

CHAPTER V

CONCLUSION

5.1 Conclusion

This sub chapter describes about research conclusion that answering research problem and proofing research problem. Below are the research conclusions.

Based on the result of first hypothesis it shown that inflation do not have a significant impact toward foreign direct investment. It proved by the significance as $0.498 > 0.05$ and the B value is 0.04.

Based on the result of second hypothesis shown that interest rate have a negative and significant impact toward foreign direct investment. It proved by the significance as <0.001 and the B value is -0.93.

Based on the result of third hypothesis shown that exchange rate have a negative but not significant impact toward foreign direct investment. It proved by the significance $0.333 > 0.05$ and the B value is -0.01.

5.2 Limitation

Limitation of this research can be found by:

1. The variables used only inflation, interest rate and exchange rate. The other variables like political stability (government policy, the change of

2. leadership, etc), socio-cultural risk (social group, attitude of the population, etc) are not used in this study
3. This study samples period only 16 years from 1998 until 2013.
4. There is a scale effect of foreign direct investment in the data used in this study because the data cannot be converted into log normal because there are some data shown with the negative signs.

5.3 Recommendation

Based on research result, there are some recommendations to investor, investment manager, next researchers, or government as bellow:

1. Academics

For next research, researchers should use longer period to get a better result of the research, and the researcher should add more variable like growth and GDP, political stability, the behavior of the worker, etc.

2. Government of Indonesia and Bank Indonesia

Government and Bank Indonesia must pay more attention about the inflation interest rate and exchange rate to increase the foreign direct investment also to decrease the financial risk to attract more investor. Especially interest rate, this study finds that the higher the interest rate will decrease the incoming foreign direct investment into Indonesia. The government and Bank Indonesia must focusing on keep our interest rate lower to attract more investors into Indonesia that can give and provide more job opportunity for Indonesia people.

REFERENCES

- Aguiar, Sandra., Conraria, L. Aguiar., Gulamhussen, M. Azim and Magalhaes, Pedro C. 2012. "Foreign Direct Investment and Home Country Risk". *Latin American Research Review*. Vol. 47, No. 2.
- Frank, Robert H and Bernanke, Ben S. 2007. *Principle of Economics*. 3rd Edition. USA: McGraw-Hill
- Gerber, James. 2013. *International Economics*. 6th Edition. USA: Pearson Education
- Hamdy Hady. 2012. *Manajemen Keuangan Internasional hal 283-284*. Edisi 3. Jakarta: Penerbit Mitra Wacana Media
- Haque, M. Ashraful. 2008. "Country Risk Assessment: Risk Assessment of the Developing Country". *Journal of International Business Research*. Volume 7, Number 1.
- Juliansyah Noor. 2013. *Metodologi Penelitian*. 3rd Edition. Jakarta: Kencana Prenada Media Group
- Madura, Jeff, and Fox, Roland. 2007. *International Financial Management*. USA: Thomson Learning
- M. Suparmoko dan Maria R. Suparmoko. *Pokok-Pokok Ekonomika*. Edisi 1. Jakarta: BPFE Yogyakarta
- Ruiz, Isabel and Pozo, Susan. 2008 "Exchange Rates and US Direct Investment Into Latin America". *The Journal of International Trade and Economic Development*. Vol. 17, No. 3. Page 411-438
- Sadono Sukirno. 2000. *Makroekonomi Modern*. PT Raja Grafindo Persada: Jakarta
- Samuelson, Paul A and Nordhaus, William D. 2012. *Macroeconomics*. 19th Edition. New York: McGraw-Hill
- Sarwedi. 2002. "Investasi Asing Langsung di Indonesia dan Faktor Yang Mempengaruhinya". *Jurnal Akuntansi dan Keuangan*. Vol. 4, No. 1. Page 17-35
- Sayeq, Selin. 2009. "Foreign Direct Investment and Inflation". *Southern Economic Journal*. 76(2). Page 419-443
- Schiller, Bradley R. 2006. *The Economy Today*. 10th Edition. USA: McGraw-Hill International Edition

- Slavin, Stephen L. 1991. *Introduction to Economics*. 2nd Edition. USA: Irwin
- Srivasta, R.M., 1994. *International Strategic Management*. Himalaya Publishing House, Bombay India.
- Syovian Siregar. 2013. *Metode Penelitian Kuantitatif*. 1st Edition. Jakarta: Kencana Prenada Media Group
- Xing, Yuqing and Wan Guanghua. 2006. "Exchange Rates and Competition for FDI in Asia". *Journal Compilation*.
- Yati Kurniati, Andry Prasmuko dan Yanfitri. 2007. "Determinan FDI". Penelitian dilakukan oleh peneliti di BRE-DKM Bank Indonesia