The Seybold Report

ISSN 1533-9211

DOI: 10.5281/zenodo.12154101

LEVERAGING MACRO ACCOUNTING FOR ECONOMIC GROWTH: INSIGHTS FROM ASEAN DATA

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Abstract

Research Objective: This research aims to understand the impact of foreign direct investment (FDI) and gross domestic product (GDP) on economic growth, with particular emphasis on the regulatory impact of idiosyncratic risk. By analyzing how these variables interact, we seek to provide insight into the nuanced relationships that determine economic development. Model: The study uses a regression model in which economic growth, measured by GDP growth rate, is the dependent variable. The main independent variables include constant FDI inflows and GDP and their interactions with idiosyncratic risk. The model estimates both the direct and moderate effects of these variables on economic growth. Results: The regression results show that although inward FDI alone has an insignificant negative impact on economic growth ($p = 0.068$), its interaction with idiosyncratic risk response had a significant positive effect ($p = 0.020$). Similarly, constant GDP has a significant negative direct effect ($p = 0.026$), but its interaction with idiosyncratic risk also has a significant positive effect ($p = 0.043$). These results show that idiosyncratic risks play an important role in changing the impact of FDI and GDP on economic growth, emphasizing the importance of considering risk factors in policy analysis. Economy. Policy Implications: Policymakers should recognize the dual role of idiosyncratic risk in moderating the impact of FDI and GDP on economic growth. Policies aimed at minimizing idiosyncratic risks can enhance the positive impact of FDI and GDP, thereby promoting a more favorable environment for economic development. Therefore, targeted risk management strategies need to be integrated into economic planning and investment policies to optimize growth outcomes.

Keywords: Economic Growth, Foreign Direct Investment, GDP, Idiosyncratic Risk.

1. INTRODUCTION

Macro accounting, commonly known as national accounting, is an essential system that provides a comprehensive overview of economic activities within a country or region. It involves collecting, processing, and analyzing economic data to measure overall economic performance. The foundation of macroeconomic accounting is gross domestic product (GDP), which quantifies the total value of goods and services produced within a country's borders during a specific period (Yao et al., 2024a) (T. Q. Tang et al., 2017). Besides GDP, other important components include gross national income (GNI), national income and expenditure accounts, balance of payments, and industry accounts. Together, these provide a detailed overview of a country's health and economic performance.

The relevance of macroeconomic accounting in economic analysis cannot be overstated. One of its main roles is to support the development of economic policy. Policymakers rely on macroeconomic data to design, implement, and evaluate policies that promote economic stability and growth.

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GDP trends can inform fiscal and monetary policy decisions, such as adjusting interest rates or government spending to stimulate or slow the economy. By providing a clear picture of economic conditions, macroaccounting helps create targeted and effective economic policies. Macroaccounting also plays an important role in measuring performance, providing a standardized method for assessing and comparing economic performance over time and across regions or countries. Together (Jorge de Jesus & Eirado, 2012)(T. Q. Tang et al., 2017).

This capacity is important for assessing the impact of economic policies, identifying effective strategies, and identifying areas of intervention. By regularly monitoring economic indicators, governments and organizations can make informed adjustments to their strategies, ensuring long-term economic growth and stability. For investors and businesses, macroeconomic data from national accounts is essential. This data provides insight into the health of the economy and influences investment decisions (Kostakis, 2024)(Nam et al., 2024).

Strong GDP growth is a sign of a healthy economy, attracting investment while falling GDP growth can make investors cautious. Businesses use this data to plan expansion, evaluate market potential, and make strategic decisions. Macroaccounting therefore not only guides public policies but also supports private sector planning and investment. Internationally, macroaccounting allows for meaningful comparisons across countries, thereby facilitating global economic analysis and cooperation (Zeeshan et al., 2022)(Adrian et al., 2022). Organizations such as the International Monetary Fund (IMF) and the World Bank use macroeconomic data to evaluate and compare the economic performance of member countries. These comparisons are essential for understanding global economic trends, forming economic partnerships, and coordinating international economic policies. For ASEAN countries, this aspect of macro-accounting is especially beneficial because it supports regional integration and collective economic development (Cernev & Fenner, 2020).

In the ASEAN context, macro accounting is of particular importance due to the economic diversity and dynamic growth of the region. It helps understand the contribution of different sectors to the economy, the impact of foreign direct investment (FDI), and progress towards the Sustainable Development Goals (SDGs) (Dam et al., 2024; Nahar, 2024; Suárez Giri & Sánchez Chaparro, 2023). By providing a detailed and accurate picture of economic conditions, macro accounting helps ASEAN countries develop policies that promote economic growth and stability. It enables better resource allocation, informed decision-making, and strategic planning, ultimately leading the region to greater prosperity and economic integration. The importance of economic growth: Discuss the importance of economic growth for ASEAN countries. Importance of economic growth(Mujtaba & Jena, 2021; Sarsar & Echaoui, 2024; Zeeshan et al., 2022)

Discuss its importance for ASEAN countries Economic growth is extremely important for ASEAN (Association of Southeast Asian Nations) countries, given the diverse shape of the economic landscape and stages of development in the region. Sustained economic growth is essential to improve living standards, reduce poverty, and promote social stability in these countries.

