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DETERMINANTS OF EMPLOYMENT IN MALUKU

Teddy Christianto Leasiwal
Yenni Selanno
Economic Faculty, Pattimura University
Jl. Ir. M. Putuhena Kampus Poka Ambon
E-mail: imanuel_tyo@yahoo.com

ABSTRACT

Maluku as part of Indonesia has also experienced the same pressure in encouraging the creation of employment opportunities. A limited area and then the wages are still relatively small when referring to the rate of inflation is quite high. Besides the character of investment is different from other regions and the value of direct investment is still lacking, so jobs are available is still small. Factors that make employment in Maluku have different bargaining positions. This study analyzed how strong determinant of employment in the Moluccas, wages, economic growth and investment. In this study, the research object is put into focus Wage Effect Analysis, Investment and Economic Growth on employment in Maluku province. Data analysis methods in use are a linear function of multiple variables with regressing existing models ordinary least squares (OLS ordinary least squares). The results of hypothesis testing using regression analysis the effect of wages on employment opportunities Maluku province gained significance probability value of 0.030 means that the first hypothesis is proven that wages are significant and positive impact on employment throughout the province. Based on test results obtained by the value of the probability of significance for 0008 the results of these tests, meaning the second hypothesis which states that economic growth is positive and significant impact on the employment opportunities of Maluku province. Based on the results obtained hypothesis testing positive probability value and significance of 0.0544. on employment in the province of Maluku.

Keywords: *Wages, Investment, Economic Growth, Employment Opportunities*

I. INTRODUCTION

Employment issues in Indonesia is very large and complex. Great because it involves the lives of millions of workers. Complex because of labor issues affecting all at once influenced by many interacting factors follow a pattern that is not always easy to formulate (Tobias, 2006). Demographic factors affect the amount and composition of the workforce. Indonesia is quite successful in reducing the number of births and deaths on an ongoing basis. However, this would have an impact on the growth of the working age population that is much faster than overall population growth (Ananta, 1990).

Employment opportunities exist due to investments and efforts to expand employment are determined by the growth rate of investment, population growth and labor force. Development strategies implemented will also affect the business expansion of employment opportunities. Development strategy and objectives of the national goal should really pay attention to aspects of human resources in entering employment, orientation to the increase in GDP *(Gross Domestic Product)* must first be followed by improving the quality of education, health and skills sufficient to permit the development of the

increase in GDP *(Gross Domestic Product)* is also accompanied by an increase in labor productivity. According to Tambunan (2001), Investment is a crucial factor for the continuity of the process of economic development *(sustainable development),* or long-term economic growth.

Maluku as part of Indonesia has also experienced the same pressure in encouraging the creation of employment opportunities. A limited area and then the wages are still relatively small when referring to the rate of inflation is quite high. Besides the character of investment is different from other regions and the value of direct investment is still lacking, so jobs are available is still small. Factors that make employment in Maluku have different bargaining positions.

Wage level factors enter into this study because theoretically the labor demand is strongly influenced by the level of wages. Judging from the wage factor, as long as these problems often arise in terms of wages was the difference in understanding and interests regarding wages between employers and workers. So in this case required the government's policy to resolve the differences of interests.

Improvement of wages means increased income and purchasing power. Increasing people's income will increase the demand for goods and services which are then in turn macro encourage companies to expand, resulting in a multiplier effect, ie the demand for labor, which means that employment is becoming more open.

Table 1. Investment Value, Wage Rates and Economic Growth Maluku Province, Year 2005 - 2014

Tahun	Nilai Investasi (Rp) Milyar	Upah (Rupiah)	Pertumbuhan Ekonomi (%)
2005	8.789,67	500.000	5,07
2006	34.897,89	575.000	5,55
2007	645.890,90	635.000	5,62
2008	500.078,34	700.000	4,23
2009	131.786,78	775.000	5,44
2010	560.940,47	840.000	6,47
2011	138.413.937,52	900.000	6,06
2012	546.714,97	975.000	7,81
2013	9.753,16	1.275.000	5,26
2014	29.689,65	1.415.000	6,70

Source: BPS Maluku Province, 2015

Investments are shown in table 1 represents the total value of investments consisting of foreign direct investment (FDI) and Domestic Investment (DCI). Where investment has a direct effect on employment Maluku province.

