

DOKUMEN KORESPONDENSI

HASIL PENELITIAN/PEMIKIRAN YANG DIPUBLIKASIKAN DALAM BENTUK JURNAL NASIONAL TERAKREDITASI KEMENRISTEKDIKTI

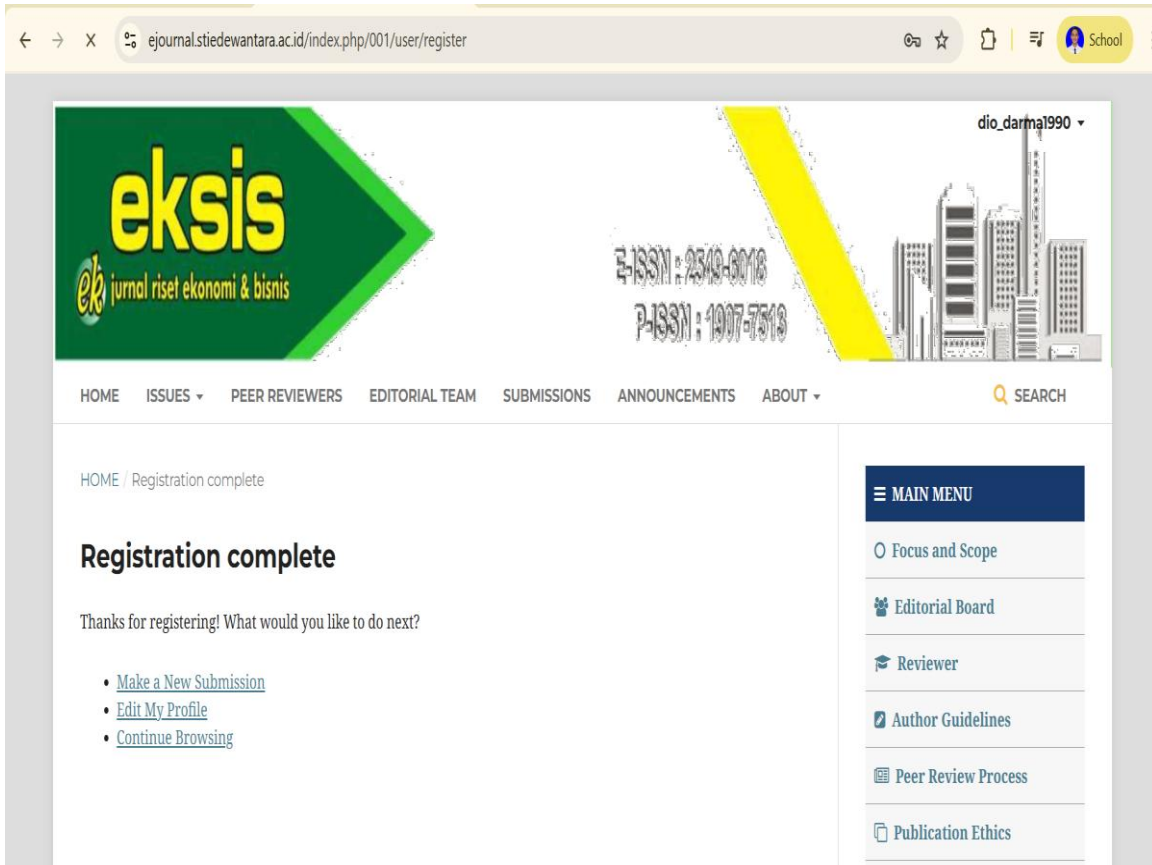
Profil Artikel & Kepengarangan

| | |
|---------------------|---|
| Penulis | : Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio Caisar Darma, Cindera Syaiful Nugraha, Ihsan Ashari |
| Afiliasi/Institusi | : Universitas Mulawarman, Universitas Siliwangi |
| Judul Makalah | : <i>Employment Absorption Conditions in the Capital City of Nusantara: An Analytical</i> |
| Nama Jurnal | : Eksis: Jurnal Riset Ekonomi dan Bisnis |
| Website Jurnal | : https://ejournal.stiedewantara.ac.id/index.php/001/index |
| Tahun Terbit | : 2026 |
| Volume/Edisi/Hal. | : 20(2), pp. 47–64 |
| Link DOI | : https://doi.org/10.26533/eksis.v20i2.1449 |
| Penerbit | : LP2KI, STIE PGRI Dewantara Jombang |
| Negara (Lokasi) | : Indonesia |
| Akreditasi | : Sinta 4 |
| Tautan Akreditasi | : https://sinta.kemdiktisaintek.go.id/journals/profile/3582 |
| Skor <i>Impact</i> | : 0,583 |
| Nomor ISSN | : 1907–7513/ 2549–6018 |
| Jenis <i>Review</i> | : <i>Single-blind review</i> |
| Biaya Publikasi | : Rp 500.000,- |
| Skala Terbitan | : 2x per tahun |
| Durasi Penerbitan | : 5,52 bulan (168 hari) |

Rincian Proses Penerbitan

| Alur ke- | Keterangan | Waktu |
|----------|---|------------------|
| 1. | Registrasi <i>Open Journal System</i> (OJS) | 3 Oktober 2025 |
| 2. | Penyerahan Artikel dan Konfirmasi | 6 Oktober 2025 |
| 3. | Keputusan Editorial terhadap Artikel | 25 Februari 2026 |
| 4. | Pengiriman Ulang Artikel dan Deklarasi Persetujuan | 25 Februari 2026 |
| 5. | Informasi Revisi Artikel oleh Pengulas | 4 Maret 2026 |
| 6. | Balasan Penulis dan Respon Perbaikan | 7 Maret 2026 |
| 7. | Pengumuman Persetujuan Artikel Dipublikasikan | 9 Maret 2026 |
| 8. | Pelunasan Biaya Publikasi | 12 Maret 2026 |
| 9. | Pemberian Surat Penerimaan Artikel (LoA) & Penyuntingan Akhir | 18 Maret 2026 |
| 10. | Artikel Diterbitkan secara <i>Online</i> | 23 Maret 2026 |

Alur 1. Registrasi *Open Journal System* (OJS)_3 Oktober 2025



The screenshot shows the registration page of the *eksis* journal. The browser address bar displays `ejournal.stiedewantara.ac.id/index.php/001/user/register`. The page features a green header with the *eksis* logo and the text "jurnal riset ekonomi & bisnis". To the right, the ISSN numbers are listed: E-ISSN: 2549-0016 and P-ISSN: 1907-7519. A navigation menu includes links for HOME, ISSUES, PEER REVIEWERS, EDITORIAL TEAM, SUBMISSIONS, ANNOUNCEMENTS, and ABOUT, along with a search icon. The main content area shows "Registration complete" and provides instructions: "Thanks for registering! What would you like to do next?" with links for "Make a New Submission", "Edit My Profile", and "Continue Browsing". A sidebar menu on the right lists various journal-related options.

ejournal.stiedewantara.ac.id/index.php/001/user/register

HOME ISSUES PEER REVIEWERS EDITORIAL TEAM SUBMISSIONS ANNOUNCEMENTS ABOUT SEARCH

HOME | Registration complete

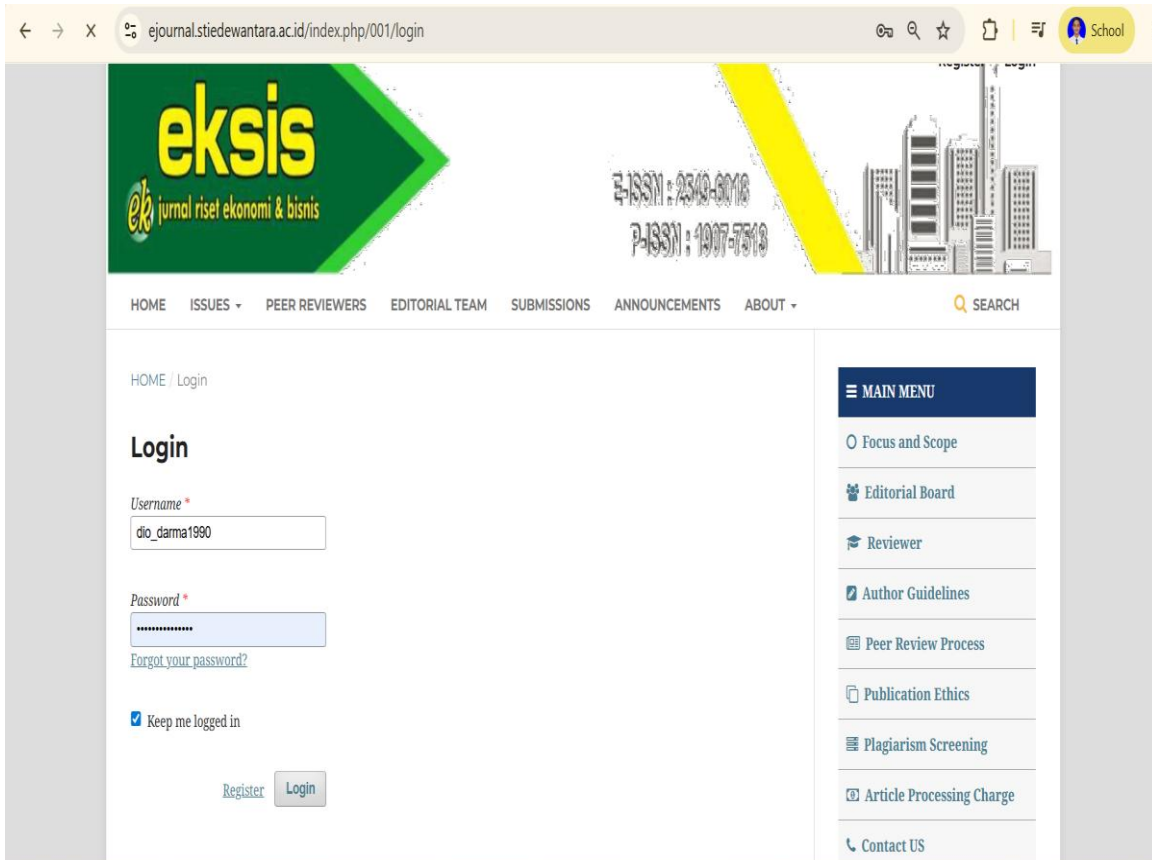
Registration complete

Thanks for registering! What would you like to do next?

- [Make a New Submission](#)
- [Edit My Profile](#)
- [Continue Browsing](#)

MAIN MENU

- Focus and Scope
- ✎ Editorial Board
- 👤 Reviewer
- 📄 Author Guidelines
- 📄 Peer Review Process
- 📄 Publication Ethics



The screenshot shows the login page of the *eksis* journal. The browser address bar displays `ejournal.stiedewantara.ac.id/index.php/001/login`. The page features the same green header and ISSN information as the registration page. The navigation menu is identical. The main content area shows "Login" and includes a form with fields for "Username" (containing "dio_darma1990") and "Password". There is a "Forgot your password?" link and a "Keep me logged in" checkbox. "Register" and "Login" buttons are at the bottom. The sidebar menu on the right is updated to include "Plagiarism Screening" and "Article Processing Charge".

ejournal.stiedewantara.ac.id/index.php/001/login

HOME ISSUES PEER REVIEWERS EDITORIAL TEAM SUBMISSIONS ANNOUNCEMENTS ABOUT SEARCH

HOME | Login

Login

Username *

Password *

[Forgot your password?](#)

Keep me logged in

[Register](#) [Login](#)

MAIN MENU

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- 📄 Peer Review Process
- 📄 Publication Ethics
- 📄 Plagiarism Screening
- 📄 Article Processing Charge
- 📞 Contact US

Alur 2. Penyerahan Artikel dan Konfirmasi_6 Oktober 2025

ejournal.stiedewantara.ac.id/index.php/001/submission/wizard/2?submissionId=1449#step-2

Eksis: Jurnal Riset Ekonomi dan Bisnis Tasks 0 English View Site dio_darma1990

Submit an Article

1. Start 2. Upload Submission 3. Enter Metadata 4. Confirmation 5. Next Steps

Prefix **Title ***

EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA

Examples: A, The

Subtitle

AN ANALYTICAL

Abstract *

There have been few studies examining the link between open economic and demographic policies and the integration of socio-economic indicators into employment, particularly in developing markets. To address this gap in the literature, this scientific paper investigates the relationship between foreign investment capital and population growth on labor force participation, considering the mediating roles of minimum wages, economic growth, and human development. The study focuses on the Capital City of Nusantara (IKN) as a representation of a new economic growth center in Indonesia. Time-series secondary data from official government sources covering the period 2011–2024 were calculated using moderated regression analysis (MRA). The empirical results reveal that foreign investment capital has a significant negative effect on minimum wages, while population growth significantly and positively influences regional economic growth. Statistically, foreign investment capital significantly reduces human development. Moreover, foreign investment capital, when moderated by minimum wages and regional economic growth, as well as population growth moderated by human development, exerts a significant positive impact on labor force participation. These findings suggest that additional

ejournal.stiedewantara.ac.id/index.php/001/submission/wizard/2?submissionId=1449#step-2

Eksis: Jurnal Riset Ekonomi dan Bisnis Tasks 0 English View Site dio_darma1990

List of Contributors

| Name | E-mail | Role | Primary Contact | In Browse Lists |
|-------------------------|-------------------------------------|--------|-------------------------------------|-------------------------------------|
| ▶ Andriawan Kustiawan | andriawan.kustiawan@feb.unmul.ac.id | Author | | <input checked="" type="checkbox"/> |
| ▶ Aso Sukarso | asosukarso@unsil.ac.id | Author | | <input checked="" type="checkbox"/> |
| ▶ Asep Yusup Hanapia | asepyusuphanapia@unsil.ac.id | Author | | <input checked="" type="checkbox"/> |
| ▶ Purwinahyu | purwinahyu@feb.unmul.ac.id | Author | | <input checked="" type="checkbox"/> |
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| ▶ Cinda Syaiful Nugraha | cinderasn@unsil.ac.id | Author | | <input checked="" type="checkbox"/> |
| ▶ Ihsan Ashari | ihsanashari@unsil.ac.id | Author | | <input checked="" type="checkbox"/> |

Submission Metadata

These specifications are based on the Dublin Core metadata set, an international standard used to describe journal content.

ejournal.stiedewantara.ac.id/index.php/001/submission/wizard/2?submissionId=1449#step-2

Eksis: Jurnal Riset Ekonomi dan Bisnis Tasks 0 English View Site dio_darma1990

Additional Refinements

Keywords *

Foreign investment capital x Population growth x Minimum wage x Regional economic growth x Human development x

Labor force participation x

References *

Adamu, M. M., Ezie, O., & Aigbedion, M. (2025). Effect of foreign direct investment on human development in West Africa. *International Journal of Research and Innovation in Social Science*, 9(01), 3590-3599. <https://doi.org/https://dx.doi.org/10.47772/IJRIS.2025.9010286>

Ahlburg, D. A., Kelley, A. C., & Mason, K. O. (1996). *The impact of population growth on well-being in developing countries* (1st Edition). Heidelberg: Springer Berlin. <https://doi.org/10.1007/978-3-662-03239-8>

Alaniz, E., Gindling, T. H., & Terrell, K. (2011). The impact of minimum wages on wages, work and poverty in Nicaragua. *Labour Economics*, 18(S1), S45-S59. <https://doi.org/10.1016/j.labeco.2011.06.010>

Save and continue Cancel

Search mail Active UNSIL

10 of 84

[Eksis] Submission Acknowledgement External Inbox x

Dr. Rita Mutiarni, SE, MM <notif-13@datacenterkilat.in> Mon 6 Oct, 02:36

to me

Dio Caisar Darma:

Thank you for submitting the manuscript, "EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA: AN ANALYTICAL" to Eksis: Jurnal Riset Ekonomi dan Bisnis. With the online journal management system that we are using, you will be able to track its progress through the editorial process by logging in to the journal web site:

Manuscript URL: <https://ejournal.stiedewantara.ac.id/index.php/001/authorDashboard/submission/1449>
 Username: dio_darma1990

If you have any questions, please contact me. Thank you for considering this journal as a venue for your work.

