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The Relationship Among Economic Structure, Sectoral Workforce, and Community Welfare in Bali Province
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ABSTRACT

Economic performance that can be achieved by regions cannot be separated from the influence of sectoral economic policies. The difference in economic performance, particularly the economic growth achieved by each region, affected to the inequality in development, which is reflected in the structure of the regional economy. The purpose of this study is to analyze the effect of changes in the economic structure on the structure of sectoral employment and the welfare of the people in Bali Province. Data were analyzed by path analysis. The results shows that the changes in economic structure have a positive and significant effect on the structure of employment. Partially, the changes in the economic structure and the structure of employment has a negative and significant effect on people's welfare. Changes in the economic structure have an indirect effect on people's welfare through the structure of employment in Bali Province.

Keywords: community welfare; economic structure; structure of workforce absorption

JEL Classification: O11, O15, O47

INTRODUCTION

The ultimate goal of national development is to create a just and prosperous (civil) society for all Indonesian people. The government's efforts are to determine the direction of development policies in accordance with the potential and financial capacity of the State. These include developing a people's economy that relies on market

mechanisms with the principle of fair competition and paying attention to economic growth and development, employment and business opportunities, values of justice, social interests, quality of life, environmentally sound and sustainable development. With this effort, equal opportunities will be guaranteed for all people to participate and enjoy the results of their

economic development, so that people's welfare will increase. To achieve the national development targets or targets, sectoral and regional policy strategies have been developed in stages, which have been outlined in the Development Plan. Economic development basically still emphasizes a sectoral approach, in which macro planning still follows the system for achieving production increase targets for each sector concerned. With the achievement of sectoral targets, it is expected that in addition to increasing annual per capita income, it will also result in changes/transitions from the agricultural sector to other (non-agricultural) sectors, so that an increasingly balanced pattern will occur. Furthermore, there will be changes to a stronger structure for the implementation of development in the next stages. Economic development basically still emphasizes a sectoral approach, where macro planning still follows the system for achieving production increase targets for each sector concerned. With the achievement

of sectoral targets, it is hoped that in addition to increasing annual per capita income, it will also result in changes/transitions from the agricultural sector to other (non-agricultural) sectors, so that an increasingly balanced pattern will occur. Furthermore, there will be changes to a stronger structure for the implementation of development in the next stages. Economic development basically still emphasizes a sectoral approach, where macro planning still follows the system for achieving production increase targets for each sector concerned. With the achievement of sectoral targets, it is expected that in addition to increasing annual per capita income, it will also result in changes/transitions from the agricultural sector to other (non-agricultural) sectors, so that an increasingly balanced pattern will occur. Furthermore, there will be changes to a stronger structure for the implementation of development in the next stages. It is hoped that in addition to increasing annual per capita income,

it will also result in changes/transitions from the agricultural sector to other (non-agricultural) sectors, so that an increasingly balanced pattern will occur. Furthermore, there will be changes to a stronger structure for the implementation of development in the next stages. It is hoped that in addition to increasing annual per capita income, it will also result in changes/transitions from the agricultural sector to other (non-agricultural) sectors, so that an increasingly balanced pattern will occur. Furthermore, there will be changes to a stronger structure for the implementation of development in the next stages.

National development cannot be separated from regional development, because the territory of Indonesia consists of provinces and regencies/cities as well as smaller regions. The direction of regional development policies is to accelerate effective and strong regional development by exploiting local economic actors and potentials and paying attention to equity, both physical

and social, so that there is an even distribution of economic growth (Koswara, 2015).

With the differences in economic performance and development success of each region, resulting in a gap between regions in the Province of Bali. This gap can be shown by the differences in income per capita, differences in number, density, population growth between regions and the acquisition of Regency/City Original Revenue. According to Adi (2012), the characteristics that are quite striking are the differences in the number and density of the population, the condition of facilities and infrastructure and differences in access to economic resources.

Changes in the economic structure between regions in Bali Province can be seen from changes in the contribution of economic sectors to the GRDP of districts/cities. If the economic sectors are grouped into three, namely the Primary sector (P), the Secondary sector (S) and the Tertiary sector (T), the

changes in the economic structure between regions in the Province of Bali indicate that in the period 2011-2018 all districts/cities in the province of Bali are experiencing changes in economic structure. This is indicated by the declining contribution of the Primary sector to GRDP, followed by an increase in the contribution of the Tertiary sector and the Secondary sector.

