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THE INFLUENCE OF WAGES, CAPITAL AND PRODUCTION VALUE ON LABOR ABSORPTION IN THE MELARAT CRAKER HOME INDUSTRY IN CIREBON

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KEYWORDS

Labor Absorption, Wages, Capital, Production Value.

ABSTRACT

Gesik Village, Tengahtani District, Cirebon Regency, is renowned for its productivity due to the presence of numerous industries and micro, small, and medium enterprises (MSMEs), with its flagship product being 'kerupuk melarat' (a type of traditional Indonesian crackers). This 'kerupuk melarat' home industry plays a pivotal role in absorbing labor through job creation, thereby reducing the existing unemployment rate, particularly within Gesik Village itself, by recruiting workers from the local community. The aim of this research is to analyze the influence of wages, capital, and production value on labor absorption in the 'kerupuk melarat' home industry in Cirebon, specifically in Gesik Village, Tengahtani District, Cirebon Regency. This research employs a quantitative method using a saturated sampling technique. There were 32 respondents, owners of 'kerupuk melarat' home industries in Gesik Village, who were the subjects of this study. The results of this research indicate that the wage variable does not significantly influence labor absorption partially, while the capital and production value variables partially significantly influence labor absorption. Furthermore, simultaneously, the wage, capital, and production value variables significantly influence labor absorption.

INTRODUCTION

One indicator to assess the success of economic development in a country is by examining the number of job opportunities created as a result of that economic development (Maimun, 2018). The industrial sector becomes the main sector in creating job opportunities compared to other sectors because it has a more advantageous or higher "Term of Trade". Expanding labor absorption can be achieved through the development of industries, especially labor-intensive industries. The development of these industries will increase production capacity, thus creating job opportunities (Arman, 2018). According to data from the Central Statistics Agency (BPS), the manufacturing industry subsector contributes the most to the Gross Regional Domestic Product (GRDP) of Cirebon Regency. Based on the distribution of the percentage of Gross Domestic Product (GDP) by Field of Business based on Current Prices for the period of 2018-2022 in Cirebon Regency, the contribution of the manufacturing industry sector to the economy of Cirebon Regency in 2021 reached 20.67%.

Cirebon Regency is one of the regencies in West Java Province that has various types of industries with various leading commodities such as batik, processed foods, rattan, furniture, fisheries, and others. The number of small industries scattered in Cirebon Regency in 2019 was 11,750 units, which increased by 37.8% in 2023 to 31,054 units (Cirebon Regency Cooperatives and SMEs Agency, 2023). The diversity of industries and SMEs is indirectly expected to absorb more labor force and create new job opportunities.

One area where SMEs are thriving is Gesik Village located in Tengahtani District, Cirebon Regency. Gesik Village is known as a "Productive Village" due to the presence of many industries and SMEs. Some food processing industries and SMEs in Gesik Village include "kerupuk melarat" (a type of traditional Indonesian crackers), jelly, "kue gapit" (a traditional Indonesian snack), "rempeyek" (a traditional savory Javanese cracker), roasted peanuts, "kue legit" (a type of Indonesian layer cake), and others (Cirebonkab.go.id, 2014). The number of SMEs in Gesik Village in 2020-2021 was recorded at 2,345 business units consisting of various types of businesses such as snack businesses, service businesses, online shops, agriculture, plantations, and others.

Of all the food processing industries and SMEs mentioned, one of the most famous and flagship products of Gesik Village is "kerupuk melarat." This can be seen from the abundance of "kerupuk melarat" produced by home industries that are shipped outside the area. Additionally, "kerupuk melarat" is widely sold along the northern coast road and is one of the typical souvenirs of Cirebon. The increasing demand for "kerupuk melarat" industries has led to the expansion of these businesses, requiring a larger workforce to help produce more goods. These "kerupuk melarat" home industries also play a role in absorbing labor through job creation. This is evidenced by the numerous young workers and local residents employed in these "kerupuk melarat" home industries, thus helping to reduce unemployment, especially in Gesik Village itself by recruiting workers from the local community.