Dr. Rita Mutiarni, SE, MM

eksis: Jurnal Riset Ekonomi dan Bisnis <http://ejournal.stiedewantara.ac.id/index.php/001>



Submissions

My Queue Archives

Help

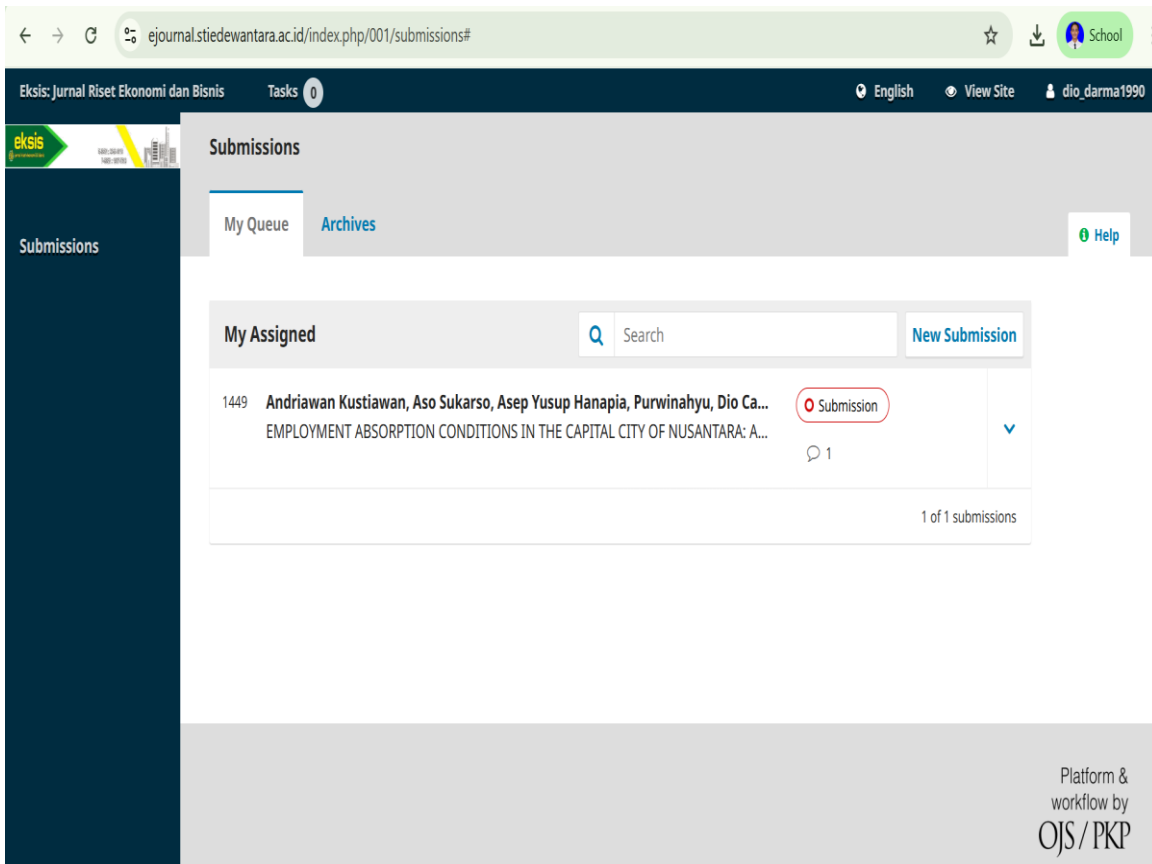
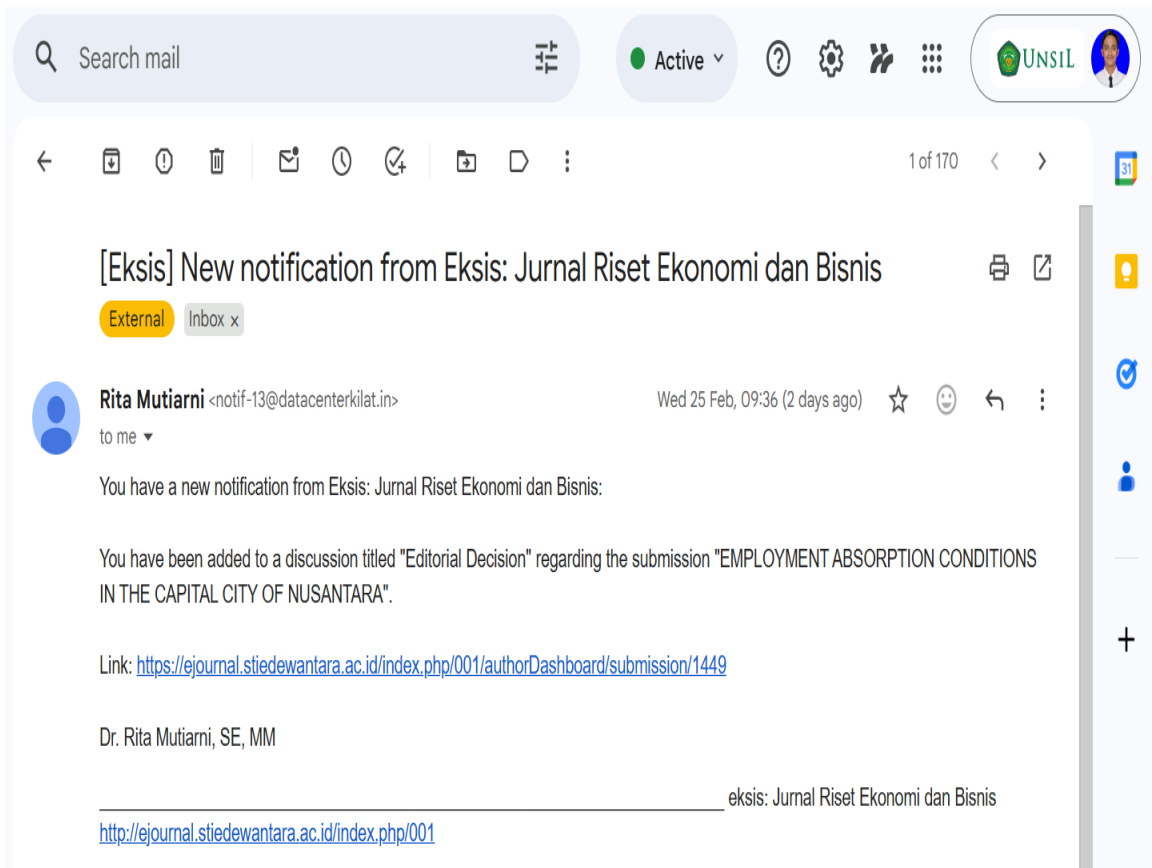
My Assigned

New Submission

| | | | |
|------|---|------------|---|
| 1449 | Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio Ca... EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA: A... | Submission | ▼ |
|------|---|------------|---|

1 of 1 submissions

Alur 3. Keputusan Editorial terhadap Artikel_25 Februari 2026



ejournal.stiedewantara.ac.id/index.php/001/authorDashboard/submission/1449#

Eksis: Jurnal Riset Ekonomi dan Bisnis Tasks 0 English View Site dio_darma1990

Submission Library View Metadata

Submissions

EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA
Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio ...

Submission **Review** Copyediting Production

Round 1 **Round 2**

Round 1 Status
Awaiting responses from reviewers.

Review Discussions [Add discussion](#)

| Name | From | Last Reply | Replies | Closed |
|----------|------|------------|---------|--------|
| No Items | | | | |

ejournal.stiedewantara.ac.id/index.php/001/authorDashboard/submission/1449#

Eksis: Jurnal Riset Ekonomi dan Bisnis Tasks 0 English View Site dio_darma1990

Submissions

EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA
Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio ...

Submission **Review** Copyediting Production

Submission Files [Search](#)

| | | | |
|--------|--|-----------------|--------------|
| 2543-1 | dio_darma1990, 2-template jurnal eksis -english.docx | October 6, 2025 | Article Text |
|--------|--|-----------------|--------------|

[Download All Files](#)

Pre-Review Discussions [Add discussion](#)

| Name | From | Last Reply | Replies | Closed |
|------------------------------------|---------------------|---------------------|---------|--------------------------|
| Editorial Decision | rita | dio_darma1990 | 1 | <input type="checkbox"/> |
| | 2026-02-25 09:35 AM | 2026-02-25 10:22 AM | | |

Alur 4. Pengiriman Ulang Artikel dan Deklarasi Persetujuan_25 Februari 2026

The screenshot shows a web browser window with the URL `ejournal.stiedewantara.ac.id/index.php/001/authorDashboard/submission/1449#`. The browser's address bar includes a star icon, a download icon, and a 'School' profile icon. The page content is partially obscured by a dark sidebar on the right, which contains a search bar, 'Article Text', 'Download All Files', and 'Add discussion' buttons. The main content area features a blue 'Editorial Decision' modal window with a close button (X) in the top right corner.

Editorial Decision

Participants

Rita Mutiarni (rita)
Dio Caisar Darma (dio_darma1990)

Messages

| Note | From |
|--|--------------------------------------|
| <i>We sincerely thank you for submitting your manuscript to EKSIS: Jurnal Riset Ekonomi dan Bisnis. We greatly appreciate your trust in our journal as a scholarly publication platform. To proceed with the editorial process, we kindly request you to review and sign the attached document as an administrative requirement for further processing and evaluation of your manuscript.</i> | rita 2026-02-25 09:35 AM |
| <p>► Yth. Editor Jurnal Eksis,</p> <p>Pertama-tama, kami ucapkan terima kasih atas dedikasi dan informasi berharga ini. Berikut para penulis kirimkan ulang file naskah yang direvisi (versi terbaru) beserta pernyataan hak cipta dan deklrasi yang telah di tanda tangai. Semoga Bpk/Ibu dalam keadaan sehat. Menunggu arahan lanjutan dari Bpk/Ibu.</p> <p><i>Salam hangat,</i></p> <p>Penulis</p> <p>📎 dio_darma1990, 2-template jurnal eksis -english (REV).docx</p> <p>📎 dio_darma1990, 1449-Article Text-3517-1-18-20260225 (sign.).pdf</p> | dio_darma1990 2026-02-25 10:22 AM |

Buttons: Add Message

Alur 5. Informasi Revisi Artikel oleh Pengulas_4 Maret 2026

The screenshot shows an email interface with a search bar at the top, navigation icons, and a profile picture of Rita Mutiarni. The email subject is "[Eksis] Editor Decision" and it is marked as "External" and "Inbox". The sender is Rita Mutiarni (notif-13@datacenterkilat.in) and the recipient is a list of names: Andriawan, Aso, Asep, Purwinahyu, me, Cindera, Ihsan. The email is dated Wednesday, March 4, 2026, at 12:55 (11 hours ago).

The main body of the email contains the following text:

Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio Caesar Darma, Cindera Syaiful Nugraha, Ihsan Ashari:

We have reached a decision regarding your submission to Eksis: Jurnal Riset Ekonomi dan Bisnis, "EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA: AN ANALYTICAL".

Our decision is: Revisions Required

Please submit revisions **no later than 3 weeks from the date this email was sent (March 25, 2026)**.

If the author **has not made any revisions by that date, the article will be considered to have withdrawn** from OJS Eksis: Jurnal Riset Ekonomi dan Bisnis (Journal of Economic and Business Research).

The sooner the author makes revisions according to the reviewer's instructions, the sooner the article will be published.

Thank you.

Eksis: Jurnal Riset Ekonomi dan Bisnis
Institut Teknologi dan Bisnis PGRI Dewantara – Jombang
eksis@itebisdewantara.ac.id

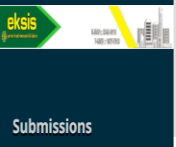
eksis: Jurnal Riset Ekonomi dan Bisnis
<http://ejournal.stiedewantara.ac.id/index.php/001>

One attachment • Scanned by Gmail Add to Drive

The attachment is a PDF document titled "A-Hasil Review ar...". The document content is partially visible and includes the following text:

REVISI HASIL REVIEW
EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF
NUSANTARA: AN ANALYTICAL

1. Editor menerima manuskrip
2. Editor melakukan proses seleksi
3. Editor melakukan proses seleksi
4. Editor melakukan proses seleksi
5. Editor melakukan proses seleksi
6. Editor melakukan proses seleksi
7. Editor melakukan proses seleksi
8. Editor melakukan proses seleksi
9. Editor melakukan proses seleksi
10. Editor melakukan proses seleksi



Submissions

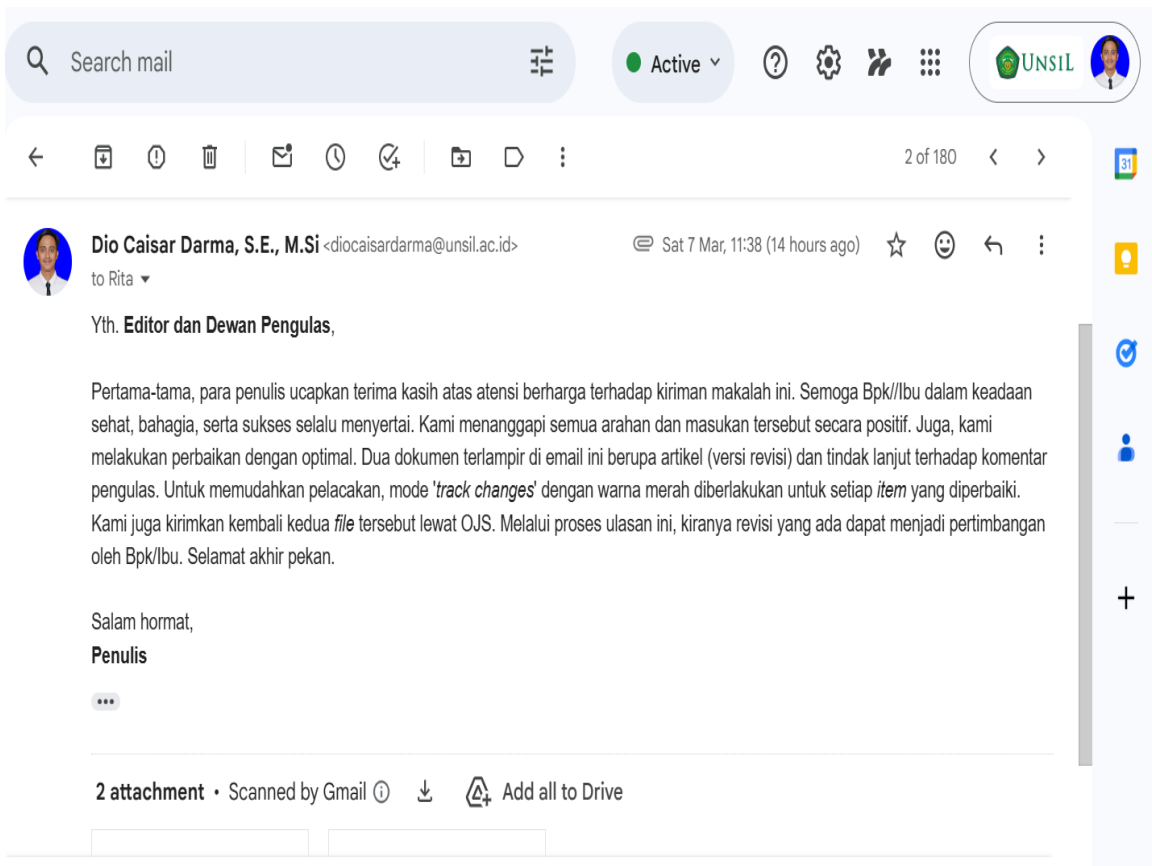
My Queue Archives Help

My Assigned [New Submission](#)

| | | | | |
|----------------------------------|---|------------------------|-----|---|
| 1449 | Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio Ca... EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA: A... | Review | 1/1 | ▼ |
| ⚠ Revisions have been requested. | | | | |

