ANALYSIS OF FACTORS INFLUENCING LABOR ABSORPTION IN REGENCIES/CITIES IN BALI PROVINCE

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Abstract

The goal of economic development is to improve the standard of living and welfare of the community. Economic development of a country or region basically involves the process of interaction between various groups of variables, such as human resources, natural resources, technology, capital, and so on. The purpose of the research is toanalyze the simultaneous and partial influence of investment, education, and local revenue on labor absorption in the Regency/City in Bali Province. The quantitative associative research design with the analysis method used in this study is multiple linear regression analysis. The results of the study show 1) aSimultaneous way of investment, education, and PAD significantly influence the absorption of labor in the Bali Province. 2) Partially investment and PAD have a positive and significant effect on the absorption of labor in the Bali Province. 3) Partially education has a negative and insignificant effect on the absorption of labor in the Bali Province.

Keywords: Labor Absorption, Investment, Education, PAD

INTRODUCTION

Although Indonesia has potential human resources, problems arise in the field of employment, especially due to the imbalance between the availability of jobs and the increasing population. According to Kuncoro (2002), labor absorption is defined as the number of jobs filled, which is reflected in the number of people working. This absorption occurs because of the demand for labor, so it can also be interpreted as a demand for labor. Labor absorption is influenced by several factors such as wage levels, production value, economic structure, capital, productivity, and the Labor Force Participation Rate (TPAK).

Labor absorption refers to the ability of an economy to absorb or empower the available workforce, so that the productive potential of the community can be optimally utilized (Sukirno, 2008). Labor absorption is the ability of the workforce to accommodate workers who meet certain criteria. The level of labor absorption can be comparable to or lower than the existing job opportunities. If labor absorption is comparable to job opportunities, unemployment will not occur. However, if labor absorption is lower than job opportunities, unemployment will arise (Feriyanto, 2020:73-74). According to the Basic Manpower Law No. 13 of 2003, labor is every person aged 15 years and over who is able to do work both inside and outside of an employment relationship to produce goods or services, in order to meet personal or community needs. Sumarsono (2003:106) states that the demand for labor is related to the number of workers needed by the company. Factors that influence labor absorption include wage levels, production value, and investment.

Employment is an important aspect of today's business and economy, indicating how companies and organizations utilize their human resources to achieve their goals.

Employment is measured by the extent to which an economy or industry is able to provide jobs for a large number of available workers. Factors such as technological developments, globalization, and changes in the structure of the labor market greatly influence employment. This process involves placing individuals who are ready to work into jobs that match the skills, expertise, and needs of the organization or economy. Employment plays an important role in economic growth, human resource development, and improving the quality of life. One of the main goals of employment is to create a balance between the supply and demand of labor. Labor supply consists of individuals who are looking for work or are ready to work, while labor demand comes from organizations or economies that need employees to meet their business needs.

Effective employment absorption provides many benefits. From an economic perspective, good employment absorption can increase the productivity and competitiveness of a country or organization. It also has a positive impact on economic growth, because people who work have higher incomes and purchasing power, which in turn encourages consumption and investment. In addition, efficient employment absorption can reduce unemployment and poverty, increase social stability, and reduce social inequality. By placing individuals in suitable jobs, they have the opportunity to develop skills and careers, improve their quality of life, and make a positive contribution to society.

Increasing the number of workers can have various impacts, both positive and negative. From a positive perspective, workers are one of the most important resources to drive economic growth and progress of a country (Prastyadewi, 2014). However, on the other hand, increasing the number of workers can also cause economic problems that are difficult for the government to overcome (Wijayanto et al., 2020), because unabsorbed workers can cause an increase in unemployment. One of the factors in the high unemployment rate is the uneven development in various sectors, which causes employment to be unbalanced with the rapid and dynamic population or workforce growth rate (Ningsih et al., 2015). Therefore, areas that have reached a full workforce utilization rate are usually marked by a decrease in poverty rates (Rusniati, 2018).