Based on the above problems then this article aims to analyze how much work opportunities could be improved in the next few years in the Moluccas and analyze how strong determinant of employment in the Moluccas, wages, economic growth and investment. 1) How to influence the level of wages on employment in Maluku province?, 2) How do the investment on employment in Maluku province?, 3) How effect of economic growth on employment in Maluku province?.

Research purposes, 1) To analyze how much influence the level of wages on employment in Maluku province, 2) To analyze how much influence the investment on employment in Maluku province, 3) To analyze how big the influence of economic growth on employment in Maluku province.

The benefits of this research are expected to include: 1) As contributions to parties who want to know the determinants of employment in Maluku province, 2) As input for the Government in Maluku province in making decisions regarding the plan to increase employment opportunities and reduce unemployment, 3) As materials science and add insight to the writer.

II. LITERATURE REVIEW
Employment Opportunity
Job opportunities implies that the great willingness production enterprises to employ labor required in the production process, which could mean that more jobs or opportunities available to existing work of a moment of economic activity. Job opportunities can be created in the event of labor demand in the job market, so in other words employment also showed demand for labor. (Sudarsono, 1998). The expansion of employment opportunities is an attempt to develop other sectors of shelter employment with low productivity. Extension of job opportunities regardless of factors such as population growth and labor force, economic growth, labor productivity, or policies regarding employment expansion itself.

Employment
Residents are absorbed, scattered in various sectors of the economy. The sector that employs many people generally produce goods and services that are relatively large. Each sector is experiencing different growth rates. Similarly, the ability of each sector to absorb labor. Differences in the growth rate resulted in two things. First, there are differences in the rate of increase of labor productivity in each sector. Second, gradually sectoral changes, both in employment and in its contribution to national income (Payaman Simanjuntak, 1985). So it is with employment in this study is the number or the number of people working in various sectors of the economy.

The labor market, as well as other markets in the economy governed by the forces of demand and supply imbalance between demand and supply of labor will determine the level of wages (Mankiw, 2003). According to Ricardo (Deliarnov 2009) the exchange rate of a product is determined by the costs incurred to produce the goods, the cost of raw materials and wages which amount merely to survive (subsystem) for the workers concerned. Wages for this is referred to as a natural reward *(natural wage)*. The magnitude of the natural wage rate is determined by local customs. The wage rate naturally go up

proportionately with the people's living standards. Similarly, the prices of the other, the price of labor (wages) is determined by supply and demand, then in a state of equilibrium, theoretically the workers will receive a reward equal to the value of their contribution in the production of goods and services (Mankiw, 2003).

Labor Absorption relationship with Real Wage

In economic theory, wages can be interpreted as a payment for the services of physical and mental provided by labor to the employers (Sukirno, 2004). Law No. 13 Year 2003 concerning employment, the definition of wages is the right of workers / laborers are accepted and expressed in the form of money as a reward from the employer or the employer to the worker / laborer assigned and paid by an employment agreement, agreements, or regulations - including allowances for workers / laborers and their families for a job and / or services that have been or will be made.

The classical economics said that the labor / employee labor supply basing on real wages (W / P). Therefore, the increase in nominal wages would not change labor supply if the increase is accompanied by a commensurate increase in the price level. People who feel rich because nominal wage increases and a rise in the price level the same be said for the money illusion. Rational people will not experience the illusion of money, because they only want to change the labor supply in the event of changes in real wages. Burt (1963) in his book (Labor Market, Unions and Government Policies), states that there are several theories that explain the process of wage determination and the factors that affect the wages of workers.

Labor Absorption relationship with Economic Growth

The economic growth will drive the other sectors so that the production side would require the production workforce. A general view states that the rate of economic growth (growth) is positively correlated with the level of employment (employment rate). Based on the theory of economic growth put forward by Solow of the production function of aggregate stated that ouput national (as a representation of the economic growth is symbolized by Y) is a function of capital (capital = K) physical, labor (L) and technological progress achieved (A). An important factor influencing the procurement of physical capital is the investment), in the sense that high economic growth is expected to bring a positive impact on the employment rate.

