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# The Role of Creative Economic Growth, Production Value, and Investment in Labor Absorption in East Lombok Regency

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## ABSTRACT

The growth of the creative economy in East Lombok Regency offers great potential to create jobs and increase local competitiveness. The production value in this sector is an important indicator to measure the contribution of the creative economy to the economy, while investment plays a crucial role in driving innovation and production capacity. This study aims to analyze the effect of creative economic growth, production value, and investment on labor absorption in East Lombok Regency. This type of research is quantitative descriptive using secondary data. The results of the analysis of this study indicate that the growth of the creative economy has a fairly large role in labor absorption in East Lombok Regency. This is indicated by the results of the regression calculation which gives the result that the growth of the creative economy has a significant effect on labor absorption. However, the production value and investment do not show a significant effect on the welfare of workers in the area. However, the increase in production value is expected to support the growth of the creative economy sector. Overall, the results of simultaneous calculations show that the growth of the creative economy has a significant role in labor absorption in East Lombok Regency. On the other hand, although the production value and investment do not show a significant direct effect, they are still important supporting factors in the development of the creative economy.



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## 1. INTRODUCTION

Human creativity is a critical factor in innovation and economic growth, especially in the context of Indonesia's rapidly growing creative economy. This sector contributes significantly to GDP and employment, leveraging local creativity and skills to create value-added products and services. In East Lombok Regency, the creative industry, especially in culinary and handicrafts, shows great potential thanks to the support of technology and social media. However, obstacles such as low production capacity, limited access to technology, and inadequate infrastructure hamper the growth of this sector [1].

The production value in the creative economy sector is an important indicator in assessing the contribution to the local

economy. Increased production value is directly related to the creation of new jobs, improving community welfare. However, fluctuations in production value and economic instability issues can disrupt the development of the creative sector. Investment is a key factor determining the growth of the creative economy. Incoming investment drives innovation, increases production capacity, and improves infrastructure, which contributes to the absorption of labor [2].

Despite the enormous potential of the creative sector, low investment flows are a major challenge. Lack of information on investment opportunities and regional economic uncertainty result in limited resources for business development. The demographics of East Lombok Regency, with its rapid population growth, add to the complexity of the unemployment problem. It is important to develop the creative industry as a solution to creating new jobs.

Based on the above background, this study aims to explore how the growth of the creative economy, production value, and investment can contribute to the absorption of labor and improving community welfare in East Lombok Regency.

## 2. LITERATURE REVIEW

### *2.1 Creative Economy, Production Value and Investment Value*

Creative economy is a new concept that combines information and creativity, focusing on human ideas and knowledge as factors of production. It includes 16 sub-sectors, such as culinary, fashion, crafts, media, architecture, and technology. The creative economy aims for sustainable development through innovation and the use of unlimited resources, in contrast to the industrial era that prioritizes raw materials. This concept evolved from the creative industry and became an integral part of modern civilization.

In industry, sales are a key factor in increasing profits. Sales are influenced by market demand, seller conditions, and other factors such as capital and advertising. Increased demand for goods has an impact on increasing labor. Production value is calculated from the total goods produced multiplied by the unit price [3].

Investment is the addition of capital goods that serve to increase the stock of goods in the production process. There are two types of investment: real and financial. The level of investment is influenced by profit projections, interest rates, and economic conditions. The value of investment is directly related to labor absorption, especially in small, labor-intensive industries [4].

### *2.2 Labor*

Labor is an important factor in production consisting of individuals who are able to contribute to the economy. The demand for labor is related to wages and industry needs. Subgroups of the labor force include those involved in production. The supply and demand for labor are interrelated in the labor market [5].

Labor absorption includes the industry's ability to employ new workers and skill matching. Influencing factors include economic growth, investment, and government policy. In the creative economy sector, labor absorption is related to specific skills and innovation, which can drive job creation and local

economic growth. Policies that support the development of this sector are important to improve community welfare [6].

## 3. METHODS

This type of research is quantitative research. Quantitative methods research a specific population or sample, data collection using research instruments, data analysis is quantitative in nature with the aim of testing the established hypothesis [7], [8].

### 3.1 Data Collection Techniques and Tools

The data collection techniques and tools in this study are by means of documentation of data obtained through publications of the Central Statistics Agency through the bps.go.id site at the district level and other library sources related to the topic of this research in the form of scientific papers, books, internet sites, articles and other sources.

### 3.2 Data Types and Sources

This study uses secondary data where secondary data is data that has been collected, processed and stored by certain parties. The type of data used is time series data for approximately ten years obtained from BPS, the Department of Manpower and the Department of Tourism and Creative Economy.

