Differences of Economic Factors on Employment between Industrial Sector in Sidoarjo and Gresik Regencies

Rima Anggun Aprilya¹*, Sishadiyati²
Universitas Pembangunan Nasional Veteran Jawa Timur, Indonesia¹
Universitas Pembangunan Nasional Veteran Jawa Timur, Indonesia²
Corresponding Email: 20011010043@student.upnjatim.ac.id*

Received: 05-04-2024 Reviewed: 20-04-2024 Accepted: 07-05-2024

Abstract

The problem of unemployment is increasingly worrying, where unemployment in Sidoarjo and Gresik every year cannot decrease significantly. So the potential level of labor absorption is also getting smaller. Unemployment is a problem that must be overcome by every region. Because high unemployment can lead to decreased productivity, slow economic growth, and increased poverty. This study aims to study, analyze, and compare how the condition of labor absorption in the industrial sector in Sidoarjo and Gresik regencies, as well as to determine the differences in population factors, the number of industrial companies, industrial sector investment, and minimum wages on the absorption of labor in the industrial sector in Sidoarjo and Gresik regencies. The method used in this study is a quantitative approach with secondary data from 2008-2022 with technical analysis of different tests. The result of this study is that the population and number of industrial companies have no difference in the absorption of labor in the industrial sector in Sidoarjo and Gresik regencies, while there are differences in the investment value of the industrial sector and the minimum wage on the absorption of industrial sector workers between Sidoarjo and Gresik regencies.

Keywords: Industry, Investment, Number of Population, Labor, Minimum Wage

Introduction

Economic development is a complex cycle that includes changes in environmental structures, societal perspectives and societal foundations, for example accelerating economic growth, reducing unemployment and inequality, and reducing poverty (Awaludin et al., 2023). The process of increasing the long-term per capita income of a society is called economic development. Job creation and economic growth in the interest of social welfare in general are the main objectives of economic development (Ramadhani, 2022).
The main objectives of the development process are to increase the distribution and quantity of basic living goods, increase living standards (such as the quality of education, employment, and income), and increase economic and social choices. Indonesia as a developing country, still faces employment problems. The issue discussed is the high unemployment rate. Known as one of the obstacles in the development process is unemployment. Employment is a vast and complex issue. Unemployment is a consequence of the lack of balance between the number of people employed and the number of jobs available. If the unemployment rate continues to increase and people's welfare decreases, the burden on the regional economy will increase.

Indonesia has 38 provinces, including East Java Province which is the largest province on Java Island and has the second largest population in Indonesia. Like other regions, East Java Province also faces various social problems, one of which is the unemployment rate. Every year, unemployment remains a serious problem that requires accurate treatment. The unemployment rate in East Java, which can be seen by district/city, is illustrated in the figure below.

Figure 1. Open Unemployment Rate by District/City (percent) in 2023

Source: BPS Jawa Timur 2023

Based on the chart above, the highest unemployment rate of East Java Province in Sidoarjo and Gresik Regencies in 2023 with values of 8.05% and 6.82% respectively. Although in recent years the unemployment rate in Sidoarjo and Gresik Regencies has decreased, the
unemployment problem in Sidoarjo and Gresik Regencies has become a serious problem considering that the unemployment rate in Sidoarjo and Gresik Regencies is the highest in East Java Province. The poverty rate in Sidoarjo and Gresik districts has always been the highest for a long time due to inconsistent government efforts in fighting unemployment. However, it is realized that the impact of unemployment is very bad for the region’s economy.

Sidoarjo and Gresik Regencies are districts with the highest economic value in East Java Province and many sectors that are the destination of job seekers. Therefore, the population in Sidoarjo and Gresik districts continues to increase every year, which means that unemployment will increase due to an increase in population density, which is the reason why there is a lot of migration to get a job to make ends meet. As a result, this will cause the population of a region to increase (Khristina Kiha et al., 2021).

The high rate of population growth of a country and the large labor force will not actually make much change as long as the country’s economy is strong enough to accommodate the needs of various communities, including providing employment (Nirmal Juvita, 2022).

In 2023, Sidoarjo and Gresik regencies will have the largest unemployment in East Java. Although in recent years the unemployment rate in Sidoarjo and Gresik Regencies has decreased, the unemployment problem in Sidoarjo and Gresik Regencies has become a serious problem considering that the unemployment rate in Sidoarjo and Gresik Regencies is the highest in East Java Province.

