

ABSTRACT

This study aims to analyze the absorption of the workers of small dan medium industries (SMI) in Central Java. Although the number of units of SMIs and the value of investments keep increasing every year, there are declines in the number of workers employed in 2009 and 2010. The attention to how to increase the workers absorption is necessary, considering SMIs have a high ability to absorb workers.

The independent variables used in this study are the number of units of SMIs, the value of investments, minimum wage of Central Java, and the labor productivity of SMIs in Central Java. On the other hand, the dependent variable for this study being the number of workers in SMIs in Central Java.

The datas used for this study are the number of workers, the number of units, the value of investments, minimum wage, and the labor productivity of SMIs in Central Java from 1992-2012. The datas are then analyzed using multiple regression to analyze the influence of the independent variables to the dependent variable.

The result of this study shows that the number of SMIs, the value of investments, minimum wages, and the labor productivity of SMIs simultaneously have a significant effect to the number of workers of small and medium industries in Central Java. Partially, the number of units of small and medium industries and the value of investments have positive and significant influences to the number of workers of small and medium industries in Central Java, while minimum wage and the labor productivity of small and medium industries have negative and significant influence to the number of workers of small dan medium industries in Central Java.

Keywords: *small and medium industries, investments, wage, productivity, workers, Central Java*