

THE ANALYSIS INFLUENCE ECONOMY GROWTH, LABOR EDUCATION LEVEL AND INTEREST RATE ON INVESTMENT IN MALUKU PROVINCE

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ABSTRACT

Investment in Maluku from year to year grows slowly, compared to its potential. To overcome the obstacles that hinder investment, the policies established by the regional government include accelerating the development and preparation of infrastructure supporting investment activities, creating a more conducive investment and business climate in the regions, developing human resources, both government and business actors in the regions. There are three variables, namely *Economic Growth, Education and Interest Rates*. The method of analysis used is multiple linear regression analysis. On result regression seen that the growth variable economy have connection positive, this is indicated by score coefficient as big as 5.363299 and has a significant influence significant to investment with a probability value of 0.0005. There is a positive relationship between the education level of the workforce and the level of investment with a coefficient value of 0.160310. and very significant with a probability value of 0.0001. The interest rate has a negative effect on investment, with a coefficient value of -1.333418 meaning that an increase in the interest rate by 1% will also reduce investment by -1.333418 although the coefficient value is not significant.

Keywords

Interest Rate; Economic Growth; Education; Investment

INTRODUCTION

Economic growth driven by consumption tends not to be good for the economy because in the long run it will only lead to an increase in the price level if it is accompanied by an increase in production. In the long term, a country's economy is said to be good if it relies on production and investment. High domestic investment will help increase national production capacity and industrial competitiveness. The increase in investment turned out to be compensating for other economic factors. One of them contributed to the high rate of inflation.

The most appropriate solution to overcome high inflation is to increase interest rates. However, high interest rates have an impact on the high cost of capital, so that the level of investment decreases (Prasetiantono, 1995). In some developing countries, empirical evidence shows that investment spending is generally inelastic to interest rates. This fact shows that the cost of paying interest rates is small relative to the total cost of investing in developing countries (Chatak, 1981). This fact is caused more by non-economic factors that affect the inefficiency of interest rates on investment.

In the midst of a global and national economic slowdown in 2014, the economy of Maluku Province was actually able to grow 6.7 percent higher than the previous year's growth of 5.3 percent or national economic growth of 5.0 percent. On the demand side, based on the report of the Monitoring and Control Team Regional Inflation (TPID) Maluku Province, Maluku's economic growth was mainly supported by components of

government consumption, household consumption and gross domestic fixed capital formation (investment) which contributed to Maluku's economic growth of 14.42 percent, 6.00 percent and 1.10 percent.

Meanwhile, other components, namely non-profit consumption of non-profit institutions serving households (LNPR), foreign exports and foreign imports contributed 0.09 percent, 0.66 percent and 0.77 percent. On the supply side, Maluku's economic growth was supported by the performance of the categories of agriculture, forestry and fisheries, financial services and transportation and warehousing with a share of 0.68 percent, 0.58 percent and 0.39 percent, respectively. This is different when using the Gross Regional Domestic Product (GRDP) with a base year of 2000, where Maluku's economic growth is driven by the main sectors of trade, hotels and trade (PHR), the agricultural sector and the services sector.

Then it comes to Quarter I 2020 Numbers growth Indonesian economy . If you see from year to year in the same period (year on year/ yoy), growth Indonesia's economy in the first quarter of 2020 against the first quarter of 2019 grew by 2.97 percent . This thing not free from impact negative for COVID-19 which causes many restrictions on the movement of people and movement goods so that follow hinder production , and distribution of the business world . Whereas if seen quarter , growth the Indonesian economy in the first quarter of 2020 against quarterly previously experience contraction by 2.41 percent (q-to-q).

From the side q-to-q production , decrease caused by contractions that occur in some field effort . From the side expenses , decrease caused by contraction of the entire component expenditure .

However, in 2020 Maluku's economic growth was still higher than regional economic growth of 4.01%, while Sulampua's economic growth was recorded to grow 3.56% (yoy) in the first quarter of 2020

In addition, in Maluku province itself, it can be seen that the disparity in education between regions is quite high. Ambon City, apart from being the center of government and economic center, has a fairly good demographic composition in terms of education, where 45.24% of the people have completed high school education, and 15.5% are people with higher education (D1, D2, D3, D4, S1, S2) .,S3), while in the other 10 regencies/cities none of the population has a higher education level of more than 10%.