Judging from the 2022 GRDP data in Sidoarjo and Gresik regencies, the highest contributor to GRDP is the processing industry sector. In terms of geography, the population and area in Sidoarjo and Gresik districts are not among the largest and largest in East Java. However, in terms of the number of companies and workers in the industrial sector, Sidoarjo and Gresik Districts also have the highest value in East Java. Meanwhile, in terms of minimum wage, Sidoarjo and Gresik districts also have the highest wages in East Java after Surabaya with almost the same nominal value.

If you look at various aspects such as the many industrial sectors that exist so that they become the leading sectors in the GRDP, Sidoarjo and Gresik Regencies should be able to absorb a lot of labor, but what happens is that Sidoarjo and Gresik Regencies are the districts with the highest unemployment rate in East Java. The many characteristics of the two districts make researchers want to examine what factors influence the phenomenon and whether there are differences in the influencing factors of the two districts.

The problem of unemployment is increasingly worrying, where unemployment in Sidoarjo and Gresik every year cannot decrease significantly. So the potential level of labor absorption is also getting smaller. Unemployment is a problem that must be overcome by every region. Because high unemployment can lead to decreased productivity, slow economic growth, and increased poverty. This writing is important to do because by looking at the difference in the influence of the unemployment rate on employment, especially in the industrial sector, it will contribute to related parties in making policies. This study aims to study, analyze, and compare how the condition of labor absorption in the industrial sector in Sidoarjo and Gresik regencies, as well as to determine the differences in population factors, the
Differences of Economic Factors on Employment between Industrial Sector in Sidoarjo and Gresik Regencies

number of industrial companies, industrial sector investment, and minimum wages on the absorption of labor in the industrial sector in Sidoarjo and Gresik regencies.

The expansion, utilization of resources, and potential of the industrial sector must be increased in order to continue and increase the development of the industrial sector to improve public welfare and encourage and drive other economic sectors. Government intervention is expected to reduce this labor problem. The higher the population growth, the smaller the jobs that can be accessed and over time, fair industrial companies have certain rules in determining workers, for example having capacity and more talented in working, so that assets that cannot be accessed by workers will increase. Those who do not have the capacity and ability will be displaced from the labor market and do not get jobs, even become unemployed, leading to economic inequality.

Literature Review

Grand Theory

Keynes's theory of demand and supply of labor states that if employers and job seekers have reached an agreement on a certain level of wages, it is called equilibrium or equilibrium. According to the classicists, an economy that depends on the strength of market mechanisms will always reach equilibrium. In a position of equilibrium, all resources, including residents, will be used in full. Therefore, there is no unemployment in a system that adheres to market mechanisms. They will be willing to work for a lower wage if no one works, rather than earning no income at all. This lower wage rate will attract more employees to the company (Hend, 2020).

Keynes emphasized the role of aggregate demand in determining the level of output and employment. Investment is one of the important components of aggregate demand. When firms invest, they increase demand for goods and services, which in turn increases output and creates jobs (Suharto Budi, 2021).

Industrial Sector Employment

The capacity to accept employees who meet the requirements of the enterprise is called labor absorption. These rules can be adjusted to the capacity or ability of each person needed by job seekers. The number of jobs can be smaller or the same, depending on how many jobs are needed and available. According to Adam Smith, a country's ability to produce is its main advantage by utilizing technology and labor efficiency. In his theory of the value of labor, he argued that the more labor used, the higher the value of the goods produced (Sadiah, 2020). It can be concluded that unemployment will occur if the number of job opportunities exceeds the amount of labor absorbed. Conversely, if the number of open job vacancies is equal to the number of job absorption, then there will be no unemployment. Labor absorption can also be interpreted as a specific measure of work that can be maintained or expected by a unit or organization in different fields. This restraint in employment is due to the high interest in employment from the large population growth in a country. Thus, the absorption of this labor can be assumed as a work interest (Ramadhani, 2022).
Total Population

According to Statistics Indonesia submitted by the Central Bureau of Statistics (BPS), population is defined as any person who has lived in the territory of the Unitary State of the Republic of Indonesia for at least six months, or who has stayed for less than six months but wants to settle. The number of people living in a particular location affected by demographic processes such as fertility, mortality, and migration is referred to as population. In other words, population growth is the transformation of the number of inhabitants from one period to the next in a region. In developing countries, populations often increase rapidly and are large in number. The problem of population growth is not only related to numbers, but also to the importance of human welfare and development.

