Relationship of Changes in Central Lampung Economic Structure (Second Decade) Post Reform and Labor and Its Impilcity Toward Community Welfare

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Abstract

Indonesia's financial situation is still less balanced between economic structure changes and labor absorption between sectors. Furthermore, it will have an impact on the welfare of the people in Indonesia. This study aims to 1) analyze the effect of changes in the economic structure on the structure of labor absorption and the welfare of the people in Indonesia, 2) to examine the impact of changes in the form of labor absorption on the interest of the people in Indonesia, and 3) to analyze the effect of changes in the economic system on labor absorption structures. Work in Indonesia. This study uses secondary data from Central Lampung Province and time-series data, namely the years 2012-2020. The results showed that the economic structure's variable changes had a negative and significant effect on the form of employment in Central Lampung. Changes in the financial system have no significant impact on the welfare of the people in Indonesia. The structure of work has a positive and significant effect on the people's welfare in Central Lampung. Changes in the economic system have an indirect and consequential negative impact on society's interest through Central Lampung's employment structure.

Keywords: *Changes in Economic Structure, Labor, Welfare, Path Analysis.*

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A.   INTRODUCTION

Indonesia is one of the developing countries that continue to strive for development to improve its people's welfare (Suyanto, 2014). The government continues to carry out every stage of development to spur economic growth. For economic growth to continue, it is hoped that changes or transformations of the economic structure will occur (Nasution, 2008). Changes in the financial system are a prerequisite for increasing and sustaining economic growth and supporting sustainability (Haryadi, 2017).

Economic growth is an opportunity because a growing economy will create many opportunities (Zunaidi, 2013). It is necessary to pay attention to human resources development to use existing options to keep the economy growing. The first phenomenon is that the number of workers in the formal sector has decreased since 2000 because the legal sector job creation is relatively stagnant. Workforce creation only comes from the informal sector, mostly relying on low-skilled, low-paid labor and without social protection (Sukirno, 2010).

Rapid economic growth tends to accelerate changes in economic structure. First of all, it starts with macroeconomic shifts, such as changes in demand, trade, and the use of production factors (Yusuf, 2020). Furthermore, through sectoral economic changes, namely a shift in the economy and labor from the agricultural sector to the industrial and

service industries. The development of economic structure changes has accelerated the achievement of advanced economic growth (Tarigan, 2014). Changes in the economic structure can be seen from two sides, namely, changes in the relative contribution of a sector in the formation of Gross National Product (GNP) or changes in employment growth in economic sectors to the total development of national labor absorption. Changes in the entire output structure can be caused by changes in production technology (Mufarida, 2020).

These changes are divided into three groups, namely: (1) Changes in the economic structure, which are seen as changes in the accumulation process; (2) Changes in the economic structure which are viewed as changes in the process of allocating resources; and (3) Changes in the financial system which are considered as changes in demographic and distributive functions. Economic activities included as an accumulation process are the formation of capital or investment, government revenue, and efforts to provide education for the community (Syahputra, 2017). Meanwhile, the economic activities included in the resource allocation process are the structure of domestic demand, the structure of production, and trade structure (Kholis, 2012). Furthermore, economic activities, including demographic and distributive processes, are processes of change in labor allocation factors in various sectors, urbanization, birth and death rates, and income distribution (Purba, 2020).

There will be a process of transferring labor from the agricultural sector in rural areas to the industrial sector in urban areas from the labor side. However, this shift is still lagging behind the structural change process itself (Sholeh, 2007). With this lag, the agricultural sector will play an essential role in increasing labor supply, both at the beginning and end of the structural transformation process. Labor productivity in the agricultural sector is low, will gradually begin to grow, and has the same productivity as workers in the industrial sector during the transition period. Thus, the productivity of labor in the economy will increase (Malik, 2018).

