



Effect of Foreign & Domestic Investment on Manufacturing Industry Performance and Its Impact on Unemployment and Poverty (Case Study in Tangerang City)

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ABSTRACT

FDI is very important in driving the economies of emerging market countries through free trade, banking, production, and other sectors, which ultimately leads to better growth. Therefore, it is believed that access to FDI can resolve economic and social issues. For example, FDI enhances the labor market and helps reduce unemployment rates in the concerned country. This research uses a qualitative approach. According to Denzin & Lincoln (in) and Jane Richie, research utilizes concepts, behaviors, perceptions, and issues to present the social world and the perspectives of the individuals being studied. This method aligns with the term “qualitative research,” which means that this research is integrated with qualitative research. From 2010 to 2023, investment growth in Indonesia’s manufacturing industry has gradually declined. The purpose, according to the Law of the Republic of Indonesia number 25 of 2007 concerning investment, is to create job opportunities for the community. In articles 10 and 13 of the law, paragraph 1 states that investment companies must prioritize Indonesian citizens for labor needs, and article 13 paragraph 2 states that the government is responsible for fostering and developing micro-enterprises. Based on the results and analysis of the research conducted, the author concludes that during the research period from 2010 to 2023, the city of Tangerang, which is the largest city in Banten Province, has made efforts to attract both domestic and foreign investors. Foreign investors come from several countries such as Malaysia, South Korea, England, Singapore, and Taiwan.

INTRODUCTION

With a population of 265 million and 126.8 million people employed, Indonesia is one of the countries with the fourth highest population in the world. This condition can become a great opportunity to achieve optimal development and create new sources of growth. On the contrary, the imbalance between labor supply and demand continues to be one of the dangerous and important social issues that deserves attention (Abiad (ADB) et al., 2016).

Unemployment is caused by labor market imbalances, which are one of the obstacles to the progress and welfare of society. Because it is directly related to the welfare of the community, this job must receive special attention. If not handled properly, this can have a negative impact on other sectors.

Because work resilience is part of human resources and drives the economy, its existence is very important for development. One important component of economic reform is human resources, which means that a country must have the ability to produce high-quality human resources that possess skills and are competitive in the global market (Syahrullah & Muttaqin, 2014). To stabilize the labor market and improve the welfare of the community, there is a need to increase labor absorption. Labor absorption, also known as pro-job, has become an important agenda alongside helping to reduce poverty, enhance growth, and minimize the emergence of various social issues (Aiyedogbon & Ohwofasa, 1987).

In addition, social issues related to unemployment and employment have become a primary focus of many theoretical and empirical studies. Based on the Cobb-Douglas theory (Nuraisyah et al., 2019), the increase in labor, capital, and technology is the key to a country's economic growth. Therefore, the role of the workforce is considered in terms of both quantity and quality to achieve optimal output.

One measure of a country's development success is economic growth, which will increase as a result of this output improvement. Aggregate output and economic growth will be directly influenced by the ideal level of labor absorption, which represents national output.

Therefore, both usually move together. Policy makers have tried to stabilize the labor market through various programs and policies. Some of them are from internal and external perspectives (Bambe, 2023). The first involves improving the quality of human resources through public investment that enhances education and health, thereby improving the quality of the workforce.

The second involves enhancing the performance of domestic and foreign investments. The law also regulates investment or planting models as one of the components that can encourage job creation, which will impact the reduction of the unemployment rate (Motsatsi, 2019).

According to Law No. 1 of 1967, foreign investment is the investment of foreign payment instruments that are not part of Indonesia's foreign exchange or tools for companies brought in from abroad that are not financed. According to Article 1 No. 25 of 2007, investment can be defined as any form of capital investment activity carried out by both domestic and foreign investors to conduct business in the territory of Indonesia. Investment, especially foreign investment,

is very important for Indonesia's economic growth. This is reflected in the performance of capital supply, goods, and technology working together to create job opportunities and output. FDI has become an important component in driving the economic growth of a country. Investments not only have the ability to enhance productivity performance, but they also have the capacity to boost growth and accelerate various other aspects of the economy. The movement of labor, technological advancement, and increased productivity are influenced by this investment, which in turn will boost economic growth.