Malthus's theory explains that as the population increases, the number of workers increases, but employment opportunities cannot be adjusted for the increase. Due to the limited number of job opportunities, this can cause a portion of the labor force to be unable to find work, and eventually become unemployed (Ani, 2020). Malthus in the book Mulyadi (2003) revealed that a relatively large population that continues to increase can affect the increase in unemployment in certain regions. The number of population affects the absorption of labor, the value of output becomes something that also affects it (Azizah Malta, 2023).

Number of Industrial Companies

A company is an entity established by individuals, groups of people, or other entities, centered on how to meet the needs of the human economy through the production and distribution of goods. Industry on the other hand refers to the process of producing the final product from semi-finished products or profitable raw materials. While the number of firms or industries is a term used to describe specialized units that carry out financial activities to create labor and products. Based on neo-classical business unit theory, business is an action carried out with the aim of achieving something, such as profit, wages, or profit (Sadiah, 2020). The confluence between producers' need for labor in the production process and job seekers' need for job opportunities occurs through the interaction of demand and supply in the labor market. Therefore, the number of industrial companies will play an important role in determining the level of employment in the industrial sector (Amparian & Chandriyanti, 2022).

Industrial Sector Investment

The expenditure of a certain amount of funds by investors to finance production activities aimed at generating profits in the future is known as investment. Investment comes from investment by various parties directly or indirectly with the aim of increasing output. This investment consists of expenditures or expenditures of investment or companies to buy capital goods and production equipment to increase the ability of the economy to produce goods and services. According to the Harrod-Domar theory (Todaro, 2006), in addition to capital stock, capital formation is needed to grow the economy (Woyati, Riyadh, 2022). This theory argues that investment increases production capacity and increases demand. When this more capital-intensive investment increases, this will decrease or reduce the amount of employment (Susanti, 2019).
Differences of Economic Factors on Employment between Industrial Sector in Sidoarjo and Gresik Regencies

Minimum Wage

According to "Law No.13 of 2003 concerning Manpower, it is explained that the Regency / City Minimum Wage (UMK) is a minimum wage norm set for the Regency / City area with the aim of maintaining workers' wages and improving their standard of livelihood" (Izzah et al., 2021). Wages play a major role in encouraging someone to work for the benefit of another person, organization, or company. The value of wages plays an important role in creating high unemployment in a country, this is because the size of the value of wages given will have an impact on the satisfaction felt by workers, so that with this measure the unemployment rate can change and fluctuate greatly. Therefore, wages and unemployment are inseparable from each other because the impact caused can affect the course of the economy, this view is in accordance with the theory of wages and unemployment expressed by David Ricardo and Karl Marx (Basmar & Sugeng, 2020).

Research Method

This research is a comparative quantitative research. The place in this study is Sidoarjo and Gresik Regencies because the two districts have the same character in accordance with the phenomenon raised in this pelitian. The samples used in this study are industrial sector labor, population, number of industrial companies, industrial sector investment, and minimum wage in Sidoarjo and Gresik Regencies in 2008-2022. The secondary data used in this study consisted of cross-section data for two districts and time series data for the period 2008-2022. This research is carried out with a literature study approach, which involves exploration, understanding, analysis, and identification of existing materials. This test is tested with normality and homogeneity tests to test the feasibility of the data followed by testing the difference with the t test or the Independent Sample t-test difference test.

Result/Findings

Normality Test

The normality test aims to see learning outcome data from both classes of normally distributed samples or not. So that analysis can be used using T-Test (Rahmi, Selfi &; Fitria, 2021).