During the structural change process, it does not mean that everything is going smoothly. A process that is happening will undoubtedly have two consequences: the first is the positive side, and the other is the negative side (Manning, 1998). One of the opposing sides of this structural change is the increasing flow of urbanization, which is in line with industrialization and urbanization; in some cases, it hinders the distribution of development results. An increase in income will only occur in the modern-urban sector (Raharto, 2007). Meanwhile, the rural sector, which workers largely abandoned, experienced slow growth, so that the gap between urban and rural areas increased under these conditions. Structural change will only run well if it is accompanied by equal distribution of learning opportunities, a decrease in population growth rate, and a decrease in the degree of economic dualism between urban and rural areas. If this can be fulfilled, the structural transformation process will be followed by an increase in income and income distribution that will co-occur. In the implementation of national development, the workforce has a critical role and position as actors and development objectives. According to Law Number 13 of 2003 concerning Manpower, labor is meant by any person who can carry out work to produce goods and services both to meet their

own needs and for the community.

Employment is all things related to labor before, during, and after the work period (Gall, 1998). Several possible events could occur as a result of changes in output and the unemployment rate: First, if there is a 1 percent growth in production, the number of jobs tends not to increase by 1 percent because: (1) The firm may gain an increase in output by increasing the number of hours worked; and (2) If the company faces excess labor when there is an increase of the production, then part of the rise of the output will come from the use of extra work. Second, changes in employment and the number of people employed. When the number of jobs increases, some new positions are filled by people who already have a job and are not supplied by unemployed people (Behrman, 1995). This means that the increase in the number of people employed is less than the number of jobs.

Their economic growth is an indication of the success of economic development. During 2007-2019, Indonesia, with an average growth rate of 5.6%, was ranked third among the G-20 countries. This momentum has made Indonesia's economic fundamentals stronger, which is essential to maintain its sustainability. Following are the conditions of economic growth in Indonesia. Economic growth in Indonesia has fluctuated during 2011-2019. In 2011-2018 the Indonesian economy continued to decline by 6.2 percent, down to 4.9 percent. However, in 2019 it increased again, namely by 5.0 percent. The state of Indonesia's economic growth can be described in the following graph:
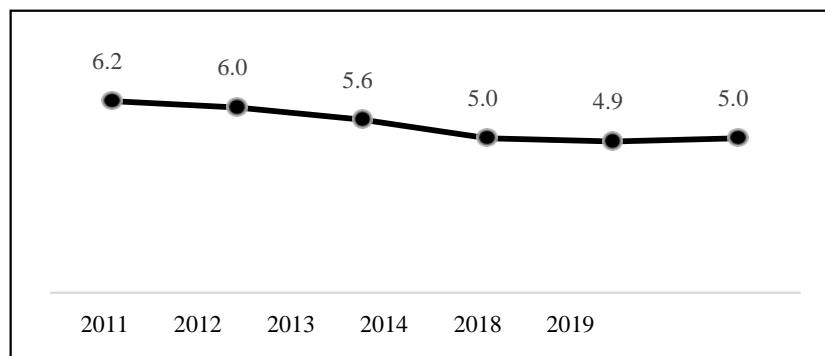

Figure 1 Indonesia's Economic Growth in 2011-2019
Source: BPS 2019, compiled.

The sustainable economic development process will bring about two fundamental economic structure changes, namely the aggregate demand side and the aggregate supply side. On the aggregate demand side, changes in the financial system are caused by an increase in people's income which causes changes to their consumption patterns. Meanwhile, the main driving factors are technological changes, increased human resources, and the discovery of new materials for production from the aggregate supply side. The process of changing the structure of the economy is characterized by (1) Decreasing share of the primary sector (agriculture), (2) Increasing the share of the secondary sector (industry), and (3) The percentage of the tertiary sector (services) also contributes to an increase in line with economic growth (Munandar, 2020).

