

## CHAPTER VI

### CONCLUSION AND RECOMMENDATION

#### 6.1 Conclusion

Based on the description and discussion, it can be concluded as follows:

1. One of the economic indicator in Indonesia is unemployment. Unemployment affected by many factors such as foreign direct investment and economic growth (GDP). On this study, the overall unemployment fluctuated over period 1990-2014.
2. Simultaneously, foreign direct investment and gross domestic product affects the unemployment rate in Indonesia over period 1990-2014. It can be concluded that the F-statistic is higher than F-table ( $27.99 > 3.44$ ). It means that  $H_0$  is rejected and  $H_1$  is accepted (significant). In other word, FDI and GDP have simultaneously have effect on the unemployment rate.
3. FDI has a significantly effect on unemployment in Indonesia due to t-statistic  $>$  t-table ( $3.98 > 1.71$ ). And FDI has negatively effect to unemployment. We could see it from the coefficient (-0.88). It occurs when the increasing of FDI by 1 percent, it will reduce the unemployment rate about 0.88 percent. Conversely, if the FDI goes down about 1 percent, it makes the number of unemployment rise about 0.88 percent.
4. GDP is significant to unemployment rate because of t-statistic  $>$  t-table ( $2.33 > 1.71$ ). There is negative relationship between GDP and

unemployment rate in Indonesia. We could see it from the coefficient (-1.90). It means the increasing of GDP by 1 percent will lessen the unemployment rate about 1.90 percent. Otherwise, if GDP tends to decrease by 1 percent, it makes the unemployment rate go up about 1.90 percent.

## 6.2 Recommendation

Based on the research results, it can be formulated as a suggestion:

1. Governments and stakeholders are expected to increase economic growth. It is not only making economic growth go up, but it may make the real sectors can also growing. It can also increasing the welfare of the community, and making high employment opportunities.
2. Governments are expected to attract foreign investors by creating an investment climate conducive and simplify the licensing process.
3. The author hopes that this research can be followed continuously by other researchers to be able to note the changes that occur from year to year, and it can be known the step to overcome the issues of economic growth, FDI, and unemployment.