This condition emerged from the 19th to the 20th century, when economic openness and globalization arose. FDI is very important in driving the economies of emerging market countries through free trade, banking, production, and other sectors, which ultimately leads to better growth. Therefore, it is believed that access to FDI can resolve economic and social issues. For example, FDI enhances the labor market and helps reduce unemployment rates in the concerned country.

It is hoped that this influx of foreign capital will create jobs and help reduce unemployment and poverty, as well as improve the welfare of the community. However, the performance of this direct investment must also be monitored to prevent instability in the labor market that could potentially disrupt the economy. Like investments that usually require capital-intensive resources, they will not need labor. This happens even though production efficiency and effectiveness can be achieved optimally.

The impact of FDI performance on labor absorption has also been studied in several empirical studies. An empirical study conducted by Hattami Amar (Amar & Arkum, 2023) shows that, rather than an increase in investment, rising unemployment is a greater factor contributing to the decline in demand in Spain.

Unlike the empirical research carried out by Fajar (Fajar & Pratiwi, 2021), which found that FDI does not affect employment absorption in the three countries studied: Pakistan, India, and China. The research indicates that only foreign investment in China positively contributes to China's labor absorption; therefore, FDI cannot be expected to create jobs in a country, and additional measures are needed to stimulate job creation.

Data from the Investment Coordinating Board (BKPM) shows that around 70-90% of FDI is concentrated in Java every year. This situation is due to the fact that Java is the center of government and growth, as well as having a large population and workforce. In 2010, the Java region received the highest investment of 11.499 billion dollars, while Maluku received the lowest investment of 249 million dollars.

The recorded positive realization of FDI at BKPM of 8.4% (from 365.9 trillion to 396.6 trillion) indicates an increase in FDI. According to Bank Indonesia, the paper, paper goods, and printing industry (9.6% share), mining (9.5% share), and other transportation and logistics (9.6% share) are the sectors that receive the most FDI, with each sector contributing 13.4% and 10% of the total FDI, respectively. FDI is considered a more efficient way to boost a country's economic growth.

With greater economic liberalization, FDI performance can improve, which can help create more jobs and reduce unemployment rates. Economic development is a multifaceted process that involves various fundamental changes in national institutions, social structures, and societal attitudes, as well as efforts to accelerate economic growth, address regional disparities, and create more job opportunities.

Indonesia is a developing country with a large population, which has a very significant market potential in terms of labor input. Due to the large population, there is a multiplier effect that drives the market from the demand side, and as a source of labor, the large population can also stimulate the economy from the supply side. However, population growth that is not matched by an increase in job opportunities will lead to employment issues such as rising unemployment rates, which can increase poverty, crime, and socioeconomic phenomena in society.

Unemployment is one of the major issues faced by developing countries like Indonesia. According to Syamsudin (Syamsudin & Setyawan, 2008), the low rate of job creation to accommodate the ready-to-work labor force leads to unemployment. This is caused by the high rate of labor force changes that is not matched by a sufficiently broad job market and a relatively small percentage of labor absorption.

The Open Unemployment Rate (TPT) is one of the indicators that can be used to calculate the unemployment rate. A high TPT value indicates the extent of the number of working-age individuals who fall into the category of unemployed. According to the Central Statistics Agency (BPS) of Indonesia, open unemployment includes those who do not have a job, are looking for work, preparing to start a business, and those who are not seeking work because they feel it is unlikely to find a job. In addition, open unemployment also includes those who already have a job but have not yet started working.

