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ANALYSIS OF FACTORS AFFECTING LABOR ABSORPTION AND COMMUNITY WELFARE IN BALI PROVINCE

Putri Dwi Puspita[1], Ni Nyoman Yuliarmi[2], Ni Ketut Budiningsih[3], Made Kembar Sri Budhi[4]
Faculty of Economics and Business, Udayana University
Email: nyuliarmi@unud.ac.id*

ABSTRACT

In order to reduce unemployment and boost community well-being, it is necessary to boost labor absorption because the high unemployment rate hinders national development. One of the factors that influences increasing labor absorption and community welfare is the minimum wage level, Regional Original Income (PAD), government spending, economic growth and investment. The objectives of this research are: 1) to examine the impact of the lowest pay permitted by law levels, PAD, government spending, economic growth and speculation on work assimilation in Bali Region; 2) analyze the influence of minimum wage levels, PAD, government spending, economic growth, investment and labor absorption on community welfare in Bali Province; and 3) analyze the indirect influence of minimum wage levels, PAD, government spending, financial development and speculation on local area government assistance through work retention in Bali Area. The research method used is non-participant observation. This research uses panel data with a total of 108 observations and uses path analysis techniques. Based on the analysis results, it was found that: 1) minimum wage levels, PAD, government spending, economic growth and investment have a positive and significant effect on labor absorption in Bali Province; 2) PAD, government spending, economic growth, investment and labor absorption have a positive and significant effect on the welfare of the people in Bali Province; 3) the minimum wage level does not have a positive and significant effect on the welfare of the people in Bali Province; and 4) there is an indirect influence on the level of minimum wages, PAD, government spending, economic growth and investment on community welfare in Bali Province in 2011-2022 through labor absorption. It is hoped that the government can create policies to overcome the still high unemployment rate so that the welfare conditions of its people can continue to improve.

Keywords: Original local government revenue; Government spending; Labor absorption; Community welfare

INTRODUCTION

Providing sufficient employment opportunities to keep up with the expansion of the workforce is one of the essential objectives of economic development. Work assimilation is significant considering conquering the issue of

joblessness and supporting monetary advancement that is being done by emerging nations to make evenhanded financial turn of events. The issue of work assimilation shows that the higher the joblessness rate, the higher the destitution, wrong doing and different peculiarities in the public arena.

The employment problem faced by Indonesia is the rapid increase in the number of the workforce. There is an increase in the unemployment rate due to an imbalance between job seekers and available jobs, of course this will affect the welfare of the community. People's welfare will also rise as a result of an increase in the demand for labor, which will lead into an increase in employment opportunities and income.

High joblessness rates likewise happen in Bali Territory. Besides, during the Coronavirus pandemic, this enormously affected Bali's economy, including the work area. It tends to be seen that the Open Joblessness Rate (TPT) in Bali Region is very high, particularly in 2020 and 2021 during the Coronavirus pandemic, specifically 5.63 percent and 5.37 percent (National Labor Force Survey at the Bali Province Central Statistics Agency, 2022). The high level of open unemployment is of course related to the absorption of labor in the region. If unemployment in Bali Province is high, then this can indicate that the workforce has not been absorbed well, or in other words, workforce absorption is still low. This low work ingestion will build joblessness and will affect the government assistance of the local area.

The high rate of open unemployment in Bali Region causes labor absorption conditions to decline. As is the case based on data from the National Labor Force Survey at the Bali Province Central Statistics Agency, 2022 during the Covid-19 pandemic, the labor absorption rate in Bali Province decreased by 1.85 percent in 2020. In this condition there is also a gap between districts /cities located in the Bali Province Region, namely Klungkung Regency which experienced the lowest labor absorption in Bali Province from 2018 to 2022, namely with an average of 104,996 people and Denpasar City which experienced the highest low labor absorption, namely with an average of 525,031 people. The occurrence of quite high inequality in labor absorption in each district/city in Bali Province has resulted in high unemployment rates and will later have an impact on the welfare of the people in the region.

