

5th Joint International Conferences on Business, Economics and Social Sciences (ICBESS) 2018

IICOS – AICMaR - AICAR



ARYADUTA Hotel, Manado, August 8 – 9, 2018

Hosted by :



Sekolah Tinggi Ilmu Ekonomi Indonesia Jakarta



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**PARALLEL SESSION
AICMaR 2018**

SESSI 2: August 8th, 02.15 pm - 04.15 pm

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MODERATOR	Iman Sofian Suriawinata/Werner R. Murhadi	Dudi Anandya/ Erna Andajani
HOURS/ RESEARCH AREA	Financial Management/E-Commerce	Strategic Management/Entrepreneur
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02.30 - 02.45	THE IMPACT OF MARKET VALUE AND PROBABILITY ON STOCK PRICE <i>Pristina Hermastuti Setianingrum, Doddi Prastuti</i> [ABS-17]	READINESS AND ENTREPRENEURIAL SELF-EFFICACY ACTORS OF SMES SNAKE-FRUIT PROCESSED PRODUCTS IN THE CONDUCT OF E-BUSINESS <i>Noviaty Kresna Darmasetiawan</i> [ABS-5]
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Backward and Forward Linkages of Productivity Effect from Foreign Direct Investment

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Abstract- Productivity related to foreign direct investment (FDI) has been examined for the last two decades, but the findings are mixed. This paper contributes to shed the light by analyzing the backward and forward linkages of FDI-related productivity. By estimating manufacturing firms of Indonesia, the results shows that there is a positive backward linkage from FDI in local firms on domestic firms in upstream 3-digit industries. There is also a positive forward linkage from FDI in local firms in downstream industries. The findings implicate the demonstration effect and skill-training effect of foreign firms to local firms in the industrial line. The findings are robust under fixed effect model, general method of moment model, and instrumental variable model.

Keywords- backward and forward linkages, productivity, foreign direct investment, manufacturing, upstream and downstream firms

Categorized in Entrepreneurship and Innovation