

Factors Affecting Investment And Its Implications On Labor Absorption

Rademtus Suryoko Herastho¹, Sidik Priadana², Sugiyanto³, Dedi Suwardi Bahagia⁴
suryoko9844@gmail.com¹, prof_sidik@yahoo.com², sugiyantosaleh17@gmail.com³,
dedibahagia25@gmail.com⁴

Universitas Borobudur^{1,2,3,4}

Abstract. This condition causes people who are affected by the termination of employment to carry out activities independently to make ends meet. Investments made will add new jobs. Investing will generate income, which increases welfare. With the termination of employment that has befallen him, he earns income to meet his needs. With a changing economy, there has been a shift in the economic level for urban communities in the Bodetabek area. Based on multiple regression analysis results in a simultaneous and partially significant influence between the existence of industrial areas, labor and welfare, social status of society, and level of education on economic growth and labor wages. Ordinary Least Square Multiple Linear Regression and straightforward panel data were used in this study. The study's independent variables, which have an impact on labor wages and serve as the dependent variable with the variable Implications of Economic Growth, were the number of workers, social status, community welfare, and level of community education. These variables were used in the research. The results show that socioeconomic status, total workforce, community welfare, and economic growth both simultaneously and partially have a significant and positive effect on investment in Bodetabek. in Bodetabek, namely 78.1 percent.

Keywords: Investment, Social Status, Labor, Welfare, Economic Growth

1. Preface

Creating economic growth, cannot be separated from the need for acquisition or investment because investment is the main requirement in development which requires a growth rate. Investment or investment is the motor of an economy, namely the amount of investment realized in a country concerned, while little investment will indicate a slow pace of economic growth. The investment will increase GRDP which will increase welfare and growth in each Province, City, and Regency.

The Gross Domestic Product (GDP) divided by the total population is how per capita income is calculated. With a high per capita income, this country will definitely prosper. One of the means to realize economic recovery and the vision of a Forward Indonesia is through the development of economic zones. Economic zones in Indonesia started with the development of clusters that were more directed towards industrial areas and began in the late 1970s with the guidance and development program for small industries. In its development, the issuance of Presidential Decree number 53 of 1989 concerning industrial estates gave impetus to Privately Owned Enterprises (BUMS) to develop and manage industrial estates.

This industrial agglomeration policy aims to create new centers of economic growth that are beneficial to the socio-economic life of the surrounding communities. The policy has an impact on the development of industrial estates and the manufacturing industry within them so that the national economy can grow in aggregate. Starting from this, the development of the availability of qualified infrastructure and utilities has made the corridor of Java Island one of the primary development corridors for industrial area-based economic zones. Infrastructure is one of the key factors in accelerating economic growth in a corridor or region.

The industrial sector has a significant impact on the development and growth of the region. Economic expansion is one effect of industrial activities. In general, industrial activities can guarantee the continuation of the regional economic development process. Indonesia's industry is the most important sector, making the greatest contribution, and is one of the most important economic components due to the similarity of this sector with added value, technology transfer, and employment as prerequisites for economic growth. The major contribution of the industrial sector to an economy's growth from other sectors demonstrates a nation's economic progress.

In addition to affecting the expansion of the economy, industrialization's rapid growth also has multiplier effects in the social and natural realms, such as changes in social structure and environmental degradation (Abdullah, 2010). Urban or regional planning is necessary to ensure that industrial cities, as well as the settlements, trade, and other activities that surround it, can work together to maximize the potential and reduce the risks associated with its growth. An industrial city is an integrated city with residential, commercial, and industrial areas and a high concentration of population activities (Nurmayanti, 2017).

National development is the process of developing the entire state administration system to achieve national objectives. It aims to enhance every facet of society, nation, and state life. In order to improve one's quality of life and become more receptive to changes in the environment, developmental activities are necessary. The term "development" cannot be separated from anyone. To survive in life, everyone is required to develop. Another way to think of it, national development can be thought of as a series of national efforts to achieve sustainable development, which can be thought of as development efforts to accomplish national goals.