### 3.3 Research Variables

1. The dependent variable is labor absorption
2. Independent Variable
   a) X1 (Creative Economic Growth)
   b) X2 (Production Value)
   c) X3 (Investment Value)

### 3.4 Data Analysis Model

The general regression equation models used are:

$$Y = a + b1\,X1 + b2X2 + b3X3 + e$$

Where:

1. Y= Dependent variable (labor absorption)
2. X1 = Creative Economic Growth
3. X2= Production Value (measured in monetary units, for example rupiah)
4. X3= Investment Value (measured in monetary units, for example rupiah)
5. a= Intercept
6. e = error term

## 4. RESULTS AND DISCUSSION

### 4.1 Data Analysis Results

1. **Normality Test**

**One-Sample Kolmogorov-Smirnov Test**

| | | Unstandardized Residual |
|---|---|---|
| N | | 10 |
| Normal Parameters[a,b] | Mean | ,0000000 |
| | Std. Deviation | 99,87907628 |
| Most Extreme Differences | Absolute | ,141 |
| | Positive | ,141 |
| | Negative | -,131 |
| Test Statistic | | ,141 |
| Asymp. Sig. (2-tailed) | | ,200[c,d] |

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Based on the results of the normality test above, the decision making whether the data is normally distributed or not is by looking at the significance value (Asymp Sig 2-tailed). If the significance value is <0.05 then the conclusion is that the data is not normally distributed, but if the significance value is >0.05 then the data is normally distributed. From the data above, it is known that the significance (Asymp.Sig.2 tailed) is 0.200. Because 0.200> 0.05, it can be concluded that the data has been normally distributed. So, it can be concluded that the normality test has been met.

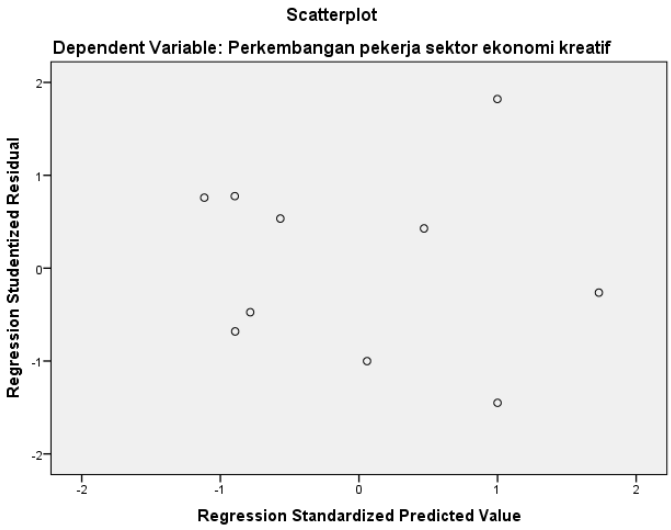
2. **Heteroscedasticity Test**

The heteroscedasticity test is a residual variance that is not the same in all observations in the regression model. Good regression should not have heteroscedasticity. The following is a heteroscedasticity test using the graphical method, namely by looking at the points on the regression graph.

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 464,397 | 423,320 | | 1,097 | ,315 | | |
| | Nilai Produksi | 1,316E-7 | ,000 | ,103 | ,399 | ,703 | ,845 | 1,184 |
| | Perkembangan Ekonomi Kreatif | -29,544 | 10,318 | -,757 | -2,863 | ,029 | ,806 | 1,241 |
| | Nilai Investasi | -3,838E-10 | ,000 | -,573 | -2,340 | ,058 | ,939 | 1,065 |

a. Dependent Variable: Perkembangan pekerja sektor ekonomi kreatif




From the results above, it can be seen that the points do not form a clear pattern, and the points are spread above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity in the regression model.

3. **Multicollinearity Test**

The multicollinearity test aims to test whether there is a correlation between independent variables in the regression equation. A good regression model should not have a correlation between independent variables. The Multicollinearity Test Method is by looking at the Tolerance and Inflation Factor (VIF) values in the regression model. If the tolerance value is > 0.1 and the VIF value is < 10, then there are no symptoms of Multicollinearity. Conversely, if the tolerance value is < 0.1 and the VIF value is > 10, then there are symptoms of multicollinearity in

the regression model.

From the Output Coefficient table above, it can be seen that the Tolerance value of the three variables is > 0.1 and the VIF value is < 10, so it can be concluded that there are no symptoms of multicollinearity or in other words, it passes the multicollinearity test.

4. **Autocorrelation Test**

Autocorrelation is a condition where in the regression model there is a correlation between the residuals in the previous period (t-1). A good regression model is one that does not have autocorrelation problems. The testing method uses the Durbin Watson Test (DW test). If the Durbin-Watson number is between -2 and +2 then there is no autocorrelation problem.

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | ,814[a] | ,662 | ,493 | 122,326 | 2,411 |

a. Predictors: (Constant), Investment Value, Production Value, Creative Economy Development

b. Dependent Variable: Creative economy sector worker development

From the results of the Autocorrelation Test, the Durbin – Watson number obtained was 2,069, which means there was no autocorrelation.

