

ABSTRACT

The Effects of Sectoral Economic Activity of Investment, Labor Absorption and Distribution of People's Income in Batam

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Sustainability of development in a region is much affected by investments made in the region, income distribution and added-value making. In order to increase investment, the region should not only rely on the potential of internal capital but also need to attract external capital. In addition, sectoral economic activities that are developing are expected to generate a surplus of capital necessary for continued investments in the region.

The research is aimed to find out the influence of sectoral economy on investment, influence of investment on labor force absorption, influence of labor force absorption on added-value making and income distribution, as well as influence of added-value making and income distribution on investment.

The study found that of the five sectoral variables designed in the model, it is industry sector, construction sector and transportation sector that influence investment. Also, labor force absorption has a significant influence on added-value making and income distribution. On the other hand, the influence of investment on labor force absorption is not significant, and neither is the influence of added-value making on investment. Yet, income distribution significantly influences investment.

Key words : Balanced Growth is better than Balanced Development