

THE ANALYSIS EFFECT OF FDI AND GDP ON UNEMPLOYMENT IN INDONESIA

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ABSTRACT

The purpose of this study is to analyze the effect of foreign direct investment (FDI) and GDP on unemployment in Indonesia during period 1990-2014. The research method used is a quantitative method of time series data. The data used in this study is a secondary data obtained from the Central Bureau Statistic Indonesia (CBS). Log linear regression analysis method with the method of Ordinary Least Square (OLS). The results of this study are foreign direct investment has significantly effect and negative to the unemployment as big as -0.88. Where the FDI by 1 percent will lead to decrease unemployment rate about 0.88 percent. Gross domestic product are significant negative to unemployment as big as -1.90. Where the GDP by 1 percent will lead to lessen unemployment about 1.90 percent.

Keywords: FDI, GDP, Unemployment, and OLS