This will directly affect the low quality of regional development as well as the quality of individual incomes in the region because a person's tendency to get a job and a decent income is the level of education. The low level of education also contributes to the increase in poverty rates in Maluku. Unequal education, both in terms of infrastructure, in terms of teacher availability and teacher quality also has an influence on the quality and quantity of an educated workforce in Maluku.

Based on the data, the realization of domestic investment in Maluku province is still very low and tends to decline, this is partly due to the slowing absorption of local government capital expenditures sourced from the APBN which also affects the slowing trend in net investment in Maluku. The value of capital expenditures sourced from the APBN is greater than the value of capital expenditures originating from the APBD so that the capital expenditures of the APBN have a greater impact on investment performance in the Maluku economy.

Meanwhile, the value of foreign investment in Maluku also experienced the same thing which tended to decline until 2018, this can be identified as the low level of foreign investor confidence in the performance of economic actors in the Maluku region so that it also affects the investment value, in addition to the inadequate regional infrastructure. as a supporter of economic growth can also be categorized as a factor that hinders the development of investment in Maluku, especially the geographical condition of Maluku which is an archipelago.

To overcome the obstacles that hinder investment, the policies established by the Regional Government, among others, are the acceleration of development and preparation of infrastructure supporting investment activities, creating a more conducive investment and business climate in the regions, providing one-stop investment licensing services, developing human resources, both government actors and business actors in the regions, carry out the effectiveness of the implementation of investment promotion activities at home and abroad, information services via the internet, socialization to the public, increasing control and supervision of investment in the regions, as well as improving the quality of data and information on investment in the regions.

The main economic forces that determine investment are the return on investment costs determined by interest rate and tax policies, as well as expectations about the future (Samuelson & Nordhaus, 2009). In macroeconomics, investment can be interpreted as public expenditure to obtain new capital tools. Therefore,

the total investment that occurs in an economy is partly in the form of purchasing new tools to replace uneconomical capital tools to be used again and partly in the form of purchasing new capital tools to increase the capital stock. On the other hand, investment is defined as expenditure from the producer (private) sector for the purchase of goods or services to increase the stock of goods and expand the company.

Investment is one of the important components in GNP. Investment has an important role in aggregate demand. First, investment spending is more volatile when compared to consumption spending, so fluctuations in investment can cause a recession. Second, that investment is very important for economic growth as well as improvements in labor productivity. Economic growth is highly dependent on labor and the amount of capital stock (Eni & Siti, 2007).

Interest Rate is the price of the use of investment funds. Interest rate is one indicator in determining whether someone will invest or save (Boediono, 1994). If in an economy there are members of society who receive income in excess of what they need for their consumption needs, the excess income will be allocated or used for saving. Offers for loanable funds are formed or obtained from the total savings of the public in a certain period. On the other hand, during the same period, community members need funds for operations or business expansion. The classical theory states that interest is the price of loanable funds (investment funds) thus interest is the price that occurs in the market and investment. According to Keynes's theory, the interest rate is a monetary phenomenon. This means that the interest rate is determined by the supply and demand for money (determined in the money market).

Interest is the price of the use of loanable funds or in other terms is the price of investment funds. According to the classical theory of interest is the price that occurs in the investment fund market. Where in a period of people whose income exceeds what is needed for consumption in a certain period.

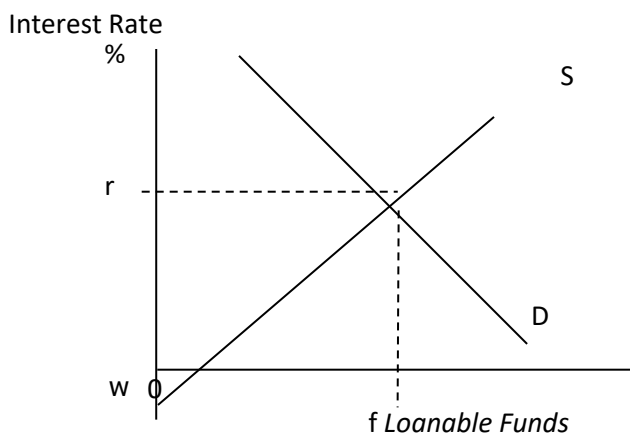


Figure 1. Relationship between Interest Rates and Investment

Source: Mankiw 2013

Figure 1 shows the interest rate that balances the supply and demand for loanable funds. Under the equilibrium conditions shown, the interest rate is r , and the quantity supply and demand for loanable funds are both f . The adjustment of interest rates to the equilibrium level occurs as usual. If the interest rate is lower than the equilibrium level, the quantity supplied of loanable funds will be lower than the quantity of loanable funds demanded. This shortage of funds will encourage lenders to increase the interest rates they charge. On the other hand, if the interest rate is higher than the equilibrium level, the quantity of loanable funds supplied will be greater than the quantity of loanable funds demanded.