1 of 1 submissions

Alur 6. Balasan Penulis dan Respon Perbaikan_7 Maret 2026



Search mail

Active

2 of 180

Dio Caisar Darma, S.E., M.Si <diocaisardarma@unsil.ac.id> to Rita

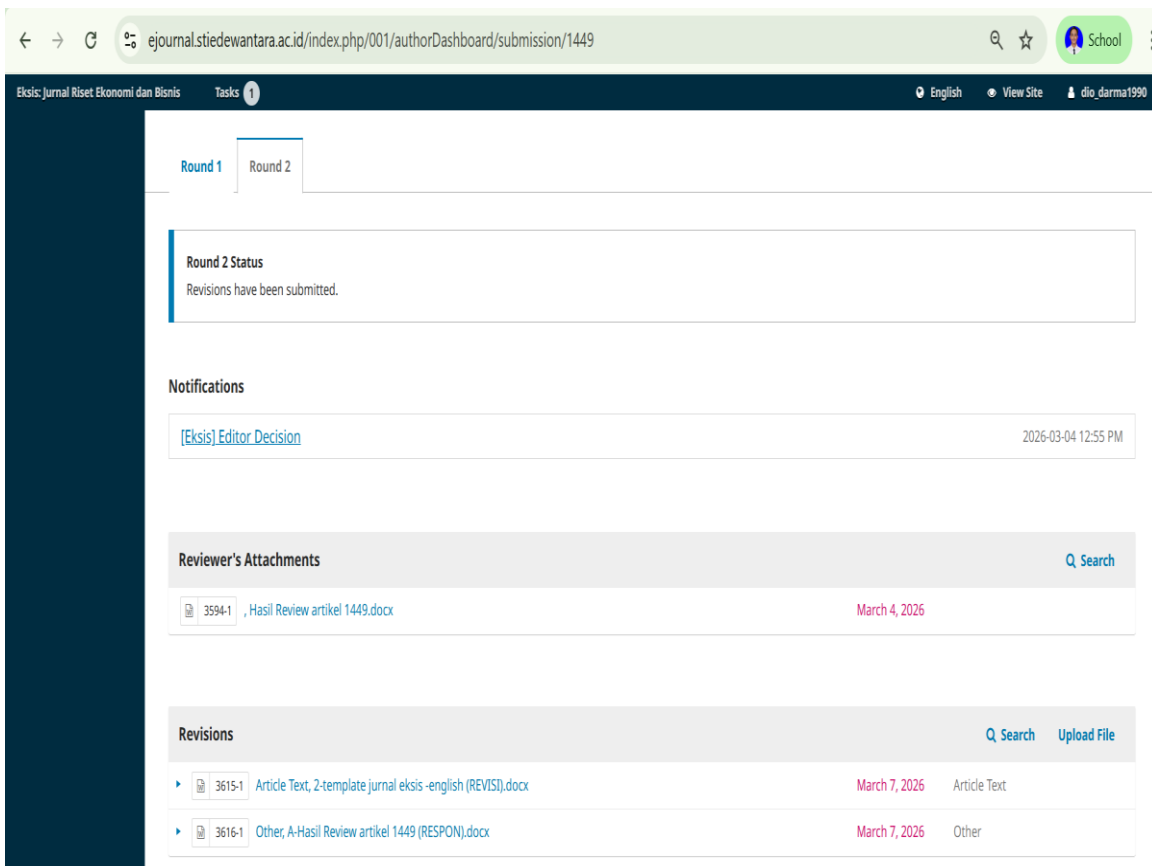
Sat 7 Mar, 11:38 (14 hours ago)

Yth. Editor dan Dewan Pengulas,

Pertama-tama, para penulis ucapkan terima kasih atas atensi berharga terhadap kiriman makalah ini. Semoga Bpk/Ibu dalam keadaan sehat, bahagia, serta sukses selalu menyertai. Kami menanggapi semua arahan dan masukan tersebut secara positif. Juga, kami melakukan perbaikan dengan optimal. Dua dokumen terlampir di email ini berupa artikel (versi revisi) dan tindak lanjut terhadap komentar pengulas. Untuk memudahkan pelacakan, mode 'track changes' dengan warna merah diberlakukan untuk setiap *item* yang diperbaiki. Kami juga kirimkan kembali kedua *file* tersebut lewat OJS. Melalui proses ulasan ini, kiranya revisi yang ada dapat menjadi pertimbangan oleh Bpk/Ibu. Selamat akhir pekan.

Salam hormat,
Penulis

2 attachment • Scanned by Gmail • Add all to Drive



ejournal.stiedewantara.ac.id/index.php/001/authorDashboard/submission/1449

Eksis: Jurnal Riset Ekonomi dan Bisnis

Round 1 Round 2

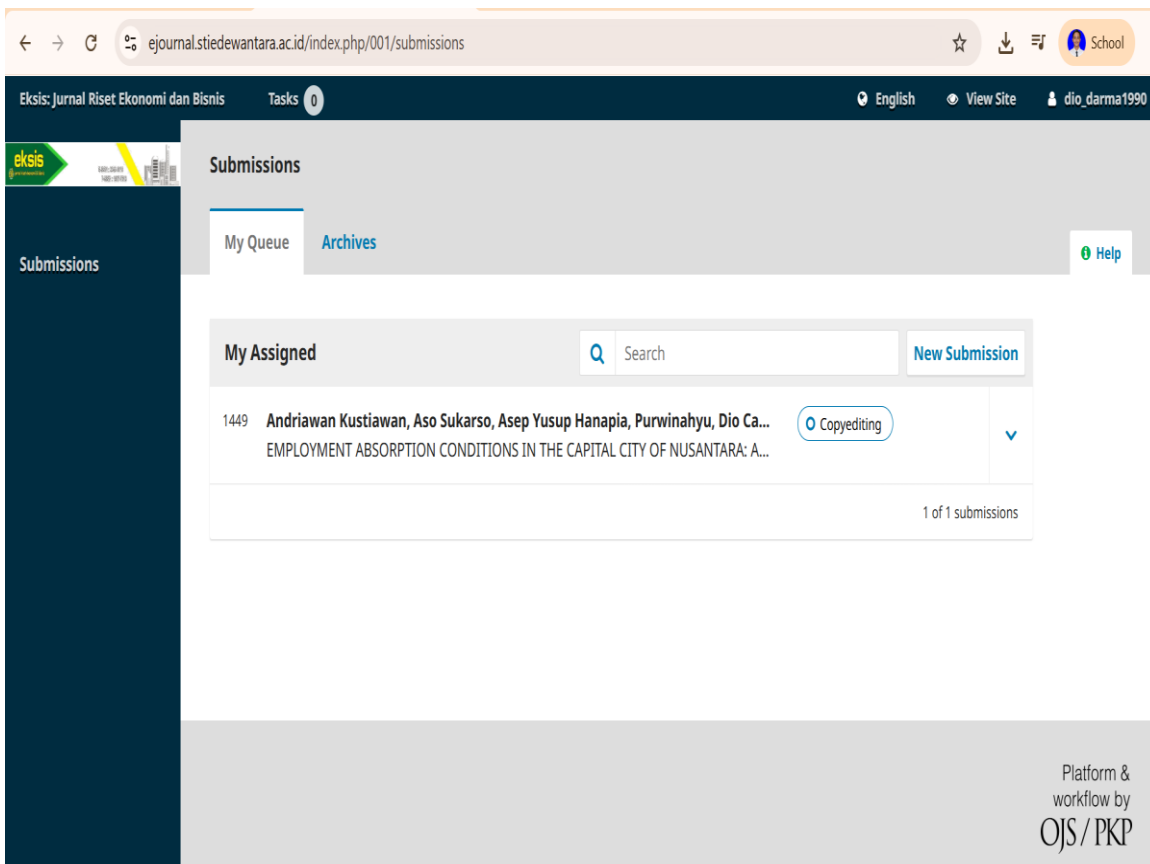
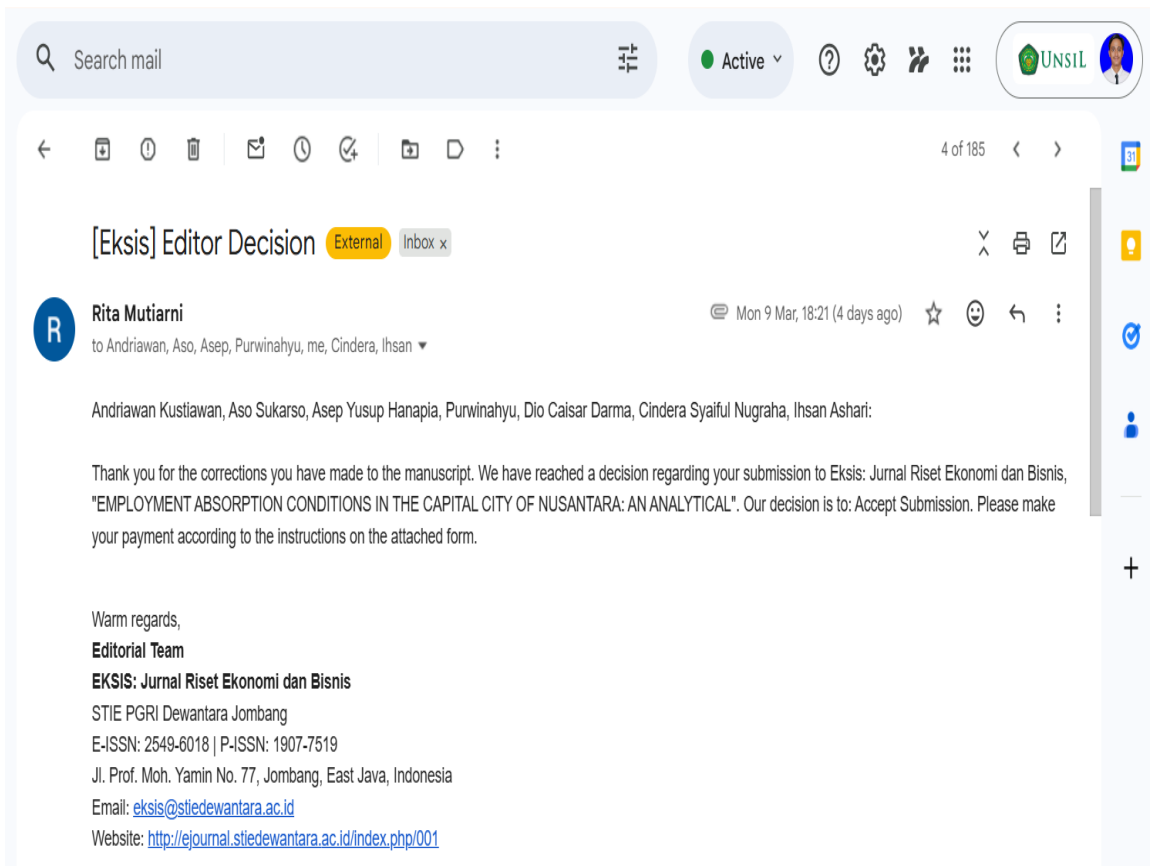
Round 2 Status
Revisions have been submitted.

Notifications
[Eksis] Editor Decision 2026-03-04 12:55 PM

Reviewer's Attachments
3594-1, Hasil Review artikel 1449.docx March 4, 2026

Revisions
3615-1 Article Text, 2-template jurnal eksis -english (REVISI).docx March 7, 2026 Article Text
3616-1 Other, A-Hasil Review artikel 1449 (RESPON).docx March 7, 2026 Other

Alur 7. Pengumuman Persetujuan Artikel Dipublikasikan_9 Maret 2026



Alur 9. Pemberian Surat Penerimaan Artikel (LoA) & Penyuntingan Akhir_18 Maret 2026

Rita Mutiarni 18 Mar 2026, 12:28 (5 days ago) ☆ 😊 ↶ ⋮

to me ▾

You have a new notification from Eksis: Jurnal Riset Ekonomi dan Bisnis:

You have been added to a discussion titled "LOA" regarding the submission "EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA".

⋮

↶ Reply ↷ Forward 😊

ejournal.stiedewantara.ac.id/index.php/001/authorDashboard/submission/1449

Eksis: Jurnal Riset Ekonomi dan Bisnis Tasks 2 English View Site dio_darma1990

Submission Library View Metadata

EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA
Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio ...

Submission Review **Copyediting** Production

Copyediting Discussions [Add discussion](#)

| Name | From | Last Reply | Replies | Closed |
|--|---------------------|------------|---------|-------------------------------------|
| Article Publication Invoice. | rita | - | 0 | <input checked="" type="checkbox"/> |
| | 2026-03-18 11:40 AM | | | |
| LOA | rita | - | 0 | <input type="checkbox"/> |
| | 2026-03-18 12:26 PM | | | |

← → ↻ ejournal.stiedewantara.ac.id/index.php/001/submissions ☆ ⬇️ ⌵ School

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1 of 1 submissions

Platform & workflow by OJS / PKP

Alur 10. Artikel Diterbitkan secara *Online* _23 Maret 2026

Search mail

Active

UNSL

1 of 197

[Eksis] Editor Decision External Inbox x

Rita Mutiarni
to Andriawan, Aso, Asep, Purwinahyu, me, Cindera, Ihsan

Mon 23 Mar, 12:41 (12 hours ago)

Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio Caisar Darma, Cindera Syaiful Nugraha, Ihsan Ashari:

The editing of your submission, "EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA: AN ANALYTICAL," is complete. We are now sending it to production.

Submission URL: <https://ejournal.stiedewantara.ac.id/index.php/001/authorDashboard/submission/1449>

Warm regards,

Editorial Team

EKSIS: Jurnal Riset Ekonomi dan Bisnis

E-ISSN: 2549-6018 | P-ISSN: 1907-7519

Institut Teknologi dan Bisnis (ITEBIS) PGRI Dewantara Jombang

Jl. Prof. Moh. Yamin No. 77, Jombang, East Java, Indonesia

Email: eksis@stiedewantara.ac.id | Website: <http://ejournal.stiedewantara.ac.id/index.php/001>

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|------|--|-----------|---|

1 of 1 submissions

Platform & workflow by OJS / PKP

Vol. 20 No. 2 (2026): October (2025) - March (2026)

PUBLISHED: 2026-02-02

SECTION EDITOR

EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA

AN ANALYTICAL

Andriawan Kustiawan, Aso Sukarso, Asep Yusup Hanapia, Purwinahyu, Dio Caisar Darma, Cindra Syaiful Nugraha, Ihsan Ashari 47 - 64

DOI: <https://doi.org/10.26533/eksis.v20i2.1449>

Abstract views: 0 , PDF downloads: 0



THE EFFECT OF MALE EXPECTED YEARS OF SCHOOLING ON THE NUMBER OF POOR PEOPLE IN INDONESIA

Sopiah Handayani

65 - 74

DOI: <https://doi.org/10.26533/eksis.v20i2.1552>

Abstract views: 0 , PDF downloads: 0



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Andriawan Kustiawan
Universitas Mulawarman



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Universitas Siliwangi
<https://orcid.org/0009-0000-7238-5980>

PLUMX METRICS

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EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA: AN ANALYTICAL

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Abstract

There have been few studies examining the link between open economic and demographic policies and the integration of socio-economic indicators into employment, particularly in developing markets. To address this gap in the literature, this scientific paper investigates the relationship between foreign investment capital and population growth on labor force participation, considering the mediating roles of minimum wages, economic growth, and human development. The study focuses on the Capital City of Nusantara (IKN) as a representation of a new economic growth center in Indonesia. Time-series secondary data from official government sources covering the period 2011–2024 were calculated using moderated regression analysis (MRA). The empirical results reveal that foreign investment capital has a significant negative effect on minimum wages, while population growth significantly and positively influences regional economic growth. Statistically, foreign investment capital significantly reduces human development. Moreover, foreign investment capital, when moderated by minimum wages and regional economic growth, as well as population growth moderated by human development, exerts a significant positive impact on labor force participation. These findings suggest that additional macroeconomic components beyond the current model warrant the attention of policymakers and further research.

Keywords: Foreign investment capital, Population growth, Minimum wage, Regional economic growth, Human development, Labor force participation

A. INTRODUCTION

The relocation of the capital from Jakarta to East Kalimantan was prompted by a combination of ecological, demographic, and sustainable urban planning aspects. Jakarta currently faces significant polemics, including severe traffic congestion, air pollution, land subsidence caused by groundwater extraction and sea-level rise, and uneven regional development—where Java Island remains disproportionately dominant compared to other regions in Indonesia (Junadi et al., 2025; Rachmawati et al., 2024). The government believes that constructing a new capital city in East Kalimantan, designed as a forest city and smart city, will facilitate sustainable and equitable development while mitigating ecological risks that have not been adequately addressed in Jakarta (Rijanta et al., 2024). This initiative aligns with the provisions outlined in the Law of the Republic of Indonesia Number 3 of 2022 concerning the IKN.

The relocation of the national capital carries significant economic urgency, with proponents arguing that it will stimulate economic growth and promote regional diversification, especially in East Kalimantan province, which has long been heavily reliant on the extractive sector. Yusuf et al. (2023) estimate that East Kalimantan's gross regional domestic product (GRDP) will increase by 22%, while Jakarta's GRDP is expected to decline by approximately 7% in 2025 as the economy shifts toward the service sector. This sector typically absorbs more skilled labor and reduces dependence on carbon-intensive, natural resource-based industries. Concurrently, the relocation is closely linked to social incentives, such as empowering local residents as workers. The establishment of the IKN is predicted to generate spillover effects on the workforce in East Kalimantan and surrounding areas through extensive infrastructure development and the expansion of trade, construction, and complementary services such as

hospitality and tourism (Althalets et al., 2025). Hotsawadi et al. (2025) identified that inclusive development of the IKN drives both output and labor absorption—particularly in East Kalimantan—with the construction sector serving as the primary engine of job creation.

