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The Effect of Indonesian International Interest Rate, IDR Dollar Exchange Rate, and Indonesian National Income on Foreign Investment Receipts in Indonesia

Eddy Winarso[a], Sugiartiningsih[b], [a]Faculty of Economic and Business, Jenderal Achmad Yani University, Bandung – West Java –Indonesia, [b]Faculty of Economic and Business, Muhamadyah University Bandung, Bandung – West Java –Indonesia, Email: [a]eddy.winarso@lecture.unjani.ac.id, [b]ummusugiartiningsih@umbandung.ac.id

Indonesia's economic growth is in dire need of foreign investment in the form of capital goods, human resources and technology. This study aims to determine the effect of Indonesia's international interest rate, the IDR exchange rate and Indonesian national income on the receipt of Foreign Investment (PMA)* in Indonesia. The research method used is multiple regressions modelling the causal relationship between Indonesia's international interest rates, the IDR exchange rate and Indonesia's national income with FDI receipts in Indonesia from 2000 to 2018. Based on the results of data processing, Indonesia's international interest rates have a negative effect on FDI receipts in Indonesia. The main factor is the low interest rate and supported by the improvement of the PMA Law, which has stimulated the interest of foreign investors to invest in Indonesia. The IDR exchange rate has a positive effect on FDI receipts in Indonesia. The decline in the value of the IDR against the US$ will increase efficiency for foreign investors in financing labour costs and land rent for the automotive and dairy industries. Likewise, Indonesia's national income has a positive effect on FDI receipts in Indonesia. Where the increase in income will increase the purchasing power of oil and gas.

Keywords: *Foreign Investment, interest rate, exchange rate, national income*

*PMA is Penanaman Modal Asing (the term in Indonesia)

Background of the research

The country's economic growth will be successful if it is supported by high investment (Amir M, 2016). Where state investment, apart from domestic sources, also needs to be supported from abroad, known as Foreign Investments (PMA). The contribution of PMA receipts in Indonesia starting from the New Order has proven to be quite large until after the reform, which is 60% (Sugiarti, 2017). Indonesia's dependence on PMA can be done bilaterally or multilaterally.

Previous research has shown that from a bilateral perspective, FDI receipts from South Korea in Indonesia are significantly influenced by economic stability, namely Indonesian inflation (Sugiarti,2017). This is in accordance with Fisher's theory that the decline in inflation will be followed by interest rates which then have an impact on increasing South Korean FI receipts in Indonesia (Eun R.,2013).

Behind the success of the bilateral FDI receipts, there is a curiosity to examine the influence of macroeconomic factors on the total FDI receipts in Indonesia. This is in accordance with the emerging phenomenon that the response to foreign investment in Indonesia is getting competition from other countries in the Asian region. The attractiveness of low labor costs and relatively stable interest rates is a tough issue for FDI to emigrate from Indonesia to Vietnam or China. Even in early 2020, which was marked by the emergence of the Covid 19 virus, many foreign investors left Indonesia for security reasons (Yopi, 2020).

Concern about this phenomenon is very important to evaluate the optimism ofFDI acceptance in Indonesia. The emphasis of this research is on the variables of Indonesia's international interest rates, the IDR exchange rate and Indonesia's national income (Amir, 2016). The development of all these variables from 2000 to 2018 can be seen in Figure 1 as follows:

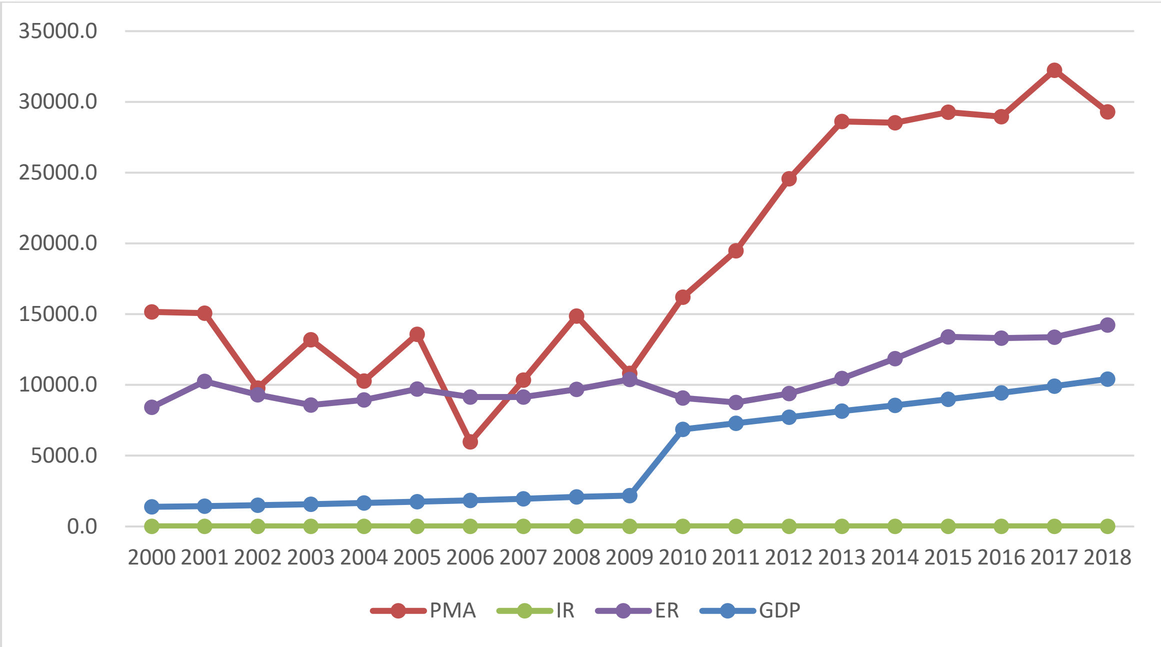

Figure 1. The Development of Indonesia's International Interest Rate, IDR Exchange Rate and Indonesia's National Income Against Indonesian Foreign Investment Receipts for the 2000-2018 Period.

Figure 1, it can be seen that Indonesia's international interest rate fluctuated from 4.2% in 2000 then reached the lowest value of 2.8% in 2003 and increased again to 3.6% in 2018. The IDR exchange rate against the US Dollar has always depreciated from IDR 8,421 in 2000 to IDR 1,4230.99 in 2018. Indonesia's Gross National Product (GNP) increased annually from US$ 1,389.27 million in 2000 to US$ 10,425.40 million in 2018. FDI receipts in Indonesia fluctuated from US$ 15,167.5 million in 2000 then decreased with the lowest value of US$ 3,977.0 million in 2006 and increased again to US$ 29,307.9 million in 2018.

Based on the development of data and phenomena that appear to be contradictory, it is necessary to examine macroeconomic factors that have a stronger influence on FDI receipts in Indonesia. Thus, the title adopted in this study is the influence of Indonesia's international interest rates, the IDR exchange rate and Indonesian national income on foreign investment receipts in Indonesia.

Formulation of the research

Based on the description of the background of the research above, the formulation of the problem put forward is:

1. How is the effect of Indonesia's international interest rates on FDI receipts in Indonesia?
2. How does the IDR exchange rate affect PMA receipts in Indonesia?

3. How is the effect of Indonesia's national income on FDI receipts in Indonesia?
4. How do Indonesia's international interest rates, the IDR exchange rate and Indonesia's national income affect FDI receipts in Indonesia?

Research purposes

The purpose of this research is to find out:

1. The effect of Indonesia's international interest rates on FDI receipts in Indonesia.
2. The effect of the IDR exchange rate on PMA receipts in Indonesia.
3. The effect of Indonesia's national income on FDI receipts in Indonesia.
4. The influence of Indonesia's international interest rates, the IDR exchange rate and Indonesia's national income on FDI receipts in Indonesia.

Theoretical review

Definition, Classification and Determinants of Investment

Investment is an expenditure made by investors or companies to buy capital goods and production equipment in order to increase added value in producing goods and services (Sadono Sukirno, 2016).