However, the issue often encountered in "kerupuk melarat" home industries is regarding the wage system, namely the difference in understanding and interests regarding wages between companies and workers. Based on interviews with one of the workers in the "kerupuk melarat" home industry, the wages they receive range from IDR 35,000 to IDR 50,000 per day. Furthermore, most of the wage systems in "kerupuk melarat" home industries use a piece-rate or output-based wage system, resulting in unstable wages for workers and still below the minimum wage of Cirebon Regency as determined by the Governor of West Java Number 561.7/Kep.776-Kesra/2022 concerning the Determination of UMK for 2023. The Minimum Wage for Cirebon Regency itself is IDR 2,430,780.00, meaning not all workers in Cirebon Regency, especially those in "kerupuk melarat" home industries in Gesik Village,

receive the wages they deserve.

The development of "kerupuk melarat" home industries will have a positive impact on labor absorption, leading to an increase in job opportunities. However, small industries still face challenges and obstacles in their development, especially related to capital issues. Capital is a key factor needed to develop a business unit. Capital shortages occur because small industries are generally run by individuals and rely only on limited capital from the owners, while access to capital through bank loans or other financial institutions is difficult to obtain due to administrative and technical requirements that are difficult to fulfill by small industries.

If viewed from a theoretical perspective, wages and capital are related to labor absorption, and these variables can influence each other. Wages are one of the production costs that must be incurred by a company. If wages increase, employers tend to switch to capital-intensive technology and reduce labor demand. Conversely, if wages decrease, there will be an increase in job opportunities, thus reducing unemployment (Kusnendi, 2003) in (Setyaningrum, 2015). Meanwhile, capital aims to increase production and higher productivity. The larger the available capital, the greater the production capacity. With increased production capacity, many workers are absorbed to meet the needs of this larger production (Rosyidi, 2009).

Based on the above description, the researcher is interested in conducting research related to factors that can affect labor absorption in "kerupuk melarat" home industries in Gesik Village, Tengahtani District, Cirebon Regency, with the title "The Influence of Wages, Capital, and Production Value on Labor Absorption in 'Kerupuk Melarat' Home Industries in Cirebon."

LITERATURE REVIEW

Labor Force

According to Simanjuntak (1985) cited in Nuraulian (2017), the labor force comprises individuals who are currently employed, those actively seeking employment, and those engaged in other activities such as attending school or managing household responsibilities. Meanwhile, the working-age population, as defined by the Central Bureau of Statistics and in accordance with the International Labor Organization (ILO) recommendations, consists of individuals aged 15 years and above categorized into the labor force and non-labor force. The labor force includes individuals within the working age range who are currently employed, temporarily unemployed and actively seeking work, while the non-labor force consists of those within the working age range who are neither employed nor actively seeking employment (Kusnendi, 2003). In summary, labor force refers to any individual aged 15 and above capable of engaging in work, whether currently employed, seeking employment, or engaged in productive activities to generate goods or services for profit to meet their living needs.

Labor Demand

Labor demand refers to the relationship between wage levels and the desired number of workers sought by employers (Sholeh, 2007). Producer demand for labor differs from consumer demand for goods and services. People buy goods because they provide utility to the buyer. However, employers hire individuals to assist in producing goods or services for sale to the public. In other words, the increase in employer demand for labor depends on the increase in public demand for the goods they produce. Such demand for labor is termed as derived demand (Setyaningrum, 2015). Labor demand is related to the number of workers needed by a particular company or institution. According to Sumarsono (2009) cited in Setyaningrum (2015), the factors influencing labor demand are as follows:

1) Changes in wage levels

An increase in wage levels will raise the company's production costs, leading to an increase in the price per unit of production, which in turn causes consumers to reduce consumption. As a result, many produced goods remain unsold, and producers are forced to reduce their production volume. The decrease in production targets will result in a reduction in the required workforce due to the decrease in the scale of production.

2) Changes in consumer demand for produced goods

If demand for produced goods increases, producers tend to increase their production capacity by increasing the use of labor.