However, in general, the changes in the contribution of each sector in several districts/cities are quite varied. This means that each region in the province of Bali has advantages in one sector. Changes in each economic sector in the Province of Bali indicate that the economic structure of the Province of Bali is more reliant on the Tertiary sector such as the provision of accommodation and food and drink, information and communication, financial and insurance services, corporate services, and other services.

The economic structure of Bali has unique characteristics compared to other provinces in Indonesia. The economic pillars are built through

comparative advantage in the tourism sector as its leading sector. This causes sectors that have a direct relationship with the tourism industry (Tertiary sector groups), to be very dominant in giving color to the Balinese economy.

The existence of sectoral economic development policies in Bali Province, has broad implications for employment in various economic sectors, income distribution and community welfare. In accordance with the trickle-down effect theory, a shift in economic structure caused by the spread effect of an economic sector is often followed by changes in income distribution, labor absorption structure and labor productivity. Furthermore, the level of community welfare is found materially by labor productivity, income distribution and per capita income as described by Ram (1992).

As the subject and object of development, humans are the central point of the entire development program. Human development is a series of efforts aimed at improving a decent and prosperous standard of

living. This goal will be achieved if the community is given the widest opportunity to obtain education and skills, earn income and do business in the economy as well as opportunities and access to all development sectors.

To assess or measure the level of success of human development, the relevant indicator used is the Human Development Index (HDI). The HDI that can show the status of human development in Bali Province is shown in Table 1. If you look at each HDI value in 2018, then there are four districts/cities that have HDI values above 74.77, namely Denpasar, Tabanan, Badung, and Gianyar. On the

other hand, there was one district with an HDI below 67, namely Karangasem.

When viewed from the status of human development in 2018, there are two regencies/cities that are in the high category, namely Denpasar City and Badung Regency. The human development index is on the upper middle scale in 7 districts, namely Gianyar, Tabanan, Buleleng, Jembrana, Klungkung, Bangli, and Karangasem. However, this condition shows improvement compared to 2010, where there is still a human development index on the lower middle scale in two districts, namely Bangli and Karangasem.

Figure 1: Level of Human Development Status by Regency/City in Bali Province, Year 2010 and 2018

No.	Regency/City	2010		2018	
		HDI	Level	HDI	Level
1.	Jembrana	66,70	Upper-middle	71.65	Upper-middle
2.	Tabanan	70.68	Upper-middle	75.45	Upper-middle
3.	Badung	75.84	Upper-middle	80.87	High
4.	Gianyar	71.45	Upper-middle	76.61	Upper-middle
5.	Klungkung	66.01	Upper-middle	70,90	Upper-middle
6.	Bangli	63.43	Lower-middle	68.98	Upper-middle
7.	Karangasem	60.58	Lower-middle	66.49	Upper-middle
8.	Buleleng	66.98	Upper-middle	71.70	Upper-middle
9.	Denpasar	79.19	Upper-middle	83.80	High
	Bali province	70,10	Upper-middle	74.77	Upper-middle

Source: Planning Board of Bali Province and Statistics of Bali Province, 2019

Differences in HDI values and rankings held by each district/city indicate that the achievement of development outcomes is not evenly distributed between districts/cities at the community level as measured by a combination of socio-economic indicators, namely income per capita, life expectancy and education level. There is a clear pattern, that regions that are relatively advanced socio-economically compared to other regions have relatively higher HDI scores. Denpasar City as the capital of Bali Province is an important economic center. This strategic role is certainly supported by a variety of relatively more advanced infrastructure that is able to better support human development performance, so it can be understood that the HDI score reaches the highest rank.

