

Analysis of Factors Affecting Labor Absorption in the Agricultural Sector in West Nusa Tenggara Province

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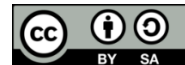
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Labor Absorption

ABSTRACT

This study aims to analyze what factors are most dominant in influencing the absorption of labor in the agricultural sector in West Nusa Tenggara province. The variables studied include inflation, gross regional domestic product, and provincial minimum wage. The research method used is multiple linear regression analysis with data collected through library methods and documentation techniques. The results show that inflation has a positive but insignificant effect, gross regional domestic product has a negative and insignificant effect, while the provincial minimum wage has a positive and significant effect on labor absorption in the agricultural sector in West Nusa Tenggara province. The value of the determination coefficient (R^2) of 0.393 shows that 39.3% of the variability of labor absorption can be explained by the three independent variables. The study concludes that the increase in inflation and the provincial minimum wage can increase labor absorption, while the increase in gross regional domestic product tends to reduce labor absorption in the agricultural sector in West Nusa Tenggara Province.

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1. INTRODUCTION

Agriculture is one of the strategic sectors in development in Indonesia because of the reasons why the agricultural sector is the main job to earn income for the workforce, so that Indonesia is called an agrarian country. (Sophan et al., 2022) Indonesia, as a developing country, is known as an agrarian country where most of its population depends on living and working in the agricultural sector. According to data from the Central Statistics Agency (BPS), the contribution of the agricultural sector to the

formation of the total Gross Regional Domestic Product (GDP) in 2010 was Rp 12202,83, until in 2023 it will reach Rp 18235.24. BPS noted that in the period 2011-2023, the contribution of the agricultural sector to GDP on the basis of constant prices continued to increase. Meanwhile, the number of people working in the agricultural sector reached 28.71% is in second place with the population working in the agricultural sector as the main occupation in Indonesia. The GDP data on the basis of constant prices according to agricultural business fields is shown in the following table: (BPS 2023)

Table 1.1 GDP on the basis of constant prices according to agricultural business fields (billion rupiah) in NTB Province in 2010-2023

Year	GDP on the basis of constant prices according to agricultural business fields (billion rupiah)
2010	12202,83
2011	12858,92
2012	13475,31
2013	13966,63
2014	14526,34
2015	15595,74
2016	16000,55
2017	17048,16
2018	17318,23
2019	17502,21
2020	17343,65
2021	17506,31
2022	17888,04
2023	18235,24

Data Source: BPS NTB Province

Labor absorption is a certain amount of labor used by certain sectors or business units. Labor absorption reflects the pattern of business unit demand for labor in the job market, which is influenced by the prevailing wage level. The definition of labor absorption also refers to the number of labor employed in a sector during a certain period of time, which

can be derived from the production function of an economic activity. This production is a process of transformation from inputs or production factors to outputs or final results. The data on the number of people working in the agricultural sector in NTB Province is shown in the following table:

Table 1.2 Number of people aged 15 years and older working in the agricultural sector (people) in West Nusa Tenggara Province in 2010-2023

Year	Number of Labor (people)
2010	1,005,240
2011	894,932
2012	891,521
2013	920,401
2014	903,139
2015	829,993
2016	920,910
2017	829,637
2018	762,331
2019	772,161
2020	893,383
2021	866,546
2022	939,781
2023	970,339

Data Source: BPS NTB Province

According to data from BPS West Nusa Tenggara province, the open

unemployment rate in 2022 reached 2.80% and the inflation rate in 2022 reached 6.23%.