Economic growth does not encourage employment will lead to unemployment and poverty problems that could lead to the emergence of social instability. While employment which does not encourage economic growth will create a disturbance in the achievement of sustainable economic growth. At the macro level employment growth rate can be attributed to economic growth. In other words, economic growth will affect the rate of growth of employment (Widodo, 1990). In a simple model of economic growth, in general terms of labor is defined as labor force that is homogeneous. According to Lewis, the labor force is homogeneous and unskilled considered to be able to move and shift from the traditional sector to the modern sector smoothly and in unlimited quantities.

In such circumstances, the role of economic growth contains a high elasticity properties. Increasing demand for labor (from the traditional sectors) derived from the expansion of the modern sector activities. Thus one of the factors that influence the employment is economic growth. Efforts to boost economic growth which can create jobs that is optimal in terms of quantity, productivity and efficiency requires a policy that takes into account the condition of internal and external developments. The conditions merunpakan input for decision makers (Mansoer and Asaddin, 2001).

Investment Relations with Labor Absorption

One focus of government policy today is to spur economic growth. Spur economic growth is not easy, a lot of variables that influence, among others, variable capital. As an illustration to spur economic growth of 7 percent will require investment of Rp 805.4 trillion, government investment can be carried out only Rp.167 trillion. To overcome this, it is one of the primary sources are external financing among others came from foreign investment (foreign investment). Overseas investment, there are two types, namely investment portfolio (indirect investment) and direct investment (direct investment).

Based on this, the type of foreign investment is good for spurring economic development is Foreign Direct Investment (FDI). This type of foreign investment have physical wealth in the country in which he is to make an investment. From what has been stated above, it can be concluded that the foreign investment needed to spur development, only to watch is the negative impact of the presence of the foreign investment that is often detrimental to the area where the investment.

Research Accomplished

Rani and Abdullah in Elfindri and Bactiar (2000), in his research suggests that the main factor causing the high expansion of employment opportunities in industries oriented export is because these industries are more appropriate to achieve economies of scale because of the breadth of the market led the business activities as well increase, thus causing the need of labor for certain types of work increases and workers to work more concentrated in certain types of work with his expertise.

Intercession and Friyanto (2000), examined the employment opportunities in eastern Indonesia after the economic crisis by comparing the employment opportunities created by the growth of the GDP in eastern Indonesia. In these studies indicate that GDP growth decreased resulting in decreased employment opportunities.

Haryo Kuncoro (2002), found that variable pay greater effect on employment in the tobacco industry than the footwear industry. This is due to the tobacco industry and the labor-intensive footwear industry although quite absorb a lot of labor but capital input is still dominant. Ouput significant positive effect on the absorption of Manpower Absorption Analysis.

M.Taufik Zamrowi (2007), found that the variable salary / wages, significant and negative effect on the demand for labor. Variable labor productivity a significant negative effect on the demand for labor, variable capital positive and significant impact on labor demand labor, variable non wage a significant negative effect on the demand for labor, simultaneously or jointly variable non wage, capital, levels wage or salary and labor productivity has a positive and significant influence, the dominant variable in affecting employment in small industry of furniture in Semarang is variable capital.

In the journal of economic, research conducted by Lestari (2005), with the title "Effect of Number of Enterprises, Investment and Minimum Wages on Labor Demand in the Small and Medium Industries in Semarang district" states that the value of investments in Small and Medium Industries positive effect and significant impact on the demand for labor in the Small and Medium Industries in Semarang Regency.

Dimas and Nenik Woyanti (2009), conducted a study entitled "Labor Absorption In Jakarta" by using statistical regression approach *OLS (Ordinary Least Square)*. The variables used in the study include: the labor force, the GDP, real wages, and the level of investment. The conclusions in these studies is the

GDP, the level of real wages, investments jointly significant effect on employment in Jakarta.

Hery Ferdinand (2011), conducted a study entitled "Effect of Government Spending, GRDP, And Real Wage Labor Absorption Against In West Sumatera". The study was conducted using data from secondary data ranging from 2005 to 2010. The resulting conclusion that factors which significantly affect employment in West Sumatera province Years 2005-2010 is government spending and the size of Gross Regional Domestic Product (GDP) has positive effects. While real wages have negative effect on employment.

What distinguishes this study with previous studies is situated on the location and characteristics of different regions later in this study combines domestic and foreign, as a total iInvestasi, while the studies they previously split between domestic and foreign.

Framework

In general wage has a negative correlation with employment and employment. If labor costs increase, employment will decline, and this is because the company will limit hiring.

