

# The Effect of the Existence of Industrial Area, Number of the Work Force, Community Welfare on Minimum Wages in Banten Province

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**Abstract.** A modern domain is a region where modern exercises are thought and furnished with supporting offices and foundation created and oversaw by a modern home corporation. A modern bequest in this definition is where modern exercises are as of now evolved and overseen by an oversaw modern zone organization has a permit to operate. Business stops ordinarily have a mix of offices comprising of modern offices, innovative work labs, places of business, banks and other framework, for example, social and public offices including workplaces, lodging, schools, spots of love and open spaces. also, other. The modern area is one of the drivers of the economy which plays a huge part. This is apparent when a region whose industry is developing quickly, the territorial monetary development will likewise create. This demonstrates the way that the assembling business area can make a multiplier impact so it can make a huge commitment to the public economy, likewise, the modern area can conquer joblessness. Eventually, modern advancement is supposed to be the principal mainstay of public financial turn of events. The reason for the review was to dissect the synchronous impact of the presence of the Thousand years Modern Domain, the Quantity of Useful Laborers, Economic wellbeing and Local area Government assistance on the City The lowest pay permitted by law in Banten Region. Approach The examination strategy utilized in this exploration is Conventional Least Square Numerous Direct Relapse and straightforward board information. The examination factors utilized are modern regions, number of laborers, economic wellbeing, and local area government assistance, That's what the outcomes showed (1) Modern Domains, Number of Workforces, Economic wellbeing, and Local area Government assistance both at the same time affected the wages of laborers in 8 rules/urban communities in Banten territory by 43.44%. with a measurable F trial of 10.0577 falling external the basic region and neglecting to dismiss Ho, it implies that meaningfully affecting the lowest pay permitted by law in Banten province is all the while demonstrated.

**Keywords:** industrial estate; labor force; community welfare and minimum wage

## 1 Introduction

The industrial sector is one that plays an important role in regional development and development. Economic development is one of the impacts of industrial activities. In general, industrial activities are able to ensure the sustainability of the regional economic development process. Industry in Indonesia is the most important sector that provides the largest contribution and is one of the vital components of the economy, because the economic progress of a nation is felt by the great contribution of the industrial sector to its economic growth from other sectors due to the fact that this sector is identical with added value, technology transfer and employment as prerequisites for economic growth.

Industry permits the Indonesian economy to grow quickly and improve, in this manner achieving changes in the design of the public economy. Based on the records of the Service of Industry, throughout recent years, work in the modern area has kept on expanding. In 2015, the business made positions for 15.54 million individuals, then expanded in 2016 to 15.97 million individuals. In 2017, the assembling area got a labor force of up to 17.56 million individuals and hopped in 2018 to 18.25 million individuals. Then, at that point, from 2015 to 2018, there was an increment of 17.4 percent, and in 2019 to 19.4 million individuals, and it is assessed that in 2020 it will increment again logically. The six significant assembling modern areas that ingest a great deal of work are the food business with a commitment of 26.67 percent, trailed by the clothing business (13.69%), the wood business, wood and stopper items (9.93%). Moreover, the material business (7.46%),

Banten Territory has a similar and upper hand for industry players. The modern area is a potential area which assumes a significant part in the financial improvement of a country. As per the Business Regulation No. 3 of 2014, industry is a financial action that changes unrefined substances as well as uses assets to deliver esteem added merchandise. A modern region is a region overwhelmed by modern exercises and has a mix of offices comprising of modern production lines, research offices and improvement labs, places of business, banks, and social and public conveniences (Dirdjojuwono, 2004).

The rapid development of industrialization in addition to having an impact on improving the economy, industrialization also provides a multiplier effect in the social and ecological fields such as changes in the social structure of society and environmental pollution (Abdullah, 2010). To optimize the potential and reduce risks from the development of the industrial sector, it is necessary to plan a city or area so that industry and other activities in the vicinity such as settlements, trade and so on can synergize, namely industrial cities. An industrial city is an integrated city that combines industrial areas, residential areas, and commercial areas with a high concentration of population activities (Nurmayanti, 2017).

The Millennium Industrial Estate also provides 120 hectares of Green Open Space (RTH) to create a healthy industrial environment. Apart from being a flood-free Industrial area, Millennium Industrial Estate also guarantees free loading and unloading porters and provides 24-hour security supported by CCTV control. As of 2019, the Millennium Industrial Estate has been inhabited by industrial companies from various countries, including: Japan, Korea, China, America, Australia and Indonesia. Millennium Industrial Estate currently has 382 business partners/companies engaged in metallurgy, automotive and its components, telecommunications, logistics, chemicals,

petrochemicals, building materials and food. The 385 companies occupy various places that have been provided by PT. Bumi Citra Permai, namely: Public advancement is an endeavor to work on all parts of the existence of the local area, country and state, which simultaneously is a course of improvement of the whole arrangement of state organization to accomplish public objectives.

