

IMPACT FACTOR: 3.4546 (UIF)

ISSN 2286-4822  
ISSN-L 2286-4822



**INTERNATIONAL MULTIDISCIPLINARY  
RESEARCH JOURNAL**

**EUROPEAN  
ACADEMIC  
RESEARCH**

KOGAION PUBLISHING CENTER

Volume 4 / Issue 4, July 2016

[www.euacademic.org](http://www.euacademic.org)

Editor-in-Chief

Dr. Ecaterina Patrascu  
Romania, European Union

Dr. Abid Ghafoor Chaudhry  
Assistant Professor / Incharge Department of Anthropology, PMAS- Arid  
Agriculture University, Rawalpindi- Pakistan

Associate Editors

IMRAN MUSHTAQ

Founder and Director, International Autism Center,  
Psychologist, Sir Ganga Ram Hospital, New Delhi, India

Dr. FABRÍCIO MORAES DE ALMEIDA

Federal University of Rondonia,  
Porto Velho, Rondonia, Brazil

Dr. Sanjay Kumar Das

Professor of Education,  
Dean- Academic and Nodal Officer,  
NIMS University, Rajasthan, India

Dr. Md. Asif Arsalan

Consultant, Orthopedic Physiotherapy  
K & K Pain & Rehabilitation Center  
Saidpur, Bangladesh

Review Editors

Akhilesh Kumar, PhD, M.Sc.

Faculty of Disability Management and Special  
Education, Ramakrishna Mission  
University, Coimbatore, India

Md Monoarul Haque

Fellow, Faculty of Public Health, Bangladesh  
University of Health Sciences, Dhaka,  
Bangladesh

Rajnish Kumar Arya

John Milton B. Ed. College Berhampur, India

International Advisory Board

Dr. Marie Josephine Diamond

Professor Emeritus, School of Arts and Sciences, Rutgers, USA

Dr. José Ruiz Mas

Senior Lecturer, University of Granada, Spain

Dr. Pushpanjali Patil

Shree Chatrapati Raje Sambhaji B.Ed. College Jalgaon, India

Dr. Ashok Yakkaldevi

Dr. Isabelle Simões Marques

Department of Languages, Literatures and Cultures Faculty of Letters,  
University of Coimbra

Dr. Sam Knowles

Lecturer, Lincoln School of Humanities University of Lincoln, UK

Dr. Alberto Fernandez Carbajal

Lecturer, York St. John University, UK

Associate Professor, A.R.Burla Women's College, Solapur, India

Dr. Joaquim Braga

Professor, University of Coimbra, Portugal

Dr. Annie John

Associate Professor, Head of the Department Of English, A.R.Burla Women's College, Solapur, India

Dr. Ratan Bhattacharjee

Associate Professor of English and Chairperson , Post Graduate Unit of English Dum Dum Motijheel College , West Bengal State University, India

Dr. Arvind Nawale

Head, Department of English Shivaji Mahavidyalaya, Udgir (Affiliated to SRTM University, Nanded) Udgir, India

Dr. Rohit Kawale

Associate Professor, Head of the Department of English Sangamner College, Sangamner, M.S., India

Dr. Mohammed Didaoui

Head of the Arabic Translation at UNO Geneva

Dr. George Volceanov

Associate Professor, Faculty of Letters, Spiru Haret University, Bucharest, Romania

Dr. Adrian Radu

Department of English Language and Literature Faculty of Letters Babes-Bolyai University, Cluj-Napoca, Romania

Dr. Istvan Kiraly

Associate Professor, Faculty of Philosophy and History Babes-Bolyai University, Cluj-Napoca, Romania

Dr. Eroulla Demetriou

Senior Lecturer University of Jaén, Spain

Dr. Florin Corneliu Pitea

Senior Lecturer Faculty of Letters Spiru Haret University Bucharest, Romania

Dr. Katarzyna Nowak

Assistant Professor Department of English Wroclaw University, Poland

Dr. Pedro Ordóñez Eslava

Fondation Maison des Sciences de l'Homme Paris, France

Dr. Germán Gan-Quesada

Universitat Autònoma de Barcelona (Spain) Departament d'Art i Musicologia

Dr. Eduardo Segura

Assistant Professor, Department of English University of Granada, Spain

Dr. Mustafa Taha

Assistant professor Department of Mass Communication American University of Sharjah, UAE

