of infrastructure [20]. Similarly, studies conducted in BRICS countries show that FDI plays a crucial role in driving economic growth by reducing the technology gap and increasing production capacity [21].

Over the past three decades, foreign investment has proven to be an efficient way to stimulate economic growth through the transfer of technology and knowledge, without creating additional debt [22]. The research was conducted in 16 countries within the Southeast European Countries region, examining other factors alongside foreign equity investment. Strong contributions to local economic growth also came from domestic investment and exports. Contrary to the findings of the above study, [23] states that FDI has a negative impact on long-term economic growth. This is because most of the investment capital flows into industries that have detrimental effects on the environment, such as heavy industries, chemical industries, and industries dependent on foreign investors who do not engage in technology transfer.

H1: Foreign Direct Investment (FDI) has a positive and significant impact on Economic Growth

2.5. The Impact of Inflation on Economic Growth

Inflation and economic growth are two interrelated economic indicators that have a significant impact on a country's economic stability. Excessive inflation can hinder economic growth by reducing the purchasing power of the population and increasing economic uncertainty. Other research indicates that stable and controlled inflation contributes positively to economic growth in developing countries, including Indonesia, by creating a conducive environment for investment and consumption [24]. Barro (1995) showed that high inflation hinders economic growth by exacerbating price uncertainty and reducing incentives for long-term investment. This study also revealed that countries with inflation above 10% per year experience a significant decline in their Gross Domestic Product (GDP) growth [25]. In countries with high inflation, such as Venezuela and Zimbabwe, drastic price increases have led to a reduction in the purchasing power of the population, decreased investment, and increased poverty levels [26]. In Indonesia, although current inflation is relatively controlled, significant inflation fluctuations in the past have shown how inflationary pressures can hinder economic growth by reducing domestic consumption and investment.

H2: Inflation has a positive and significant impact on Economic Growth

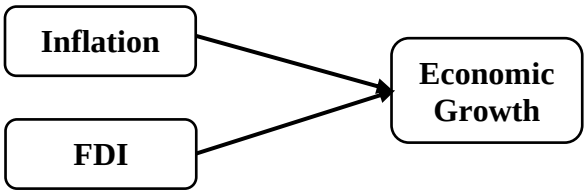

Fig. 1. Research Framework

3 Research Methods

The method used in this research is quantitative research. According to [1] quantitative research is a type of research that constructs new findings and can be accepted through a good statistical process or other means of quantification (measurement). To conduct this research, the analytical tool used is Eviews. The type of data used in this research is Secondary Data, with the country studied being Indonesia from the year 1993 to 2022.

3.1. Evaluation of Measurement Models

Before conducting the research, all data must undergo classical assumption tests as a prerequisite for hypothesis testing. The first test is the normality test, where the probability value (p-value) from the statistical test is used to determine whether the data can be assumed to come from a normal distribution or not. If the p-value is smaller than the predetermined significance level (usually 0.05), then the assumption that the data comes from a normal distribution is rejected.

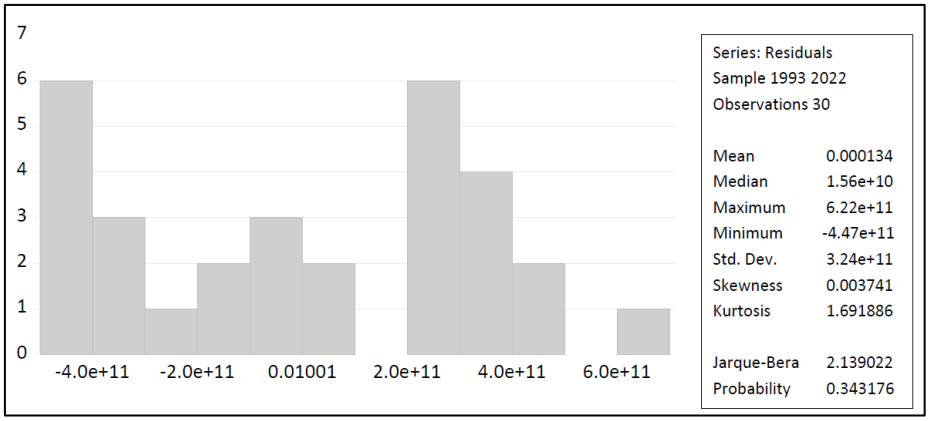

Fig 1. Normality Test

Based on the probability value in the normality test, a probability value of 0.343176 > 0.05 was obtained, indicating that the data is normally distributed. The normality test shows that the tested data has a normal distribution. This conclusion is drawn based on the obtained probability value

of 0.343176, which is greater than the significance level of 0.05. Therefore, it can be confirmed that the data meets the normal distribution assumption.

