

Socio-Economic Effects. Labor, Community Welfare And Regional Economy on Investment in The Bodetabek Area

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. Regional development is running massively and not experiencing significant growth, leading to fears of a lack of income due to reduced employment. This condition causes people affected by the termination of employment to carry out activities independently to fulfill their daily needs. Investments made will add new jobs. Investing will generate income, which increases welfare. Because the termination of employment that has befallen him will affect the workers' income to make ends meet. 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 resulted in a simultaneous and partially significant influence between the existence of industrial areas, labor and welfare, social status, and level of education on economic growth and labor wages. The methods used in this study are ordinary multiple linear least-squares regression and simple panel data. The study variables used were industrial area presence, total labor force, social status, and public welfare, which in this study acted as independent variables influencing labor wages and dependent variables influencing economic growth. It works as a variable. Research results show that socio-economic status, total workforce, public welfare, and economic growth both simultaneously or in part have a significant and positive impact on investment in Bodetabek, namely 78.1 percent.

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

1. Preface

The main objective of economic development is to improve people's welfare which is reflected in the availability of jobs. and economic growth. Investment is the primary requirement for every development that requires a rate of growth, so the requirement for investment cannot be separated from the need for economic growth. The level of investment made in this nation, or investment, is the engine of the economy; the lowest level of investment indicates slow economic growth. Investment can increase GDP, which also increases prosperity and growth in every province, city, and administrative area. Economic growth in industrial and developing areas is mainly aimed at increasing people's welfare as reflected in the level of employment opportunities and economic growth.

The development and growth of the regional economy is highly dependent on the industrial sector. One of the impacts of industrial activity is economic development.

Sustainable local economic growth can generally be ensured by industrial activities. Due to its significant contribution to economic growth, the industry is a significant contributor and an important part of the Indonesian economy. That is, along with the progress of a country's economy, the industrial sector is also progressing. Recognize industrial value added, technology transfer, and employment as economic development. The process by which society fosters an environment that influences the outcome of economic indicators, such as more employment opportunities and economic growth, is known as economic development. To achieve this success, the regions need to be supported by a sufficient and equitable infrastructure that can attract investors both from within and outside the region who can continue to invest. The number of available job opportunities has an indirect impact on per capita income, which measures how well society is performing.

Unemployment and poverty are often problems in economic development.

The level of social welfare is affected by these two problems. when all economic and social needs are met and society is in a state of prosperity. Due to the lack of fulfillment of basic needs, high unemployment rates have an impact on poverty levels. As a result, people's purchasing power decreases which indicates a decrease in their level of welfare. To achieve national goals, national development aims to advance every aspect of social, state, and state life. Development activities must certainly be carried out to create a better life and also adapt to environmental events. Not everyone can escape the word development. Everyone is forced to evolve to survive. Another way to think of it, national development can be thought of as a series of sustainable national development initiatives that are designed to complete the task of achieving national goals.

2. Formulation of Research Problems

Through the identification of the problems that the researcher put forward, the following are the problems with this research:

1. What is the socio-economic impact on the workforce, community welfare, and economic growth simultaneously with investment in the Bodetabek area?
2. What is the effect of economic growth on investment in the Bodetabek area?

3. For Research Purposes

The purpose of this research is to understand, evaluate, and investigate:

1. The magnitude of the simultaneous influence of Socio-Economy, Labor, Community Welfare, and Economic Growth on Investment in the Bodetabek Region.
2. The magnitude of Socio-Economic Influence on Investment in the Bodetabek Region.
3. The amount of labor influence on investment in the Bodetabek area.
4. The magnitude of the influence of Community Welfare on Investment in the Bodetabek Region.

4. Theoretical Studies

4.1 Investment Theory

Another factor that influences the total amount spent is the formation of capital, which can be interpreted as investment. Domestic investment can boost production and employment, while economic activity can raise a nation's lower economic level. The government and all businesses spend money on investment to acquire the necessary capital equipment to begin a production process. To create a gain on effective financial planning start another business or improve a current business, which has the potential chance to produce benefits that surpass the expense of speculation capital. Long-term economic growth and the viability of economic development both depend heavily on investment. It boosts income and employment, which in turn drives up market demand. Portfolio investment and foreign direct investment (FDI) are two types of investment activity. Portfolio investments, which are financial assets owned by foreign investors and invested in a nation, include stocks, bonds, and other investments. An investment in fixed assets, capital goods, land, etc. is known as direct investment. Foreign ownership of a country's assets, which gives it the ability to direct how those assets are used, is an investment known as foreign direct investment (FDI).

