International Conference on Health Science, Green Economics, Educational Review and Technology| ISSN(e): 2986-1985
Volumes 7 No. 2 (2025)

THE IMPACT OF FOREIGN WORKER RESTRICTIONS ON FOREIGN DIRECT INVESTMENT (FDI) REALIZATION IN INDONESIA

Dahlan[1]*, Henry Aspan [2], Etty Sri Wahyuni[3], Muhammad Juang Rambe[4]
[1,2,4]Universitas Pembangunan Panca Budi, Medan, Indonesia
[3]Universitas Batam, Batam, Indonesia
E-mail: dln@gmail.com[1]*, henryaspan@yahoo.com[2], ettywahyunie@gmail.com[3], muhammadjuangrambe@gmail.com[4]

Received	: 20 September 2025	Published	: 09 December 2025
Revised	: 01 October 2025	DOI	: https://doi.org/10.54443/ihert.v7i2.507
Accepted	: 25 October 2025	LinkPublish	: https://proceeding.unefaconference.org/index.php/IHERT

Abstract
Indonesia has experienced significant growth in foreign direct investment (FDI) inflows, reaching USD 47.5 billion in 2023 and exceeding the target of IDR 1,714 trillion in 2024. However, strict foreign worker regulations potentially affect the investment decisions of multinational companies. This research aims to analyze the impact of foreign worker restrictions on FDI realization in Indonesia with a case study in North Sumatra Province. The research method uses a qualitative approach with regulatory analysis and secondary data. The results show that although foreign worker restrictions through Government Regulation Number 34 of 2021 and Minister of Manpower Regulation Number 8 of 2021 aim to protect local workers and encourage technology transfer, these policies create trade-offs against Indonesia's investment attractiveness. Requirements such as mandatory local counterparts, Foreign Worker Utilization Compensation Fund (DKPTKA), and position restrictions create additional costs for investors. The Omnibus Law on Job Creation has simplified licensing procedures, but implementation challenges remain, particularly in regions like North Sumatra. The research recommends a balance between local workforce protection and investment facilitation through more flexible sector-based regulatory reforms.

Keywords: Foreign Direct Investment, Foreign Workers, Employment Restrictions, Omnibus Law, Technology Transfer.

INTRODUCTION

Foreign direct investment (FDI) serves as a strategic driver of economic growth for developing countries, including Indonesia. As the largest economy in Southeast Asia with a population exceeding 280 million, Indonesia offers a substantial consumer market and promising economic growth potential for international investors. Data from the Ministry of Investment indicate that Indonesia achieved investment realization of IDR 1,714.2 trillion, approximately USD 105 billion, throughout 2024, with FDI contributing 52.5% of this total, equivalent to approximately IDR 900.2 trillion. This achievement surpassed the established target of IDR 1,650 trillion and demonstrated a 20.8% growth compared to the previous year. Indonesia's success in attracting FDI is attributable to various policy reforms that have been implemented, including the enactment of Law Number 11 of 2020 concerning Job Creation (Omnibus Law), which aims to streamline business regulations and enhance the investment climate. Singapore remained the largest foreign investor with an investment value of USD 20.1 billion in 2024, followed by Hong Kong (USD 8.2 billion), China (USD 8.1 billion), Malaysia (USD 4.2 billion), and the United States (USD 3.7 billion). Priority sectors attracting investor interest include basic metal industries, transportation and telecommunications, as well as mining industries, which have shown significant growth. Nevertheless, beyond these positive achievements, Indonesia faces challenges in maintaining its investment competitiveness amid increasingly intense regional competition. Vietnam and Thailand recorded FDI growth of 32.1% and 43% respectively in 2023, indicating intense competition among ASEAN countries in attracting foreign capital. One factor that potentially influences investment decisions is Indonesia's relatively stringent foreign employment regulations compared to competing countries. Restrictions on the employment of foreign workers through various administrative and substantive requirements may generate additional costs and operational barriers for foreign investors.