Investments have a positive relationship with job opportunities. Incoming investment, especially foreign direct investment, will be able to absorb the labor force this is due to the construction of factories and infrastructure that require physical labor. Thus the employment opportunities to be more open.

Economic growth has a positive relationship with the opportunity and employment. Economic growth showed the extent to which economic activity can generate additional income or welfare of society at a certain period. If economic growth increases, then employment will increase. Conversely, when economic growth declines, the employment will decrease.

Based on the description above, it can be described in picture 1.

Hypothesis

1. Wages suspected that adversely affect the employment opportunities in the province of Maluku.
2. It was alleged that Direct Investment positive effect on employment in the province of Maluku.
3. Growth is suspected that the positive effect on employment in the province of Maluku.
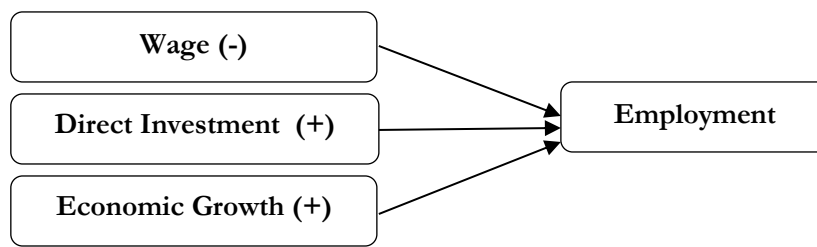
Picture 1. Framework Research

III. RESEARCH METHODS

This research method is the steps and procedures to be performed in the collection of empirical data or information in order to solve problems and test the research hypothesis.

The Scope of Research

In this study, the research object is put into focus Wage Effect Analysis, Investment and Economic Growth on employment in Maluku province.

Types and Sources of Data

The type of data in this research is secondary data in the form of time series data *(time-series)* in the period 2005-2014 (10 years) that consists of data Wage Rate, Foreign Direct Investment and Economic Growth in Maluku province. Sources of data in this study were obtained from related institutions such as the Central Bureau of Statistics Maluku, Maluku province BKPMD and literature - literature data related to the research. In addition it is also obtained from the research literature (Library Search), study literature.

Method of Collecting Data

In this research writing authors use research literature (Library research), the research done through the material - literature material in the form of scholarly writings, journals, articles, research reports which are associated with the topics examined. Data collection techniques in use are recording directly in the form of time series data from the years 2005-2014 (sample data is 10 years).

Data collection methods used in this research is the study of documentation, so it is not necessary sampling techniques and questionnaires.

Data Analysis Method

The analytical methods used in analyzing the data is the econometric model. Data analysis methods in use is a linear function of multiple variables with meregrsikan existing models ordinary least squares *(OLS ordinary least squares)* (Gujarati and Porter, 2009).

According to Lexy J. Moleong (in Hasan, 2002) Data analysis is the process of organizing data into patterns, categories, and unit basic outline that can be found themes can then be formulated hypotheses as projected by the data. In this study, analysis of the data used is quantitative analysis.

Determinants employment opportunities in the province of Maluku, which is expressed in the function:

$$Y = f(X_1, X_2, X_3 \; xt_1) \; .... \; (1)$$

Of function (1) can be specified using autoregressif models as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 + \beta_2 X_3 X_3 + \mu \; .... \; (2)$$

Where :

Y = Employment
α = intercept
X1 = Wage Level
X2 = Direct Investment
X3 = Economic Growth
μ = term of error

Statistic Test

Test Coefficient of Determination

The coefficient of determination in the state in R^2 is useful to show how the variables - variables able to explain the relationship of the dependent variable. R^2 about value between 0 and $(0 < R^2 < 1)$.

The F-test

To know the truth of a statistically significant effect on wage levels atara, Direct Investment and Economic Growth simultaneously on job opportunities in using test F-test, namely to assess the quality of the resulting regression line.

Test T (T-test)

To test the null hypothesis can use the *t* test to compare *t stastistic* with *t table* with a significant level has been determined, in this study has determined a significant level of 10%. If the *t statistic* exceeds the value *t table* at a significance level selected, the null hypothesis can be rejected, if the opposite happens, then the null hypothesis can not be rejected (Gujarati 2012).