In practice, the recording of the value of investment or investment is carried out in a certain year, which includes expenditures: 1) capital goods, namely machines and other production equipment to establish various types of industries and companies, 2) Construction of residential houses, offices, factories and so on, 3) The increase in the value of the stock of goods that have not been sold, raw materials and goods that are still in the production process at the end of the national income calculation year. The three investment components are called gross investment (Sadono Sukirno, 2016).

Classification of investment in the perspective of macroeconomics can be grouped according to the form and type. In terms of form, it can be divided into three, namely construction investment, rehabilitation investment and expansion investment. Investment classification of its type is divided into four pairs, namely: 1) government and private investment, 2) domestic and foreign investment, 3) Autonomous and affected investment, 4) Gross and net investment (Suherman Rosidi, 2009).

From this grouping, investment in the government sector comes from government savings and foreign debt. Meanwhile, private sector investment comes from Domestic Investment and Foreign Investment (PMA) (Guritno, 2009).

The factors that affect the level of investment are (Sadono Sukirno, 2016):

1. Predicted return on investment

Prediction of future profits will provide entrepreneurs with an idea of the types of investments that can be implemented and the amount of investment to realize the required capital goods. The better the geographical and demographic prospects of a country, the higher the interest of entrepreneurs to invest, thereby potentially increasing foreign capital receipts.

2. Interest rate

The interest rate determines the types of investments that will benefit entrepreneurs and can be carried out. Entrepreneurs will carry out their interest in investing if the percentage of net gain on capital obtained is greater than the interest rate. To be able to determine the amount of investment that must be made as shown in Figure 2 below:

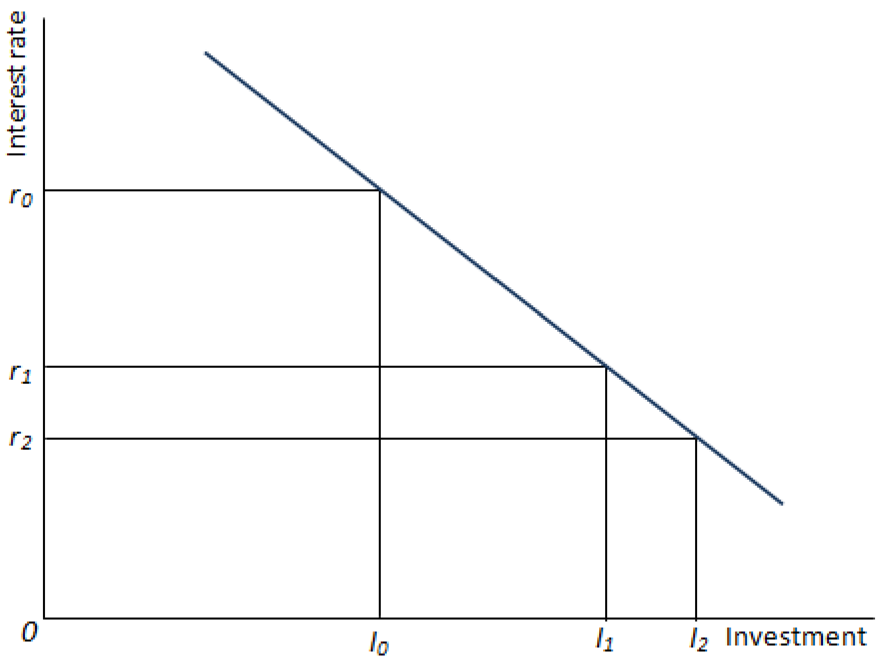

Figure 2. Interest rate and Investment
(Sadono Sukirno, p.113)

From Figure 2 it can be seen that if the interest rate is r_0 then there is an investment of I_0 which can have a return on capital of r_0 or more. Then when the interest rate is r_1 then an investment of I_1 is needed to be able to get a return on capital of r_1 or more. Thus there is an inverse relationship between the interest rate and investment.