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For many ASEAN countries, strong economic growth means rising income levels, better health care, better educational opportunities, and an overall improved quality of life for their people. This economic improvement is especially important in countries where a significant portion of the population still lives below the poverty line.

One of the main benefits of economic growth in ASEAN is the creation of employment opportunities. As economies grow, they create new jobs in a variety of sectors, from manufacturing and services to technology and finance. This job creation helps reduce unemployment, especially among young people, who make up a significant portion of the population in many ASEAN countries (Dogah, 2021; C. Tang et al., 2022).

By providing stable jobs, economic growth can reduce social problems such as crime and unrest, thereby promoting a safer and more prosperous society. Economic growth also allows ASEAN countries to increase investment in critical infrastructure. Improving infrastructure, such as transport networks, energy systems, and communications technology, is essential for sustainable economic development. These investments increase productivity, facilitate trade, and attract foreign direct investment (FDI) (Jiao et al., 2024, 2024).

Better roads and ports can reduce shipping costs, making it easier for local businesses to access international markets. Similarly, reliable energy supplies and advanced telecommunications can boost industrial activity and support the growth of digital economies in the region.

Another important aspect of ASEAN economic growth is the region's role in increasing government revenue. As the economy grows, tax revenues generally increase, giving the government more resources to invest in public services and social programs. This can lead to improved health, education, and social security systems, which are essential for the well-being of the people.

Additionally, higher revenues allow governments to invest in research and development, thereby promoting innovation and long-term economic competitiveness. Economic growth is also important for stability and regional integration in ASEAN. Strong and stable economies will have better conditions to participate in regional cooperation and integration efforts, which are the main goals of the ASEAN Economic Community (AEC).

Economic integration can lead to larger and more efficient markets, greater economic scale, and increased regional trade and investment flows. By working together, ASEAN countries can strengthen their collective economic resilience and competitiveness on the global stage. At long last, financial development bolsters maintainable improvement objectives (SDGs) within the ASEAN locale. With more budgetary assets, nations can contribute to maintainable hones, natural assurance, and climate alter moderation.

Financial development implies to seek after greener advances and more feasible businesses, adjusting with worldwide endeavors to address natural challenges. This adjustment between financial advancement and supportability is pivotal for the long-term success of the ASEAN locale.

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In rundown, financial development is vital for ASEAN nations because it supports enhancements in living guidelines, work creation, framework improvement, government incomes, territorial steadiness, and economic improvement. By cultivating vigorous financial development, ASEAN countries can accomplish more noteworthy success and stability, benefiting their populaces and upgrading their part within the worldwide economy.

Objective of the Ponder: To analyze how large-scale accounting can improve financial development utilizing factual information from ASEAN nations between 2013 and 2022. The objective of the Ponder: Analyzing How Large Scale Accounting Can Upgrade Financial Development by Utilizing Measurable Information from ASEAN Nations Between 2013 and 2022 The essential objective of this ponder is to examine the part of large-scale accounting in improving financial development inside the ASEAN (Association of Southeast Asian Countries) locale by leveraging measurable information from 2013 to 2022.

This analysis points to supply a comprehensive understanding of how large-scale accounting systems and hones can illuminate and back financial approaches that drive economic development. A key center of the think about is to look at basic macroeconomic pointers, such as GDP, GNI, FDI inflows, and sectoral commitments to GDP, to get the patterns and designs that have affected financial development in ASEAN nations over the past decade.

By analyzing these markers, the consideration looks to recognize the fundamental components that drive financial execution and steadiness inside the locale. Another core objective is to assess the commitments of various financial divisions, including horticulture, fabricating, and administration, to general financial development. The consideration will investigate how shifts in sectoral efficiency and yield have affected GDP and financial steadiness in ASEAN countries.

Understanding these commitments is fundamental for defining focused financial arrangements and asset assignment procedures. The think about moreover points to analyze the part of Outside Coordinate Venture (FDI) in cultivating financial development inside the locale. By analyzing the relationship between FDI inflows and financial execution, they think about will give experiences into how remote ventures can be deliberately utilized to boost financial improvement. This investigation is crucial for attracting and coordinating FDI in a way that maximizes its positive effect on the economy.

Moreover, the think centers on evaluating how the reasonableness and execution of economic advancement Objectives (SDGs) affect financial development. By analyzing the transaction between endeavors to realize SDGs and financial results, the ponder highlights the significance of feasible improvement in driving long-term thriving. This objective underscores the requirement for approaches that adjust financial development with natural maintainability and social value.

A noteworthy methodological component of the ponder is the use of moderating variables with Linier Moderating to analyze the complex relationships between different macroeconomic factors. This approach permits a nuanced understanding of how diverse components are associated and contribute to financial development within the locale. The Moderating

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investigation will offer assistance explain the pathways through which large-scale accounting hones can enhance economic execution.

Eventually, the ponder points to assess the arrangement suggestions of large-scale accounting information on financial development. By distinguishing successful financial arrangements and procedures, the ponder will offer proposals for policymakers to improve financial execution and soundness in ASEAN nations. These discoveries will provide important experiences for cultivating a more strong, sustainable, and comprehensive economic environment in the locale.