The workforce absorption process involves several stages, including workforce needs analysis, recruitment, selection, training, and placement of employees. A workforce needs analysis is conducted to identify positions that need to be filled in the organization and determine the skills and qualifications required for each position. Recruitment aims to attract qualified individuals through various methods, such as job advertisements, the use of employment agencies, or professional networks. After recruitment, the selection stage is conducted to choose the best candidates who fit the needs of the organization. The selection process can involve interviews, aptitude tests, and reference evaluations. Once individuals are selected, they undergo training to acquire the skills needed for the job offered. Finally, employee placement is carried out by placing individuals who have gone through the selection and training stages into appropriate job positions. This process ensures that organizations get the workforce that fits their needs, while individuals get jobs that match their qualifications and preferences.

Factors affecting labor absorption vary depending on the sector and region studied. Some common factors affecting labor absorption include the number of business units, capital, wages, education level, and workforce. In addition, other factors such as business scale, business age, and accounting knowledge can also affect labor absorption, especially in the context of MSMEs. Employment problems are generally closely related to

the limited availability of jobs, low quality of human resources, low wages, and minimal social security. These factors cause the economy in Bali Province to still need to be improved. Therefore, national development is very necessary, because its main goal is to improve economic performance, create jobs, and improve the quality of life of the community in order to achieve a more decent standard of living.

Bali Island has a tourist attraction through its natural beauty and culture. These advantages are expected to be used to achieve optimal economic growth. As a foreign exchange earner, the tourism sector can be aligned with exports that play a role in regional economic growth (Emi & Kartika, 2016). Osman & Sentosa (2013) stated that the tourism sector plays a role in driving economic growth. In Indonesia, the economy is supported by sectors that continue to grow and show an increase in income for Indonesia, where one of these sectors is tourism, which has developed into the largest industry for Indonesia's economic growth (Syechalad et al., 2017).

The current state of labor absorption in Bali reflects the complexity faced by the province, especially due to the strong dominance of the tourism sector. The high dependence on tourism as the main pillar of the economy makes labor absorption in Bali very vulnerable to global economic fluctuations and external factors such as changes in international policies or natural disasters that can affect tourist flows. As a result, many workers in Bali, especially those involved in the tourism sector, face high job instability. Outside the tourism sector, labor absorption is still relatively low, with few job opportunities available in other sectors. This inequality creates additional challenges for the Balinese economy, as many local workers cannot access stable and sustainable jobs outside of tourism. In addition, the quality of human resources in Bali is still a major concern. Lack of access to adequate education and specialized skills training results in low competitiveness of the local workforce in an increasingly competitive labor market.

Another problem that worsens the labor absorption conditions in Bali is the relatively low wage level. Although jobs are available, the wages received are often not commensurate with the ever-increasing cost of living, especially in major tourist areas such as Kuta, Seminyak, and Ubud. In addition, social security for workers is still very limited, which causes uncertainty and vulnerability among the workforce. Overall, the labor absorption conditions in Bali reflect the major challenges faced by the province in creating stable and sustainable employment for its population. Dependence on tourism, low economic diversification, and the suboptimal quality of human resources are the main factors influencing the dynamics of employment in Bali.

Investment is the process of investing by individuals, companies, or other entities with the aim of adding value and generating future profits. This process involves allocating funds or resources into various types of assets, such as stocks, bonds, property, or businesses, which are considered to be able to provide profitable returns. Investment does not only focus on the potential for financial gain, but also on contributing to economic growth and job creation. In the context of a regional or national economy, investment plays an important role in driving the development of key sectors such as industry, infrastructure, and technology. Investments made in development projects, such as the construction of roads, bridges, or public facilities, can strengthen infrastructure and increase economic efficiency. In addition, investment in strategic sectors such as tourism, manufacturing, and energy can create new job opportunities and increase the competitiveness of the regional economy.

Investment can also affect labor market dynamics. High investment in productive sectors tends to increase demand for skilled labor and has a positive impact on wage levels and working conditions. Conversely, a lack of investment can limit economic growth and hinder employment opportunities. Thus, investment is one of the main keys to advancing the economy, improving people's quality of life, and achieving sustainable development goals.

