

CHAPTER V

CONCLUSION, SUGGESTION AND RESEARCH LIMITATIONS

A. Conclusion

Based on the results of research and data analysis, the results of regression model using multiple linear regression models to measure the relationship between export, foreign direct investment and labor on Economic Growth. Then comes some conclusions that can be seen in the following explanation:

1. Exports has a positive relation and significant effect on Economic Growth on Indonesia. This means that if there is an increase of export then Economic Growth will increase. The result of this research is accordance with research conducted by Mahadika (2017) it has been found that export volume and Foreign Direct Investment have significant influence on economic growth of Indonesia. In addition, according to Johansen co-integration test, there is long-run relationship between Gross Domestic Product, Foreign Direct Investment and export volume of Indonesia. Export will increase demand for domestic goods and services, high demand for domestic goods and services will result in increased domestic productivity, of course it will result in increased employment available, too. The more Human Resource produces, the more output will be produced. The increasing number of outputs in the form of goods and services is what causes a country's economic growth to increase.
2. Foreign Direct Investment has a negative relation and not significant effect on Economic growth in Indonesia. The result of this research is accordance with research conducted by Fadhillah (2018) which shows that Foreign Direct

Investment does not affect Gross Domestic Product. One of the causes of FDI does not affect Gross Domestic Product because the realization of FDI in Indonesia is still very volatile. Indonesia is still not able to present a conducive and attractive investment climate for investors, so the realization of FDI is inconsistent. Factors that hinder FDI realization in Indonesia are due to ineffective bureaucracy, licensing at the bureaucratic level is still very difficult to exacerbate by the large number of bureaucrats so that investment is hampered at the level of state apparatus. The second factor is logistical costs that make Indonesia less competitive. The disparity in raw material prices between eastern and western Indonesia and more expensive logistical costs with the aim of eastern Indonesia is a problem for the investment climate in this country. The last factor is high energy costs and less competitive with other countries.

3. Labor has a negative relation and not significant effect on the economic growth in Indonesia. The results of this research is accordance with research conducted by Rahman (2016) that the Labor variable (X3) partially has a negative and not significant effect on GRDP (Y). This is due to the lack of expertise in the workforce so that there is more labor, but the output remains even reduced, this results in the growth of the value of GRDP in which there are sectors such as agriculture, mining and others.

B. Suggestions

Based on the result of the analysis and conclusions obtained, then there are several suggestions that can be given by researcher in this research are as follows:

1. The government is expected to be able to encourage export activities in Indonesia by reducing the high cost economy, simplifying licensing of export documents, improving the facilities and infrastructure of the trade sector, streamlining the flow of goods distribution and increasing security in the domestic market so that economic growth in Indonesia increases.
2. The government is expected to attract foreign investment by creating a conducive investment climate, simplifying the licensing process, and improving the quality of human resources so that the value of Foreign Direct Investment (FDI) can be expected to increase and can encourage economic growth in Indonesia.
3. Labor is one of the important factors in the production of Indonesia's Economic Growth. An increase in the number of workers will increase production capacity. Therefore the thing to do is to improve the quality of the workforce by developing a system of integration between the world of education, skills training that is commensurate with the needs of the labor market, development developments and technology.

C. Research Limitations

This research has several limitations including the following:

1. Less time series data, only 17 years. Due to limitations in the availability of data for the variables of export, foreign direct investment and labor.
2. There are many factors that influence economic growth. But in this research only 3 variables were analyzed.