The relationship between the unemployment rate and the inflation rate was shown by Prof. A.W. Phillips (1958). The Phillips curve shows that low inflation can result in an increase in the number of unemployed, on the contrary, a decrease in the unemployment rate can occur

with a higher inflation rate. (King et al., 2012)

The NTB Province General Inflation data is shown in the following table:

Table 1.3 General Inflation of West Nusa Tenggara Province in 2010-2023

Year	Inflation (%)
2010	6.71
2011	6.78
2012	5.42
2013	9.51
2014	7.23
2015	3.41
2016	2.61
2017	3.72
2018	3.16
2019	1.87
2020	0.6
2021	2.12
2022	6.23
2023	3.02

Data Source: BPS NTB Province

Job availability has always been closely linked to wage policy, where employers will consider this aspect when recruiting new workers. The increase in the minimum wage will affect the increase in wages received by workers. If the minimum wage at the provincial or district level

increases, then business actors tend to reduce their operational costs to anticipate an increase in the cost burden incurred. The Provincial Minimum Wage data is shown in the following table:

Table 1.4 West Nusa Tenggara Province Minimum Wage in 2010-2023

Year	Minimum Wage (Rp)
2010	871,044
2011	950,000
2012	1,000,000
2013	1,100,000
2014	1,210,000
2015	1,330,000
2016	1,482,950
2017	1,631,190
2018	1,825,000
2019	2,012,610
2020	2,183,883
2021	2,183,883
2022	2,207,212
2023	2,371,407

Data Source: BPS NTB Province

Changes in the Minimum Wage, which continues to rise every year, have the

potential to affect labor absorption. With a higher UMP, agricultural workers earn a

more decent income, increasing their purchasing power at the local level. This not only boosts economic growth in rural areas, but also reduces socioeconomic inequality between urban and rural sectors. The increase in UMP can increase the motivation of workers to stay in the agricultural sector, reducing the number of labor migration to other sectors that are more financially profitable. With a higher UMP, the agricultural sector can be more competitive in attracting and retaining skilled workers, as well as increasing investment in agricultural technology and innovation. In addition, labor absorption opportunities can be seen from the growth of a province's Gross Regional Domestic Product (GDP). If the level of GDP increases, then there is a high probability of an increase in labor absorption, because the welfare of the population is often related to economic growth in the area or province. With the occurrence of inflation, an increase in the minimum wage, and variations in the Provincial GDP, it can affect the dynamics of labor absorption in the agricultural sector of West Nusa Tenggara Province. Therefore, the researcher is interested in analyzing the impact of inflation, minimum wage increase, and GDP on the agricultural sector of West Nusa Tenggara Province on the absorption of labor in the region. This condition is the basis for research on factors that affect the absorption of labor in the agricultural sector in West Nusa Tenggara province.

2. LITERATURE REVIEW

2.1 Employment

Based on Law No. 13 of 2003 concerning Manpower, Manpower is all matters related to labor before, during, and after the working period. Meanwhile, the workforce is everyone who is able to carry out their work both inside and outside the employment relationship in order to produce goods and services to meet the needs of the community. According to Ansori & Priyono (2018), labor is one of the key capital or factors in production. In addition, labor is also considered an important element that can

affect success in producing goods and services.

The workforce is the population of working age (15 years and above) or 15 to 64 years old who have the potential to work (Devi, 2018). According to Latipah and Inggit (2017), the workforce includes people who are working, looking for work, and who do other activities such as school and taking care of households. According to Fauziah (2015), labor refers to the population that is in productive age who is potentially able to contribute to the production process of goods and services. In other words, labor refers to all individuals in a country who have the ability to be actively involved in economic activities.

Labor absorption can be defined as the acceptance of labor actors to perform their duties as they should or the existence of a situation that describes the availability of jobs or job opportunities that can be filled by job seekers (Todaro & Smith, 2006). According to Kawet et al. (2019), labor absorption is the amount of labor that can be absorbed by various sectors at a time. According to Hamdani and Munzir (2019), labor absorption basically depends on how many jobs are available or the demand for labor exists. This reflects how much a company or sector is able to absorb the available workforce. According to Paramita and Christianingrum (2017), labor absorption can be associated with the balance of interaction between labor demand and labor supply.

2.2 Inflation

According to Herlianto (2013), inflation is a phenomenon that shows an increase in prices in general. Simply put, inflation is defined as a condition in which prices increase in general and continuously. An increase in the price of just one or two goods cannot be categorized as inflation unless the impact of the increase is widespread and causes an increase in the price of other goods. Inflation calculations are usually carried out in a minimum monthly time frame (Wardhani, Kusuma, 2017).

