

ABSTRACT

The economic development of a region can be seen based on the value of the Gross Domestic Regional Product (GDRP). Unemployment is one of the problems that occur in economic development because of the imbalance regarding the availability of jobs with the number of the workforce. Wage are one of the driving forces for people to enter the labor market. If the demand of labor is not balanced with the supply of labor, it creates a spread of unemployment. Background of this research is a condition that has not been resolved because the Open Unemployment Rate in Central Java Province in 2017-2020 decreased but had a low economic growth rate when compared to other provinces on the island of Java. This study aims to analyze the effect of GDRP, Regency/City Minimum Wage, The Labor Force on the Open Unemployment Rate in Central Java Province in 2017-2020. This study uses the panel data regression method with the selection of the Fix Effect Model (FEM) consisting of 35 districts/cities in Central Java Province in 2017-2020. The type of data used is secondary data obtained from Central Java Province in Figures at the Central Statistics Agency. This study uses the Eviews10 application as an analytical tool.

The result of this study indicates that the partial test of GDRP has a negative and significant effect on the Open Unemployment Rate. The Regency/City Minimum Wage has a positive and significant effect on the Open Unemployment Rate. Meanwhile, the Labor Force has a positive but not significant effect on the Open Unemployment Rate. Based on these two significant variables, GDRP has the greatest influence on the Open Unemployment Rate in Central Java Province 2017-2020. Suggestions for the government need to be considered regarding the policy of increasing the value of GDRP in a region as the main factor in overcoming the decline in the Open Unemployment Rate in Central Java Province.

Keywords: Open Unemployment Rate, Gross Domestic Regional Product (GDRP), Minimum Wage, Labor Force.