The OECD FDI Regulatory Restrictiveness Index measures regulatory barriers to foreign investment based on four main categories: foreign equity restrictions, screening and approval mechanisms, restrictions on key foreign personnel, and other operational restrictions. Restrictions on key foreign personnel constitute a component that directly affects investors' ability to bring the technical and managerial expertise required for their business operations. Empirical research demonstrates that regulatory restrictions on FDI have a significant impact on foreign investment inflows. North Sumatra Province, as one of the economic centers outside Java Island, provides a relevant locus for examining the dynamics of foreign investment and employment regulations. Data indicate that investment realization in North Sumatra in the first semester of 2023 reached IDR 22.206 trillion, representing a 15.75% increase compared to the same period in the previous year. Medan City, as the provincial capital, recorded an investment value of IDR 3.87 trillion, with the largest foreign investors originating from Singapore (IDR 5.9 trillion), the Netherlands (IDR 3.36 trillion), and other countries. The Sei Mangke Special Economic Zone (SEZ) and Medan Industrial Area (KIM) serve as the primary magnets for investment in this region. Based on this background, this study aims to analyze how foreign worker restriction policies in Indonesia influence FDI realization, focusing on the applicable regulatory framework and its implications for investment decisions. The research also examines the trade-off between local labor protection and investment attractiveness, and formulates policy recommendations that can balance these dual interests. The case of North Sumatra Province is employed as an illustration to understand the dynamics of policy implementation at the regional level.

LITERATURE REVIEW

1. Concepts and Determinants of Foreign Direct Investment

Foreign Direct Investment (FDI) is defined as cross-border investment involving a controlling relationship or significant influence by the investor over the management of an enterprise in the host country. A minimum ownership of 10% of voting shares serves as the standard criterion for determining the existence of a direct investment relationship. FDI differs from portfolio investment, which is passive in nature, as FDI involves the transfer of capital, technology, managerial expertise, and business practices from the source country to the investment destination country. For developing countries, FDI not only brings capital flows but also the potential for spillover effects in the form of productivity enhancement, job creation, and integration into global value chains. The eclectic theory or OLI paradigm (Ownership, Location, Internalization) developed by John Dunning explains the determinants of FDI decisions by multinational corporations. Ownership advantages encompass firm-specific assets such as proprietary technology, brand names, and managerial expertise. Location advantages relate to host country characteristics such as market size, factor production costs, infrastructure, and the regulatory environment. Internalization advantages explain why firms prefer to operate their assets abroad themselves rather than licensing them to other parties. These three factors interact in determining location decisions and investment modes. In the context of location advantages, institutional quality and the regulatory environment play a crucial role. An Atlantic Council study (2024) identifies that economic freedom, institutional quality, and rule of law constitute essential determinants of a country's ability to attract FDI. Regulatory restrictions in business, labor, and credit markets can create additional production and transaction costs that become entry barriers for foreign investors. Countries with higher levels of economic openness tend to attract more FDI because they offer a more conducive and predictable business environment for multinational corporation operations.

2. The Relationship between FDI and Employment

The relationship between FDI and employment is complex and multidimensional. From the host country perspective, FDI has the potential to create employment both directly through foreign company operations and indirectly through multiplier effects on suppliers and related industries. A SelectUSA study demonstrates that in 2019, approximately 10.1%, or 16 million jobs in the United States, could be attributed directly or indirectly to FDI. Conversely, FDI also brings the potential for technology transfer and enhancement of local workforce skills through exposure to more advanced management practices and production technologies. Nevertheless, the impact of FDI on the labor market is not always positive and equitable. Research indicates that FDI tends to increase demand for skilled labor relative to unskilled labor, which may widen wage disparities. A study using plant-level data in Indonesia by several researchers found that international linkages through imports and FDI facilitate technology transfer from developed countries, which subsequently generates skill-biased technological change. This condition implies the necessity for policies that balance the benefits of FDI with the protection and development of the local workforce.