All these dimensions indicate the community's quality of life, and objective data are needed to measure it and subjective (Tone, 2020). Welfare has many dimensions, which can be seen from the material and non-material dimensions. The material side can be measured using the income and consumption approach (Abbas, 2020). Consumption data is a more direct measure of welfare, interest from the non-material dimension can be seen from the side of education and health (Atmanti, 2020). Measurement of health status can be done through questions about general health measurements, illness based on respondent reporting and medical measurements, medication being undertaken, physical activity, social relationships, psychological/mental/emotional health such as sleep problems, and feelings of fear/anxiety, and questions about happiness. Changes in the distribution of sectoral labor absorption usually occur more slowly than the difference in output by sector, given the prolonged process of moving labor, especially for workers from low-productivity sectors such as the agricultural sector (Rochmatullah, 2020).

Changing the economic structure is sometimes interpreted as a process of industrialization (Dewi, 2018). This stage was manifested historically by increasing the manufacturing sector's contribution to consumer demand, total gross regional domestic product (GRDP), exports, and job opportunities. Changes in the economic structure are commonly referred to as structural transformations, which are defined as a series of interrelated changes in the composition of aggregate demand, foreign trade (exports and imports), aggregate supply (production and use of production factors such as labor and capital).) necessary to support the development process and sustainable economic growth. Economic transformation is an indicator of regional economic development. If there is a process of economic change, it can be stated that there has been economic development, and further action is needed. Still, if there is no transformation process, the government needs to make improvements in planning so that development policies focus on achieving development goals.

B.   METHOD

The method used in this research is quantitative, which is associative between the influence of the independent variable (independent) between labor absorption (X) on the dependent variable, namely economic growth/welfare (Y). The data source used is secondary data. Data collection methods consist of observation, documentation, and literature study. The analysis used is quantitative-descriptive.

C.   RESULT AND DISCUSSION
1. Education

The level of education participation in the Lampung Regency increased every year in 2018-2020. According to the highest education in Central Lampung Regency, below is a table of the population over 15 years.

Table 1. Population Aged 15 Years and Over According to the Highest Education Completed in Central Lampung Regency

Information	2018			2019			2020		
	Workforce		Not the Labor Force	Workforce		Not the Labor Force	Workforce		Not the Labor Force
	Work	Unemployment		Work	Unemployment		Work	Unemployment	
No / not yet school	5.897	-	24.985	6.982	-	22.185	6.680	-	23.755
No / not yet graduated from elementary school	102.573	2.804	48.594	119.594	2.548	45.914	104.761	2.669	47.145
Elementary School	169.824	2.596	63.956	170.258	2.592	63.257	172.434	2.605	63.407
Junior High School	139.652	4.551	89.213	142.637	4.859	84.852	140.046	4.617	88.630
Senior High School	95.845	5.762	32.894	96.824	3.216	25.586	99.595	5.753	32.552
Secondary school Vocational	42.397	1.928	14.547	50.946	1.321	12.968	59.965	1.574	13.211
Diploma I /II /III	9.589	587	789	11.985	217	735	9.636	291	744
Fresh Graduate	19.648	1.956	493	20.566	1.023	572	20.908	1.090	587
Amount	**585.425**	**20.184**	**274.471**	**619.792**	**15.776**	**255.679**	**614.025**	**18.599**	**270.031**

Source: BPS Central Lampung Regency.

As explained in the table above, the increase in the number of occupations in 2019 amounted to 619,792 and decreased in 2020, amounting to 614,025. The highest number of working residents was in 2019, amounting to 619,792. Open unemployment based on the most increased education in Central Lampung Regency in 2018-2020 has increased and decreased and the number of working people. In 2019 unemployment has fallen and has risen again in 2020. The most significant unemployment occurred in 2018, namely as many as 20,184 people based on the highest education. This is the same as the number of people who work and are unemployed in Central Lamung Regency. The non-labor force has also increased and decreased every year from 2018-2020, experienced a decrease in the number of non-workforce in 2019, and increased again in 2020. not the highest workforce occurred in 2018, amounting to 274,471.