3) Decrease in the price of capital goods

Reduced production costs will result in a decrease in the selling price per unit of goods. In this situation, producers tend to increase production because demand increases significantly. On the other hand, labor demand will increase significantly due to increased production activities.

Labor Supply

According to Sukarniati (2019), labor supply is a function that describes the relationship between wage levels and the quantity of labor offered. The higher the wage level, the higher the quantity of labor supplied. The occurrence of labor supply is a result of the increase in the population and unemployment, thus increasing the number of people seeking employment.

Labor Absorption

According to Boediono (2000) cited in Fadliilah (2012), labor absorption is a certain amount of labor used in a particular business unit. In other words, labor absorption is the number of workers employed in a business unit. Labor absorption generally indicates the ability of a company to absorb labor to produce a product. The ability to absorb labor varies between sectors (Sumarsono, 2009).

Capital

Capital can be defined as a company's expenditure to purchase capital goods and production equipment to enhance the capacity to produce goods and services. Meanwhile, according to Setyaningrum (2015), capital is the wealth owned by a company that can generate profits in the future, and it is expressed in monetary value. Monetary capital is needed to finance the operations of a company. This monetary capital (passive capital) will be used to purchase the company's assets (buildings, machinery, equipment, inventory, and cash to be managed to obtain profits).

Production Value

According to Sumarsono (2003) in Yuditya (2015), production value refers to the production level or the total quantity of goods generated in the production process. Fluctuations in market demand for a company's production output will influence the demand for labor. When the demand for a company's product increases, producers tend to expand their production capacity. To achieve this objective, producers will increase their utilization of labor. Consequently, the increase in entrepreneurs' demand for labor depends on the rise in public demand for the produced goods.

RESEARCH METHODS

This research employs a quantitative method. The data source consists of primary data gathered through the distribution of questionnaires and direct interviews with respondents, utilizing Likert scale instruments. The population in this study comprises 32 respondents, who

are owners/entrepreneurs of melarat cracker home industries in Gesik Village, Tengahtani District, selected using a saturated sampling technique. Data analysis method includes validity test, reliability test, classic assumption test, multiple linear regression analysis, hypothesis testing including t-test, F-test, and determination test, processed using IBM SPSS v 25 application.

RESULTS AND DISCUSSION

Respondent Characteristics

The questionnaire distributed to 32 entrepreneurs or owners of melarat cracker home industries yielded data on the characteristics of these entrepreneurs. Presented below are the respondent characteristics regarding the number of employees, wages, capital, and production value. In this subsection, the variables are divided into four parts, namely:

Number of Employees Variable (Y)

In this study, the data on the number of employees in the melarat cracker home industries in Gesik Village, Tengahtani District, Cirebon Regency, are as follows:

Table 1
Number of Employees in Melarat Cracker Home Industries

No	Number of Employees (people)	Number of Home Industries	Percentage
1	2 – 4 people	20	62,5 %
2	5 – 7 people	9	28,2 %
3	8 – 10 people	1	3,1 %
4	11 – 13 people	2	6,2 %
	Total amount	32	100 %

Source: Primary data processed, 2024.

From Table 1, it can be observed that out of 32 respondents, there are 20 or 62.5% of melarat cracker home industries that employ 2 - 4 workers, 9 or 28.2% of melarat cracker home industries employ 5 - 7 workers. Meanwhile, 2 or 6.2% of melarat cracker home industries employ 11-13 workers, and the remaining 1 or 3.1% employ 8 - 10 workers.

Wage Variable (X_1)

In this study, the data on labor wages in melarat cracker home industries in Gesik Village, Tengahtani District, Cirebon Regency, are as follows:

Table 2
Daily Wage of Labor in Melarat Cracker Home Industries

No	Wage Amount	Number of Home Industries	Percentage
1	Rp. 25.000 – Rp. 34.000	6	18,7 %
2	Rp. 35.000 – Rp. 44.000	3	9,4 %
3	Rp. 45.000 – Rp. 54.000	9	28,1 %
4	Rp. 55.000 – Rp. 64.000	11	34,4 %
5	> Rp. 65.000	3	9,4 %
	Total amount	32	100 %

Source: Primary data processed, 2024.