Dr. Yolanda Caballero Aceituno

Assistant Professor English Department University of Jaén, Spain

Dr. Hania Nashef

Assistant Professor of Mass Communication American University of Sharjah, UAE

Dr. Ramesh Kumar Miryala

Assistant Professor, Dept. of Business Management, Mahatma Gandhi University, Nalgonda, India

Dr. Ludmila Volna

Dr. Andrew Walsh

Department of English and German Philology Faculty of Translation and Interpretation University of Granada, Spain

Dr. Ingrida Egl Ėindžiuvien

Professor, Head of the Department of English Philology, Faculty of Humanities Vytautas Magnus University, Lithuania

Dr. Jadvyga Kr minien

Professor, Vice-dean for International Relations, Kaunas Faculty of Humanities, Vilnius University, Lithuania

Dr. Isabel Ferin Cunha

Associate Professor with Aggregation, Faculty of Letters, University of Coimbra, Portugal Researcher at the Centro de Investigação Media e Jornalismo

Dr. Antonia Enache

Associate Professor, The Bucharest University of Economic Studies Bucharest, Romania

Dr. Bhavana Vivek Patole

Associate Professor and Head Department of History Elphinstone College, Mumbai-32

Dr. Pilar Cudez – Dominguez

Professor, Department of English Philology University of Huelva, Spain

Dr. Abigail Ward

Lecturer, School of English, Faculty of Arts University of Nottingham, UK

Dr. Tukaram Shinde

History Department, A.R. Burla College Solapur, India

Dr. María Elena Rodríguez Martín

Department of Anglophone Literatures and Cultures Charles University Prague, Czech Republic IMAGER (Institut des mondes anglophone, germanique et roman) Université Paris Est-Créteil, France ERIAC (Equipe de Recherche Interdisciplinaire sur les Aires Culturelles) Université de Rouen, France

Dr. Shankar Das

Professor and Chairperson Center for Health Policy, Planning and Management School of Health Systems Studies Tata Institute of Social Sciences, Deemed University Deonar, Mumbai, India

Dr. Fabricio Moraes de Almeida

Researcher, Doctoral Program and Master of Regional Development and Environment - PGDRA / UNIR Federal University of Rondonia, Brazil.

Dr. Rajesh Shrivastava

Professor and Head of Mathematics and Computer Department, Govt. Science and Commerce College Benazir Bhopal, India

Dr. Vijay Maruti Kumbhar

Assistant Professor Dept. of Business Economics, Dhananjayrao Gadgil College of Commerce, Satara Dist-Satara Maharashtra, India

Dr. David Owen

Department of English Literature Faculty of Philosophy and Arts Universitat Autònoma de Barcelona, Spain

Prof. dr hab. Bogusław Bakuła

Head of Dept. of Comparative Literature Institute of Polish Literature Faculty of Polish and Classical Philology Adam Mickiewicz University, Poland

Dr. Dinesh Kumar

Associate Professor, Dept. of English V.G. Vaze College, Mulund East Mumbai, India

Senior Lecturer Department of English University of Granada, Spain

Dr. Christian Möckel

Professor and Research Associate Institute of Philosophy Humboldt University, Berlin, Germany

Dr Sudhir Nikam

Associate Professor, PG Department of English B N N College, Bhiwandi University of Mumbai, India

Dr Madhavi Nikam

Associate Professor, PG Department of English R K Talreja College, Ulhasnagar University of Mumbai, India

Dr. Lauren Stephenson

Associate Professor, College of Education, Zayed University, Dubai, U.A.E.

Dr.G.N. Tiwari

Associate Professor, Amity Institute Of Education, Amity University, Noida.

Prof.Dr. Rajesh Singh Tomar

Dean (Academics), Amity University Madhya Pradesh, India Director, Amity Institute of Biotechnology, India

Bijan Goodarzi, PhD

Department of Physical Education and Sports Science Islamic Azad University Boroujerd Branch, IRAN.