Table 1. Realization of Domestic Investment in Bali Province by Regency/City (Million Rupiah)

Regency/City	2017	2018	2019	2020	2021	2022
Jembrana	274,569	4,409,436	269.267	142,332	173,492	201,730
Tabanan	60,697	140,651	25,725	758,200	1,035,195	194.247
Badung	1,011,839	352,413	5,150,896	3,558,447	2,514,694	3,170,567
Gianyar	525	392,379	306,116	145,776	871.301	295,323
The city of Klungkung	2,881,329	50,579	22,563	42,420	66,996	106,496
Bangli	26,451	82,586	2.239	23,055	31,854	20,970
Karangasem	223,119	5,064,811	11,724	78,045	142,373	161,417
Buleleng	1,122,983	695.011	301,796	361,332	552,240	322,338
Denpasar	5,666,227	5,105,668	1,302,846	323,068	967.105	1,529,016
Bali Province	11,267,739	16,293,534	7,393,172	5,432,674	6,355,249	6.002.103

Source: Central Statistics Agency of Bali Province

Based on data from Table 1, Badung Regency stands out as a leader in investment in Bali Province over the past six years. This high investment, especially in the tourism, hospitality, and property sectors, has contributed to the creation of new jobs and significant infrastructure development in the area.

On the other hand, other regencies/cities in Bali also show varying investment dynamics. Denpasar City, as the provincial capital, has experienced significant investment in the trade, services, and housing sectors, which support economic growth and job creation. Gianyar Regency, known for its arts and culture, has attracted investment for the development of cultural and craft tourism, as well as a modern agricultural sector. Buleleng focuses on the agricultural and nature tourism sectors, with investment helping to increase tourism capacity and agricultural productivity. Tabanan, despite having a lower PAD, has attracted investment for tourism development and agricultural modernization, strengthening the local economy. Klungkung, with tourism potential in Nusa Penida, has received investment that supports the development of tourism infrastructure and the creation of new jobs. Karangasem has invested in the nature and culture tourism sectors, focusing on infrastructure development to increase tourist appeal. Jembrana and Bangli have shown investment that supports the agribusiness and tourism sectors, although their PAD is relatively low compared to Badung (Yuliarmi & Senet, 2014).

Overall, investment in Bali varies across regencies/cities, with Badung being the main investment hub supporting economic growth and job creation. Other regencies continue to seek to leverage investment to drive local economic development and improve community welfare.

Education level is one of the important factors in labor absorption, where individuals who do not have access or opportunity to get proper education tend to be trapped in a cycle of poverty. This happens because they may only have access to low-wage jobs and poor working conditions. Education, which according to John Dewey (1859-1952) is a process of active interaction with the environment to help individuals develop according to their potential, plays a key role in determining a person's job opportunities. Higher levels of education often open up opportunities for better quality and higher-paying jobs. Conversely, lack of education can limit the job options available. In addition, technological developments and changes in the global economy have changed the demands of the labor market, with many jobs now requiring high skills. Lack of relevant education can be a barrier for someone to compete in an increasingly competitive job market.

Table 1. Population Aged 15 Years and Over According to Highest Education

Education	2017	2018	2019	2020	2021	2022
SD	844,455	840.102	825.045	788,555	751,711	807,727
Junior High School	350,330	356,277	338,119	357,244	342,359	347,872
High School	507,370	531,553	550,097	529,168	534.257	570,882
Vocational Schoc	320,617	361,544	327.201	336,977	360,537	402.015
Diploma I/II/III/ Academy	110,239	120,815	120,674	108,932	122.212	148,007
University	265,296	315,416	307,870	302,543	330,778	330,567
Amount	2,398,307	2,525,707	2,469,006	2,423,419	2,441,854	2,607,070

Source: Central Statistics Agency of Bali Province

Based on Table 1, it can be seen that in Bali, the number of people aged 15 years and above who have completed elementary school education is higher than other levels of education from 2016 to 2022. This reflects the conditions in which many individuals in Bali, especially in rural and remote areas, choose to complete basic education and then enter the workforce. This choice is often driven by the need to immediately contribute to the family economy or by limited access to higher education.