Next is the multicollinearity test, which is used to see whether there is a correlation between independent variables in a regression model. To detect the presence of multicollinearity, testing can be conducted using VIF (Variance Inflation Factors).

Table 2. Multicollinearity test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	6.90E+21	1.833230	NA
LN_FDI	3782.223	1.120651	1.003810
INFLASI	3.76E+19	1.756743	1.003810

The results of the multicollinearity test show that there is no multicollinearity problem in the regression model used. This is obtained from the Variance Inflation Factors (VIF) values for the foreign direct investment (FDI) and inflation variables, which each received a value of 1.003810. Since both VIF values are less than 10, it can be concluded that this study is free from multicollinearity symptoms. This is important because the presence of multicollinearity can result in unstable parameter estimates and make interpretation difficult. Therefore, these results indicate that the regression model can be trusted to analyze the relationships between the variables included.

The third classical assumption test is the heteroscedasticity test, which is used to see whether there are deviations from the classical assumption. Heteroscedasticity occurs when residuals and predicted values have a correlation or pattern relationship. The heteroscedasticity test of the model is provided as follows:

Table 3. Heteroscedasticity test

F-statistic	2.059161	Prob. F(2,27)	0.1471
Obs*R-squared	3.970319	Prob. Chi-Square(2)	0.1374
Scaled explained SS	1.112539	Prob. Chi-Square(2)	0.5733

The results of the heteroscedasticity test show that the regression model is homoscedastic, or in other words, the regression model is free from heteroscedasticity symptoms. This is obtained from the Prob. Chi-Square(2) value shown in the test results, which is 0.1374. Since this value is greater than the predetermined significance level (0.05), H0 (the null hypothesis) is accepted. Therefore, it can be concluded that there are no deviations from the classical assumptions in the regression model used. This is important because the presence of heteroscedasticity can result in inefficient parameter estimates and cause standard errors to be biased, making the analysis results inaccurate.

The last classical assumption test is the autocorrelation test, which is used to see whether there is a correlation between residuals in one observation with another in the regression model. To ensure that the linear regression model is free from autocorrelation, the Brusch-Godfrey or LM (Lagrange Multiplier) test method can be used by looking at the Prob. Chi-Square value. If it is

greater than 0.05, it can be said that it is free from autocorrelation. However, if it is less than 0.05, autocorrelation symptoms occur.

Table 4. Autocorrelation test

F-statistic	18.01401	Prob. F(24,3)	0.0176
Obs*R-squared	29.79326	Prob. Chi-Square(24)	0.1917

The results of the autocorrelation test show that there are no autocorrelation symptoms in the regression model. This is indicated by the Prob. Chi-square(24) value, which is the p-value from the Breusch-Godfrey Serial Correlation LM Test, amounting to 0.1917. Since this p-value is greater than the predetermined significance level (0.05), the null hypothesis (H_0) is accepted. Therefore, it can be concluded that there is no correlation between residuals in one observation with another in the regression model used. Autocorrelation is a condition where there is a dependency between prediction errors at a certain time with errors at previous or subsequent times. The presence of autocorrelation can result in inefficient parameter estimates and make the analysis results inaccurate.

3.2. Hypothesis Test

The individual parameter significance test, also known as the t-statistic test, is conducted to address research questions and explain the results of hypotheses. The results of the significance test can be seen in the coefficient table of the regression test. The regression results are tested with a confidence level of 95% or a significance level of 5% ($\alpha = 0.05$) (Montgomery & Runger, 1994). If the significance value of an independent variable is less than 0.05, the variable is considered to have a significant effect. The t-test results from this study are as follows:

Table 5. Hypothesis Test

Variable	Coefficient Variance	Std. Error	t-Statistic	Prob.
C	7.70E+11	8.31E+10	9.263769	0.0000
FDI (X_1)	130.6300	61.49978	2.124073	0.0430
INFLASI (X_2)	-1.72E+10	6.13E+09	-2.809458	0.0091

H1 : Hypothesis Accepted Significant Influence of Foreign Direct Investment (FDI) on Economic Growth Based on the regression results, the t-statistic value for the Foreign Direct Investment (FDI) variable is 2.124073 with a probability value (sig.) of 0.0430. Since the sig. value of 0.0430 < 0.05, H_0 is accepted, and H_a is rejected. Therefore, it can be concluded that FDI has a positive and significant partial influence on Economic Growth. This means that any increase in foreign direct investment will raise the Gross Domestic Product (GDP), indicating Economic Growth in Indonesia.

