

CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Based on the results of research and discussions that have been carried out regarding the influence of the Value of Production, Investment, and Labor on Economic Growth in Sidoarjo Regency for the period 2010–2024, the following conclusions can be drawn:

1. The Production Value (X_1) of both sectors has a significant influence in absolute terms at the level of 10% and shows a tendency to have a positive influence on economic growth in Sidoarjo district. These findings show that the real output of manufacturing activities in the processing industry sector and the large turnover of goods margins in the trade sector.
2. Investment (X_2) The realization of investment in these two sectors has a opposite impact on the Economic Growth of Sidoarjo Regency (Y). Capital flows in the form of investment in the large trade and retail (X_2) sector have proven to have a positive and very significant effect, indicating that the expansion of logistics, retail, and commercial warehousing facilities is a strong stimulus for the regional tertiary economy. On the other hand, the accumulation of investment in the processing industry (X_2) sector showed a insignificant influence, indicating that the capital commitment to the manufacturing sector during the observation period was not optimal in making a direct contribution to the increase in regional macroeconomic capacity.
3. Labor (X_3) has a positive and significant effect on growth economy. The absorption of labor both in the processing industry sector and the large trade and

retail sector has proven to have a positive and significant influence on the Economic Growth of Sidoarjo Regency (Y). These findings confirm that the local labor market capacity in Sidoarjo Regency has been running productively, where the increase in the number of labor force absorbed in the secondary (manufacturing) and tertiary sector (trade) has succeeded in encouraging an increase in the real productivity volume of the region.

5.2 Suggestions

Based on the conclusions that have been described, the suggestions that can be submitted in this study are as follows:

1. For Strengthening Production Value

Considering that the production value of the processing and trade industry sector is the leading sector for the Sidoarjo Regency GDP, the Department of Industry and Trade (Disperindag) is advised to strengthen the integration of local supply chains. Local governments need to facilitate strategic partnerships that connect raw material suppliers of the upstream manufacturing industry directly with large distributor and retail networks in the downstream sector to minimize logistics costs, maintain price stability, and optimize real production output volumes on a sustainable basis.

2. For Sectoral Investment Evaluation

The Sidoarjo Regency Government must maintain and increase the attractiveness of investment in the trade sector which has proven to be very significant, through the simplification of business licenses, the provision of legal certainty, as well as the modernization of the central area of logistics and commercial warehousing. Given that the realization of investment in the

processing industry sector has not had a significant impact on macro growth, the Sidoarjo Regency DPMPTSP needs to evaluate the orientation of manufacturing investment. The investment focus in the future must be shifted from capital-intensive industries that depend on imported raw materials to appropriate technology investment based on down streaming local potential, so that incoming capital can directly drive regional production capacity.

3. For Workforce Optimization

Because the absorption of labor in both sectors has proven to be equally significant in spurring real productivity, the Sidoarjo Regency Manpower Office (Disnaker) is advised to continue to maintain the quality and relevance of the local workforce's expertise. This can be achieved through the revitalization of the Job Training Center (BLK) whose curriculum is adjusted to the needs of the digital competencies of the trade sector (e-commerce and modern logistics management) as well as the standardization of operational technical expertise in the latest manufacturing industry sector.

4. For the Next Researcher

The researcher is further advised to expand the scope of research by adding other economic sectors, such as the Transportation and Warehousing Sector or the Information and Communication Sector. This is because Sidoarjo is rapidly developing as a digital logistics hub which is likely to have a significant influence but has not been summarized in this study. Given that the results of investment in the trade sector are not significant, the researcher can then try to replace the variable with the variable of Digitalization of Trade (E-commerce) or the Community Consumption Level to get a more accurate picture of the

drivers of economic growth in the tertiary sector. It is also recommended to use more complex data analysis methods such as Path Analysis or SEM to look at the indirect relationship between investment and labor absorption.