



THE EFFECT OF FOREIGN DIRECT INVESTMENT (FDI), TRADE OPENNESS, EXPORTS AND INFLATION ON INDONESIA'S ECONOMIC GROWTH IN THE 2015-2024 PERIOD

Widya Intan Sari¹, Denok Sunarsi², Kharisma Danang Yuangga³

Universitas Pamulang, Tangerang Selatan, Indonesia

E-mail: dosen02451@unpam.ac.id¹, denoksunarsi@unpam.ac.id²**ABSTRACT**

The objective of this study is to determine the influence of Foreign Direct Investment, trade openness, exports, and inflation on economic growth from 2015 to 2024, both partially and simultaneously. A quantitative research method was employed. Data analysis involved classical assumption testing, regression analysis, coefficient of determination analysis, and hypothesis testing using EViews 13. The analysis results indicate that Foreign Direct Investment, trade openness, exports, and inflation do not have a partial effect on economic growth. Similarly, the simultaneous test shows no significant influence of these variables on economic growth; this is proven by a p-value of 0.2038, which is greater than 0.05. Furthermore, the Adjusted R-squared value is 0.3494, meaning that Foreign Direct Investment, trade openness, and exports contribute 34.94% to the outcome, while the remaining 65.06% is influenced by other variables not addressed in this study.

Keywords: *Foreign Direct Investment, Trade Openness, Exports, Economic Growth*

INTRODUCTION

Digitalization has transformed the economic, cultural, and political conditions of various countries around the world since World War II (Haidar & Firmansyah, 2021). Global competition in various sectors has influenced global economic development. This requires each country to be more open to international trade by implementing various forms of economic cooperation, from the regional to the international level. The gap between savings and investment rates in developing countries forces them to seek alternative sources of capital to finance economic growth. Foreign direct investment is considered the safest and most efficient source of capital for developing countries. This capital inflow is expected to address the savings-investment gap, thereby boosting domestic investment and economic growth.

To increase economic growth in a country, the government must establish policies aimed at increasing the effectiveness of capital flows. These policies include Foreign Direct Investment and Trade Openness or International Trade. This influx of capital will increase output in a way that benefits a country's economy, enabling it to produce its own goods and services and become a stronger nation in a fast-paced, globalized world. Foreign Direct Investment is a long-term capital flow that is less prone to economic turmoil (Putriyanti, 2022). Investment plays a crucial role in driving a country's economy. In this era of globalization, financial markets are increasingly complex and dynamic, influencing investor decisions (Halim, 2024). UNCTAD's 2023 global investment report reveals the growing annual investment deficit facing developing countries in their efforts to achieve the Sustainable

Development Goals (SDGs) by 2030. The gap now stands at \$4 trillion annually, up from \$2.5 trillion in 2015 when the SDGs were adopted (UNCTAD, 2023). Foreign Direct Investment is crucial for economies across countries and is crucial for each country. Direct investment, also known as foreign direct investment, is one evidence that the economy has become more global. It begins when a company in one country provides long-term capital to a company in another country. The fluctuations in investment can affect the fluctuations in a country's economic growth. In a study conducted by Afifah and Meti Astuti (2020) using the variables of Trade Openness and Foreign Direct Investment (FDI) in 5 ASEAN countries, the results showed that the Foreign Direct Investment (FDI) variable has a positive and significant effect on Economic Growth, with higher or larger Foreign Direct Investment values increasing the rate of Economic Growth and vice versa.

Table 1. Indonesia's Growth Data 2015-2024

Year	Economic growth
2015	4.9
2016	5.0
2017	5.1
2018	5.2
2019	5.0
2020	-2.1
2021	3.7
2022	5.3
2023	5.0
2024	5.03

Source: Central Statistics Agency

Based on Table 1.1 above, it can be seen that economic growth in Indonesia fluctuated from 2015 to 2024. In 2019 and 2020, the Indonesian economy slowed, with the onset of the Covid-19 outbreak beginning to experience a drastic decline in economic growth, reaching negative figures. This decline was caused by regional restrictions due to the pandemic and restrictions on retail trade in 2020. All economic activity weakened, and the economic downturn occurred not only in Indonesia.