Inflation is a very important modern event and is commonly found in almost all countries in the world. Inflation is briefly

defined as the tendency of prices to increase in general and continuously. This does not mean that the prices of various goods increase by the same percentage. The possibility of such increases does not always occur simultaneously, the important thing is that there is a general increase in prices over a certain period. The increase that occurs only once even though the size of a significant percentage is not an indication of inflation (Mankiw N, 2006).

2.3 Gross Regional Domestic Product

Gross Domestic Product (GDP) is the total amount of income derived from domestic residents and foreign citizens, which is generated from all goods and services in a country (Hasyim, 2016). A very important indicator to understand the economic condition of a region in a given period of time is to use the Gross Regional Domestic Product (GDP), both based on prevailing prices and constant prices. Sukirno (2012) stated that economic growth is an increase in per capita output in the long term, with an emphasis on three main aspects, namely the process, per capita output, and duration. Economic growth does not only reflect the current economic picture, but is a process that takes place in a sustainable manner. Therefore, regional and sectoral development needs to be carried out in synergy so that sectoral development in various regions can run in accordance with their respective potentials and priorities.

Gross Domestic Product (GDP) is one of the macroeconomic indicators that is generally used to measure the economic performance of a country. For the regional level, both at the provincial, district, and city levels, the Gross Regional Domestic Product (GDP) is a more appropriate indicator. GDP is part of GDP, so changes in regional GDP can have an impact on GDP, and vice versa (Raharjo, Simanjuntak & Bhakti, 2018).

2.4 Provincial Minimum Wage

The implementation of the minimum wage policy is a step taken to increase the per capita wage of workers, with the hope that the average wage level of the workforce will increase. The wage rate has an impact on the

cost of production, assuming that the wage increase can cause several consequences such as: a) The increase in the wage level will have an impact on the increase in production costs which can further increase the price per unit of goods produced, thus resulting in a decrease in sales and producers are forced to reduce the amount of production. In this case, a decrease in production targets will lead to a decrease in labor needs; b) If wages rise (provided the prices of other capital goods remain constant), some entrepreneurs are likely to turn to capital-intensive technologies for production and replace human work with the use of capital goods such as machinery and other equipment.

3. METHODS

The type of research used in this study is quantitative research with an explanatory approach. This research was carried out in the agricultural sector in West Nusa Tenggara province. The data collection method in this study uses library and documentation methods.

The data analysis used was multiple linear regression analysis to test the relationship between more than one independent variable and one bound variable. The goal is to understand the extent to which independent variables affect dependent variables. The multiple linear regression equation model used in this study is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_i$$

Availability:

Y	= Labor Absorption
A	= Constant
b_1, b_2, b_3	= Regression coefficient of each variable
X_1	= Wages
X_2	= Production Capacity
X_3	= Capital
E_i	= Error Term

3.1 Test Statistics

3.1.1. Test F (Simultaneous)

The provisions of the f test are as follows:

- 1) If the significance value < 0.05 or H_0 is rejected and H_a is accepted, it means that the independent variables

together (simultaneously) have a significant effect on the dependent variable.

- 2) If the significance value > 0.05 or H_0 is accepted and H_a is rejected, it means that the independent variables together (simultaneously) do not have a significant effect on the dependent variables.

3.1.2. Test T (Partial)

The provisions of the partial test are as follows:

- 1) If the probability (significance) < 0.05 or t calculate $> t$ table, then H_0 is rejected and H_a is accepted.
- 2) If the probability (significance) > 0.05 or t calculate $< t$ table, then H_0 is accepted and H_a is rejected

4.1.3. Coefficient of Determination (R²)

The value of the determination coefficient (R^2) ranges from 0 to 1. If the R^2 value is getting closer to 1, then it indicates

that the result for the regression model is either or the independent variable as a whole can explain the dependent variable. Meanwhile, if the R^2 value is getting closer to 0, it means that the independent variable as a whole cannot explain the dependent variable.