Central Lampung Economic Condition

The economic situation in Central Lampung Regency tends to fluctuate. Economic growth in Central Lampung's economy in 2020 experienced a slowdown compared to the previous year's growth; Central Lampung's GDP growth rate in 2020 reached 4.23 percent, while in 2019 it was 4.48 percent, the highest economic growth

was achieved by the category of Electric and Gas Procurement by 21, 02 percent, while all other financial sorts of GRDP in 2019 recorded positive growth, the different types recorded positive change in succession, including the Information and Communication category at 16.42 percent, the Construction category for development at 10.37 percent, the Transportation and Warehousing category was 8.12 percent, the Mining and Quarrying category was 6.47 percent, the Provision of Accommodations and Food and Drinks was 6.37 percent, the Health Services and Other Social Activities category was 6.19 percent, the Processing Industry category was 5, 89 percent, the Real Estate category was 5.45 percent, category A Government administration, Defense and Compulsory Social Security by 4.54 percent, education services category by 4.30 percent, agriculture, forestry, and agriculture by 4.23 percent, types of water supply, waste management, waste and recycling by 4.13 percent, the Financial Services and Insurance category by 3.55 percent, the Other Services category by 3.28 percent, the corporate services category by 2.85 percent, as well as the Wholesaler and Retail Trade, Car and Motorcycle Repair category by 2.02 percent.

Based on the data obtained, it is hoped that it can be seen how the influence of labor absorption on economic growth and community welfare in Central Lampung Regency. In this case, the data obtained comes from annual reports for three years (2012-2020), available at the Manpower Office and the Central Bureau of Statistics of Central Lampung Regency.

The number of workers absorbed in Central Lampung Regency in 2012-2020 has fluctuated. The largest number of workers occurred in 2012, amounting to 631,320 people, and the smallest number of workers occurred in 2013, amounting to 552,750 people. The number of workers absorbed in Central Lampung Regency in 2012-2020 has fluctuated. The largest number of workers occurred in 2012, amounting to 631,320 people, and the smallest number of workers occurred in 2013, amounting to 552,750 people.

Normality test

The results of the analysis of the normality assumption on the residual value of the regression equation are presented in the following table:

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

|		Unstandardized Residual
N Normal Parameters	MeanStd. DeviationAbsolute	6 .0000000 .36015817 .262
Most Extreme Differences	Positive	.262
	Negative	-.143
Kolmogorov-Smirnov Z		.642
Asymp. Sig. (2-tailed)		.805

Test distribution is Normal.

Source: Data Processed in 2020

The normality test results in Table 2 above using the one sample Komogrov-Smirnov method show that the dependent variable's residual value and the independent variable in the sample size (N) of 6 is 0.805. Thus, this study's data are typically distributed because the residual value is greater than the significance of 0.05 or 0.805 > 0.05 so that the regression model can be used for hypothesis testing.

Heteroscedasticity Test

The results of the heteroscedasticity output can be seen in the following table:

Table 3: Heteroscedasticity Test Results
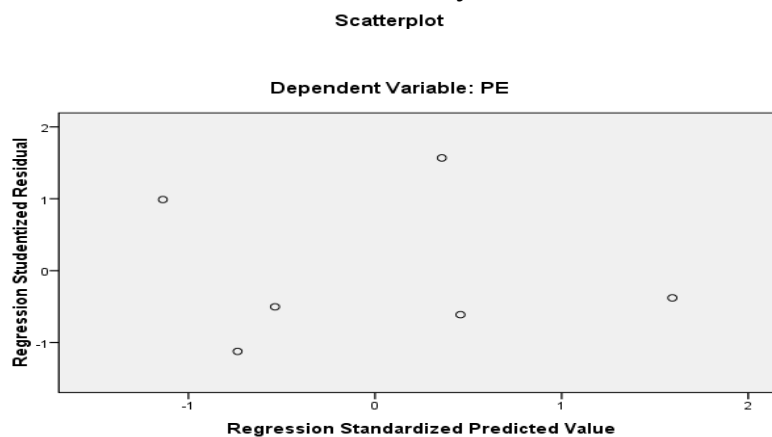
Source: Data Processed in 2020

Based on the scatterplot output above, it can be seen that the dots spread out and don't just clump up or down and don't form any clear pattern. So it can be concluded that heteroscedasticity does not occur.