Likewise, Indonesia's trade openness over the past 10 years has been categorized as fluctuating, with both high and low levels. A low level of trade openness can protect the country from external economic challenges such as the current global economic slowdown. Trade openness can increase capital inflows into a country, ultimately accelerating capital accumulation and technology transfer, considered key components in strengthening economic growth as defined by endogenous growth theory (Elfaki et al., 2021). Research conducted by Ilmiddina Afifah, Firman Rosjadi Djoemadi, and Mintarti Ariani (2019) using the variables of trade openness, investment, inflation, and labor force in eight ASEAN countries showed that trade openness has a positive but insignificant effect on economic growth. Furthermore, regarding the relationship between inflation rates and economic growth, a low inflation rate in a country indicates a more stable economic environment, thus positively impacting economic growth. However, if the inflation rate fluctuates (is easily changed), it will further complicate or slow down a country's economic growth.

High exports will generate high foreign exchange earnings, which are used to finance imports. Corporate expansion will lead to job creation, increased per capita income, and GDP growth. In the capital market, the Jakarta Composite Index (JCI) will also rise because high corporate earnings will result in high dividend distribution rates. This will encourage investors to buy domestic shares. Economic growth is not only measured by a country's GDP; capital markets are also expected to be globally competitive (Anwar, 2025).

Inflation is an economic phenomenon that has become a very serious concern in various parts of the world, high or uncontrolled inflation rates can have a serious impact on the economic stability of a country, and can cause uncertainty in the continuity of people's daily lives and can threaten the sustainability of long-term economic growth. According to (Bank Indonesia, 2020) Inflation is a general and continuous increase in the prices of goods and services over a certain period of time, an increase in the price of one or two goods alone cannot be called inflation unless the increase is widespread or results in price increases in other goods.

Table 2. Inflation Data 2014-2023

Year	Inflation
2015	3.35%
2016	3.02%
2017	3.61%
2018	3.13%
2019	2.72%
2020	1.68%
2021	1.87%
2022	5.51%
2023	2.61%
2024	1.57%

Source: Central Statistics Agency

Table 1.4 above shows that the inflation rate fluctuated from 2015 to 2024. Inflation rose drastically in 2022, reaching 5.51%. It declined drastically in 2024, reaching 1.57%. According to Febrio Nathan Kacaribu, Head of the Fiscal Policy Agency, Indonesia's low inflation in 2024 was largely due to the government's ability to control food prices.

The food component has indeed been a dominant factor in calculating inflation this year. Despite significant declines in staple food prices, and even months of deflation, this situation demonstrates that the government's policy of maintaining stable food prices has been successful.

Research purposes:

1. To determine whether there is an influence of Foreign Direct Investment (FDI) on Indonesia's Economic Growth in the 2015-2024 Period.
2. To determine whether there is an influence of Trade Openness on Indonesia's Economic Growth in the 2015 - 2024 Period.
3. To determine whether there is an influence of exports on Indonesia's economic growth in the period 2015 - 2024.
4. To determine whether there is an influence of inflation on Indonesia's economic growth in the period 2015 - 2024.

5. To determine whether there is a simultaneous influence of Foreign Direct Investment (FDI), Trade Openness, exports and inflation on Indonesia's Economic Growth for the 2015-2024 Period.

WRITING REFERENCES

Economic growth

According to Kuznets, economic growth is defined as a long-term increase in a country's capacity to provide a wider variety of goods. A region is said to be experiencing rapid economic growth if it experiences significant year-over-year increases, while slow growth occurs if it experiences year-over-year declines or fluctuations. This can be compared to the region's economic growth in the previous year or to that of other regions. Economic growth can be determined by comparing GDP in a given year with the previous year. Here's how to calculate the rate of economic growth (Zakaria, 2024).

Foreign Direct Investment

Foreign Direct Investment (FDI) is a form of direct foreign investment involving tangible assets, such as factory construction, capital goods procurement, and the provision of supporting production factors. Compensation is what an investor receives in the future, provided they do not withdraw their funds before the maturity date. Assuming the investor does not withdraw their funds before the end of the investment period, the amount of this return depends on the investor's commitment period, the inflation rate, and the uncertainty surrounding future returns. The longer the investment period, the greater the compensation. Increasing inflation and uncertainty in the business environment encourage greater compensation, in line with the greater risk borne by the investor (Nuzula & Nurlaily, 2020).

Trade Openness

According to the World Bank (2019), trade openness, expressed as trade (% of GDP), is the ratio of the total exports and imports of goods and services with other countries, measured as a share of Gross Domestic Product. International trade is defined as the trade of goods and services between countries in the global market (Sari et al., 2020). Economic openness provides opportunities for all economies to specialize in what they excel at, thus making citizens worldwide more prosperous.