As is well known, the IKN infrastructure project during the 2022–2024 phase requires a workforce of around 260,000 people, most of whom are expected to come from local communities in East Kalimantan and the broader Kalimantan region. Nonetheless, the impact on open unemployment rates remains relatively small in several surrounding districts and cities (Subroto et al., 2024). When discussing employment, one commonly used indicator to assess the labor situation of the economically active working-age population is the labor force participation rate (LFPR/TPAK). This metric reflects the proportion of the productive-age population that is either employed or actively seeking work, thereby detecting whether the labor market is effectively absorbing the available workforce. According to the East Kalimantan Province Statistics Agency (BPS-Statistics) report (2025), the TPAK has shown fluctuations over time. Although the trend is relatively dynamic, averaging around 65.35%, the highest TPAK was recorded in 2011 at 68.51%, while the lowest was 62.39% in 2015.

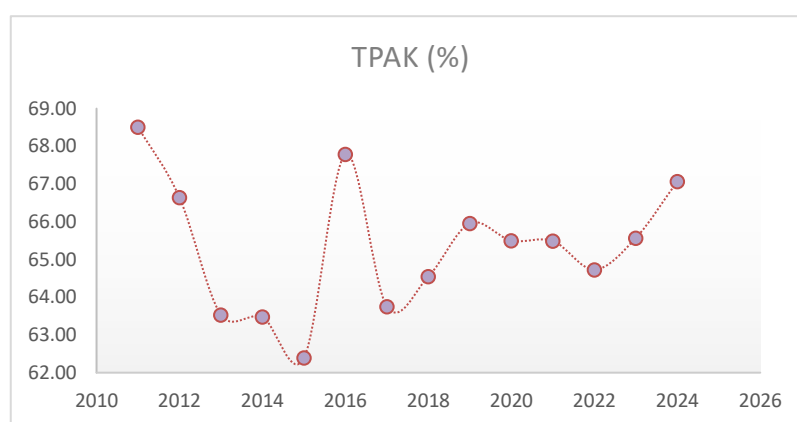


Figure 1. TPAK graph in East Kalimantan
Source: BPS-Statistics Kalimantan Timur Province, 2025(a)

The development of a labor participation model that incorporates foreign investment capital and population growth—both directly and indirectly through minimum wages, economic growth, and the Human Development Index (HDI)—is essential for understanding the structural dynamics of the labor market amid economic globalization and demographic pressures. Foreign direct investment (FDI) acts as a catalyst for economic growth and job creation; however, its impact on labor depends significantly on the quality of human resources and labor regulations, such as minimum wage policies (Tintin, 2012; Hohberg & Lay, 2015). Meanwhile, population growth increases labor supply, which, if not accompanied by inclusive economic growth and improvements in HDI, can lead to unemployment and social inequality (Feriyanto, 2016). This review is critical because these variables interact and form complex causal pathways, where minimum wages and HDI can serve as strategic mediators to enhance the positive effects of FDI and demographic changes on labor absorption (Sitompul & Simangunsong, 2019; Del Carpio et al., 2015). Such studies are vital for refining adaptive and equitable employment strategies, particularly in developing countries like Indonesia, which face parallel pressures from global investment and demographic dividends.

The novelty of observing the impact of foreign investment capital and population growth—moderated by minimum wages, economic growth, and human development—on labor force participation lies in several ideas. First, this interaction

model refines previous studies by demonstrating that FDI and demographic factors do not always directly influence labor force participation; rather, their effects depend on minimum wage regulations, economic capacity (growth), and human quality (*i.e.* HDI). Second, research of this nature remains scarce in the context of the development of IKN (the new capital city), offering new insights into labor transformation in regions experiencing significant investment and population migration. Third, the connection to the new capital city is particularly important, as the relocation of the capital triggers drastic shifts in local demographics, foreign investment flows, labor demand, and disparities in minimum wages and quality of life. Consequently, human development and economic growth serve as catalysts that determine whether labor force participation can be stimulated alongside development.

Furthermore, Raharjo (2024) asserts that development success indicators such as GRDP, provincial minimum wage (UMP), and FDI have a tangible impact on the HDI. In North Sumatra, it was found that economic growth, HDI, and minimum wages contribute to reducing unemployment rates, which are closely related to labor absorption from the workforce (Hidayat et al., 2023). According to Tuah et al. (2023), investment, economic growth, minimum wages, and HDI all significantly affect the reduction of the open unemployment rate on the island of Kalimantan. With the IKN serving as a major infrastructure program, accompanied by significant changes in population, foreign investment, minimum wage regulations, and human development that are not yet fully aligned, this study assists stakeholders in ensuring that the development of the IKN is not only substantial in terms of physical infrastructure but also prioritizes local labor absorption and quality of life improvement.

This scientific paper aims to explore the causal relationship between investment and population growth on labor force participation, with wages, economic growth, and human development serving as moderating factors. The object of this research is the IKN region, which reflects the economy of East Kalimantan. Notably, the development of the IKN area has experienced rapid growth from 2022 to the present. The findings of this study offer practical insights for government policies to systematically create new employment opportunities based on the aforementioned macroeconomic variables. What's more, this research contributes to academic discourse by addressing gaps in the literature on labor force participation.

B. LITERATURE REVIEW

1. Theoretical Basis

The endogenous economic growth theory emphasizes that investment in human capital—through health and education—plays a fundamental role in boosting labor productivity, which in turn supports economic growth and human development. In the Indonesian context, although a large population can provide abundant labor, low-quality human capital can hinder economic growth. For example, a study by Najah et al. (2025) concludes that while population size positively affects economic growth, low-quality human capital diminishes this positive impact. In addition, investment in the health and education sectors has been shown to improve community quality of life, as reflected in the HDI. In Aceh province, human capital investment has contributed to improved economic performance and poverty reduction (Sartiyah et al., 2018).

The causality between investment, population growth, and economic growth is not always linear. Najiya and Hasri (2018) explain that although investment positively affects economic growth, population size and the HDI do not always have a significant direct impact in West Nusa Tenggara province. In principle, endogenous economic growth theory emphasizes the importance of investing in human capital to stimulate economic growth and sustainable human development. Yet, the effectiveness of such investments also depends on other dimensions, including infrastructure, government policy, and institutional quality.

2. Empirical Foundations

This scientific work focuses on labor force participation by emphasizing the macroeconomic components that directly and indirectly influence it, including investment, population, wages, economic growth, and human development. To date, few publications have comprehensively linked these five macroeconomic components to overall labor force participation. Nevertheless, several papers at local, national, and international levels have identified key determinants of labor absorption.

First, changes in the minimum wage can impact FDI positively by boosting productivity and quality incentives, or negatively by increasing labor costs, particularly in the short term. FDI itself has spillover prospects on local and domestic wages, but these effects vary significantly depending on the sector, company size, technology, and labor regulations. Population size often emerges as a key factor in moderating economic effects, particularly concerning labor demand, wage pressure, and service provision capacity, all of which influence productivity and competitiveness (Fan et al., 2018; Holl & Lork, 2025; Sepdianty & Tuah, 2024; Sitompul & Simangunsong, 2019; Sugiharto & Kurnia, 2016; Sultoni, 2020; Suwitra et al., 2024; Tegep et al., 2019). Drawing on these manuscripts, several research gaps emerge, notably the need to explore demographic variables—such as population size, growth, and the productive-age demographic—in conjunction with FDI and minimum wage policies. In the Indonesian context, numerous studies have examined the impact of minimum wage on investment, labor absorption, and unemployment; however, few have dissected how population growth moderates or mediates these effects. A key limitation concerns endogeneity: minimum wage levels may be set in response to economic conditions (such as FDI), complicating the determination of causal direction.

Second, investigations conducted by Appiah et al. (2019), Fazaalloh (2024), Li and Liu (2005), Primastuty et al. (2024), Setiyanto and Fitriady (2024), Sirag et al. (2025), and Yuliadi (2020) reveal several patterns regarding how population growth or population size is elaborated from a national perspective. This includes demographic factors such as the working-age population, which is often treated as an independent variable. On the other hand, population growth over time does not necessarily guarantee an increase in GRDP growth. It should be noted that high population growth can become a burden, especially if it is not accompanied by improvements in productivity, human capital, and adequate public capacity or infrastructure. Some studies also indirectly modify demographic variables by focusing on absorptive capacity, which can be influenced by population size, age structure, and the quality of education and health. It is frequently observed that, *ceteris paribus*, FDI has an impressive effect on economic growth; however, the extent of its impact depends on internal factors such as the quality of institutions, human capital, infrastructure, technology absorption capacity, and fiscal and financial space. The effects of population growth are often indirect or dependent on transitional factors, such as whether population growth expands the productive labor force, the level of support for education and health, and the balance between the number of workers and available job opportunities. At a certain point, when population growth becomes too rapid and public, economic, or institutional capacity is insufficient, negative impacts on per capita growth may occur. National studies sometimes indicate that population growth does not necessarily stimulate local economic growth. This may be due to other more influential variables—such as investment, human capital, and institutional quality—or because the observation period is too short to capture the demographic effects.

Third, many references use human development as a proxy for the quality of population development. The pillars of education and health are often considered key dimensions of the HDI. Most journals in Indonesia state that population growth can become burdensome if it is not supported by elements such as education, human resource quality, and investment. FDI generally shows a positive correlation with HDI,

especially in regions with sufficient absorption capacity, including infrastructure, education, health, and institutions. This relationship varies depending on the current level of human development, with areas exhibiting high HDI benefiting more from FDI than those with low HDI (Adamu et al., 2022; Dash et al., 2025; Emako et al., 2022; Giovanni & Faridatussalam, 2023; Pongge et al., 2025; Rezki et al., 2024; Sardar et al., 2022). Basically, few studies explore the direct interaction between FDI and population growth on human development within a single framework—that is, treating population growth and FDI alongside human development dimensions as independent variables. In fact, some studies include population only as a control or projection variable.

Fourth, few articles explicitly examine the mediation or causal pathways through which foreign investment capital and population growth influence labor force participation via minimum wages, economic growth, and human development. Most research focuses solely on their direct effects on labor force participation. Drawing on local and national literature, there is evidence that minimum wages, economic growth, and HDI are closely related to TPAK or employment-related variables, although the performance of FDI is sometimes suboptimal or location-dependent (Feriyanto, 2016; Matsuura & Saito, 2023; Sirait, 2020; Sitompul & Simangunsong, 2019; Tuah et al., 2023; Vidiana & Setyowati, 2023). From an international perspective, FDI also affects wages, income distribution, and labor demand by skill level, with minimum wages serving as a variable that differentiates the impact on minimum wage workers versus average wage workers (Fan et al., 2018; Lyu et al., 2025; Tintin, 2012). Besides, population growth is often included as a control variable rather than as a primary factor influencing employment through minimum wage and the HDI in this context, specifically TPAK. Few publications have rigorously examined the simultaneous relationships among foreign investment capital, minimum wage, human development, and economic growth on labor force participation using multiple mediation. International research encompassing all these variables—foreign investment, population growth, minimum wage, human development, and labor force participation—is scarce. In practice, local and Indonesian literature typically focuses on national or provincial levels and rarely addresses cities or districts with datasets that simultaneously link population growth, HDI, and minimum wages.

C. RESEARCH METHOD

This scientific paper adopts a quantitative approach to examine the relationship between foreign investment capital and population growth, mediated by minimum wages, regional economic growth, and human development, in relation to labor force participation, using a case study in IKN. As illustrated in Figure 1, the relationships investigated include both direct and indirect interactions. Specifically, hypotheses one (H1) through six (H6), represented by solid arrows, denote direct partial effects, while hypotheses seven (H7) through ten (H10), depicted with dotted arrows, visualize moderating effects.

The data were collected from secondary materials over a 14-year period (2011–2024) and obtained from government agencies. Online documentation techniques were used as the data collection instrument. Data processing tool was conducted using the MRA method. For further details, the definitions and measurements of the data variables are provided in Table 1 below.

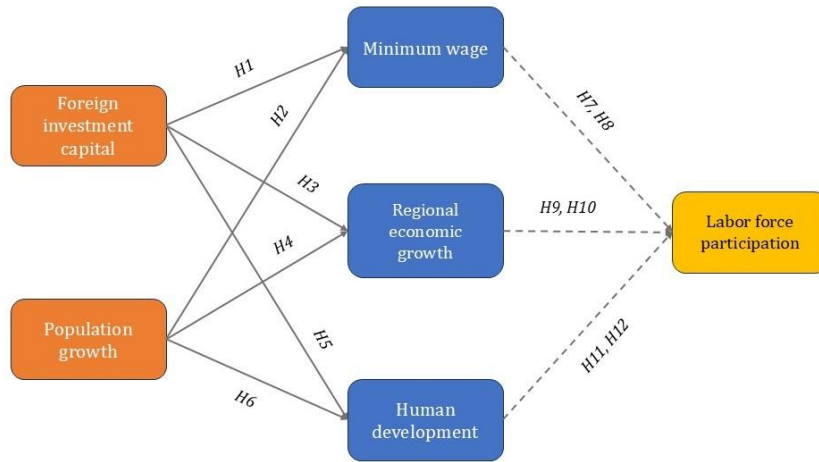


Figure 1. Research concept

Table 1. Operational definition of variable data

| Variables (code) | Data | Source of data | Parameters |
|----------------------------------|--|--|----------------|
| Labor force participation (LFP) | Percentage of the labor force relative to the population aged 15 years and older | BPS-Statistics Kalimantan Timur Province (2025a) | Percentage (%) |
| Foreign investment capital (FIC) | Realization of foreign investment for business operations in Indonesia | BPS-Statistics Kalimantan Timur Province (2025b) | Thousand US\$ |
| Population growth (PG) | Changes in population size over time | BPS-Statistics Kalimantan Timur Province (2025c) | Percentage (%) |
| Minimum wage (MW) | The minimum wage that employers are legally required to pay workers, as established by the provincial government | BPS-Statistics Kalimantan Timur Province (2025d) | Rupiah (IDR) |
| Regional economic growth (REG) | Change in GRDP based on constant prices from one period to the another | BPS-Statistics Kalimantan Timur Province (2025e) | Percentage (%) |
| Human development (HD) | An index that measures human development achievements across three fundamental dimensions: (1) a long and healthy life, (2) knowledge, and (3) decent living standards | BPS-Statistics Kalimantan Timur Province (2025f) | Index number |

Using the MRA method, six versions of econometric equations were developed. Equations 1, 2, and 3 represent the direct relationship paths for the minimum wage model, regional economic growth model, and human development model, respectively, each influenced by foreign investment capital and population growth. Equations 4, 5, and 6 illustrate the indirect effects on the labor force participation model, which is determined by foreign investment capital and population growth, with minimum wages, regional economic growth, and human development serving as moderating variables. The econometric equations are presented below:

$$Y_1 MW = \alpha_1 + \beta_1 FIC + \beta_2 PG + \mu_1 \quad (1)$$

$$Y_2 REG = \alpha_2 + \beta_3 FIC + \beta_4 PG + \mu_2 \quad (2)$$

$$Y_3 HD = \alpha_3 + \beta_5 FIC + \beta_6 PG + \mu_3 \quad (3)$$

$$Y_4 LFP = \alpha_4 + \beta_1 FIC + \beta_7 MW + \beta_8 (FIC \times MW) + \beta_2 PG + \beta_7 MW + \beta_9 (PG \times MW) + \mu_4 \quad (4)$$

$$Y_5 LFP = \alpha_5 + \beta_3 FIC + \beta_{10} REG + \beta_{11} (FIC \times REG) + \beta_4 PG + \beta_{10} REG + \beta_{12} (PG \times REG) + \mu_5 \quad (5)$$

$$Y_6 LFP = \alpha_6 + \beta_5 FIC + \beta_{13} HD + \beta_{14} (FIC \times HD) + \beta_6 PG + \beta_{13} HD +$$

$$\beta_{15}(PG \times HD) + \mu_6 \quad (6)$$

Explanation of symbol notation; Y is an endogenous variable, α = intercept, β = regression coefficient, x = interaction between exogenous variables and moderating variables, and μ = stochastic.