Improvement exercises totally should be completed for the making of a superior life and furthermore to adjust to what's going on in the general climate. Everybody can not be isolated from the word advancement. Everybody is obliged to complete advancement to get by in carrying on with life. In another sense, public improvement can be deciphered as a bunch of public endeavors for supportable turn of events, which can be deciphered as a bunch of advancement endeavors to achieve the undertaking of accomplishing public objectives.

## **2 Research Problem Formulation**

How is the Influence of Industrial Estates, Number of Labor Forces, Unemployment, Poverty, Consumption Costs, City Minimum Wages, on Community Welfare and Economic Development in Banten Province. In this case the researcher determines the research formulation as follows:

1. How is the influence of industrial estates, labor force, and community welfare simultaneously on the minimum wage for workers in Banten province.
2. How is the Influence of Industrial Estates on the Minimum Wage for Workers in Banten Province.
3. How the Influence of the Number of Productive Labor Forces on the Minimum Wage for Workers in Banten Province.
4. How the Influence of Community Welfare on the Minimum Wage for Workers in Banten Province.

Research purposes

1. Analyzing the simultaneous influence of the existence of the Millennium Industrial Estate, the Number of Workers and Community Welfare on the City Minimum Wage in Banten Province
2. Analyzing the partial effect of the existence of the Millennium Industrial Estate as one of the economic supporters of the districts and cities in Banten Province on the Minimum Wage for Labor in Banten Province.
3. Analyzing the partial effect of the Number of Labor Forces in the districts and cities in Banten Province on the Minimum Wage for Workers in Banten Province.
4. Analyzing the partial effect of Community Welfare in districts and cities in Banten Province on the Minimum Wage for Labor in Banten Province.

## **3 Theoretical study**

### **Industrial Estate Concept**

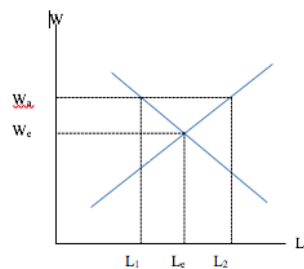
The modern park is a region where modern exercises are concentrated, outfitted with supporting offices and foundation that is created and overseen by a modern park company.<sup>1</sup> A modern park in this definition is where modern exercises are created and worked by a modern park

organization that as of now has a business park permit. . As per the Public Modern Drafting Board (US) 1967 in Sani Iskandar (2020), a modern region or modern zone or frequently alluded to as a modern zone implies a modern region on a genuinely huge lot of land, which is authoritatively constrained by an individual or foundation. which is reasonable for modern exercises because of its area, geology, right drafting, accessibility of all foundations (public administrations) and simple availability for transport. As indicated by the Modern Advancement Handbook of ULI (The Metropolitan Land Establishment), Washington DC (1975), a modern region is a region or region typically overwhelmed by modern action. Business stops ordinarily have a blend of offices comprising of modern offices, innovative work research centers, places of business, banks and other foundation, for example, social and public offices including workplaces, lodging, schools, spots of love and open spaces. furthermore, other. The term modern zone is still somewhat new in Indonesia. The term is utilized to communicate a comprehension of where a bunch of modern undertakings is packed in a particular region. Business parks are intended to be comparable to business parks. Such a gathering of ventures was previously called modern climate.

According to Marsudi Djojodipuro, an industrial estate (industrial estate) is a plot of land covering an area of several hundred hectares which has been divided into lots of different areas according to the wishes of the entrepreneur. The area is at least equipped with roads between plots, sewers and electrical substations large enough to accommodate the needs of entrepreneurs who are expected to be located in the area.

### Labor Absorption and Minimum Wage

The hypothetical idea of business, expecting that there is a development in the lowest pay permitted by law, has so far been made sense of by Stigler's standard serious work market model which expresses that business is impacted by the lowest pay permitted still up in the air by the lowest pay permitted by law as the primary variable (Borjas, 2016). Through this idea, it is realized that the lowest pay permitted by law gives a sign to the market, where an expansion in the lowest pay permitted by law prompts a diminishing in work because of the reaction to work request which tries to lessen creation costs.