4. RESULTS AND DISCUSSION

4.1 Classic Assumption Test

4.1.1. Test Normality

The normality test is used to determine whether the data in the regression model, both free variables and non-free variables, have been distributed normally or not. A regression model is considered good if the data has a normal or near-normal distribution. To check the normality of the regression model, it can be seen through a residual histogram graph which is usually in the form of a bell if the distribution is normal, as well as by performing the Jarque-Bera test. Here is a graph of its normality:

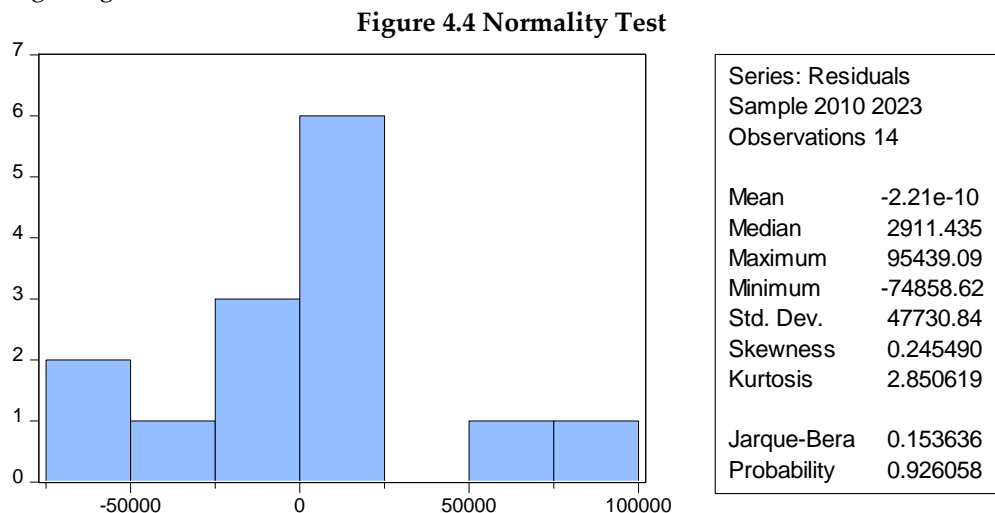


Figure 4.4 Normality Test

Source: Data processed with Eviews10, (2024)

Based on the results of the regression estimate above, it can be seen that the probability value of $0.926058 > 0.05$ then H_0 is accepted, which means that the residual is normally distributed. So, it can be concluded that the data is distributed normally.

4.1.2. Multicollinearity Test

The multicollinearity test aims to find out whether the regression model finds a

correlation between variables. To find out whether or not there is multicollinearity in the regression model, it can be known from the variance inflation factor (VIF) with the provision that the value of this VIF must be less than 10 (Ghozali, 2016). The results of the multicollenearity test can be seen in the following table:

Table. 2 Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	7.10E+10	335.4322	ON

X1	60740433	7.750550	1.969534
X2	531.7870	638.8200	9.767685
X3	0.007546	100.8815	8.837110

Source: Data processed with Eviews10(2024)

Based on the results of data processing, the VIF values for the independent variables are as follows: VIF for X1 is 1.969534, VIF for X2 is 9.767685, and VIF for X3 is 8.837110. It can be seen if the VIF value of the three independent variables is less than 10, which means that Inflation (X1), GDP (X2) and UMP (X3) are not affected by multicollinearity. This means that Inflation (X1), GDP (X2) and UMP (X3) do not have a linear relationship in the regression model

4.1.3. Heteroscedasticity Test

This test aims to test whether in a regression model there is a variant inequality

from residual in one observation to another. If the variants are different, it is called heteroskedagenesis. One way to find out whether there is heteroscedasticity in a multiple linear regression model is to use the glacier test. This test was carried out by regressing the free variable with the residual regression model. If the probability value of each variable is greater than 0.05, it means that there is no heteroscedaity problem in the regression model and vice versa (Ghozali, 2016). In this study. The results of the heteroscedasticity test can be seen in the following table:

Table. 3 Heteroscedasticity Test

F-statistic	0.608559	Prob. F(3,10)	0.6245
Obs*R - squared	2.161355	Prob. Chi-Square(3)	0.5396
Scaled explained SS	1.020369	Prob. Chi-Square(3)	0.7963

Source: Data processed with Eviews10(2024)

Based on the results of the data processing above, the value of Prob. *Chi square* (3) at *obs*R-Square* is $0.5396 > \alpha$, so the regression model is homokedasticity or in other words there is no problem with assuming non-heterokedasticity. So it can be concluded that the assumption of the heteroscedasticity test has been fulfilled or the data has passed the heteroscedasticity test.

4. Uji Autokorelasi

Autocorrelation tests are used to determine whether there is a correlation between the perturbation variables in the linear regression model. This test means that the results of a particular year are influenced by the previous year or the next year. A good regression model should be free of autocorrelation. Autocorrelation testing was carried out using the Durbin-Watson test.

The following is an autocorrelation test table:

Mean dependent var	883222.4
S.D. dependent var	69906.87
Akaike info criterion	24.88186
Black criterion	25.06445
Hannan-Quinn criter	24.86496
Durbin-Watson stat	1.449031

Source: Data processed with Eviews10(2024)

Based on the results of the data processing and graphs above, it can be seen that the observation data is not affected by autocorrelation because the DW value is located between dU and -4dU.

$$DU < DW < 4-DU = 1.3788 < 1.4490 < 2.6212$$

4.2 Multiple Linear Regression

Multiple linear regression analysis is a method used to test the influence of two or more independent variables on one dependent variable (Ghozali, 2016). The results of data processing can be seen in the following table:

Table 4. Multiple Linear Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	1266599.	266384.6	4.754775	0.0008
X1	1330.84	7793.615	1.710482	0.1180
X2	-47.80138	23.06051	-2.072868	0.0650
X3	0.194832	0.086866	2.242906	0.0488
R-squared	0.533815	Mean dependent var		883222.4
Adjusted R-squared	0.393959	S.D. dependent var		69906.87
S.E. of regression	54421.53	Akaike info criterion		24.88186
Sum squared resid	2.96E+10	Black criterion		25.06445
Log likelihood	-170.1730	Hannan-Quinn criter.		24.86496
F-statistic	3.816900	Durbin-Watson stat		1.449031
Prob(F-statistic)	0.046547			

Source: Data processed with Eviews10(2024)

Based on the table above, a multiple linear regression equation can be made as follows:

$$Y = 1266599. + 13330.84 \cdot X_1 - 47.80138 \cdot X_2 + 0.194832 \cdot X_3$$

Information:

And = Labor Absorption

X₁ = Inflation

X₂ = PDRB

X₃ = UMP

From the equation above, it can be seen that the influence of the three independent variables on the bound variable can be seen. The following will be explained about this influence in detail.

- 1) The constant value obtained is 1266599., so it can be interpreted that the amount of labor absorption in West Nusa Tenggara province if inflation, GDP, and UMP are 0, then Y on average is 12%.
 2) The value of the Variable Inflation Regression Coefficient (X1) has a positive (+) value of 13330.84, so it can be interpreted that if there is an increase in inflation of 1%, it will increase labor

absorption by 13.84%. and vice versa, if there is a decrease in inflation by 1%, it will reduce labor absorption by 13.84%

- 3) The value of the Regression Coefficient of GDP Variable (X2) has a negative value (-) of -47.80138, so it can be interpreted that if there is an increase in GDP by 1%, it will reduce labor absorption by -47.80%. on the other hand, if there is a decrease in GDP by 1%, it will increase labor absorption by 47.80%
- 4) The value of the Regression Coefficient of the Provincial Minimum Wage Variable (X3) has a positive value (+) of 0.194832, so it can be interpreted that if there is an increase in the Minimum Wage by 1%, it will increase labor absorption by 0.19%. on the other hand, if there is a decrease in the Minimum Wage by 1%, it will reduce labor absorption by 0.19%.