Dr. Dipti Ranjan Mohapatra

Associate Professor (Economics), School of Business and Economics, Madawalabu University, Bale Robe, Ethiopia

Dr. Sunil Misra

Associate Professor and Principal Advent Institute of Management Science and Technology "Knowledge Park", Fernio -Ka- Guda Udaipur, India

Dr. Shruti Das

Associate Professor P. G. Department of English Berhampur University, Odisha, India

Dr. S. N. Saha

Professor, Department of Chemical Engineering Guru Ghasidas Vishwavidyalaya ( Central University) Bilaspur ( Chhattisgarh), India

Dr. Joseph K.K. Ho

Lingnam Institute of Further Education, Lingnam University, Tuen Mun, N.T., Hong Kong

Dr. Amra Raza

Chairperson and Associate Professor, Department of English Language and Literature, University of the Punjab, Lahore, Pakistan

Dr. Eng. Hamid Ali Abed Alasadi

Head of Computer Science Department, Faculty of Education for Pure Science, Basra University, Basra, Iraq

Prof. Dr. Sanjaya Kumar Das

Professor of Education Dean- Academic and Nodal Officer NIMS University, Rajasthan, India

Dr. Ram Sharma,

Associate Professor and Head, Department of English, J.V. College , Baraut , Baghpat , U.P, INDIA

Mrs. Haimya Gohain

Assistant Professor, Chaiduar College, Gohpur

## International Editorial Board

Dr. Jitendra Kumar

Department of Languages and Fine Arts, JJT University, Jhunjhunu (Raj.), India

Dr. Tapas Pal

Department of Geography, Visva-Bharati, Santiniketan, Birbhum, India

Dr. Prohlab Roy

Department of Education, Visva-Bharati, Santiniketan, Birbhum, India

Dr. Ilinca Dobrescu

AnA Society for Feminist Analysis Bucharest, Romania

Aneesh V. Pillai

LLB, LLM Assistant Professor, Faculty of Law Hidayatullah National Law University, India

Mr. Bhise Ram B.

Assistant Professor In Communication Skills Dept. of First Year Engineering Sciences and Humanities Saraswati College of Engineering kharghar, Navi Mumbai Maharashtra, India

PhDc Awadhesh Kr. Shirotriya

Co-Founder and Secretary, Play India Play (Trust) M.Phil , MPE , BPEd , BSc.-P.E., H.E. and Sports, India

Dr. Mustafa Mubarak Pathan

Lecturer Department of English Language and Translation Studies, Faculty of Arts, The University of SebhaSebha, Libya

Dr. Saurabh A. Dave

Program Coordinator – Centre for International Alliances Department Of Computer Science Ganpat University, India

Dr. Mohd Arshad Bari

Javaid Iqbal Khan

MA, Assistant Professor in Economics, Department of Economics, University of Kashmir

Julia Ramirez Blanco

MA, PhDc, Complutense University, Madrid, Spain

Ipek Uygur

MA, PhDc, Department of English Language and Literature Adnan Menderes University, Aydin, Turkey

Daniel Salanova Garrosa

MA, PhDc, University Complutense de Madrid, Spain

Dr. Santosh Kumar Behera

Assistant Professor, Department of Education, Sidho-Kanho-Birsha University Purulia, West Bengal, India

Dr. Pradip Narayan Maske

Associate Professor, G.V.Ms G.G.P.R. College of Commerce And Economics, Ponda, Goa, India

Dr. Meenu Pandey

Associate Professor (Communication Skills) Laxmi Narayan College of Technology, Raisen Road Bhopal (M.P.) India

Dr. Muayyad Omran Chiad

Head, English Department, University of Kerbela, Iraq

PhDc Abdul Rashid

Librarian, National Institute of Technology, Hazratbal, Srinagar, J and K

Dr. Vivekananda Mandal

Assistant Professor Department of Pharmacy Guru Ghasidas University



Assistant Professor Department of Physical Education Aligarh Muslim University Aligarh, India

Dr. Umesh Patel

“Sardar Vallabhbhai Patel Institute of Technology” SVIT – Vasad

Dr. Pritilaxmi Swain

Assistant Professor, Department of Sanskrit, Pali and Prakrit VisvaBharati, Santiniketan West Bengal, India

Dr. Nidhi Arora

M.C.A. Department Ganpat University Mehsana, India

Dr. Sunil Kumar Jangir

Dean and Head of Department Political Science Department JJT University, Jhunjhunu, India

Vishvajeet N. Patil, MSc, PhDc

Researcher, Department of Environmental Sciences Shivaji University, India

Akhilesh Kumar, PhDc, M.Sc.