Keynes's theory in particular emphasizes that there is a direct relationship between people's willingness to pay the price of money (the interest rate) with elements of demand for money for speculative purposes: large demand when interest rates are low, and small demand when interest rates are high, what needs to be considered is that to speculate in the market. In securities (as described in Keynes' theory) people need to hold cash, and because speculating can make a profit, people are willing to pay a certain price to hold cash for that purpose. The possibility of profit itself arises because of uncertainty about the development of interest rates (or bond prices) in the future. Only in an atmosphere of uncertainty can one speculate.

There is a fundamental difference between classical and Keynesian regarding flows. The classic emphasizes that with funds in the hands of an entrepreneur, he can increase his means of production (capital) which can generate higher profits. In other words, money can increase productivity, and it is because of this increase in productivity that people are willing to pay interest.

According to Keynesians, money can be productive in other ways (Boediono, 1998). With cash in hand one could speculate in the securities market with the possibility of making a profit. Then because of the possibility of this advantage people are willing to pay interest. However, the two views actually complement each other. Classics view money as investment funds (loanable funds) which are directly linked to the possibility of increasing the production of goods and services. Keynesians emphasize the nature of money as a liquid asset that can be used to take advantage of opportunities to profit from the securities market. Money is actually both a liquid asset and an investment fund at the same time. The interest rate is the price of money resulting from the balance between the demand and supply of investment funds (loanable funds). The interest rate is also the price of money arising from the balance between the demand and supply of money as a liquid asset. Post Keynes, Hicks, emphasized that an interest rate can be said to be truly an equilibrium interest rate for an economy if the interest rate meets the balance in the market for investment funds (loanable funds) and at the same time balances in the money market (as assets/assets) with the analysis tool is the IS-LM curve .

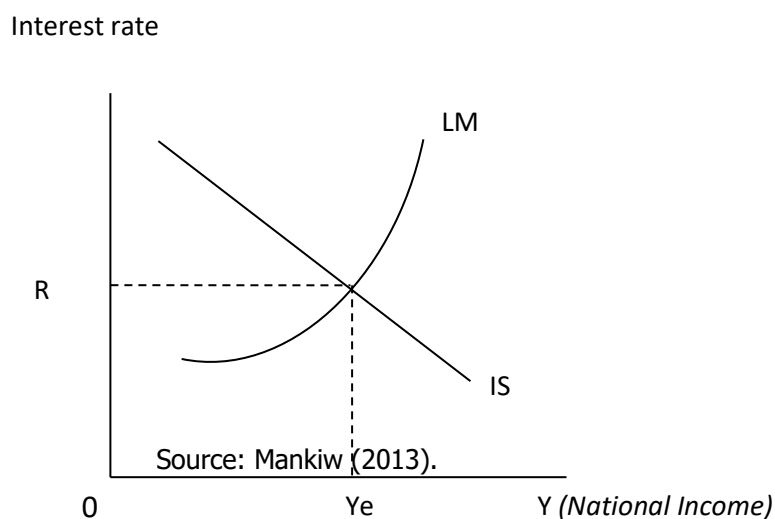


Figure 2. Keynesian Intersection

Economic growth is the process of changing the economic conditions of a country on an ongoing basis towards a better state over a certain period. According to Simon Kuznets, economic growth is an increase in the long-term capacity of the country concerned to provide various economic goods for its population. David Ricardo put forward the theory of economic growth in a book entitled *The Principles of Political Economy and Taxation*. According to David Ricardo, the economic growth of a country is determined by population growth, where increasing population will increase labor and require land or nature.