From the explanation above, it appears that the interaction between changes in the economic structure and the structure of employment has an effect on the level of community welfare. Changes in the economic structure from the agricultural

sector to the industrial and service sectors will not cause problems if the decline in the contribution of the agricultural sector to GRDP is followed by a balanced or faster decrease in employment in the agricultural sector. However, in the cases of developing countries, the change in economic structure from the agricultural sector to the non-agricultural sector is faster than the transformation of the workforce (Todaro, 2000). Likewise, what happened in Indonesia (Sulistyaningsih, 2012). As a result of this imbalance, labor productivity in the agricultural sector is getting lower and people are getting poorer. because most of the people are farmers. This can reduce the level of community welfare due to reduced ability to maintain quality of life due to reduced consumption and access to education and health. Based on the problems that have been described previously, the objectives to be achieved in this study are to analyze the effect of the changes in economic structure on the sectoral labor absorption structure and the community welfare in Bali

Province. This research would also analyze the influence of the sectoral labor absorption structure on the welfare of the people in the Bali Province.

METHODOLOGY

This research is an associative study which was analyzed using quantitative methods and was designed to analyze the effect of changes in economic structure on the structure of sectoral labor absorption and community welfare in Bali Province during the 2011-2018 period. Based on the type of research, this research is a research that explains the causal relationship between variables or the so-called explanatory research (explanatory research), because this study aims to examine the causal relationship between the hypothesized variables.

The data used in this study is quantitative data sourced from secondary data in the form of changes in economic structure, labor absorption structure and community welfare

obtained from the Central Statistics Agency of Bali Province.

The operational definition of the variables used in this study can be explained as follows.

- 1) Changes in economic structure are the structural transformation of value added from the traditional economy with agriculture (Primary) as the main sector to a modern (non-primary) economy which is dominated by non-primary sectors as the main engine of economic growth in every district/city in Bali Province in 2015. certain. Changes in the economic structure are described by 2 (two) indicators, namely: the contribution of the Primary sector and the growth of the Primary sector.
 - a) Primary sector contribution is the percentage contribution/composition/distribution of added value of primary sector economic activities in each district/city in Bali Province in a certain year.

- b) Primary sector growth is the percentage growth in value added of primary sector economic activities in each district/city in Bali Province in a certain year.
- 2) The sectoral labor absorption structure is a structural transformation of employment opportunities from the traditional economy with agriculture (Primary) as the main sector to a modern (non-primary) economy which is dominated by non-primary sectors as the main engine of economic growth in every district/city in Bali Province. in a certain year. The structure of sectoral employment is described by two indicators, namely: the contribution of employment in the Primary sector and the growth of employment in the Primary sector.
- a) The contribution of employment in the Primary sector is the percentage of the composition/distribution of labor absorbed in the economic activities of the Primary sector in each district/city in the Province of Bali in a certain year.
- b) The growth of employment in the primary sector is the percentage growth of labor absorbed in primary sector economic activities in each district/city in the province of Bali in a certain year.
- 3) Community welfare is the achievement of success in the socio-economic development of the district/city community in the Province of Bali in a certain year. In this study, people's welfare is described by 3 (three) indicators, namely: income per capita, education level and life expectancy.

The form of causal relationship that appears in this study is a model that is not simple, namely the existence of a variable that plays a dual role, as an independent variable in a relationship but becomes a dependent variable in another relationship, given the existence of a tiered causal relationship. This form of relationship requires an analytical

tool that is able to explain the system simultaneously. One of them is path analysis (Solimun, 2002). The variables connected in this study are construct variables (latent), then the size of the latent variables is calculated through factor analysis.

The model can also be expressed in terms of equations, thus forming a system of equations. This system of equations is called a simultaneous equation system or there is also a structural model. Considering that the model was developed to answer research problems and is based on theories and concepts, it is called a hypothetical model, as formulated below.

The relationship between X1 and X2

$$X2 = b1X1 + e1$$

Where:

b1: Path coefficient

X1: Changes in economic structure

X2: Labor absorption structure

e1: error

The relationship between X1 and X2 against Y

$$Y = b2X1 + b3X2 + e2$$

Where:

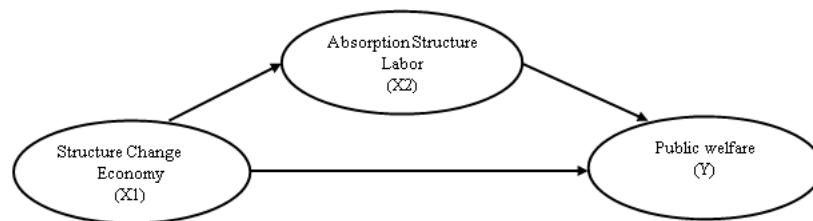
b2: Path coefficient X1 on Y

b3: Path coefficient X2 on Y

e2: error

Based on the theoretical relationship between variables, a model can be made in the form of a path diagram as shown in Figure 1.

