

Determinants Of Labor Absorption In Merauke Regency (2011-2017)

1stMuhammad AbdullahTawakal
Department of Economics
Musamus University
Merauke, Indonesia
tawakal_feb@unmus.ac.id

2ndRomualdusTuru Putra MaroDjanggo
Department of Economics
Musamus University
Merauke, Indonesia
marodjanggo@unmus.ac.id

3rdSebestinaSiman
Department of Economics
Musamus University
Merauke, Indonesia
sebestina@unmus.ac.id

Abstract—This study aims to determine the Determinants of Labor Absorption in Merauke Regency. In the analysis using multiple linear regression analysis methods. Data processing is carried out using the SPSS 21 program. Based on the results of the study, it shows that wages do not have a significant effect on labor absorption with a coefficient value of 0.353, which means that every 1% increase in minimum wage will absorb employment of -0.109 units. And investment does not have a significant effect on labor absorption with a coefficient of 0.426, which means that every 1% increase in investment will absorb labor -0,012 units. Economic growth has a significant effect on labor absorption with a coefficient value of 0.03, meaning that every 1% increase in economic growth will absorb the workforce of 0.0354 units.

Keywords—Minimum Wage, Investment, Growth in Economic Employment Absorption

I. INTRODUCTION

Unemployment is a Macroeconomic problem that is not only faced by developing countries, but also becomes homework in almost all parts of the world. Basically the increase in the number of unemployment is due to the amount of available employment is not comparable with the number of labor force, This is due to uneven national development. The definition of national development itself is expected to increase and accelerate changes in all aspects of people's lives that occur in a tangible form both in the form of economic growth, social structure, unemployment and handling poverty. (Todaro. 2000).

According to Merauke Regency Central Statistics Agency (BPS), in 2017 the population of Merauke Regency is 223,389 people with an area reaching up to 46,791.63 km², so the population density in Merauke Regency is 4.77 people / km. In 2017 the rate of population growth in Merauke Regency reaches

up to 1.54 percent per year. If reviewed by sex, the sex ratio in Merauke Regency is 105.02. This shows that the male population is still higher compared to the female population. Furthermore, the number of households in Merauke Regency in 2017 was 52,530 households, so on average, household members in each household in Merauke Regency were 4.25.

Economically Active, for men and women in Merauke Regency in 2017 there are 102439 thousand people, and not the workforce according to BPS data for men and women totaling 58571 thousand, while working as many as 99200 thousand souls. In addition to employment opportunities, quality and quantity skills that occupy the workforce can encourage and improve the economy. (Kuncoro.2012), said that besides that employment is an important agenda because in addition to poverty alleviation (pro-poor) and increased growth (pro growth).

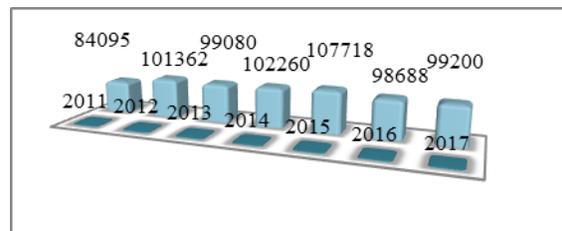


Fig 2. Graph of Merauke Regency Labor Absorption 2011-2017 (Thousand Souls)

In addition to economic growth and investment, the minimum wage is also a macroeconomic factor which can be a benchmark for the response to the achievement of the work that each individual has. Drinking wages for Merauke Regency in 2017 Rp.2,663,646. Devanto and Putu (2011) say that the minimum wage is the lowest delivery issued by the company to pay employees for a job that has been done and stated in return in the form of money stipulated on the basis of applicable

legislation and on the basis of an employment agreement agreed before. Determination of minimum wages always increases every year. The development of minimum wages is always based on the cost of living / welfare needs (KHL) and

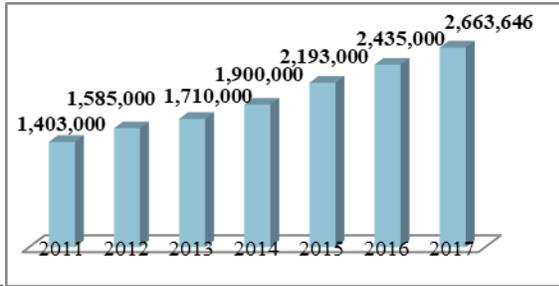


Fig 1. Graph of Minimum Wage Development in Merauke Regency 2011-2017

Basically, economic growth is inseparable from investment, which is also an aspect that encourages economic development and plays an active role in opening jobs. In advancing the process of economic development and maximizing efforts to absorb labor, investment factors both from domestic (PMDN) and from abroad (PMA) are also very influential in the realization of the provision of new jobs. The intended investment is a form of investment for business expansion and the establishment of a new company which in the end is able to absorb the workforce.