The nominal exchange rate (nominal exchange rate) is the relative price of the currencies of two countries. When people talk about the exchange rate, this means referring to the exchange rate between the two countries, what is meant is the nominal exchange rate. The nominal exchange rate is determined by the real exchange rate and the price level in the two countries. Assuming other things remain the same, high inflation rates lead to currency depreciation (Mankiw et al., 2007). While the real exchange rate (real exchange rate): the relative price of goods between two countries. The real exchange rate expresses the rate at which we can trade the goods of one country for the goods of another country. The real exchange rate is sometimes referred to as the terms of trade.

Education level is the stage of education that is determined based on the level of development of students, the goals to be achieved and the willingness to be developed. The level of education has an effect on changes in attitudes and behavior of healthy living. A higher level of education will make it easier for a person or society to absorb information and implement it in daily behavior and lifestyle, especially in terms of

health. Formal education forms values for a person, especially in accepting new things (Suhardjo, 2007). The high average level of public education is very important for the nation's readiness to face global challenges in the future.

According to (Basrowi, 2010) education has the task of preparing human resources for development. The pace of development steps is always pursued in tune with the demands of the times. Meanwhile, according to (Mulyani, 2011) the development of the times always raises new problems that have never been thought of before. Education is often interpreted as a human effort to foster his personality in accordance with the values in society and culture. Furthermore, education is defined as an effort carried out by someone or another group of people to become adults or achieve a higher level of life or livelihood in a mental sense (Hasbunallah, 2008).

Foreign Direct Investment and Economic Growth: A Time-Series Approach Atrayee research often focuses on how foreign direct investment (FDI) transfers technology from developed countries to less developed countries (Ghosh Roy & Van den Berg, 2006). However, most FDI occurs among developed countries, and the country that receives the largest FDI inflows is the United States. This paper examines whether such FDI inflows have stimulated US economic growth. We apply time series data to a simultaneous equation model (SEM) that explicitly captures the two-way relationship between FDI and US economic growth. FDI was found to have a significant, positive and economically important impact on US growth. In addition, our SEM estimates reveal that FDI growth is income inelastic. These results imply that: (1) even a technologically advanced country like the US benefits from FDI, (2) the gains from FDI are enormous in the long run, and (3) the sustainability of the US current account deficit enhanced by FDI has a positive effect on productivity but is undermined by the income inelasticity of FDI. Overall, the results suggest that US policy should focus on keeping the country attractive to direct investor.

Ikazaki (2006) builds an endogenous growth model that combines the R&D sector, the education sector, and environmental issues. First, the environmental impact is considered. We show that, if the government implements the right policies and certain parameter constraints are met, the per capita growth rate will be positive in the long run without harming the environment. Second, issues related to scale effects are considered. In a typical growth model, an economy with a larger population grows faster. However, the scale effect has been rejected by Jones (1995). Our results show that the population level does not affect the rate of economic growth.

The Effect of Education Level and Investment on Economic Growth and Poverty in Bali Province (Parwa et al., 2019). This study uses data in the form of time series for seven years, namely 2010-2016 and data cross section as many as nine regencies/ cities in the province of Bali. The research uses data analysis techniques, namely path analysis. In this study it was found that the level of education and investment has a positive and significant influence on economic growth in the province of Bali. The level of education, investment and economic growth have a negative and significant influence on poverty in the Province of Bali. Economic growth partially mediates the effect of education level and investment on poverty in Bali Province

Effect of inflation, interest rates, investment on economic growth in Jambi Province (Nofitasari et al., 2017). This study aims to analyze: 1) the trend of inflation, interest rates, investment and economic growth of Jambi Province; 2) the influence of inflation, interest rates, investment on the economic growth of Jambi Province. The data used is secondary data for time series during the period 2000 –2016. The data is sourced from the Central Statistics Agency of Jambi Province and Bank Indonesia. Data analysis was carried out descriptively and multiple regression models. The results found: 1) average inflation in Jambi Province was 7.64 percent per year, credit interest rates were 13.67 percent per year, investment development was 15.33 percent per year, and economic growth was 5.45 percent per year; 2) Simultaneously, inflation, credit interest rates and investment have a significant effect on the economic growth of Jambi Province. Partially, credit interest rates have a significant negative effect and investment has a significant positive effect on economic growth in Jambi Province. On the other hand, inflation has no significant effect.