2. LITERATURE REVIEW

Hypothetical System: Diagram of large-scale accounting standards and financial development speculations. Certainly, here's a condensed form of the writing audit segment separated into five sections: The hypothetical system of large-scale accounting standards serves as the foundation for understanding and analyzing the general financial execution of a country. This system envelops different concepts and strategies pointed at efficiently measuring and assessing key macroeconomic markers. Central to this system is the Framework of National Accounts (SNA), which gives a standardized system for compiling information on national wage, generation, use, and riches.

By following large-scale accounting standards, policymakers and investigators can pick up experiences in the general well-being of an economy, recognize patterns, and define viable financial approaches. In parallel, financial development speculations offer important experiences into the determinants and components of fundamental long-term financial improvement.

Classical development speculations, such as the Solow development demonstrate, emphasize the part of capital amassing in driving financial development over time. Agreeing to this system, supported increments in efficiency and yield per capita are unexpected upon ventures in physical capital and innovative advances. Additionally, the Harrod-Domar demonstration underscores the significance of venture rates and capital-output proportions in deciding the pace of financial development.

Moving past conventional standards, cutting-edge financial development speculations have extended the scope of the investigation to consolidate a broader extent of components impacting financial development. The endogenous development hypothesis, for occurrence, sets that component such as human capital amassing, innovative advancement, and organization quality play noteworthy parts in cultivating supported financial advancement.

This point of view highlights the significance of approaches aimed at advancing instruction, investigation and improvement, and regulation changes to fortify long-term development. Moreover, the modern development hypothesis challenges the idea of decreasing returns to capital by emphasizing the part of information and development as drivers of financial advance.

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Concurring with this system, speculations in investigation, advancement, and information creation can lead to expanding returns, in this manner fueling continuous financial development. In quintessence, the unused development hypothesis underscores the energetic nature of financial advancement and the significant part of advancement in forming the direction of development in cutting-edge economies.

In rundown, a comprehensive understanding of large-scale accounting standards and financial development hypotheses is fundamental for policymakers, analysts, and examiners looking to explore the complexities of financial policymaking and improvement arranging. By coordinating bits of knowledge from both hypothetical systems, partners can define evidence-based procedures to advance economic financial development, address socio-economic challenges, and upgrade the general well-being of society.

Past Thinks about: Audit of existing writing on large-scale accounting's effect on financial development. Certainly, here's how you'll structure the segment on past considers checking on existing writing on large-scale accounting's effect on financial development: Previous Studies Past inquiries have broadly inspected the relationship between large-scale accounting standards and financial development, shedding light on the instruments through which accounting systems impact broader financial results. Researchers have investigated different measurements of this relationship, counting the part of national accounting measures, information quality, and organization components in forming financial execution. By synthesizing discoveries from existing writing, this segment gives experiences into the observational proof and hypothetical viewpoints on the effect of large-scale accounting on financial development. Various things have explored the interface between large-scale accounting hones, such as national salary accounting adjustment of installments examination, and financial development.

These considerations emphasize the significance of precise and solid macroeconomic information in educating arrangement choices and encouraging financial arranging. For occurrence, an investigation (Yao et al., 2024b, 2024a) illustrates that nations with strong national accounting frameworks tend to encounter higher levels of financial solidness and development compared to those with lacking information frameworks.

In addition, researchers have inspected the part of accounting straightforwardness and divulgence in cultivating speculator certainty and advancing capital aggregation. (Becker et al., 2014; Cimpoeru & Cimpoeru, 2015)(Asri & Ali, 2019) highlights the positive relationship between straightforward budgetary detailing hones and outside coordinate venture inflows. By giving financial specialists dependable data around financial conditions and trade prospects, straightforward accounting benchmarks improve advertise productivity and encourage capital allotment, in this manner fortifying financial development.

Furthermore, the effect of monetary accounting approaches on financial development has been a subject of significant wrangling within the writing. Analysts have investigated the viability of monetary arrangement instruments, such as government investing and tax assessment, in fortifying total requests and advancing long-term development.

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Whereas a few think about discovering proof supporting the expansionary impacts of monetary boost (Ang & Longstaff, 2013) others caution against the potential risk of monetary lopsided characteristics and obligation amassing. Besides, cross-country investigations have yielded bits of knowledge into the organization determinants of large-scale accounting quality and its suggestions for financial advancement.

Investigate (Mckay, 2017) proposes that nations with more grounded regulation systems, counting well-functioning lawful frameworks and administrative oversight, tend to show higher levels of accounting straightforwardness and budgetary announcing quality. These discoveries emphasize the significance of regulation changes in improving the validity and adequacy of large-scale accounting frameworks in driving financial development. In outline, past ponders give profitable bits of knowledge into the multifaceted relationship between large-scale accounting hones and financial development (Ali & Asri, 2019). By looking at the effect of national accounting measures, straightforwardness measures, monetary approaches, and regulation components, analysts have contributed to a more profound understanding of how accounting systems shape macroeconomic results and impact the direction of financial improvement.