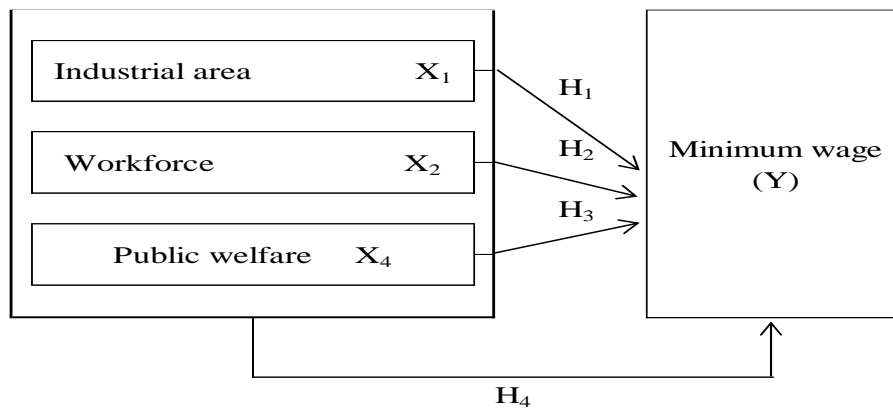
Sumber: Borjas, 2016

**Figure 1.** Effect of Minimum Wage on Labor Absorption.

## Labor Wages

Compensation As per Customary Pay rates in regular terms are characterized as installments to super durable specialists and expert laborers like representatives, government, speakers, educators, chiefs, and bookkeepers. The installments are normally one time each month. Compensation are planned as installments to laborers whose positions are continuously moving, like farming specialists, craftsmen, stone bricklayers, and unskilled workers. As per the Enormous Indonesian Word reference, compensation are characterized as installments offered as a trade off for administrations or work costs that have been completed by others, the outcomes because of work. Compensation are likewise laborers' freedoms that are gotten and communicated as cash and as a prize from the business to the specialist for a task that has been or will, not entirely set in stone or paid. Compensation in financial hypothesis are characterized as installments for physical and mental administrations given by laborers to business visionaries. Monetary hypothesis doesn't recognize installments to super durable representatives and installments for the administrations of incompetent and dubious laborers. The two kinds of laborers' pay (installments to laborers) are called compensation. Business analysts will generally see work income at normal genuine wages, for example compensation demonstrate buying power each hour worked, at the end of the day ostensible wages or money compensation separated by the cost for many everyday items. The two sorts of laborers' pay (installments to laborers) are called compensation.

## 4 Research Concept Framework



### Hypothesis

- H1 : Does Industrial Estate partially affect the Minimum Wage
- H2 : Does the Labor Force partially affect the Minimum Wage
- H3 : Does Community Welfare partially affect the Minimum Wage
- H4 : Do Industrial Estates, Labor Force, and Community Welfare simultaneously affect the Minimum Wage

## 5 Results and Discussion

### 1. F Test

**Table 1.** F Statistic Test Results

Weighted Statistics	
R-squared	0.449133
Adjusted R-squared	0.434420
F-statistics	10.0774
Prob(F-statistic)	0.00001

The F test is utilized to see whether there is a synchronous impact of Modern Homes, Work, Joblessness Rates and Local area Government assistance on Wages in rural and urban communities in Banten region, with the exploration time frame 2011-2020 utilizing an irregular impact model which has a likelihood worth of 0.0000 , and that implies the likelihood esteem is more modest than alpha 5% (0.05), then reject H0, acknowledge H5, so it very well may be presumed that the F test is huge for the autonomous factors mutually influencing the reliant variable. This implies that all the while modern regions, work, joblessness levels and local area government assistance altogether affect work compensation in 8 regimes/urban communities in Banten territory for the period 2011-2020.

### 2. T Uji test

The T test is used to see how far the influence of industrial estates that stand in districts and cities in the province of Banten, productive workers who have just graduated from school in the stage of looking for work, the unemployment rate which is part of people who are unable to compete in the industrial world, and the welfare of the community. approximately individually in explaining the variation in the dependent variable Wage. Here are the results of the t-statistics of each independent variable:

**T-Statistics Test Results**

Dependent Variable WAGE			
Independent Variable	Coefficient	Prob	Hypothesis
KI (Industrial Area)	0.151908	(0.0000)*	Thank H1
TKP (Productive Workforce)	-0.16195	(0.0001)*	Thank H2
SS (Unemployment Rate)	-0.50659	(0.0000)*	Thank H3
KS (Community Welfare)	1.196711	(0.0001)*	Thank H4

Data Source Eviews 10

## 6 Conclusion

From tables 4.11 and 4.12 it very well may be seen that every free factor diversely affects the reliant variable.