In certain areas of Bali, especially those far from the city center such as Denpasar, access to further education can be a challenge. However, many of those who have completed basic education have shown adaptability by taking advantage of available job opportunities, especially in sectors such as tourism, agriculture, and trade. These sectors remain the backbone of Bali's economy, and a workforce with basic education plays a vital role in supporting their growth. In addition, a strong work culture and a spirit of continuous learning on the job allow many Balinese to remain productive and contribute to the economy, even though their formal education is limited to the basic level. Many of them are involved in informal training or gain skills directly from work experience, which helps them to advance in their careers and meet the economic needs of their families (Ariasih & Yuliarmi, 2021).

Local Original Income (PAD) has the potential to influence the level of labor absorption in a region. PAD is income derived from local economic sources (Halim, 2013). PAD sources include local taxes, local levies, results of separated local wealth management, and other legitimate income. In addition, PAD also includes transfer income

and various local incomes that are legally recognized in accordance with Law Number 23 of 2014 concerning Regional Government.

PAD and labor absorption are two interrelated concepts in the regional or national economy. PAD growth often reflects broader economic growth, which in turn can create new opportunities for labor absorption, especially in rapidly growing sectors. Strong economic growth usually increases employment opportunities and labor absorption.

With increasing PAD, economic activity in a region tends to increase, creating more job opportunities. In addition, increasing PAD usually also increases people's income, which can trigger consumption growth. This higher consumer demand can drive growth in the trade and services sector. In addition, increasing PAD is often followed by the ability of local governments to invest in infrastructure projects, such as the construction of roads, bridges, or other public facilities. This investment not only increases regional economic productivity but also opens up new jobs, especially in the construction sector and other related sectors, which ultimately increases labor absorption in the region.

Badung Regency consistently has the highest Local Revenue (PAD) in Bali for the past six years. This success is supported by the tourism sector which is the mainstay, such as in Kuta, Nusa Dua, and Seminyak, which continues to grow rapidly. With significant PAD, Badung is able to develop various leading sectors, strengthen infrastructure, and improve the quality of public services, all of which contribute to regional economic growth. Meanwhile, other regencies and cities in Bali show varying conditions. Denpasar City, as the provincial capital, is the center of government, business, and education, although its PAD is not as large as Badung. Gianyar, which is famous for its arts and culture, has a PAD supported by cultural tourism in Ubud. Buleleng and Tabanan Regencies, although their PAD is lower, have great potential in the agricultural and nature tourism sectors, while Klungkung, with tourism potential in Nusa Penida, is starting to develop as a popular tourist destination. Karangasem, Jembrana, and Bangli districts still face challenges in infrastructure development and economic diversification, despite having great natural and cultural potential (Ayuningsasi & Wulandari, 2014).

Overall, Badung Regency leads in terms of PAD in Bali, supported by effective resource management and a strong tourism sector. Other regencies and cities, despite having great potential, need to focus on infrastructure development and improving the quality of human resources to increase PAD and contribute more to the overall Balinese economy.

RESEARCH METHODS

Quantitative research, this method is called quantitative because the research data is in the form of numbers and analysis using statistics. The research conducted is associative to analyze investment variables, education, and local revenue on the level of labor absorption. The data used in this study are secondary data. The analysis method used in this study is multiple linear regression analysis.

RESULTS AND DISCUSSION

Statistical Results

    Descriptive Analysis

<p align="center">Table 3. Descriptive Analysis Results</p>

	Y	X1	X2	X3
Mean	74.09907	976749.5	8.483148	7.36E+08
Median	74.21500	284946.0	8.290000	3.45E+08
Maximum	85.02000	5666227.	11.50000	4.84E+09
Minimum	63.85000	525.0000	5.520000	1.04E+08
Std. Dev.	5.353818	1550511.	1.568715	1.10E+09
Observations	54	54	54	54

<p align="center">Source: Appendix 3</p>

Information :

X1 =   Investment (Million Rupiah)

X2 =   Education Level (Year)

X3 =   PAD (Million Rupiah)

Y =   Labor Absorption (Percent)