Export

Exports are goods and services sold to foreign countries in exchange for other goods (products, money). The export process is generally the act of removing goods or commodities from within the country to enter them into another country. Large-scale exports of goods generally require intervention from customs in both the sending and receiving countries. The development of a country's exports is determined not only by comparative advantage factors but also by competitive advantage factors. The core of the competitive advantage paradigm is that a country's superiority in global competition is determined not only by its comparative advantage (classical and HO theories) and also by protection or assistance from the government, but also by its competitive advantage. Competitive advantage is not only possessed by a country, but also by companies in that country, individually or in groups.

Inflation

Inflation is a condition in which the general price level tends to rise. The cause of inflation is an increase in demand exceeding supply or exceeding production

capacity, causing prices to rise (demand-pull inflation). Inflation can also occur or originate from the supply side, namely an increase in production costs, resulting in price increases (cost-push inflation). Furthermore, inflation can also occur because the price of goods increases while the community's wage level remains constant (Susanto & Pangesti, 2021). Inflation theory explains that inflation occurs because the amount of money in circulation is not balanced with the available goods (quantitative theory of money) and people want to be beyond their economic capabilities (Keynesian theory). Simply put, inflation is defined as a general and continuous increase in prices. A price increase for just one or two goods cannot be called inflation unless the increase spreads (or results in price increases) to other goods.

Inflation is a macroeconomic variable that can be both beneficial and detrimental to a company. However, high inflation is generally disliked by capital market players because it increases production costs. Inflation is a process of rising prices in an economy (Sadono Sakirno, 2016:15). Inflation refers to a general price increase or an economic phenomenon associated with a decline in the value of a currency, characterized by price increases for almost all goods over a long period. According to Boediono (2018:155), a brief definition of inflation is the tendency for prices to rise generally and continuously. A price increase for just one or two goods is not considered inflation. In a modern economy, inflation is highly vulnerable because the causes of inflation are very complex. Inflation is not only caused by an excessive money supply but is also influenced by other factors such as salary increases, political instability, the influence of foreign inflation, and the decline in the value of money.

RESEARCH METHODS

This research method uses a quantitative method with a descriptive approach, meaning the research depicts, reflects, and explains the results of calculating the company's financial data in the form of financial reports. According to Sugiyono (2019:8),

"Quantitative research methods are in the form of numbers and statistical analysis used to research a particular population or sample. According to Sugiyono (2013:54)

"Descriptive research is research conducted to determine the value of independent variables, either one or more variables without making comparisons, or connecting with other variables. Independent variables consist of FDI, Trade Openness, Exports and Inflation, while the dependent variable is Indonesia's Economic Growth.

A population is a generalized area consisting of objects/subjects with certain qualities and characteristics determined by the researcher to be studied and then conclusions drawn (Sugiyono & Lestari, 2021). The population in this study is Indonesia from 2015 to 2024.

Tresiana, in Maudi (2021), defines a sample as a subset of a population's characteristics used for research, from which conclusions can be drawn. The samples in this study were FDI, Trade Openness, Exports, and Inflation from 2015 to 2024.

The data analysis for this study was quantitative. Quantitative analysis is a form of data analysis that uses numbers and statistical calculations to analyze a hypothesis. Quantitative data analysis is carried out by collecting the required data, then processing it and presenting it in the form of tables, graphs, and other analytical

outputs that are used to draw conclusions as a basis for decision-making. The tools used in this study were Microsoft Excel and Eviews version 13.

RESULTS AND

The scope of this research is to determine the influence of Foreign Direct Investment (FDI), Trade Openness, Exports and Inflation on Economic Growth in Indonesia for the period 2015-2024.