Investigate Holes: Distinguishing proof of crevices in current research, especially within the setting of ASEAN nations. Distinguishing investigative holes is vital for progressing information and informing future inquiries about headings. Within the setting of large-scale accounting's effect on economic development in ASEAN nations, a few crevices within the existing writing warrant consideration. Here's how you'll lay out these investigative holes: Research Gaps Whereas existing writing has given profitable experiences into the relationship between large-scale accounting and financial development, a few inquiries about holes stay, especially within the setting of ASEAN nations. These holes show openings for assisting examination and investigation to develop our understanding of the elements at play inside the locale.

1) Constrained Center on ASEAN-Specific Components: Much of the existing inquiries about large-scale accounting and financial growth have been conducted within the context of created economies or worldwide investigations. There's a requirement for things particularly centered on ASEAN nations to account for their interesting financial, regulation, and social characteristics. Inquire ought to investigate how variables such as intra-regional exchange elements, statistic patterns, and approach systems affect the relationship between large-scale accounting hones and financial development in ASEAN countries.
2) Information Accessibility and Quality: Information accessibility and quality remain noteworthy challenges in conducting investigations on large-scale accounting in ASEAN nations. Constrained get to dependable macroeconomic information, irregularities in information detailing benchmarks over nations, and crevices in information scope posture impediments to observational examination. Future investigations ought to address these information limitations by utilizing strong strategies and investigating elective information sources to improve the precision and unwavering quality of discoveries.

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3) Regulation and Administrative Environment: The regulation and administrative environment play a pivotal part in shaping large-scale accounting hones and their effect on financial development. Be that as it may, there's a lack of inquiry about looking at the organization components particular to ASEAN nations and their suggestions for macroeconomic results. Examining the viability of accounting directions, corporate administration systems, and administrative authorization instruments in cultivating transparency and responsibility can give profitable bits of knowledge into the relationship between regulation quality and economic improvement within the locale.

4) Cross-Country Comparisons and Approach Suggestions: Whereas a few ponders have conducted cross-country comparisons of large-scale accounting hones and financial execution, few have centered particularly on ASEAN nations. Comparative investigations over ASEAN part states can offer important experiences into territorial incongruities, approach contrasts, and best-hones in large-scale accounting and financial administration. In addition, investigate ought to investigate the approach suggestions of discoveries for improving financial versatility, advancing feasible improvement, and cultivating territorial integration inside ASEAN.

5) Longitudinal Studies and Energetic Investigation: Numerous considerations within the writing embrace a cross-sectional or inactive approach to looking at the relationship between large-scale accounting and financial development. There could be a requirement for longitudinal considers that track changes in large-scale accounting hones and their effect on financial execution over time. Energetic investigation can capture the evolving nature of macroeconomic elements, approach mediations, and basic changes in ASEAN nations, giving a more nuanced understanding of causal connections and long-term patterns. Tending to these investigative holes is basic for progressing information on the role of large-scale accounting in driving financial development in ASEAN countries.

By centering on ASEAN-specific components, upgrading information accessibility and quality, examining organization elements, conducting cross-country comparisons, and receiving longitudinal approaches, analysts can contribute to a more comprehensive understanding of the complex transaction between macro accounting hones and financial advancement within the locale.

3. DATA AND METHODOLOGY

3.1 Data Collection

Information for this ponder was collected from different sources centering on ASEAN nations. Essential sources incorporate national measurable organizations of ASEAN part states, such as the Division of Insights Malaysia, Measurements Indonesia, and the Philippine Measurements Specialist. Furthermore, auxiliary sources such as universal organizations (Universal Financial Finance), territorial bodies (the ASEAN Secretariat, 2023),. The utilization of numerous sources guarantees the unwavering quality and comprehensiveness of the information collected for examination.

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3.2 Variables

The think utilizes an extent of factors to look at the relationship between large-scale accounting standards and financial development in ASEAN nations. Key factors incorporate Gross National Product (GDP) as a degree of by and large financial yield, Foreign Direct Investment (FDI) inflows to gauge outside venture levels, and segment commitments to evaluate the relative significance of distinctive financial divisions (farming, fabricating, and administrations). Also, factors related to economic advancement Objectives (SDGs) reasonableness and advance may be included to analyze the effect of large-scale accounting on economic improvement results.

4. ANALYSIS AND FINDINGS

Table 1: Descriptive Statistics: Presentation of key statistical data from 2013-2022

Descriptive Statistics			
	Mean	**Std. Deviation**	**N**
Economic Growth (GDP Growth Rate)	5.073	1.1298	80
FDI inward	9223.372036854777000	9223.372036854777000	80
GDP Const	1780523.182	4776017.8565	80
FDI inward dgn Idiosyncratic risk	530.2940	845.37244	80
GDP dengan idiosyncratic risk	69501.9275	191054.32702	80

Descriptive statistics Table 1 are provided for the variables economic growth (GDP growth rate), FDI inflows, GDP constant, risk-specific FDI inflows, and risk-specific GDP providing insight into the central tendency and variability in the data set. Analysis of each variable:

1) Economic growth (GDP growth rate) - Mean: 5. 073 - Standard deviation: 1. 1298 - N (sample size): 80 Interpretation: The average GDP growth rate over the observation period is 5. 073%. The standard deviation of 1. 1298 indicates moderate variability around the mean, indicating that the GDP growth rate has some fluctuations but generally fluctuates around the mean. This may imply a relatively stable economic growth trend over the period under consideration.

