

ABSTRACT

The productive age population has the potential to make a major contribution to the nation's economy as workers, business actors, or capital owners. People of productive age who are included in the labor force but are not absorbed by available jobs in an economy will become an economic burden because people of productive age with no income are considered a burden for the working population and will trigger a high unemployment rate.

This study aims to determine the determinants of labor absorption in Indonesia within 2016-2022 through the variables of the proportion of the productive age population to the population, real wages, productivity, sex ratio, and dependents by using the Fixed Effect Model in panel data regression analysis.

This study found that an increase in real wages led to a decrease in labor absorption and an increase in productivity, as measured by the average length of schooling, led to an increase in labor absorption. This study also found that proportion of the productive age population to the population, sex ratio and the dependents did not determine labor absorption.

Keywords: *labor absorption, demography, productive age, population, real wage, productivity, sex ratio, dependent*