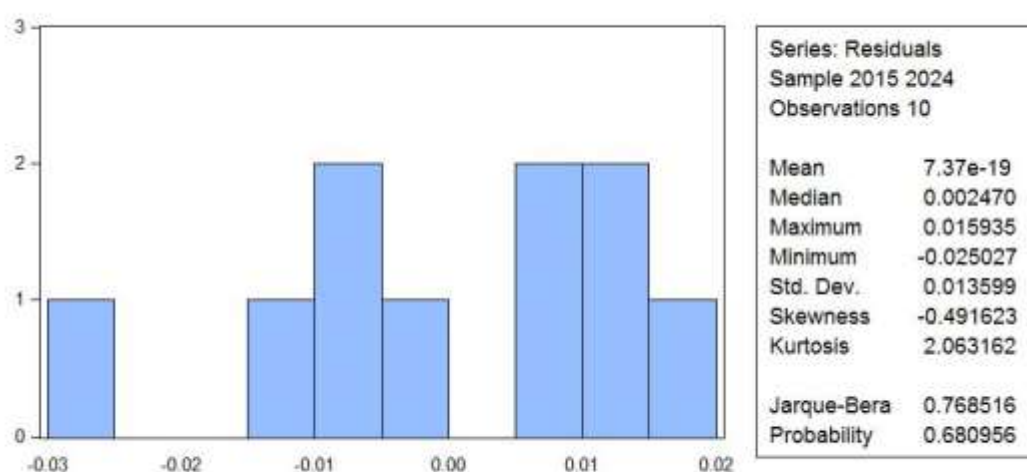
Classical Assumption Test

The classical assumption test is used to determine the accuracy of the data, or the significance of the relationship between the independent variable and the dependent variable so that the results of the analysis can be interpreted more accurately, efficiently, and avoid weaknesses that occur due to the presence of symptoms of classical assumptions or whether or not the data used is continued as research data. The test was carried out using the Eviews Version 13 program. In this study, the classical assumption test carried out consisted of a normality test, a multicollinearity test, an autocorrelation test, and a heteroscedasticity test.

A) Normality Test

A normality test is performed to determine whether the dependent and independent variables in a regression model are normally or non-normally distributed. A good regression model has a normal or near-normal data distribution. To confirm the assumption that the equation is normally distributed, a measurement tool is used to calculate the residuals of the dependent variable. The normality test aims to determine whether the independent variable, dependent variable, or both have a normal distribution. The results are known if the Jarque-Bera (JB) value < 2 , then the data contributes normally, or if the probability is > 0.05 , then the data is normally distributed.

Table 4.2
Test Results Normality With Kolmogorov-Smirnov Test



Data sources were processed using Eviews 13 (2026)

Based on the results of the normality test in table 4.2 above, it shows that Jarque-Bera (JB) is $0.768516 > 0.05$, which means that the residual data in this study has a normal distribution.

B) Multicollinearity Test

The multicollinearity test aims to determine whether there is a correlation between the independent variables in this research regression. Multicollinearity can be detected by examining the correlation coefficient of a model. A correlation coefficient greater than 0.9 indicates multicollinearity.

Table 4.3

Multicollinearity Test Results

Variance Inflation Factors			
Date: 05/25/26 Time: 09:31			
Sample: 2015 2024			
Included observations: 10			
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.008223	247.0134	NA
FDI	8.01E-13	7.795989	1.157321
KETERBUKAAN PE	0.075018	364.8616	2.499114
EKSPOR	2.30E-08	29.79484	1.771359
INFLASI	0.403714	11.70606	1.457724

Data sources were processed using Eviews 13 (2026)

Based on the results of the multicollinearity test using the Variance Inflation Factors method in table 4.3 above, it shows that the correlation value between the independent variable and other variables in this study is still below 10.00. Therefore, the data in this study does not show symptoms of multicollinearity.

C) Heteroscedasticity Test

The heteroscedasticity test is used to determine whether residuals from one observation to another are similar in a regression model. The test is performed by comparing the chi-square probability value with the Observational R-squared with a significance level of 0.05. The results of the heteroscedasticity test can be seen in Table 4.4 below:

Table 4.4

Heteroscedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
Null hypothesis: Homoskedasticity			
F-statistic	3.687563	Prob. F(4,5)	0.0925
Obs*R-squared	7.468387	Prob. Chi-Square(4)	0.1131
Scaled explained SS	0.992513	Prob. Chi-Square(4)	0.9109

Data sources were processed using Eviews 13 (2026)

Based on the results of the heteroscedasticity test, the data table above shows that the chi-square value for Obs*R-squared is $7.468387 > 0.05$ significance level. This indicates that there is no heteroscedasticity problem. Therefore, it can be concluded that the data used in this study meets the classical assumptions of heteroscedasticity.

D) Autocorrelation Test

To detect the presence or absence of autocorrelation, the Breush-Godfrey test (LM TEST) is performed. The criteria for detecting the presence or absence of autocorrelation (Muharram, 2019) is if the Chi-Squared probability value is $> (0.05)$, meaning there is no autocorrelation. Conversely, if the Chi-Squared probability value is $< (0.05)$, it means there is autocorrelation.

