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SUBMISSION

Authors	Mukhlis Mukhlis
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Author comments	

Dear Chief Editor IJEFI,

I am very interested in submitting articles to fit in your journal. For information, I have previously submitted an article and published in your journal. Therefore, I would like to thank you Here I send back the article of our research results Hopefully, it can be published in your journal.

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AUTHORS

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Bio Statement   Department Economic & Development
Principal contact for editorial correspondence.

TITLE AND ABSTRACT

Title   Effect Of Investment On Employment In The Formal Small Industries In The District/ City of South Sumatra Province, Indonesia

Abstract

This study aimed to analyze the effect of the investment on employment in the formal small industries in the district/ city of South Sumatera Province. The data used are secondary data obtained from the publication of the Department of Industry and Trade of South Sumatera Province. The analytical method used is a quantitative analysis of panel data regression analysis equipment. The results showed that investment significantly positive effect on employment in the formal small industries in the district/ city of South Sumatera Province.

Keywords: Investment; Employment; Formal Small Industry
JEL Classification: L00

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Agencies   Taufiq, Economic Faculty, Sriwijaya University, South Sumatra Indonesia

Dear Prof. Ilhan OZTURK

Here I give the answers to the questions in our paper:

AQ1:Kindly provide author full name
Answer:

My full name and recorded in the civil registry agency is "MUKHLIS". While the last name listed on my google account only customary title/ethnicity, not the last name or family name. Similarly, the numbers behind the user's email, it's the only code I use on the recommendation of google when creating the email account. So no need to be included as my last name.

AQ2:Kindly provide page number
Answer:

Bustam, N.H. (2016), Effect of number of units, gross domestic product, investment and micro, small and medium enterprises of the Indonesian labor absorption in the period 2009-2013. Kutubkhanah: Religious Social Research Journal, 19(2), 250-261.

AQ3:Kindly provide web link
Answer:

Riezky, N. (2013), The Role of Investment Development Performance Indonesia. Available from: https://ardana45.wordpress.com/2013/05/14/the role-investment-in-development-economic-in-indonesia-byi-ketut/ [https://ardana45.wordpress.com/2013/05/14/peranan-investasi-dalam-pembangunan-ekonomi-di-indonesia-olehi-ketut/]

AQ4:Kindly cite Tables 1-5 and 7 in the text part
Answer:

Here's our explanation regarding question # 4:

Table1:
The data in Table 1, have been cited/ described on page 2 in paragraph 4 ...
"Based on Constitution No. 20 of 2008 about micro, small and medium enterprises, there are several criteria scale enterprises can be classified into micro, small businesses, and medium-sized businesses as follows:"

[Source: The Ministry of Interior of the Republic of Indonesia. 2008. Constitution No. 20 (2008). Available from http://www.kemendagri.go.id/produk-hukum/2008/07/04/undang-undang-no-20-tahun-2008]

Table 2:

The data in Table 2, have been cited/ described in section 5.1 (page 4).

.... As shown in Table 2, Palembang, MUBA, and Pagar Alam is a district/city having a number of formal small industry business over a thousand units in 2014-2016. During from 2006 to 2016 Palembang is a district/ city by the most number of formal small industry, average 24.2% of total formal small industry in the province of South Sumatra"

[Source: Department of Industrial and Trading of South Sumatra Province. 2017. Development of Small Industry Formal Business Unit in the District / City of South Sumatra province. Available from: www.sumsel.go.id]

Table 3:

Explanation of Table 3 is on page 6, in the estimation model (5.4)

5.4.1. Chow test

This test is used to select the model on panel data regression of choosing fixed effects (fixed effects model) or select common effects (fixed coefficient models). Initial hypothesis of this test is as good fixed effects model with fixed coefficient models (Baltagi, 2005).

As shown in Table 3, Chow test show that the value of Chi-square cross section 0.000<0.05 with 95% significance level (α = 5%), then Ho is rejected, therefore, according to Chow test model used is the fixed effects model.

Table 4:

Explanation of Table 4 is on page 6, in the estimation model (5.4)

5.4.2. Hausman test

Hausman test performed to select a random effects model or fixed effects model. The test is to see whether there is a relationship between the error in the model (composite error) with one or more explanatory variables (independent variables) in the model. Her null hypothesis is there is no relationship between error models with one or more explanatory variables (Baltagi, 2005).

As shown in Table 4, Hausman test shows that the value of a random cross-section of 0.1541>0.05 then the null hypothesis is accepted, so the Hausman test according to the model used is random effect model.

Table 5:
Explanation of Table 5 is on page 6, in the estimation model (5.4)

    5.4.3. LM test

    LM test is used to ensure that the model will be used. The basis of the Hausman test is done when the fixed and random test results are not consistent. For example, the Chow test, a suitable model is the fixed effects model, but at the time of the Hausman test, a suitable model is random effects model.

    So as to decide the model that will be used to test the LM.

Table 7:
Explanation of Table 7 is on page 7, in the estimation model (5.4)

    ..... Here the value of the intercept each regency/municipal research sites:

    Table 7 shows that the value of the highest intercept is Palembang and the low one is Pagar Alam. This shows how much difference the random error component of Palembang and Pagar Alam with an average intercept value of 6 district/city other research areas. This also shows that compared with 6 district/cities the formal small industry in Palembang able to absorb most of the workforce is high, while the formal small industry in Pagar Alam has the employment rate is the lowest.

That's all my answer. Hopefully acceptable. I am waiting for more information. thanks.

Best regards

Mukhlis

Effect of Investment on Employment in the Formal Small Industries In the District/City of South Sumatra Province, Indonesia

Saadah Yuliana[1], Bernadette Robiani[2], Mukhlis[3]*

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ABSTRACT

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