Increasing number of the workforce and not being balanced by the expansion of employment opportunities will be a burden on the economy and have an impact on labor absorption. As indicated by Todaro (2011: 112), work ingestion is the acknowledgment of laborers to do errands (work) or a circumstance that depicts the accessibility of open positions fit to be filled by job seekers. The high rate of employment will certainly improve the welfare of the community. If people have jobs, of course they have income that can be used to meet their living needs, so that prosperity will be achieved. According to Dura (2018), community welfare

refers to conditions where basic needs are met which is reflected in having a decent place to live, adequate access to clothing and food, the availability of affordable and quality education and health services, and the ability of each individual to maximize their satisfaction. taking into account certain budget constraints. This is in line with research conducted by Pratiwi & Indrajaya (2019) and Mahendra & Arka (2021) which states that labor absorption has a positive effect on community welfare. This means that the influence of labor absorption on community welfare runs in the same direction, meaning that if labor absorption increases, it will increase community welfare.

Based on the description of previous research, the following hypothesis can be formulated: 1) Minimum wage level, Regional Original Income, government expenditure, economic growth and investment have a positive effect on labor absorption in Bali Province; 2) The minimum wage level, Regional Original Income, government spending, economic growth, investment and employment have a positive influence on the welfare of the people in Bali Province; 3) Indirect influence of minimum wage levels, Regional Original Income, government spending, economic growth and investment on community welfare through labor absorption in Bali Province.

RESEARCH METHODS

This research was conducted in Bali Provincebased on considerations regarding the conditions of labor absorption and community welfare in Bali Province which are not evenly distributed and there are still disparities between regions. This research will focus on seven variables, namely minimum wage level, Regional Original Income, government spending, economic growth, investment, employment and community welfare. The type of data used in this research is quantitative data and the data source used is secondary data. The number of observations in this research uses panel data, which is a combination of cross sectional and time series data with a total of 108 observations. The data obtained from this research is from related agencies such as the Central Statistics Agency, the Employment Service and the Investment and Licensing Agency. In analyzing the data, descriptive statistical analysis and panel data regression analysis were used with the estimation methods used, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) (Widarjono, 2013: 355). Apart from that, another data analysis technique used in this research is the path analysis technique by determining the structural equation as follows:

1) Substructure equation 1

   $\hat{Y}_1 = \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5$

2) Substructure equation 2

$\hat{Y}_2 = \beta 6X1 + \beta 7X2 + \beta 8X3 + \beta 9X4 + \beta 10X5 + \beta 11Y1$

Information:

X1= minimum wage level

X2= Original Regional Income

X3= government spending

X4= economic growth

X5= investment

Y1= labor absorption

Y2= social welfare

β1- β11= standardization coefficient for each variable X 1, X2, X3, X4, X5 and Y1

RESULTS AND DISCUSSION

Descriptive statistical analysis is a technique for analyzing data that will be obtained by describing it in general and as it is without intending to make a conclusion in it (Sugiyono, 2017: 46). The variables examined in this research are the minimum wage level (X1), Regional Original Income (X2), government expenditure (X3), economic growth (X4), investment (X5), labor absorption (Y1) and community welfare (Y2). A description of the data for each variable is presented on Table 1 below:

Table 1
Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Minimum Wage Rate (X1)	108	893000.0	2961285,	1925210,	597265,1
Regional Original Income (X2)	108	22961238	4.84E+09	6.06E+08	9.58E+08
Government Expenditure (X3)	108	4.95E+08	5.80E+09	1.64E+09	9.73E+08
Economic Growth (X4)	108	-16.55000	9.970000	4,198981	4.349937
Investment (X5)	108	3124,000	15728798	1583275,	2471096,
Labor Absorption (Y1)	108	92772.00	550214.0	259558.5	116009.9
Community Welfare (Y2)	108	62,00000	84.37000	72.90074	5.663482
Valid N (listwise)	108				