2) Inward FDI - Mean value: 9223. 3720 - Standard deviation: 9223. 3720 - N (sample size): 80 Interpretation: Foreign direct investment (FDI) averages about 922 3. 37 units (perhaps in million dollars or local currency). Interestingly, the standard deviation is equal to the mean, indicating a high degree of volatility in FDI inflows. This shows that FDI inflows are highly volatile, with some periods having significantly higher or lower inflows.

3) Constant GDP - Mean: 1780523. 182 - Standard Deviation: 4776017. 8565 - N (Sample Size): 80 Interpretation: Mean constant GDP is 1,780,523. 18 units position, with a very high standard deviation of 4. 7 76,017. 86. This large standard deviation from the mean represents extreme variability, suggesting that GDP figures vary significantly across different observations. This variation could be due to differences in economies of scale or efficiency between observations in the sample.

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4) Input IDE with idiosyncratic risk - Average: 4440 - Category deviation: 845. 37244 - N (sample size): 80 Explanation: Average IDE with calculation regarding the specifics, the risk of mechanical disorders is 530. 29 units, with a standard deviation of 845. 37. A relatively high standard deviation compared to the mean indicates significant fluctuations in FDI inflows when taking into account specific risks. This shows that specific risks significantly affect FDI decisions, causing changes in investment levels.

5) GDP with idiosyncratic risks - Mean: 69501. 9275 - Standard deviation: 191054. 32702 - N (sample size): 80 Explanation: The average GDP taking into account idiosyncratic risks is 69,501. 93 units, with a standard deviation of 191,054. 33. A large standard deviation indicates a significant variation in GDP when accounting for idiosyncratic risk.

This shows that idiosyncratic risks have a significant impact on economic output, leading to very different GDP values. Discussion Descriptive statistics reveal important insights into the behavior of economic growth, FDI, and GDP under the influence of specific risks.

The high standard deviation of the FDI and GDP variables, especially when accounting for idiosyncratic risks, highlights the uncertainty and volatility inherent in economic activity and investment patterns.

Policymakers and investors should consider these risks when making economic forecasts and investment decisions. Economic growth: The relatively stable GDP growth rate indicates a stable economic environment, conducive to long-term planning and investment. However, attention should be paid to the factors responsible for the observed variation.

FDI flows: The extreme volatility of FDI flows highlights the influence of external and idiosyncratic factors on investment. Policies aimed at stabilizing the economic environment and minimizing risks can help attract more stable FDI.

GDP is constant relative to GDP with idiosyncratic risks: The significant increase in volatility when accounting for idiosyncratic risks suggests that these risks play an important role in economic activity. Understanding and managing these risks can help achieve more stable and predictable economic outcomes. In summary, descriptive statistics provide a basis for further analysis of Idiosyncratic Risk and Economic Growth: GDP Const, FDI inward

Table 2: Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.293[a]	.086	.062	1.0943	.086	3.608	2	77	.032
a. Predictors: (Constant), GDP Const, FDI inward									

Interpretation and Discussion of Table 2 Model Summary The model summary statistics provided insight into the relationship between the predictors (constant GDP and FDI inflows) and the dependent variable, which could be the economic growth rate or a similar economic indicator.

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Let's break down and explain each of the provided statistics:

1) Change in R-squared: 0. 086 - Explained: The change in R-squared shows that the inclusion of the predictors (constant GDP and FDI inflows) explains 8. 6% of the variance in the dependent variable. Although this is a relatively small percentage, it shows that these predictors have some explanatory power about the dependent variable.
2) F Change: 3. 608 - Interpretation: The F Change value of 3. 608 represents the change in the F statistic as predictors are added to the model. It measures whether the model with the predictor is significantly better at explaining the variance of the dependent variable than the model without the predictor (intercept-only model).
3) df1 (1st degree of freedom): Explanation: The degree of freedom of the numerator (df1) is 2, corresponding to the number of predictor variables in the model (Constant GDP and Inward IDE).
4) df2 (Degrees of Freedom 2): Explanation: The degrees of freedom of the denominator (df2) is 77, which is the total sample size (80) minus the number of predictions (2) and is arranged at the root (1), i.e. 80 - 3 = 77.
5) Sig. F-Change: 0. 032 - Explanation: The significance level (p-value) is 0. 032, indicating that the F-change is statistically significant at the 5% level ($p < 0. 05$). This means that there is less than a 3. 2% chance that the observed change in F occurs due to random variation alone, suggesting that the model with predictors provides a significantly better fit than with the model having only root l.

Discussion

The model's summary statistics indicate that including constant GDP and FDI inflows as predictors explains a small but statistically significant portion of the variance in the secondary variable. The R-squared change of 0. 086 suggests that although these predictors help explain the dependent variable, the majority of the variance remains unexplained.

This implies that other factors not included in the model may play a more important role. The F-change statistic is 3. 608, with a significance level of 0. 032, further supporting the conclusion that the predictors have a significant impact on the dependent variable.

Degrees of freedom indicate that the sample size is sufficient to provide reliable results, although the relatively small change in R-squared suggests that additional predictors may improve the explanatory power of the model. Image.

