

ABSTRACT

This study analyses the factors affecting labour demand in Indonesia for the period 2015-2023. The background of this study is based on the importance of inclusive and stable economic growth to improve people's welfare through increased employment opportunities. Labour demand in this study is measured based on several main variables, namely real wages, gross regional domestic product (GRDP), and investment. The analysis method used is Fixed Effect Model (FEM) Panel Data.

This study uses secondary data obtained from the Central Bureau of Statistics and other relevant reports. The result shows that partially, wage and GRDP have significant influence on labour demand while investment has no partial effect on labour demand. Simultaneously, real wage, GRDP and investment also significantly affect labour demand in Indonesia.

The findings of this study are expected to contribute to the development of economic theory related to factors affecting labour demand and provide policy recommendations for the government in an effort to reduce unemployment and increase economic growth.

Keywords: *Labour Demand, Real Wage, Gross Regional Domestic Product (GDRP), Investment, Fixed Effect Model (FEM)*