Source: EViews Output Results

Table 1 shows the number of N is 108, this provides information that there are 108 observations. The variable minimum wage level in Bali Province has an average of 1.9 million rupiah. The lowest minimum wage level received by the community is 893 thousand rupiah, namely in Bangli Regency for the 2011 period and the highest minimum wage received is 2.9 million rupiah, namely in Badung Regency for the 2022 period. Regional Original Income (PAD) Variable has an average of around 606 million rupiah. The lowest Original Regional Income received was 22.96 million rupiah, namely in Bangli Regency for the 2011 period and the highest Original Regional Income received was 4.84 billion rupiah, namely in Badung Regency for the 2019 period. Average government expenditure variables amounting to 1.64 billion rupiah. The lowest government expenditure incurred was 495 million rupiah, namely in Klungkung Regency for the 2011 period and the highest government expenditure was 5.8 billion rupiah, namely in Badung Regency for the 2018 period. The economic growth variable had an average of 4.2 percent . The lowest economic growth that occurred reached a negative value, namely minus 16.55 percent, namely in Badung Regency for the 2020 period and the highest economic growth was 9.97 percent, namely in Badung Regency for the 2022 period. The investment variable had an average of 1 .58 trillion rupiah. The lowest value of investment received was 3.12 billion rupiah, namely in Bangli Regency for the 2019 period and the highest investment was 15.73 trillion rupiah, namely in Denpasar City for the 2015 period. The labor absorption variable had an average of 259.56 thousand person. The least number of workers absorbed was 92.77 thousand people, namely in Klungkung Regency for the 2011 period and the highest number of workers absorbed, namely 550.21 thousand people, namely in Denpasar City for the 2022 period. The community welfare variable has an average -an average of 72.9 points. The lowest score for a prosperous society is 62 points, namely in Karangasem Regency for the 2011 period and the highest score for a prosperous society is 84.37 points, namely in Denpasar City for the 2022 period.

Panel Data Regression Estimation Model Selection Test Results

1) **Chow Test on Model*Fixed Effects***

Chow test is a test to choose between models*common effect*or*fixed effects*. Test result*Fixed Effects*using the Chow Test as follows:

Table 2
Chow Structure Test Results 1

Redundant Fixed Effects Tests			
Equation: Untitled			
Cross-section fixed effects test			
Effects Test	Statistics	df	Prob.

Cross-section F	324.912648	(8.94)	0.0000
Chi-square cross-section	362.364640	8	0.0000

Source: EViews Output Results

The results of the Chow test in Table 2 show that the value of Prob. The Chi-square cross section is 0.0000, which is smaller than the alpha value (0.05), so H0 is rejected and H1 is accepted. So the appropriate method in research and the best technique for carrying out regression tests on structure 1 is to use*fixed effects model*.

Table 3
Chow Structure Test Results 2

Redundant Fixed Effects Tests			
Equation: Untitled			
Cross-section fixed effects test			
Effects Test	Statistics	df	Prob.
Cross-section F	27.363997	(8.93)	0.0600
Chi-square cross-section	130.693126	8	0.0680

Source: EViews Output Results

The chow test results in Table 4.3 show that the value of Prob. The Chi-square cross section is 0.0680, which is greater than the alpha value (0.05), so H0 is accepted. So the appropriate method for research and the best technique for conducting regression tests on structure 2 is to use the common effects model.

2) Hausman Test on Models*Random Effects*

The Hausman test was carried out to compare the fixed effect model with the random effect model. Random Effect test results using the Hausman Test can be seen in the following table.

Table 4
Hausman Structure Test Results 1

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Cross-section random effects test			
Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	752.522424	5	0.0000

Source: EViews Output Results

The Hausman Test results in Table 4 show that the value of Prob. The random cross-section is 0.0000, which is smaller than the alpha value (0.05), so H0 is rejected and H1 is accepted. So the appropriate model for structure 1 panel data regression is the fixed effect model.