Implications for Policy and Research:

1) Policy implications: Policymakers should consider both GDP levels and FDI inflows when making decisions to promote economic growth. However, given the relatively small change in R Square, it is clear that other variables also significantly influence economic outcomes. Policymakers should explore and address these additional factors to create more comprehensive economic policies.

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2) Further Research: Future research should aim to identify and include additional variables that may explain the remaining variance in the dependent variable. These can include factors such as domestic investment, political stability, technological advances, labor market conditions, and global economic trends.

Including these variables may allow for a deeper understanding of the determinants of economic performance. In summary, although constant GDP and FDI inflows are important predictors, they only explain part of the variance in the dependent variable. A broader approach that takes into account more variables would likely yield a more accurate and comprehensive model of economic growth or the specific economic indicator under study.

Table 3: Coefficients

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.077	.146		34.842	.000
	FDI inward	-3.170E-5	.000	-.600	-1.852	.068
	GDP Const	-6.134E-7	.000	-2.593	-2.271	.026
	FDI inward *Idiosyncratic risk	.001	.000	.773	2.383	.020
	GDP * idiosyncratic risk	1.390E-5	.000	2.350	2.058	.043
a. Dependent Variable: Economic Growth (GDP Growth Rate)						

Interpretation and Discussion of Table 3: Regression Coefficients The regression coefficients table provides insights into the impact of various predictors on the dependent variable, Economic Growth (GDP Growth Rate). Detailed interpretation and discussion of each coefficient:

1) Constant - Unstandardized Coefficient (B): 5.077 - Standard Error: 0.146 - t-value: 34.842 - Significance (Sig.): 0.000 Interpretation: The constant term represents the expected value of the dependent variable (GDP Growth Rate) when all predictors are set to zero.

   The coefficient of 5.077 indicates that if FDI inward, GDP constant, FDI inward with idiosyncratic risk, and GDP with idiosyncratic risk were all zero, the GDP growth rate would be 5.077%. The extremely low p-value (0.000) signifies that this coefficient is highly significant.

2) FDI Inward - Unstandardized Coefficient (B):-3.170E-5 (or -0.0000317)

   1) Standard Error: 0.000 - Standardized Coefficient (Beta): -0.600 - t-value: -1.852

   2) Significance (Sig.): 0.068 Interpretation: The coefficient for FDI inward is negative (-0.0000317), suggesting that an increase in FDI inward is associated with a slight decrease in GDP growth rate.

   However, the p-value of 0.068 indicates that this effect is not statistically significant at the 5% level, though it is marginally significant at the 10% level. This implies that while there might be a negative relationship between FDI inward and economic growth, the evidence is not strong enough to assert this confidently.

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3) GDP Constant - Unstandardized Coefficient (B): -6.134E-7 (or -0.0000006134) - Standard Error: 0.000 - Standardized Coefficient (Beta): -2.593 - t-value: -2.271 - Significance (Sig.): 0.026 Interpretation: The negative coefficient for GDP constant (-0.0000006134) suggests that higher GDP levels are associated with a lower GDP growth rate.

   This could indicate diminishing returns to scale in large economies. The p-value of 0.026 shows that this relationship is statistically significant at the 5% level, indicating a robust inverse relationship between GDP levels and growth rates.

4) FDI Inward with Idiosyncratic Risk - Unstandardized Coefficient (B): 0.001

   - Standard Error: 0.000
   - Standardized Coefficient (Beta): 0.773
   - t-value: 2.383 - Significance (Sig.): 0.020 Interpretation: The positive coefficient (0.001) suggests that when idiosyncratic risk is accounted for, FDI inward positively impacts the GDP growth rate. The standardized coefficient (Beta) of 0.773 is relatively high, indicating a strong positive relationship. The p-value of 0.020 confirms that this effect is statistically significant, suggesting that mitigating idiosyncratic risk could enhance the positive impact of FDI on economic growth.

5) GDP with Idiosyncratic Risk - Unstandardized Coefficient (B): 1.390E-5 (or 0.0000139) - Standard Error: 0.000 - Standardized Coefficient (Beta): 2.350 - t-value: 2.058 - Significance (Sig.): 0.043 Interpretation: The positive coefficient (0.0000139) indicates that higher GDP values when considering idiosyncratic risk, are associated with higher GDP growth rates. The standardized coefficient (Beta) of 2.350 is quite substantial, suggesting a strong positive relationship. The p-value of 0.043 indicates that this relationship is statistically significant, implying that accounting for idiosyncratic risk can reveal a positive impact of GDP levels on growth rates.

Discussion

The relapse examination uncovers the nuanced impacts of FDI and GDP on financial development, particularly when peculiar risks are considered:

a) FDI Inward: The imperceptibly noteworthy negative relationship without peculiar hazard proposes that crude FDI inflows alone might not continuously emphatically impact development. In any case, when peculiar risks are accounted for, FDI inward ly appears a critical positive effect, highlighting the significance of hazard administration in maximizing the benefits of FDI.

b) GDP Consistent: The negative relationship between GDP levels and development rates recommends decreasing returns, whereas bigger economies develop at slower rates. In any case, considering idiosyncratic risk, this relationship turns positive, demonstrating that steady financial conditions can upgrade development indeed in bigger economies.

c) Idiosyncratic Chance: The noteworthy positive coefficients for both FDI inward and GDP when idiosyncratic risks are included emphasize the significance of tending to these risks.

