

ABSTRACT

Investment is the first step to reach growth in economic activity. Further investment will affect the dynamics of the high and low economic growth. Moreover investment industry sector to encourage the growth of other sectors. The rate of growth of industrial sector investment Semarang still tend to be low compared with the city of Surakarta is still in one province of Central Java. The possibility of this is due to factors of manpower, energy, infrastructure, income per capita and loan interest rates.

Objectives achieved in this study determined the factors affecting investment in the Semarang industrial sector, namely labor, infrastructure, income per capita and loan interest rates. Analysis tools which are used in this study with the approach Error Correction Model (ECM) using the software Eviews 6.0.

Analytical results obtained, manpower and infrastructure were not affect investment industry sector in both short and long term. Income per capita and loan interest rates affecting the industrial sector investment both in the long term or short term and the most dominant variable affecting the industrial sector investment of Semarang is the income per capita.

Keywords: *Manpower, Infrastructure, income per capita, Interest Rate, Investment Industrial, Error Correction Model (ECM).*