3. Forecasting the state of the economy in the future

The risk of large companies in investing activities is that it takes a long time to set up factories and production processes to guarantee a return of capital. This reality encourages entrepreneurs to forecast the future economy whether it will be profitable or even detrimental. The factors that are commonly predicted are prices, economic growth and people's incomes. If these three factors are considered stable then the level of investment will increase.

4. Technological changes and developments

Entrepreneurs' activities in technological innovation are very important in the development process. To carry out reforms, entrepreneurs had to buy new capital goods and sometimes construct new factory or industrial buildings. The higher the renewal, the higher the investment achieved.

5. National income

A high level of national income will increase public demand for goods and services produced by the company. This potential will increase the company's profits which in the next stage will encourage greater investment. Thus, there is a unidirectional relationship between national income and investment.

Domestic Investment and Foreign Investment (PMA)

Domestic Investment is an investment activity in the territory of Indonesia by domestic investors. On the other hand, foreign investment (PMA) is carried out by foreign investors wholly or jointly with PMDN in Indonesia. Foreign capital invested can be divided into two, namely direct and indirect investment.

Direct investment is characterized by the existence of asset control by companies from the investing country on a de facto basis by investing. Direct investment can take the form of establishing a branch company in the country of importing capital; establishment of a company in which the company state of the investing country has the majority of shares; establishment of a company in the importing country which is entirely financed by the company located in the country of the investor; establishment of a company in the country of the investor that specifically operates in another country. Indirect investment is often called a portfolio investment characterized by the ownership of shares that can be transferred and over shares or debt securities by citizens of other countries. Shareholders only have the right to dividends (Amir M, 2016).

Apart from being determined by the five factors above, private investment is also influenced by the confidence of foreign investors in the economic crisis, which can be seen from the exchange rate of the IDR against the US$. If the IDR exchange rate decreases against the US$, it will be followed by an increase in foreign capital receipts in Indonesia.

Framework

The economic development of a country cannot be separated from the contribution of other countries in the form of Human Resources (HR), capital goods and technology. Especially after the adoption of a capitalist economic system, the need for resources in developing countries is mostly played by the foreign sector, namely PMA. The attractiveness of FDI in Indonesia is generally in economic sectors that are considered vital, such as industry, mining and agriculture.

Entering the reform era, the competitiveness of foreign direct investment in Indonesia is getting tighter with the rise of Asian countries, which during the New Order era were far below Indonesia's. As a bulwark of defence, monetary policy and exchange rates are expected to have a high contribution to FDI receipts in Indonesia. The interest rate of a country is the main reference for foreign investors to dare to invest in the destination country. In addition, the role of the exchange rate is a consideration for foreign investors to reduce production costs. Likewise, high national income has the potential to increase purchasing power and support a country's FDI receipts.

The effect of Indonesia's international interest rates, IDR exchange rate and Indonesia's National income on foreign investment receipts in Indonesia.

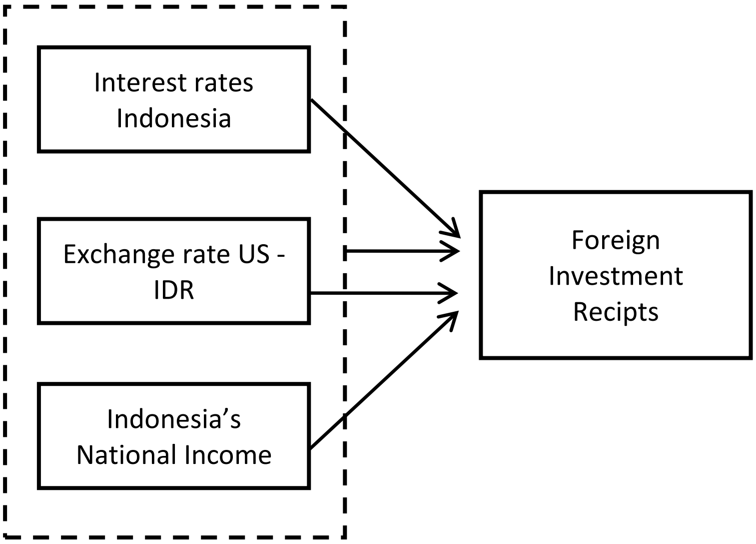

Figure 3. Research Hypothesis

Research Hypothesis

The effect of Indonesia's International Interest Rate, IDR - Dollar Exchange Rate and Indonesian National Income on Foreign Investment Receipts in Indonesia for the 2000-2018 Period