Faculty of Disability Management and Special Education Ramakrishna Mission University Coimbatore, India

Rajnish Kumar Arya

Registered Professional of Rehabilitation Council of India New Delhi, India

Dr. Sabah Wajid Ali

Pro-Vice President (International) Department of English University of Kerbala, Iraq

Dr. Mohammad Vaqas Ali

Assistant Professor, Institute of Social and Cultural Studies, University of the Punjab, Lahore, Pakistan

(Central University) Bilaspur, India

Dr. N. Jeyathilakan

Associate Professor, Dept. of Veterinary Parasitology Madras Veterinary College Chennai, India

Radhika Subhankar Mukherjee, PhDc

Assistant Professor Department of English, Dnyanasadhana College Thane, India

Kavit Mehta, MSc, PhDc

Assistant Professor (Biotechnology) Ganpat University, India

Dr. Biswajit Das

The University of Burdwan, West Bengal, India

Dr. Arif Mohammad

Assistant Professor, Akal College of Physical Education, Mastuana Sahib, Sangrur, Punjab, India

Dr. M.I. Quraishi

Director of Physical Education Devi Ahilya University, India

Dr. Vandana Pathak

Associate Professor and Head, Dept. of English L.A.D. and Smt.R.P. College for Women, Nagpur Maharashtra, India

Dr. Md. Motiur Rahman

Department of English, F/O Science and Arts, Unaizah Community College, Unaizah, Qassim University Qassim, Saudi Arabia

Dr. Asim Khan

Department of Teacher Training and Non-formal Education Faculty of Education, Jamia Millia Islamia Central University New Delhi, India

Muhammad Iqbal

Fellow Chartered Accountant, Institute of Chartered Accountants of

Dr.Fauzia Saleem Alvi Assistant Professor, Institute of Social and Cultural Studies, University of the Punjab, Lahore, Pakistan	Pakistan. Zareena Saeed Assistant Professor, Department of English Language and Literature, University of the Punjab, Lahore, Pakistan
Aftab Nasir PhD Scholar, Center for Development Research, Bonn University, Germany.	Iffat Sayeed Assistant Professor, Department of English Language and Literature, University of the Punjab, Lahore, Pakistan
Hussain Azam Research Associate, University of St.Andrews, UK and Department of English Language and Literature, University of the Punjab, Lahore, Pakistan	Dr. Ravi Kant Maulana Azad National Urdu University, College of Teacher Education, Darbhanga, Bihar, India
Dr. Mothe Prashant Subhash M.A., B.Ed., M.Phil., NET(JRF), Ph.D.Adarsh Senior College, Omerga, Osmanabad (MS), India	Sercan Hamza Ba lama, M.A., PhDc. Research Assistant, CanakkaleOnsekiz Mart University, Turkey
Imran Noorani Psychologist,Institute Of Child Health, Department Of Pediatrics,Sir Ganga Ram Hospital,New Delhi, India	Dr. Prasanta Chakraborty, Associate Professor Women's College, Agartala, Tripura(w), India
Dr. Sugandha Agarwal Assistant Professor, Moradabad Institute of TechnologyMoradabad, India	Ilyas Akbar, M.Phil (Plant Protection) M.A (Political Science) B. Ed, C.T., L.L.B. Principal, Secondary School Baffa, Mohalla Ibarahim Khail Lugmani Village and P/O Baffa Mansehra Khyber, Pakhtunkhwa, Pakistan
Zahoor Ahmad Wani, PhDc, School of International Studies, Central University of Gujarat, Gandhinagar, India	Dr. P. L. Verma Department of Physics, Govt Vivekanand and P. G. College, Maihar Satna, M. P. India
Md Monoarul Haque Fellow, Faculty of Public Health, Bangladesh University of Health Sciences, Dhaka, Bangladesh	Mohammad Allam M.A., M.Ed.S.T.S. High School (Minto Circle), Aligarh Muslim University, India
Dr. Jakir Hossain Bhuiyan Masud Advisor-Public Health Informatics and Global Affairs Global Unification International (GUI), Dhaka, Bangladesh	Md Ramim Tanver Rahman ResearcherSchool of Food Science and Technology, Jiangnan University, Wuxi, PR China



