

ABSTRACT

This research aims to analyze the factors that influence foreign investment in Indonesia. The independent variables used in this research consist of Gross Domestic Product, Exchange Rates, Government Expenditures and Labor. The dependent variable used in this research is Foreign Investment. This research uses a 31 year time period starting from 1991 to 2021. This research data was obtained from trusted sources such as the World Bank and the Central Bureau of Statistics.

In this research, the Error Correction Model (ECM) method was used. The regression results show that in the long term the Labor variable has a positive and significant influence on the value of foreign investment in Indonesia, and also for the Exchange Rate and Government Expenditure variables it has a negative and significant influence on the value of foreign investment in Indonesia, while for the Domestic Product variables Gross does not have a significant influence.

In the short term, the labor variable has a positive and significant influence on the value of foreign investment in Indonesia, the government expenditure variable has a negative and significant influence on the value of foreign investment in Indonesia. Meanwhile, the exchange rate, and Gross Domestic Product variables do not have a significant influence on the value of foreign investment in Indonesia.

Keywords ; Foreign Investment, Exchange Rates, Gross Domestic Product, Employment, Government Expenditures, Error Correction Model (ECM)