

ABSTRACT

This study aims to analyze the factors that influence the absorption of young labor in the agricultural sector and the manufacturing sector on Java Island. Provincial minimum wage, GRDP, investment, education, and technology are independent variables that used in this research. This research uses panel data from six provinces in Java Island from 2016–2020 as secondary data. A panel data regression method with a random effects approach (Random Effects Model) is used as a method of analysis. The estimation results show that the provincial minimum wage has a negative and significant effect on the absorption of young labor in the agricultural and manufacturing sectors. GRDP has a positive and significant effect on the absorption of young labor in the agricultural and manufacturing sectors. Investment has a negative and significant effect on the absorption of young labor in the agricultural sector but a positive and significant effect on the absorption of young labor in the manufacturing sector. Meanwhile, education has a negative and significant effect on the absorption of young labor in the agricultural and manufacturing sectors. Furthermore, technology has a positive but not significant effect on the absorption of young labor in the agricultural sector. And technology has a positive and significant effect on the absorption of young labor in the manufacturing sector.

Keywords: the absorption of young labor, agricultural sector, manufacturing sector