Devidas Bhimrao Waydande

Assist. Professor and Head Department Of History, M. S. Kakade  
College, Someshwarnagar Tal-Baramati, Dist – Pune 412306

Nasir Ali

Civil Engineer, Department of Civil Engineering, National University of  
Sciences and Technology, Islamabad, Pakistan

Dr. Marin Tudor

Lecturer Faculty of Sciences of Education, "Dimitrie Cantemir" Christian  
University, Bucharest, Romania

Dr. Madalina Militaru

Associate Professor Faculty of Economic Sciences, "Spiru Haret"  
University, Bucharest, Romania

Dr. Gheorghe Lepadatu

Faculty of Finance, Banking and Accounting, "Dimitrie Cantemir"  
Christian University, Bucharest, Romania

## Analysis of Effect Domestic Investment (DI) and Foreign Investment (FI) to Employment Opportunities in Indonesia

ELIZA<sup>1</sup>

Department of Accounting, Faculty of Economics  
Universitas Putra Indonesia, Padang, Indonesia

ELFA FITRIANI

Department of Management, Faculty of Economics  
Universitas Putra Indonesia, Padang, Indonesia

SISKA YULIA DEFITRI

Department of Accounting, Faculty of Economics  
Universitas Muhammad Yamin, Solok, Indonesia

### Abstract:

*Increase activity of economy in all of kinds sector would give effect direct or indirect to create work opportunity. Essentially part of invest very important to support development of region. Invest was factor to formation and create income of region and have part that very important of region economy. Invest could expansion work opportunity. Result of research shows Domestic Investment and Foreign Investment do test partially and simultaneously have good effect and significant to work opportunity in Indonesia. Its mean increase to work opportunity have relation to invest as indicator of development. This case connected to income and work opportunity and development would way goodly.*

**Key words:** Domestic Investment, Foreign Investment, Employment, Harrod Domard

Increased economic activity in various sectors will have an impact, either directly or indirectly to job creation, and this is the responsibility of looking for businesses to be able to absorb the additional labor force in large numbers that occur each year with the stage of considering the increase in worker productivity as a whole, because productivity increases expected wages will also increase workers' welfare can be improved at the same time. Employment-oriented development on the creation and expansion of productive employment opportunities can be implemented steadily strived to achieve economic growth. The growth of human resources, especially the highly qualified workforce is expected to produce workers who are professional, productive, independent, high work-oriented and entrepreneurial to be able to fill, creating and expanding employment and business opportunities, both domestically and abroad.

(Chen & Ku, 2004) studying about the effects of FI on domestic employment by examining the data of Taiwan's manufacturing industry. Treating domestic production and overseas production as two distinctive outputs from a joint production function, they may estimate the effect of overseas production on the demand for domestic labor. They found that overseas production generally reduces the demand for domestic labor as overseas products serve as a substitute for primary inputs in domestic production (substitution effect) but overseas production also allows the investor to expand its domestic output through enhanced competitiveness. The expanded domestic output leads to more employment at home (output effect).

The net effect of FI on domestic employment is a combination of substitution and output effects. For Taiwan, the net effect is positive in most cases but it differs across the labor group. Technical workers tend to benefit most from FI, followed by managerial workers, and blue-collar workers benefit the least; indeed they may even be adversely affected. This

suggests that after FI, a reconfiguration of division of labor within a firm tends to shift the domestic production toward technology and management intensive operations. Sha and Tao (2007) found that FI and employment have a long-term equilibrium relationship, with every 1% increase of FI leading to 0.13% increase in employment.