3. Foreign Labor Regulations as a Determinant of FDI

Restrictions on international labor mobility constitute one component in the FDI regulatory restrictiveness index. The OECD FDI Regulatory Restrictiveness Index includes restrictions on key foreign personnel as one of four main categories measured. These restrictions may take the form of quotas on foreign worker employment, complex visa and work permit requirements, obligations for technology transfer and local workforce training, as well as limitations on positions that may be occupied by foreign workers. Although aimed at protecting employment opportunities for local workers, overly stringent restrictions can diminish a country's attractiveness as an investment destination.

From the investor perspective, the availability of foreign workers with specific expertise constitutes an important factor in investment location decisions. Multinational corporations often require expatriates for key positions that necessitate proprietary knowledge of technology, business processes, or company quality standards. The inability to bring key personnel can impede technology transfer and the implementation of global corporate operational standards. On the other hand, technology transfer and local workforce training requirements embedded in foreign employment policies can be viewed as mechanisms to maximize the benefits of FDI for domestic capacity building.

METHOD

This study employs a qualitative method with a regulatory analysis approach and secondary data review. The regulatory approach is conducted by examining legislation governing the employment of foreign workers in Indonesia, including Law Number 13 of 2003 concerning Manpower as amended by Law Number 6 of 2023 (Job Creation Omnibus Law), Government Regulation Number 34 of 2021 concerning the Employment of Foreign Workers, and Minister of Manpower Regulation Number 8 of 2021. The analysis is performed to identify forms of restrictions, administrative requirements, and cost implications for investors. Secondary data utilized include investment statistics from the Investment Coordinating Board (BKPM) and the Ministry of Investment, employment data from the Central Statistics Agency (BPS), as well as reports and studies from international institutions such as the World Bank, OECD, UNCTAD, and related research organizations. The research location is focused on North Sumatra Province as a representation of investment dynamics outside Java Island, with Medan City as the regional economic center. Regional investment data are obtained from the Investment and One-Stop Integrated Services Office (DPMPTSP) of North Sumatra Province. Data analysis is conducted using content analysis techniques on regulations and policy documents, as well as descriptive analysis of investment statistics. The analytical framework is developed based on FDI determinant theory and the OECD FDI Regulatory Restrictiveness Index concept to identify how foreign worker restrictions interact with other factors in influencing investment decisions. Triangulation is performed by comparing findings from various data sources and academic literature to ensure the validity and reliability of research conclusions.

RESULTS AND DISCUSSION

1. Regulatory Framework for Foreign Worker Employment in Indonesia

The regulation of foreign worker (TKA) employment in Indonesia is grounded in the philosophy of protecting the national workforce from unbalanced competition with foreign workers. Law Number 13 of 2003 concerning Manpower, as amended through the Omnibus Law, stipulates that the employment of foreign workers is only permitted for specific positions and time periods determined by the Minister of Manpower. This basic principle reflects Indonesia's selective policy in opening the labor market to foreign nationals, where foreign workers are positioned as complementary rather than substitutes for local workers. Government Regulation Number 34 of 2021 concerning the Employment of Foreign Workers establishes substantive requirements that must be met by foreign workers, including educational qualifications appropriate to the position, competence or work experience of at least 5 years in the relevant field, and willingness to transfer knowledge and skills to Indonesian counterpart workers. This technology and knowledge transfer requirement reflects the policy objective of maximizing the benefits of foreign worker presence for national workforce capacity development. Employers are also obligated to appoint Indonesian counterparts who will receive expertise transfer from foreign workers. The administrative procedures for foreign worker employment involve several stages regulated in Minister of Manpower Regulation Number 8 of 2021. Employers must first submit a Foreign Worker Utilization Plan (RPTKA) to the Ministry of Manpower through the Online Foreign Worker system. The RPTKA contains information regarding the rationale for employing foreign workers, positions to be filled, number of foreign workers, duration of employment, and plans for counterpart assignment and technology transfer. After the RPTKA is approved and the Compensation Fund for Foreign Worker

Employment (DKPTKA) of USD 100 per month per foreign worker is paid, foreign worker data are forwarded to the Directorate General of Immigration for visa and residence permit issuance. The Job Creation Omnibus Law introduced several significant changes to foreign worker regulations aimed at simplifying procedures and enhancing the investment climate. The elimination of the Foreign Worker Employment Permit (IMTA) requirement, which had been in effect since 2018, has been codified in the law, such that employers need only possess an approved RPTKA. Several categories of foreign workers are also exempted from RPTKA obligations, including directors or commissioners with certain share ownership, diplomatic and consular staff, as well as foreign workers required for emergency activities, vocational training, technology startups, business visits, and research within specified time periods.