4.3 Statistical Test

4.3.1. Test F (Simultaneous)

The F test is a test used to test whether independent variables together (simultaneously) have an effect on dependent variables. The results of the f test can be seen in the following table:

Table 5. Test F (Simultaneous)

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	1266599.	266384.6	4.754775	0.0008
X1	1330.84	7793.615	1.710482	0.1180
X2	-47.80138	23.06051	-2.072868	0.0650
X3	0.194832	0.086866	2.242906	0.0488
R-squared	0.533815	Mean dependent var		883222.4
Adjusted R-squared	0.393959	S.D. dependent var		69906.87

S.E. of regression	54421.53	Akaike info criterion	24.88186
Sum squared resid	2.96E+10	Black criterion	25.06445
Log likelihood	-170.1730	Hannan-Quinn criter.	24.86496
F-statistic	3.816900	Durbin-Watson stat	1.449031
Prob(F-statistic)	0.046547		

Source: Data processed with Eviews10(2024)

Based on the test of the table above, it shows that the Probability value of f-statistic is 0.046547 where the value has a Probability value less than 0.05 which means that the variables of inflation, GDP and Provincial Minimum Wage simultaneously or together have a significant influence on the variables of labor absorption in the agricultural sector in West Nusa Tenggara Province.

4.3.2. Test T (Partial)

Partial tests are tests used to ascertain whether independent variables in regression models have a significant individual influence on bound variables (Ghozali, 2016). The results of the t-test can be seen in the table below:

Table 6. Test T (partial)

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	1266599.	266384.6	4.754775	0.0008
X1	1330.84	7793.615	1.710482	0.1180
X2	-47.80138	23.06051	-2.072868	0.0650
X3	0.194832	0.086866	2.242906	0.0488
R-squared	0.533815	Mean dependent var		883222.4
Adjusted R-squared	0.393959	S.D. dependent var		69906.87
S.E. of regression	54421.53	Akaike info criterion		24.88186
Sum squared resid	2.96E+10	Black criterion		25.06445
Log likelihood	-170.1730	Hannan-Quinn criter.		24.86496
F-statistic	3.816900	Durbin-Watson stat		1.449031
Prob(F-statistic)	0.046547			

Source: Data processed with Eviews10(2024)

The results of the t-test (partial) above can be explained as follows:

- a) The inflation variable (X1) has a t-statistic value of 1.710482 with a probability value of 0.1180 > 0.05 (greater than a) with a coefficient value of 1330.84. This test shows that H0 is accepted and H1 is rejected, which means that there is no significant effect between inflation and labor absorption in the agricultural sector in West Nusa Tenggara Province.
- b) The GDP variable (X2) has a t-statistic value of -2.072868 with a probability value of 0.0650 > 0.05 (greater than a) with a coefficient value of -47.80138. This test shows that H0 is accepted and H1 is rejected, which means that there is no significant influence between GDP and labor absorption in the agricultural sector in West Nusa Tenggara Province.

- c) The Provincial Minimum Wage variable (X3) has a t-statistic value of 2.242906 with a probability value of 0.0488 < 0.05 (less than a) with a coefficient value of -0.194832. This test shows that H0 is rejected and H1 is accepted, which means that there is a significant influence between the Provincial Minimum Wage and the absorption of labor in the agricultural sector in West Nusa Tenggara Province.

Simultaneous Significance Test (f)

Based on the test of the table above, it shows that the Probability value of f-statistic is 0.046547 where the value has a Probability value less than 0.05 which means that the variables of inflation, GDP and Provincial Minimum Wage simultaneously or together have a significant influence on the variables of labor absorption in the agricultural sector in West Nusa Tenggara Province.

4.3.3. Coefficient of Determination (R^2)

The determination coefficient (R^2) test is a test used with the aim of measuring how

much independent variables affect dependent variables (Ghozali, 2016).