1. Labor Absorption (Y) Based on the results of descriptive analysis, it was found that the maximum data was 85.02 percent, the minimum data was 63.85 percent, and the average data was 74.09 percent, and the standard deviation was 5.35 percent. The difference in labor absorption in each Regency/City is caused by the difference in the number of jobs between regions.
2. Investment (X1) Based on the results of descriptive analysis, it was found that the maximum data was 976749.5 million rupiah, the minimum data was 525 million rupiah, and the average data was 976749.5 million rupiah, and the standard deviation was 1550511 million rupiah. This study used investment in the form of PMDN. The difference in the amount of investment between regions is caused by differences in the potential of resources and infrastructure facilities.
3. Level of Education (X2) Based on the results of the descriptive analysis, it was found that the maximum data was 11.5 years, the minimum data was 5.52 years, and the average data was 8.48 years, and the standard deviation was 1.56 years.
4. PAD (X3) Based on the results of the descriptive analysis, it was found that the maximum data was 4.84E+09 million rupiah, the minimum data was 1.04E+08 million rupiah, and the average data was 7.36E+08 million rupiah, and the standard deviation was 1.10E+09 million rupiah.

Model selection

    Theoretically, in a combined data set consisting of time series and cross-section data, three regression models will be obtained, namely the Common Effect, Fix Effect, and Random Effect models. Therefore, the study uses two regression sub-models, so what is seen is a more complete regression model, namely the second model with the dependent variable of HDI growth, while the first model uses less dependent variable of economic

growth adjustment. Based on Appendix 3 regarding the results of multiple regression processing with the Common Effect model.

To select the best model, the model is then tested for validity using the Chow test. If the test produces a better fixed effect model compared to the common effect model, then it will be continued with the Hausman test. Conversely, if the common effect model is better than the fixed effect, then the test ends with the Chow test only.

The Chow test is useful for comparing Common Effect (OLS) with Fixed Effect. The null hypothesis used is that Common Effect is better than Fixed Effect. If H0 is rejected, we continue testing to the Hausman Test.

H_o: The best model of Common Effect

H1 : Best Fix Effect Model

Based on the results of data processing in Appendix 3 regarding the test*Chow*which is summarized and presented in Table 4.

Table 4. Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section F	7.174293	(8.42)	0.0000
Cross-section Chi-square	46.516982	8	0.0000

Source: Appendix 3

Based on Table 4, it can be seen that the Cross section Chi square prob row. The p-value obtained = 0.00 (less than 5%). So the decision taken is to accept H1 or the Fixs Effect model is better than the Common Effect.

Hausman test*useful to compare Random effect with Fixed Effect. The null hypothesis used is Random Effect is better than Fixed Effect. If H0 is rejected, the test is complete.

H_o: The best Random Effect model

H1 : Best Fix Effect Model

Based on the results of data processing in Appendix 3 regardingHausman testwhich is summarized and presented in Table 5.

Table 5. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Random cross section	13.105477	3	0.0044

Source: Appendix 3

Based on Table 5, it can be seen that the prob row*Random cross section*. The p-value obtained = 0.0044 (greater than 5%). So the decision taken is to accept H1 or the Fixs Effect model is better than the Random Effect.

Classical Assumption Test

1. Normality Test

The test results on the multiple linear regression equation 2 show that the Probability value of 0.125 is greater than the level of significance, which is α 5 percent (0.05). So it can be concluded that the residual value in the regression model tested is normally distributed.

1.   Multicollinearity Test

The test results on the multiple linear regression equation show that the correlation values between independent variables are less than 0.90. So it can be concluded that the residual value in the regression model tested does not have a multicollinearity problem.

2.   Heteroscedasticity Test

Table 6. Test Results*Heteroscedasticity*

Heteroskedasticity Test: Glejser

F-statistic	2.381329	Prob. F(3,50)	0.0806
Obs*R-squared	6.750935	Chi-Square Prob.(3)	0.0803
Scaled explained SS	5.874067	Chi-Square Prob.(3)	0.1179

Source: Appendix 3

Table 6 shows that the significance value of the Chi-Square Prob. value of Obs*R-squared is greater than α = 0.05. Therefore, it can be concluded that there is no heteroscedasticity.