H2 : Hypothesis Accepted Significant Influence of Inflation on Economic Growth Based on the regression results, the t-statistic value for the Inflation variable is -2.809458 with a probability value (sig.) of 0.0091. Since the sig. value of 0.0091 < 0.05, H_0 is accepted, and H_a is rejected. Therefore, it can be concluded that Inflation has a negative and

significant partial influence on Economic Growth. This means that any increase in Inflation will lead to a decrease in the Gross Domestic Product (GDP), indicating Economic Growth in Indonesia, and vice versa.

Table 6. F Test

R-squared	0.328192	F-statistic	6.595033
Adjusted R-squared	0.276429	Prob. (F-statistic)	0.004654

Sumber : Data processed, 2024

Table 5 shows an R-squared value of 0.328192 or 32.8%. This indicates that the independent variables (X), namely Foreign Direct Investment (FDI) and Inflation (INFLATION), account for 32.8% of the variation in the dependent variable (Y), which is Economic Growth (EG). The remaining portion is influenced by other variables not discussed in this study.

Furthermore, the F-test results show a Prob (F-statistic) value of 0.004654, which is much smaller than 0.05. This means that the regression model is statistically significant as a whole. This result indicates that the independent variables Foreign Direct Investment (FDI) and Inflation (INFLATION) have a significant simultaneous effect on the dependent variable Economic Growth (EG).

4 Discussion

4.1. The Impact of Foreign Direct Investment (FDI) on Economic Growth

Foreign Direct Investment (FDI) plays a crucial role in influencing the growth of Gross Domestic Product (GDP), which indicates economic growth. This is evident from the results of hypothesis testing 1, which shows that Foreign Direct Investment (FDI) has a significant positive effect on economic growth in Indonesia. This finding supports previous research, where direct foreign investment has a positive impact on economic growth. Specifically, the positive impact of foreign investment on economic growth becomes stronger when financial development exceeds the established threshold value. This result is found in cases where financial development is measured through the banking sector and stock market. [27].

Over the past three decades, foreign investment has proven to be an efficient way to stimulate economic growth through the transfer of technology and knowledge, without creating additional debt [28]. The study was conducted in 16 countries within the Southeast European Countries region, examining other factors alongside foreign equity investment. Strong contributions to local economic growth also come from domestic investment and exports, which differ from the findings of the aforementioned study, [29] It is mentioned that FDI has a negative impact on long-term economic growth. This is because most of the investment capital flows into industries that have a detrimental effect on the environment, such as heavy industries, chemical industries, and industries where foreign investors do not engage in technology transfer.

Through financial capital transfer, technological innovation, and management expertise, FDI plays a crucial role in economic growth and development [30]. This will also stimulate technology dissemination, encourage human resource development, and help achieve international trade integration, create a competitive environment, and contribute to business development [31].

4.2. The Impact of Inflation on Economic Growth

Based on the results of hypothesis testing two, it is known that inflation significantly has a negative impact on economic growth in Indonesia. This finding supports previous research conducted by [32], The findings of this study indicate that inflation negatively impacts economic growth in Kenya in the long term. In other research, it is revealed that the impact of inflation or unemployment on economic growth in Ethiopia in the long term is relatively small, suggesting the possibility of exclusivity in the country's growth landscape. However, their temporary roles inflation and unemployment rates are still anticipated. This is because the long-term relationship between inflation and economic growth is not trivial, particularly when inflation is inversely related to unemployment. [33].

Additionally, in the short term, a negative impact of inflation on economic growth was found in Sri Lanka [34]. When inflation increases by 1%, economic growth in Sri Lanka will decrease by USD 3,427.94 million, and long-term economic growth will decrease by USD 107,263.8 million. The above findings indicate that inflation has a negative impact on a country's economy, both in the long term and in the short term.

5 Conclusions

Foreign Direct Investment (FDI) plays a significant role in Indonesia's economic growth. Based on data analysis from 1993 to 2022, this study finds that FDI has a positive impact on Indonesia's economic growth, primarily through infrastructure improvements and technological advancements. The transfer of technology and knowledge brought by FDI accelerates the process of industrialization and economic modernization, which in turn enhances international competitiveness. Additionally, FDI contributes to the transformation of the economic structure, increases the value of export products, and introduces new, more efficient production methods. Key sectors benefiting from FDI include telecommunications, oil and gas, and information technology, all of which are essential pillars for long-term growth and sustainable development in Indonesia. However, inflation remains a critical factor affecting investment decisions. This study indicates that price stability is essential to ensure sustainable growth. Controlled inflation creates a conducive environment for investment and consumption, ultimately driving economic growth. Conversely, high inflation can hinder economic growth by reducing the purchasing power of the population and increasing economic uncertainty. Overall, this study underscores the importance of FDI in driving Indonesia's economic growth and the need for policies that support price stability to achieve sustainable growth.

