

Realization of Foreign Investment Value, State Investment And Working For Economic Growth In East Kalimantan

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Abstract : *The direction of this research is information about economic growth and also to find out how much the realization of the value of foreign investment, domestic investment and the workforce towards economic growth in East Kalimantan.*

To prove it the analytical tool used in this study is descriptive analysis and multiple linear regression analysis. While to test the relationship between these variables is to use the t test

The results obtained that FDI has not given a significant influence on the Economic Growth of East Kalimantan. Furthermore, domestic investment has a significant influence on the economic growth of East Kalimantan and the workforce has a significant influence on the economic growth of East Kalimantan.

Keywords *Realization of Value of Foreign Investment, Domestic Investment, Labor force, Economic Growth*

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I. Introduction

East Kalimantan before blossoming into North Kalimantan is the second largest province in Indonesia after Papua, with an area of 194,489 Km² which is almost the same as Java or around 6.8% of the total area of Indonesia. ^[1]

Some areas such as Balikpapan and Bontang began to develop various industrial estates in order to accelerate economic growth. While districts in East Kalimantan are now starting to open up their territories to be made plantations such as oil palm and others. ^[1]

East Kalimantan has several interesting tourism destinations such as the Derawan archipelago in Berau, Kayan Mentarang National Park and Batu Lamampu Beach in Nunukan, crocodile farms in Balikpapan, deer farms in Penajam, Dayak Pampang Village in Samarinda, Amal Beach in Tarakan City, Kumala Island in Tenggarong and others. But there are obstacles in going to the places above, namely transportation. Many parts of the province still do not have asphalt roads, so many people travel by boat and airplane and do not be surprised if in East Kalimantan there are many pioneer airports. In addition, there will be a plan to make Balikpapan Balikpapan Bontang-Sangata Highway to facilitate the economy. ^[1]

The economy of East Kalimantan is heavily supported by mining and oil, trade, agriculture and processing industries. The economic structure of East Kalimantan province has a relatively small percentage contribution to Gross Domestic Product (GDP) in 2012 East Kalimantan's economic growth rate from 2009 to 2012 fluctuate. The lowest economic growth occurred in 2009 which was 2.28 percent and still below the growth of the national economy which ranged from 4.77 percent to 6.35 percent over the span of 4 years. The biggest contribution to the East Kalimantan GRDP during the 2004 - 2012 period was dominated by (1) the mining sector, (2) the trade and restaurant sector, (3) the agriculture, livestock, forestry and fisheries sectors, (4) the manufacturing sector. Where in 2012 the mining sector dominated East Kalimantan's GRDP with a contribution of 47.4 percent. This is because the mining business in the East Kalimantan region is a sector that plays a role in the East Kalimantan province before pemekaran. Then followed by the processing industry sector, this occurs due to the continued operation of the production of raw materials that have been explored to become semi-finished products or finished products. ^[1]

In terms of the main contributors sector of investment in four provinces in Kalimantan is the mining sector, food crops and plantations, basic metal industry, metal goods, machinery and electronics, as well as housing, industrial estates and offices. The government will continue to prioritize investments outside Java to encourage equitable development in Indonesia. Regional governments in a number of provinces outside Java must also make breakthroughs to outperform provinces in Java that already have various advantages. ^[1]

The realization of Domestic Investment (PMDN) in East Kalimantan throughout 2015 reached Rp9.61 trillion. However, the realization of PMDN Kaltim did not reach the set target of IDR 12.98 trillion. The most investment realization for domestic investment is in the city of Bontang with a value of Rp2.95 trillion and as

many as 11 projects or 30.72% of the total investment realization in 2015. West Kutai Regency with a value of Rp1.93 trillion and 26 projects, Berau Regency which is valued at Rp1.68 trillion and 12 projects, East Kutai district which received 18 additional projects worth Rp. 931.2 billion. Samarinda city has 13 projects with a value of Rp. 789.32 billion, there are 24 projects in Kutai Kartanegara Regency with a value of Rp. 532 billion, Paser Regency worth Rp. billion with 9 projects, and Penajam Paser Utara District has 5 projects with a value of Rp375 billion. Mahulu Regency has no additional investment for 2015. recorded by PT Bukit Makmur Mandiri Utama in Berau Regency with a value of Rp1.34 trillion. ^[1]

Termination of employment (layoffs), the high number of workforce also in East Kalimantan is influenced by the interest of investors to invest in East Kalimantan. The increase in the workforce in East Kalimantan was actually triggered by the high interest in investment, both domestic and foreign investment. The opportunity invited many immigrants who wanted to complain to East Kalimantan. Directly, this has an impact on the high workforce. ^[1]

Research conducted by Wihda, Poerwono (2014) on Analysis Of The Effect Of State Capital Investment (PMDN), Foreign Capital Investment (PMA), Government Expenditure And Labor On Economic Growth In Yogyakarta (1996 - 2012). The research results obtained by Domestic Investment (PMDN) have a positive and not significant effect on economic growth in Yogyakarta Province. Foreign Investment (PMA) has a positive and significant effect on economic growth in the Province of D.I. Yogyakarta. Government expenditure has a positive but not significant effect on economic growth in the Province of D.I. Yogyakarta. Labor has a positive but not significant effect on economic growth in the Province of D.I. Yogyakarta. Research variables of Domestic Investment (PMDN), Foreign Investment (PMA), Government Expenditures and Labor together jointly manifest significantly towards economic growth in the Province of D.I. Yogyakarta. ^[2]

This paper give a contribution for analyzing that the realization of the value of foreign investment, domestic investment and the workforce has a significant influence on economic growth in East Kalimantan. Next contribution for analyze that the realization of the value of foreign investment, domestic investment and the workforce together provide a significant influence on economic growth in East Kalimantan.

II. Conclusion

Foreign Direct Investment does not have a significant effect for economic growth in East Kalimantan it means that increase in the value of domestic investment will reduce the rate of economic growth in East Kalimantan. The government should provide changes to FDI regulations to investors. An example is a guarantee of security investing.

Domestic investment has a significant effect for economic growth in East Kalimantan and means that the increase in the labor force will increase the rate of economic growth in East Kalimantan. Local governments need to provide convenience especially to local investors, because they are the ones who know the economic conditions, especially in East Kalimantan.

The work force does not have a significant effect for economic growth in East Kalimantan. Local governments need to pay attention to the conditions of the workforce in East Kalimantan. The level of education that is not in accordance with the needs of the company will increase the unemployment rate.

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