Multiple Regression Analysis Results

Table 7. Results of Multiple Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.806412	0.483936	5.799137	0.0000
LN_X1	0.0101	0.002768	3.649390	0.0007
X2	-0.032200	0.019826	-1.624133	0.1118
LN_X3	8.3033	0.024739	3.356300	0.0017

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.788894	Mean dependent variable	4.303519
Adjusted R-squared	0.733604	SD dependent var	0.072089
SE of regression	0.037208	Akaike information criterion	-3.551472
Sum squared residual	0.058145	Black criterion	-3.109475
Log likelihood	107.8897	Hannan-Quinn critter.	-3.381011
F-statistic	14.26834	Durbin-Watson stat	1.760064
Prob(F-statistic)	0.000000		

Source: Appendix 3

Based on the results of the multiple linear regression analysis in the table, the following equation can be made:

$$Y = \alpha + \beta_1 LN\_X1 + \beta_2 X2 + \beta_3 LN\_X3$$
$$2.806 + 0.010 LN\_X1 - 0.032 X2 + 0.083 LN\_X3$$

From this equation, we can see the magnitude of the influence of each independent variable on the dependent variable, namely labor absorption.

1) The constant value obtained is 2.806 with a positive sign stating that the investment, education and PAD variables are considered zero, then the Y value or labor absorption will be 2.806.

2) The regression coefficient value of the investment variable (X1) is 0.010 with a positive sign stating that if investment increases by 1 million rupiah, but the education and PAD variables are constant, then labor absorption will increase by 0.01 percent. Conversely, if investment decreases by 1 million rupiah and other variables are constant, labor absorption will decrease by 0.01 percent.

3) The regression coefficient value of the education variable (X2) is -0.032 with a negative sign stating that if education increases by 1 year, but the investment and PAD variables are constant, then labor absorption will decrease by 0.032 percent. Conversely, if education decreases by 1 year and other variables are constant, labor absorption will increase by 0.032 percent.

4) The regression coefficient value of the PAD variable (X3) is 0.083 with a positive sign stating that if PAD increases by 1 million rupiah, but the investment and education variables are constant, then labor absorption will increase by 0.083 percent. Conversely, if PAD decreases by 1 million rupiah and other variables are constant, then labor absorption will decrease by 0.083 percent.

Results of Simultaneous Regression Coefficient Significance Test (F Test)
Table 8. Results of Simultaneous Regression Coefficient Significance Test (F Test)

Cross-section fixed (dummy variables)

R-squared	0.788894	Mean dependent variable	4.303519
Adjusted R-squared	0.733604	SD dependent var	0.072089
SE of regression	0.037208	Akaike information criterion	-3.551472
Sum squared residual	0.058145	Black criterion	-3.109475
Log likelihood	107.8897	Hannan-Quinn critter.	-3.381011
F-statistic	14.26834	Durbin-Watson stat	1.760064
Prob(F-statistic)	0.000000		

Source: Appendix 3

The results of the F test (F test) show that the calculated F value is 14.27 with a significance value of P value 0.000 which is smaller than $\alpha = 0.05$, this means that the model used in this study is feasible. These results provide meaning that the three independent variables are able to predict or explain the phenomenon of labor absorption in

Regency/City in Bali Province. This means that simultaneously the variables of investment level (X1), education level (X2), PAD (X3) have a significant effect on labor absorption (Y)

Partial Coefficient Significance Test (T-Test)
Table 9. t-Test Results (Hypothesis Test)

Variables	Regression Coefficient (B)	T-value	Sig.	Conclusion
Investment Variable (X1)	0.010	3,649	0.0007	Significant Positive
Education Variable (X2)	-0.032	-1.624	0.1118	Negative Not Significant
PAD Variable (X3)	0.083	3.356	0.0017	Significant Positive

Source: Data processed 2024 (Appendix 3)

Based on the results of the t-test in Table 9, the relationship between variables can be explained as follows:

(1) **The effect of investment () on labor absorption (Y)X_1**

Investment (X1) has a coefficient value of 0.010 with a significance of 0.0007 which is smaller than 0.05, so it is rejected and$H_0$$H_1$accepted. This means that the investment level variable has a positive and significant effect on labor absorption in the Regency/City in Bali Province.

(2) **The influence of education level () on labor absorption (Y)X_2**

The level of education (X2) has a coefficient value of -0.032 with a significance of 0.1118 which is greater than 0.05, so it is rejected and$H_1$$H_0$accepted. This means that the education level variable has a negative and insignificant effect on labor absorption in the Regency/City in Bali Province.

