

**THE RELATIONSHIP BETWEEN FOREIGN DIRECT INVESTMENT,
INFLATION AND UNEMPLOYMENT IN INDONESIA**

THESIS

*Prepared and submitted to fulfillment of the requirements to achieve the Bachelor Degree
of Economics in the Department of Economics*

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The Relationship Between Foreign Direct Investment, Inflation and Unemployment in Indonesia

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ABSTRACT

The aim of this study was to analyze the relationship between foreign direct investment, inflation, gross domestic product and unemployment in Indonesia and autoregressive distributed lag (ARDL) approach based on annual data start from 1986-2015 period. This study uses autoregressive distributed lag (ARDL) to find the relationship of foreign direct investment, inflation, gross domestic product and unemployment in short term and long term condition. The study clearly stated that foreign direct investment have the positive relationship with unemployment in long term and also in short term. While inflation and gross domestic product have postive relationship with unemployment in long term and in short term.

Keywords: *foreign direct investment, inflation, gross domestic product, ardl*