Table 5
Hausman Structure Test Results 2

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Cross-section random effects test			
Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	52.828231	6	0.0900

Source: EViews Output Results

The Hausman Test results in Table 4.5 show that the value of Prob. The random cross-section is 0.0900, which is greater than the alpha value (0.05), so H0 is accepted. So the appropriate model for structure 2 panel data regression is the random effect model.

***3)* Langrange Multiplier Test**

*Langrange multiplier test*This is used to choose which of the common effect or random effect models is most appropriate to use. This test is carried out after carrying out a chow test and a thirst test. The results of the range multiplier test can be seen in Tables 6 and 7 below.

Table 6
Langrange Multiplier Test Results Structure 1

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.729133Prob. F(2,100)	0.4849
Obs*R-squared	1.552291Prob. Chi-Square(2)	0.4602

Source: EViews Output Results

The results of the range multiplier test in Table 6 show that the Breusch-Godfrey probability value of 0.4602 is greater than the alpha value (0.05) so that H0 is accepted and H1 is rejected. So the appropriate model for structure 1 panel data regression is the fixed effects model.

Table 7
Langrange Multiplier Test Results Structure 2

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	38.32323Prob. F(2.99)	0.0000
Obs*R-squared	47.12773Prob. Chi-Square(2)	0.0000

Source: EViews Output Results

The results of the Langrange multiplier test in Table 7 show that the Breusch-Godfrey probability value of 0.000 is smaller compared to the alpha value (0.05) so

that H1 is accepted and H0 is rejected. So the appropriate model for structure 2 panel data regression is the random effects model.

Panel Data Regression Analysis

The results of the panel data regression test which were processed with the help of EViews 13 software obtained the results which can be seen in Table 8 and Table 9 below.

Table 8
Results of Structure Panel Data Regression Analysis 1

Cross-section fixed effects test equation:
Dependent Variable: Y1_Labor Absorption
Method: Least Square Panel
Sample: 2011-2022
Periods included: 12
Cross-sections included: 9
Total panel (balanced) observations: 108

Variables	Coefficient	Std. Error	t-Statistics	Prob.
X1_Minimum Wage Rate	0.643653	0.056518	11.38840	0.0000
X2_Regional Original Income	0.076436	0.028770	2.656791	0.0093
X3_Government Expenditure	0.976328	0.021443	45.53232	0.0000
X4_Economic Growth	0.033982	0.015641	2.172625	0.0323
X5_Investment	0.016405	0.006927	2.368341	0.0199
C	13.28671	0.707516	18.77938	0.0000

Source: EViews Output Results

Based on the results of the panel data validation test using the Chow test, Hausman test and Langrange multiplier test, then in equation 1 the Fixed Effect Model (FEM) model in this research is the best model to answer the research objectives. Then in structure 2, the model chosen is as follows.

Table 9
Results of Structure Panel Data Regression Analysis 2

Cross-section random effects test equation:
Dependent Variable: Y2_Community Welfare
Method: EGLS Panel
Sample: 2011-2022
Periods included: 12

Cross-sections included: 9
Total panel (balanced) observations: 108

Variables	Coefficient	Std. Error	t-Statistics	Prob.
X1_Minimum Wage Rate	-0.068952	0.022172	-3.109831	0.0024
X2_Regional Original Income	0.096869	0.015836	6.117223	0.0000
X3_Government Expenditure	0.012459	0.005703	2.184698	0.0312
X4_Economic Growth	0.037319	0.013658	2.732424	0.0074
X5_Investment	0.046314	0.007279	6.362961	0.0000
Y1_Labor Absorption	0.117300	0.022968	5.107045	0.0000
C	2.214392	0.379054	5.841891	0.0000

Source: EViews Output Results

Based on the results of panel data validation tests using the Chow test, Hausman test and Langrange multiplier test, the Random Effect Model (REM) model in this research is the best model to answer the research objectives.

