

ABSTRACT

The Influence of Foreign Direct Investment on Export, Economic Growth, Employment, and Indonesian Social Welfare

The government needs investment to boost the national development. One of its source is the foreign direct investment. The foreign direct investment is intended to improve the Indonesian social welfare.

This study uses path analysis method utilizing SPSS program, and the data taken are time series data within the period 1990 to 2009. It analyzes the influence of 1. foreign direct investment towards Indonesian export; 2. foreign direct investment towards Indonesian economic growth; 3. foreign direct investment towards employment; 4. export towards Indonesian economic growth; 5. export towards employment; 6. economic growth towards employment; 7. economic growth towards employment; 8. employment towards Indonesian social welfare.

From the study, it is found that: first, the influence of foreign direct investment proves to be significantly positive towards Indonesian export. Second, foreign direct investment proves to be significantly positive towards Indonesian economic growth. Third, foreign direct investment proves to be significantly positive towards employment. Fourth, export does not affect Indonesian economic growth; Fifth, export proves to be significantly positive towards employment; Sixth, economic growth does not affect employment; Seventh, economic growth does not affect Indonesian social welfare. Eighth employment proves to be significantly positive towards Indonesian social welfare.

Keywords: foreign direct investment, economic growth, employment, and Indonesian social welfare.