Table. 7 Coefficient of Determination (R^2).

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	1266599.	266384.6	4.754775	0.0008
X1	1330.84	7793.615	1.710482	0.1180
X2	-47.80138	23.06051	-2.072868	0.0650
X3	0.194832	0.086866	2.242906	0.0488
R-squared	0.533815	Mean dependent var		883222.4
Adjusted R-squared	0.393959	S.D. dependent var		69906.87
S.E. of regression	54421.53	Akaike info criterion		24.88186
Sum squared resid	2.96E+10	Black criterion		25.06445
Log likelihood	-170.1730	Hannan-Quinn criter.		24.86496
F-statistic	3.816900	Durbin-Watson stat		1.449031
Prob(F-statistic)	0.046547			

Source: Data processed with Eviews10(2024)

Based on the table above, it shows that the value of *Adjusted R-Squared* is 0.393959, which means that the influence of inflation, GDP and Provincial Minimum Wage on labor absorption in the agricultural sector in West Nusa Tenggara Province is 39.3959%, the remaining 61% is influenced by other variables outside the model.

4.4 Discussion

The Effect of Inflation on Labor Absorption in the Agricultural Sector: Based on the results of data analysis and hypothesis testing that have been conducted in this study that inflation has a positive relationship but does not have a significant effect on labor absorption in the agricultural sector in West Nusa Tenggara Province.

This study is in line with the results of a previous study from Manurung (2020) concluding that inflation variables have no effect on the absorption of agricultural sector labor in Central Sulawesi Province. This can happen because the inflation rate in each region or province is different. Provinces with different economic structures will respond to inflation in different ways. For example, provinces that depend on the agricultural sector are more affected by changes in food prices than more industrialized provinces.

Inflation that has a positive but insignificant effect on labor absorption in the agricultural sector in West Nusa Tenggara Province is seen through First, NTB's

economic structure, which is dominated by sectors such as agriculture and tourism, may be less sensitive to price fluctuations compared to other industrial sectors. Second, local government policies that support local economic development, such as job training programs and incentives for investment, can reduce the impact of inflation on the labor market. Third, external factors such as investment from outside the region and assistance from the central government can also help neutralize the effects of inflation by creating new jobs. In addition, the availability of labor and the skills gap in NTB also play an important role; If there are problems in skill adjustment or an excess of unabsorbed labor, inflation may not affect labor absorption significantly. Thus, various local factors and mitigation policies implemented can make the impact of inflation on labor absorption in NTB relatively small.

The Effect of GDP on Labor Absorption in the Agricultural Sector: Based on the results of data analysis and hypothesis testing that has been carried out in this study, GDP has a negative and insignificant relationship with labor absorption in the agricultural sector in West Nusa Tenggara Province. In contrast to the research conducted by alexandi, et al. (2023) concluded that GDP has a positive and significant effect on labor absorption in Banten province. Another study from Tamala, et al. (2023) stated that GDP has a positive and

significant effect on labor absorption in the agricultural sector in Muaro Jambi Regency.

In some regions, an increase in GDP can have a significant positive effect on labor absorption because strong economic growth creates more jobs, both in the formal and informal sectors. This growth can be driven by investment, increased productivity, and the expansion of key economic sectors. However, the Gross Regional Domestic Product (GDP) may not have a significant effect on the absorption of labor in the agricultural sector in West Nusa Tenggara Province (NTB) for several reasons. First, the agricultural sector in NTB often depends on other factors such as weather conditions, agricultural techniques, and access to resources, which may not always be directly correlated with changes in GDP. Second, the agricultural economic structure in NTB may have characteristics that make it less responsive to fluctuations in GDP, such as reliance on traditional practices or technological limitations that hinder productivity increase and labor absorption. In addition, a shift in GDP can occur without affecting the number of workers in the agricultural sector if regional economic growth is more focused on other sectors or if government policies do not directly support the agricultural sector. In other words, although the GDP reflects the overall economic performance, its impact on the absorption of labor in the agricultural sector may be limited by structural and operational factors specific to the sector.