2. Impact of Foreign Worker Restrictions on Investment Costs and Decisions

Foreign worker employment restrictions generate various costs for foreign investors that can influence investment decisions and realization. The most tangible direct cost is the Compensation Fund for Foreign Worker Employment (DKPTKA) of USD 100 per month per foreign worker, which must be paid in advance. For companies requiring numerous expatriates during the initial operational phase, the accumulation of these costs can be significant. Additionally, indirect costs in the form of time and resources to fulfill administrative requirements such as RPTKA preparation, local counterpart appointment, and technology transfer program development must also be factored into investment calculations. The Indonesian counterpart and technology transfer requirements, although beneficial in the long term for national capacity building, pose operational challenges for investors in the short term. Companies need to allocate time and resources to train local workers who may not yet possess qualifications equivalent to the foreign workers they will accompany. The annual reporting obligation regarding technology transfer implementation to the Ministry of Manpower adds to the administrative burden that must be fulfilled. Failure to meet these obligations may result in administrative sanctions, including temporary suspension of the RPTKA validation process or RPTKA revocation.

Position restrictions for foreign workers also have implications for investor operational flexibility. Minister of Manpower Decision Number 228 of 2019 establishes a list of specific positions that may be occupied by foreign workers, meaning not all positions are open to foreign workers. Specifically, positions related to personnel management are prohibited for foreign workers, limiting multinational corporations' ability to directly implement global human resource management practices. The maximum work permit duration of 2 years (renewable) also creates uncertainty for expatriates and companies in long-term planning. In the context of regional competition, foreign worker restrictions in Indonesia need to be compared with competitor countries' policies in attracting FDI. Vietnam and Thailand, which recorded higher FDI growth in 2023, offer relatively more streamlined foreign worker licensing procedures. These regulatory differences can become a consideration factor for investors in selecting investment locations, particularly for projects requiring high technical expertise and international personnel mobility. Nevertheless, Indonesia possesses other competitive advantages such as a large domestic market size and availability of strategic natural resources that can compensate for employment regulatory barriers.

3. Trade-off between Labor Protection and Investment Attractiveness

Foreign worker restrictions create a fundamental trade-off between two equally legitimate policy objectives: protecting employment opportunities for local workers and enhancing foreign investment attractiveness. On one hand, stringent regulations are necessary to ensure that foreign worker presence does not eliminate employment opportunities for Indonesian workers, particularly for positions that can be filled by local workers. Technology transfer and counterpart requirements also constitute mechanisms to ensure that Indonesia obtains long-term benefits from the presence of foreign experts in the form of enhanced national workforce capacity. On the other hand, overly stringent restrictions can impede investors in bringing the expertise required for their business operations, which ultimately may reduce investment interest. Academic research demonstrates that FDI brings positive spillovers in the form of technology transfer and productivity enhancement, which depend on foreign companies' ability to operate their technology and business practices effectively. If foreign worker restrictions impede this transfer, the benefits of FDI for the domestic economy may diminish. Studies on Indonesia's manufacturing sector found that international linkages through FDI can enhance local firm productivity through spillover effects. The optimal balance between these two objectives depends on economic sector characteristics and the country's stage of development. For sectors requiring high technical expertise such as information technology, renewable energy, and downstream mineral industries, more flexible policies may be necessary to attract the required investment and technology. Conversely, for sectors that already possess adequate local workforce availability, stricter restrictions can be justified to protect domestic employment opportunities. This sector-based differentiation approach is reflected in Special Economic Zone (SEZ) policies that offer foreign worker licensing facilities with validity periods of up to 5 years.