Classical Assumption Deviation Test

Classic Assumption Testing

Classic assumption test deliberately used by the consideration that the estimation (t-test and test-F) to be invalid or valid if it meets the classical assumption test. If the multiple regression model specifications that have been made in violation of the assumptions of the classical results of t-test and F-test or the results of econometric estimates are said to be biased and could lead to misinterpretation (Gujarati, 2003; Widarjono, 2009). Therefore, the classical assumption test was conducted to obtain regression parameter that is free of regression false *(spurious regression)* or regression false namely regression that describes the relationship between two or more variables that seem to be statistically significant, but in fact they are not, or are not as big as it appears in the resulting regression parameters.

The existence of spurious regression parameter in a research resulted in the interpretation of the resulting regression parameters can be misleading and in violation of the rules of econometrics (Gujarati, 2003; Widarjono, 2009). To get parameter regression BLUE *(Best Linear Unbiased Estimator)* the estimation result there should be no multicollinearity, autocorrelation and heteroskedasticity and must pass the test for normality.

Multicollinearity Test

This test is used to detect the presence or absence of correlation (correlation) between the independent variables can be known by memalui R^2. If the value of R^2 of each regression of the variables are then compared to the value of R^2 main models early, if R^2 higher than the R^2 models early in the partial regression multikolinearitas.

Heteroskidastity Test

Heteroskedastisitas test aims to test whether the regression model occurred inequality residual variance from one observation to another observation. A good regression model is that homoskedastisitas or did not happen heteroskedastisitas. Heteroskedastisitas symptoms are more common in *cross section* (Imam Ghozali, 2005).

Autocorrelation Test

Autocorrelation is one deviation from the classical assumptions indicated by the presence of serial correlation variable disturbance *(error term)* from time to time. Some ways to address the problem of autocorrelation is to transform data or it could be a change in the form of a regression model to the general difference equation (generalized difference equation). It also can be done by inserting variable lag of the dependent variable to be one of the independent variables, so the observation data to be reduced. There are several methods that are often

used to detect or examine whether or not there is a problem of autocorrelation in the model. Such methods include the Durbin-Watson Test (Test DW) and Breusch-Godfrey *Serial Correlation LM Test* (Gujarati, 2003).

Normality Test

Normality test aims to test whether the regression model, or residual confounding variables have a normal distribution. The results of t-test and F-test is not *valid* (invalid) if or residual confounding variables not normally distributed. Many methods are used to test the normality of the model, but in this study used *the Jarque-Bera (JB)*..

IV. RESULT AND DISCUSSION

Assumptions and Statistics Test

Coefficient of Determination (R^2) Test

Value square of R is called coefficient that will show the percentage of the dependent variable can be explained by all the variables used in the model coefficient determinant (R^2) ranges from zero to one ($0 \leq R^2 \leq 1$), where the higher the R^2 (approaching 1) means the independent variables provide almost all the information needed to predict the variation of the dependent variable and if $R^2 = 0$ indicates the overall independent variables can not explain the dependent variable. Appropriate observations and calculations, the obtained value of $R^2 = 0.84$, which means that 84% of job opportunities jointly influenced by the level of wages, direct investment and economic growth.

The Regression Coefficient Significance Test Simultaneously (Test-F)

F test statistic was conducted to test simultaneous regression coefficient of independent variable is the level of wages (X_1), direct investment (X_2) and economic growth on employment is the dependent variable (Y)

Based on the observations above data it is known that F_{count} (10.7) > F_{table} (8.33) thus *Ha* accepted, meaning that together that the wage rate variable (X_1), direct investment (X_2) and growth economy, affecting variable (Y) at the 95% confidence level.

Assumptions Test Results

Normality Test

The results of the testing normality residual value using the regression model JB Test can be seen in the following figure.

Series: Residuals	
Sample 2002 2011	
Observations 10	
Mean	1.02e-09
Median	594495.2
Maximum	2167362.
Minimum	-3647989.
Std. Dev.	2238762.
Skewness	-0.583012
Kurtosis	1.893105
Jarque-Bera	1.077013
Probability	0.583619
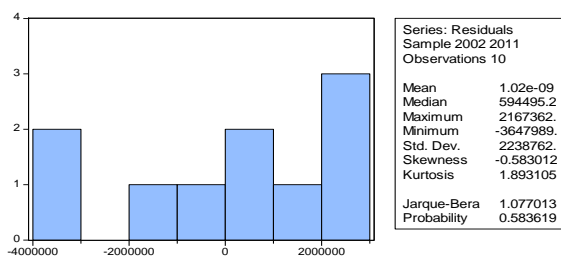
Picture 2. Normality Test

Based on the results above test result showed that the value of the Jarque-fallow statistically significant, namely where ($\chi^2{}_{count}$) <value $\chi^2{}_{table}$ with a value of 1.006216 <1.67802900 with a confidence level of 50%, it can be concluded confounding variables or the residual value are normally distributed.