### a. The Influence of Industrial Estates on the Wages of Regency and City Workers in Banten Province.

The consequences of the examination show that the worth of Modern Bequests has a t-measurement of 7.8668 with a likelihood of 0.0000 and a relapse coefficient of 0.1519, and that intends that in this study the modern region variable affects alpha 5% on the wages of laborers in locale and urban communities in Indonesia. Banten Territory.

The development of the industry will be followed by a number of companies that will try in the area. This is a very large job opportunity and will certainly increase the income (wages) of the community as a whole. This available job opportunity must be utilized by the district/city community to increase income and in the end will drive the district/city economy in the province of Banten.

The development of the economic aspect is seen not only from the absorption of labor but also from GDP growth, export-import development and production. development and agricultural land that competes for industrial land use. The economic development of the community will certainly affect the social conditions of the community. The development of the increasing number of immigrants, which ultimately decides to settle in a regency/city in Banten province will increase the need for living facilities such as conducive regional security, housing (rented), markets, transportation (vehicles), and other needs needed by residents. manpower, which of course requires a decent income (wages) that can meet all labor needs.

### b. The Effect of Productive Labor on Wages of Workers in regencies and cities in the province of Banten.

The results of the analysis show that the value of productive workers has a t-statistic of -4.19111 with a probability of 0.0001 and a regression coefficient of -0.16195, which means that in this study the variable of productive labor has a negative and significant effect on alpha 5% on labor wages. in districts and cities in the province of Banten.

The development of the industry will be followed by a number of companies that will try in the industrial area to expand the production process in the area. This is a very large job opportunity for prospective workers both living in the area and migrant workers and will certainly increase the income of the community as a whole. This available job opportunity must be utilized by the district/city community in Banten province to increase income and in the end will drive the district/city economy in Banten province.

### c. The Influence of Community Welfare around the Industrial Estate Area on the Wages of the Regency and City Workers of Banten Province.

The results of the analysis show that the value of the community welfare variable has a t-statistic of 4.06787 with a probability of 0.0001 and a regression coefficient of 1.1957, which means that in this study the variable of community welfare has a positive and insignificant effect on alpha 5% on the labor wages employed. Thank the districts and cities in the province of Banten.

“Well-being” corresponds to household expenditure. We use this metric because it measures the amount of money households spend on their daily lives, e.g. B. for food, clothing, home,

possessions, etc. The assumption underlying this measure is that wealthier households tend to spend more to meet their basic daily needs. Thus, the money spent by households can represent their level of well-being.

Industrial zones as an effective tool to increase economic growth, create jobs and increase market competitiveness. The spread and uniform distribution of the industry throughout Indonesia is the goal of the development of the industrial zone. With the existence of the industrial area, it will provide jobs for the people around the area and of course will reduce the unemployment rate, the low unemployment rate will eliminate the image of social status, unemployment in the community will decrease because the surrounding community has been helped by the availability of the industrial area to get a job, so that people's purchasing power increases by given a living wage for workers by the company. The simultaneous influence of the existence of industrial areas, productive workforce, unemployment rates, and community welfare on labor wages.

The consequences of the examination show that the F measurement esteem is 10.0577 with the prob F-measurement worth of  $0.0000 < 0.05$ , implying that all the while the free factors affect the reliant variable (Work Wages).

d. Simultaneous influence of the existence of industrial areas, productive labor, unemployment rate on Economic Development.

The consequences of the examination show that the F measurement esteem is 54,69068 with a prob F-measurement worth of  $0.0000 < 0.05$ , implying that all the while the autonomous variable affects the reliant variable (Monetary Turn of events).

e. Coefficient of Determination (R<sup>2</sup>)

The coefficient of assurance is valuable to show the limit of the model to make sense of the relative multitude of free factors. The worth of the coefficient of assurance is given by a number between nothing (0) and one (1). A little assurance esteem shows that the free factors have a restricted capacity to influence changes in the reliant variable. While the worth near one (1) demonstrates that the free factors give the data expected to anticipate the reliant variable.

From the consequences of the trial of modern region factors, useful work, joblessness and local area government assistance on work compensation in 2011-2020 acquired a R<sup>2</sup> worth of 0.4344 which implies that the wages of laborers in the rule and city of Banten territory are 43.4% affected by autonomous factors, while the rest 56.6% is impacted by factors outside the factors of this review.

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