Based on the results of the framework, the proposed hypothesis is:

Ha_1: Indonesia's international Interest Rates have a negative effect on Foreign Investment Receipts in Indonesia.

Ha_2: The IDR Exchange Rate has a positive effect on the acceptance of Foreign Investment in Indonesia.

Ha_3: Indonesia's National Income has a positive effect on Foreign Investment Receipts in Indonesia.

Ha_4: Indonesia's international Interest Rate, IDR Exchange Rate and Indonesian National Income affect the acceptance of Foreign Investment in Indonesia.

Research Methodology

This study uses a quantitative descriptive approach, namely the causal relationship between Indonesia's international interest rates, the IDR exchange rate and Indonesian national income on foreign investment receipts in Indonesia.

The type of data used in this study is secondary data sourced from the Asian Development Bank from 2000 to 2018 (http://www.adb.org/publications/key-indicators-asia-and-pacific-2020). The use of data in 2000 was because Indonesia had just moved from the 1997 Asian economic crisis. While the 2018 limit is to get real results in assessing performance. Indonesian economy.

From the data obtained, the multiple regression equation model used is:

$$PMA = b_0 + b_1SBI + b_2ER + b_3GDI$$

where:
PMA = Foreign Capital Receipt in Indonesia
SBI = Indonesia International Interest Rate
ER = US Dollar exchange rate against IDR
GDI = Gross Domestic Income Indonesia constant price

Thus there is one dependent variable and three independent variables. This study uses the *Old Least Square* method (Gujarati, 2004).

Hypothesis Testing Design

In this study, the t-test, F-test and R^2 tests will be used. The three tests can be described as follows:

Regression Equation Partial Test

Equal Effects of Indonesia's International Interest Rate, Exchange Rate and Indonesian National Income on Foreign Investment Receipts in Indonesia.

Indonesia's international interest rates have a negative effect on Foreign Investment receipts in Indonesia.

Ho : $\rho > 0$ Indonesia's international Interest Rate has a positive effect on Foreign Investment receipts in Indonesia

Ha : $\rho < 0$ Indonesia's international Interest Rate has a negative effect on Foreign Investment receipts in Indonesia

Ho is rejected if $\rho < 0$

The Dollar Exchange Rate has a positive effect on the acceptance of Foreign Investment in Indonesia

Ho: $\rho < 0$ The IDR Exchange Rate has a negative effect on the acceptance of Foreign Investment in Indonesia

Ha: $\rho > 0$ The IDR Exchange Rate has a positive effect on the acceptance of Foreign Investment in Indonesia

Ho is rejected if $\rho > 0$

Indonesia's National Income has a positive effect on Foreign Investment receipts in Indonesia

Ho : $\rho < 0$ Indonesia's National Income has a negative effect on Foreign Investment receipts in Indonesia

Ha :ρ> 0 Indonesia's National Income has a positive effect on the acceptance ofForeign Investment in Indonesia

Ho is rejected if ρ> 0

Simultaneous Test of Regression Equation

The Equation of the Effect of Indonesia's International Interest Rate, Dollar Exchange Rate and Indonesian National Income on Foreign Investment Receipts in Indonesia

Indonesia's international Interest Rates, the IDR Exchange Rate and Indonesia's National Income affect the acceptance of Foreign Investment in Indonesia

Ho :ρ= 0 Indonesia's international Interest Rate, Exchange Rate and Indonesia's National Income have no effect on Foreign Investment receipts in Indonesia

Ha :ρ ≠ 0 Indonesia's international Interest Rate, Exchange Rate and Indonesia's National Income effect the acceptance of Foreign Investment in Indonesia

