

ABSTRACT

Industrial sector's role as the leading sectors in contributing to the economy in various regions . The industrial sector plays an important role in creating jobs because it is able to absorb a lot of labor and development in the industrial sector that would encourage the development of other sectors . On Small and Medium industries in Central Java province in employment is likely to fluctuations and the negative growth rate in several years . Business Unit number has increased and decreased , so did the demand for labor in the Small and Medium Industries . Similarly, the value of the minimum wage tends to increase every year , but the demand for labor in the Small and Medium Industries in Central Java Province has increased and decreased in a few years . Minimum wage hike actually lead to an increase in employment in the Small and Medium Industries.

This study uses multiple regression analysis using time series data from 1997 to 2011 year . The variables used in this study is the number of units in the small and medium enterprises in the Small and Medium Industries in District Central Java Province , the value of investments in Small and Medium Industries in District Central Java Province employed labor force data on small and medium industries in Central Java province and in the value of the minimum wage District (UMK). The data are secondary data sourced from the Department of Industry of Central Java province , BPS Central Java and Central Java Provincial Manpower Office . In this study also used multiple regression analysis using eviews 6.0 software .

The analysis showed that a variable number of small and medium in the small and medium in Central Java Province (UNIT) effect is not significant and negative effect on labor demand variables on small and medium industries in the province of Central Java. Value of investments in Small and Medium Industries in Central Java Province (INVEST) are positive and not significant effect on labor demand variables on small and medium industries in the province of Central Java. However, the value of City Minimum Wage (UMK) and not significant negative effect on labor demand variables on small and medium industries in the province of Central Java.

Keywords : Investment Value, Labor Demand, Minimum Wage, Production unit, Small and Medium Industry Sector