Path Analysis (*Path Analysis*)

1) Coefficient of Determination (adjusted R2)

Basically, the coefficient of assurance demonstrates the degree to which the model can make sense of varieties in the reliant variable. In structural equation 1 it has an R Square value of 0.9721 and in structural equation 2 it has an R Square value of 0.6058. In structural equation 1, the magnitude of the influence of the independent variable on the dependent variable is shown by the determination value (R Square) of 0.9721, it means that 97.21 percent of the variation in labor absorption is influenced by variations in the minimum wage level (X_1), Regional Original Income (X2), government spending (X3), economic growth (X4), and investment (X5) while the remaining 2.79 percent is explained by other factors not included in the model.

Meanwhile, in structural equation 2, the magnitude of the influence of the independent variable on the dependent variable, which is shown by the determination value (R Square) of 0.6058, means that 60.58 percent of the variation in community welfare is influenced by variations in the minimum wage level (X1), Regional Original Income (X2), government spending (X3), economic growth (X4), investment (X5), and labor absorption (Y_1), while the remaining 39.42 percent is explained by other factors not included in the model.

Furthermore, the results of the total coefficient of determination are as follows.

$$Q2 = 1 - (1 - R2)\,(1 - R2)\ldots(1 - R2) \quad \ldots\ldots(15)$$
$$\qquad\quad 1\ 2\ k$$

$Q2 = 1 – \{(1 - 0.97212) (1 - 0.60582)\}$

$Q2 = 1 – 0.0348$

$Q2 = 0.9652$

The total determination value of 0.9652 means that 96.52 percent of the variation in community welfare in Bali Province is influenced by variations in minimum wage levels, Regional Original Income, government spending, economic growth, investment and employment, while the remainder is 3.48 percent explained by other factors not included in the model.

2) The Influence of Minimum Wage Level (X1), Original Regional Income (X2), Government Expenditures (X3), Economic Growth (X4), and Investment (X5) on Labor Absorption (Y_1) in Bali Province

Based on the results of data analysis in Table 8 using the Fixed Effect Model (FEM) for structure 1, because the EViews output results are not yet standardized, standardized coefficients are used (Vittinghoff et al., 2005: 75), so that the structural equation can be formulated as follows :

$$\hat{Y}_1 = 3{,}61\ X_1 + 0{,}43\ X_2 + 5{,}48\ X_3 + 0{,}20\ X_4 + 0{,}09\ X_5 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (16)$$

Based on this equation, it can be seen that the calculation results show that the minimum wage level coefficient (X1) is 3.61 with a significance level of 0.000 <0.05, this figure is much smaller than the level of significance. This means that the minimum wage level has a positive and significant impact on labor absorption, where the higher the minimum wage level set in Bali Province, the more it will increase labor absorption. This is in line with research conducted by Hasmawati et al., (2021), Prasetya (2021), Wiasih & Karmini (2021), and Arisandi & Bendesa (2022), which states that the minimum wage level has a positive and significant effect on employment. labor.

The regression coefficient value for the Regional Original Income variable (X2) is 0.43 with a significance value of 0.0093 <0.05, which is smaller than the level of significance. This means that Original Regional Income has a positive and significant effect on labor absorption, where the higher the Original Regional Income received, the higher the absorption of labor will be. This is supported by research by Setiawan et al., (2020) and Meilawati & Hasmarini (2023) which states that Regional Original Income has a positive and significant effect on labor absorption.

The regression coefficient value of the government expenditure variable (X3) is 5.48 with a significance value0.0000 < 0.05, which is smaller than*level of significance.*This means that government expenditure has a positive and significant impact on labor absorption, where the higher the government expenditure incurred in Bali Province, the more it will increase labor absorption. In line with research conducted by Palupy & Purnomo (2018), Pratiwi & Indrajaya (2019), Desky (2020)

and Asrahmaulyana (2022) which states that government spending has a positive and significant effect on labor absorption.