Table 4.5 Autocorrelation
Test Results

Breusch-Godfrey Serial Correlation LM Test: Null hypothesis: No serial correlation at up to 2 lags			
F-statistic	0.887422	Prob. F(2,3)	0.4980
Obs*R-squared	3.717073	Prob. Chi-Square(2)	0.1559

Data sources were processed using Eviews 13 (2026)

From the results of the table above, it is known that the autocorrelation test using Breush-Godfrey (LM TEST) has a probability value of Obs*R-Squared of 3.717073 $> (0.05)$, so it can be concluded that the assumptions of the autocorrelation test have been met or the data has passed the autocorrelation test.

Quantitative Analysis.

Verification analysis is intended to determine the magnitude of the influence and analyze its significance. This analysis examines the influence of two independent variables on the dependent variable.

A) Multiple Linear Regression Analysis

The multiple linear regression analysis method aims to estimate changes in the response of the dependent variable to several independent variables.

Table 4.6
Multiple Linear Regression Test Results

Dependent Variable: PERTUMBUHAN EKONOMI Method: Least Squares Date: 05/26/26 Time: 23:47 Sample: 2015 2024 Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.190524	0.090681	-2.101040	0.0896
FDI	4.55E-07	8.95E-07	0.508321	0.6329
KETERBUKAAN PERDAGANGAN	0.637998	0.273894	2.329363	0.0673
EKSPOR	-0.000162	0.000152	-1.070864	0.3332
INFLASI	0.067688	0.635385	0.106531	0.9193
R-squared	0.638605	Mean dependent var		0.042130
Adjusted R-squared	0.349488	S.D. dependent var		0.022622
S.E. of regression	0.018245	Akaike info criterion		-4.862947
Sum squared resid	0.001664	Schwarz criterion		-4.711654
Log likelihood	29.31474	Hannan-Quinn criter.		-5.028915
F-statistic	2.208816	Durbin-Watson stat		2.997004
Prob(F-statistic)	0.203867			

Data sources were processed using Eviews 13 (2026)

Based on the results of the regression calculations in the table above, the regression equation can be obtained $Y = -0.1905 + 4.55X_1 + 0.637X_2 - 0.00016X_3 + 0.067X_4$ From the equation above, the following conclusions can be drawn:

- The constant value (a) of -0.1905 states that X_1, X_2, X_3, X_4 are 0, so the stock price is -0.1905.
- The regression coefficient value of the foreign direct investment variable (X_1) is positive, namely 4.55, which means that for every 1 unit increase in variable X_1 , the average dependent variable Economic Growth (Y) will increase by 4.55, provided that other variables are constant.
- The regression coefficient value of the Trade Openness variable (X_2) is positive, namely 0.637, which means that for every 1 unit increase in the X_2 variable, the average dependent variable, Economic Growth (Y), will increase by 0.637, provided that other variables are constant.
- The regression coefficient value of the Export variable (X_3) is negative, namely 0.0016, which means that for every 1 unit decrease in variable X_1 , the average dependent variable Economic Growth (Y) will increase by 0.0016, provided that other variables are constant.
- The regression coefficient value of the Inflation variable (X_4) is positive, namely 0.067, which means that for every 1 unit increase in the X_4 variable, the average dependent variable Economic Growth (Y) will increase by 0.067, provided that other variables are constant.

B) Analysis of the Coefficient of Determination.

The coefficient of determination test aims to measure the model's ability to explain variation in the dependent variable. The coefficient of determination value is between zero and one. A small R^2 value indicates that the independent variables' ability to explain the dependent variable is very limited.

Table 4.7
Results of the Determination Coefficient Analysis

R-squared	0.638605	Mean dependent var	0.042130
Adjusted R-squared	0.349488	S.D. dependent var	0.022622
S.E. of regression	0.018245	Akaike info criterion	-4.862947
Sum squared resid	0.001664	Schwarz criterion	-4.711654
Log likelihood	29.31474	Hannan-Quinn criter.	-5.028915
F-statistic	2.208816	Durbin-Watson stat	2.997004
Prob(F-statistic)	0.203867		

Data sources were processed using Eviews 13 (2026)

Based on Table 4.7 above, the test results show that the Adjusted R-squared value is 0.3494. This indicates that the influence of the independent variable on the dependent variable is 34.94%, with the remaining 65.06% influenced by other variables outside the research model.

