

# Factors Affecting Economic Growth And Its Implications on The Level of Welfare of Communities in Banten Province

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**Abstract.** Present-day homes generally consolidate various workplaces, such as collecting handling plants, Innovative work labs, business environments, banks, and other establishments, like social and public workplaces, workplaces, dwellings, schools, spots of adoration, and open spaces. The mark of the investigation is to take apart the simultaneous effect of the presence of the Thousand Years of Present-day Space, the amount of valuable subject matter experts, cultural position, and neighborhood help on money-related advancement, and the consequences for minor compensation allowed by regulation for work in Banten area. Methodology: The investigation strategy used in this study is Regular Least Square Unique Direct Backslide and precise board data. The assessment factors used are present-day locales, the quantity of the labor force, societal position, and local area government assistance. In this study, it capabilities as an autonomous variable that influences the lowest pay permitted by law and monetary advancement what capabilities as the reliant variable. The consequences of the review show that Current Homes, Number of Cultural position Rankings, and Neighborhood help both simultaneously and somewhat genuinely influence work remuneration in 8 systems/metropolitan networks in the Banten region, and The lowest pay permitted by law suggestions have a positive and massive impact towards financial improvement in 8 rules/urban areas in Banten area.

**Keywords:** Industrial Area, Workforce, Social Status, Community Welfare, Minimum Wage, and Economic Development

## 1. Introducing

Economic growth is one of the effects of industrial activity. In general, a region's ongoing economic development can be ensured by industrial activities. The industrial sector is very important because it significantly impacts a country's overall economic development. It is one of the main economic drivers and the sector that contributes the most to the Indonesian economy. because this sector is similar to other sectors in that it requires employment as a prerequisite for economic growth, technology transfer, and added value. The industry's capacity for rapid growth and improvement is advantageous to the Indonesian economy, resulting in alterations to the country's economic structure. According to the records of the Ministry of Industry, employment in the industrial sector has increased over the last four years. 15.54 million new jobs were created by this sector in 2015, and 15.97 million new jobs were created in 2016. Manufacturing employed up to 17.56 million people in 2017, but this number increased

to 18.25 million in 2018.

Then between 2015 and 2018 there was an increase of 17 point 4 percent, and in 2019 it reached 19 point 4 million people. It is predicted that in 2020, the increase will return gradually. The food industry absorbs up to 26.67 percent of the six major manufacturing industrial sectors, followed by the apparel industry (13.69 percent), the wood industry, wood goods, and cork (9.93 percent). In addition, the non-metal mineral goods industry (5.72%), the furniture industry (4.51%), and the textile industry (7.46%) all contribute significantly to the economy. Industry players can take advantage of Banten Province's comparative and competitive advantages. The industrial sector has the potential to play an important role in a country's economic growth. As stated in Law Number 3 of 2014 concerning industry, defines industry as an economic activity that converts resources and/or raw materials into goods with added value. According to Dirdjojuwono (2004), an industrial area is an area that is dominated by industrial activities and has a mix of facilities, including industrial factories with factory equipment, research facilities, development laboratories, office buildings, banks, as well as social and public facilities.

As well as significantly affecting the economy, fast industrialization duplicates social and natural issues like social design movements and contamination in the climate (Abdullah, 2010). In order to maximize the potential and minimize the risks associated with the development of the industrial sector, metropolitan or provincial arranging is required so industry and different exercises encompassing it, like settlements, exchange, etc, can synergize — modern urban communities. Modern urban communities are those that join private, business, and modern regions with a huge grouping of local area exercises (Nurmayanti, 2017). The Thousand years Modern Home likewise gives 120 hectares of Green Open Space (RTH) to advance a solid modern climate. The Thousand years Modern Domain offers free stacking and dumping doormen and 24-hour security with CCTV control as well as being a sans flood modern region. The Thousand years Modern Zone presently houses modern organizations from various countries, for example, China, the US, Japan, Korea, Australia, and Indonesia.

There are presently 382 colleagues or organizations in the Thousand years Modern Home that are associated with metallurgy, car and its parts, media communications, coordinated operations, synthetics, petrochemicals, building materials, food, and petrochemicals. The 385 businesses occupy a variety of PT-provided locations. Bumi Citra Permai in particular: Industrial Land, 3-storey Commercial Building with a building area of 5 x 20 m, Industrial Warehouse with a building size of 12 x 24 m built with a Cluster system, Industrial Warehouse type M-BIG which has a building size of 18 x 30 m was built with cluster systems. In an effort to improve society, the nation and the state as a whole, national development also includes the development of the entire state government system to achieve its goals. Development activities should be carried out to improve the quality of life and also to enable adaptation to environmental changes. The development of the world is a part of everyone. In order to survive, everyone must pursue development. From an alternate point of view, public improvement should be visible as a progression of public practical advancement drives, which should be visible as a progression of drives to complete the undertaking of accomplishing public objectives.