4.2 Socio-economic

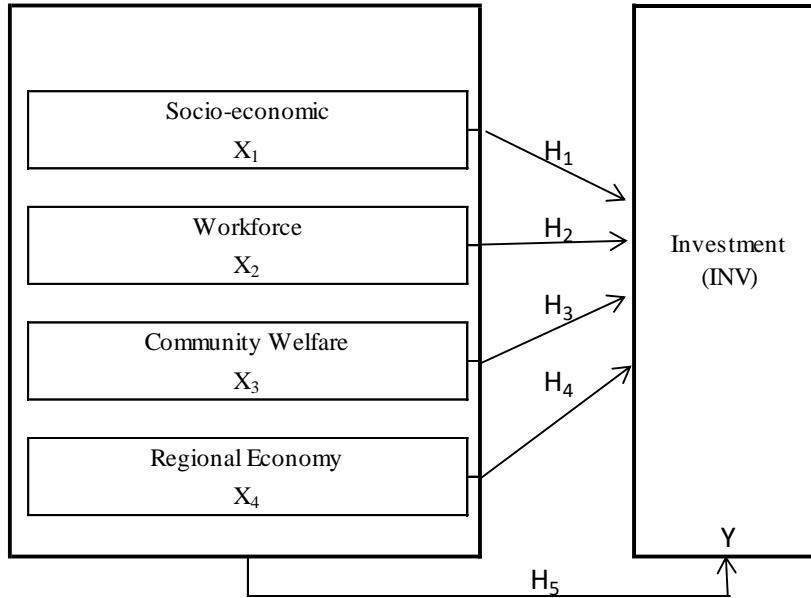
A person's socio-economic position in a social group is determined by their economic activity, education level, and income level. The Finnish Central Bureau of Statistics (BPS) publishes quarterly reports on the development of some important socio-economic indicators for Indonesia. Discussion of social and economic problems often diverges. Humans are often described as "social beings" in a sociological sense, which implies that they cannot function normally without the help of others. As a result, social problems are often considered as societal problems. Community efforts to solve or reduce problems and meet needs are what is meant by socio-economic conditions.

After all, every income has an impact on well-being. Socio-economic conditions are all related to society, especially income in various matters related to achieving welfare through the use of energy, time, potential, etc.

4.3 Labor Absorption and Minimum Wage

The theoretical notion of employment, assuming the lowest wage movement, has so far been explained by the competitive labor market standard business world, according to which job acceptance is influenced by the lowest wage remains the main variable of the minimum wage. Through this concept, the lowest wage can signal to the market that an increase in the minimum labor wage will reduce employment by lowering production costs as a result of labor demand.

4.4 Research Concept Framework



- Hypothesis
- H₅ : Does Socio-Economy, Labor, Community Welfare and Regional Economy simultaneously affect Investment
 - H₄ : Does the Regional Economy partially affect investment.

5. Result And Discussion

5.1 Based on the calculation results of data processing with eviews, the following data is generated simultaneously:

Table 4.11

Dependent Variable: Investment (INV)			
Variable	Coefficient	t-Statistic	Prob
Social Economic	4.663517	2.790521	0.0077
Workforce	2.416106	4.558880	0.0000
Welfare Economic	1.665157	2.762831	0.0083
Economic	4.147064	2.407775	0.0202
Weighted Statistics			
R-squared	0.798599		
Adjusted R-squared	0.780697		
F-statistic	44.60868		
Prob(F-statistic)	0.000000		

Source: Eviews-10 Data Processing

The F test is used to assess whether there is influence or not. The existence of Industrial Areas, Total Workforce, Social Status, Community Welfare, and Level of Public Education simultaneously on Investment in BODETABEK, with the 2011-2020 research period using a random effect model which has a probability value of 0.0000, which means that the probability value is smaller than alpha 5% (0.05), then reject H_0 , accept H_5 , so it can be concluded that the F test is significant for the independent variables simultaneously affecting the dependent variable. This means that simultaneously socio-economic, the size of the workforce, community welfare, and the regional economy have a positive and significant effect on investment in BODETABEK for the 2011-2020 period.