The scenario for determining the hypothesis assumptions is based on the following two criteria:

- Null hypothesis (H_0): $\beta = 0$ or $\beta < 0$, if a negative effect is suspected between the exogenous variable and the endogenous variable.
- Alternative hypothesis (H_a): $\beta \neq 0$, or $\beta > 0$ if a positive effect is suspected between the exogenous and endogenous variables.

D. RESULTS AND DISCUSSION

1. Main Findings

Descriptive statistics and Pearson correlations are summarized in Table 2. The descriptive statistics reveal a diverse distribution of data, partly because several variables share similar units of measurement, while others differ. For example, labor force participation, population growth, and regional economic growth are all measured as percentages (%). In contrast, foreign investment capital and minimum wages are both measured in nominal terms but use different currencies: foreign investment capital is expressed in thousands of US dollars (US\$), whereas minimum wages are denominated in Indonesian rupiah (IDR). Then, human development is measured on an index scale. When the variables are ranked by their mean, maximum, and minimum values from highest to lowest, minimum wage exhibits the highest values, while regional economic growth shows the lowest.

Table 2. Descriptive statistics and correlation tests

| Var. | Mean | Max. | Min. | (1) | (2) | (3) | (4) | (5) | (6) |
|------|-------------|-----------|-----------|--------|-------|--------|-------|--------|-------|
| FIC | 1,319,375.4 | 2,529,900 | 378,027 | 1 | -.144 | -.602* | -.124 | -.524 | -.247 |
| PG | 3.6 | 22.1 | .84 | -.144 | 1 | .023 | .193 | .047 | .140 |
| MW | 2,375,480.3 | 3,360,858 | 1,084,000 | -.602* | .023 | 1 | .198 | .979** | -.076 |
| REG | 3.5 | 6.5 | .38 | -.124 | .193 | .198 | 1 | .337 | .483 |
| HD | 75.4 | 78.8 | 72 | -.524 | .047 | .979** | .337 | 1 | .016 |
| LFP | 65.4 | 68.5 | 62.4 | -.247 | .140 | -.076 | .483 | .016 | 1 |

Source: secondary data was tabulated using SPSS software.

Noted: *probability of 5% and **probability of 1%.

Table 2 also displays the statistical output of Pearson's correlation test (r), which assesses the linear relationship between two variables. According to Ulfah et al. (2025), the correlation coefficient ranges from -1 to $+1$ and can be classified as follows: (1) $r = +1$ indicates a perfect positive linear relationship, (2) $r = -1$ indicates a perfect negative linear relationship, and (3) $r = 0$ indicates no linear relationship. It is important to note that Pearson's correlation does not imply causation; it only measures the degree to which two variables move together linearly. Specifically, the results of the Pearson correlation test verified three distinct categories. At a probability threshold of 5%, a strong negative linear relationship was found between minimum wage and foreign investment capital, with a significant correlation coefficient of $r = -0.602$. At a 1% probability threshold, a strong positive linear relationship was confirmed between minimum wage and human development, with a significant correlation coefficient of $r = 0.979$. As well, many variables did not exhibit significant linear relationships at either the 5% ($p < 0.05$) or 1% ($p < 0.01$).

Next, assess the reliability of the model using the coefficient of determination (R^2) and test for residual autocorrelation with the Durbin-Watson (DW) statistic. A high R^2 coefficient indicates that the model fits the data well statistically, but it does not guarantee that the model is correct or unbiased. It is important to adjust for R^2 bias, as R^2

can increase simply by adding variables, even if those variables are not significant. Methodologically, the DW test detects linear autocorrelation between sequential residuals and is particularly relevant for time-series regression data. Adapted from Komarlina et al. (2025), the interpretation of DW statistics ranges from 0 to 4 as follows: (1) $DW = 2$ implies no autocorrelation, (2) $DW < 2$ implies positive autocorrelation, and (3) $DW > 2$ implies negative autocorrelation.

Table 3. Model feasibility and autocorrelation test

| Items | MW (Model 1) | REG (Model 2) | HD (Model 3) | LFP (Model 4) |
|----------------------------|-----------------|------------------|-----------------|------------------|
| R^2 | .367 | .047 | .275 | .705 |
| Adjusted R^2 | .251 | -.127 | .143 | .481 |
| Std. error of the estimate | 628,655.2 | 2 | 1.9 | 1.7 |
| Durbin-Watson | 2.658 | .593 | .644 | 3.377 |
| 95% CI for lower bound | 2,372,339.6 | .554 | 74.8 | 60.2 |
| 95% CI for upper bound | 4,278,087.1 | 6.7 | 80.6 | 70.7 |

Source: secondary data was tabulated using SPSS software.

First, the R^2 coefficient in Model 1 reached 25.1%, indicating that variations in minimum wages can be explained by foreign investment capital and population growth, while 74.9% of the variation remains unexplained by the model. The DW statistic for Model 1 is 2.658, suggesting the presence of negative autocorrelation (since $2.658 > 2$). Second, Model 2 has an R^2 of only 4.7%, implying that the regression model has very weak predictive power. Most changes in regional economic growth—approximately 95.3%—are likely influenced by factors other than investment capital and population growth. The low R^2 coefficient also indicates that adding these exogenous variables has little substantive effect. Additionally, Model 2 exhibits positive autocorrelation, as indicated by a DW value of 0.593 (less than 2), which is a common issue in time series data. Third, Model 3, with an R^2 of 27.5%, indicates that 72.5% of the variance in human development is explained by factors other than foreign investment capital and population growth. The DW statistic of 0.644 (less than 2) suggests the presence of positive autocorrelation. Fourth, the labor force participation model (Model 4) has an R^2 of 70.5%, confirming that foreign investment capital and population growth—mediated through minimum wages, regional economic growth, and human development—moderately explain the variation in labor force participation, with 29.5% attributed to other variations. The DW value of 3.377 (greater than 2) in Model 4 indicates negative autocorrelation. Overall, the data from all four models are appropriate for regression (see Table 3).

Table 4 presents the results of the regression models, including the constant, simultaneous, partial, and moderation effects, evaluated at significance levels of 1% ($p < 0.01$) and 5% ($p < 0.05$). In Model 1, the intercept is positive ($\alpha = 3,325,213.4$) when the exogenous variables are held constant. The F -test probability value ($p = 0.007$) indicates that the exogenous variables are simultaneously significant in explaining the minimum wage model. Partially, foreign investment capital ($\beta = -0.611$; $p = 0.028$) and population growth ($\beta = -0.065$; $p = 0.793$) both have negative effects on minimum wages; however, only foreign investment capital has a statistically significant effect. In Model 2, the intercept is also positive ($\alpha = 3.642$), indicating that if all exogenous variables are zero, the predicted value for regional economic growth is 3.642. The F -test shows that the exogenous variables simultaneously influence regional economic growth significantly ($p = 0.039$). Partially, foreign investment capital has a negative but insignificant impact ($\beta = -0.099$; $p = 0.747$), whereas population growth significantly and positively affects regional economic growth ($\beta = 0.179$; $p = 0.036$). Similar to Model 1, where the intercept value is positive ($\alpha = 77.722$), Model 3 also shows a positive intercept when the exogenous variables are held constant. The F -test

probability value ($p = 0.014$) shows that the exogenous variables are simultaneously significant in explaining the human development model. Partially, foreign investment capital ($\beta = -2.035$; $p = 0.047$) and population growth ($\beta = -0.110$; $p = 0.915$) both have negative effects on human development; however, only foreign investment capital has a statistically significant impact.

Table 4. Regression result recapitulation

| Variables | MW (Model 1) | REG (Model 2) | HD (Model 3) | LFP (Model 4) |
|------------------------|-------------------------|------------------|--------------------|--------------------|
| FIC | -.611* (.028) | -.099 (.747) | -2.035* (.047) | |
| PG | -.065 (.793) | .179* (.036) | -.110 (.915) | |
| FIC x MW | | | | .293* (.029) |
| PG x MW | | | | -4.865 (.524) |
| FIC x REG | | | | .891* (.045) |
| PG x REG | | | | -2.238 (.671) |
| FIC x HD | | | | -1.268 (.443) |
| PG x HD | | | | 7.005** (.003) |
| Constant | 3,325,213.4** (.006) | 3.642* (.025) | 77.722** (.000) | 65.456** (.000) |
| Std. error | 432,930 | 1.403 | 1.335 | 2.209 |
| F-statistics | 3.184** (.007) | 1.269* (.039) | 2.088* (.014) | 1.192* (.020) |
| Number of observations | 42 | 42 | 42 | 98 |

Source: secondary data was tabulated using SPSS software.

Noted: *probability of 5% and **probability of 1%.

Referring to Table 4 above, it can be observed that Model 4 has a positive intercept value ($\alpha = 65.456$). This indicates that if all exogenous variables and their moderating effects are zero, the predicted value for labor force participation is 3.642. The F -test results, with a significance level below 5% ($p = 0.02$), show that the exogenous variables, through the interaction with moderating variables, simultaneously affect labor force participation. Specifically, foreign investment capital moderated by minimum wages ($\beta = 0.293$; $p = 0.029$) and regional economic growth ($\beta = 0.891$; $p = 0.045$), as well as population growth moderated by human development ($\beta = 7.005$; $p = 0.003$) have a significant positive impact on labor force participation. Although, population growth moderated by minimum wages ($\beta = -4.865$; $p = 0.524$) and regional economic growth ($\beta = -2.238$; $p = 0.671$), as well as foreign investment capital moderated by human development ($\beta = -1.268$; $p = 0.443$) show no significant relationship with labor force participation.

2. Implications

In this session, the main findings related to the argumentative analysis model were discussed. First, H1 and H2 indicate that foreign investment capital and population growth reduce minimum wages, which contradicts the proposed hypothesis. Foreign investment can lower minimum wages if foreign companies introduce relatively capital-intensive technologies and weaken the bargaining power of local workers. This phenomenon is evident in Vietnam, where the presence of FDI actually suppresses average wages in domestic companies by approximately one percent for every one percent increase in FDI, despite FDI companies paying higher wages (Nguyen et al.,

2019). Rapid population growth can increase the labor supply, thereby intensifying competition among workers and tending to suppress wages, especially for low-skilled workers. In the USA, Newman (2003) found that Hispanic population growth in rural areas weakened wages for skilled workers, such as high school graduates.

Second, H3 affirms that foreign investment capital reduces regional economic growth, thereby contradicting the proposed hypothesis. Interestingly, population growth actually promotes regional economic growth, meaning it is directly proportional, and H4 is accepted. Notwithstanding some studies suggest that FDI typically drives economic growth, in certain cases it can reduce the growth rate if foreign funds are directed toward low-productivity primary sectors or if they are not accompanied by improvements in human capital, infrastructure, and institutions. Conversely, population growth—especially when accompanied by an increase in the productive labor force and higher domestic consumption—can stimulate economic growth by expanding the market, labor supply, and consumption base. This fact is supported by Emako et al. (2022), who report that FDI in the tertiary sector negatively affects growth in some developing countries because it flows into non-productive service sectors. As noted by Steven et al. (2024), population growth has a concrete impact on economic growth when macroeconomic components such as inflation are controlled.

Third, H5 and H6 were rejected because foreign investment capital and population growth actually reduce human development. Although foreign investment often targets human development as a Sustainable Development Goal (SDG) through technology transfer, job creation, and income improvement, some manuscripts show that FDI can gradually decrease the HDI, especially in countries with low HDI. This occurs when foreign investment focuses primarily on extractive or capital-intensive sectors that neither absorb local labor nor improve health and education systems. This perspective is reinforced by Adamu et al. (2025), who found that FDI has a significant negative effect on HDI in the lower HDI quantiles in West Africa. Conversely, rapid population growth in developing countries, without corresponding increases in the capacity of health, education, and infrastructure systems, exacerbates social and environmental burdens, ultimately reducing the quality of life per individual and causing an average decline in human development (Ahlburg et al., 1996; Sapkota, 2014).

Fourth, foreign investment capital can increase labor force participation through minimum wages and regional economic growth as well as population growth driven by human development, thereby accepting H7, H9, and H12. Foreign investment capital enhances labor force participation when minimum wage policies and economic growth conditions are favorable. For instance, raising minimum wages to a level that sufficiently incentivizes workers to transition from the informal or household sectors into the formal labor market, combined with economic growth that generates adequate employment opportunities, can boost labor participation. In Indonesia, investment and minimum wage variables simultaneously have a significant impact on labor absorption; thus, when economic growth is also robust, the positive effect of FDI on labor force participation is amplified (Ummah & Yasin, 2021). Furthermore, population growth accompanied by improvements in human development—such as enhanced education, health, and access to opportunities—can substantially increase labor force participation by expanding the productive-age population and improving human capital quality, resulting in more individuals being both able and willing to work. Bloom and Freeman (1986) observed that population growth expands the labor supply and, when accompanied by investment in human capital, can drive the transition from the agricultural sector to the more productive industrial and service sectors, thereby reducing barriers to labor absorption. In addition, Bloom et al. (2018) mention that countries with low and medium HDI scores stand to benefit greatly from changes in age structure, which result in a higher proportion of working-age individuals in the

population, along with increased labor force participation in certain age groups.

In other cases, population growth driven by minimum wages and regional economic growth, along with foreign investment capital through human development, can reduce labor force participation. Consequently, three hypotheses—H8, H10, and H11—are rejected. Rapid population growth can strain the regional labor market, particularly if it is not accompanied by sufficient job creation and increased productivity. Globally, minimum wages that do not align with productivity or living costs can worsen this situation, especially in regions experiencing slow economic growth. Such disparities may diminish incentives for individuals to join the labor force, especially among younger people and women, who tend to be more sensitive to economic conditions and wage levels. Gindling and Terrell (2010) argue that in developing countries, excessively high minimum wages can reduce formal sector employment, pushing workers into the informal sector or out of the labor force entirely. Klasen et al. (2019) highlight that economic structural aspects—including regional disparities, differences across economic sectors, and social norms—affect female labor force participation rates unevenly both between and within countries. Indeed, uneven economic growth across regions can create disparities in employment opportunities, negatively impacting labor force participation in low-growth areas (World Bank, 2019). Essentially, this economic growth is superficial and fragile; although growth figures may appear to be rising, they do not reflect a sustainable improvement in the community's real welfare.

E. CONCLUSION

The purpose of this scientific paper is to examine the relationship between foreign investment capital and population growth on minimum wages, regional economic growth, and human development, as well as their implications for labor force participation in the IKN. Using the MRA method over the period 2011–2014, five valuable findings emerged: (1) In both the first and third models, foreign investment capital and population growth reduce minimum wages and human development; (2) In the second model, foreign investment capital is shown to reduce regional economic growth, whereas population growth actually increases it; (3) Minimum wages and regional economic growth play a crucial role in the relationship between foreign investment capital and labor force participation, but neither moderates the relationship between population growth and labor force participation; and (4) Ironically, foreign investment capital moderated by human development actually reduces labor force participation, which contrasts with the positive effect of human development in realizing population growth that drives labor force participation.

One of the root causes of low labor force participation in IKN is the lack of foreign investment to stimulate wage increases, economic growth, and human development advancement. Similarly, population growth has not been matched by relevant labor market demand. In other words, the expanding population of IKN has not been optimally absorbed into the labor market. Moreover, even when individuals are employed, they often receive wages below the minimum standard, which only marginally contributes to economic growth and human development necessary for sustainable employment. The research findings recommend that the government, as the policymaker on employment, initiate a restructuring of investment programs to promote the engagement of the working-age population in labor-intensive sectors. To cultivate a high-quality workforce, adequate access to education and health insurance—such as skills training and the enhancement of health infrastructure—is essential. Another recommendation is that the minimum wage determination process must rigorously consider the cost of living through strict oversight. By focusing on attracting investment capital and adopting a more comprehensive approach to population growth, it is possible to improve wage standards, foster inclusive economic growth, and promote positive

human development that synergizes effectively with local labor force participation.

The originality of this scientific work lies in its conceptual framework, which integrates and elaborates on socio-economic, demographic, and employment policy components into a model that can be further refined. Although this concept represents a breakthrough in deepening and enriching the limitations of empirical foundations, the use of methods and data characteristics remains a point of weakness. Future studies should aim to refine data decomposition techniques to break down time series data into multiple constituent components, allowing for clearer identification of specific patterns. Additionally, it is recommended to incorporate comparative quantitative methods beyond MRA with extended long-term observations.

