

FDI Productivity Spillovers and Technology Gap: Case Study of LMEs in Indonesia

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Abstract

All countries are faced with various challenges in competing with other countries globally. Encouraging industries to increase their productivity is a significant challenge. Foreign Direct Investment (FDI) through Multinational Enterprises (MNEs) is one of the important channels and a strong catalyst for achieving national economic development. This paper examines the technology gap's impact on domestic firms' labor productivity. This study uses a panel dataset of Indonesian Large and Medium Enterprises (LMEs) in 24 industries between 2010 and 2015. The fixed effect estimation method has been used with different model specifications. The results reveal a technology gap in which varying roles influence spillover depending on the industry being considered.

Keywords

FDI, Labor productivity, Spillovers, Technology gap, LMEs

Biography

Yuhana Astuti is a lecturer of Economics, Digital Economy, and Mathematical Economics for Business in the Faculty of Economics and Business at Telkom University. Her educational backgrounds are a Bachelor of Applied Mathematics (2001) and Bachelor of Economic Development Study (2002), graduated from the University of Padjadjaran, Bandung, Indonesia. She holds two Master's degrees in two fields of study, i.e. Faculty of Food and Life Science, Niigata University, Japan (2009) and Industrial Management, Bandung Institute of Technology, Indonesia (2003). She received a Doctoral of International Economics from Waseda University, Japan (2021). Her research interest is industrial management, the technology industry, the digital economy and international studies.