2. Research Problem Formulation

Through the identification of the problems raised above, the problems of this research are as follows:

1. How are Socio-Economic Influences, Labor, Community Welfare, and Economic Growth Simultaneously on Investment in the Bodetabek Region?
2. What are the Socio-Economic Influences on Investment in the Bodetabek Region?
3. What is the Effect of Labor on Investment in the Bodetabek Region?
4. What is the Effect of Community Welfare on Investment in the Bodetabek Area?
5. What is the Effect of Economic Growth on Investment in the Bodetabek Region?
6. What is the Effect of Investment on Labor Absorption in the Bodetabek Region?

3. Theoretical Review

3.1. Investment Theory

The second factor that determines the amount of total expenditure is typical investment, also known as investment or capital formation. As to, monetary action can help the nation's lower level of the economy is critical to do locally in light of the fact that it can build creation and work. Venture is spending by the public authority and organizations to buy genuine capital products to set up another organization or to grow a current business to get a benefit that is more noteworthy than the expense of capital spent on effective money management. The second factor that determines the level of total expenditure is investment, also known as capital formation or investment. Long-term economic growth and the viability of economic development both depend heavily on investment. Jobs will be created, income will rise, and market demand will rise as a result. Portfolio investment and foreign direct investment (FDI) are examples of investment activities. Portfolio investments of financial assets owned by foreign investors and invested in a country include these types of investments. Foreign Investment (PMA) is foreign ownership of a country's assets so that it can have direct control over the use of these assets. Direct investment, on the other hand, is an investment in plants, capital goods, land, and so on.

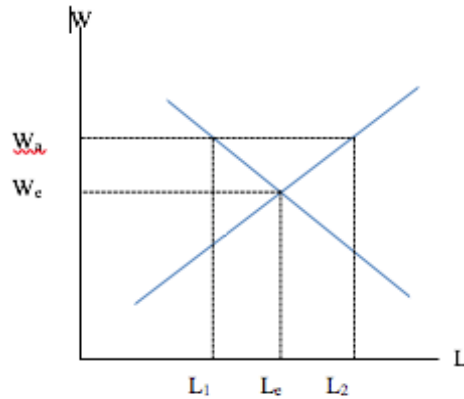
3.2. Concept of Industrial Area

A modern bequest is a space where modern activities are concentrated and equipped with supporting offices and a framework designed and managed by a modern home organization. An area or region that is typically dominated by industrial activity is known as an industrial area. In industrial estates, you'll find a lot of office buildings, banks, research and development labs, industrial plants, and other infrastructure like offices, housing, schools, places of worship, and open spaces. and additional In Indonesia, the term "industrial area" is still relatively new. The understanding of the concentration of a group of industrial companies in a specific area is expressed by the term. The purpose of industrial estates is to be equivalent to industrial estates. In the past, such industrial clusters were referred to as "industrial environments". Marsudi Djojodipuro says that an industrial estate is a plot of land that covers several hundred hectares and has been divided into plots of varying sizes based on the wishes of the entrepreneur. The area has some roads that connect plots, sewage, and electrical substations. These roads are big enough to meet the needs of entrepreneurs who are likely to be in those areas.

3.3. Employment and Minimum Wage

The theoretical concept of employment, assuming there is a movement in the minimum wage, has so far been explained by the standard Stigler competitive labor market model which states that labor absorption is affected by the minimum wage determined by the minimum wage as the primary variable (Borjas, 2016). Through this concept, it is known that the minimum wage provides a signal to the market, where an increase in the minimum wage reduces employment absorption as a result of a response to labor demand which seeks to reduce production costs.