The Case of North Sumatra: Investment and Foreign Employment Dynamics

North Sumatra Province demonstrates positive investment dynamics with realization reaching IDR 22.206 trillion in the first semester of 2023, representing a 15.75% increase compared to the same period in the previous year. The largest foreign investors originate from Singapore with an investment value of IDR 5.9 trillion, followed by the Netherlands (IDR 3.36 trillion), British Virgin Islands (IDR 375 billion), Malaysia (IDR 284 billion), and Switzerland (IDR 204 billion). The most sought-after sectors include electricity, gas, and water (IDR 3.55 trillion), food industry (IDR 3.38 trillion), chemical and pharmaceutical industry (IDR 3.05 trillion), transportation and telecommunications (IDR 2.84 trillion), and mining (IDR 2.33 trillion). Medan City, as the regional economic center, recorded investment realization of IDR 3.87 trillion, making it one of the five regions with the highest investment in North Sumatra alongside Simalungun Regency (IDR 4.72 trillion), South Tapanuli (IDR 2.86 trillion), Deliserdang (IDR 2.38 trillion), and Mandailing Natal (IDR 1.7 trillion). The Sei Mangke Special Economic Zone (SEZ) and Medan Industrial Area (KIM) serve as primary investment magnets, supported by adequate infrastructure and fiscal incentives offered. The North Sumatra Provincial Government has established an investment target of IDR 50 trillion for 2023 and issued Regional Regulation Number 3 of 2023 concerning the Provision of Investment Incentives and Facilities.

In the context of foreign employment, investors in North Sumatra face challenges similar to other regions in fulfilling RPTKA requirements and technology transfer obligations. Investment characteristics in the processing and mining industries that require specific technical expertise create demand for foreign workers with particular qualifications. The availability of local workers with equivalent qualifications remains limited, making counterpart assignment and technology transfer obligations implementation challenges that need to be addressed through systematic local human resource capacity development. The North Sumatra Invest initiative, established as a cross-institutional working team, aims to enhance investment in North Sumatra through promotion, facilitation, and resolution of investment obstacles. The Investment Project Ready to Offer (IPRO) program identifies priority projects ready to be offered to investors, including tourism infrastructure development in the Lake Toba area as a National Tourism Strategic Area (KSPN), Kuala Tanjung industrial area development, and Kuala Namu airport city. Success in attracting investment to these projects will depend not only on fiscal incentives but also on the ease of bringing in the required expertise for project implementation.

4. Policy Implications and Recommendations

Based on the analysis conducted, several policy implications can be formulated to balance local workforce protection and investment attractiveness. First, sector-based policy differentiation needs to be strengthened by providing greater flexibility for strategic sectors requiring high technical expertise such as digital technology, renewable energy, and downstream mineral industries. SEZ policies that provide RPTKA facilities for up to 5 years can be expanded in application to priority sectors outside special zones, while maintaining technology transfer obligations. Second, strengthening technology transfer programs and local workforce capacity development needs to be conducted in parallel with foreign worker restriction policies. Internationally standardized training and certification programs can help prepare Indonesian workers to assume positions currently occupied by foreign workers. Collaboration among government, business sectors, and educational institutions in curriculum development and internship programs can accelerate the expertise transfer process. The accumulated DKPTKA funds can be allocated more effectively to finance these training programs.

Third, administrative procedure simplification needs to be continued and expanded. Integration of the Online Foreign Worker system with the Online Single Submission (OSS) and immigration systems needs to be enhanced to reduce licensing processing time and costs. Standardization of regulatory interpretation at the regional level is also necessary to avoid uncertainty and practice variations that can impede investors. Institutional capacity strengthening at the regional level, as implemented through DPMPTSP, needs to be continued to ensure consistent policy implementation. Fourth, monitoring and evaluation of foreign worker policy impacts on investment need to be conducted periodically to provide an evidence base for policy adjustments. More comprehensive data collection regarding foreign worker characteristics, investment sectors, and technology transfer outcomes can help identify best practices and areas requiring improvement. Benchmarking with competing countries in ASEAN can also provide perspective on Indonesia's competitive position and reform areas necessary to enhance investment attractiveness.