References

[1] Dr. S. Dash, “The Impact of FDI in the Indian Economy,” *INTERANTIONAL JOURNAL OF SCIENTIFIC RESEARCH IN ENGINEERING AND MANAGEMENT*, vol. 06, no. 06, Jun. 2022, doi: 10.55041/ijsrem14419.

[2] L. Thao Huong, “Impacts of Foreign Direct Investment on Economic growth in Vietnam,” 2022.

[3] M. Belloumi and K. Touati, “Do FDI Inflows and ICT Affect Economic Growth? An Evidence from Arab Countries,” *Sustainability (Switzerland)*, vol. 14, no. 10, May 2022, doi: 10.3390/su14106293.

[4] D. Derado and D. Horvatin, “FDI and Economic Growth – Perspective of Southeast European Countries,” *Zagreb International Review of Economics and Business*, vol. 26, no. 1, pp. 119–146, May 2023, doi: 10.2478/zireb-2023-0006.

[5] C. Aydın, Ö. Esen, and M. Bayrak, “Inflation and Economic Growth: A Dynamic Panel Threshold Analysis for Turkish Republics in Transition Process,” *Procedia Soc Behav Sci*, vol. 229, pp. 196–205, Aug. 2016, doi: 10.1016/j.sbspro.2016.07.129.

[6] T. N. Sequeira, “Inflation, economic growth and education expenditure,” *Econ Model*, vol. 99, Jun. 2021, doi: 10.1016/j.econmod.2021.02.016.

[7] M. Wau, M. S. L. Wati, M. S. Jhon, and F. Fau, “TEORI PERTUMBUHAN EKONOMI (KAJIAN KONSEPTUAL DAN EMPIRIK) PENERBIT CV.EUREKA MEDIA AKSARA.”

[8] M. A. Martadinata, “ANALISIS PENGARUH PERTUMBUHAN PENDUDUK, TENAGA 2015 2019,” *DIPONEGORO JOURNAL OF ECONOMICS*, vol. 11, no. 1, 2022.

[9] J. Suprijati and A. Yakin, “PERTUMBUHAN EKONOMI DI KABUPATEN BANGKALAN SETELAH ADANYA PEMBANGUNAN JEMBATAN SURAMADU (ANALISIS TEORI HARROD-DOMAR),” 2017.

[10] A. Widianatasari, A. Widianatasari, and E. Y. Purwanti, “Pengaruh Kualitas Institusi, Pengeluaran Pemerintah, dan Foreign Direct Investment terhadap Pertumbuhan Ekonomi,” vol. 4, no. 2, 2021.

[11] F. O. Adeniyi, “Impact of foreign direct investment and inflation on economic growth of five randomly selected Countries in Africa,” *Journal of Economics and International Finance*, vol. 12, no. 2, pp. 65–73, Apr. 2020, doi: 10.5897/jeif2020.1031.

[12] R. Yuliawan, M. Faqih, R. Abdul Haris, and A. Sulistyawati, “The Impact of Monetary Policy, Inflation Rates, and Foreign Direct Investment on Economic Growth in Developing Countries,” 2024. [Online]. Available: https://ejournal.mellbaou.com/in

[13] N. A. Purusa and N. Istiqomah, “Impact of FDI, COP, and Inflation to Export in Five ASEAN Countries,” *Jurnal Ekonomi Pembangunan: Kajian Masalah Ekonomi dan Pembangunan*, vol. 19, no. 1, p. 94, Jul. 2018, doi: 10.23917/jep.v19i1.5832.

[14] Emmanuel Obiora Nwakeze, Jerry Chukwuebuka Orajekwe, Anastasia NmaSylvanus, Rosemary Amarachi Onyebiuwanso, and Samuel Oshiole, “Nexus between Foreign Direct Investment (FDI) and Economic Growth (EG): A study of 10 Countries of the World (2018 - 2022),” *World Journal of Advanced Research and Reviews*, vol. 19, no. 1, pp. 1511–1522, Jul. 2023, doi: 10.30574/wjarr.2023.19.1.1491.

[15] I. Lomachynska, S. Yakubovskiy, and I. Plets, “DYNAMICS OF AUSTRIAN FOREIGN DIRECT INVESTMENT AND THEIR INFLUENCE ON THE NATIONAL ECONOMY,” *Baltic Journal of Economic Studies*, vol. 4, no. 5, p. 167, Feb. 2019, doi: 10.30525/2256-0742/2018-4-5-167-174.