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Lampiran 2. Respon Hasil Ulasan

CATATAN REVIEWER EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA: AN ANALYTICAL”.

A. Bagian yang perlu diperbaiki

1) Abstract

Masalah yang perlu diperbaiki

- Abstrak menyebut “mediating roles” (minimum wage, economic growth, HDI), tetapi metode yang digunakan adalah Moderated Regression Analysis (MRA) dan hasil yang dilaporkan adalah interaksi ($X \times \text{Moderator}$), bukan mediasi. Ini inkonsisten konsep.
- **Reply:** Terima kasih. Tampaknya ada kesalahan pengetikan (*typo*) dalam penulisan kata “mediating roles”. Merujuk metode yang diterapkan ialah MRA, maka yang benar “moderating roles”. Para pengarang juga melakukan pengeditan menyeluruh, untuk kata-kata yang berkaitan dengan “mediation” dan “mediates” serta mengubahnya menjadi “moderation” dan “moderated”. Ini berlaku untuk setiap koreksi kecil tersebut pada semua Bab di makalah.

Perbaikan yang diminta

- Pilih satu: model mediasi (mis. path/SEM/PROCESS) atau model moderasi (MRA). Lalu seragamkan istilah di abstrak–metode–hasil–kesimpulan.
- **Reply:** Baik, kami telah menyeragamkan istilah metodologis. Karena metode didesain dengan model MRA, maka kata “path” diubah ke “hubungan moderasi”.
- Ringkas hasil utama dengan konsisten: sebutkan *jalur utama* (mis. FIC → MW negatif; PG → REG positif; FIC → HD negatif) dan *interaksi signifikan* yang benar.
- **Reply:** Kami sepakat dengan arahan Bpk/Ibu agar temuan secara konsisten sesuai dengan hasil statistik yang ada. Oleh karenanya, revisi kecil kembali diterapkan. Anda dapat melihat perubahan terbaru di bagian Abstrak.

2) Introduction

Masalah yang perlu diperbaiki

- Objek disebut IKN, tetapi sebagian besar data dan narasi merujuk Provinsi Kalimantan Timur (TPAK Kaltim, BPS Kaltim). Perlu kejelasan unit analisis: “IKN”, “Kaltim”, atau “wilayah sekitar IKN”.
- **Reply:** Berdasarkan UU No. 3 Tahun 2022, bahwa lokasi geografis IKN berada di Provinsi Kalimantan Timur. Memang, kewenangan IKN secara teknis berada di bawah otorita IKN dengan zona khusus dan terpisah dari Kaltim. Namun demikian, penempatan IKN tepat berada di dua wilayah strategis Kaltim yakni Kabupaten PPU dan Kukar. Selain itu, pendiriannya secara administratif mencakup atau mengambil sebagian kecil dari kedua kabupaten tersebut. Adapun peran dan fungsi Kaltim itu sendiri terhadap kelangsungan IKN sangat krusial. Dalam lingkup studi ini, kami mencoba memperdalam posisi Kaltim sebagai wilayah penyangga IKN dengan mengerucutkan dinamika ketenagakerjaan saat ini merujuk literatur *modern*. Juga, berfokus pada Kaltim secara keseluruhan yang merupakan cerminan dari unit daerah didalamnya dan menjadi gambaran ekonomi IKN. Sebuah narasi tersirat mengenai unit analisis diterangkan dalam sebuah paragraf terbaru (tepat di akhir Bab Pendahuluan, hal 3).

Perbaikan yang diminta

- Tegaskan: data ini merepresentasikan Kalimantan Timur sebagai *proxy* IKN (beri argumen + batasan).
- **Reply:** Sebagaimana yang ditegaskan pada respon diatas.

- Nyatakan hipotesis H1–Hn dengan jelas sejak awal (karena Anda menyebut H1–H12 di pembahasan tetapi tidak ditulis runtut di pendahuluan).
- **Reply:** Pengembangan hipotesis lebih cocok untuk diterapkan pada kajian-kajian kuantitatif di manajemen, bisnis, akuntansi, dan bidang sejenis lainnya. Untuk kasus penelitian-penelitian berbasis ilmu ekonomi, walaupun mengadopsi pendekatan ekonometrik dan statistik tertentu, namun mayoritas tidak mengusulkan hipotesis tertentu. Bila ada, ini hanya bersifat opsional. Agar tidak terjadi multitafsir, kami menginformasikannya lebih detail di paragraf ke-1 dan tampilan terbarunya dapat ditelaah di Bab 3: Metodologi Penelitian (hal. 6).

3) Research Method

Masalah yang perlu diperbaiki (krusial)

1. Istilah mediasi vs moderasi tidak konsisten
 - Metode menyebut “mediated by ...” tetapi kemudian menjelaskan moderating effects H7–H10 dan menggunakan interaksi ($X \times Z$).
 - **Reply:** Berdasarkan komentar sebelumnya, kami telah tindaklanjuti seputar konsistensi dalam penyebutan istilah statistik.
2. Periode & jumlah observasi tidak konsisten
 - Anda menyebut data 2011–2024 (14 tahun), tetapi tabel regresi menampilkan Number of observations 42 (Model 1–3) dan 98 (Model 4). Ini harus dijelaskan (apakah data triwulanan/bulanan/panel kabupaten-kota?).
 - **Reply:** Baik, penulis mengapresiasi ketajaman dan perhatian Bpk/Ibu terhadap kekurangan kecil seputar observasi (sampel). Kembali kami ingatkan bahwa Objek yang diidentifikasi ialah provinsi Kalimantan Timur dengan keterdukungan data *time-series* sepanjang 2011–2024 dan bukan data panel merujuk pada Kabupaten/Kota. Dengan kata lain, objek yang telaah adalah 14 unit. Kami membuat revisi kecil di Tabel 4 “jumlah observasi”.

Perbaikan yang diminta

- Jelaskan struktur data (tahunan/triwulanan/panel), sumber tiap seri, dan mengapa N bisa 42/98.
- **Reply:** Merujuk pada uraian awal. Ada sedikit kekeliruan dalam pencantuman unit observasi.
- Tegaskan model yang dipakai: moderasi (MRA) atau mediasi. Jika moderasi, jelaskan juga apakah main effects (FIC, PG, MW/REG/HD) dimasukkan bersama interaksi (praktik umum MRA).
- **Reply:** Pada dasarnya, kami menghargai pendapat Bpk/Ibu. Seperti yang kami tegaskan diawal, dimana studi ini mengadopsi MRA dengan menjolokkan efek mediasi (mis. $FIC \times MW \rightarrow TPAK$, dst.)—sebaliknya, bukan kepada efek mediasi (seperti $FIC \rightarrow MW \rightarrow TPAK$). Dalam analisis regresi termoderasi, baik efek utama maupun efek interaksi disertakan dalam model regresi. Efek utama mewakili pengaruh langsung variabel independen dan moderator terhadap variabel dependen, sedangkan istilah interaksi menangkap peran moderasi variabel moderator dalam mengubah hubungan antara variabel independen dan dependen. Untuk memerkokoh fondasi dan ketetapan aspek permodelan, penguatan spesifikasi peruntukan MRA di ulas secara eksplisit. Mohon perhatikan Bab 3: Metode Penelitian (paragraf 4, hal. 7).

4) Results & Discussion

Masalah yang perlu diperbaiki

1. Multikolinearitas berat

- Korelasi MW–HD = 0.979 sangat tinggi, ini red flag kuat untuk multikolinearitas dan membuat koefisien interaksi/estimasi tidak stabil. Perbaikan: laporkan VIF/tolerance dan pertimbangkan entering/standardizing; atau evaluasi apakah MW dan HD sebaiknya tidak dimasukkan bersama tanpa strategi.
 - **Reply:** Mengikuti saran tersebut, kami mengimplementasikan diagnostik multikolinearitas menggunakan Variance Inflation Factor (VIF). Hasilnya menunjukkan bahwa nilai VIF tetap berada dalam kisaran yang dapat diterima. Selain itu, semua variabel prediktor telah dipusatkan pada nilai rata-rata sebelum membangun istilah interaksi untuk mengurangi multikolinearitas dalam analisis regresi moderasi. Nilai dan deskripsinya telah ditambahkan di Tabel 4 (simak hal 9–10).
2. Kesalahan narasi angka/interpretasi
- Di penjelasan Model 4, Anda menulis “predicted value for labor force participation is 3.642” padahal konstanta Model 4 adalah 65.456; 3.642 adalah konstanta Model 2. Ini perlu diperbaiki.
 - **Reply:** Kami akui bahwa ada kesalahan skor “konstanta” yang tertukar antara model 2 dan model 4. Mohon perhatikan kembali koreksi kecil pada paragraf di bawah Tabel 4 (hal. 10). Kemudian, pengetikan yang kurang cermat di model 3, khususnya baik hubungan FC maupun PG terhadap HD. Nilai yang seharusnya adalah nilai koefisien (β) dan bukan t-statistik.
3. Inkonsistensi “mediated” di hasil
- Anda menulis “mediated through minimum wages...” padahal yang diestimasi adalah moderated by (interaksi).
 - **Reply:** Kata “mediated” diganti dengan “moderated”. Kami mengajak anda untuk memeriksanya kembali uraian paragraf di bawah Tabel 3 (hal. 8).
4. Jumlah observasi pada Model 4 tidak konsisten
- Model 4 “Number of observations = 98” sementara variabel lain 42. Ini wajib dijelaskan, karena kesimpulan bergantung pada itu.
 - **Reply:** Persis dengan jawaban/respon perbaikan kami terdahulu (lihat tampilan baru di Tabel 4, hal. 9).

Perbaikan yang diminta

- Koreksi kesalahan konstanta/prediksi pada Model 4.
- **Reply:** Direvisi secara menyeluruh.
- Jelaskan dengan tegas: ini moderasi (bukan mediasi) jika tetap MRA.
- **Reply:** Perubahan dilakukan di semua isi makalah.

5) Conclusion

Masalah yang perlu diperbaiki

- Kesimpulan menyebut periode 2011–2014, padahal di awal disebut 2011–2024. Ini inkonsistensi yang harus diperbaiki.
- **Reply:** Setuju, ada inkonsistensi dalam penyebutan periode analisis dan penulis mengoreksinya. Mohon lihat perubahan di paragraf ke-1 di Bab Kesimpulan (hal. 12).
- Kesimpulan kembali memakai framing mediasi/moderasi secara campur.
Reply: Yang benar adalah “moderasi” dan semua framing yang berkaitan dengan itu direvisi.

Perbaikan yang diminta

- Betulkan periode penelitian (konsisten di seluruh naskah).
- **Reply:** *Clear.*
- Tulis ulang poin temuan sesuai model yang benar (moderasi vs mediasi) dan sesuai tabel hasil.

- **Reply:** Disesuaikan.

Red Flags (yang paling berpotensi menggururkan jika tidak dibenahi)

1. N observasi tidak jelas (14 tahun vs $N=42/98$) → validitas hasil dipertanyakan.
2. Konsep model salah kaprah (mediasi vs moderasi) → kesimpulan bisa keliru.
3. Time-series tanpa penanganan autokorelasi/stasioneritas + DW ekstrem → risiko spurious.
4. Multikolinearitas tinggi (MW–HD 0.979) → koefisien tidak stabil.

Rekomendasi akhir untuk penulis

Major Revision dengan prioritas perbaikan:

1. Jelaskan struktur data & jumlah observasi (kenapa 42/98) + perbaiki periode (2011–2024 vs 2011–2014).
2. Putuskan dan konsistenkan: moderasi (MRA) atau mediasi.
3. Tangani isu time-series minimal (autokorelasi + multikolinearitas) dan koreksi interpretasi yang salah.

Lampiran 3. Perbaikan Artikel (versi Koreksi)

EMPLOYMENT ABSORPTION CONDITIONS IN THE CAPITAL CITY OF NUSANTARA: AN ANALYTICAL

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Abstract

There have been few studies examining the link between open economic and demographic policies and the integration of socio-economic indicators into employment, particularly in developing markets. To address this gap in the literature, this scientific paper investigates the relationship between foreign investment capital and population growth on labor force participation, considering the moderating roles of minimum wages, economic growth, and human development. The study focuses on the Capital City of Nusantara (IKN) as a representation of a new economic growth center in Indonesia. Time-series secondary data from official government sources covering the period 2011–2024 were calculated using moderated regression analysis (MRA). **The empirical results reveal that foreign investment capital (FIC) has a negative and significant effect on minimum wages (MW) and the human development (HD), while population growth (PG) shows a positive association with regional economic growth (REG). Statistically, the interaction terms reveal that MW significantly moderate the relationship between FIC and labor force participation (LFP), whereas REG strengthens the effect of PG on LFP.** These findings suggest that additional macroeconomic components beyond the current model warrant the attention of policymakers and further research.

Keywords: Foreign investment capital, Population growth, Minimum wage, Regional economic growth, Human development, Labor force participation

A. INTRODUCTION

The relocation of the capital from Jakarta to East Kalimantan was prompted by a combination of ecological, demographic, and sustainable urban planning aspects. Jakarta currently faces significant polemics, including severe traffic congestion, air pollution, land subsidence caused by groundwater extraction and sea-level rise, and uneven regional development—where Java Island remains disproportionately dominant compared to other regions in Indonesia (Junadi et al., 2025; Rachmawati et al., 2024). The government believes that constructing a new capital city in East Kalimantan, designed as a forest city and smart city, will facilitate sustainable and equitable development while mitigating ecological risks that have not been adequately addressed in Jakarta (Rijanta et al., 2024). This initiative aligns with the provisions outlined in the Law of the Republic of Indonesia Number 3 of 2022 concerning the IKN.

The relocation of the national capital carries significant economic urgency, with proponents arguing that it will stimulate economic growth and promote regional diversification, especially in East Kalimantan province, which has long been heavily reliant on the extractive sector. Yusuf et al. (2023) estimate that East Kalimantan's gross regional domestic product (GRDP) will increase by 22%, while Jakarta's GRDP is expected to decline by approximately 7% in 2025 as the economy shifts toward the service sector. This sector typically absorbs more skilled labor and reduces dependence on carbon-intensive, natural resource-based industries. Concurrently, the relocation is closely linked to social incentives, such as empowering local residents as workers. The establishment of the IKN is predicted to generate spillover effects on the workforce in East Kalimantan and surrounding areas through extensive infrastructure development and the expansion of trade, construction, and complementary services such as hospitality and tourism (Althalets et al., 2025). Hotsawadi et al. (2025) identified that inclusive development of the IKN drives both output and labor absorption—particularly

in East Kalimantan—with the construction sector serving as the primary engine of job creation.

As is well known, the IKN infrastructure project during the 2022–2024 phase requires a workforce of around 260,000 people, most of whom are expected to come from local communities in East Kalimantan and the broader Kalimantan region. Nonetheless, the impact on open unemployment rates remains relatively small in several surrounding districts and cities (Subroto et al., 2024). When discussing employment, one commonly used indicator to assess the labor situation of the economically active working-age population is the labor force participation rate (LFPR/TPAK). This metric reflects the proportion of the productive-age population that is either employed or actively seeking work, thereby detecting whether the labor market is effectively absorbing the available workforce. According to the East Kalimantan Province Statistics Agency (BPS-Statistics) report (2025), the TPAK has shown fluctuations over time. Although the trend is relatively dynamic, averaging around 65.35%, the highest TPAK was recorded in 2011 at 68.51%, while the lowest was 62.39% in 2015 (see Figure 1).

