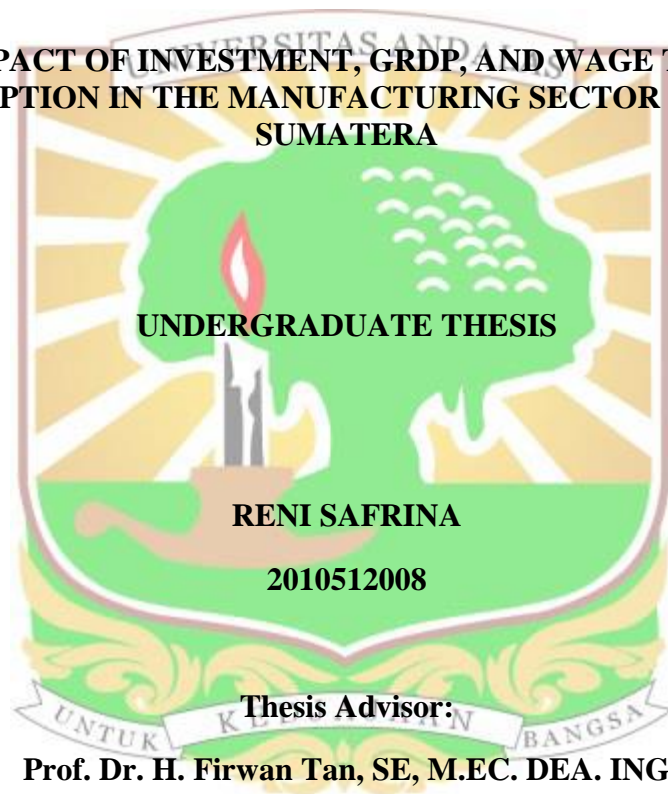




UNIVERSITAS ANDALAS

**THE IMPACT OF INVESTMENT, GRDP, AND WAGE TO LABOR
ABSORPTION IN THE MANUFACTURING SECTOR IN WEST
SUMATERA**



FACULTY OF ECONOMICS AND BUSINESS

DEPARTMENT OF ECONOMICS

PADANG

2024

The Impact of Investment, GRDP, and Wage to Labor Absorption in the Manufacturing Sector in West Sumatera

by

Reni Safrina

2010512008

Submitted to the Department of Economics,

on October 31, 2024, in partial fulfillment of the requirements for the degree of

Bachelor of Economics

ABSTRACT

This research aims to analyze the influence of investment, GRDP and wage on labor absorption in the manufacturing sector in West Sumatra in the 2014-2023 period. By using Generalized Method of Moments (GMM) regression method with the Arellano-Bover/Blundell-Bond (System GMM) estimator two step on regency/municipality level panel data, the research results show that investment in the manufacturing sector and wage has a significantly positive effect on labor absorption, while GRDP has an insignificant positive effect. These results indicate the important role of the local governments to strengthen Human Resources (HR) development by technical skills training and vocational education programs that will help improve the skills of the workforce so they remain relevant in an increasingly automated industry.

Keywords: Labor Absorption, Investment, GRDP, Wage, GMM estimator

Thesis Advisor: Prof. Dr. H. Firwan Tan, SE, M.EC. DEA. ING