



UNIVERSITAS ANDALAS

UNDERGRADUATE THESIS

**THE INFLUENCE OF MACROECONOMIC FACTORS ON
EMPLOYMENT OPPORTUNITIES IN INDONESIA**

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ABSTRACT

This undergraduate thesis, examines the relationship between macroeconomic variables and job creation. Grounded in the Keynesian Employment Theory, and supported by the Structural Change and Neoclassical Employment theories, the study analyzes how macroeconomic dynamics affect the labor market. Utilizing a quantitative approach with time-series data spanning from 1981 to 2024, the research employs the Autoregressive Distributed Lag (ARDL) method to estimate short-run and long-run relationships. The variables investigated include Economic Growth, Industrialization, Foreign Direct Investment (FDI), and Gross Capital Formation (GCF) against employment opportunities. The results reveal that economic growth exhibits a negative long-run effect, confirming the presence of jobless growth, despite showing a positive short-run effect. Conversely, GCF demonstrates a positive long-run impact on employment generation. Industrialization and FDI do not show significant effects on employment. Consequently, the study recommends prioritizing inclusive, employment-intensive growth and productive capital formation over mere aggregate economic growth. Furthermore, industrial and investment policies must deliberately consider their employment-generating capacities.

Keywords: Macroeconomics, Employment, Growth, Investment, ARDL

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