Multicollinearity Test

In Multicollinearity test results by using test Correlation Matrix above, it can be seen that the variable Wage Rate, Foreign Direct Investment, and Economic Growth have respective values of 0.56, 0.31, and 0.50 the value of each of these variables all less than 0.80. Can be seen in the table below.

Table 2. Result of Muticolliniarity

	TkUpah	InvL	GE
TkUpah	1.000000	0.561432	0.499454
InvL	0.561432	1.000000	0.307360
GE	0.499454	0.307360	1.000000

Source: data processed

Thus we can say that the result obtained was no linear relationship or correlation between all of the independent variables

Heterokedastisity Test

This study using a test method heteroskedastisity *White Heteroskedasticity* with the following results:

Table 3. Test Results Heterokedastisity

Heteroskedasticity Test: White		
F-statistic	0.432045 Prob. F (5,4)	0.8153
Obs * R-squared	3.453049 Prob. Chi-Square (5)	0.6305
Scaled explained SS	0.755564 Prob. Chi-Square (5)	0.9798

Source: data processed

From the test results can be explained that the model assumed not experience homogedasity means that the data have variances which spread and form patterns are heterokedasity.

Autocorrelation Test

In this study will use an easier method for detecting autocorrelation problem is the method *Breusch-Godfrey Serial Correlation LM Test*.

If the probability value *T* R-squared* of these methods are statistically significant at a significance level of α = 5%, it can be said that the regression model containing data or autocorrelation problem, otherwise if not statistically significant, it can be concluded that there is no autocorrelation problem.

Table 4. Test Results Autocorrelation

Breusch-Godfrey Serial Correlation LM Test:		
F-statistic	0.775635 Prob. F (2,5)	0.5751
Obs * R-squared	2.488329 Prob. Chi-Square (2)	0.2831

Source: data processed.

Based on the test results in the above table shows that the indicator T * R-squared with a statistically significant indicator calculated value T * R-squared 2.593329> chi-squared tables = *0.05; which means that the regression model that is in use* do not contain autocorrelation problem.

Table 5. Results of Multiple Regression Estimation

variable	coefficient	Std. Error	t-Statistic	Prob.
C	10832353	3.78943	-3.115175	0.0235
TkUpah	- 1.894757	0.536869	4.62058	0.0300
InvL	138740.1	208277.5	0.612791	0.0544
GE	148667.3	310002.7	0.632474	0.0087
R-squared	0.844512	Mean dependent var		4637669.
Adjusted R-squared	0.789603	SD dependent var		4618479.
SE of regression	2457627.	Akaike information criterion		31.66747
Sum squared resid	4.62E + 13	Schwarz criterion		31.76726
Log likelihood	169.7868	Hannan-Quinn criter.		31.58670
F-statistic	10.678525	Durbin-Watson stat		1.040291
Prob (F-statistic)	0.008330			

Source: data processed.

Based on the results of the estimation model can be interpreted as follows:

- X_1 wage level variables that have a negative impact on job creation in the Province with a large coefficient of 1,894. This means that if the wage rate rises 1%, ceteris paribus, the level of employment in Maluku rose by 1.89%.
- Direct Investment variables that have an influence positi X_2 f to the creation of employment opportunities in Maluku province with a large coefficient of 13874. This means that if a direct investment rose 1%, ceteris paribus, the level of employment in Maluku rose by 13.8%.
- GE X_3 variables that have a positive influence on the creation of employment in Maluku province with a large coefficient of 14866. This means that if the wage rate rises 1%, ceteris paribus, the level of employment in Maluku rose by 14.8%.

Effect of Wage Level Of Employment

Based on the results of hypothesis testing using regression analysis of the effect of wages on employment opportunities Maluku province are shown in Table 1, the value of significance probability of 0.030 smaller than the significance level (α) which is set at 0.05. Based on the results of this test means that the first hypothesis which states that wages significantly influence employment opportunities Maluku province is unacceptable, because it is statistically proven. Variable wage a positive effect on employment throughout the province.

