

ABSTRACT

West Java Province is the province with the highest population in Indonesia. Population growth in West Java Province is increasing every year. Population growth will certainly add to the amount of labor. Increasing the number of workers will be a problem in the world of employment if the amount of labor is not proportional to the number of jobs that can absorb them. This study aims to analyze the effect of labor absorption on the gross regional domestic product (GRDP), minimum wage, and investment with a case study on the Regencies/Cities of West Java Province from 2019-2021.

This study uses secondary data sourced from the Indonesian Central Bureau of Statistics, Department of Manpower and Transmigration, and One-Stop Integrated Service and Investment Services of West Java Province. Independent variables used in this research are gross regional domestic product (GRDP), minimum wage, and investment. The analysis used in this study is static panel data analysis with Random Effect Model (REM).

The results showed that the gross regional domestic product variable had a significant effect on labor absorption. While, minimum wage and investment has an insignificant effect of labor absorption.

Keywords: Labor Absorption, GRDP, Minimum Wage, Investment, REM.