Table 2 shows the average wages received by workers employed in melarat cracker home industries in Gesik Village, Tengahtani District. The wage system predominantly used in melarat cracker home industries in Gesik Village is the piece-rate wage system. The reason why melarat cracker industry entrepreneurs use this piece-rate wage system is because companies can directly link worker productivity with the wages paid. If workers are more productive and produce more output, they will receive higher pay. Furthermore, the piece-rate wage system motivates workers to produce more products to earn more money.

These melarat cracker home industry entrepreneurs provide a diverse range of wage rates depending on the type of work assigned. The minimum wage received by workers is Rp. 30,000 per day, while the highest wage received by workers is Rp. 70,000 per day. The average daily wage from 32 respondents ranges from Rp. 55,000 - Rp. 64,000 with 11 home industries or 34.4%. Additionally, the second-highest average daily wage is in the range of Rp. 45,000 - Rp. 54,000 with 9 home industries or 28.1%, while the wage range of Rp. 25,000 - Rp. 34,000 and > Rp. 65,000 consists of 3 home industries each, or 9.4%.

Capital Variable (X_2)

The capital referred to in this study is working capital. Working capital is the funds used by a company to finance its daily production activities. In this research, the working capital calculated includes the capital for raw materials and equipment/supplies for each production within a month. Most of the struggling melarat cracker home industry in Gesik Village, Tengahtani Subdistrict, primarily relies on capital derived from personal funds. Entrepreneurs admit to facing obstacles regarding the capital used to develop their businesses. Difficulties in obtaining capital are usually due to the convoluted procedures of financial institutions. Meanwhile, some also fear their inability to repay debts if borrowing from financial institutions.

Table 3
One-Month Capital in Struggling Cracker Home Industry

No	Total Capital	Number of Home Industries	Percentage
1	Rp. 5.000.000 – Rp. 6.900.000	16	50 %
2	Rp. 7.000.000 – Rp. 8.900.000	3	9,4 %
3	Rp. 9.000.000 – Rp. 10.900.000	3	9,4 %
4	Rp. 11.000.000 – Rp. 12.900.000	3	9,4 %
5	> Rp. 13.000.000	7	21,8 %
	Total Amount	32	100 %

Source: Primary data processed, 2024.

In this study, the capital used by respondents to finance their daily production activities varies significantly and falls within the classification of small-scale enterprises, ranging from the smallest capital of Rp. 5,000,000 per month to the largest of Rp. 20,000,000 per month. Meanwhile, Table 3.9 explains that out of 32 respondents, entrepreneurs with capital ranging from Rp. 5,000,000 to Rp. 6,900,000 per month are the most prevalent in struggling melarat cracker home industries, with a total of 16 home industries, or 50%.

Production Value Variable (X_3)

In this study, the data on production value or production level in melarat cracker home industries in Gesik Village, Tengahtani District, Cirebon Regency, are as follows:

Table 4
Production Value/Production Level per Week
in Melarat Cracker Home Industries

No	Production Level (quintals)	Number of Home Industries	Percentage
1	< 1 quintal	14	43,8 %
2	1 – 2 quintals	5	15,6 %
3	3 – 4 quintals	7	21,9 %
4	5 – 6 quintals	2	6,2 %
5	> 6 quintal s	4	12,5 %
	Total amount	32	100 %

Source: Primary data processed, 2024.

In this study, the production value of melarat cracker home industries is calculated based on the total production of quintals of cracker per week. The weekly production levels of the respondents under study vary significantly, ranging from the smallest production level of 55 kg to the largest production level of 18 quintals.

The highest number of production levels among the 32 respondents, who are owners of melarat cracker home industries in Gesik Village, Tengahtani District, Cirebon Regency, is less than one quintal, with a total of 14 home industries or 43.8%. Meanwhile, the lowest production level falls within the range of 5 - 6 quintals per week, with a total of 2 home industries and a percentage of 6.2%.