Poverty is an important indicator for assessing the socio-economic aspects of a region and also serves as a measure to gauge development progress. The poverty level of a region reflects the welfare level of its community. One of the consequences of global instability and the condition of the country is poverty. Economic globalization and the increasing relationships between countries provide opportunities and challenges for economic progress, but also raise risks and concerns about the future of the global economy.

Low per capita income, high population growth, and rising unemployment are common signs of a country's poverty. Due to a lack of investment and market imperfections, poverty tends to exacerbate the economic and social conditions of society. According to Nurkse's theory (Tekin, 2012), this leads to society having limited access and information about the goods and services they need. If that happens, low-income communities will not be able to afford more expensive goods and services. In Indonesia, poverty also leads to an increase in unemployment rates, a rise in inflation levels, and a decline in the human development index.

The poverty rate in Indonesia is closely related to the number of unemployed individuals, especially since a large portion of the population relies

on income from their current jobs. Job loss reduces the income used to meet basic needs. In other words, more unemployment will lead to more poverty. According to Sukirno (2019), poverty has a direct impact on the decline of community income, which in turn can reduce the welfare that has been achieved.

In situations where poverty leads to a decline in community income, the risk of being trapped in poverty increases due to the loss of their sources of income. The increase in unemployment can also have a negative impact on the economic development process in the long term. The research results (Ngaubane et al., 2019) indicate that unemployment impacts the increase in poverty levels.

This is because young people who should have jobs but remain unemployed will lead to poverty. In addition, research conducted by Mardiatillah et al. (2019) shows that unemployment will reduce an individual's level of prosperity because they have no income. If the level of prosperity declines, they will become trapped in poverty due to the lack of income. Poverty will arise as a consequence of high unemployment rates.

Secara umum terdapat tiga perubahan lingkungan strategis yang harus dihadapi selama ini dan masa yang akan datang yaitu demokratisasi, desentralisasi, dan globalisasi. Demokratisasi: yang menuntut adanya partisipasi yang luas dari masyarakat; Desentralisasi: yang menuntut adanya ruang gerak yang memadai bagi daerah untuk mengatur dan mengurus rumah tangganya sendiri; Globalisasi yang telah membuka akses teknologi dan arus informasi sehingga nilai-nilai sosial budaya yang baru dapat mempengaruhi sistem nilai yang telah berkembang di masyarakat.

In response to environmental changes and the increasingly complex developments in governance, the DPMPTSP is required to implement reorientation, restructuring, and revitalization of work management to be more effective, efficient, and professional. At the right time, it is hoped that the dynamics of the DPMPTSP institution can keep pace with the various challenges and demands of the increasingly complex future, marked by changes in society that are becoming more transparent. The clarity of the vision, mission, and strategy of the DPMPTSP organization in the future will facilitate DPMPTSP in carrying out its activities in formulating various programs and planning activities. In giving meaning to the existence of institutions, a clearer and more directed Strategic Plan (Renstra) is needed as a determinant of direction for all organizational activities, which is elaborated into the annual work plan (Renja SKPD) of the DPMPTSP of Tangerang City as a reference instrument for programs over the course of a year.

Based on the explanation provided above, and since there has been no research examining the Effect of Foreign & Domestic Investment on Manufacturing Industry Performance and Its Impact on Unemployment and Poverty, the author is interested in conducting a study titled Effect of Foreign & Domestic Investment on Manufacturing Industry Performance and Its Impact on Unemployment and Poverty in the Tangerang City.

LITERATURE REVIEW

Investment

Both in everyday business operations and legal terminology, the phrases "investment" and "capital investment" are widely recognized. While "capital investment" is more frequently used in legal circumstances, the term "investment" is more widely used in the business world. While the term "capital investment" usually has a connotation more closely associated with direct investment, the term "investment" has a broader meaning in society at large because it can refer to both direct and indirect investments (Kuswiyati & Utomo, 2022). Investments, as described by Ida Bagus Rahmadi, are actions taken by people or organizations with the intention of raising and/or preserving the value of their capital, which can include money, property, machinery, intellectual property, or skills.