Figure 1: Conceptual Framework



RESULTS

Path Analysis of the Effect of Changes in Economic Structure on the Structure of Labor Absorption and Community Welfare in Bali Province

The path coefficients in this study were obtained from the results of regression calculations using the simple regression method (Ordinary Least Square = OLS) using the SPSS program package for the structural equation model regarding the effect of changes in economic structure on the structure of labor absorption and community welfare in the Province of

Bali. To get the path coefficients, this section is gradually resolved through the regression equation model, namely:

Model 1: The effect of changes in economic structure (X1) on the structure of labor absorption (X2).

Model 2: The effect of changes in economic structure (X1) and labor absorption structure (X2) on people's welfare (Y).

These models with the classification of variables and their equations in detail are presented in Table 2.

Table 2. Classification of Variables and Path Equations

Model	Independent Variable	Dependent Variable	Equation
1	- Changes in Economic Structure (X1)	- Labor Absorption Structure (X2)	$X2 = b1X1 + e1$
2	- Changes in Economic Structure (X1) - Labor Absorption Structure (X2)	- Community Welfare (Y)	$Y = b2X1 + b3X2 + e2$

The Effect of Variable Changes in Economic Structure (X1) on the Structure of Labor Absorption (X2)

The effect of the variable changes in economic structure on the structure of labor absorption can be summarized as in Table 3. Thus, a model of the

structure of labor absorption which is affected by changes in economic structure takes the form of a regression equation:

$$X2 = 0.663 X1$$

Where:

X1: Changes in economic structure

X2: Labor absorption structure.

Table 3: Summary of Regression Analysis Model 1

	Coefficient	Std Error	t statistic	P. Value
Constant	- 5.3E-017	0.089	0.000	1,000
X1	0.663	0.089	7,410	0.000
R	0.663	Std. Error of Estimate		0.754
R Squared	0.440	F - statistics		54,904
R Squared Adjusted	0.432	Prob. (F-Statistics)		0.000

Dependent Variable: X2

Source: Data Processed, 2019

The Effect of Changes in Economic Structure (X1) and Labor Absorption Structure (X2) on Community Welfare (Y)

The effect of changes in the economic structure and the structure of labor absorption on people's welfare is briefly presented in Table 4.

Table 4: Summary of Model 2 Regression Analysis

	Coefficient	Std Error	T statistic	P. Value
Constant	-1.4E-014	0.069	0.000	1,000
X1	-0.504	0.093	-5,426	0.000
X2	- 0.390	0.093	- 4,194	0.000
R	0.816	Std. Error of Estimate		0.586
R Squared	0.666	F - statistics		68,893
R Squared Adjusted	0.657	Prob. (F-Statistics)		0.000

Dependent Variable: Y

Source: Data Processed, 2019

Based on Table 4, a regression equation model can be made the effect of changes in the economic structure and the structure of labor absorption on people's welfare:

$$Y = -0.504 X1 - 0.390 X2$$

Where:

X1: Changes in economic structure

X2: Labor absorption structure

Y: Community welfare

Evaluation of the validity of the model

By using the previous formula, the coefficient of determination of the total structural equation of the research model according to the calculation is obtained by the value of $R^2_m = 0.810$. The coefficient of total determination of 0.810 means that 81 percent of the information contained can be explained by the model formed, while the remaining 19 percent is explained by other variables outside the model formed.

Path Coefficient

Based on Table 3 and Table 4, a summary of the path coefficients can be made as presented in Table 5. Based on Table 5 it can be explained that the effect of changes in economic structure (X1) on the structure of labor absorption (X2) and on people's welfare (Y) is significant, both for a significant level of 1 percent and 5 percent, while the variable of the structure of labor absorption shows a negative and significant influence on the welfare of the community.

