

ABSTRACT

Urbanization in Indonesia maintains higher year by years become a potential by supported the development of adequate infrastructure and facilities so that population in urban areas can avoid the problems that exist in urban areas. There are several factors which are indicated as determinants of urbanization, comprise of: labor force, employment in agriculture, employment in industry, education, and per capita income.

This research aims to analyze determinant of urbanization in Indonesia both from long run and short run viewpoint. This research examines 27 years of period of time, from 1991 to 2017 with Error Correction Model. The dependent variable is urbanization, independent variables – variables consist of labor force, employment in agriculture, employment in industry, education, and per capita income.

The result shows that labor force, employment in agriculture, education, and growth of per capita income have effect on urbanization on the long run. Meanwhile, on the short run shows that labor force, education, and per capita income have effect on the short run.

Keywords: Urbanization, labor force, employment in agriculture, employment in industry, education, per capita income, Error Correction Model