The regression coefficient value of the economic growth variable (X4) is 0.20 with a significance value0.0323 < 0.05 which means it is smaller than*level of significance*. This is meaningfulthat economic growth has a positive and significant impact on labor absorption, where the higher economic growth that occurs in Bali Province, this will increase labor absorption. In line with research conducted by Senet & Yuliarmi (2014), Wulandari & Marwan (2019) and Maryati et al. (2021) which states that economic growth has a positive and significant effect on labor absorption, where economic growth is considered a way to increase labor absorption and reduce unemployment.

The regression coefficient value of the investment variable (X5) is 0.09 with a significance value0.0199 < 0.05, which is smaller than*level of significance*. This is meaningfulthat investment has a positive and significant effect on labor absorption. This means that the higher the investment in Bali Province, the greater the absorption of labor. This is in line with research conducted by Paramita & Christianingrum (2017), Wiyono et al. (2017), Hidayat (2019) and Meilasari (2020) who state that investment has a positive and significant relationship with labor absorption. In other words, if investment increases, labor absorption will also increase.

3) The Influence of Minimum Wage Level (X1), Regional Original Income (X2), Government Expenditures (X3), Economic Growth (X4), Investment (X5), and Labor Absorption (Y_1) on Community Welfare (Y2) in Bali Province

Based on the results of data analysis in Table 9 using the Random Effect Model (REM) for structure 2, because the EViews output results are not yet standardized, standardized coefficients are used (Vittinghoff et al., 2005: 75), so that the structural equation can be formulated as follows :

$$\hat{Y}_2 = -0{,}11\ X_1 + 0{,}15\ X_2 + 0{,}02\ X_3 + 0{,}06\ X_4 + 0{,}07\ X_5 + 0{,}18\ Y_1 \ldots\ldots\ldots\ldots\ldots\ldots (17)$$

Based on this equation, it can be seen that the calculation results show that the coefficient value for the minimum wage level (X1) is -0.11 with a significance level of 0.0024 <0.05, this figure is much smaller than the level of significance. This means that the minimum wage level has a negative and significant effect on people's welfare. This is supported by research conducted by Ayu (2018), Hidayat et al. (2018) and Putri & Putri (2021) which stated that an increase in the minimum wage could reduce people's welfare.

The regression coefficient value for the Regional Original Income variable (X2) is 0.15 with a significance value of 0.0000 <0.05, which is smaller than the level of significance. This means that Regional Original Income has a positive and significant effect on community welfare. In line with research conducted by Wijayanti & Darsana (2015) and Rosita & Sutrisna (2018) which states that Original

Regional Income has a positive and significant effect on the welfare of the community, or in other words it has a unidirectional relationship, namely if Original Regional Income increases, then as well as the welfare of the community.

The regression coefficient value for the government expenditure variable (X3) is 0.02 with a significance value0.0312 < 0.05, which is smaller than*level of significance*. This means that government spending has a positive and significant effect on people's welfare. In line with research conducted by Mauriza et al. (2013), Sope et al. (2019) and Primandani & Yasa (2021) where government spending has a positive and significant impact on community welfare.

The regression coefficient value of the economic growth variable (X4) is 0.06 with a significance value0.0074 < 0.05 which means it is smaller than*level of significance*. This means that economic growth has a positive and significant effect on people's welfare. This is in line with research conducted by Yasa & Arka (2015), Chaniago & Rusdi (2016), Nisa & Handayani (2021) and Shavira et al. (2021), which states that economic growth has a positive effect on people's welfare.

The regression coefficient value of the investment variable (X5) is 0.07 with a significance value0.0000 < 0.05, which is smaller than*level of significance*. This means that investment has a positive and significant effect on people's welfare. This is in line with research conducted by Wihardjo (2014), Suciati et al. (2015), Primandani & Yasa (2021) and Diannita & Wenagama (2022), which state that investment has a positive and significant relationship to community welfare, investment made by the government through direct spending has been able to increase economic activity which can absorb labor so that it can improve community welfare.

