

ABSTRACT

Industrialization is one of the strategies that is undertaken by the Government to increase economic development, which one of the goals to increase employment opportunities. The development of small industries will help overcoming unemployment regarding the used technology is labor intensive-technology so that the small industries increase employment and business opportunities. Small and Medium Industries in Central Java Province in employment is likely to fluctuations and the negative growth rate in several years. This study aimed to analyze the influence of the variable business units, the value of output, the value of investment, and minimum wages to the number of workers at the Small and Medium Industries in Central Java Province.

This study uses multiple regression analysis using time series data from 1994 to 2013. The variables used in this study is the number of unit at the Small and Medium Industries in Central Java Province, the value of output at the Small and Medium Industries in Central Java Province, the value of investment at the Small and Medium Industries in Central Java Province, the value of the minimum wage and employed labor force data at the Small and Medium Industries in Central Java province. The data are secondary data sourced from the BPS Central Java. In this study also used multiple regression analysis using SPSS 17 software .

Based on data processing, it can be obtained the value of Adjusted R^2 is 0,764. It means that 76,4 percent of labor absorption at the Small and Medium Industries in Central Java can be explained by variations in the number of business units, the output value, the value of the investment, and the province's minimum wage, and the rest of 23,6 percent described by other variables outside the model. The variable of number of business units (X1) is not significant on labor absorption at the Small and Medium Industries in Central Java. The variable of value of output (X2) has negative and significant impact on labor absorption at the Small and Medium Industries in Central Java. The variable of value of investment (X3) is has positive and significant impact on labor absorption at the Small and Medium Industries in Central Java. The variable of minimum wage (X4) has negative and not significant impact on labor absorption at the Small and Medium Industries in Central Java. The results from the F test indicates that together there is a significant influence of the fourth variables.

Keywords: *Small and medium industries, labor absorption, the number of business unit, the value of output, the value of investment, the province's minimum wage.*