(Fu and Balasubramanyam, 2005) analyzed the relationship between the growth of exports and employment in China. They concluded that, assisted by FI and township and village enterprises, exports successfully have provided an effective vent for surplus productive capacity and surplus labor supply. (Nunnenkamp, et, all 2010) analyzed the relationship between FI and employment data covering almost 200 manufacturing firms in Mexico. They showed that FI had a significantly positive, although quantitatively modest, impact on manufacturing employment. (Mpanju, 2012) used the ordinary least squares (OLS) method of statistical model building and analysis to investigate the relationship between employment as the dependent variable and FI as the independent variable in Tanzania. His results showed that there is a strong positive relationship between the two variables; that is, increased FI inflows were associated with increased employment. (Nunnenkamp, et, all 2010 ; Wei, 2013) done analyzed from two dimensions: (1) the relationship between FI and total employment for the entire Chinese national economy, and (2) the relationship between FI and employment for each of the three sectors of the economy (primary, secondary, and tertiary). This analysis was conducted using time series regression models estimated for annual data between 1985 and 2011. The outcome shows that there is no significant positive relationship between FI and employment overall for the entire Chinese national economy, and that the relationship between FI and employment differs by sector. There is a significant positive relationship between FI and employment for the primary sector. For the secondary sector,

there is no significant relationship between FI and employment, although gross domestic product (GDP) has a significant positive effect on employment. For the tertiary sector, FI has a significant negative relationship with employment, and GDP has a nearly significant positive effect on employment. In Indonesia the investment also has a very important role in supporting development. Investment is a factor of the formation or creation of income and also expand employment opportunities. This investment can be sourced from domestic investment and foreign investment. Research on domestic and foreign investment has been done oleh some researchers. (Rustiono, 2008; Prasetyo 2009 & Wihda, 2013) shows that domestic investment is positive and not significant effect. (Rustianto & Istikomah, 1990; Prasetyo, 2009) show that foreign direct investment is negative and significant effect in Yogyakarta. But (Sitanggang, 2001; Mardiana, 2005; Rustiana, 2008) show that foreign direct investment is positive and significant. (Lestari, 2005; Gunawan, 2006 ; Dsadnyana 2008) shows that investment was Significantly affecting variable on job opportunities but Rahmawati shows that investment was not significantly affecting variable on job opportunities.

## **METHODOLOGY AND PROCEDURE**

This research used Secondary Data from the Central Statistics Agency of West Sumatra province. Necessary data in this study is the number of domestic investment and foreign investment as well as the number of the existing workforce.

### **Tools Used**

In analyzing the effect of investment (domestic and foreign) on employment in Indonesia must consider the entire participation of the factors that influence the employment opportunities in Indonesia, either directly or indirectly. The variables used are domestic investment (domestic) and foreign investment (FI) as

the independent variable (free), while employment as the dependent variable (dependent), can be expressed as a function of the following, namely: (Supranto, 1995)

$$Y = f(X_1, X_2) \dots\dots\dots (1)$$

Based on the equation (1) above, may be established regression equation:

$$Y = a + b_1x_1 + b_2X_2 + u \dots\dots\dots (2)$$

Meanwhile, to measure the elasticity of each independent variable and the dependent variable, the equation (2) can be transformed into:

$$\text{Log } Y = a + b_1\text{Log}X_1 + b_2\text{Log}X_2 + u \dots\dots\dots (3)$$

### **Statistical Techniques Employed**

To prove the hypothesis test is done with a test of determination ( $R^2$ ), F test and t test.

### **Objectives of the Study**

1. To examine how domestic investment influence on Employment Opportunities in Indonesia
2. To examine how the effect of Foreign Investment on Employment in Indonesia

### **Hypotheses of the Study**

H1: Domestic Investment influence on Employment Opportunities in Indonesia

H2: Foreign Investment influence on Employment Opportunities in Indonesia

## **RESULTS**

### **1. Estimation Results**

The results of the data processing influences investment (domestic and foreign) as the independent variable on the



dependent variable Employment Opportunities in Indonesia, indicated by the following regression equation:

$$\text{Log Y} = 5.375 + 0.55 \log X_1 + 0.20 \log X_2$$

t count	(3.250)	(3.090)
---------	---------	---------

F-count = 13.791  
R<sup>2</sup> = 0.68

The regression results indicate that obtained R<sup>2</sup> (coefficient of determination) of 0.68, this means that 68 percent of Employment Opportunities can be explained by domestic and foreign investments, while the remaining 32 percent influenced by other variables not included in the research model this. To assess whether the independent variables (domestic and foreign) is significant or not the Employment Opportunities together can be done by using F (F-count), that the F value is calculated sebesarnya 13.791 while the F-table 3.81 (F distribution table with a significance level of 5 per cent or 0.05). It explains F-count is greater than F-table, so that it can be seen the influence of domestic and foreign investments is very strong against the Employment Opportunities. Constant coefficient is equal to 5.375, it means that states that if it is assumed independent variables (domestic and foreign) is zero, then the number of Employment Opportunities in Indonesia amounted to 5.375.