Level of Manpower Education, Government Expenditure on Education Sector, and Economic Growth in Indonesia in 2008-2012 (Wibowo & Irianto, 2015). This research was conducted by looking at the level of education graduates, government spending and gross domestic product per capita of the education sector based on constant prices in 2000. Especially for the period 2008-2012 with the ex post facto method. The

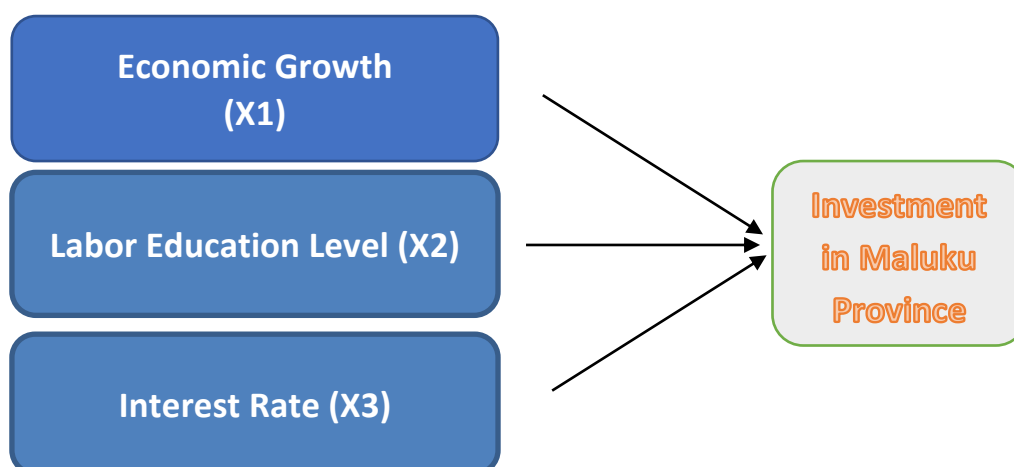
form of panel research data is a combination of time series and cross section forms. Data on GDP per capita at constant prices in 2000 and the level of education of the workforce completed are taken from the Central Statistics Agency (BPS). Data on government spending in the education sector is taken from data on income and state expenditures (APBN) of Indonesia for the education sector of the Ministry of Finance of the Republic of Indonesia. Data processing using Eviews 7.0 and Microsoft Excel. Based on the regression results, the education variable has a positive and significant effect at a significant level below 0.05 and the government education sector expenditure variable has a positive and significant effect below 0.05, namely on economic growth. The value of $F_{count} (7.360407) > F_{table} (3.90)$ so that the two variables are added together, namely the education level of the workforce and government spending on the education sector which together affect Indonesia's economic growth. The R^2 value of 0.568211 indicates that 56.82% of economic growth in Indonesia can be explained by the two independent variables.

The effect of interest rate on investment; Empirical evidence of Jiangsu Province, China (Khurshid, 2015). The reason for this study is to examine the impact of interest rates on investment in Jiangsu Province, China. Jiangsu has the largest investment amount in China. For the long term, Johansen's Nexus co-integration test was used. Meanwhile, the vector error correction model (VECM) was used to find short-term associations during the 2003-2012 period. The results show that there is a long-term relationship between the variables. It has a negative relationship in the long term but positive in the short term. This research also produces suggestions that will help in terms of interest rate policy as well as increase investment that drives economic growth in Jiangsu Province.

Interest rate and Economic Growth as Determinants of Firm Investment Decision: An Investigation on BIST listed firms (Ayaydin & DURMUŞ, 2016). This study aims to determine the effect of political uncertainty as a determinant of investment decisions on company investment decisions. For this purpose, this study involved 147 BIST (Istanbul Stock Exchange) listed companies displaying activity in the industrial sector between 2008 and 2013. Analysis of panel data with relevant quarterly data was used to analyze the relationship between political uncertainty and corporate investment decisions. The results of the analysis show that there is a statistically significant relationship between the company's investment and the variables that represent the Regional Head Election of 29 March 2009, the 12 June 2011 Election and the New Constitution Referendum on 12 September 2010 as an indicator of political uncertainty. This verifies the argument that election uncertainty can have a negative impact on firm investment through inefficient capital allocation, and it can be said to provide a strong message regarding the important economic effects of political uncertainty.