Analysis Results

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the influence of two or more independent variables on a dependent variable (Hasan, 2013). The results of multiple linear regression calculation using SPSS version 25 for Windows in this study are as follows:

Table 5
Multiple Linear Regression Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.558	5.288		-.105	.917
	Wage	-.095	.111	-.119	-.852	.402
	Capital	.504	.170	.472	2.956	.006
	Production Value	.416	.165	.391	2.522	.018

a. Dependent Variable: Labor Absorption

Source: Primary data processed, 2024.

The multiple linear regression equation model in this study for the variables wage (X_1), capital (X_2), and production value (X_3) on the variable labor absorption (Y) in general is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \varepsilon$$
$$Y = - 0.558 – 0.095X_1 + 0.504X_2 + 0.416X_3 + \varepsilon$$

Explanation:
Y = Labor Absorption

X_1 = Wage
X_2 = Capital
X_3 = Production Value

Hypothesis Testing

Partial Test (t-test)

As for the critical t-value, it can be found in the t-table with a significance level of 5% and degrees of freedom df=(5%/2 ; n-k-1). Thus, the critical t-value is obtained as =(5%/2 ; 32-4-1) = (0.025; 27) = 2.052, where n represents the sample size and k represents the number of independent and dependent variables. Below is the table of partial test results or t-test:

Table 6
Partial Test Results (t-test)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.558	5.288		-.105	.917
	Wage	-.095	.111	-.119	-.852	.402
	Capital	.504	.170	.472	2.956	.006
	Production Value	.416	.165	.391	2.522	.018
a. Dependent Variable: Labor Absorption						

Source: Primary data processed, 2024.

1) **The Wage Variable (X_1)**

Based on the results of the partial test (t-test) in Table 4.26 above, for the wage variable, the obtained t-value is -0.852 < 2.052, and the significance value is 0.402 > 0.05. Thus, H_1 is rejected, and Ho is accepted. It can be concluded that there is no significant influence between the wage variable and the labor absorption variable.

2) **The Capital Variable (X_2)**

Based on the statistical calculation for the capital variable, the obtained t-value is 2.956 > 2.052, and the significance value is 0.006 < 0.05. Thus, Ho is rejected, and H_2 is accepted. It can be concluded that there is a significant influence between the capital variable and the labor absorption variable.

3) **The Production Value Variable (X_3)**

Based on the statistical calculation for the production value variable, the obtained t-value is 2.522 > 2.052, and the significance value is 0.018 < 0.05. Thus, Ho is rejected, and H_3 is accepted. It can be concluded that there is a significant influence between the production value variable and the labor absorption variable.

Simultaneous Test (F-test)

The critical F-value in this study is 2.95, obtained from the F-table with a significance level of 5% and degrees of freedom (dfl= k – 1);(df2= n – k). Therefore, the critical F-value = (5%);(4 – 1);(32 – 4) = (5%);(3);(28) = 2.95, where n represents the sample size and k represents the number of independent and dependent variables. Below are the results of the simultaneous test (F-test):

Table 7
Simultaneous Test Results (F-test)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	182.954	3	60.985	10.346	.000[b]
	Residual	165.046	28	5.895		
	Total	348.000	31			
a. Dependent Variable: Labor Absorption						
b. Predictors: (Constant), Production Value, Wage, Capital						

Source: Primary data processed, 2024.

Based on the simultaneous test (F-test) results in Table 4.27, the obtained F-value is 10.346 > 2.95, and the significance value is 0.000 < 0.05. Therefore, Ho is rejected, and H_4 is accepted. It can be concluded that there is a significant influence between the wage, capital, and production value variables altogether on the labor absorption variable.

Coefficient of Determination Test (R^2)

Table 8
Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725[a]	.526	.475	2.428
a. Predictors: (Constant), Production Value, Wage, Capital				

Source: Primary data processed, 2024.