**5. F Test**

This study uses the F test to test whether the independent variables influence the dependent variables simultaneously.

Conditions in the F test:

a) creative economy, production value and investment value have a simultaneous effect on labor absorption if the calculated F value > F table or sig. < 0.05.

b) creative economy, production value and investment value do not have a simultaneous effect on labor absorption if the calculated F value > F table or sig. < 0.05.

**ANOVA**

| Model | Sum of Squares | df | Mean Square | F | Sig. | |
|---|---|---|---|---|---|---|
| 1 | Regression | .003 | 3 | .001 | 71,403 | .000b |
| | Residual | .000 | 6 | .000 | | |
| | Total | .003 | 9 | | | |

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X1, X2

Analysis:

The Anova table above shows the calculated F value of71.403 with a significance level of 0.000, this analysis uses an adjusted F table value of 4.76 (df1 = 4 - 1 = 3 and df2 = 10 - 4 = 6). The calculated F value > F table (71.403 > 4.76) and sig. 0.000 < 0.05, so H0 is rejected and Ha is accepted. Based on the results of the F test, it can be concluded that the creative economy, production value and investment value in East Lombok Regency have a simultaneous effect on labor absorption.

**6. Coefficient of Determination Test.**

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | ,814[a] | ,662 | ,493 | 122,326 |

a. Predictors: (Constant), Investment Value, Production Value, Creative Economy Development
b. Dependent Variable: Creative economy sector worker development

The table above shows the R Square value or coefficient of 0.662, then it can be seen that the R2 value produced is 0.662 or 66.2%. This result shows that the Independent and dependent variables have an influence of 66.2%, while the remaining 33.8% is influenced by other factors or independent variables that are not examined in this study.

### 4.2 Multiple Linear Regression Analysis

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 464,397 | 423,320 | | 1,097 | ,315 |
| | X2 | 1,316E-7 | ,000 | ,103 | ,399 | ,703 |
| | X1 | -29,544 | 10,318 | -,757 | -2,863 | ,029 |
| | X3 | -3,838E-10 | ,000 | -,573 | -2,340 | ,058 |

a. Dependent Variable: Y

The regression equation obtained:

464.397– 29.544 +1.316E-7– 3.838E-10

a) The constant value obtained is 464.397, which means that if the independent variable has a value of 0 (constant), then the dependent variable has a value of 464.397.
b) The value of the regression coefficient of variable X1 is (-) of -29.544, which means that if variable X1 increases, variable Y decreases, and vice versa.
c) The regression coefficient value of variable X2 is (+) equal to ,1.316E-7, which means that if variable X2 increases, variable Y also increases, and vice versa.
d) The value of the regression coefficient of variable X3 is (-) of -3.838E-10, which means that if variable X3 increases, variable Y decreases, and vice versa.

### 4.3 T-test

**1. The Effect of X1 on Y**

The partial test results for variable (X1) are t count (-2.863) < t table (2.446) with a significance level of 0.29 < 0.05, so H1 is rejected and H0 is accepted, which means that variable X1 has a significant effect on Y. The negative coefficient indicates that every one unit increase in X1 is related to a decrease in the value of Y by 29.544 units, regarding a significant relationship.

**2. The Effect of X2 on Y**

The partial test results for variable (X2) are t count (0.399) < t table (2.446) with a significance level of 0.703 > 0.05, so H1 is rejected and H0 is accepted, which means that the small positive coefficient indicates

that even though there is a positive relationship, the effect is not statistically significant.

**3. The Effect of X3 on Y**

The partial test result for variable (X3) is tcount (-2.340) < ttable (2.446) with a significance level of 0.058 > 0.05, so H1 is rejected and H0 is accepted, which means that variable X3 has no real effect on Y. However, this result is close to the significance limit, which means that although it is not significant at the 0.05 level, variable X3 has a relevant effect at a looser significance level or in a different context.

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 464,397 | 423,320 | | 1,097 | ,315 |
| | X2 | 1,316E-7 | ,000 | ,103 | ,399 | ,703 |
| | X1 | -29,544 | 10,318 | -,757 | -2,863 | ,029 |
| | X3 | -3,838E-10 | ,000 | -,573 | -2,340 | ,058 |

a. Dependent Variable: Y

**4.4 The Role of Creative Economic Growth, Production Value and Investment Value Partially on Labor Absorption in East Lombok Regency**

1. The Influence of Creative Economic Growth

The results of the study indicate that the creative economic growth variable has a significant and positive influence on labor absorption in East Lombok Regency. This finding is in line with the initial hypothesis which states that there is a positive relationship between creative economic growth and labor absorption. With increasing activity in the creative economy sector, the number of available job opportunities will also increase, thus encouraging more individuals to get involved in various fields, such as art, design, and other creative industries. This not only provides direct benefits to workers, but also contributes to reducing unemployment rates in the region.