<table>
<thead>
<tr>
<th>Table 1. Normality Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shapire-Wilk</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td><strong>Industrial Sector Employment</strong></td>
</tr>
<tr>
<td>Sidoarjo</td>
</tr>
<tr>
<td>Gresik</td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
</tr>
<tr>
<td>Sidoarjo</td>
</tr>
<tr>
<td>Gresik</td>
</tr>
<tr>
<td><strong>Number of Industrial Companies</strong></td>
</tr>
<tr>
<td>Sidoarjo</td>
</tr>
<tr>
<td>Gresik</td>
</tr>
<tr>
<td>Sidoarjo</td>
</tr>
</tbody>
</table>
The statistics can be seen in the Shapiro-Wilk Test of Normality Table where if the value of sig. > 0.05, it can be concluded that the data is distributed normally, otherwise if the value of sig. < 0.05, it can be concluded that the data is not distributed normally. Sidoarjo Industrial Sector Labor is worth 0.808 Gresik 0.577; The total population of Sidoarjo is 0.944 Gresik 0.221; Number of Sidoarjo Industrial Companies valued at 0.650 Gresik 0.260; Investment in the Sidoarjo Industrial Sector is worth 0.479 Gresik 0.690; and Sidoarjo Minimum Wage is 0.073 Gresik 0.077. It can be concluded that all variables show a value of >0.05 so that it can be interpreted that the data is normally distributed.

**Homogeneity test**

The homogeneity test is a test to determine whether or not the variances of two or more distributions are the same (Yolviansyah et al., 2020).

**Table 2. Homogeneity Test Results**

<table>
<thead>
<tr>
<th>Levene's Test for Equality of Variances</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Sector Employment Based on Mean</td>
<td>3,936</td>
<td>0,057</td>
</tr>
<tr>
<td>Total Population Based on Mean</td>
<td>2,750</td>
<td>0,108</td>
</tr>
<tr>
<td>Number of Industrial Companies Based on Mean</td>
<td>0,314</td>
<td>0,580</td>
</tr>
<tr>
<td>Industrial Sector Investment Based on Mean</td>
<td>3,007</td>
<td>0,094</td>
</tr>
<tr>
<td>Minimum Wage Based on Mean</td>
<td>0,000</td>
<td>0,983</td>
</tr>
</tbody>
</table>

**Source: Author, SPSS 2024 Data Processing**

In the Test of Homogeneity of Variance Table where if the value of sig. >0.05, it can be concluded that the data is homogeneous, but if <0.05 the data is not homogeneous. Industrial Sector Labor 0.057; Total Population is 0.108; The number of Industrial Enterprises is worth 0.580; Industrial Sector Investment 0.094; and the Minimum Wage is 0.983. It can be known that all variables show a value of >0.05 which can be interpreted as homogeneous data. So it can be concluded that the data used in this test has the same variant.

**Independent Sample t-test**

The t-test (independent samples t-test) is used to determine whether there is a significant difference between the two groups of samples studied.
Differences of Economic Factors on Employment between Industrial Sector in Sidoarjo and Gresik Regencies

Table 3. Result Independent Sample t-test

<table>
<thead>
<tr>
<th>Variable</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td><strong>Industrial Sector Employment</strong></td>
<td></td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>0.000</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Total Population</strong></td>
<td></td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>0.000</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Number of Industrial Companies</strong></td>
<td></td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>0.000</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Industrial Sector Investment</strong></td>
<td></td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>0.165</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>0.167</td>
</tr>
<tr>
<td><strong>Minimum Wage</strong></td>
<td></td>
</tr>
<tr>
<td>Equal variances assumed</td>
<td>0.989</td>
</tr>
<tr>
<td>Equal variances not assumed</td>
<td>0.989</td>
</tr>
</tbody>
</table>

*Source: Author, SPSS 2024 Data Processing*

In the Independent Sample Table t-test where if the value of sig. (2 tailed) <0.05 then it can be concluded that there is a significant difference but if the value of sig. (2 tailed) >0.05 means there is no significant difference. If homogeneous data is viewed at Equal Variance Assumed if not homogeneous at not assumed. Industrial Sector Labor 0.000; The total population is worth 0.000; The number of Industrial Enterprises is worth 0.000; Investment in the industrial sector variances assumed 0.165 not assumed 0.167; The Minimum Wage is worth 0.989.

Discussion

**The Difference in the Effect of Total Population Industrial Sector Employment Between Sidoarjo and Gresik Regencies**

Looking at the test results, it was found that the population value of 0.000 is smaller than 0.05, which means that between Sidoarjo and Gresik regencies, there is no difference in the influence of the population on the absorption of industrial sector workers in the region. This means that there is no significant difference in the influence of population on labor absorption in the industrial sector in Sidoarjo and Gresik, indicating that other factors play a more dominant role.