## **2. Formulation of Research Problems**

What impact does the Banten province's industrial area, labor force, unemployment, poverty, high costs of living, and city minimum wage have on community welfare and economic growth? The analyst decides the examination plan as continues in this case:

What is the impact of modern region, number of work force, joblessness, destitution, utilization costs, city the lowest pay permitted by law on local area government assistance and financial advancement in Banten territory. The scientist decides the examination definition in this example as follows:

- [1] What influences the minimum wage for labor in Banten province simultaneously from the workforce, industrial area, and community welfare?
- [2] What is the connection between the well-being of society and the minimum wage paid to workers in Banten Province?

### **3. Research purposes**

- [1] Analyzing the impact that the Thousand years Present day Space, complete workforce, and neighborhood help all have simultaneously on the Metropolitan The least compensation allowed by regulation in Banten Locale?
- [2] Examining the partial impact of Neighborhood help on the Most minimal compensation allowed by regulation for Work in A banten Area's locales and metropolitan networks?

### **4. Theoretical study**

#### **4.1. Industrial Area Concept**

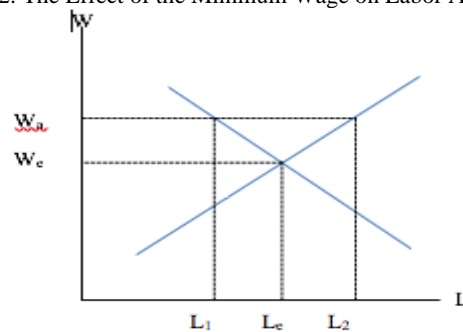
Companies that specialize in industrial estates construct and oversee industrial estates, and are places where industrial activities are concentrated. This definition defines an industrial area as a location where a business with an industrial area business permit conducts, develops, and oversees industrial activities. The Public Modern Drafting Board of trustees (USA) characterizes a modern region in Sani Iskandar (2020) as a modern region on somewhat enormous land that is officially constrained by an individual or establishment. It is appropriate for modern exercises because of its area, geography, legitimate drafting, accessibility of all framework (utilities), and simplicity of transportation access. As per the Metropolitan Land Foundation's Modern Improvement Handbook, which was distributed in Washington, DC in 1975, a modern domain is an area or region that is commonly overwhelmed by modern movement. Manufacturing plants, imaginative work labs, business environments, banks, and other establishment like social and public workplaces like work spaces, dwelling, schools, spots of adoration, and open locales are ordinary in present day spaces. plus another. It is only recently that Indonesians have heard of the term "industrial area". This expression is used to convey the notion of the concentration of a number of industrial businesses in a certain area. This is intended for industrial areas to function as an equivalent. This industry combination was formerly known as — industrial environment ? According to Marsudi Djogodipuro, an industrial area is a large piece of land that has been divided into smaller parts based on the needs of the business owner. It may cover several hundred hectares.

The area has minimal infrastructure, including roads connecting the plots and a power and waste substation that is large enough to serve the expected needs of the entrepreneur at the site . Labor

### Absorption and Minimum Wage

Labor Absorption and Minimum Wages Stigler's standard labor market competition model which states that employment is affected by the minimum wage determined by the minimum wage as the main variable (Borjas, 2016), so far has explained the theoretical concept of employment absorption. , assuming there is minimum wage movement. According to this theory, the minimum wage acts as a signal to the market, and an increase in the minimum wage reduces employment as a result of a response to labor demand aimed at lowering production costs.

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



Sumber: Borjas, 2016

### Labor Wages

Minimum Wage on Labor Absorption/Manpower Wages According to Conventional Wages Salary, in a general sense, is defined as payment to permanent workers and professional workers such as employees, government officials, lecturers, teachers, managers and accountants. These fees are usually paid once a month. Paying wages to unskilled workers in constantly changing jobs, such as agricultural workers, carpenters, masons, and manual laborers, is the purpose of wages.