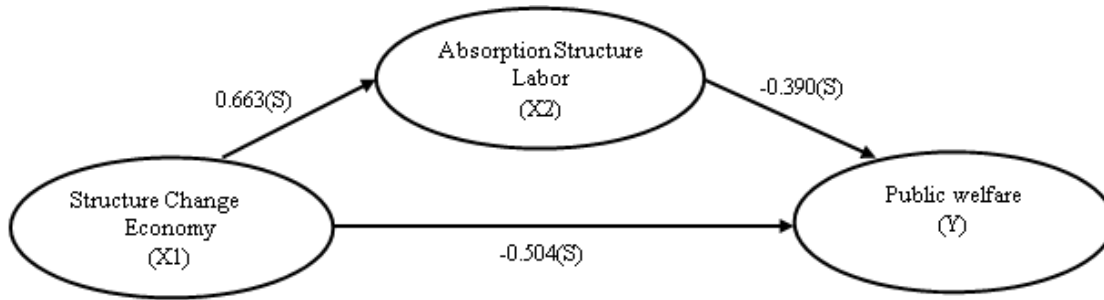
Table 5. Summary of Research Variable Path Coefficients

Regression	Coeff. Regression Standard	Standard Error	t-value	t-table (0.05)	p-value	Information
X1→ X2	0.663	0.089	7,410	1,995	0.000	Significant
X1→ Y	-0.504	0.093	-5,426	1,995	0.000	Significant
X2→ Y	-0.390	0.093	-4,194	1,995	0.000	Significant

Where: X1=Changes in economic structure; X2=Labor absorption structure; Y=Community welfare
 Source: Data Processed, 2019

The causal relationship of changes in economic structure to the structure of employment and social welfare is shown in Figure 2.

Figure 2.: Path Diagram of the Effect of Changes in Economic Structure on the Structure of Labor Absorption and Community Welfare in Bali Province



Based on Table 5, it can be seen that the relationship between variables and the results of statistical tests can be explained as follows.

1) Changes in economic structure have a positive and significant effect on the structure of labor absorption with a regression coefficient of 0.663 and a standard error of 0.089. The causal relationship is significant at a significance level of 0.000. This means that the more changing economic structure from traditional (agricultural) to modern with indicators of declining contribution and growth of added value in the Primary sector will change the absorption structure.

Workforce from traditional (agricultural) to modern with indicators of declining contribution

and growth in employment in the Primary sector.

2) Changes in economic structure have a negative and significant effect on people's welfare with a regression coefficient of -0.504 and a standard error of 0.093 at a significance level of 0.000. This means that the changing economic structure from traditional (agricultural) to modern causes people's welfare to increase. This means, the more changing the economic structure from traditional (agricultural) to modern with indicators of decreasing contribution and growth of added value in the Primary sector, will improve people's welfare with indicators of increasing per capita income, education level and people's life expectancy.

3) The structure of labor absorption has a negative and significant effect on people's welfare with a regression coefficient of -0.390 and a standard error of 0.093 at a significance level of 0.000 . This means that the more changing the structure of employment from traditional (agricultural) to modern with indicators of decreasing contribution and growth of employment in the Primary sector, will improve people's welfare with indicators of increasing per capita income, education level and people's life expectancy.

Indirect Effect and Total Effect Between Variables

Effect analysis, either direct, indirect and total can explain the relationship between research variables (latent variables) such as changes in the economic structure, the structure of labor absorption on the welfare of society. As explained by Hughes et al., in Hair (1998), that by finding a correlation coefficient or coefficient of influence, it means that the theoretical

statements described will be more precise (measured and comparable), the theory testing proposed is more thorough, and the last is communication and discussion. about the development of the theory can be further improved.

The direct effect can be seen from the coefficients of all arrows with one end, as in testing the previous hypotheses. While the indirect effect is the effect that arises through an intermediate variable, and the total effect is the effect of various relationships. According to Sharma (1996), the value of the indirect effect (indirect effect) of a variable on a particular variable is the sum of the multiplication values of the standardized direct influence (loading factor) of the variables it passes through.

Based on Figure 2, it can be calculated the direct effect, indirect effect and total effect between variables in this study, namely changes in economic structure (X1), labor absorption structure (X2) and community welfare (Y) are summarized as presented in Table 6.

