

ABSTRACT

There are still many problems about labour force in Indonesia, especially unemployment that need to be addressed. The abundant workforce is expected to be fully employed. Some of the most common causes of unemployment in developing countries are due to structural factors such as the education system and its relationship to the labor market. This study aims to identify the effect of wage rates, economic growth, employment opportunities, and education on the unemployment rate in Indonesia.

This study uses panel data, which is a combination of time series and cross section data obtained through literature study and uses panel data regression analysis method. Panel data regression analysis is used to analyze the effect of wage rates, economic growth, employment opportunities, and education on the unemployment rate.

The results of the study show that there are two variables that are not significant due to certain conditions that occur in Indonesia. The provincial minimum wage variable shows no significant effect due to wage rigidity. The economic growth variable shows results that have no significant effect which is caused by inequality in the business sector and the demographic shape of the Indonesian region. The employment opportunity variable shows significant results but has a positive relationship. This can be caused by the available job opportunities not in accordance with the wishes of job seekers. The education variable has a negative and significant relationship to unemployment in Indonesia.

Keywords: *Panel Data Regression, Wage Rate, Economic Growth, Employment Opportunities, Education, Unemployment Rate.*