

ABSTRACT

The Effect of Labor Force, Foreign Direct Investment, Exports, and Imports on Economic Growth in Indonesia for the 1994-2024 Period."

By:

Dhamar Pandu Jananta

NPM.223401232

Supervisor I: **Asep Yusuf Hanapia**

Supervisor II: **Jumri**

This study aims to analyze the effect of labor force, Foreign Direct Investment (FDI), exports, and imports on economic growth in Indonesia during the period 1994–2024, both in the short run and the long run. The study uses secondary time-series data covering the period 1994–2024 obtained from the World Bank. The analytical method employed is the Autoregressive Distributed Lag (ARDL) model to examine both short-run and long-run relationships among variables.

The results indicate that, in the short run, the labor force has a negative significant effect on Indonesia's economic growth. Foreign Direct Investment (FDI) has a negative insignificant effect on economic growth. Exports have a positive significant effect, while imports have a negative significant effect on economic growth. In the long run, the labor force and imports have negative significant effects, exports have a positive significant effect, whereas Foreign Direct Investment (FDI) has a negative insignificant effect on economic growth. Furthermore, the simultaneous test reveals that labor force, Foreign Direct Investment (FDI), exports, and imports jointly have a significant effect on Indonesia's economic growth during the period 1994–2024.

The findings suggest that improving labor quality and productivity, strengthening export performance, managing imports more efficiently, and enhancing the quality of foreign investment are essential to support sustainable economic growth in Indonesia. Therefore, the government should improve labor productivity through human capital development, enhance export competitiveness, optimize productive imports, and create a more conducive investment climate to maximize the contribution of foreign investment to national economic growth.

Keywords: *Economic Growth, Labor Force, Foreign Direct Investment (FDI), Exports, Imports, ARDL.*