II. RESEARCH METHODS

Types and Data Sources

The data used in the study as a model to analyze the factors that influence labor absorption is to use secondary time series data. The data consisting of: labor, economic growth, investment and district minimum wages originated from the Papua Province BPS and BPS Merauke Regency for the period 2011-2017. Data analysis technique The technique used to analyze the model of labor absorption is the equation of multiple regression models with the aim to find out how much influence is given by the dependent variable on the independent variable based on a significant level of 5% or 0.05. Econometrically the model can be described in the following functions:

$$Y = f(X1, X2, X3)$$

$$Y = \beta_0 + \beta_1 \ln X1 + \beta_2 \ln X2 + \beta_3 \ln X3 + \epsilon$$

Where :

Y: Absorption of Labor

X1: District Minimum Wage

X2: Investment

X3: Economic Growth

ϵ : error term

III. RESEARCH RESULT

TABLE I. MINIMUM WAGE, INVESTMENT, ECONOMIC GROWTH AND THE AMOUNT OF ABSORPTION OF WORKFORCE IN MERAUKE REGENCY (2011-2017)

Year	Minimum Wages (Million)	Investasi (Milliar)	Economic Growth (%)	Labor (Soul)
2011	1,403,000	3007000	8.8	84095
2012	1,585,000	5002336	7.1	101362
2013	1,710,000	90087416	6.1	99080
2014	1,900,000	90087416	5.5	102260
2015	2,193,000	5569126	4.8	107718
2016	2,435,000	9744297	6.2	98688
2017	2,663,646	12038298	5.8	99200

Source : data processed

Based on the results of calculations using computer assistance in the SPSS IMB program.21 the results of the regression analysis are obtained as in the brought table. For the partial test the t test is used. The output of the t test aims to determine whether each independent variable significantly influences the dependent variable by assuming that the other independent variables are constant.

TABLE II. COEFFICIENTSA

Model	Unstandardized Coefficients		Standardized Coefficients	t.	Sig.
	B	Std. Error	Beta		
(Constant)	13.744	1.636		8.401	.004
LN_X1	-.109	.099	-.332	-1.096	.353
LN_X2	-.012	.013	-.222	-.919	.426
LN_X3	-.074	.020	-1.249	-3.657	.035

a. Dependent Variable: LN_Y

The results of the statistical calculations show that of the three independent variables included in the model only the variable Economic Growth (X3) which affects the independent variables significantly, the variable shows a significantly smaller level of 0.35 the significant level used as a guide in this study is 0.05.

The model estimation results can be written in the equation below: Absorption of Labor_Y= 13,744- 0.109X1-0.012X2-0.074X3

The equation can be interpreted:

The constant value is 13,444, meaning that if the minimum wage, investment, economic growth is worth zero, the absorption of labor force is 13,744

Ah Wage Variable (X1) does not have a significant effect on labor absorption with a coefficient value of 0.353, meaning that

for every 1% increase in the minimum wage, it will absorb labor by -0.109 units.

Investasi Investment variable (X2) does not have a significant effect on labor absorption with a coefficient value of 0.426, meaning that every 1% increase in investment will absorb labor -0,012 units.

Variable Economic Growth (X3) has a significant effect on labor absorption with a coefficient value of 0.035, meaning that every 1% increase in economic growth will absorb the workforce of 0.0354 units.

TABLE III. MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.940 ^a	.884	.767	.03700

a. Predictors: (Constant), LN_X3, LN_X2, LN_X1

Based on the table, the determination of the coefficient of determination (adjusted R-square) of 0.767 means that the model can explain the influence of independent variables on the dependent variable by 76.1% and the remaining 24.9% is explained by other variables from the outside.

TABLE IV. MODEL ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.031	3	.010	7.592	.065 ^b
Residual	.004	3	.001		
Total	.035	6			

a. Dependent Variable: LN_Y

b. Predictors: (Constant), LN_X3, LN_X2, LN_X1

Based on the F Test Table with the test results of 0.065 which means that together the independent variables significantly influence the dependent variable.

IV. CONCLUSION

Based on the results of data analysis and testing of the hypotheses outlined in the previous chapter, the conclusion is drawn that economic growth has a positive relationship to employment absorption with a significant value of 0.03. Furthermore, for the Investment variable with a significant level of 0.426 and a minimum wage of 0.353. Then it can be explained that investment and minimum wages have a positive but not significant effect on employment in Merauke Regency. Based on the R table test, the adjusted R-square value is 0.767 and the F test is 0.065, so it can be concluded that the independent variables significantly influence the dependent variable.

ACKNOWLEDGMENT

Thank God, it is one word that is very appropriate, the writer says the presence of Allah, the One who has bestowed His blessings and mercy, so that the writer can finish writing entitled "Determinants of Labor Absorption in Merauke Regency". In this writing the author gets a lot of motivation and encouragement from various parties, for that on this occasion the author would like to express his gratitude to Mr. Romi and Mrs. Sebestina who helped in this writing.

REFERENCES

- [1]. Badan Pusat Statistik. *Merauke Dalam Angka Tahun 2018*. Kabupaten Merauke.
- [2]. Putu, Devanto. D. (2011). *Analisis Pertumbuhan Ekonomi*. Bali: E-Jurnal EP Unud.
- [3]. Kuncoro. (2012). *Manajemen Perbankan*. Yogyakarta: BPFE.
- [4]. Todaro, Michael P. 2000. *Pembangunan Ekonomi di Dunia Ketiga*. Erlangga Jakarta