

**THE INFLUENCE OF FOREIGN DIRECT INVESTMENT ON GDP IN
SELECTED ASEAN COUNTRIES IN 2012-2021**

***PENGARUH INVESTASI ASING LANGSUNG TERHADAP PDB DI
NEGARA-NEGARA TERPILIH ASEAN TAHUN 2012-2021***

UNDERGRADUATE THESIS



ARRANGE BY:

NATANIA SYAFIQR RAHMA

20190430080

**INTERNATIONAL PROGRAM FOR ISLAMIC ECONOMICS AND
FINANCE**

DEPARTMENT OF ECONOMICS

FACULTY OF ECONOMICS AND BUSINESS

UNIVERSITAS MUHAMMADIYAH YOGYAKARTA

2023

**THE INFLUENCE OF FOREIGN DIRECT INVESTMENT ON GDP IN
SELECTED ASEAN COUNTRIES IN 2012-2021**

***PENGARUH INVESTASI ASING LANGSUNG TERHADAP PDB DI
NEGARA-NEGARA TERPILIH ASEAN TAHUN 2012-2021***

UNDERGRADUATE THESIS

**Proposed in Partial Fulfilment of the Requirements to Graduate and
obtain a Degree as a Bachelor of Economics in the International
Program for Islamic Economics and Finance (IPIEF), Department of
Economics, Faculty of Economics and Business, Universitas
Muhammadiyah Yogyakarta**



ARRANGE BY:

NATANIA SYAFIQR RAHMA

20190430080

**INTERNATIONAL PROGRAM FOR ISLAMIC ECONOMICS AND
FINANCE**

DEPARTMENT OF ECONOMICS

FACULTY OF ECONOMICS AND BUSINESS

UNIVERSITAS MUHAMMADIYAH YOGYAKARTA

2023

DECLARATION

Name : Natania Syafiqur Rahma
NIM : 20190430080

I hereby declare that this undergraduate thesis entitled **“THE INFLUENCE OF FOREIGN DIRECT INVESTMENT ON GDP IN SELECTED ASEAN COUNTRIES IN 2012-2021”** does not consist of any content that ever being proposed for any degree in other university, ideas of any research and publication of others, in exception all quotes and ideas which are purposely taken are considered as the research references and listed in the references list. Therefore, if any violation of intellectual rights is found in this research, I agree to accept any relevant academic consequences.

Yogyakarta, 28th February 2024


Natania Syafiqur Rahma

MOTTO

“The wind does not blow to shake the trees, but rather to test the strength of their roots.”

Ali bin Abi Thalib

The rainbow that appears after the rain is nature's promise that the bad times have passed and the future will be fine."

Windry Ramadhina

ACKNOWLEDGMENT

Assalaamualaikum Wr. Wb.

Praise and gratitude the author prays to the presence of Allah SWT who has bestowed His mercy and grace, so that the author can complete this thesis with the title "THE INFLUENCE FOREIGN DIRECT INVESTMENT ON GDP IN SELECTED ASEAN COUNTRIES IN 2012-2021. This was made as one of the requirements for obtaining a bachelor's degree in economics. Therefore, I would like to thank all parties who have contributed and give special appreciation to these parties, especially to:

1. Allah SWT as the God of the universe has made it easy and smooth for me to complete this research.
2. My two beloved parents, Mrs. Winanti and Mr. Pujianta, who have provided endless love, support and prayers. The main motivations for creating this thesis came from the prayers and support received.
3. Prof. Dr. Imamudin Yuliadi, S.E, M.Si as Lecturer in the Department of Economics, Muhammadiyah University of Yogyakarta as well as the author's thesis supervisor and Mr. Dimas Bagus Wiranatakusuma, SE,. M.Ec, Ph.D as the author's thesis supervisor who was patient in guiding and providing input during the process of preparing this thesis.
4. To the extended family who have provided prayers and support for the smooth writing of this thesis.
5. To my friends, Dini Shintia, Nini Aulia, Noni Pradika, Rezza Khairunisa, Gresmilan Bilgis, Dita Aprilia, Shafira Annisa, Adinda Salshabilla, Vira Diniar, Dinda Fatwa, Elnabillah Abbas, Deimas Sagita, Aldin Daffa, Burhanudin Kuncoro, Ariq Musyaffa and Rolando Adib who have accompanied, helped and provided support for me in preparing this thesis.