Hypothesis Testing.

a. Partial Hypothesis Testing (t-Test).

The t-test aims to show the extent to which an individual independent variable influences the dependent variable. The following are the decision-making criteria in this study:

If the probability value is > 0.05 , then the independent variable individually has no effect on the dependent variable. If the probability value is < 0.05 , then the

independent variable individually influences the dependent variable.

The Influence of Foreign Direct Investment (X1) on Economic Growth (Y).

The results of data processing using the Eviews program version 13, with the following results:

Table 4.8 Hypothesis Test Results (t-Test) X1 Against Y

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.190524	0.090681	-2.101040	0.0896
FDI	4.55E-07	8.95E-07	0.508321	0.6329

Data sources were processed using Eviews 13 (2026)

Based on the test results in the table above, the p value is obtained $> \text{Sig. } 0.05$ or $(0.0896 > 0.05)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no influence between Foreign Direct Investment to Economic growth

The Effect of Trade Openness (X2) on Economic Growth (Y).

The results of data processing using the Eviews program version 13, with the following results:

Table 4.9 Hypothesis Test Results (t-Test) X2 Against Y

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.190524	0.090681	-2.101040	0.0896
TRADE OPENNESS	0.637998	0.273894	2.329363	0.0673

Data sources were processed using Eviews 13 (2026)

Based on the test results in the table above, the p value is obtained $> \text{Sig. } 0.05$ or $(0.0673 > 0.05)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no influence of Trade Openness to Economic growth

The Effect of Exports (X3) on Economic Growth (Y).

The results of data processing using the Eviews program version 13, with the following results:

Table 4.10 Hypothesis Test Results (t-Test) X3 Against Y

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.190524	0.090681	-2.101040	0.0896
EXPORT	-0.000162	0.000152	-1.070864	0.3332

Data sources were processed using Eviews 13 (2026)

Based on the test results in the table above, the p value is obtained $> \text{Sig.} 0.05$ or $(0.3332 > 0.05)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no influence of exports.toEconomic growth

The Effect of Inflation (X4) on Economic Growth (Y).

The results of data processing using the Eviews program version 13, with the following results:

Table 4.11 Hypothesis Test Results (t-Test) X4 Against Y

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.190524	0.090681	-2.101040	0.0896
INFLATION	0.067688	0.635385	0.106531	0.9193

Data sources were processed using Eviews 13 (2026)

Based on the test results in the table above, the p value is obtained $> \text{Sig.} 0.05$ or $(0.9193 > 0.05)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no influence of inflation.toEconomic growth.

Simultaneous Hypothesis Testing (F Test).

**Table 4.12
Hypothesis Results (F Test)**

R-squared	0.638605	Mean dependent variable	0.042130
Adjusted R-squared	0.349488	SD dependent var	0.022622
SE of regression	0.018245	Akaike info criterion	-4.862947
Sum squared residual	0.001664	Schwarz criterion	-4.711654
Log likelihood	29.31474	Hannan-Quinn criter.	-5.028915
F-statistic	2.208816	Durbin-Watson stat	2.997004
Prob(F-statistic)	0.203867		

Data sources were processed using Eviews 13 (2026)

It is known that the F-statistic value is $2.208 < 3.71$ with a probability value (F-statistic) of $0.203 > 0.05$, so it is concluded thatThere is nonet simultaneous influence between FDI, Trade Openness, Exports and Inflation on Economic Growth.

Discussion of Research Results

1. The Influence of Foreign Direct Investment (X1) on Economic Growth (Y)

Based on the test results in the table above, the p value is obtained $> \text{Sig.} 0.05$ or $(0.0896 > 0.05)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no influence between Foreign Direct InvestmenttoEconomic growthThis is in line with research conducted by Jilenga and Xu (2019) that Foreign Direct Investment has no effecttoEconomic growth.This can occur due to less than optimal absorption: the quality of local human resources (HR) is not yet able to absorb the technology brought by foreign investors or complicated institutions and regulations, or inadequate infrastructure hinders

the spillover effect of FDI to the domestic sector, even more investment profits are withdrawn back to the country of origin (capital outflow) rather than being reinvested in the recipient country.