Based on the coefficient of determination test results in Table 4.29, it shows that the Adjusted R Square value is 0.475 or 47.5%. This indicates that the wage (X_1), capital (X_2), and production value (X_3) variables are capable of explaining or have a determinative relationship with the labor absorption variable (Y) by 47.5%. Meanwhile, the remaining 52.5% (100% - 47.5% = 52.5%) is explained by other variables outside the model or not explained within this study.

Discussion

The Influence of Wages on Employment Absorption

The first hypothesis proposed in this study states that wages significantly influence employment absorption. Based on the hypothesis testing results in the t-test (partial), the wage variable shows a calculated t-value < tabulated t-value and significance > 0.05, which are -0.852 < 2.052 and a significance value of 0.402 > 0.05, respectively. Thus, Ho is accepted, and H_1 is rejected. Therefore, it can be concluded that there is no significant influence between the wage variable and the employment absorption variable.

These hypothesis testing results contradict the theory of labor demand proposed by Sumarsono (2009) in Setyaningrum (2015), stating that wages are a factor that can affect employment absorption. The theory suggests that as wage levels increase, employer demand

for labor decreases. Conversely, if wage levels are low, there will be an increase in job opportunities.

However, these research findings align with the efficiency wage theory proposed by Mankiw (2013) in Surianto (2023), which suggests that wages do not affect a decrease in employment absorption. This is because when wage levels rise, workers can meet higher living standards. Improved worker nutrition leads to higher productivity, resulting in increased output. The high productivity of workers in generating output can reduce production costs incurred by companies, thereby avoiding a reduction in employment absorption. Furthermore, this research is supported by a study conducted by Asih Kusuma Wijayanti and Mohd Syukur Bin Mohd Ali (2019), which states that wages, partially, do not significantly influence employment absorption. If there is an increase in wages, it will not affect employment absorption.

Wages are not a significant factor in employment absorption in melarat cracker home industries in Gesik Village. The level of wages does not affect employment absorption if the melarat cracker home industry does not require additional labor. This is evident from field data where wage levels in some melarat cracker home industries are relatively high, yet they do not correspond to high employment absorption. Additionally, this is due to the fact that the labor force working in melarat cracker home industries in Gesik Village, Tengahtani District, are seasonal workers, mainly absorbed during specific seasons. This explains why wages do not affect employment absorption in melarat cracker home industries in Gesik Village, Tengahtani District, Cirebon Regency.

The Influence of Capital on Employment Absorption

The second hypothesis proposed in this study states that capital significantly influences employment absorption. Based on the hypothesis testing results in the t-test (partial), the capital variable shows a calculated t-value > tabulated t-value, which is 2.956 > 2.052, and the significance value shows a value of 0.006 < 0.05. Therefore, Ho is rejected, and H_2 is accepted. Thus, it can be concluded that there is a significant influence between the capital variable and the employment absorption variable. These hypothesis testing results are consistent with the labor demand theory proposed by Sumarsono (2009), stating that capital is a factor that can affect employment absorption. The theory suggests that the larger the capital owned, the greater the production capacity. With increased production capacity, more labor is absorbed to meet the increased production capacity.

Furthermore, this research is supported by a study conducted by Dian Widya Nugrahaeni and Herniwati Retno Handayani (2020), which states that capital has a positive and significant effect on employment absorption. The greater the capital used, the higher the amount of labor that can be absorbed.

The capital referred to in this study is working capital for each melarat cracker production per month. This capital is used to purchase raw materials, equipment, and supplies. Therefore, in this study, capital significantly influences employment absorption because owners of melarat cracker home industries in Gesik Village, Tengahtani District, Cirebon Regency, use capital to increase their production, leading to an increase in the number of employees. Although they will tend to utilize the existing workforce for maximum output, the addition of employees is prioritized when there is an increase in demand for melarat cracker products in the market that requires additional labor.