Whereas the effect of wages on employment opportunities is not unidirectional, meaning that if there is an increase in wages, then it has the potential to decrease the chance of labor, especially labor productivity is low. This is caused by: Theoretically, the company will only pay wages in accordance with the productivity of labor, meaning labor productivity is low will receive low wages, and vice versa.

The findings in this study is in line with the model of *two economy* (Iksan, 2010). That assumes the economy (labor market) is segmented into the formal sector and the informal sector, minimum wage will reduce the demand for labor in the formal sector, and the excess supply of labor will be absorbed by the informal sector wages are not regulated by the level of regulation. In line with the research Gianie (2009: 53) that is in the industrial sector, the minimum wage a significant negative effect on employment with low education in urban areas, while in the trade sector, the minimum wage has positive effect and are also significant in the labor market with low education.

Effect of Direct Investment on Employment

Based on the results of hypothesis testing using regression analysis, the impact of direct investment on employment opportunities Maluku province are shown in Table 1, the value of 0.0544 significance probability is smaller than the significance level (α) which is set at 0.05. Based on these test results, meaning the second hypothesis which states that direct investment significantly influence the employment opportunities of Maluku province is unacceptable, because it is statistically proven. Variable direct investment has positive effect on employment in the province of Maluku.

Thus it can be said that in spite of various obstacles to investment in Maluku. Direct investment still make a positive contribution and a strong influence on employment in Maluku. Therefore, Maluku government needs to do a wide range of improvements to be able to attract investors even more in Maluku.

Results of research consistent with research studies conducted by Ari Gunawan (2006), in a study entitled "Effect of Total Production and Investment Opportunities Against Labor in Bali Province-year period 1985-2004".

Effect of Economic Growth to Employment

Based on the results of hypothesis testing using regression analysis, the effect of economic growth on employment opportunities Maluku province are shown in Table 1, the value of the probability of significance for 0008 is smaller than the significance level (α) which is set at 0.05. Based on these test results, meaning the second hypothesis which states that economic growth significantly influence employment opportunities Maluku province is unacceptable, because it is statistically proven. Variable positive effect on the growth of employment opportunities throughout the province. From the analysis it can be seen that the positive relationship between economic growth and employment in Maluku indicate suitability for this theory applies.

According to the theory proposed by Keynes in Boediono (1998) that the labor market is follow what is happening in the goods market. If the output is produced rises, the number of people employed also rose (This can be attributed to the concept of the production function, stating that raising output can only be achieved if the input (labor) upgrade.

V. CONCLUSION AND SUGGESTION

a) Conclusion

Based on the analysis of the results of the study and discussion of the effect of wages, direct

investment and economic growth on employment in Maluku, conclusions can be drawn as follows.

1) Wage Rates significant influence and has a negative correlation to employment in Maluku. Coefficients are negative, meaning that the effect of wages on employment is not unidirectional, meaning that if there is an increase in wages, then it has the potential to decrease the chance of labor, especially labor productivity is low.

2) Direct investments have a significant effect and have a positive relationship to the employment in Maluku. This positive relationship means that if there is an increase in direct investment in Maluku will have an impact on increasing employment opportunities in the Moluccas.

3) Significant influence economic growth and have a positive relationship to the employment in Maluku province. The existence of a positive relationship, indicating that if there is an increase of economic growth will provide encouragement and a strong impact on increasing employment opportunities in the Moluccas.

b) Suggestion

Some suggestions are expected to be useful for practical purposes and further research, namely

1) To increase employment opportunities in the Moluccas, the need for a fair wage determination for both the business world and for the workers. Where the need for wage standards that are tailored to the real cost of living and geographical conditions Maluku. Thus creating a realistic wages for both business and labor.

2) To increase direct investment Maluku provincial government needs to encourage a conducive business climate. Given the investment impact on employment in Maluku, it is necessary to repair the system of bureaucracy such as licensing or giving stimulants - specifically stimulant to encourage the creation of an increase in direct investment flows in Maluku.

3) Stable economic growth will give a strong impact on increasing employment opportunities. Therefore, the government needs to maintain stability Maluku economic growth. By maintaining the economic acceleration of economic growth and reduce disparities between regions.

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