2. **The Effect of Trade Openness (X2) on Economic Growth (Y).**

Based on the test results in the table above, the p value is obtained $> \text{Sig. } 0.05$ or $(0.0673 > 0.05)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no influence of Trade Openness to Economic growth. This is in line with research conducted by Nguyen & Bui (2021). Trade openness has no significant effect on economic growth, indicating a decline in the effectiveness of trade openness in driving growth once a country's economy reaches a certain level. This is in line with the theory of diminishing returns to openness, which states that at a certain point, additional trade openness or other economic inputs will have no significant impact on economic growth (Juchem Neto et al., 2019; Strulik, 2024).

3. **The Effect of Exports (X3) on Economic Growth (Y).**

Based on the test results in the table above, the p value is obtained $> \text{Sig. } 0.05$ or $(0.3332 > 0.05)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no influence of exports to Economic growth.

This is in line with research conducted by Ibnu Sofyan (2018), that exports have no effect to Economic growth. The export variable in the study did not affect economic growth in Indonesia. Therefore, the government can implement policies to increase employment, especially in labor-intensive sectors, in the long and short term across various business sectors, so that more labor can be absorbed, increasing GDP, and increasing the number of workers. Furthermore, the government can also increase assistance in the form of education and training to make the absorbed workforce more productive. To increase the number of workers, people can also more easily find jobs throughout the country through the flow of information. The government can create policies to increase commodity exports that can benefit both exporters and the country, facilitate the export of goods, and even help exporters obtain the necessary information. The government can also simplify licensing for platforms that provide export services to facilitate exports. While labor is a crucial component in the production process, the labor variable can increase GDP. To produce output in production activities, labor is needed, especially in labor-intensive sectors, which can absorb more labor, which will significantly affect changes in GDP. Therefore, a productive workforce can increase the gross domestic product of the Indonesian population. A rapid increase in the workforce can also accelerate the growth rate of gross domestic product (GDP) due to the increase in the number of productive workers. Government policies to increase labor absorption through labor-intensive programs will have a positive impact due to the large number of Indonesians of productive age. This will reduce unemployment and increase labor demand. However, increased labor absorption must be accompanied by increased labor productivity to avoid hampering economic growth. The crisis did not have a significant impact on GDP in either the short or long term. However, the government must pay attention to signs of an

impending crisis, as evidenced by several deteriorating macroeconomic indicators, and take swift and effective action to ensure that the impact of the crisis can be addressed quickly and does not have a significant impact on Indonesian society.

4. **The Effect of Inflation (X4) on Economic Growth (Y).**

Based on the test results in the table above, the p value is obtained $> \text{Sig. } 0.05$ or $(0.9193 > 0.05)$. Thus, H_0 is accepted and H_1 is rejected, this indicates that there is no influence of inflation to Economic growth. This is in line with Widya's (2023) research supports these findings by asserting that inflation in Indonesia has a complex effect on economic conditions. Sharp increases in inflation, typically reflecting excessive price increases, can reduce people's purchasing power, potentially reducing the production of goods and services and hampering economic growth. However, the effects of inflation are not always negative. Moderate inflation can stimulate production if price increases precede wage increases, while high inflation tends to reduce economic output.

CONCLUSION AND SUGGESTIONS

Partially there is no influence between Foreign Direct Investment to Economic growth. This is in line with research conducted by Jilenga and Xu (2019) that Foreign Direct Investment has no effect to Economic growth. This can occur due to less than optimal absorption. There is no influence of Trade Openness to Economic growth. This is in line with research conducted by Nguyen & Bui (2021). Trade openness has no significant effect on economic growth, indicating a decline in the effectiveness of trade openness in driving growth once a country's economy reaches a certain level. There is no influence on exports to Economic growth. This is in line with research conducted by Ibnu Sofyan (2018), that exports have no effect to Economic growth. The export variable in the study had no impact on economic growth in Indonesia. Therefore, the government can implement policies to increase employment, particularly in labor-intensive sectors, in both the long and short term across various business sectors. This will allow for greater absorption of the workforce, boosting GDP and increasing the workforce. There is no influence of inflation to Economic growth. This is in line with Widya's (2023) research supports these findings by asserting that inflation in Indonesia has a complex effect on economic conditions. Sharp increases in inflation, typically reflecting excessive price increases, can reduce people's purchasing power, potentially reducing the production of goods and services and hampering economic growth.