2. Influence of Production Value

The t-value for the Production Value variable (X2) is 0.399, which is smaller than the t-table of 2.446. In addition, the significance value reaching 0.703 is greater than the significance level of 0.05. This finding indicates that there is no significant influence between the Production Value variable (X2) on the Development of Creative Economy Sector Workers (Y). With a t-value lower than the t-table and a p-value higher than 0.05, the null hypothesis (H0) is accepted, while the alternative hypothesis (H1) is rejected. This indicates that changes in production value do not significantly affect the number of workers involved in the creative economy sector. Thus, it can be concluded that Production Value (X2) does not have a significant role in labor absorption in East Lombok Regency.

3. Influence of Investment Value

The calculated t value for the Investment Value variable (X3) is -2.340, which is smaller than the t table of 2.446. In addition, the significance value reaching 0.058 is greater than the significance level of 0.05. This finding indicates that there is no significant influence between the Investment Value variable (X3) on the Development of Creative Economy Sector Workers (Y). With a calculated t lower than the t table and a p value greater than 0.05, the null hypothesis (H0) is accepted, while the alternative hypothesis (H1) is rejected. This indicates that

changes in investment value do not significantly affect the number of workers involved in the creative economy sector.

The very small and positive coefficient indicates that a 1% increase in Investment Value will only lead to a very small increase in the number of employed workers. Although there is a positive relationship between investment and employment, the effect shown in this model appears minimal. This indicates that investments made in the creative economy sector may not have been fully optimized to create significant new jobs

### 4.5 The Influence of Creative Economic Growth, Production Value and Investment Value on Labor Absorption Simultaneously in East Lombok Regency

Interpretation of the significance value far below the alpha level of 0.05 indicates that the regression model built is not only relevant, but also provides strong evidence that the combination of the three independent variables—creative economic growth, production value, and investment value—simultaneously affects labor absorption in a significant way. This shows that improvements in each of these variables not only have a positive impact, but support each other in creating more job opportunities in East Lombok Regency. In other words, success in one aspect will contribute to improvements in other aspects, creating profitable synergies.

The growth of the creative economy (X1) has a key role in increasing employment (Y). A rapidly growing creative economy sector will generate more jobs, not only in the creative industry itself, but also in other related sectors. The availability of jobs in the arts, design, and media, for example, opens up opportunities for skilled workers. Thus, encouraging growth in this sector is crucial in efforts to increase employment.

On the other hand, production value (X2) also contributes significantly to labor absorption. When production value increases, it reflects that the creative economy sector and other industries produce more goods and services. This certainly requires additional labor to meet increasing demand. Increasing production value has the potential to create more jobs, while increasing the productivity and quality of existing workers. Therefore, focusing on increasing production value will be an important strategy to create better employment opportunities.

The investment value (X3) is no less important in determining labor absorption. Higher investment in the creative economy sector will support innovation and development of production capacity, thereby creating new jobs. When companies invest in technology and training, they not only increase output but also improve the quality of human resources. This shows that to increase labor absorption, there needs to be a policy that supports and attracts investment to strategic sectors.

Overall, the results of this F-test strengthen the argument that the three variables—creative economic growth, production value, and investment value—should be viewed as interrelated elements in an effort to increase labor absorption. This regression model not only explains the relationship between these variables, but also provides valuable insights for policy makers in formulating more effective strategies.

From the explanation above, it can be concluded that simultaneously, Creative Economy, Production Value, and Investment Value together have a significant effect on labor absorption in East Lombok Regency. This model is able to explain 66.2% of the variation in labor absorption.

## 5. CONCLUSION

Based on the research results and discussion, the following conclusions can be drawn:

1. Based on the results of the analysis, the Creative Economy variable providessignificant influence on labor absorption in East Lombok Regency. The

calculated t value is greater than the t table and the significance value is smaller than 0.1 indicates that the growth of the creative economy plays an important role in increasing labor absorption, reducing unemployment, and increasing community income.

2. simultaneously, Creative Economy, Production Value, and Investment Value together have a significant effect on labor absorption in East Lombok Regency. This model is able to explain 66.2% of the variation in labor absorption.

## SUGGESTION

Based on the research results and conclusions above, the researcher suggests the following things.

1. Local governments and related institutions should expand and improve support programs for the creative economy sector. This can be in the form of skills training, capital assistance, and promotion of creative products that can encourage further growth of this sector, thereby opening up more job opportunities.
2. To ensure that investment and production value have a more significant impact on labor welfare, there needs to be a better strategy in the allocation and use of investment funds. This includes increasing investment efficiency, strict supervision, and ensuring that investment is directed to projects that directly impact labor welfare.

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