Based on Table 6, it can be explained that changes in the economic structure (X1) have a direct effect on the structure of employment (X2) by 0.663 and on the welfare of society (Y) by -0.504. Indirectly, changes in economic structure have an effect of -0.259 on people's welfare through the structure of labor absorption. In accordance with

what was stated by Sharma (1996), mathematically the number based on Figure 2 is obtained through the path $(X1 \rightarrow X2 \rightarrow Y)$, by multiplying 0.663 by -0.390, so that the number is -0.259.

The total effect of changes in economic structure on the structure of labor absorption is 0.663 and on the welfare of society is -0.763.

Table 6. Summary of Direct, Indirect and Total Effects Between Research Variables

Variable	X1			X2		
	DE	IDE	TE	DE	IDE	TE
X2	0.663	-	0.663	-	-	-
Y	-0.504	-0.259	-0.763	-0.390	-	-0.390

Source: Research Results Data (processed)

Where:

DE : Direct effect

IDE : Indirect effect

TE : Total effect

X1 : Changes in economic structure

X2 : Labor absorption structure

Y : Community welfare

Discussion

Based on Table 5, it can be seen that the variable of changes in economic structure has a positive and significant effect on the structure of labor absorption in the Province of Bali. The existence of a positive and significant influence of changes in economic

structure on the structure of sectoral labor absorption in the Province of Bali, indicates that the ongoing development process can encourage increased economic activity. The economic structure of the Bali region is very specific and has its own characteristics compared to other provinces in Indonesia. This is because the Balinese

economy, which was built by relying on the tertiary sector (tourism industry) as the Leading Sector, has been able to create various opportunities that can foster economic activities in other sectors outside of tourism. and ultimately can increase economic growth which in turn can expand employment and employment. Its role is quite high, although the tourism sector tends to use capital-intensive technology). The existence of tourism activities in the province of Bali has led to the creation of jobs in various sectors of economic activity. Labor is a factor of production that plays an important role in producing output. The latest approach in the theory of economic growth shows that a qualified workforce is an important factor to achieve the economic growth of a country. Qualified workforce, will be able to produce value-added output that is greater than before. This added value can be created because the existing workforce can carry out various innovations in the production process

which can ultimately produce output with better quality.

From the results of statistical tests, it can be concluded that changes in the economic structure have a negative and significant effect on people's welfare. Community welfare is a success in human development through the condition of a healthy and long-lived population, educated and skilled and has an income that allows for a decent life. The welfare of the people in the Province of Bali has shown a significant increase. This is shown by several indicators of the Human Development Index (IPM) in all districts/cities in the Province of Bali, namely the average income per capita, education level and life expectancy of the community. If the economic structure leads to a non-primary structure, the local labor absorption structure will go to a non-primary structure and the welfare of the community will increase. This process occurs due to an increase in economic development in each region, then these changes will create a number of job opportunities and employment occurs,

then productivity increases accompanied by an increase in income. The higher the remuneration obtained by the workforce in the production process will in turn improve the welfare of the community. The significance of the influence of changes in the regional economic structure on the welfare of the community indicates that the ability of each district/city to increase its development, which is reflected by the declining contribution and growth of the added value of the primary sector, will have a negative influence on the welfare of the community. That is, If development in the regions is increased and the economic structure is shifted to a non-primary structure, the welfare of the community will increase. The results of this study support the findings of Brata (2002), that economic development has a significant effect on welfare as indicated by human development. In addition, the results of this study also corroborate the findings of Mubyarto (1993), who examined the differences in economic development between East Kalimantan and Riau, and

found that prosperity based on poverty levels in East Kalimantan was low, so welfare was better than Riau. This study is in line with the results of research by Harmini (1997), which concluded that the more industrial the economic structure of a region, the higher the level of welfare. It is possible,