The regression coefficient value for the labor absorption variable (Y_1) is 0.18 with a significance value0.0000 < 0.05, where this value is smaller than*level of significance*. that labor absorption has a positive and significant effect on community welfare. This is in line with research conducted by Dwirainaningsih (2017), Krisnarini et al., (2018), Pratiwi & Indrajaya (2019) and Mahendra & Arka (2021) which stated that labor absorption has a positive and significant effect on community welfare.

4) Indirect Influence of Minimum Wage Level (X1), Regional Original Income (X2), Government Expenditures (X3), Economic Growth (X4), and Investment (X5) on Community Welfare (Y2) in Bali Province through Labor Absorption (Y_1)

Next, a Sobel test was carried out to test whether the labor absorption variable (Y1) acted as a statistical mediator. The Sobel test is an analytical method used to evaluate the significance of the indirect relationship between the independent variable and the dependent variable which is channeled through the mediator variable. If the calculated Z value exceeds 1.96, then the mediator variable

is considered to play a significant role in connecting the independent variable and the dependent variable.

1) Mediation test of the labor absorption variable (Y1) on the minimum wage level (X1) on community welfare (Y2).
   a) Calculation

   $S\beta 1\beta 11 = \sqrt{(3{,}61194838)^2\,(0{,}022968)^2 + (0{,}18150627)^2\,(0{,}056518)^2}$

   $= 0.08359108$

   $z = \frac{(3{,}61194838)(0{,}18150627)}{0{,}08359108} = 7.8428$

   b) Conclusion

   Because Z count is 7.8428 > 1.96, this means that labor absorption (Y1) is a variable that mediates the minimum wage level (X1) on community welfare (Y2) or in other words the minimum wage level (X1) has an indirect effect on community welfare (Y2) through employment (Y1).
2) Mediation test of the labor absorption variable (Y1) on Original Regional Income (X2) on community welfare (Y2).
   a) Calculation

   $S\beta 2\beta 11 = \sqrt{(0{,}42893125)^2\,(0{,}022968)^2 + (0{,}18150627)^2\,(0{,}028770)^2}$

   $= 0.01115009$

   $z = \frac{(0{,}42893125)(0{,}18150627)}{0{,}01115009} = 6.9823$

   b) Conclusion

   Because Z count is 6.9823 > 1.96, this means that labor absorption (Y1) is a variable that mediates Original Regional Income (X2) on community welfare (Y2) or in other words, Original Regional Income (X2) has an indirect effect on community welfare (Y2) through employment (Y1).
3) Mediation test of the variable employment absorption (Y1) on government expenditure (X3) on community welfare (Y2).
   a) Calculation

   $S\beta 3\beta 11 = \sqrt{(5{,}47880043)^2\,(0{,}022968)^2 + (0{,}18150627)^2\,(0{,}021443)^2}$

   $= 0.12589726$

   $z = \frac{(5{,}47880043)(0{,}18150627)}{0{,}12589726} = 7.8988$

   b) Conclusion

   Because Z count is 7.8988 > 1.96, this means that labor absorption (Y1) is a variable that mediates government spending (X3) on community welfare

(Y2) or in other words government spending (X3) has an indirect effect on welfare. society (Y2) through labor absorption (Y1).

4) Mediation test of the variable employment absorption (Y1) on economic growth (X4) on community welfare (Y2).
   a) Calculation

$$S\beta 4\beta 11 = \sqrt{(0{,}19069472)^2\,(0{,}022968)^2 + (0{,}18150627)^2\,(0{,}015641)^2}$$

$$= 0.00521947$$

$$z = \frac{(0{,}19069472)(0{,}18150627)}{0{,}00521947} = 6.6314$$

   b) Conclusion

   Because Z count is 6.6314 > 1.96, this means that labor absorption (Y1) is a variable that mediates economic growth (X4) on community welfare (Y2) or in other words economic growth (X4) has an indirect effect on welfare. society (Y2) through labor absorption (Y1).