Ho is rejected if ρ ≠ 0

RESULTS AND DISCUSSION

The results of data processing on the equation of the effect of Indonesia's international interest rates, IDR exchange rate and Indonesian national income on foreign investment receipts in Indonesia for the period 2000-2018 obtained the following results:

Table 1
Data Processing by SPSS

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	4382,421972	6310,313851	0,694485579	0,497994244	-9067,693619	17832,53756	-9067,693619	17832,53756
IR	-1274,165469	1013,291763	-1,257451719	0,227815893	-3433,945738	885,6147988	-3433,945738	885,6147988
ER	1,051263021	0,582056842	1,806117454	0,091002781	-0,18936177	2,291887812	-0,18936177	2,291887812
GDP	1,738284956	0,303524604	5,726998506	4,00367E-05	1,091337576	2,385232336	1,091337576	2,385232336

From the regression results, the PMA variable is the value of foreign Investment receipts in Indonesia, IR is the value of Indonesia's international Interest Rates, ER is the value of the US Dollar IDR Exchange Rate and GDP is Indonesia's National Income according to constant prices. If Indonesia's international interest rate, US Dollar-IDR exchange rate and Indonesia's National Income are zero, the value of foreign investment receipts in Indonesia is US$ 4,382.421972 million. This statement shows how much Indonesia's dependence on PMA receipts reaches US$ 4,382.421972 million. Indonesia's international interest rates during the study period have a negative relationship to foreign investment receipts in Indonesia. The decrease in Indonesia's international interest rate by 1% will be followed by an increase in FDI receipts in Indonesia of US$1,274.165469 million. On the other hand, the IDR exchange rate has a unidirectional relationship with FDI receipts in Indonesia. If the Dollar exchange rate increases by IDR 1, it will be followed by an increase in FDI receipts in Indonesia of US$1.051263021 million. Likewise with Indonesia's national income, there is a positive relationship to foreign investment receipts in Indonesia. Where the increase in Indonesia's national income of US $ 1 million was followed by an increase in FDI receipts in Indonesia of US $ 1.738284956 million.

Statistical Test

Analysis of the significance of the coefficients of the regression equation used in this study by using the t test and F statistics.

Regression Equation Partial Test

Ha: Indonesia's international Interest Rates will have a negative effect on Foreign Investment receipts in Indonesia.

Ha: The US Dollar-IDR Exchange Rate will have a positive effect on the acceptance of Foreign Investment in Indonesia

Ha: Indonesia's National Income will have a positive effect on Foreign Investment receipts in Indonesia

From the results of the t-statistical test, it is found that the Indonesian international interest rate variable has a t-count value of -1.257451719. The t value is proven to be smaller than the t-table at the significance level of 1%, 5% and 10%. The IDR Dollar exchange rate variable has a t-count value of 1.806117454. The t-value is proven to be greater than the t-table at a significance level of 10% (t-table = 1.753). Meanwhile, Indonesia's National Income variable has a t-count value of 5.726998506. The t-value proved to be greater than the t-table at a significance level of 1% (t-table = 2.947) (Salvatore, 2018).

Based on the statistical test results, it can be seen that Indonesia's National Income variable is the most significant, followed by the exchange rate and interest rates. Although the inclusion of Indonesia's International Interest Rate variable is not significant, it tends to be useful, especially in building an appropriate model and in increasing the contribution of Indonesia's international Interest Rate variable to FDI receipts in Indonesia compared to only using the IDR exchange rate and Indonesian national income.

Simultaneous Test of Regression Equation

Ha: Indonesia's international Interest Rate, IDR Exchange Rate and Indonesian National Income affect the receipt of Foreign Investment in Indonesia for the period 2000-2018.

From the results of the F-statistics test, it looks like the following table 2:

Table 2
F - test

ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	1150578476	383526158,5	41,27629257	1,74222E-07
Residual	15	139375220,5	9291681,364		
Total	18	1289953696			

This F-statistic value of 41,276 looks bigger than the F-table at a significance level of 1% (F-table = 5.29) (Salvatore, 2018).

