

ABSTRACT

Construction Sector is one of the most dominant sectors in Indonesia that contributes greatly toward national development. This sector provides a substantial contribution in labor absorption. The aim of this research is to analyze the influence of wage, output, and number of firms toward the demand of labor in the construction sector within the period of 2005-2013. The methods that applied in this research is Fixed Effect Model Least Squares Dummy Variable (LSDV) with panel data approach including 33 Provinces in Indonesia. The result shows that wage, output, and number of firm have positive and significant influence toward demand of labor in the construction sector in Indonesia.

Keywords : Labor demand, wages, output, number of firms, FEM-LSDV