5) Mediation test of the variable employment absorption (Y1) on investment (X5) on community welfare (Y2).
   a) Calculation

$$S\beta 5\beta 11 = \sqrt{(0{,}09205894)^2\,(0{,}022968)^2 + (0{,}18150627)^2\,(0{,}006927)^2}$$

$$= 0.00245998$$

$$z = \frac{(0{,}09205894)(0{,}18150627)}{0{,}00245998} = 6.7924$$

   b) Conclusion

   Because Z count is 6.7924 > 1.96, this means that labor absorption (Y1) is a variable that mediates investment (X5) on community welfare (Y2) or in other words investment (X5) has an indirect effect on community welfare (Y2) through labor absorption (Y1).

Implications of Research Results

Low labor absorption rates which result in high unemployment will trigger various kinds of population problems, such as poverty, crime, and others. With the various kinds of problems that arise, it will later influence the decline in people's welfare. In the event that the interest for work is lower than the stock of work, this will bring about joblessness which will lessen individuals' government assistance. In this manner, it is trusted that the public authority can make approaches that can defeat the still high joblessness rate so the government assistance states of individuals in Bali Region can keep on getting to the next level. Overall, good coordination between policies related to minimum wage levels, Regional Original Income, government spending, economic growth and investment can be the key to overcoming the problem of unemployment and low labor absorption in Bali

Province. With an integrated and holistic approach, it is hoped that a more inclusive and sustainable economic environment can be created in the region so that it can create increasing community welfare.

CONCLUSIONS AND SUGGESTIONS

Based on the discussion of the research results that have been presented, the conclusions obtained are as follows: 1) Minimum wage levels, Regional Original Income, government expenditure, economic growth and investment have a positive and significant effect on labor absorption in Bali Province in 2011-2022 . This means that the high level of minimum wages, Regional Original Income, government spending, economic growth and investment will increase opportunities for demand for labor which will ultimately increase labor absorption in Bali Province; 2) The minimum wage level does not have a positive and significant effect on the welfare of the people in Bali Province in 2011-2022. This is not in accordance with the hypothesis which states that the minimum wage level has a positive and significant effect on people's welfare, in the sense that the higher the minimum wage level set, the higher the product costs, which if allowed to continue will result in inflation, so that the welfare of the people in Bali Province will decline; 3) Original Regional Income, government expenditure, economic growth, investment and employment have a positive and significant effect on the welfare of the people in Bali Province in 2011-2022. This means that if Regional Original Income, government expenditure, economic growth, investment and employment increase, it will result in the welfare of the people in Bali Province increasing as well; and 4) There is an indirect influence on the minimum wage level, Regional Original Income, government spending, economic growth and investment on community welfare in Bali Province in 2011-2022 through labor absorption. This means that the higher the minimum wage level, Regional Original Income, government spending, economic growth and investment in Bali Province, the greater the opportunity for demand for labor, thereby increasing labor absorption which ultimately improves the welfare of the community.

Based on the research results and conclusions that have been described, the suggestions that can be given are as follows: 1) Determination of the minimum wage should be readjusted in line with the current inflation and company conditions so that the welfare of the community can increase without endangering the continuity of the Company's business; 2) The occurrence of differences in Regional Original Income (PAD) received by each city/district in Bali Province results in differences in government expenditure incurred, this will later result in economic disparities between regions in Bali Province, so that economic improvement in the regions is needed. less advanced. Apart from that, budget allocations should be better utilized to build infrastructure to support community economic activities

which will have an impact on employment so as to increase income and later influence the welfare of the community in Bali Province; 3) Regional governments can maximize investment budget management, this is done with the aim of ensuring that the economy can grow evenly and optimally in each region so that there are no disparities in economic growth between districts/cities in Bali Province. Apart from that, the government can also introduce investors to other sectors outside the tourism sector, so that it can develop other sectors outside the tourism sector so that later it can increase economic growth in the districts/cities of Bali Province; and 4) For further research, it is recommended to add other variables that could influence labor absorption and community welfare in order to provide more diversity in future research.

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