R^2 Test

To find out how big the contribution of Indonesia's international interest rate variables, the IDR exchange rate and Indonesian National Income to Foreign Investment receipts in Indonesia for the 2000-2018 period, can be seen in the following table 3:

Table 3
R^2- test

Regression Statistics	
Multiple R	0,944432801
R Square	0,891953315
Adjusted R Square	0,870343978
Standard Error	3048,225937
Observations	19

From the results of the table 3, it can be seen that the contribution of Indonesia's international Interest Rates, IDR Exchange Rate and Indonesian National Income to Foreign Investment receipts in Indonesia is 0.8920 or 89.20%. While the remaining 10.80% is a variation outside the independent variables used.

Discussion

Equation of the Effect of Indonesia's International Interest Rate, IDR Dollar Exchange Rate and Indonesian National Income on Foreign Investment Receipts in Indonesia for the 2000-2018 Period

Ha: Indonesia's international Interest Rates have a negative effect on Foreign Investment receipts in Indonesia

Indonesia's international Interest Rate variable has a negative effect on FDI receipts in Indonesia. This statement is in accordance with the classical mishap of thought that lower interest rates will result in low risk for foreign investors to invest in destination countries such as Indonesia. This condition can be realized because it is supported by government facilities through the improvement of the PMA Law through PP No. 20/1994 and the Investment Law No. 25/2007 (Amir, 2016). A reduction in interest rates with supporting regulations will increase FDI receipts in Indonesia.

Especially the role of PMA in the development of Indonesia's transportation infrastructure is needed to catch up with other countries in the ASEAN region (Kompas, Thursday 2 June 2016). The construction of toll road transportation infrastructure in Indonesia has only reached 778 km, lagging behind Malaysia at 3000 km and China at 65,065 km. Likewise, the Tanjung Priok port with a capacity of 6 million TEUs increased to 11 million TEUs, which is still lower than Singapore's with a capacity of 30 million TEUs. On the other hand, in terms of quality, the longest waiting period at Indonesian ports is 5.4 days. This condition is much different from the Philippines 5.0 days; Malaysia 2.8 days, China 2.62 days and Vietnam just 1.7 days. This infrastructure weakness needs to be addressed immediately with large funds, namely USD 60-120 noble (Budiono, 2016).

Likewise, the development of infrastructure in the electricity, clean water and sanitation sectors has not provided sufficient funds even though the government has transferred electricity and fuel subsidies to these sectors. This realization provides opportunities for government collaboration with PMA by increasing the public-private-partnership (PPP) scheme with legal certainty, regulation and better incentives (Budiono, 2016).

The need for large funds for the development of infrastructure and public goods will encourage the interest of PMA to invest in Indonesia. It can be further interpreted that the implementation of expansionary monetary policy in Indonesia must be supported by high confidence by foreign investors.

Ha: The IDR Exchange Rate has a positive effect on the acceptance of Foreign Investment in Indonesia

The IDR exchange rate which tends to depreciate against the US$ provides benefits for foreign investors because it can reduce production costs in producing goods and services (Case & Fair, 2006). The high level of efficiency owned by foreign investors in various economic sectors will increase the productivity of the economy they are engaged in, thereby increasing FDI receipts in Indonesia. For example, the automotive industry can develop rapidly in Indonesia because the assembly is done by utilizing the land area and abundant labor. This potential can reduce rental costs and relatively low wages when calculated in US$ foreign exchange. This facility will increase the competitiveness of automotive companies in the international market, thereby increasing foreign investment revenue in Indonesia.