Based on the background of the problem above, this research focuses on the factors that encourage investment in Maluku. The Purpose of study are (1) knowing development investment in Maluku Province, and (2) analyzing the factors that have the most influence on investment in Mauku Province

Framework



Hypothesis

Based on the background, theories and previous research, the following hypotheses are made:

- 1) It is suspected that the growth rate economy has a positive influence on investment in Maluku Province
- 2) It is suspected that the Labor Education Level has a positive effect on investment in Maluku Province.
- 3) It is suspected that the rate of flower negative effect on investment in Maluku Province.

METHODS

Research sites

The area covered in this research is Maluku Province.

Data Types and Sources

The type of data used in this study is secondary data obtained from the Central Bureau of Statistics of Maluku Province, BKPM, Regional Development Planning Agency (BAPPEDA) of Maluku Province and other sources related to this research.

Method of collecting data

The data used in this study is secondary data from agencies, institutions or other relevant sources. The collected data is then processed and analyzed quantitatively.

Research Model

1. Analysis Method

Multiple linear regression analysis is a linear regression to analyze the magnitude of the relationship and the influence of independent variables whose number is more than two (Purwanto & Suharyadi, 2012).

For analysis statistics, in particular for medium country develop like Indonesia is special Maluku province is a lot face constraint in the form of lack of data with period long time. When our talk about investment, as done by company multinational with score great investment so will seen impact economy after a number of period next (decade). So, to find out the variables that affect investment in Maluku Province, the development of models is carried out empirical that. The model used in this study:

Multiple regression analysis with the following formula

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$\text{Inv} = \alpha + \beta_1 \text{EG}_t + \beta_2 \text{TPD} + \beta_3 \text{B} + e$$

Where

Inv : Investment

Tb : Interest Rate

EG : Economic Growth

Education Tkt : Labor Education Level

e : error term

2. R square test

Coefficient Determination Multiple (R²) i.e big proportion or donation third variable free to variable change bound with use formula coefficient determination multiple. The value of R² lies between 0 and 1. If R² = 1 means 100 percent total variation variable bound explained by the variables free and show accuracy best. If R² = 0 means not there are total variations variable bound described by the variable free.

Assumption Test Classic

1. Autocorrelation Test

Test this is testing assumption in regression where the variable dependent no correlated with herself alone. Meaning correlated with with herself alone is that score from variable dependent or variable bound no relate with score variable that alone, fine score period previously or score period afterward.

2. Multicollinearity Test

Assumption multicollinearity state that variable independent must be free from symptom multicollinearity. Symptom multicollinearity is symptom correlation between variables independent . Symptom this showed with significant correlation _ between variables independent . In other words, multicollinearity means existence linear relationship perfect or certain between a number of or all explanatory variable _ from model regression (Gujarati, 2005).

Data Normality Test

Normality test conducted for test is in the regression model , variable bully or residuals have distribution normal. Good regression model is normal distribution or close to normal.

Variable Operations

For the purposes of measuring the variables in order to achieve the research objectives accurately, it is necessary to clearly define the operational limits of the research variables in order to avoid ambiguous information and erroneous conclusions. The operationalization limits of the variables in the research on the factors that influence investment in Maluku Province are set as follows:

Table 1
Operational Definition

Variables	Variable Conception
Investation	Investments made by both domestic and foreign investors (total investment in Maluku) are physical in Maluku and 11 districts/cities. Measured in terms of the amount of realization incoming investment (in dollars/year)
Interest Rate	The interest rate is the price of using investment funds. Which is measured by the percentage of the average interest rate per month.
Economic growth	Economic growth is the process of changing the economic conditions of a country on an ongoing basis towards a better state over a certain period.
Labor Education	Percentage of the total population of Maluku who have a junior high school education and above.

RESULTS

Classic Assumption Test Results

1. Autocorrelation Test

Table 2
Breusch-Godfrey Serial Correlation LM Test

F-statistics	0.476636	Prob. F(2,14)	0.6306
Obs*R-squared	1.275001	Prob. Chi-Square(2)	0.5286

Based on the test results, it appears that there are no symptoms of autocorrelation

2. Multicollinearity Test

Table 3
Variance Inflation Factors

Variables	Coefficient	Uncentered	Centered
	Variance	VIFs	VIFs
C	95.20948	214.7110	NA
EG	1.524230	127.1969	1.068945
TPD	0.000914	4.766308	1.107060
TB	0.719486	46.27802	1.069765

