

## ABSTRACT

*This study aims to analyze the effect of economic growth, minimum wages, Human Development Index (HDI), and investment on labor absorption in 30 districts/cities in North Sumatra Province during the period 2019–2024. This research applies panel data analysis and is estimated using the Fixed Effect approach through the Least Square Dummy Variable (LSDV) method, which enables the model to capture unobserved structural differences across regions. The findings indicate that economic growth, minimum wages, HDI, and investment significantly influence labor absorption in North Sumatra. The fixed-effect estimation reveals substantial regional heterogeneity, as indicated by the variation in individual effects, in which Deli Serdang, Medan and Langkat present the highest positive effects, Sibolga, South Tapanuli and Gunung Sitoli show the most negative effects. These results imply that regional labor policies should not be uniformly implemented across North Sumatra but should instead be formulated in accordance with the specific structural characteristics of each area.*

*Keywords: Labor Absorption, Economic Growth, Minimum Wage, Human Development Index, Investment, Fixed Effect, LSDV*