Fig. 2.2. The Effect of the Minimum Wage on Labor Absorption

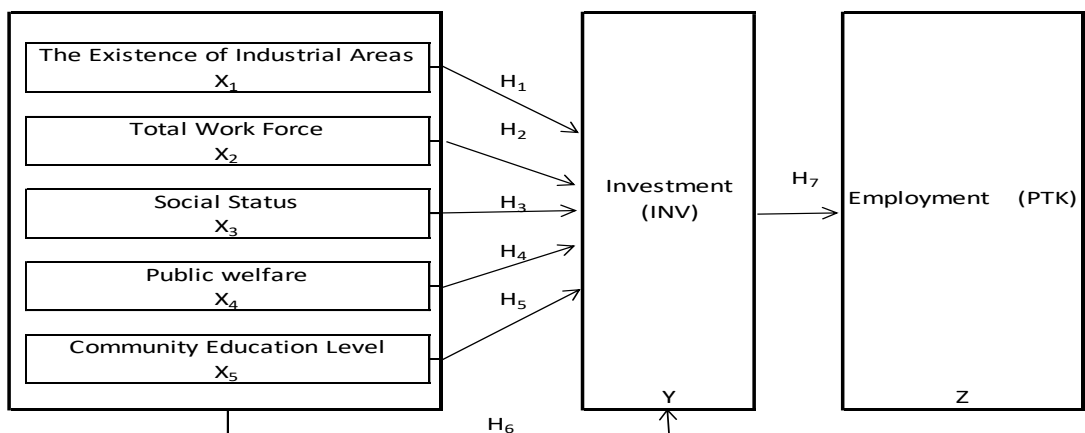


Source : Borjas (2016)

3.4. Employees Wages

Wages, according to the Conventional Salary, the daily sense is defined as revenue to permanent workers and professional workers such as employees, government, lecturers, teachers, managers, and accountants. Payments are usually once a month. Wages are intended as payments to workers men whose jobs are always changing, such as agricultural workers, carpenters, bricklayers, and manual laborers. According to the Big Indonesian Dictionary, wages are defined as payments given in return for services or labor costs that have been done by other people, resulting in work. Wages are also rights granted to workers by employers in the form of money and compensation for work that has been done, will be done, determined, or paid for. According to economic theory, wages are amounts paid to employers for the physical and mental services provided by employees. In economic theory, there is no distinction made between incomes from casual and casual workers' services and payments to permanent employees. Wages are the two kinds of worker income—payments to workers. Financial experts will generally take a gander at work pay at normal genuine wages, that is to say, compensation show buying influence each hour worked, as such, ostensible wages or cash compensation that are separated by the typical cost of a lot of things that people use every day.

3.5. Research Framework



Hypothesis

- H₆ : Do the Factors of the existence of Industrial Areas simultaneously affect Investment
- H₇ : Does Investment partially affect Labor Absorption

4. Result and Discussion

4.1. Based on the calculation results of data processing with eViews, the following data is generated simultaneously:

Weighted Statistics	
R-squared	0.798599
Adjusted R-squared	0.780697
F-statistic	44.60868
Prob(F-statistic)	0.000000

Source: Processed data Eviews-10

The F-test is used to see whether or not there is an influence of the Existence of Industrial Areas, Total Work Force, Social Status, Community Welfare, and Level of Community Education simultaneously on Investment in BODETABEK, with the research period 2011-2020 using a random effect model which has a probability value of 0.0000, indicating that the F test is significant for the independent variables that simultaneously affect the dependent variable if the probability value is less than alpha 5% (0.05), reject H₀, and accept H₆. This indicates that investment in BODETABEK for the years 2011 to 2020 is influenced simultaneously by the workforce, industrial areas, social status, community welfare, and education level.

1. Investment toward Employment in partial.

Partial Influence	β_2	t count	p-Value	Conclusion
Effect of Labor on Investment	2,416106	4,558880	0,0000	Reject H ₀ : There is a significant and positive effect of labor on investment

Source: Processed data Eviews-10

The Labor (2) regression coefficient value is 2.416106, as shown in the table. The calculations yield a t-value of 4.558880, a significance level of 5%, degrees of freedom equal to n-k-1 or 50-5-1 = 44, a two-sided (2-tailed) test, and a t-table value of 2.0154; so that the t-count is greater than the t-table (4.558880 > 2.0154); similarly, the P-value is less than 0.05; so that we can conclude that H₁ is accepted and H₀ is rejected. It intends that there is a positive and huge impact of the Work variable on Speculation. It demonstrates that investment will increase by 2.416106 units for every one unit increase in the Labor variable.

5. Conclusion

The magnitude of the influence of Socio-Economy, Labor, Community Welfare, and Economic Growth on Investment, is 79.8599 percent, while the remaining 20.141% is influenced by variables outside of the research. Thus, the simultaneous influence of the independent variables, namely Social Economy, Labor, Community Welfare, and Economic Growth on Industrial Estate Investment in the Bodetabek Region, has a positive and significant influence. This is understandable, considering that the four variables that affect Industrial Estate Investment in the Bodetabek Region are the dominant variables that can affect the level of Investment in the Bodetabek Region. However, the total influence of other variables outside the established research model is still quite large, namely 20.1401 percent. As for the other variables that affect Indonesian Investment but are not examined

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