

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

**I Putu Satya Wiguna, Ida Bagus Putu Purbadarmaja**

Economics at the Faculty of Economics and Business, Udayana University

E-mail:[wolfbagos@gmail.com](mailto:wolfbagos@gmail.com),[purbadharmaja@unud.ac.id](mailto:purbadharmaja@unud.ac.id)

### **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 to analyze 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) a simultaneous 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.