(3) **Regional original income () to labor absorption (Y)X_3**

PAD (X3) has a coefficient value of 0.083 with a significance of 0.0017 which is smaller than 0.05, so it is rejected and$H_0$$H_1$accepted. This means that the PAD level variable has a positive and significant effect on labor absorption in the Regency/City in Bali Province.

RESULTS AND DISCUSSION
The Simultaneous Influence of Investment, Education, and Local Original Income on Labor Absorption in the Province of Bali

The variables of investment, education, and local revenue on labor absorption produce a probability value of F-statistic of 0.000000 <0.05. Thus, the relationship between investment, education, and local revenue together (simultaneously) is proven to have a significant effect on labor absorption. In addition, the results of the determination coefficient test also show that all independent variables have an effect of 79% on the dependent variable (labor absorption). So H1 is accepted.

The current state of labor absorption in Bali reflects the complexity faced by the province, especially due to the strong dominance of the tourism sector. The high dependence on tourism as the main pillar of the economy makes labor absorption in Bali

very vulnerable to global economic fluctuations and external factors such as changes in international policies or natural disasters that can affect the flow of tourists.

The results of the study are in line with Kurniawan and Sari's (2021) research which shows that increasing investment plays an important role in job creation, especially in areas that are highly dependent on the tourism sector. Bali Province's dependence on this sector makes labor absorption very vulnerable to changes in the tourism industry, which are often influenced by global economic fluctuations and various other external factors.

Furthermore, Prabowo and Setiawan's (2020) research found that improving the quality of education contributes to strengthening the workforce's capabilities, which in turn increases competitiveness in developing sectors. In addition, increasing local revenue plays a role in improving infrastructure and public services, which indirectly supports economic growth and labor absorption.

The simultaneous influence of investment, education, and local revenue variables on labor absorption is seen through the interrelated interactions between the three variables. Increased investment generally results in more job opportunities, however, its success is highly dependent on the quality of education possessed by the workforce. Quality education improves the skills and competencies of the workforce, so that they are better prepared to compete in the labor market, which in turn can attract more investment. In addition, increased local revenue allows the government to develop infrastructure and public services, which support the growth of the economic sector and facilitate access to the labor market. Policies that simultaneously support these three aspects can create a conducive environment for economic growth, thereby contributing to increased overall labor absorption.

The Influence of Investment on the Level of Labor Absorption in the Province of Bali

Based on the results of this study, it shows that investment has a positive and significant effect on labor absorption in the Bali Province. This fact is proven through the results of the partial test which shows that the probability value of the investment variable is 0.0007 smaller than 0.05 and the coefficient value is 0.010101. This result means that investment has a partial positive and significant effect on labor absorption in the Bali Province. If investment increases, labor absorption will increase. The regression coefficient of 0.010101 means that if investment increases by 1 million rupiah, labor absorption in the Bali Province will decrease by 0.010101 million rupiah. The results of the study accept H1.

In the macroeconomic context, increased investment is associated with greater economic growth, which can lead to increased demand for labor. In the case of Bali Province, which is heavily dependent on the tourism sector, higher investment can mean more infrastructure projects and services that support the growth of the sector. The results of this study are in line with research conducted by Sulistiawati (2012) analyzing the effect of Investment on Labor Absorption, stating that Investment has a significant positive effect on labor absorption. With investment, both from within the country and abroad, companies and industries have the opportunity to grow and expand their operations. This creates a need for new workers, thus opening up more job opportunities for the community. In addition, investment also encourages innovation and increased productivity, which in turn requires a more skilled and educated workforce. Thus, increased investment not only increases the number of jobs, but also contributes to improving the quality of the workforce and strengthening the overall economic structure.

The Influence of Education on the Level of Labor Absorption in the Province of Bali

Based on the results of this study, it shows that education has a negative and insignificant effect on labor absorption in the Bali Province. This fact is proven through the results of the partial test which shows that the probability value of the education variable is 0.01118 greater than 0.05 and the coefficient value is -0.032200. This result means that education has a partial negative and insignificant effect on labor absorption in the Bali Province. If the year of education increases, labor absorption will decrease. The regression coefficient of -0.032200 means that if education increases by 1 year, labor absorption in the Bali Province will decrease by 0.032200. The results of the study reject H1.

