ABSTRACT

The Effects of Land Use on Manpower Absorption and on Creation of Sectoral Value Added and on the Social Welfare of the Population of Batam Island

The objectives of this study are to measure and analyze the : (1) effect of land use on sectoral absorption of manpower; (2) effect of land use on the social welfare of the population; (3) effect of land use on the creation of sectoral value added; (4) effect of sectoral absorption of manpower on the creation of sectoral value added; (5) effect of sectoral absorption of manpower on the social welfare of the population; (6) effect of the creation of sectoral value added on the social welfare of the population of Batam Island.

Data used are secondary data, a combination of cross section and time series data. The time series data cover a period of 3 years, namely from 2001 through 2003. The population of the study covers all sub-districts (*kecamatan*) on Batam Island, totaling five sub-districts, namely the Sub-Districts of Sekupang, Sei. Beduk, Nongsa, Lubuk Baja, and Batuampar. The sample covers the whole population, so that it constitutes a census. The analytical method used is the Path Analysis.

Results of the study show that: (1) The land use has a significant positive effect on the sectoral absorption of manpower, with the path coefficient value of 0.854 and a $p = 0.000$; (2) The land use has no significant effect on the social welfare of the population, with path coefficient value of 0.794 and a $p = 0.284$; (3) The land use has a significant negative effect on the creation of value added with a path coefficient of -1,410 and a $p = 0.002$; (4) The sectoral absorption of manpower has a significant positive effect on the creation of value added with a path coefficient of 1,431 and a $p = 0.002$; (5) The sectoral absorption of manpower has no significant effect on the social welfare of the population with a path coefficient value of -0.639 and a $p = 0.387$; (6) The creation of value added has a significant positive effect on the social welfare of the population with a path coefficient value of 0.822 and a $p = 0.051$.

Key words: land use, manpower absorption, creation of sectoral value added, social welfare, and Batam Island.