CONCLUSION

This study analyzes the impact of foreign worker restrictions on foreign direct investment realization in Indonesia, focusing on the applicable regulatory framework and implementation dynamics in North Sumatra Province. Based on the analysis results, it can be concluded that the regulatory framework for foreign worker employment in Indonesia, as governed by Government Regulation Number 34 of 2021, Minister of Manpower Regulation Number 8 of 2021, and the Job Creation Omnibus Law, reflects efforts to balance local workforce protection with investment facilitation. Substantive requirements such as educational qualifications, minimum work experience of 5 years, technology transfer obligations, and local counterpart appointment aim to maximize the benefits of foreign worker presence for national capacity building. Foreign worker restrictions create trade-offs for investment attractiveness through direct costs (DKPTKA of USD 100/month/foreign worker), administrative costs (RPTKA preparation, reporting), and operational restrictions (limited position list, work permit time limits). In the context of regional competition with Vietnam and Thailand, which recorded higher FDI growth, these restrictions may become a consideration factor for investors in selecting investment locations. However, Indonesia's competitive advantages in the form of large domestic market size and availability of strategic natural resources can compensate for employment regulatory barriers.

The case of North Sumatra Province, with investment realization of IDR 22.206 trillion in the first semester of 2023, demonstrates positive dynamics despite ongoing challenges in foreign worker policy implementation. Processing and mining industry sectors requiring specific technical expertise create foreign worker demand that needs to be balanced with systematic local workforce capacity development. The North Sumatra Invest initiative and regional incentive policies through Regional Regulation Number 3 of 2023 demonstrate proactive local government efforts to enhance investment attractiveness. Based on these conclusions, this study recommends: (1) sector-based foreign worker policy differentiation with greater flexibility for high-technology sectors; (2) strengthening technology transfer programs and local workforce capacity development through internationally standardized training; (3) administrative procedure simplification and licensing system integration; and (4) periodic monitoring and evaluation of foreign worker policy impacts on investment as a basis for policy adjustments. The balance between local workforce protection and investment attractiveness can be achieved through an approach that is adaptive to economic sector needs and development stages.

REFERENCES

Amiti, M. & Cameron, L. (2012). Trade Liberalization and the Wage Skill Premium: Evidence from Indonesia. Journal of International Economics, 87(2), 277-287.

ARC Group. (2024). Investment Outlook Indonesia 2024. Diakses dari https://arc-group.com/report/investment-outlook-indonesia-2024/

ASEAN Briefing. (2024). Indonesia's Record Investment Inflows: Key Highlights from H1 2024. Diakses dari https://www.aseanbriefing.com/

Atlantic Council. (2024). Attracting Foreign Direct Investments. Diakses dari https://www.atlanticcouncil.org/

Blalock, G. & Gertler, P.J. (2008). Welfare Gains from Foreign Direct Investment through Technology Transfer to Local Suppliers. Journal of International Economics, 74(2), 402-421.

CEIC Data. (2024). Indonesia Foreign Direct Investment. Diakses dari https://www.ceicdata.com/

Contractor, F.J., et al. (2020). How Do Country Regulations and Business Environment Impact Foreign Direct Investment (FDI) Inflows? International Business Review, 29(2), 101640.

Dunning, J.H. & Lundan, S.M. (2008). Multinational Enterprises and the Global Economy (2nd ed.). Cheltenham: Edward Elgar Publishing.

Jakarta Globe. (2025). Indonesia Attracts $105 Billion Investment in 2024. Diakses dari https://jakartaglobe.id/

Kasahara, H., Liang, Y. & Rodrigue, J. (2016). Does Importing Intermediates Increase the Demand for Skilled Workers? Plant-level Evidence from Indonesia. Journal of International Economics, 102, 242-261.

Kementerian Investasi/BKPM. (2024). Realisasi Investasi Indonesia. Jakarta: Kementerian Investasi.

Koyama, T. & Golub, S. (2006). OECD's FDI Regulatory Restrictiveness Index: Revision and Extension to More Economies. OECD Economic Department Working Papers, No. 525.