The Influence of Production Value on Employment Absorption

The third hypothesis proposed in this study states that production value significantly influences employment absorption. Based on the hypothesis testing results in the t-test (partial),

the production value variable shows a calculated t-value > tabulated t-value, which is 2.522 > 2.052, and the significance value shows a value of 0.018 < 0.05. Therefore, Ho is rejected, and H_3 is accepted. Thus, it can be concluded that there is a significant influence between the production value variable and the employment absorption variable.

The hypothesis testing results on the production value variable align with the labor demand theory proposed by Sumarsono (2009), which states that fluctuations in market demand for a company's products will affect employment absorption. When demand for a company's products increases, producers tend to increase their production capacity, leading to increased labor absorption.

These research findings are also supported by a study conducted by Prabandana (2015), which states that production value has a positive and significant effect on employment absorption. The demand for labor by employers is influenced by the quantity of goods produced by the labor force.

The demand for melarat cracker products itself, especially in Gesik Village and generally in Tengahtani District, Cirebon Regency, is uncertain. Fluctuations in demand for the products of melarat cracker home industries will affect employment absorption when demand for melarat cracker products increases. Consequently, owners of melarat cracker home industries in Gesik Village, Tengahtani District, Cirebon Regency, will increase their utilization of labor.

The Influence of Wages, Capital, and Production Value on Employment Absorption

Based on the hypothesis testing results in the simultaneous F-test, the calculated F-value is greater than the tabulated F-value, and the F-statistic is less than 0.05, specifically 10.346 > 2.95, and the significance is 0.000 < 0.05. Therefore, Ho is rejected, and H_4 is accepted. Thus, it can be concluded that there is a significant influence between wages, capital, and production value on employment absorption in the melarat cracker home industry in Gesik Village, Tengahtani District, Cirebon Regency. The results of this research analysis are in line with the fourth research hypothesis that employment absorption is influenced by the three variables studied, namely wages, capital, and production value. This is consistent with the study conducted by Yuditya (2015), which states that wages, capital, and production value together (simultaneously) have a significant effect on employment absorption.

Furthermore, the results of the coefficient of determination (R^2) calculations show an Adjusted R Square value of 0.475. This means that the independent variables, namely wages, capital, and production value, are able to explain the dependent variable, which is employment absorption, by 47.5%, while the remaining 52.5% is influenced by other unexamined variables.

CLOSURE

Conclusion

1. The wage variable does not have a significant effect on employment absorption in the melarat cracker home industry in Gesik Village, Tengahtani District, Cirebon Regency. The high or low wages of labor will not affect employment absorption if the melarat cracker home industry does not require additional labor.
2. The capital variable significantly influences employment absorption in the melarat cracker home industry in Gesik Village, Tengahtani District, Cirebon Regency. The greater the capital possessed, the higher the production capacity. With increased production capacity, more labor is absorbed to meet the high production capacity.

3. The production value variable significantly affects employment absorption in the melarat cracker home industry in Gesik Village, Tengahtani District, Cirebon Regency. This means that an increase in production level will increase the amount of employment absorption.
4. Together, the wage, capital, and production value variables influence employment absorption in the melarat cracker home industry in Gesik Village, Tengahtani District, Cirebon Regency. The coefficient of determination (R^2) calculation shows an Adjusted R Square value of 0.475. This indicates that the independent variables, namely wages, capital, and production value, can explain the dependent variable, employment absorption, by 47.5%, while the remaining 52.5% is influenced by other unexamined variables.

Recommendations:

1. For entrepreneurs to be able to expand their existing businesses, thus adding more business units that will help in absorbing labor and addressing unemployment issues, especially in the vicinity of Gesik Village itself.
2. Relevant institutions, in this case the Cooperative and SME Agency of Cirebon Regency, should assist in product marketing and empowering SMEs, especially the struggling melarat cracker home industries, to increase production and develop their businesses to absorb more labor.
3. Entrepreneurs can try to apply for capital loans to purchase raw materials and increase their production volume while expanding their marketing networks.
4. For future researchers, it is hoped that they can further develop the research by adding or changing other variables that may affect employment absorption.

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