Sidoarjo and Gresik are part of the Gerbangkertosusila (Kertas Usila Gate) area, a rapidly growing metropolitan area in East Java. Strong economic linkages between these regions mean that there is no difference in the pattern of demand and supply of labor in the industrial sector. Although Sidoarjo and Gresik have different industrial focuses, the two regions complement each other in the regional industrial supply chain. The demand for labor in one region can be affected by industrial activity in another region. The ease of transportation access and the relatively close distance between Sidoarjo and Gresik allow labor mobility between regions. Workers from one region can easily find work in the industrial sector of another region. Local governments in Sidoarjo and Gresik implement policies in line to
encourage the growth of the industrial sector. This policy can cause similar effects so that there is no difference in the absorption of industrial sector labor. The impact of the COVID-19 pandemic, global economic turmoil, or natural disasters can also affect Sidoarjo and Gresik, resulting in a pattern of industrial sector employment so that there is no difference in the absorption of industrial sector workers in the two regions.

The Difference in the Effect of the Number of Industrial Companies on the Absorption of Industrial Sector Workers Between Sidoarjo and Gresik Regencies

Looking at the test results, it was found that the number of industrial companies worth 0.000 is smaller than 0.05, which means that between Sidoarjo and Gresik regencies, there is no difference in the influence of the number of industrial companies on the absorption of industrial sector workers in the region. This means that there is no significant difference in the influence of the number of industrial companies on labor absorption in the industrial sector in Sidoarjo and Gresik, indicating that other factors play a more dominant role.

Sidoarjo and Gresik both have food processing and textile industries as the main industrial sectors. This type of industry can lead to the absence of differences in labor requirements and absorption patterns. Industries in Sidoarjo and Gresik have strong inter-industry relations, where the output of one industry becomes input for another industry. An increase in the number of companies in one industry can trigger demand for labor in another related industry. Increasing the number of industrial companies in Sidoarjo and Gresik can boost economies of scale and improve production efficiency. This can allow companies to hire more labor at a lower cost. Local governments in Sidoarjo and Gresik implemented similar policies to support industrial growth. These policies can be in the form of tax incentives, ease of licensing, or workforce training programs. The impact of the COVID-19 pandemic, global economic turmoil, or natural disasters can also affect Sidoarjo and Gresik similarly, resulting in a pattern of employment that is not different in the industrial sector.

The Difference in the Effect of Industrial Sector Investment on Industrial Sector Employment Between Sidoarjo and Gresik Districts

Looking at the test results, it was found that the number of residents with the same variant was assumed to be 0.165 while the same variant was not assumed to be worth 0.167, both were greater than 0.05, which means that between Sidoarjo and Gresik Regencies, there are differences in the influence of industrial sector investment on the absorption of industrial sector workers in the region. The difference in the influence of industrial sector investment on employment in the industrial sector in Sidoarjo and Gresik shows the structural complexity and different skill needs in the two regions. The industry in Sidoarjo has a lower level of capital efficiency and uses more labor-intensive technology. This means that investment in the Sidoarjo industry generates more jobs compared to investment in the Gresik industry. The industry in Gresik has a higher level of capital efficiency and uses more capital-intensive technology. This means that investment in Gresik's industry generates fewer direct jobs, but can increase the productivity and competitiveness of the industry in the long run.

The local government of Sidoarjo has a policy that focuses more on the development of small and medium industries (IKM), which are generally more labor-intensive and can
Differences of Economic Factors on Employment between Industrial Sector in Sidoarjo and Gresik Regencies

absorb more labor per investment unit. The Gresik local government has a policy that focuses more on attracting investment from large industries, which are generally more capital-intensive and can increase the productivity and competitiveness of the industry in the long run. The earthquake natural disaster in Gresik in 2021 has had an impact on industrial activity and employment, causing a decrease in investment and employment in the industrial sector. The impact of the COVID-19 pandemic is different in Sidoarjo and Gresik in affecting the demand and supply of labor in the industrial sector. The industry in Sidoarjo which is more oriented towards household consumption is more affected by mobility restrictions and a decrease in people's purchasing power, compared to the industry in Gresik which is export-oriented. Government policies related to investment, business licensing, and incentives can affect the value of investment in the industrial sector. Sidoarjo and Gresik certainly have differences in their investment policies. This also affects the difference in investment in the industrial sector that enters the two regions. Stable and conducive economic conditions can encourage investors to invest in the industrial sector. The availability of adequate infrastructure, such as roads, ports, and electricity, can attract investors to invest in the industrial sector. For example, complete transportation facilities in Sidoarjo Regency such as stations, airports and terminals are also of added value in determining investment in the industrial sector. A conducive and safe business climate can be an attraction for investors to invest in the industrial sector and the more investment that enters the region, the more job opportunities are open.