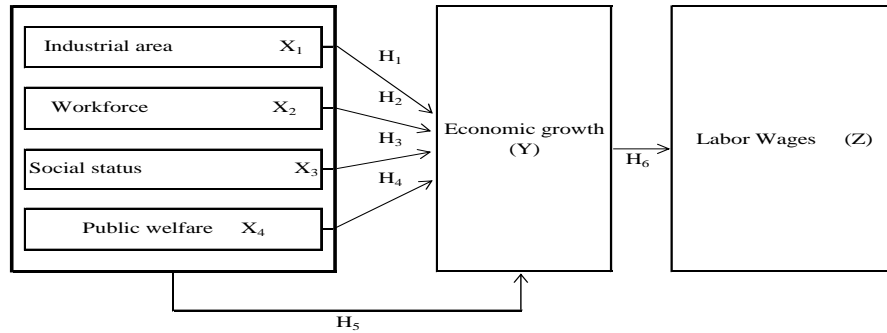
Wages are defined as payments made in return for labor costs or services performed by other people, as well as the results of work, according to the Big Indonesian Dictionary. As compensation from the employer to workers for work that has been or will be completed, determined, or paid, wages are also workers' rights received and expressed in the form of money. According to economic theory, wages are payments given to employers for the physical and mental work provided by workers. Payments for services rendered by casual workers and casual workers are treated the same in economic theory as payments to regular workers . Wages is a term used to describe two types of worker income (payment to workers). Economists often examine labor income in terms of average real wages, which represent the purchasing power of hourly wages worked, or nominal or money wages divided by the cost of living.

### Economic growth

Economic Development, which aims to increase economic growth and alter economic structure, is one aspect of regional development. Arsyad (1999) characterizes provincial financial advancement as the cycle by which nearby state run administrations and networks oversee existing assets and lay out examples of collaboration with the confidential area to empower monetary development (or improvement) in the districts and the formation of new positions. The essential issue relating to territorial advancement is the usage of the capability of neighborhood (provincial) human, institutional, and actual assets through the focal point of improvement approaches in view of the attributes of the district being referred to (endogenous

turn of events). During the improvement interaction, this center prompted the reception of nearby drives to make new positions and lift financial movement.

## 5. Research Concept Framework



hypothesis

H<sub>5</sub> : The Effect of Factors on the Simultaneous existence of Industrial Areas on Economic Growth.

H<sub>6</sub> : The Influence of Economic Growth and Its Implications on Labor Wages.

## 6. Results and Discussion

[1] Test F Model 1, Hypothesis H<sub>5</sub>

Statistical F Test Results Table 4.11

WAGE Dependent Variable	Estimation Results
C	12.1619 (0.0000) *
KI (Industrial Area)	0.1519 (0.0000) *
TKP (Productive Workforce)	-0.1619 (0.0001) *
SS (Unemployment Rate)	-0.5066 (0.0000) *
KS (Community Welfare)	1.1957 (0.0001) *
R-squared	0.6491
Adjusted R-squared	0.6344
F-statistics	10.0577
Prob(F-statistic)	0.000001
Durbin-Watson stat	2.0668

Eviews Data Processing Source 10

The F test is used to see whether there is or on the other hand isn't the effect of current district, workforce, joblessness rate and people's administration help meanwhile on

remuneration in systems and metropolitan networks an in the area of Bante, with the assessment time period 2011-2020 using an unpredictable effect model which has a probability worth of 0.0000 , and that suggests that the probability regard is more unobtrusive than alpha 5% (0.05), then, reject H 0 , recognize H 5 , so it will in general be contemplated that the F test is basic for the independent elements simultaneously impacting the dependent variable. This suggests that simultaneously present day district, workforce, joblessness rate and neighborhood help through and through influence work remuneration in 8 principles/metropolitan networks in Banten domain for the 2011-2020 period

[2] T test, Hypothesis H 6

The T test is utilized to decide the degree to which the joblessness rate, which is the extent of individuals who can't contend in entering the modern world, local area government assistance, the modern regions that are laid out in rules and urban communities in Banten region, useful specialists who have recently moved on from school and are in the phase of searching for work, and the joblessness rate each make sense of the variety in the reliant variable Wages. The consequences of the t-insights for every free factor are as per the following:

Table 4. 12 T-test results

PE Dependent Variable	Estimation Results
C	-2.744847 (0.0008) *
PE (Economic Growth)	0.996361 (0.0000) *
R-squared	0.6564
Adjusted R-squared	0.6494
F-statistic	65.49443
Prob(F-statistic)	0.000000
Durbin-Watson stat	2.17646

Sumber Olah Data Eviews 10

The unpredictable effect model 2 has a probability worth of 0.0000, and that suggests that the probability regard is more unassuming than alpha 5% (0.05), then reject H 0 and recognize H 6, so it might be contemplated that the t test is basic on the free element to some degree impacting the dependent variable. The t test is used to see whether or not there is a partial effect (Implication) of economic growth on the level of labor wage in regencies and cities in Banten province, with the research period 2011-2020. This indicates that from 2011 to 2020, labor wage levels will be significantly influenced by economic growth in eight Banten province regions and cities.