6. And don't forget to thank (170717) because with a broken heart, I can be motivated to continue writing and finish this thesis smoothly. Although it cannot be denied, sometimes feelings of sadness often come and become obstacles in themselves. Thank you for accompanying me and filling in the story at the end of my journey towards my goals before leaving this beloved UMY campus.
7. To all IPIEF lecturers and staff who always provide extraordinary provisions, lessons and all parties who have provided support so that this thesis can be completed.
8. To myself who was able to persevere in fighting this far.

Wassalaamu'alaikum Wr. Wb.

Yogyakarta, 26 September 2023



Natania Syafiqur Rahma

NIM : 20190430080

TABLE OF CONTENTS

DECLARATION	v
MOTTO	vi
ABSTRACT.....	vii
INTISARI	viii
ACKNOWLEDGMENT	ix
TABLE OF CONTENTS	xi
LIST OF TABLES	xiii
LIST OF FIGURES	xv
LIST OF APPENDIX.....	xvi
CHAPTER I INTRODUCTION	1
A. Background	1
B. Limitation Of The Research	15
C. Research question	15
D. Research purposes	15
E. Research Benefit	16
CHAPTER II THEORETICAL BASIS	17
A. Theoretical basis	17
B. Previous research.....	26
C. Hypothesis.....	33
D. Research Model.....	34
CHAPTER III RESEARCH METHODOLOGY	35
A. Objecct of Research	35
B. Data Type.....	35
C. Data collection technique	36
E. Definition of Operational Variables.....	36
F. Analysis Method.....	37
CHAPTER IV GENERAL DESCRIPTION.....	46
A. Overview of The Research Object.....	46
B. General Description of Research Subjects	48
CHAPTER V ANALYSIS OF RESULTS AND DISCUSSION.....	57
A. Data Quality Test	57
B. Hypothesis Test and Data Analysis	64

C. Result Interpretation and Discussion.....	68
CHAPTER VI CONCLUSIONS, RESEARCH LIMITATIONS, AND SUGGESTIONS.....	83
A. Conclusion.....	83
B. Research Limitations.....	84
C. Suggestion.....	84
REFERENCES.....	86
APPENDIX.....	92

LIST OF TABLES

Table 1. 1 GDP of Eight ASEAN Countries in 2012-2021 (Billion USD).....	3
Table 1. 2 Human Development Index ASEAN Countries 2012-2021	6
Table 1. 3 Foreign Investment (Billion USD) ASEAN Countries 2012-2021.	10
Table 1. 4 Labor force (million) ASEAN Countries 2012-2021	11
Table 1. 5 Money Supply Growth (current %) ASEAN Countries 2012-2021	13
Table 2. 1 Previous Research	26
Table 3. 1 Variables, Types and Sources of Research	35
Table 4. 1 Astronomical Locations and Areas of ASEAN Countries	47
Table 4. 2 GDP of ASEAN Countries 2012-2021 (billion USD).....	49
Table 4. 3 Human Development Index ASEAN Countries 2012-2021	51
Table 4. 4 Foreign Investment (billion USD) ASEAN Countries 2012-2021	53
Table 4. 5 Labor force (million) ASEAN Countries 2012-2021	54
Table 4. 6 Money Supply Growth (current %) ASEAN Countries 2012-2021	56
Table 5. 1 Estimated General Effects, Fixed Effects, and Random Effects Estimation Models.....	57
Table 5. 2 Chow Test.....	58
Table 5. 3 Hausman Test	59
Table 5. 4 Heteroscedasticity Test	60
Table 5. 5 Multicollinearity Test.....	61

Table 5. 6 Fixed Effect Model Estimation Results	62
Table 5. 7 Fixed Effect Cross	64
Table 5. 8 T-test.....	65

LIST OF FIGURES

Figure 2. 1 Production Function	19
Figure 2. 2 Theory Based on Neoclassical Economics	23
Figure 4. 1 Asean Map	47
Figure 5. 1 Transmission of Human Development Index to GDP	70
Figure 5. 2 Transmission Foreign Direct Investment to GDP	74
Figure 5. 3 Transmission of Labor force to GDP	78
Figure 5. 4 Transmission of Money Supply to GDP	82

LIST OF APPENDIX

Appendix 1 Common Effect Model Test Results	92
Appendix 2 Fixed Effect Model Test Results.....	92
Appendix 3 Random Effect Model Test Results	93
Appendix 4 Chow Test Results	94
Appendix 5 Hausman Tes Test Results.....	94
Appendix 6 Heteroscedasticity Test Results	95
Appendix 7 Multicollinearity Test Results	96
Appendix 8. Data analysis	96