

## **ABSTRACT**

*Small and medium industries in Semarang District as the leading sectors in the absorption of labor in fact tends to fluctuate even negative growth rate in several years. An increasing number of business units is not matched with the demand for labor in Small and Medium Industries, as well as the value of the minimum wage tends to increase every year but the demand for labor at small and medium industries in Semarang district also experienced fluctuations in some years even increase the minimum wage actually lead to increased employment in Small and Medium Industries.*

*This study uses multiple regression analysis method using time series data from year 1995 to 2009. The variables used in this study were employed labor force data on small and medium industries in Semarang district, the number of units of small and medium enterprises in the Small and Medium Industries in the District of Semarang, the value of investments in Small and Medium Industries in Semarang district, and the value of the Minimum Wage District (UMK). The data in the form of secondary data obtained from Disperindag Regency Semarang, BPS Central Java Province, and Central Java Manpower Office.*

*From the regression results can be concluded that the variable number of units of small and medium enterprises in the Small and Medium Industries in Semarang Regency (UNIT), the value of investments in Small and Medium Industries in District Hyderabad (INV), and the District Minimum Wage (UMK) significantly affects labor demand variables in Small and Medium Industries in the District of Semarang on the level of 95 percent ( $\alpha = 5$  percent).*

*Recommendations that can be done to increase employment opportunities is through increased investment to creates a new business unit or by developing existing business, this is very helpful in improving labor demand. Also expected the company did not arbitrary in giving wages to the work force so as to realize the harmony between employers and workers.*

*Keyword : Demand for Labour, Small and Medium Industries*