ABSTRACT

Unemployment is still a major problem in the economy in various regions, including Central Java Province. Unemployment rates that are too high can cause political, security and social chaos, thus disrupting economic development. The effect of unemployment in the long run is a decline in GRDP and per capita income of a region. In addition, unemployment can occur due to education and skills issues.

This study aims to analyze the factors that influence open unemployment in Central Java Province during 2013 – 2017. Independent variables include GRDP growth, district minimum wages, inflation, average level of education, and elderly workers. The dependent variable is open unemployment. This research is a quantitative research method using panel data and *Software Eviews 8*. Panel data is a combination of time series data (2013 – 2017) and cross-section data (29 districts) obtained from the Badan Pusat Statistik (BPS) of Central Java.

The results showed that GRDP growth had a negative and not significant relationship to open unemployment, District Minimum Wage/*upah minimum kabupaten* (UMK) had a positive and not significant relationship to open unemployment, inflation had a positive and significant relationship to open unemployment, the average level of education had a negative relationship and not significant to open unemployment, elderly workers have a negative and significant relationship to open unemployment. Also, GRDP growth, district minimum wages, inflation, average level of education, and elderly workers have a joint (simultaneous) effect on open unemployment in the regency of Central Java Province.

Keywords: open unemployment, GRDP growth, district minimum wages, inflation, average level of education, elderly workers.