Studies on the effect of each independent variable (domestic and foreign) to the dependent variable (Employment Opportunities), which for domestic investment values obtained t count equal to 3,250 and the value of t-table 2.160, ie, t-count is greater than t-table, Ho rejected and Ha accepted at the 95 percent confidence level and a margin of error of 5 percent, meaning between these variables significant influence. Meanwhile, the value of the regression coefficient obtained at 0.55 (inelastic), that any increase in the amount of investment in the country by 10 percent, the Employment Opportunities in

Indonesia will increase by 5.5 percent, assuming other variables held constant.

Furthermore, the results of tests performed for foreign direct investment (FI) to the Employment Opportunities, obtained by value t count equal to 3,090 and t table is 2.160, indicating t-count value is greater than t-table, where  $H_0$  is rejected and  $H_a$  accepted level of confidence 95 per cent and 5 per cent error rate, which among these variables significant influence. Meanwhile, the value of the regression coefficient of 0.20, which means that any increase in the number of foreign investment by 10 percent, the employment opportunities in Indonesia will increase by 2.0 percent, assuming other variables held constant.

## **2. Policy Implications**

Domestic investment (DI) provides a greater influence on the employment opportunities compared to foreign direct investment (FI). This is due to the number of projects invested by foreign investors is less than the number of projects invested by domestic investors, so that the number of workers absorbed into slightly. Therefore, the government is expected to cooperate with the relevant authorities in order to provide facilities or facilities to foreign investors to be more interested in investing fund on companies that exist in Indonesia. With the amount of capital invested in companies, it creates new projects that are able to absorb more labor. The increase in employment has a strong relationship with the investment in the country (domestic) and foreign investment (FI) to promote economic growth in Indonesia positively due to the increasing investment, it will result in employment opportunities and income country, so that development will go well.

## **DISCUSSION OF THE RESULTS**

That the government provide an overview to domestic investors (domestic) and foreign direct investment (FI) on the calculation

of return on capital that can be received in the future, so that more investors to invest in Indonesia;

1. That the government should pay more attention to making the wisdom of the Law on domestic and foreign investments to make it easier for investors to invest in Indonesia.
2. That the government should provide additional incentives (special stimulation) for foreign investors who are willing to invest in Indonesia.

## **REFERENCES**

1. Abdul Rachman Panetto (1980). "Strategi Ketenagakerjaan dan Pengembangan SDM untuk Pemerataan Peningkatan Kesejahteraan Bangsa", Indira, Jakarta.
2. Ackley.G (1983), "Teori Ekonomi Makro", Terjemahan Drs. Paul Sihotang, LP-FEUI, Jakarta.
3. Chen. T.J. and Ku, Y.H. (2004) The Effects of Overseas Investment on Domestic Employment, 14th East Asian Seminar on Economics held on 5-7 September.
4. Dafrizal. 2000. "Peran Investasi Swasta dalam Meningkatkan Kesempatan Kerja di Sumatera Barat, Universitas Bung Hatta", Padang. (tidak dipublikasikan).
5. Fu. X. and Balasubramanyam, V. N. (2005). Exports, foreign direct investment and employment: The case of China. *World Economy*, (4), 607-625.
6. Gujarati. D.( 1998), "Basic Econometrics", Erlangga, Jakarta.
7. Gunawan, A. (2006). Pengaruh Produksi Total dan Investasi Terhadap Kesempatan Kerja di Provinsi Bali Periode Tahun 1985-2004. Skripsi. Fakultas Ekonomi Universitas Udayana. Denpasar.

