

## ABSTRACT

*Unemployment is an economic problem that can hinder growth and social welfare. The Open Unemployment Rate (OUR) is an important indicator to measure a country's success in absorbing its workforce. This study aims to analyze the effect of Domestic Investment (DFI), Foreign Investment (FDI), and the Labor Force Participation Rate (LFPR) on the Open Unemployment Rate in Indonesia during the 2014–2024 period.*

*This research employs panel data consisting of 34 provinces in Indonesia as cross-section units and annual time-series data for eleven years (2014–2024). The dependent variable is the Open Unemployment Rate (OUR), while the independent variables are DFI, FDI, and LFPR. The analysis method used is the Fixed Effect Model (FEM) with heteroskedasticity-robust standard errors to obtain reliable estimates.*

*The results show that PMDN and PMA have a negative and significant effect on the Open Unemployment Rate, indicating that an increase in domestic and foreign investment can reduce unemployment by creating more job opportunities. Meanwhile, the Labor Force Participation Rate has a negative but statistically insignificant effect, suggesting that a higher participation rate does not automatically reduce unemployment unless accompanied by sufficient job creation.*

**Keywords:** *Open Unemployment Rate, Domestic Investment (DFI), Foreign Investment (FDI), Labor Force Participation Rate (LFPR)*