Essentially, there are two main categories into which investment activities can be divided: 1. A long-term capital investment or direct investment. The direct participation of capital owners in the management of capital activities is sometimes linked to the definition of direct investment. It refers to capital investments made by foreign parties when used in this context. 2. Investments Made Indirectly A short-term capital investment known as an indirect investment solely consists of activity in the capital and money markets and is subject to changes in stock prices and exchange rates. Following the revision of Law No. 1 of 1967 on Foreign Investment into Law No. 25 of 2007, it can be concluded that the meaning of Foreign Capital Investment or Foreign Investment is the activity of investing capital to conduct business in the territory of the Republic of Indonesia carried out by foreign investors, whether using entirely foreign capital or in partnership with domestic investors. Jonker Sihombing stated that the definition of Foreign Capital Investment or Foreign Investment still varies among economists and legislation (Anjani & Fitriyani, 2022).

This government will be able to accommodate different societal interests and treat all investors equitably without sacrificing national interests thanks to the Central Government's issuing of Law No. 25 of 2007 on investment. The administration is also conscious of the reality that coordinating investment, whether domestic or foreign, can only succeed if the obstacles to investment, both domestically and internationally, are removed. The goals are to create an effective bureaucracy that doesn't come at too great of an expense, improve cooperation between the Central Government and Local Governments, and promote an environment that is favorable to business. It is hoped that the realization of both domestic and international investment will improve and increase greatly with the improvement of various supporting conditions.

In the literature on macroeconomics, foreign investment, or PMA, can take two different forms: direct investment and portfolio investment. The capital market is used to undertake portfolio investments with securities like stocks, bonds, and mutual funds. On the other hand, direct investment, sometimes referred to as foreign direct investment (PMA), entails making purchases of whole firms or developing infrastructure.

Manufacturing Industry Performance

Eneji Mathias Agri (Agri et al., 2017) defined industry as "all sectors that can generate added value and can be broadly divided into two parts: industries that produce goods and industries that provide services." This is the macro definition of industry. A group of businesses that can generate uniform items or goods that can closely replace for one another is considered the micro definition of industry. The definition of industry in Liudmila Bovsh (Bovsh, 2015) is "the effort to produce goods from raw materials or raw materials through a processing process in large quantities so that the goods can be obtained at the lowest possible unit price but with the highest possible quality." The production process used to make tangible goods is called manufacturing. It is the process of converting raw materials into physical products via a sequence of energy-intensive operations that modify the materials' chemical or physical properties.

Experts define the manufacturing business as one whose primary function is to convert raw materials, components, or other pieces into completed things that adhere to predetermined specifications. Large-scale production is typically achievable in the manufacturing sector. The manufacturing sector is a processing industry, defined as any activity that mechanically uses machines or does not use machines to process or transform raw materials into completed or semi-finished commodities that have added value. An organization that transforms raw materials into a certain kind of completed commodity that is manufactured in big quantities and offered for sale to the general public for profit is known as the manufacturing industry. Nearly everything we use on a daily basis is the product of manufacturing industrial processing. A manufacturing industry performs a number of additional tasks in addition to the production process, such as marketing, general administrative, and financial duties, to support the realization of all of its objectives and operations.

Unemployment

The Central Bureau of Statistics (BPS) defines unemployment as those who are not employed but are actively looking for work or getting ready to launch a new business, as well as those who are not looking for work because they have already been hired but have not yet begun working, in terms of employment indicators. Hane Andreanu Subiyakto (Subiyakto et al., 2023) defined unemployment as a state in which a person in the labor force wishes to find employment but has not yet done so. Unemployment does not apply to someone who is not actively looking for job but is not working. The absence of aggregate spending is the primary cause of unemployment. The goal of entrepreneurs is to turn a profit on the items and services they create, but this profit can only be reached if they can sell their products. More goods and services will be produced in proportion to the level of demand. Labor usage will rise as a result of the increase in production. A macroeconomic problem, unemployment has a direct impact on people's ability to make a living (Rafat & Farahani, 2019). Most people see a drop in their standard of living when they lose their work. Therefore, it is not unexpected that politicians, who regularly claim that the measures they offer will help create job possibilities, frequently discuss unemployment when in political arguments.