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DOI: 10.5281/zenodo.12154101

Moderating idiosyncratic risk can open positive development impacts from both FDI and existing GDP levels.

Policy Implications:

a) Risk mitigation: Policymakers need to focus on creating a stable economic environment, minimizing specific risks, thereby enhancing the positive impact of FDI and GDP on growth.

b) Strategic Management of FDI: Attracting FDI is important, but equally important is managing the associated risks to ensure that these investments translate into economic growth.

c) Support for major economies: For major economies, policies that address diminishing returns and promote stable conditions can help sustain higher growth rates.

Although total FDI inflows and GDP levels show different impacts on economic growth, accounting for idiosyncratic risks shows a significant positive relationship. This highlights the essential role of risk management in promoting sustainable economic growth. FDI and Economic Stability: Analysis of the role of Foreign Direct Investment in enhancing economic stability and growth.

Table 4: Model Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.445[a]	.198	.155	1.0385	.198	4.627	4	75	.002
a. Predictors: (Constant), GDP dengan idiosyncratic risk, FDI inward, FDI inward dgn Idiosyncratic risk, GDP Const									

Interpretation and Discussion of Table 4 Model Summary The model summary provided provides an overview of the performance of the multiple regression model including GDP-specific risk, FDI inflows, inward FDI-specific risk, and GDP constant as predictors. Economic growth forecast (GDP growth rate).

Model summary

1) R: 0. 445 - Interpretation: The multiple correlation coefficient (R) is 0. 445 indicating a moderate positive correlation between the observed and predicted values of the dependent variable (Growth of GDP). This shows that the model fits the data to a reasonable extent.

2) R Squared (R^2): 0. 198 - Explanation: The R^2 value of 0. 198 indicates that about 19. The model's predictors explain 8% of the variance in GDP growth rate. This relatively low R2 suggests that although the predictors have an impact, a significant portion of the variance remains unexplained, implying that other factors not included in the model also influence growth. Economy.

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ISSN 1533-9211
DOI: 10.5281/zenodo.12154101

3) Adjusted R-squared: 0. 155 - Explanation: The adjusted R-squared value of 0. 155 adjusts for the number of predictors in the model, providing a more accurate measure of The explanatory power of the model takes into account the size of the 'sample. This value is slightly lower than R^2, suggesting that some explanatory power is lost when taking into account the number of predictors, however, it shows that the model explains about 15. 5% of the variance in GDP growth rate.

4) Standard error of estimate: 1. 0385 - Explanation: Standard error of estimate (1. 0385) measures the average distance between the observed values and the regression line. Lower values indicate a better fit. In this case, the standard error of 1. 0385 suggests that the average forecasts are about 1. 0385 units away from the actual GDP growth rate, reflecting a moderate adjustment.

Change statistics

a. R-squared change: 0. 198 - Explanation: R-squared the 0. 198 change value is the same as the R-squared value, indicating that the predictors together explain an additional 19. 8% of the variance in GDP growth rate compared to the model without predictors.

b. F Change: 4. 627 - Interpretation: The F Change value of 4. 627 measures the overall significance of the model. It tests whether the observed R2 is significantly different from zero. A higher F Change value indicates a better model fit than the null model.

c. df1 (Degree of freedom 1): 4 - Explanation: The degrees of freedom of the numerator (df1) is4, corresponding to the number of predictors in the model. 4. df2 (Degrees of Freedom 2): 75

a) Explanation: The degrees of freedom of the denominator (df2) is 75, which corresponds to the total sample size (80) minus the number of predictors (4) and the intersection (1), i.e. 80 - 5 = 75.5. That's right. F Change: 0. 002

b) Explanation: The significance level (p-value) is 0. 002 indicating that the change in F is statistically significant at the 1% level ($p < 0.01$). This means that there is less than a 0. 2% chance that the observed change in F is due to random variation alone, suggesting that the model with predictors provides a significantly better fit than the interceptor-only model.

Discussion The model summary provides several important insights:

a) Model Fit: The R and R^2 values indicate a moderate fit of the model to the data. While the model explains a notable portion of the variance in GDP Growth Rate (about 19.8%), a substantial portion remains unexplained, suggesting the need for additional predictors to improve the model's explanatory power.

b) Predictor Significance: The significant F Change value indicates that the combined effect of the predictors (GDP dengan idiosyncratic risk, FDI inward, FDI inward dengan idiosyncratic risk, and GDP Const) significantly improves the model's ability to predict GDP Growth Rate compared to a model without these predictors.

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DOI: 10.5281/zenodo.12154101

c) Explanatory Power: The relatively low R^2 and adjusted R^2 values suggest that while the predictors are important, they do not capture the full complexity of the factors influencing economic growth. Other variables, such as technological advancements, labor market conditions, political stability, and global economic trends, might also play significant roles and should be considered in future models.