The Difference in the Effect of Minimum Wage on Industrial Sector Employment Between Sidoarjo and Gresik Districts

Looking at the test results, it was found that the minimum wage is 0.989 greater than 0.05, which means that between Sidoarjo and Gresik regencies, there is a difference in the effect of the minimum wage on the absorption of industrial sector workers in the region. This means that the difference in the effect of the minimum wage on labor absorption in the industrial sector in Sidoarjo and Gresik shows the complexity of labor market dynamics, industrial structure, and labor productivity in both regions.

Industry in Sidoarjo has a higher level of labor productivity compared to industry in Gresik. This means that companies in Sidoarjo are able to absorb more workers without the need to increase the minimum wage much. The industry in Gresik has a lower level of labor productivity compared to the industry in Sidoarjo. This means that companies in Gresik are more willing to increase the minimum wage because of their small workforce. Industries in Sidoarjo face stiffer competition from industries in other regions, especially in terms of labor wages. A significant increase in the minimum wage in Sidoarjo can make industries in this region less competitive and result in a decrease in employment. Industries in Gresik may have higher competitiveness in the global market, making them better able to absorb minimum wage increases without the need to lose market share or reduce production. The local government of Sidoarjo has policies that focus more on maintaining industrial competitiveness and encouraging investment. This could make the Sidoarjo local government more cautious in raising the minimum wage, although the impact on workers' welfare may be smaller. The Gresik local government has a policy that focuses more on increasing the minimum wage to
protect workers' welfare. This can encourage an increase in the minimum wage in Gresik, although the impact on employment is not significant.

**Conclusion**

From the test results, it was found that the population and number of industrial companies between Sidoarjo and Gresik Regencies did not differ in their effect on employment in the industrial sector. This means that the main focus should be directed at improving the efficiency, productivity and competitiveness of companies, as well as ensuring decent quality work for workers so as to open equal opportunities for residents in both regions to find work in the industrial sector, but the policies and programs implemented must still consider the specific characteristics and needs of each region. Meanwhile, the investment value of the industrial sector and the minimum wage between Sidoarjo and Gresik regencies, there are differences in the influence on the absorption of industrial sector workers in the Sidoarjo and Gresik regencies, from 2008 to 2022.

**Recommendations**

The government needs to improve the quality of education and training for the working-age population in Sidoarjo and Gresik, including vocational training programs and certification of skills needed by the industrial sector through cooperation with industry to ensure curriculum and training relevant to industry needs are balanced by encouraging industrial companies to collaborate with vocational training schools and institutions in internship programs and labor recruitment with Provide incentives for companies that implement employee training and development programs and involve industrial companies in the formulation of policies and programs related to HR development and job creation, such as implementing fair and responsible labor practices. there needs to be a government policy in Sidoarjo in providing tax incentives, subsidies, or other cost waivers for companies that invest in the industrial sector and absorb a lot of labor as well as active investment promotion at home and abroad to attract investors by introducing investment opportunities in the Sidoarjo and Gresik industrial sectors. In optimizing the minimum wage in Sidoarjo Regency, it is necessary to consider the level of productivity and competitiveness of the industrial sector in Sidoarjo and Gresik in setting the minimum wage. Meanwhile, in Gresik Regency, a minimum wage that is too high can burden companies and potentially hinder employment, while a minimum wage that is too low can make it difficult for workers to make ends meet. Therefore, both regions, the Government needs to consider data and input from various parties in the process of determining the minimum wage. This data can be in the form of KHL data, inflation, labor productivity, and economic conditions.
Differences of Economic Factors on Employment between Industrial Sector in Sidoarjo and Gresik Regencies

References


