

ABSTRACT

Agriculture sector contributes to Indonesian economy in general as a contributor to Gross Domestic Product (GDP). That sector also contributes as a source of foreign exchange earnings, to decrease the poverty, as a sector which absorbs employment, supplies food and raw materials for industry, as a sector which can increase the income of the society and as one of sources to strengthen national food security. But the agriculture sector is facing a big problem in human resources. The workforce of this sector is dominated by old-age labors while the young workforce is continually decreased every year. That condition will lead an impact to the productivity of the agriculture sector which is continually decreased and it will adversely affect sustainable development. Therefore, this study aims to analyze the determinant of young labors absorption in the agriculture sector. The independent variables used in this study are the productivity of the agriculture sector, net wages or salaries in the agriculture sector, higher education of young labors, the absorption of young labors in the industrial sector and in the service sector. The results of this study using panel data of 33 provinces in Indonesia for the period 2011 to 2018 concluded that the productivity of the agriculture sector, higher education of young labors and the absorption of young labors in the industrial sector had a negative and significant effect in the absorption of young labors in the agriculture sector. The variable of wage or net salary in the agriculture sector and the absorption of young labors in the service sector is not significantly affect the absorption of young labors in the agriculture sector.

Keywords: Agricultural economy, young labor in agriculture sector, panel data regression