ABSTRACT

The unemployment rate in Semarang City remains high compared to other cities in Central Java, despite increases in the city minimum wage (CMW), Gross Regional Domestic Product (GRDP), and investment since 1993. This indicates that economic growth has not been inclusive and has not yet succeeded in optimally absorbing the labor force. This study aims to examine the influence and relationship between the city minimum wage (CMW), GRDP, and investment on the open unemployment rate (OUR) in Semarang City from 1993 to 2023.

This research utilizes annual time series data on OUR, CMW, GRDP, and investment for the period 1993–2023, sourced from the Central Bureau of Statistics. The analysis employs the Vector Error Correction Model (VECM). The findings of this study reveal that in the long term, GRDP has a significant influence on the open unemployment rate (TPT), while the minimum wage (UMK) and investment do not have a significant effect on TPT. Furthermore, in the short term, UMK, GRDP, and investment do not significantly affect TPT in Semarang City during the period 1993–2023.

Keywords: Unemployment, Minimum Wage, GRDP, Investment, VECM