[16] S. Paul, C. Kearney, and K. Chowdhury, “Inflation and economic growth: A multi-country empirical analysis,” *Appl Econ*, vol. 29, no. 10, pp. 1387–1401, 1997, doi: 10.1080/00036849700000029.

[17] O. Coban and A.-R. Bawa YUSSIF, “RELATIONSHIPS BETWEEN ECONOMIC GROWTH, FOREIGN DIRECT INVESTMENT AND INFLATION: ARDL MODELS APPROACH FOR THE CASE OF GHANA,” 2019.

[18] X. Yang and M. N. Shafiq, “The Impact of Foreign Direct Investment, Capital Formation, Inflation, Money Supply and Trade Openness on Economic Growth of Asian Countries,” *iRASD Journal of Economics*, vol. 2, no. 1, pp. 25–34, Jun. 2020, doi: 10.52131/joe.2020.0101.0013.

[19] L. Alfaro, A. Chanda, S. Kalemli-Ozcan, and S. Sayek, “FDI and economic growth: The role of local financial markets,” *J Int Econ*, vol. 64, no. 1, pp. 89–112, Oct. 2004, doi: 10.1016/S0022-1996(03)00081-3.

[20] O. G. Aziz and A. V. Mishra, “Determinants of FDI inflows to arab economies,” *Journal of International Trade and Economic Development*, vol. 25, no. 3, pp. 325–356, 2016, doi: 10.1080/09638199.2015.1057610.

[21] P. Jadhav, "Determinants of foreign direct investment in BRICS economies: Analysis of economic, institutional and political factor," *Procedia Soc Behav Sci*, vol. 37, pp. 5–14, 2012, doi: 10.1016/j.sbspro.2012.03.270.
[22] D. Derado and D. Horvatin, "FDI and Economic Growth – Perspective of Southeast European Countries," *Zagreb International Review of Economics and Business*, vol. 26, no. 1, pp. 119–146, May 2023, doi: 10.2478/zireb-2023-0006.
[23] L. Thao Huong and Nguyen, "Impacts of Foreign Direct Investment on Economic growth in Vietnam," 2022.
[24] F. Amir Salim and A. Purnamasari, "Pengaruh Inflasi Terhadap Pertumbuhan Ekonomi Indonesia," *Ekonomica Sharia: Jurnal Pemikiran dan Pengembangan Ekonomi Syariah*, vol. 7, no. 1, 2021, [Online]. Available: www.bps.go.id,
[25] R. J. Barro, "Inflation and Economic Growth," *NBER Working Paper*, 1995.
[26] S. H. Hanke and N. Krus, "World Hyperinflations".
[27] M. L. T. Nguyen, "Foreign direct investment and economic growth: The role of financial development," *Cogent Business and Management*, vol. 9, no. 1, 2022, doi: 10.1080/23311975.2022.2127193.
[28] D. Derado and D. Horvatin, "FDI and Economic Growth – Perspective of Southeast European Countries," *Zagreb International Review of Economics and Business*, vol. 26, no. 1, pp. 119–146, 2023, doi: 10.2478/zireb-2023-0006.
[29] Z.-K. Kim and C.-Y. Kim, "Impacts of Foreign Direct Investments on Economic Growth," *Korea International Trade Research Institute*, vol. 18, no. 6, pp. 251–271, 2022, doi: 10.16980/jitc.18.6.202212.251.
[30] D. Agyapong, "External debt stock , foreign direct investment and financial development Evidence from African economies," vol. 27, no. 1, pp. 81–98, 2020, doi: 10.1108/JABES-11-2018-0087.
[31] N. Ali, K. Phoungthong, K. Anwar, and A. Shah, "Does FDI foster technological innovations ? Empirical evidence from BRICS economies," pp. 1–20, 2023, doi: 10.1371/journal.pone.0282498.
[32] N. M. Odhiambo, "Inflation and Economic Growth in Kenya : An Empirical Examination," 2021.
[33] K. Niken, M. A. Haile, and A. Berecha, "Heliyon On the nexus of inflation , unemployment , and economic growth in Ethiopia," *Heliyon*, vol. 9, no. 4, p. e15271, 2023, doi: 10.1016/j.heliyon.2023.e15271.
[34] P. Atigala, T. Maduwanthi, V. Gunathilake, and S. Sathsarani, "Driving the pulse of the economy or the dilution effect : Inflation impacting economic growth," pp. 1–17, 2022, doi: 10.1371/journal.pone.0273379.