As a realization of this statement, the automotive company Honda is committed to continuing its investment in Indonesia of IDR 5.2 trillion until 2024. Honda's commitment to building factories in Indonesia is also related to the development of new vehicle models and the expansion of export destination countries. Even Honda will move its factory from India to Indonesia to develop electric vehicle production. Honda has further expanded its export destinations to 31 countries in Asia, Africa, North America, Central America and South America from factories in Indonesia. Similar steps have been taken with Toyota and Mazda, which plan to increase investment by IDR 2 billion US dollars until 2024. with a capacity of 250,000 units per year. This PMA trust will open up opportunities for Indonesia's exports to a number of countries (80), one of which is to Australia by utilizing the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA).
In addition to the automotive sector, foreign investment interest in Indonesia is also in other sectors that are oriented towards exports and import substitution. For example, PT Frisian Flag Indonesia realized an initial investment of IDR 3.8 trillion for the 2020-2023 period and built a 25-hectare factory in Cikarang, West Java. From this investment, the company is expected to be committed to developing and strengthening partnerships with cooperatives and smallholder dairy farmers to encourage the quantity and quality of domestic fresh milk to be sustainable. This expectation is in line with the Ministry of Industry's program to realize 35% import substitution by 2022. Domestic fresh milk production growth needs to be boosted in order to keep pace with the growing demand for raw materials for the milk processing industry in Indonesia (Kompas, 2021).

Ha: Indonesia's National Income has a positive effect on the acceptance of Foreign Investment in Indonesia

If there is an increase in Indonesian National Income, it will be followed by an increase in foreign investment receipts in Indonesia. This hypothesis is acceptable because it is supported by a macroeconomic approach which states that an increase in Indonesia's national income will increase the purchasing power of the demand for goods and services produced (Sadono Sukirno, 2016).

One sector that creates high purchasing power for the Indonesian population is oil and gas. Where oil and gas is a necessity for the livelihood of all levels of Indonesian society. Even though Indonesia has potential oil and gas mines, to explore it requires cooperation with foreign investors. The main factor is that mining in the oil and gas sector requires large capital both in terms of skills, capital goods and technology, which are difficult to meet domestically. Even oil and gas mining has a high risk because from ten times of drilling, it is possible that only one source of oil and gas can be found. Awareness that oil and gas remains the mainstay of exports and a vital need of the people, the government's cooperation with foreign investment in the upstream sector will continue.

For example, the oil and gas company Petromer Trend is an American PMA that has been operating in Indonesia for a long time and in 1994 changed Santa Fe Energy Resources and merged into Devon Energy Resources in 2001. A year later (2002) was taken over by China and changed to Petro China International Jabung Ltd. (www.petrochina.co.id). The positive impact of these oil and gas companies, apart from being able to increase the country's foreign exchange, also contributes positively to Indonesian citizens, especially those with expertise in mining. This is evident that most of the workers recruited are from Indonesia so that they can improve their welfare both in terms of finance and the technology used.

Ha: Indonesia's International Interest Rate, IDR Exchange Rate And Indonesian National Income Simultaneously Affect Foreign Investment Receipts in Indonesia

The main factor is the economic indicator of the country's progress is strongly supported by the three variables with related processes. Where income and interest rates are variables that determine the balance of goods and money markets. The stabilization of the two variables in the market will affect investment conditions and exchange rates. Thus, interest rates, exchange rates and national income will simultaneously affect FDI receipts in Indonesia.

CONCLUSIONS AND SUGGESTIONS

Conclusion

In the equation of the effect of Indonesia's international Interest Rates, the IDR Exchange Rate and Indonesia's National income on Foreign Investment receipts in Indonesia, the following conclusions are obtained:

1. Indonesia's international interest rates are negatively related to foreign investment receipts in Indonesia so that they are in accordance with the classical mishap of macroeconomic thinking.

2. The IDR exchange rate is positively related to the receipt of Foreign Investment in Indonesia so that it is in accordance with the micro and macro economic theory.

3. Indonesia's National Income is positively related to foreign investment receipts in Indonesia so that it is in accordance with micro and macroeconomic theory.

4. Indonesia's international interest rate, IDR exchange rate and Indonesian national income have a simultaneous effect on foreign investment receipts in Indonesia.

Suggestion

For future research, non-economic variables such as law and administration should be added so that stronger analysis results can be obtained regarding cases of foreign investment receipts in Indonesia.

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