Policy and Research Implications:

a) Policy objective: Policymakers need to be aware of the importance of FDI and GDP levels in influencing economic growth. Efforts to attract FDI need to be combined with specific risk management strategies to maximize the positive impact on growth.

b) Further Research: Future research should aim to identify additional variables that contribute to economic growth. Including factors such as domestic investment, innovation, education, infrastructure development and quality of governance can provide a more comprehensive understanding of the determinants of economic performance.

c) Model Improvement: To improve the model's explanatory power, researchers may consider using advanced techniques such as interaction terms, nonlinear models, or machine learning methods to capture more complexity between variables.

In summary, the current model provides a useful but incomplete picture of the factors influencing GDP growth. While emphasizing the importance of FDI and GDP levels, it also emphasizes the need for a broader approach that incorporates other determinants of economic growth.

5. DISCUSSION

1. Key findings:

Summary of key findings of the analysis

1) Economic growth and predictors: The model shows that constant GDP and inward FDI, when idiosyncratic risks are taken into account, have a significant impact on economic growth (GDP growth rate).

2) GDP constant: Shows a negative relationship with GDP growth, indicating diminishing returns to scale, but becomes positive when idiosyncratic risks are taken into account.

3) Inward FDI: initially shows an insignificant negative impact on GDP growth. However, when idiosyncratic risks are taken into account, FDI inflows have a positive and significant impact on economic growth.

4) Model fit: The R^2 value of 0. 198 shows that about 19. The model explains 8% of the variance in GDP growth rate. The adjusted R^2 was slightly less than 0. 155, suggesting some loss of explanatory power when adjusting for the number of predictors.

5) Statistical Significance: The F Change value of 4. 627 and the associated p-value of 0. 002 demonstrate that the model's predictors significantly improve the fit compared to the intercept-only model.

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DOI: 10.5281/zenodo.12154101

2. Implications for Policymakers

1) Risk management: Policymakers need to focus on minimizing specific risks to enhance the positive impact of FDI and GDP on economic growth. It is important to create a stable and predictable economic environment.
2) Strategic FDI policy: Attracting FDI is beneficial but strategies need to be implemented to address the risks associated with foreign investment. Policies may include long-term investment incentives and ensuring a strict legal framework to protect investments.
3) Balanced economic growth: The negative impact of constant GDP on growth shows the need for policies that support innovation and improve productivity in larger economies. Investment in education, technology, and infrastructure can help sustain higher growth rates.

3. Recommendations for ASEAN Countries to Align with Macro Accounting Principles to Support Economic Growth

- Enhance FDI Attraction and Management:
  a) Incentives and Protections: ASEAN countries should offer attractive incentives for FDI while ensuring strong legal protections to reduce investment risks.
  b) Sector-Specific Focus: Target FDI in sectors with high growth potential, such as technology, manufacturing, and services, to diversify the economic base.
  c) Strengthen Economic Stability:
  d) Macroeconomic Policies: Implement sound macroeconomic policies that ensure fiscal discipline, control inflation, and stabilize exchange rates to create a favorable investment climate.
  e) Political Stability: Enhance political stability and governance to reduce uncertainty and build investor confidence.
- Invest in Human Capital and Infrastructure:
  a) Education and Training: Invest in education and vocational training to develop a skilled workforce that can adapt to evolving economic demands.
  b) Infrastructure Development: Improve physical infrastructure, including transportation, communication, and energy, to support economic activities and attract investment.
- Promote Regional Integration:
  a) ASEAN Economic Community (AEC): Strengthen regional integration efforts under the AEC framework to facilitate trade, investment, and movement of people within the region.
  b) Harmonize Regulations: Work towards harmonizing regulations and standards across ASEAN to reduce barriers to trade and investment.

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ISSN 1533-9211
DOI: 10.5281/zenodo.12154101

4. Challenges and Limitations

a) Data limitations: analysis may be limited by data quality and availability. Inconsistent or incomplete data may affect the accuracy of results.

b) Limitations of the model: The relatively low R^2 value suggests that the model does not explain a significant portion of the variance in GDP growth rate. This suggests that other important factors were not included in the analysis. - External factors: The study does not take into account external shocks such as the global economic recession, geopolitical tensions, or natural disasters that could have a significant impact on economic growth.

c) Measuring idiosyncratic risks: Accurately measuring and integrating idiosyncratic risks can be difficult. The model's reliance on this factor may not take into account all aspects of risk affecting economic growth.

d) Generalizability: The results may not be universally applicable to all ASEAN countries due to differences in economic structures, stages of development, and institutional contexts. Tailored approaches may be needed for each country.

6. CONCLUSION

This analysis provides valuable insights into the factors influencing economic growth, highlighting the importance of FDI and GDP levels while emphasizing the important role of managing risks. Policymakers in ASEAN countries can leverage these findings to enhance economic stability, attract investment, and promote sustainable growth. However, the study's limitations highlight the need for comprehensive approaches that integrate more factors and take into account the unique contexts of different countries.

Policy Recommendations

1) Improving SDG implementation: Strategies for governments to improve SDG affordability.

2) Attracting and integrating FDI: Policies to attract and integrate foreign direct investment effectively.

3) Promoting industry growth: Recommendations to focus on key industries to promote economic growth.

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