From the results of statistical testing, it can be seen that the structure of employment has a negative and significant effect on people's welfare. Based on the test results, it can be explained that the declining contribution and growth of absorption and employment in the primary sector in Bali Province has been able to make a significant contribution to the level of welfare of the people of Bali Province. This is understandable because in reality the increase in the primary and secondary sectors is very far behind compared to the tertiary sector. As a result, primary sector workers move to the tertiary sector in the hope that the wages they receive are higher than those in the primary sector. This condition has consequences for a better welfare of his

life. In the end, the multiplier generated by labor activities in the economy becomes large. As a result, the welfare of the people of Bali Province can be achieved optimally. The government annually sets minimum wages for each province and district/city. The minimum wage is determined by taking into account the minimum living needs (KHM), the ability of the company, the minimum wage for the past period and the inflation rate. This condition is in accordance with the economic activity in each district/city, where Badung Regency has better economic activity than other regions considering that this district is the center of tourism in Bali. Thus, shifting employment from the Primary sector to the Secondary and Tertiary sectors, able to absorb a significant workforce and subsequently can significantly improve the welfare of the people of Bali Province. In today's era of technological progress, the role of quality resources is very important to achieve high economic growth (Pack, 1994). This is also clarified by the scheme described by Thomas (2000)

regarding the flow of community welfare. According to him, prosperity can be achieved through an increase in economic growth. Economic growth can be achieved through the interaction of the factors of production. Associated with labor production factors, the quality workforce is an important factor in order to achieve high economic growth. This is in line with the opinion of Tambunan (2003), whereas a higher level of development/industrialization causes the rate of output growth in the service sector to be faster than in other economic sectors which in turn will encourage income which leads to an increase in people's welfare. Thus, it can be indicated that during the research period in Bali Province, if there is a change in the structure of labor absorption towards a more modern structure dominated by non-primary sectors, the welfare of the community will increase, and vice versa if the structure of employment towards the Primary structure, then the welfare of society is decreasing. Based on the findings of the study, economic

development must ensure increased productivity and income through the creation of job opportunities. The ability of each region to create expansion of job opportunities will have a positive impact on the absorption of labor in each region. The working force will get wages, where the wages will be used to meet basic needs and other needs, so that welfare will increase. This finding supports the opinion of Todaro (2000), that job opportunities for residents or the community will provide income to meet their needs. In line with this, the results of this study also corroborate the findings of Sumodiningrat (2001) which says that welfare is marked by prosperity, namely increased consumption caused by increased income. The working force will get wages, where the wages will be used to meet basic needs and other needs, so that welfare will increase. This finding supports the opinion of Todaro (2000), that job opportunities for residents or the community will provide income to meet their needs. In line with this, the results of this study also corroborate the

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CONCLUSIONS

Based on the previous discussion, it can be concluded that the changes in the economic structure have a positive and significant effect on the structure of labor absorption. Changes in economic structure have a negative and significant impact on people's welfare. The structure of local labor absorption has a negative and significant effect on the welfare of the community.

Based on the conclusions and previous discussions, it can be suggested: (1) The existence of gaps between community groups, between sectors, between regions in Bali Province should be developed economic potential that has a competitive advantage in the era of globalization by making fundamental changes in the direction of Bali's economic development. (2) In general,

socio-economic activities in Bali Province will be more modern (capital intensive), so it is necessary to immediately prepare generations to handle production equipment that continues to progress in the field of technology. For this reason, the education system in that direction needs to be handled immediately. (3) In an effort to develop the primary sector, it must be related to rural development, which so far has been quite behind compared to urban development. This must then be supported by the development of an agriculture-based processing industry, in order to be able to attract excess labor in the primary sector, or create off-farm employment. The incentives provided by the government are market and environmental friendly. (4) Future tourism development should emphasize increasing quality over quantity, and be participatory through the paradigm of Sustainable Community Tourism Development. e) An exogenous strategy is needed in relation to creating a conducive climate so that investment in

economic infrastructure, namely land, sea and air transportation, electricity, drinking water and telephones can be increased. Social development should also be increased along with economic development

Based on the analysis results can be concluded that there is a pattern of credit pro-cyclicality and economic growth in Indonesia where credit growth shows a pattern in same way with economic growth. GDP and credit also have a causal relationship where they affect each other. However, this pattern has decreased although it is still positive at the end of the period and is permanent, which means that excessive credit growth can also lead to decline in economic growth. This is due to excessive expectations of economic actors or moral hazards that tend to ignore the risks so caused to a decline in macroeconomic stability. Policy recommendations that can be done from the banking side can be through the outstanding credit to minimize bad debts and maintain banking stability, while from the macro-economic side can

be controlled on interest rate instruments to minimize banking risk and balance the flow of bank credit especially in the productive sector.

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