

Abstract

The Impact of Investments on the Unemployment Rate in Banten Province Indonesia

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Economic development is a major goal in improving communities to have more decent life, and unemployment is a very important issue that plays a crucial role in economic development, since the loss of employment means a reduced standard of living and psychological stress. Unemployment also provides a signal that the economy may not be using some of its resources efficiently.

Investments are recognized as spending on capital equipment, inventories, and structures. It is the demand of goods and services to create or add production capacity or income in the future. Investment in human capital (education) is as important as investment in physical capital for a country's long-run economic success.

This research intention is to analyze the impact of investments, particularly Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI), and education to the unemployment rate in Banten Province using qualitative approach as in descriptive analysis. Direct investment, both FDI and DDI have been regarded

as one of the best methods to fuel economic growth, that encourages the creation of new jobs and enhances technology transfer.

Banten Province located in the westernmost part of Java Island consist of eight regencies and cities, with 155 sub-districts and 1,551 villages. Its unemployment rate is recorded as one of the highest in Indonesia for several years. The majorly of FDI and DDI Investments that flow into Banten Province have gone into the manufacturing industry sector. In terms of education, as of 2015, 66.43% of the population have not graduated from high school.

The result of the research shows that investment has indeed a remarkable impact on lowering the unemployment rate, especially for the regions that are already engaged in the secondary and tertiary sectors. From the eight regencies and cities in Banten, five regions have had their unemployment rate influenced by investments.

Education also has had a major impact on the unemployment rate, as a higher educated/trained worker is needed in today's world. It is hard for those with a low education level to compete and be successful in the job market search. South Tangerang City is one of the examples, with 54.45% population having graduated from high school (the highest in Banten), has the lowest unemployment rate in Banten. Education is certainly a factor in today's world and will be so much more continually into the future.

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