There is no high multicollinearity because the centered VIF of all variables is smaller than 10

3. Descriptive Statistics

Table 4
Descriptive Statistics

	EG	INVES	TB	TPD
Mean	6.057500	10.74400	5.278500	42.14150
median	5.940000	8.620000	5.105000	50.50000
Maximum	7.1600000	21.40000	7.010000	70.35000
Minimum	5.240000	3.750000	4.410000	10.93000
Std. Dev.	0.572142	6.034594	0.833075	23.78142
Skewness	0.451307	0.655609	0.846351	-0.111288
Kurtosis	2.304859	1.887870	2.644970	1.194303
Jarque-Bera	1.081611	2.463439	2.492738	2.758403
Probability	0.582279	0.291790	0.287547	0.251780
Sum	121.1500	214.8800	105.5700	842.8300
Sum Sq. Dev.	6.219575	691.9101	13.18625	10745.57
Observations	20	20	20	20

Processed Data Eviews 9

4. Multiple Linear Regression Results

This study uses multiple linear regression models to analyze the effect of independent variables, namely interest rates, economic growth, education level of the workforce on the dependent variable of investment. Thus, the model used is as follows:

$$\text{Inv} = 0 + 1 \text{ EG}_t + 2 \text{ TPD} + 3 \text{ TB} + e$$

Based on the above model so results estimation is as following:

$$\text{INVES} = C(1) + C(2)*\text{EG} + C(3)*\text{TPD} + C(4)*\text{TB}$$

Substituted Coefficients:

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$$\text{INVES} = -7.95001019534 + 5.3632986592*\text{EG} - 0.160310459356*\text{TPD} - 1.33341824567*\text{TB}$$

Dependent Variable: INVES

Sample: 2000 2019

Table 5
Multiple Linear Regression

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	-7.950010	9.757534	-0.814756	0.4272
EG	5.363299	1.234597	4.344169	0.0005
TPD	0.160310	0.030227	5.303505	0.0001
TB	-1.333418	0.848225	-1.572009	0.1355
R-squared	0.794919	Mean dependent var		10.74400
Adjusted R-squared	0.756466	SD dependent var		6.034594
SE of regression	2.978022	Akaike info criterion		5.197252
Sum squared resid	141.8979	Schwarz criterion		5.396399
Likelihood logs	-47.97252	Hannan Quinn Criter.		5.236128
F-statistics	20.67260	Durbin-Watson stat		1.681131
Prob(F-statistic)	0.00009			

Eviews Processed Data 9.

5. Multiple Linear Regression Results

With an R - Squared value of 0.79, it can be said that together or simultaneously the independent variables are able to influence the dependent variable by 79 %, with 11 % being explained by other variables outside the existing model.

6. Economic Growth on Investment

On result regression could seen that the growth variable economy have connection positive , this is indicated by score coefficient as big as 5.363299 with thereby if growth economy increase by 1% then will increase investation as big as 5.363299. and have a significant influence significant to investment indicated by a probability value of 0.0005

7. Education level of the workforce on investment

The results of this study indicate that there is a positive relationship between the education level of the workforce and the level of investment in 11 regencies and cities in Maluku with a coefficient value of 0.160310 and very significant as indicated by the probability value of 0.0001.

8. Interest Rate on Investment

Based on the regression results, it shows that interest rates have a negative effect on investment, with a coefficient value of -1.333418 meaning that an increase in interest rates of 1% will also reduce investment by -1.333418 although the coefficient value is not significant. Thus, it can be concluded that the negative effect is not too significant, this is because the interest rate as a monetary variable is regulatory in nature because the determination of interest rates rests with the monetary authority whose reference is the country's macroeconomic framework and is not specific to the development of certain regions.

CONCLUSION

Simultaneously or together the variables of interest rates, economic growth, and education of workers affect the investment variable by 79 %, other than that explained by other variables outside the model. Partially, the variable level of education that most influences investment, the interest rate variable has a negative relationship with investment and is not significant, while the variable economic growth has a positive effect or correlation on investment growth in Maluku.

Investment is one of the factors that greatly affects the economic growth of a region, both in the form of direct investment and indirect investment, because in general it has a multiplier effect and a direct effect on the community, which will be able to absorb labor, increase regional income which leads to improvements in people's welfare.

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