Simple Regression Analysis Techniques

This simple regression analysis aims to measure the relationship between two or more variables; it also shows the relationship between the dependent and independent variables.

Table 3 Results of Simple Regression Analysis (Coefficients)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant) PTK	10.678	4.482	-.531	2.383	.097
	-8.209	.000		-1.085	.357

Source: Data Processed in 2020

Dependent Variable: PE

Based on the table of simple linear regression test results in table 3, the following equation is obtained: Y = 10,678-8,209X

It shows that the labor absorption variable (X) has a negative regression coefficient with economic growth, namely b = -8,209, which means that if there is a decrease in labor absorption by 1%, economic growth will decrease by 8,209.

Partial Test (t-test)

The t-test aims to determine the independent variable's effect consisting of labor absorption on economic growth in Central Lampung Regency.

Table 4. t-Test Test Results (Coefficients)

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant) PTK	10.678	4.482	-.531	2.383	097
	-8.209	000		-1.085	357

Source: Data Processed in 2020

Based on the results of partial regression testing in the table above, it shows that the labor absorption variable does not have a significant effect on economic growth in Central Lampung Regency. There is no significant effect between Labor Absorption on Economic Growth. From the research results obtained through quantitative analysis. It shows that the independent variable (Labor Absorption) does not significantly influence the dependent variable (Economic Growth). This is indicated by the t-test, which has a significance value greater than 0.05 or a significance value of 0.357 > 0.05. It can be concluded that labor absorption has no adverse effect on economic growth.

Coefficient of Determination

The coefficient of determination (r2) serves to see how all independent variables can explain the dependent variable (R-Square), which is smaller, means that the independent variables' ability to explain the variation in the dependent variable is limited.

Table 5. The Results of the R-Square adj test

Summary Model

Model	R	R Square	Adjusted RSquare	Std. The error of the Estimate
1	531	282	043	40413

Source: Data Processed in 2020

The table above explains the value of the correlation/relationship (R), which is 531. From this output, the coefficient of determination (R-Square) is 282. Based on the results of the determination test shown in the table, 53.1% of the economic growth variable can be explained by the labor absorption variable. In contrast, the rest (100% - 35.1%) is 46.9%, defined by other variables outside of this study.

Labor is every citizen over 15 years of age who can produce an item for profit to meet their daily needs. Labor absorption is the number of people who can be absorbed to work in a company or an agency. This labor absorption will accommodate all available workers if the available employment opportunities are sufficient or equal to public workers. Considerable population growth tends to bring slow economic growth if it cannot cope with a workforce that cannot be absorbed into employment. With a good quality of population and crew, it will produce a reasonable force too. The development of labor absorption in Central Lampung Regency is quite good,

although the increase is not too much every year and has fluctuated (increase and decrease) from 2012-2020.

D.   CONCLUSION

Based on the results of research tests using simple linear regression analysis techniques, it can be stated that there is no significant effect of the independent variables, namely Labor Absorption in Central Lampung Regency on Economic Growth. This is consistent with the normality test results, heteroscedasticity test, hypothesis test, t-test, and the coefficient of determination that the independent variable of labor absorption (X) does not have a significant effect on the dependent variable on economic growth (Y). This can be seen from the substantial level obtained, which is greater than the standard used, namely 0.357, more generous than 0.05. Labor absorption in Central Lampung Regency, which has increased and decreased from 2012-2020, does not affect, this is not following the theories put forward, one of which is the theory of neoclassical, namely economic growth (in areas measured by GRDP growth) depends on the development of production factors, namely: (1) Capital; (2) Labor; and (3) Technology.

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