8. Kustianto, B and Istikomah. (1999). Peranan Modal Asing Terhadap Pertumbuhan Ekonomi Indonesia. *Jurnal Ekonomi dan Bisnis Indonesia*, Vol. 14 No. 2.
9. Lestari. W. A. (2005). Pengaruh Jumlah Usaha, Nilai Investasi, dan Upah Minimum terhadap Permintaan Tenaga Kerja pada Industri Kecil dan Menengah di Kabupaten Semarang. *Jurnal Ekonomi Pembangunan*. <http://isjd.lipi.go.id>.
10. Nasution. M. (1997). "Teori Ekonomi Makro: Pendekatan pada Perekonomian Indonesia", Djambatan, Jakarta.
11. Nunnenkamp. P. et. all. (2010). FI in Mexico: An empirical assessment of employment effects. *Journal of Development Studies*, 45 (7), 1165-1183.
12. Maidin. (1999). "Pengaruh Tabungan Masyarakat, Ekspor Indonesia dan Investasi Asing serta Investasi Dalam Negeri terhadap Pertumbuhan Ekonomi Indonesia", Universitas Andalas, Padang.(tidak dipublikasikan).
13. Mardiana. A. (2005). Analisis Faktor – Faktor Yang Mempengaruhi Pertumbuhan Ekonomi di Indonesia Periode Tahun 1984-2003. Skripsi. Yogyakarta : Fakultas Ekonomi UII.
14. Mpanju, A.K. (2012). The impact of foreign direct investment on employment creation in Tanzania. *ENITH International Journal of Business Economics & Management Research*, 2(1), 126-139.
15. Paul. A. et. all. (1986). "Ekonomi Makro", Jilid I, diterjemahkan oleh Drs. Jaka Wasman, M.MS, Erlangga, Jakarta.
16. Prasetyo, P. E. (2009). *Fundamental Makro Ekonomi*. Yogyakarta: Beta Offset.
17. Sadnyana. N. H. (2008). Pengaruh Pertumbuhan Ekonomi, Investasi Swasta dan Ekspor Terhadap Kesempatan Kerja Provinsi Bali Tahun 1993-2006.

- Skripsi. Fakultas Ekonomi Universitas Udayana. Denpasar.
18. Rahmawati. I. D. (2010). Pengaruh Investasi dan Tingkat Upah Terhadap Kesempatan Kerja di Jawa Timur. Skripsi, Universitas Negeri Surabaya
  19. Rustiono. D. (2008). Analisis Pengaruh Investasi, Tenaga Kerja, dan Pengeluaran Pemerintah Terhadap Pertumbuhan ekonomi Jawa Tengah Periode Tahun 1985-2006. Tesis. Semarang : Fakultas Ekonomi Undip.
  20. Sha. W. and Tao. A. (2007). The employment effect of FI analysis: Empirical analysis based on co-integration theory. *Finance and Economics*, (4), 112-117.
  21. Simanjuntak. P. (1982). "Sumber Daya Manusia, Kesempatan Kerja dan Pembangunan Ekonomi", LP-FE-UI, Jakarta.
  22. Sitanggang, D. (2001). Analisis Peranan Modal Asing Terhadap Pertumbuhan Ekonomi Indonesia. *Jurnal Ekonomi Pembangunan*.
  23. Sukirno. S. (2000). "Makro Ekonomi: Perkembangan Pemikiran dari Klasik Hingga Keynesian Baru", Penerbit Raja Grafindo Persada, Jakarta.
  24. Sukirno. S. (2005). "Pengantar Teori Ekonomi Makro", Penerbit Raja Grafindo Persada, Jakarta.
  25. Supranto. J. (1995). "Ekonometrik Buku Satu dan Dua", LP-FEUI, Jakarta.
  26. Wei. Y. (2013). The Effect of FI on employment in China, Thesis, Iowa State University
  27. Winardi. (1986). "Kamus Ekonomi (Inggris-Indonesia)", Alumi Bandung.
  28. Wihda. B. M. Analisis Pengaruh Penanaman Modal Dalam Negeri (PMDN), Penanaman Modal Asing (PMA), Pengeluaran Pemerintah dan Tenaga Kerja Terhadap Pertumbuhan Ekonomi D.I. Yogyakarta (Tahun 1996 – 2012). Universitas Diponegoro.