

ABSTRACT

Unemployment is a labor issue that currently has reached a critical condition. One attempt to reduce unemployment is to develop sectors that can create jobs. The industrial sector is one sector that has a noticeable role in labor absorption. In Kudus Regency, one kind of the industries that have an important role in labor absorption is the cigarette industry.

The purposes of this study are to analyze the factors affecting labor absorption in cigarette industry in Kudus Regency in 1993-2010. This study uses time series data from 1993 to 2010 that were analyzed using multiple regression methods.

The results of the analysis showed that the variable number of firms has a positive and significant influence on labor absorption in cigarette industry. Wages has a positive and significant effect on labor absorption in cigarette industry. PDRB has a positive and no significant influence on labor absorption in cigarette industry. Rate investment and government policy have a negative and no significant influence on labor absorption in cigarette industry in Kudus Regency.

Keywords: Labor Absorption, Number of Firms, PDRB, Minimum Wage City/County, Interest Rates, Government Policy