The results of the study are not in line with the research conducted by Rahayu (2020) analyzing the effect of wages and education levels on labor absorption in Jambi Province in 2010-2019, which states that education has a significant positive impact on labor absorption. The higher the level of education possessed by the workforce, the greater their chances of getting quality jobs and better incomes. Education equips individuals with the skills, knowledge, and competencies needed by the labor market, so that they are better prepared and able to meet industry demands. In addition, education also encourages innovation and productivity, which in turn creates more job opportunities. Thus, increasing access and quality of education is one of the main keys to increasing labor absorption and advancing the economy.

However, the results of this study are supported by the fact that the results of this study are in line with research showing that education has a negative and insignificant effect on labor absorption. Sari and Putra (2020) stated that the gap between the skills possessed by graduates and the needs in the labor market is often the main factor causing low labor absorption and the Covid-19 situation that hit in 2020. During the pandemic, many sectors experienced rapid digital transformation. Graduates who do not have the latest digital or technology skills are becoming increasingly difficult to employ, even though they have a good formal educational background. Many graduates do not have the skills that match the available positions, making it difficult for them to enter the workforce. In addition, Mahmud and Wulandari (2019) noted that an unfavorable economic situation can affect companies in increasing the number of workers, even though the level of education has increased. Inadequate quality of education and graduates' expectations of getting better jobs also contribute to this problem, where many graduates tend to reject jobs that do not match their qualifications. Therefore, it is important to make adjustments in education and training policies to be more relevant to the demands of the current labor market. Research by Kurniawan and Sari (2021) is also in line with the results of this study, by showing that in the Indonesian context, although access to education has increased, this is not always accompanied by a significant increase in labor absorption, especially in certain sectors.

The Influence of Local Original Income on the Level of Labor Absorption in the Province of Bali

Based on the results of this study, it shows that local revenue (PAD) has a positive and significant effect on labor absorption in the Bali Province. This fact is proven through the results of the partial test which shows that the probability value of the investment variable is 0.0017, which is smaller than 0.05 and the coefficient value is 0.083033. This result means that PAD has a partial positive and significant effect on labor absorption in the Bali Province. If PAD increases, labor absorption will increase. The regression coefficient of 0.083033 means that if PAD increases by 1 thousand rupiah, labor absorption

in the Bali Province increases by 0.083033 thousand rupiah. The results of the study accept H1.

The results of the study are in line with the research conducted by Rahayu (2020) analyzing the effect of wages and education levels on labor absorption in Jambi Province in 2010-2019, stating that local revenue (PAD) has a positive effect on labor absorption. Hidayat and Mardiana (2021) found that higher revenue from local governments contributed to better labor market outcomes, supporting job growth in various provinces. Agustina and Firmansyah (2019) also stated that good local government financial performance, including increasing PAD, plays an important role in creating job opportunities. Thus, the results of this study not only provide empirical evidence regarding the relationship between PAD and labor absorption, but also show the importance of policies that support increasing PAD as a strategic step to reduce unemployment and improve community welfare in Bali Province.

With high PAD, local governments have greater capacity to invest in various development projects and economic initiatives that can create new jobs. Increased PAD allows for the allocation of funds for infrastructure development, support for local industrial sectors, and the implementation of training and skills development programs. All of these contribute to increasing employment opportunities for the community. In other words, greater PAD supports regional economic growth and opens up more job opportunities, thus directly increasing employment absorption and community welfare.

CONCLUSION

Based on the research results explained previously, it can be concluded that:

1. Simultaneously, investment, education, and PAD have a significant effect on labor absorption in the Bali Province. The results where R^2 or Adjusted R Square is 0.79. This means that only 79% of the dependent variable can be explained by the independent variables consisting of investment, education, and PAD. 21% is the remainder of the dependent variable which is explained by various factors that are not included as independent variables in this study.
2. Partially, investment and PAD have a positive and significant effect on labor absorption in the Bali Province, while education has a negative and insignificant effect on labor absorption in the Bali Province.

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