## 7. Conclusion

As should be visible from tables 4.11 and 4.12, every free factor unmistakably affects the reliant variable. This suggests that somewhat Financial Advancement in a general sense influences Work Pay Levels in 8 standards/metropolitan networks in Banten locale for the period 2011-2020 End From tables 4.11 and 4.12 it might be seen that each free element

unmistakably influences the dependent variable. What Regime and City Work Wages Are Meant for by Modern Regions in Banten Area The examination uncovers that the worth of the Modern Bequest has a t-measurement of 7.8668, a likelihood of 0.0000, and a relapse coefficient of 0.1519. This shows that the Modern Home variable affects alpha 5% of laborers' wages in Banten area's locale and urban communities. Numerous businesses that will test it in the region will follow the industry's growth. This is a huge job opportunity that will undoubtedly raise the community's overall income (wages). The district/city community must take advantage of these available employment opportunities to boost income, which will at last drive the region/city economy in Banten area. The growth of GDP, changes in export-import, and production, as well as the incorporation of labor, are all indicators of the economic aspect's development. development and agricultural land competing with industry in terms of land use. The social conditions of society will undoubtedly be impacted by community economic development. There will be an increased demand for housing (rental), markets, transportation (vehicles), and other necessities for migrant workers as a result of the growing number of immigrants who ultimately choose to settle in Banten province's regions and cities. workforce, of course, necessitates a fair wage that can cover all of the workforce's needs. The t-measurement has a worth of - 4.19111, a likelihood of 0.0001, and a relapse coefficient of - 0.16195 for the impact of useful work on specialist compensation. This shows that the useful work variable altogether affects alpha 5% of work compensation in Banten territory's urban areas and locales. Numerous businesses in the industrial sector will attempt to expand the area's production process following the industry's growth. This is an enormous opportunity for local and migrant workers to find work, and it will undoubtedly boost the community's overall income. The area/city local area in the territory of Banten should make the most of these accessible open positions to help pay, which will eventually drive the region/city's economy. The impact of local area government assistance on the wages of city and region laborers in Banten territory's modern region. The examination uncovers that the worth of the local area government assistance variable has a t-measurement of 4.06787, a likelihood of 0.0001, and a relapse coefficient of 1.1957. This demonstrates that the social government assistance variable affects alpha 5% of the wages of laborers in the regions and urban areas of the Banten territory. government assistance" alludes to family costs. We utilize this action since it estimates how much cash families spend on things like food, clothing, lodging, products, and different necessities. This action depends with the understanding that richer families commonly spend more to meet their everyday necessities. As a result, a household's level of welfare can be represented by the money they spend. Industrial estates can be used to boost economic growth, create jobs, and make markets more competitive. The development of industrial estates aims to even out the distribution of industry throughout Indonesia.

A low joblessness rate will take out the picture of economic wellbeing, and joblessness locally will diminish in light of the fact that the encompassing local area has been assisted by the modern region with landing positions, so that individuals' buying power increments with good wages given to laborers by the organization. The existence of an industrial area will, of course, reduce the unemployment rate. factors that contribute to the simultaneous existence of industrial areas and economic expansion. The analysis reveals that the F statistic has a value of 10.0577 and a prob F-statistic value of 0.0000 0.05, indicating that both the independent and dependent variables have a significant impact on the dependent variable.

Testing the coefficient of assurance is completed to perceive how well the model can make sense of how much impact the autonomous factors all the while have on the reliant variable , which can be shown by the changed R-Squared esteem. The forecast model of the proposed research model is getting better when the R2 esteem is getting higher. To appraise and

foresee how much impact the free factors have on the reliant variable, both individually and collectively, the coefficient of determination test ( $R^2$ ) is utilized. Based on the study's findings, the  $R^2$  value of 0.6344 indicates that independent variables are responsible for 63.44 percent of Banten Province's economic growth, while variables outside of this study's variables are responsible for the remaining 36.56 percent. Trial of the effect of modern regions (modern regions, useful labor force, joblessness, and social government assistance) on the territory of Banten's monetary development somewhere in the range of 2011 and 2020.

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