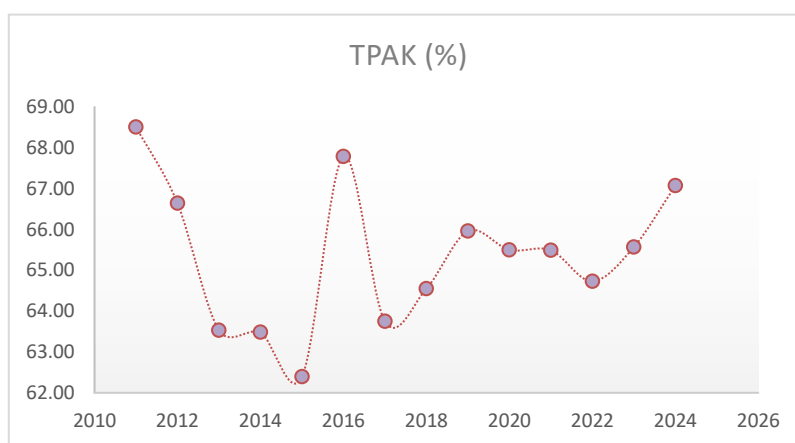


Figure 1. TPAK graph in East Kalimantan
Source: BPS-Statistics Kalimantan Timur Province, 2025(a)

The development of a labor participation model that incorporates foreign investment capital and population growth—both directly and indirectly through minimum wages, economic growth, and the Human Development Index (HDI)—is essential for understanding the structural dynamics of the labor market amid economic globalization and demographic pressures. Foreign direct investment (FDI) acts as a catalyst for economic growth and job creation; however, its impact on labor depends significantly on the quality of human resources and labor regulations, such as minimum wage policies (Tintin, 2012; Hohberg & Lay, 2015). Meanwhile, population growth increases labor supply, which, if not accompanied by inclusive economic growth and improvements in HDI, can lead to unemployment and social inequality (Feriyanto, 2016). This review is critical because these variables interact and form complex causal **relationships**, where minimum wages and HDI can serve as strategic mediators to enhance the positive effects of FDI and demographic changes on labor absorption (Sitompul & Simangunsong, 2019; Del Carpio et al., 2015). Such studies are vital for refining adaptive and equitable employment strategies, particularly in developing countries like Indonesia, which face parallel pressures from global investment and demographic dividends.

The novelty of observing the impact of foreign investment capital and population growth—moderated by minimum wages, economic growth, and human development—on labor force participation lies in several ideas. First, this interaction model refines previous studies by demonstrating that FDI and demographic factors do

not always directly influence labor force participation; rather, their effects depend on minimum wage regulations, economic capacity (growth), and human quality (*i.e.* HDI). Second, research of this nature remains scarce in the context of the development of IKN (the new capital city), offering new insights into labor transformation in regions experiencing significant investment and population migration. Third, the connection to the new capital city is particularly important, as the relocation of the capital triggers drastic shifts in local demographics, foreign investment flows, labor demand, and disparities in minimum wages and quality of life. Consequently, human development and economic growth serve as catalysts that determine whether labor force participation can be stimulated alongside development.

Furthermore, Raharjo (2024) asserts that development success indicators such as GRDP, provincial minimum wage (UMP), and FDI have a tangible impact on the HDI. In North Sumatra, it was found that economic growth, HDI, and minimum wages contribute to reducing unemployment rates, which are closely related to labor absorption from the workforce (Hidayat et al., 2023). According to Tuah et al. (2023), investment, economic growth, minimum wages, and HDI all significantly affect the reduction of the open unemployment rate on the island of Kalimantan. With the IKN serving as a major infrastructure program, accompanied by significant changes in population, foreign investment, minimum wage regulations, and human development that are not yet fully aligned, this study assists stakeholders in ensuring that the development of the IKN is not only substantial in terms of physical infrastructure but also prioritizes local labor absorption and quality of life improvement.

This scientific paper aims to explore the causal relationship between investment and population growth on labor force participation, with wages, economic growth, and human development serving as moderating factors. The object of this research is the IKN region, which reflects the economy of East Kalimantan. Notably, the development of the IKN area has experienced rapid growth from 2022 to the present. The findings of this study offer practical insights for government policies to systematically create new employment opportunities based on the aforementioned macroeconomic variables. What's more, this research contributes to academic discourse by addressing gaps in the literature on labor force participation.

Although this study focuses on the employment absorption dynamics associated with the development of IKN, the empirical analysis utilizes provincial-level data from East Kalimantan as a proxy unit of analysis. This approach is adopted because IKN is administratively located within East Kalimantan, and comprehensive macroeconomic time-series data specific to the core IKN area are not yet fully available for the study period (2011–2024). Therefore, provincial labor market indicators are assumed to capture the broader structural adjustments linked to the capital relocation process. Recent international literature on the relocation of national capitals and the development of strategic regional projects suggests that transforming a region into an alternative investment destination and a new administrative center tends to trigger structural adjustments in the regional labor market. Various empirical perspectives show that public sector infrastructure expansion drives employment opportunities not only in government administration and construction but also in other sectors through economic multiplier effects (Freitas, 2025; Hadiningrat, 2024; Jofre-Monseny et al., 2020; Li & Roy, 2020). Furthermore, the dynamics of population growth and investment flows accompanying the development of the IKN have been shown to contribute to labor force participation patterns, wage structures, and human development indicators at a broader regional level. In the context of IKN development, using East Kalimantan data as the unit of analysis is considered appropriate for capturing aggregate labor absorption trends, given that labor market impacts generally spread across the region and are not confined to the core administrative zone.

B. LITERATURE REVIEW

1. Theoretical Basis

The endogenous economic growth theory emphasizes that investment in human capital—through health and education—plays a fundamental role in boosting labor productivity, which in turn supports economic growth and human development. In the Indonesian context, although a large population can provide abundant labor, low-quality human capital can hinder economic growth. For example, a study by Najah et al. (2025) concludes that while population size positively affects economic growth, low-quality human capital diminishes this positive impact. In addition, investment in the health and education sectors has been shown to improve community quality of life, as reflected in the HDI. In Aceh province, human capital investment has contributed to improved economic performance and poverty reduction (Sartiyah et al., 2018).

The causality between investment, population growth, and economic growth is not always linear. Najiya and Hasri (2018) explain that although investment positively affects economic growth, population size and the HDI do not always have a significant direct impact in West Nusa Tenggara province. In principle, endogenous economic growth theory emphasizes the importance of investing in human capital to stimulate economic growth and sustainable human development. Yet, the effectiveness of such investments also depends on other dimensions, including infrastructure, government policy, and institutional quality.

2. Empirical Foundations

This scientific work focuses on labor force participation by emphasizing the macroeconomic components that directly and indirectly influence it, including investment, population, wages, economic growth, and human development. To date, few publications have comprehensively linked these five macroeconomic components to overall labor force participation. Nevertheless, several papers at local, national, and international levels have identified key determinants of labor absorption.

First, changes in the minimum wage can impact FDI positively by boosting productivity and quality incentives, or negatively by increasing labor costs, particularly in the short term. FDI itself has spillover prospects on local and domestic wages, but these effects vary significantly depending on the sector, company size, technology, and labor regulations. Population size often emerges as a key factor in moderating economic effects, particularly concerning labor demand, wage pressure, and service provision capacity, all of which influence productivity and competitiveness (Fan et al., 2018; Holl & Lork, 2025; Sepdianty & Tuah, 2024; Sitompul & Simangunsong, 2019; Sugiharto & Kurnia, 2016; Sultoni, 2020; Suwitra et al., 2024; Tegep et al., 2019). Drawing on these manuscripts, several research gaps emerge, notably the need to explore demographic variables—such as population size, growth, and the productive-age demographic—in conjunction with FDI and minimum wage policies. In the Indonesian context, numerous studies have examined the impact of minimum wage on investment, labor absorption, and unemployment; however, few have dissected how population growth **moderates these effects**. A key limitation concerns endogeneity: minimum wage levels may be set in response to economic conditions (such as FDI), complicating the determination of causal direction.

Second, investigations conducted by Appiah et al. (2019), Fazaalloh (2024), Li and Liu (2005), Primastuty et al. (2024), Setiyanto and Fitriady (2024), Sirag et al. (2025), and Yuliadi (2020) reveal several patterns regarding how population growth or population size is elaborated from a national perspective. This includes demographic factors such as the working-age population, which is often treated as an independent variable. On the other hand, population growth over time does not necessarily guarantee an increase in GRDP growth. It should be noted that high population growth can become a burden, especially if it is not accompanied by improvements in productivity,

human capital, and adequate public capacity or infrastructure. Some studies also indirectly modify demographic variables by focusing on absorptive capacity, which can be influenced by population size, age structure, and the quality of education and health. It is frequently observed that, *ceteris paribus*, FDI has an impressive effect on economic growth; however, the extent of its impact depends on internal factors such as the quality of institutions, human capital, infrastructure, technology absorption capacity, and fiscal and financial space. The effects of population growth are often indirect or dependent on transitional factors, such as whether population growth expands the productive labor force, the level of support for education and health, and the balance between the number of workers and available job opportunities. At a certain point, when population growth becomes too rapid and public, economic, or institutional capacity is insufficient, negative impacts on per capita growth may occur. National studies sometimes indicate that population growth does not necessarily stimulate local economic growth. This may be due to other more influential variables—such as investment, human capital, and institutional quality—or because the observation period is too short to capture the demographic effects.

Third, many references use human development as a proxy for the quality of population development. The pillars of education and health are often considered key dimensions of the HDI. Most journals in Indonesia state that population growth can become burdensome if it is not supported by elements such as education, human resource quality, and investment. FDI generally shows a positive correlation with HDI, especially in regions with sufficient absorption capacity, including infrastructure, education, health, and institutions. This relationship varies depending on the current level of human development, with areas exhibiting high HDI benefiting more from FDI than those with low HDI (Adamu et al., 2022; Dash et al., 2025; Emako et al., 2022; Giovanni & Faridatussalam, 2023; Pongge et al., 2025; Rezki et al., 2024; Sardar et al., 2022). Basically, few studies explore the direct interaction between FDI and population growth on human development within a single framework—that is, treating population growth and FDI alongside human development dimensions as independent variables. In fact, some studies include population only as a control or projection variable.

Fourth, few articles explicitly examine the **moderation causal** through which foreign investment capital and population growth influence labor force participation via minimum wages, economic growth, and human development. Most research focuses solely on their direct effects on labor force participation. Drawing on local and national literature, there is evidence that minimum wages, economic growth, and HDI are closely related to TPAK or employment-related variables, although the performance of FDI is sometimes suboptimal or location-dependent (Feriyanto, 2016; Matsuura & Saito, 2023; Sirait, 2020; Sitompul & Simangunsong, 2019; Tuah et al., 2023; Vidiana & Setyowati, 2023). From an international perspective, FDI also affects wages, income distribution, and labor demand by skill level, with minimum wages serving as a variable that differentiates the impact on minimum wage workers versus average wage workers (Fan et al., 2018; Lyu et al., 2025; Tintin, 2012). Besides, population growth is often included as a control variable rather than as a primary factor influencing employment through minimum wage and the HDI in this context, specifically TPAK. Few publications have rigorously examined the simultaneous relationships among foreign investment capital, minimum wage, human development, and economic growth on labor force participation using multiple **moderation**. International research encompassing all these variables—foreign investment, population growth, minimum wage, human development, and labor force participation—is scarce. In practice, local and Indonesian literature typically focuses on national or provincial levels and rarely addresses cities or districts with datasets that simultaneously link population growth, HDI, and minimum wages.

C. RESEARCH METHOD

This scientific paper adopts a quantitative approach to examine the relationship between foreign investment capital and population growth, **moderated** by minimum wages, regional economic growth, and human development, in relation to labor force participation, using a case study in IKN. As illustrated in Figure 2, the relationships investigated include both direct and indirect interactions. Hypotheses one (H1) through six (H6), represented by solid arrows, denote direct partial effects, while hypotheses seven (H7) through ten (H10), depicted with dotted arrows, visualize moderating effects.

The data were collected from secondary materials over a 14-year period (2011–2024) and obtained from government agencies. Online documentation techniques were used as the data collection instrument. Data processing tool was conducted using the MRA method. For further details, the definitions and measurements of the data variables are provided in Table 1 below.

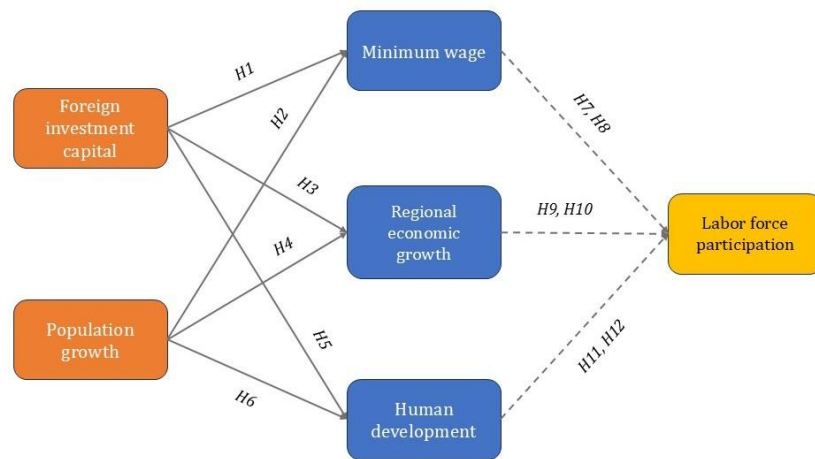


Figure 2. Research concept

Table 1. Operational definition of variable data

| Variables (code) | Data | Source of data | Parameters |
|----------------------------------|--|--|----------------|
| Labor force participation (LFP) | Percentage of the labor force relative to the population aged 15 years and older | BPS-Statistics Kalimantan Timur Province (2025a) | Percentage (%) |
| Foreign investment capital (FIC) | Realization of foreign investment for business operations in Indonesia | BPS-Statistics Kalimantan Timur Province (2025b) | Thousand US\$ |
| Population growth (PG) | Changes in population size over time | BPS-Statistics Kalimantan Timur Province (2025c) | Percentage (%) |
| Minimum wage (MW) | The minimum wage that employers are legally required to pay workers, as established by the provincial government | BPS-Statistics Kalimantan Timur Province (2025d) | Rupiah (IDR) |
| Regional economic growth (REG) | Change in GRDP based on constant prices from one period to the another | BPS-Statistics Kalimantan Timur Province (2025e) | Percentage (%) |
| Human development (HD) | An index that measures human development achievements across three fundamental dimensions: (1) a long and healthy life, (2) knowledge, and (3) decent living standards | BPS-Statistics Kalimantan Timur Province (2025f) | Index number |

Using the MRA method, six versions of econometric equations were developed. Equations 1, 2, and 3 represent the direct **relationships** for the minimum wage model,

regional economic growth model, and human development model, respectively, each influenced by foreign investment capital and population growth. Equations 4, 5, and 6 illustrate the indirect effects on the labor force participation model, which is determined by foreign investment capital and population growth, with minimum wages, regional economic growth, and human development serving as moderating variables. The econometric equations are presented below:

$$Y_1MW = \alpha_1 + \beta_1FIC + \beta_2PG + \mu_1 \quad (1)$$

$$Y_2REG = \alpha_2 + \beta_3FIC + \beta_4PG + \mu_2 \quad (2)$$

$$Y_3HD = \alpha_3 + \beta_5FIC + \beta_6PG + \mu_3 \quad (3)$$

$$Y_4LFP = \alpha_4 + \beta_1FIC + \beta_7MW + \beta_8(FIC \times MW) + \beta_2PG + \beta_7MW + \beta_9(PG \times MW) + \mu_4 \quad (4)$$

$$Y_5LFP = \alpha_5 + \beta_3FIC + \beta_{10}REG + \beta_{11}(FIC \times REG) + \beta_4PG + \beta_{10}REG + \beta_{12}(PG \times REG) + \mu_5 \quad (5)$$

$$Y_6LFP = \alpha_6 + \beta_5FIC + \beta_{13}HD + \beta_{14}(FIC \times HD) + \beta_6PG + \beta_{13}HD + \beta_{15}(PG \times HD) + \mu_6 \quad (6)$$

Explanation of symbol notation; Y is an endogenous variable, α = intercept, β = regression coefficient, x = interaction between exogenous variables and moderating variables, and μ = stochastic.

In MRA, both main effects and interaction effects are included in the regression model. The main effects represent the direct influence of the independent variables and the moderator on the dependent variable, while the interaction terms capture the moderator's role in altering the relationship between the independent and dependent variables. The scenario for determining the hypothesis assumptions is based on the following two criteria:

- Null hypothesis (H_0): $\beta = 0$ or $\beta < 0$, if a negative effect is suspected between the exogenous variable and the endogenous variable.
- Alternative hypothesis (H_a): $\beta \neq 0$, or $\beta > 0$ if a positive effect is suspected between the exogenous and endogenous variables.

D. RESULTS AND DISCUSSION

1. Main Findings

Descriptive statistics and Pearson correlations are summarized in Table 2. The descriptive statistics reveal a diverse distribution of data, partly because several variables share similar units of measurement, while others differ. For example, labor force participation, population growth, and regional economic growth are all measured as percentages (%). In contrast, foreign investment capital and minimum wages are both measured in nominal terms but use different currencies: foreign investment capital is expressed in thousands of US dollars (US\$), whereas minimum wages are denominated in Indonesian rupiah (IDR). Then, human development is measured on an index scale. When the variables are ranked by their mean, maximum, and minimum values from highest to lowest, minimum wage exhibits the highest values, while regional economic growth shows the lowest.