The idea that supply-side and price processes in a free market can prevent unemployment by ensuring the formation of demand that will absorb all supply is explained by classical theory. In classical theory, unemployment results from a transient misallocation of resources that can be corrected by pricing mechanisms. Keynesian theory asserts the reverse of classical theory when it comes to unemployment. Low aggregate demand is the real cause of unemployment, according to Keynesian theory. As a result, poor consumption rather than low production is the obstacle to economic progress. Keynes argues that this cannot be explained by the workings of the free market. Earnings will fall as the workforce grows, which will be bad rather than good since a fall in earnings implies that people's purchasing power for goods will be reduced. In the end, producers will lose money and be unable to hire new workers.

The tendency of population expansion to surpass the growth of the food supply is explained by Malthus's theory. Malthus outlined his theories in a fairly strict manner in his initial essay. According to her, the food supply grows in a "arithmetic progression" while the population grows in a "geometric progression." Malthus restated his theory in later writings, but he did it less rigorously this time. Instead, he said that population growth tends to be infinite until it approaches the limits of available food. Malthus deduced from both accounts that a certain number of people will experience extreme poverty and starvation. Since "population growth is unlimited, and the Earth cannot produce enough food to sustain human life," there is no technical progress that can, in the long run, change the current state of affairs.

Poverty

Experts assert that poverty has multiple facets. This implies that poverty has a variety of dimensions due to the diversity of human needs. From the standpoint of general policy, poverty has both primary and secondary dimensions (Anwar & Nguyen, 2010). Primary dimensions include lack of assets, political and social organization, knowledge, and skills. Secondary dimensions include lack of financial resources, information, and social networks. Malnutrition, a lack of access to clean water, subpar housing, inadequate healthcare, and low levels of education are examples of how poverty manifests. However, Bappenas, as quoted by Arsyad, defines poverty as the inability of a person or a group of people to support themselves at a standard of living that is deemed humane (Navaretti et al., 2009). Poverty, broadly speaking, has two components: the fundamental component, which is the absence of wealth, social and political structure, knowledge, and skills, and the secondary component.

It is the constant goal of policy makers to guarantee that the majority of society can benefit from the distribution of resources. But because society is so diverse in terms of its conditions and traits, and because economic progress has advanced, national policies typically focus on short-term problems. As a result, poverty is a problem that affects society as a whole and is linked to national development policies as well as productivity, ownership of production elements, and the degree of societal development at large. In other words, inadequate development methods and policies are a contributing factor to poverty in addition to natural factors.

METHODOLOGY

This research uses a qualitative approach. According to Denzin & Lincoln (in) and Jane Richie, research utilizes concepts, behaviors, perceptions, and issues to present the social world and the perspectives of the individuals being studied. This method aligns with the term "qualitative research," which means that this research is integrated with qualitative research. The collection of data and information in this research was conducted using the literature study method, also known as library research. In this method, reliable written sources, such as scientific journals, reference books, encyclopedias, and other sources related to the research topic, must be examined. This phrase aligns with what stated, which is that literature review is a data collection method that involves examining literature, books, notes, and related reports.