REFERENCES

- Aprilliany, & Efefendi. (2019). Alternatif Investasi Di Perusahaan Sektor Property Real Estate dan Konstruksi Banagunan. Jakarta.
- Afifah, I., Djoemadi, F., & Ariani, M. (2019). Pengaruh Keterbukaan Perdagangan, Investasi, Inflasi, dan Angkatan Kerja terhadap Pertumbuhan Ekonomi pada Delapan Negara ASEAN Periode 2008-2015. *Jurnal Ilmiah*, 7(2), 1-11.
- Ambarwati, A. D., Sara, I. M., & Aziz, I. S. A. (2021). Pengaruh Jumlah Uang Beredar (JUB), BI Rate dan Inflasi Terhadap Pertumbuhan Ekonomi di Indonesia Periode 2009-2018. *Warmadewa Economic Development Journal (WEDJ)*, 4(1), 21-27.

- Aprianto, R., & Asmara, A. (2018). Determinan Aliran Masuk Foreign Direct Investment ke Negara-Negara Berpendapatan Rendah. *Jurnal Ekonomi Dan Kebijakan Pembangunan*, 7(2), 174-188.
- Astuti, M. (2020). Analisis Pengaruh Trade Openness Dan Foreign Direct Investment Terhadap Pertumbuhan Ekonomi (Studi Kasus Anggota Negara Asean-5 Tahun 1998-2017). *Youth & Islamic Economic Journal*, 1(01), 47-74.
- Chapra, M. U. (2016). *The future of economics: An Islamic perspective* (Vol. 21). Kube Publishing Ltd.
- Dewi Mahrani Rangkuty. (2022). *Teori Inflasi*. (Grup Penerbitan CV BUDI UTAMA).
- Elfaki, K. E., Handoyo, R. D., & Ibrahim, K. H. (2021). The impact of industrialization, trade openness, financial development, and energy consumption on economic growth in Indonesia. *Economies*, 9(4), 174.
- Haidar, M. I., & Firmansyah, F. (2021). Analisis pertumbuhan ekonomi negara-negara asean. *FORUM EKONOMI: Jurnal Ekonomi, Manajemen Dan Akuntansi*, 23(3), 593- 605.
- Halim, A. (2024). *Analisis Investasi dan Aplikasinya: dalam Aset Keuangan dan Aset Riil Edisi 3*. Penerbit Salemba.
- Ichvani, L. F. I., & Sasana, H. (2019). *Jurnal REP (Riset Ekonomi Pembangunan)* World Sumber : Transparency International Sumber : World Bank. *Jurnal REP (Riset Ekonomi Pembangunan)*, 4(1), 61-72.
- Indonesia, B. (2020). Fungsi utama moneter inflasi dari <https://www.bi.go.id> Barro, R. 1997. *Macroeconomics*, 5th edition, Canbridge. MA: MIT Press.
- Inflasi, P., Tenaga, D. A. N., Terhadap, K., Tinggi, S., Pendidikan, I., & Muhammadiyah, S. (2022). *Mira Hastin*. 3(1), 61-78.
- Nuzula, N. F., & Nurlaily, F. (2020). *Dasar-dasar manajemen investasi*. Universitas Brawijaya Press.
- Putriyanti, E. M. (2022). Analisis Faktor-Faktor yang Mempengaruhi Investasi Asing Langsung di Indonesia 1986-2019 (Analysis of Factors Affecting Foreign Direct Investment in Indonesia 1986-2019). *Jurnal Economina*, 1(3), 620-633.
- Robinson Tarigan. (2019). *Ekonomi Regional Teori dan Aplikasi* (10th ed.). PT. Bumi Aksara, Jakarta.
- Sari, W., Nadir, M., & Hadjaat, M. (2020). Pengaruh ekonomi makro terhadap pergerakan indeks harga saham gabungan di bursa efek indonesia tahun 2008-2017. *Jurnal Ilmu Manajemen Mulawarman (JIMM)*, 5(4).
- Sugiyono, S., & Lestari, P. (2021). *Metode penelitian komunikasi (Kuantitatif, kualitatif, dan cara mudah menulis artikel pada jurnal internasional)*. Alfabeta Bandung, CV. Susanto, R., &
- Pangesti, I. (2021). Pengaruh inflasi dan pertumbuhan ekonomi terhadap tingkat kemiskinan di Indonesia. *JABE (Journal of Applied Business and Economic)*, 7(2), 271-278.
- UNCTAD. (2023). *World Investment Report 2023. Reforming International Investment Governance*. Geneva: United Nations Publication.
- Zakaria, S. (2024). *Pengantar teori ekonomi makro*. Uwais Inspirasi Indonesia.