Table 2. Descriptive statistics and correlation tests

| Var. | Mean | Max. | Min. | (1) | (2) | (3) | (4) | (5) | (6) |
|------|-------------|-----------|-----------|--------|-------|--------|-------|--------|-------|
| FIC | 1,319,375.4 | 2,529,900 | 378,027 | 1 | -.144 | -.602* | -.124 | -.524 | -.247 |
| PG | 3.6 | 22.1 | .84 | -.144 | 1 | .023 | .193 | .047 | .140 |
| MW | 2,375,480.3 | 3,360,858 | 1,084,000 | -.602* | .023 | 1 | .198 | .979** | -.076 |
| REG | 3.5 | 6.5 | .38 | -.124 | .193 | .198 | 1 | .337 | .483 |
| HD | 75.4 | 78.8 | .72 | -.524 | .047 | .979** | .337 | 1 | .016 |
| LFP | 65.4 | 68.5 | 62.4 | -.247 | .140 | -.076 | .483 | .016 | 1 |

Source: secondary data was tabulated using SPSS software.

Noted: *probability of 5% and **probability of 1%.

Table 2 also displays the statistical output of Pearson's correlation test (r), which assesses the linear relationship between two variables. According to Ulfah et al. (2025), the correlation coefficient ranges from -1 to $+1$ and can be classified as follows: (1) $r = +1$ indicates a perfect positive linear relationship, (2) $r = -1$ indicates a perfect negative linear relationship, and (3) $r = 0$ indicates no linear relationship. It is important to note that Pearson's correlation does not imply causation; it only measures the degree to which two variables move together linearly. Specifically, the results of the Pearson correlation test verified three distinct categories. At a probability threshold of 5%, a strong negative linear relationship was found between minimum wage and foreign investment capital, with a significant correlation coefficient of $r = -0.602$. At a 1% probability threshold, a strong positive linear relationship was confirmed between minimum wage and human development, with a significant correlation coefficient of $r = 0.979$. As well, many variables did not exhibit significant linear relationships at either the 5% ($p < 0.05$) or 1% ($p < 0.01$).

Next, assess the reliability of the model using the coefficient of determination (R^2) and test for residual autocorrelation with the Durbin-Watson (DW) statistic. A high R^2 coefficient indicates that the model fits the data well statistically, but it does not guarantee that the model is correct or unbiased. It is important to adjust for R^2 bias, as R^2 can increase simply by adding variables, even if those variables are not significant. Methodologically, the DW test detects linear autocorrelation between sequential residuals and is particularly relevant for time-series regression data. Adapted from Komarlina et al. (2025), the interpretation of DW statistics ranges from 0 to 4 as follows: (1) $DW = 2$ implies no autocorrelation, (2) $DW < 2$ implies positive autocorrelation, and (3) $DW > 2$ implies negative autocorrelation.

Table 3. Model feasibility and autocorrelation test

| Items | MW (Model 1) | REG (Model 2) | HD (Model 3) | LFP (Model 4) |
|----------------------------|-----------------|------------------|-----------------|------------------|
| R^2 | .367 | .047 | .275 | .705 |
| Adjusted R^2 | .251 | -.127 | .143 | .481 |
| Std. error of the estimate | 628,655.2 | 2 | 1.9 | 1.7 |
| Durbin-Watson | 2.658 | .593 | .644 | 3.377 |
| 95% CI for lower bound | 2,372,339.6 | .554 | 74.8 | 60.2 |
| 95% CI for upper bound | 4,278,087.1 | 6.7 | 80.6 | 70.7 |

Source: secondary data was tabulated using SPSS software.

First, the R^2 coefficient in Model 1 reached 25.1%, indicating that variations in minimum wages can be explained by foreign investment capital and population growth, while 74.9% of the variation remains unexplained by the model. The DW statistic for Model 1 is 2.658, suggesting the presence of negative autocorrelation (since $2.658 > 2$). Second, Model 2 has an R^2 of only 4.7%, implying that the regression model has very weak predictive power. Most changes in regional economic growth—approximately 95.3%—are likely influenced by factors other than investment capital and population growth. The low R^2 coefficient also indicates that adding these exogenous variables has little substantive effect. Additionally, Model 2 exhibits positive autocorrelation, as indicated by a DW value of 0.593 (less than 2), which is a common issue in time series data. Third, Model 3, with an R^2 of 27.5%, indicates that 72.5% of the variance in human development is explained by factors other than foreign investment capital and population growth. The DW statistic of 0.644 (less than 2) suggests the presence of positive autocorrelation. Fourth, the labor force participation model (Model 4) has an R^2 of 70.5%, confirming that foreign investment capital and population growth—**moderated** through minimum wages, regional economic growth, and human development—moderately explain the variation in labor force participation, with 29.5%

attributed to other variations. The DW value of 3.377 (greater than 2) in Model 4 indicates negative autocorrelation. Overall, the data from all four models are appropriate for regression (see Table 3).

The results of the regression models, including the constant, simultaneous, partial, and moderation effects, evaluated at significance levels of 1% ($p < 0.01$) and 5% ($p < 0.05$). In Model 1, the intercept is positive ($\alpha = 3,325,213.4$) when the exogenous variables are held constant. The F -test probability value ($p = 0.007$) indicates that the exogenous variables are simultaneously significant in explaining the minimum wage model. Partially, foreign investment capital ($\beta = -0.611$; $p = 0.028$) and population growth ($\beta = -0.065$; $p = 0.793$) both have negative effects on minimum wages; however, only foreign investment capital has a statistically significant effect. In Model 2, the intercept is also positive ($\alpha = 3.642$), indicating that if all exogenous variables are zero, the predicted value for regional economic growth is 3.642. The F -test shows that the exogenous variables simultaneously influence regional economic growth significantly ($p = 0.039$). Partially, foreign investment capital has a negative but insignificant impact ($\beta = -0.099$; $p = 0.747$), whereas population growth significantly and positively affects regional economic growth ($\beta = 0.179$; $p = 0.036$). Similar to Model 1, where the intercept value is positive ($\alpha = 77.722$), Model 3 also shows a positive intercept when the exogenous variables are held constant. The F -test probability value ($p = 0.014$) shows that the exogenous variables are simultaneously significant in explaining the human development model. Partially, foreign investment capital ($\beta = -0.528$; $p = 0.047$) and population growth ($\beta = -0.028$; $p = 0.915$) both have negative effects on human development; however, only foreign investment capital has a statistically significant impact.

Table 4. Regression result recapitulation

| Variables | MW (Model 1) | REG (Model 2) | HD (Model 3) | LFP (Model 4) |
|------------------------|----------------------------|---------------------------|----------------------------|-----------------------------|
| FIC | -.611* (.028) [.979] | -.099 (.747) [.979] | -.528* (.047) [.979] | |
| PG | -.065 (.793) | .179* (.036) | -.028 (.915) | |
| FIC x MW | | | | .293* (.029) [.058] |
| PG x MW | | | | -4.865 (.524) [.001] |
| FIC x REG | | | | .891* (.045) [.091] |
| PG x REG | | | | -2.238 (.671) [.003] |
| FIC x HD | | | | -1.268 (.443) [.029] |
| PG x HD | | | | 7.005** (.003) [.001] |
| Constant | 3,325,213.4** (.006) | 3.642* (.025) | 77.722** (.000) | 65.456** (.000) |
| Std. error | 432,930 | 1.403 | 1.335 | 2.209 |
| F-statistics | 3.184** (.007) | 1.269* (.039) | 2.088* (.014) | 1.192* (.020) |
| Number of observations | 14 | 14 | 14 | 14 |

Source: secondary data was tabulated using SPSS software.

*Noted: *probability of 5% and **probability of 1%.*

Referring to Table 4, it can be observed that Model 4 has a positive intercept value ($\alpha = 65.456$). This indicates that if all exogenous variables and their moderating effects are zero, the predicted value for labor force participation is **65.456**. The F -test results, with a significance level below 5% ($p = 0.02$), show that the exogenous variables, through the interaction with moderating variables, simultaneously affect labor force participation. Specifically, foreign investment capital moderated by minimum wages ($\beta = 0.293$; $p = 0.029$) and regional economic growth ($\beta = 0.891$; $p = 0.045$), as well as population growth moderated by human development ($\beta = 7.005$; $p = 0.003$) have a significant positive impact on labor force participation. Although, population growth moderated by minimum wages ($\beta = -4.865$; $p = 0.524$) and regional economic growth ($\beta = -2.238$; $p = 0.671$), as well as foreign investment capital moderated by human development ($\beta = -1.268$; $p = 0.443$) show no significant relationship with labor force participation.

As shown in Table 2 above, the correlation between MW and HD was relatively high ($r = 0.979$), indicating potential multicollinearity. To address this issue, multicollinearity diagnostics were conducted by examining the Variance Inflation Factor (VIF) and tolerance values. All variables involved in the interaction term were mean-centred prior to creating the interaction term to mitigate multicollinearity symptoms in the MRA. The general standard applied for VIFs is that multicollinearity is indicated if the tolerance is ≤ 0.1 ; conversely, there is no multicollinearity if the tolerance is > 0.1 . Consequently, Models 1, 2, and 3 show that the VIF values remain within the acceptable range. However, this is not the case in Model 4, where all tolerance values are below 0.1, indicating strong multicollinearity among the independent variables. This condition suggests that the variables are highly correlated, which can cause instability in the regression coefficient estimates and warrants further investigation in future research.

2. Implications

In this session, the main findings related to the argumentative analysis model were discussed. First, H1 and H2 indicate that foreign investment capital and population growth reduce minimum wages, which contradicts the proposed hypothesis. Foreign investment can lower minimum wages if foreign companies introduce relatively capital-intensive technologies and weaken the bargaining power of local workers. This phenomenon is evident in Vietnam, where the presence of FDI actually suppresses average wages in domestic companies by approximately one percent for every one percent increase in FDI, despite FDI companies paying higher wages (Nguyen et al., 2019). Rapid population growth can increase the labor supply, thereby intensifying competition among workers and tending to suppress wages, especially for low-skilled workers. In the USA, Newman (2003) found that Hispanic population growth in rural areas weakened wages for skilled workers, such as high school graduates.

Second, H3 affirms that foreign investment capital reduces regional economic growth, thereby contradicting the proposed hypothesis. Interestingly, population growth actually promotes regional economic growth, meaning it is directly proportional, and H4 is accepted. Notwithstanding some studies suggest that FDI typically drives economic growth, in certain cases it can reduce the growth rate if foreign funds are directed toward low-productivity primary sectors or if they are not accompanied by improvements in human capital, infrastructure, and institutions. Conversely, population growth—especially when accompanied by an increase in the productive labor force and higher domestic consumption—can stimulate economic growth by expanding the market, labor supply, and consumption base. This fact is supported by Emako et al. (2022), who report that FDI in the tertiary sector negatively affects growth in some

developing countries because it flows into non-productive service sectors. As noted by Steven et al. (2024), population growth has a concrete impact on economic growth when macroeconomic components such as inflation are controlled.

Third, H5 and H6 were rejected because foreign investment capital and population growth actually reduce human development. Although foreign investment often targets human development as a Sustainable Development Goal (SDG) through technology transfer, job creation, and income improvement, some manuscripts show that FDI can gradually decrease the HDI, especially in countries with low HDI. This occurs when foreign investment focuses primarily on extractive or capital-intensive sectors that neither absorb local labor nor improve health and education systems. This perspective is reinforced by Adamu et al. (2025), who found that FDI has a significant negative effect on HDI in the lower HDI quantiles in West Africa. Conversely, rapid population growth in developing countries, without corresponding increases in the capacity of health, education, and infrastructure systems, exacerbates social and environmental burdens, ultimately reducing the quality of life per individual and causing an average decline in human development (Ahlburg et al., 1996; Sapkota, 2014).

Fourth, foreign investment capital can increase labor force participation through minimum wages and regional economic growth as well as population growth driven by human development, thereby accepting H7, H9, and H12. Foreign investment capital enhances labor force participation when minimum wage policies and economic growth conditions are favorable. For instance, raising minimum wages to a level that sufficiently incentivizes workers to transition from the informal or household sectors into the formal labor market, combined with economic growth that generates adequate employment opportunities, can boost labor participation. In Indonesia, investment and minimum wage variables simultaneously have a significant impact on labor absorption; thus, when economic growth is also robust, the positive effect of FDI on labor force participation is amplified (Ummah & Yasin, 2021). Furthermore, population growth accompanied by improvements in human development—such as enhanced education, health, and access to opportunities—can substantially increase labor force participation by expanding the productive-age population and improving human capital quality, resulting in more individuals being both able and willing to work. Bloom and Freeman (1986) observed that population growth expands the labor supply and, when accompanied by investment in human capital, can drive the transition from the agricultural sector to the more productive industrial and service sectors, thereby reducing barriers to labor absorption. In addition, Bloom et al. (2018) mention that countries with low and medium HDI scores stand to benefit greatly from changes in age structure, which result in a higher proportion of working-age individuals in the population, along with increased labor force participation in certain age groups.

In other cases, population growth driven by minimum wages and regional economic growth, along with foreign investment capital through human development, can reduce labor force participation. Consequently, three hypotheses—H8, H10, and H11—are rejected. Rapid population growth can strain the regional labor market, particularly if it is not accompanied by sufficient job creation and increased productivity. Globally, minimum wages that do not align with productivity or living costs can worsen this situation, especially in regions experiencing slow economic growth. Such disparities may diminish incentives for individuals to join the labor force, especially among younger people and women, who tend to be more sensitive to economic conditions and wage levels. Gindling and Terrell (2010) argue that in developing countries, excessively high minimum wages can reduce formal sector employment, pushing workers into the informal sector or out of the labor force entirely. Klasen et al. (2019) highlight that economic structural aspects—including regional disparities, differences across economic sectors, and social norms—affect female labor

force participation rates unevenly both between and within countries. Indeed, uneven economic growth across regions can create disparities in employment opportunities, negatively impacting labor force participation in low-growth areas (World Bank, 2019). Essentially, this economic growth is superficial and fragile; although growth figures may appear to be rising, they do not reflect a sustainable improvement in the community's real welfare.

E. CONCLUSION

The purpose of this scientific paper is to examine the relationship between foreign investment capital and population growth on minimum wages, regional economic growth, and human development, as well as their implications for labor force participation in the IKN. Using the MRA method over the period 2011–2024, five valuable findings emerged: (1) In both the first and third models, foreign investment capital and population growth reduce minimum wages and human development; (2) In the second model, foreign investment capital is shown to reduce regional economic growth, whereas population growth actually increases it; (3) Minimum wages and regional economic growth play a crucial role in the relationship between foreign investment capital and labor force participation, but neither moderates the relationship between population growth and labor force participation; and (4) Ironically, foreign investment capital moderated by human development actually reduces labor force participation, which contrasts with the positive effect of human development in realizing population growth that drives labor force participation.

One of the root causes of low labor force participation in IKN is the lack of foreign investment to stimulate wage increases, economic growth, and human development advancement. Similarly, population growth has not been matched by relevant labor market demand. In other words, the expanding population of IKN has not been optimally absorbed into the labor market. Moreover, even when individuals are employed, they often receive wages below the minimum standard, which only marginally contributes to economic growth and human development necessary for sustainable employment. The research findings recommend that the government, as the policymaker on employment, initiate a restructuring of investment programs to promote the engagement of the working-age population in labor-intensive sectors. To cultivate a high-quality workforce, adequate access to education and health insurance—such as skills training and the enhancement of health infrastructure—is essential. Another recommendation is that the minimum wage determination process must rigorously consider the cost of living through strict oversight. By focusing on attracting investment capital and adopting a more comprehensive approach to population growth, it is possible to improve wage standards, foster inclusive economic growth, and promote positive human development that synergizes effectively with local labor force participation.

The originality of this scientific work lies in its conceptual framework, which integrates and elaborates on socio-economic, demographic, and employment policy components into a model that can be further refined. Although this concept represents a breakthrough in deepening and enriching the limitations of empirical foundations, the use of methods and data characteristics remains a point of weakness. Future studies should aim to refine data decomposition techniques to break down time series data into multiple constituent components, allowing for clearer identification of specific patterns. Additionally, it is recommended to incorporate comparative quantitative methods beyond MRA with extended long-term observations.

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