According to the opinion of Prof. Dr. Suharsimi Arikunto, literature study is a method of data collection aimed at obtaining relevant information and establishing a theoretical foundation. Therefore, both literature review and meta-analysis methods are used to collect data. A literature review can be defined as a description or account of the literature related to the research subject. However, meta-analysis serves as a method for analyzing research results that are statistically processed based on the findings of previous studies. To assist researchers in analyzing data in four stages, data analysis techniques have been thoroughly discussed:

- 1) Collecting data, at this stage the researcher gathers data in the form of journals, articles, and other literature to answer the research problem formulation, namely whether the lattice method in multiplication operations affects reducing students' difficulties in solving problems;
- 2) Identifying data;
- 3) Describing data, clearly presenting the literature;
- 4) Concluding data, based on all the data that has been obtained.

Therefore, it can be concluded that this literature and meta-analysis provide theoretical support for researchers in developing discussions that align with the research variables. This theoretical support comes from the analysis of primary data, which includes journals, articles, and previous research.

According to Bogdan, data analysis is the process of collecting and organizing data from various sources, including interview results, field notes, and documents, with the aim of making the data and its results easy to understand and communicate. This technique is carried out by organizing data, breaking it down into smaller parts, combining them, arranging them into patterns, and selecting what is important and what needs to be learned. Literature analysis related to the topic of discussion is used to conduct this research. Data analysis begins before the research and continues until the results are known, according to Nasution. In other words, the data analysis method collects data gradually rather than gathering it all at once. Data becomes

saturated, according to Miles and Huberman. This is due to the data analysis process being carried out consistently. Therefore, the Milles and Huberman model is used to analyze data in this research. In accordance with this model, the following actions were taken:

- 1) Data reduction is the first step in data analysis, and the goal of this step is to make the obtained data easier to understand. Now the researchers summarize or select the main topics and focus on the topics that will be discussed in accordance with the research problems and objectives. The data analyzed was collected using secondary data collection techniques. These secondary sources include, but are not limited to, textbooks, journals, articles, theses, government regulations, encyclopedias, and various types of literature related to the research topic.
- 2) Qualitative data is usually presented with narrative text or descriptions. This is because new and old data are always connected. Therefore, all data can be understood, regardless of its background. Data presentation is used to interpret and draw conclusions about research or to address issues.
- 3) The step of drawing conclusions is the verification step, which is carried out gradually in this research. First, initial results are produced. However, as the amount of data collected continues to increase, verification is necessary to obtain more objective data. Next, the conclusion is drawn by comparing the respondents' statements with the conceptual meaning of the research problem.

RESEARCH RESULT AND DISCUSSION

Between 2010 and 2023, the largest contribution of investment to domestic investment (PMDN) came from the industrial sector compared to other sectors. The industrial sector continues to dominate domestic investment. This is due to the fact that the industry will continue to grow along with the enhancement of human resources and technology. Investors prefer to invest in the industrial sector. Although the contributions of investments vary, the sector remains in first place every year. As a result, the sector received the majority of government development funds. Domestic investment in Indonesia has changed from 2010 to 2023. Nevertheless, from 2010 to 2023, investment in Indonesia's manufacturing industry has tended to increase each year. This reached 44.387 billion rupiah in 2010, 40.443 billion in 2014, 13.152 billion in 2016, 194.343 billion in 2018, 498.891 billion in 2020, and 890.453 billion in 2023. The year 2014 witnessed peak growth, but the year 2020 saw a decline. In addition to having the ability to boost economic growth, industry also plays a crucial role in maximizing development. The increase in production volume and the various types of products produced indicate the growth of this industry.

For the evaluation and planning of macroeconomic policies, the growth of Gross Regional Domestic Product (GDP), both at current prices and constant prices, is one of the benchmarks for measuring success in economic development. The GDP figure can provide an overview of how development has been carried out. In the last fifteen years, the growth of Indonesia's manufacturing industry has fluctuated but tends to slow down. From 2010 to 2015, there was always an increase, but it wasn't significant enough. In 2015, Indonesia's economy grew by 4.60%. However, external factors negatively impacted Indonesia's economy as a result of the COVID-19 pandemic in 2020-2021. Faster economic growth indicates that Indonesia's economy can still achieve quite good performance. The number of workers needed for production continues to rise, which means "full employment" must be achieved. Government investment, however, differs from private investment because it focuses on the development of industries that are less labor-intensive. As a result, this investment cannot significantly help reduce unemployment.