The partial multiple linear regression results can be obtained by referring to the calculations presented in Table 4.11 above.

$$\hat{Y}_1 = -1,090474 + 4,663517(\text{Ln}X_1) + 2,416106(\text{Ln}X_2) + 1,665157(\text{Ln}X_3) + 4,147064(\text{Ln}X_4) + \varepsilon_1$$

For the path coefficient X1 to Y of 4.663517, it means that if the Social Economy has increased, investment will increase by 4.663517 units or Social Economy will contribute to an increase in investment by 4.663517 units.

For the path coefficient X2 to Y of 2.416106, it means that if the workforce has increased, the investment will increase by 2.416106 units or the workforce will contribute to an increase in investment by 2.416106 units.

For the path coefficient X3 to Y of 1.665157, it means that if Community Welfare increases, investment will increase by 1.665157 units, or Community Welfare will contribute to an increase in investment by 1.665157 units.

For the path coefficient X4 to Y of 4.147064, this means that if economic growth increases, the investment will increase by 4.147064 units or economic growth will contribute to an increase in investment by 4.147064 units.

For the path coefficient X5 to Y of 1.367701, this means that if the level of public education increases, the investment will increase by 1.367701 units, or the level of public education will contribute to an increase in investment by 1.367701 units.

5.2 Partially the effect of labor on investment.

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 influence of labor on investment

Source: Eviews Data Processing 10

Based on the table above, the workforce regression coefficient (β_2) is 2.416106. The calculation results show that the t value is 4.558880 at the significance level (α) = 5 percent, degrees of freedom = n-k-1 or 50-5-1 = 44, and the test is carried out with two tails (2-tailed), accept t-table 2 0.0154; then t-number > as t-table (4.558880 > 2.0154); also P-value 0.0000 < 0.05; From this it can be concluded that H_0 is rejected which means H_1 is accepted. The variables used thus have a positive and significant effect on investment. This shows that for every increase of 1 unit of labor variable, investment increases by 2.416106 units.

6. Conclusion

- 4.1. Socio-economic Variables, Manpower, Community Welfare, and Economic Growth simultaneously have a positive and significant effect on Investment in the Bodetabek Region. Where the four independent variables are the dominant variables that makeup investments in the Bodetabek area.
- 4.2. Socio-Economy using Population Density magnitude indicators has a positive and significant effect on Investment in the Bodetabek Region in 2011-2020. Socioeconomics is the variable that has the largest regression coefficient value in this research model.
- 4.3. Labor is the Total Productive Workforce that has a positive and significant effect on Investment in the Bodetabek Region in 2011-2020. Labor is a variable that has the third-largest regression coefficient value in this research model.
- 4.4. Community Welfare using the Human Development Index indicator has a positive and significant effect on Investment in the Bodetabek Region in 2011-2020. Community Welfare is a variable that has the smallest regression coefficient value in this research model.
- 4.5. Economic Growth has had a positive and significant effect on Investment in the Bodetabek Region from 2011-2020. Economic Growth is a variable that has the second-largest regression coefficient value in this research model.

References

- [1] Alexander, P.C. 2003. Industrial estates in India. Bombay: Asia Publishing House.
- [2] Arsyad, Lincoln. 2010. Ekonomi Pembangunan, Yogyakarta: UPP STIM YKPN. Askenazy, Philippe. 2003. Minimum Wage, Export, and Growth. European Economic Review.
- [3] Badan Pusat Statistik Jawa Barat, 2020. Indikator Pertumbuhan Ekonomi daerah Jawa Barat.
- [4] Bappeda Jawa Barat, 2020, Realisasi Pembangunan Infrastruktur di Jawa Barat.
- [5] Bappeda Kabupaten (2020), Kawasan Industri Kabupaten Bekasi Provinsi Jawa Barat.
- [6] Belinda Azzara, 2001. Inspire Jurnal, Economics and Development Analysis, Vol 1 No 1.
- [7] Bluestone, B., & Harrison, B. 1982. The deindustrialization of America. New York: Basic
- [8] Bredo, W. 2008. Industrial estates: Tool for industrialization International Industrial Development Center, Stanford Research Institute.
- [9] Calderon, C, L. Serven, 2004. Trend Infrastructure in Latin America, World Bank, Policy, Research Working Paper 3401.