

ABSTRACT

Small and medium enterprises or SMEs have a role in creating new jobs. SMEs can complete the activities of tourism in Yogyakarta province. In their development, SMEs have been contributing to employment that haven't been absorbed in formal sector. There are several thing affecting the absorption of labor forces in the SMEs sector. The number of business unit, production values, and wage rates are factors that influence the employment.

In this research using secondary data (time series) 1999-2011 by using the method analyze OLS(Ordinary Least Square) the use of methods aims to analyze the influence of the number of business units, production value, and the minimum wage rate of absorption of labour in the SME sector.

The result showed that each variables. The number of business, which is variable the value of the production and variable wage rates have a positive influence significantly tho employment absorption in the province D.I. Yogyakarta. A variable whose most dominant influence work force absorption is variable the number of units effort.

Keywords: Employment, SMEs, the number of business unit, production values, wage rates.