The Influence of UMP on Labor Absorption in the Agricultural Sector

Based on the results of data analysis and hypothesis testing that has been carried out in this study, the Provincial Minimum Wage has a positive and significant relationship with the absorption of labor in the agricultural sector in West Nusa Tenggara Province. This research is in line with research conducted by Melati, et al. (2023) who concluded that the relationship between the UMP variable and labor absorption has a positive and significant effect in Indonesia. Another study conducted by Manurung (2023) shows results that have a negative but

significant effect on labor absorption in the agricultural sector in Central Sulawesi Province.

The Provincial Minimum Wage (UMP) variable has a positive and significant effect on the absorption of labor in the agricultural sector in West Nusa Tenggara Province (NTB) because First, the increase in UMP can increase the attractiveness of the agricultural sector as a career choice for workers, especially in areas with high unemployment rates or where other sectors offer lower wages. With a higher UMP, the agricultural sector becomes more competitive in attracting labor, thus encouraging greater labor absorption. Second, an increase in UMP can increase labor motivation and productivity, which in turn can lead to increased agricultural yields and an expansion of planting areas, creating more jobs within the sector. In addition, an increase in UMP can encourage investment in better agricultural equipment and technology, which requires more labor for operations and maintenance, thus increasing labor absorption. Thus, increasing the UMP can provide significant economic incentives for workers to enter and survive in the agricultural sector, contributing to increasing the absorption of labor in the sector in NTB

5. CONCLUSION

Based on the results of the data analysis that has been carried out by the author, the author can draw the following research conclusions:

- 1) The inflation variable (X1) has a t-statistic value of 1.710482 with a probability value of $0.1180 > 0.05$ (greater than α) with a coefficient value of 13330.84. This test shows that H_0 is accepted and H_1 is rejected, which means that there is no significant effect between inflation and labor absorption in the agricultural sector in West Nusa Tenggara Province. With the regression coefficient value of the Inflation variable (X1) with a positive (+) value of 13330.84, it can be interpreted that if the variable X1 increases, the Y variable will also increase by 13330.84.

- 2) The GDP variable (X2) has a t-statistic value of -2.072868 with a probability value of 0.0650 > 0.05 (greater than α) with a coefficient value of -47.80138. This test shows that H0 is accepted and H1 is rejected, which means that there is no significant influence between GDP and labor absorption in the agricultural sector in West Nusa Tenggara Province. The value of the Regression Coefficient of the GDP variable (X2) has a negative value (-) of -47.80138, so it can be interpreted that if the X2 variable increases, the Y variable will decrease by -47.80138.
- 3) The Provincial Minimum Wage variable (X3) has a t-statistic value of 2.242906 with a probability value of 0.0488 < 0.05 (less than α) with a coefficient value of 0.194832. This test shows that H0 is rejected and H1 is accepted, which means that there is a significant influence between the Provincial Minimum Wage and the absorption of labor in the agricultural sector in West Nusa Tenggara Province, the value of the Regression Coefficient of the Provincial

Minimum Wage Variable (X3) has a positive (+) value of 0.194832, so it can be interpreted that if the variable X1 increases, the variable Y will also increase by 0.194832.

4) Simultaneous Significance Test (f)

Based on the test of the table above, it shows that the Probability value of f-statistic is 0.046547 where the value has a Probability value less than 0.05 which means that the variables of inflation, GDP and Provincial Minimum Wage simultaneously or together have a significant influence on the variables of labor absorption in the agricultural sector in West Nusa Tenggara Province.

5) Determination Coefficient Test (R²)

Based on the table above, it shows that the *Adjusted R-Squared value* is 0.393959, which means that the influence of inflation, GDP and the Provincial Minimum Wage on the absorption of labor in the agricultural sector in West Nusa Tenggara Province is 30.3959%, the remaining 61% is influenced by other variables outside the model.

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