Labor absorption is a term that refers to the number of people employed in a business unit. In Indonesia, the agricultural sector still dominates the labor structure due to the largest number of workers. In 2015, 46.40% of people worked in agriculture, forestry, hunting, and fishing. From 2010 to 2023, investment growth in Indonesia's manufacturing industry has gradually declined. The purpose, according to the Law of the Republic of Indonesia number 25 of 2007 concerning investment, is to create job opportunities for the community. In articles 10 and 13 of the law, paragraph 1 states that investment companies must prioritize Indonesian citizens for labor needs, and article 13 paragraph 2 states that the government is responsible for fostering and developing micro-enterprises. Investment variables have a significant impact on the unemployment rate, according to the results of the static effects model panel data regression (FEM). This indicates that an increase in invested capital will follow a decrease in the unemployment rate and vice versa. The results of this research are supported by the Harrod-Domar theory, which states that an increase in production capacity is accompanied by an increase in demand. Higher production will increase job opportunities, which in turn will boost labor demand, which in turn will reduce the unemployment rate.

According to the results of the panel data regression using the Fixed Effect Model, the variable of the District/City Minimum Wage (UMK) has a negative and significant effect on the unemployment rate in Banten Province. This means that if the District/City Minimum Wage (UMK) increases, the unemployment rate in Banten Province will decrease. According to the dual sector model theory, the annual increase in minimum wage policies leads to a decrease in the unemployment rate, which results in a decline in job demand in the formal sector, causing people to shift to the informal sector, where they can still find employment. The Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) are three models that can be used to estimate panel data. The Chow and Hausman tests are used to determine the appropriate model for this research, and the results of both tests indicate that the Fixed Effect Model is more suitable for this study. Based on the results, it can be

concluded that the unemployment rate significantly contributes to the poverty level in Eastern Indonesia. In other words, it demonstrates the acknowledgment of the third hypothesis.

In other words, the rising unemployment rate indicates an impact on poverty because increasing unemployment will lead to people lacking income to meet their daily needs, which can ultimately result in a higher poverty rate. Another study (Jones & Wren, 2016) found that unemployment affects poverty. In other words, a higher unemployment rate will lead to a higher poverty rate and vice versa. However, research by Afzalur Rahman (Rahman, 2015) found that unemployment does not affect poverty. This is because unemployment consists of workers in the informal sector and part-time employees. The results showing a positive relationship between unemployment and poverty indicate that poverty will increase alongside higher unemployment. Conversely, the poverty rate will decrease. This is due to the fact that the more unemployment there is, the more people in society lack income and cannot meet their needs, which ultimately leads to poverty. Because when people have income and can meet their daily needs, the presence of jobs will reduce poverty.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results and analysis of the research conducted, the author concludes that during the research period from 2010 to 2023, the city of Tangerang, which is the largest city in Banten Province, has made efforts to attract both domestic and foreign investors. Foreign investors come from several countries such as Malaysia, South Korea, England, Singapore, and Taiwan. The influence of domestic and foreign investment on the economy, human development, unemployment, and poverty is positive, but not significant. The reasons for this insignificance include the small value of investments, the dominance of the subsector targeted for investment being palm oil plantations, and the still capital-intensive nature of these investments. Thus, the impact of rising investments will lead to an increase in unemployment in the short term, and the accumulation of rising unemployment will result in an increase in the poverty rate in the long term.

ADVANCED RESEARCH

In writing this article the researcher realizes that there are still many shortcomings in terms of language, writing, and form of presentation considering the limited knowledge and abilities of the researchers themselves. Therefore, for the perfection of the article, the researcher expects constructive criticism and suggestions from various parties.

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