LMI Consultancy. (2025). Indonesia Foreign Direct Investment Realisation by Province in 2024 & FDI Outlook in 2025. Diakses dari https://www.lmiconsultancy.com/

Macrotrends. (2024). Indonesia Foreign Direct Investment 1970-2024. Diakses dari https://www.macrotrends.net/

Ministry of Manpower of the Republic of Indonesia. (2019). *Ministerial Decision Number 228 of 2019 on Specific Positions that May Be Occupied by Foreign Workers* [Keputusan Menteri Ketenagakerjaan Nomor 228 Tahun 2019 tentang Jabatan Tertentu yang Dapat Diduduki oleh Tenaga Kerja Asing].

Ministry of Manpower of the Republic of Indonesia. (2021). *Ministerial Regulation Number 8 of 2021 on Implementation Regulations of Government Regulation Number 34 of 2021* [Peraturan Menteri Ketenagakerjaan Nomor 8 Tahun 2021 tentang Peraturan Pelaksanaan Peraturan Pemerintah Nomor 34 Tahun 2021]. Official Gazette of the Republic of Indonesia Year 2021 Number 440.

North Sumatra Provincial Government. (2023). *Regional Regulation Number 3 of 2023 on the Provision of Investment Incentives and Facilities* [Peraturan Daerah Provinsi Sumatera Utara Nomor 3 Tahun 2023 tentang Pemberian Insentif dan Kemudahan Investasi]. Regional Gazette of North Sumatra Province Year 2023 Number 3.

OECD. (2024). OECD FDI Regulatory Restrictiveness Index: Methodology Note. Paris: OECD Publishing.

Pemerintah Provinsi Sumatera Utara. (2023). Investasi Sumut Tumbuh Pesat. Diakses dari https://sumutprov.go.id/

Republic of Indonesia. (2003). *Law Number 13 of 2003 on Manpower* [Undang-Undang Nomor 13 Tahun 2003 tentang Ketenagakerjaan]. State Gazette of the Republic of Indonesia Year 2003 Number 39.

Republic of Indonesia. (2020). *Law Number 11 of 2020 on Job Creation* [Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja]. State Gazette of the Republic of Indonesia Year 2020 Number 245.

Republic of Indonesia. (2021a). *Government Regulation Number 34 of 2021 on the Employment of Foreign Workers* [Peraturan Pemerintah Nomor 34 Tahun 2021 tentang Penggunaan Tenaga Kerja Asing]. State Gazette of the Republic of Indonesia Year 2021 Number 44.

Republic of Indonesia. (2021b). *Government Regulation Number 35 of 2021 on Fixed-Term Employment Agreements, Outsourcing, Working Time and Rest Time, and Termination of Employment* [Peraturan Pemerintah Nomor 35 Tahun 2021 tentang Perjanjian Kerja Waktu Tertentu, Alih Daya, Waktu Kerja dan Waktu Istirahat, dan Pemutusan Hubungan Kerja]. State Gazette of the Republic of Indonesia Year 2021 Number 45.

Republic of Indonesia. (2023). *Law Number 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law* [Undang-Undang Nomor 6 Tahun 2023 tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 tentang Cipta Kerja menjadi Undang-Undang]. State Gazette of the Republic of Indonesia Year 2023 Number 41.

Roy, M. & Yaşar, M. (2020). International Linkages, Technology Transfer, and the Skilled Labor Wage Share: Evidence from Plant-level Data in Indonesia. World Development, 128, 104866.

UNCTAD. (2003). Foreign Direct Investment and Performance Requirements: New Evidence from Selected Countries. Geneva: United Nations.

Wie, T.K. (2005). The Major Channels of International Technology Transfer to Indonesia: An Assessment. Journal of the Asia Pacific Economy, 10(2), 214-236.

World Bank. (2020). Foreign Direct Investment and Employment Outcomes in Developing Countries: A Literature Review of the Effects of FDI on Job Creation and Wages. Washington, DC: World Bank Group.

World Bank. (2024). The Elusive Link between FDI and Economic Growth. Diakses dari https://blogs.worldbank.org/