ABSTRACT

The construction sector has an essential role in providing facilities and infrastructures.The government's investment in the construction sector on The Moda Raya Terpadu (MRT) project is an initiative of The Provincial Government of DKI Jakarta effort to improve the mass transportation system and overcome congestion problems. This study aims to:(i) analyze how significant the role of the construction sector, (ii) analyze inter-sectoral linkages both backward and forward of the construction sector, (iii) analyze the degree of sensitivity and spread of the construction sector, (iv) analyze multiplier effect of the construction sector, and (v) analyze the economic impact of government investment on a MRT project toward economic sectors in DKI Jakarta Province, in term of output, income, and job opportunities.

This research has been conducted with an input-output analysis. This analysis uses data from the DKI Jakarta Province Input-Output Tables based on producer prices year 2012, classified as 72 sectors that have been aggregated into 17 main sectors. The input-output analysis consists of three derivate analyses, inter-sectoral analyzes, degree of sensitivity and spread, and multiplier effect. Next, in the simulation of investment in the construction sector on the MRT project, multiplication between the project's investment value and the multiplier is carried out.

The results of this study indicate that the construction sector has a massive contribution to the formation of output in DKI Jakarta Province. The construction sector has a greater backward linkage value than the forward linkage value. The construction sector has a higher degree of spread, therefore this sector can encourage the growth of its upstream sector. The construction sector has owned a biggest output multiplier value compare to income multiplier and job opportunities. The MRT impact has positively increased on the growth of output, income, and employment opportunities. The MRT project can create an overall economic output of 42,8 trillion rupiahs, an increase in income of 5,2 trillion rupiahs, and expand for 51 thousand job opportunities.

Keywords:Government investment, Construction sector, input-output analysis, Moda Raya Terpadu (MRT) project, DKI Jakarta Province