



The Effect of Minimum Wage, Education Level and Gross Regional Domestic Product on Labor Absorption in Indonesia 2010-2019

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Abstract

The purpose of this study was to determine the validity, truthfulness, authenticity and reliability of the extent to which the minimum wage, education level, and gross regional domestic product labor absorption in Indonesia. This study uses a quantitative descriptive method using panel data analysis techniques that combine times series data with cross section data. The type of data used in this study is secondary data, obtained from the Central Statistics Agency and other government agencies. The results obtained in this study are that the minimum wage has a positive and insignificant effect on employment in Indonesia, while the level of education and regional domestic products has a positive and significant effect on employment in Indonesia. Simultaneously, the minimum wage, education level and gross regional domestic product have an effect on employment.

Abstrak

Tujuan dari dilakukannya penelitian ini adalah untuk mengetahui kevalidan, kebenaran, keshahihan dan dapat dipercaya (reliabel) sejauh mana pengaruh upah minimum, tingkat Pendidikan, dan produk domestik regional bruto terhadap penyerapan tenaga kerja di Indonesia. Penelitian ini menggunakan metode deskriptif kuantitatif dengan menggunakan teknik analisis data panel yang menggabungkan antara data *times series* dengan data *cross section*. Jenis data yang digunakan pada penelitian ini adalah data sekunder, yang diperoleh dari Badan Pusat Statistik dan lembaga pemerintah lainnya. Adapun hasil yang diperoleh dalam penelitian ini yaitu upah minimum memiliki pengaruh positif dan tidak signifikan terhadap penyerapan tenaga kerja di Indonesia sedangkan untuk tingkat pendidikan dan produk domestik regional memiliki pengaruh positif dan signifikan terhadap penyerapan tenaga kerja di Indonesia. Secara simultan, upah minimum, tingkat pendidikan dan produk domestik regional bruto berpengaruh terhadap penyerapan tenaga kerja.

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INTRODUCTION

Indonesia is a country consisting of several provinces with one goal, namely to realize national development. The development that has been determined by Indonesia directs the community to become fully human, in the sense that human resources are one of the most important factors in achieving Indonesia's national development. A just and prosperous society in all aspects of life, both economic, political, cultural and defense and security aspects, which are the goals to be achieved in national development.

In fact, national development did not materialize as planned, many factors caused development delays, one of which was the problem of unemployment. The problem of unemployment is caused by an imbalance between the number of the workforce and the available jobs so that it cannot absorb the booming workforce. As stated in Article 27 paragraph 1 of the 1945 Constitution which states that "Every citizen has the right to work and a decent living for humanity". Thus, every Indonesian society has the opportunity to work but the employment opportunities are not supported, therefore every development is prioritized for the creation of new jobs, in order to accommodate the number of the workforce who does not have a job.

The creation of new jobs will absorb a large number of workers so that the demand for and supply of labor is balanced. Another factor that causes market imbalances is the inequality between the minimum wage and the number of the workforce, both those who are looking for work or those who are working. In fact, there are still many workers who are not absorbed into the job market, resulting in a high unemployment rate.

The minimum wage set by the government every year is always controversial between workers and companies as job providers. The dispute does not only happen once but occurs every year, where workers demand an increase in the minimum wage while companies or business actors argue that the demands made by workers will only contradict the government's efforts to restore the economy and create jobs.

The increase in the Provincial Minimum Wage (UMP) is a question mark whether it has an impact on increasing purchasing power, the number of workers, and is also related to the demand for goods and services and has an effect on the labor market that wants output and others only with companies that have to make trade off decisions from the risk of increasing the minimum wage. Making a trade off decision causes losses for the company or business actor so that it has an impact on termination of employment, because the company cannot be oriented to increasing the overall minimum wage for the workforce in the company.

The absorption of labor in Indonesia, which is still relatively low, has not been able to cover the number of the workforce. This problem is caused by the lack of availability of employment opportunities, low education and the large number of foreign workers working in Indonesia, so that Indonesian workers are less competitive with foreign workers who are more educated, more creative and have low wages.

The low quality of human resources is certainly influenced by the low level of education. In addition to having an impact on the quality produced, it also affects the economic sector or the decreased labor productivity so that it does not meet with foreign workers. The quality of the Indonesian people in taking education can be seen from the average length of schooling of the Indonesian people which states how high the level of education achieved by a person is, the higher the average length of schooling taken by a person, the longer that person will receive education. education will not always affect employment

Factors of Gross Regional Domestic Product (GRDP) which are considered to be able to overcome employment. Gross Regional Domestic Product is the final sum of all goods and services produced by a region in one year. Gross Regional Domestic Product greatly

affects the number of the workforce with the assumption that if the GRDP increases, the value of the will also increase *output* produced, in the sense that all economic sectors of a region will increase. *The output* greater the sales made by a company, it will motivate the company to increase the demand for labor so that production increases in the hope of increasing sales again.

Therefore, to realize a successful national economy, it is necessary to solve problems regarding the absorption of labor in Indonesia, with several factors that can influence, namely the level of minimum wages that continues to increase from year to year, the level of education that has not been evenly distributed and the movement of Gross Regional Domestic Product (GDP).). Based on this case, researchers are interested in conducting research on "The Effect of Minimum Wage, Education Level and Gross Regional Domestic Product on employment in Indonesia in 200-2019".

THEORITICAL REVIEW

Employment Absorption

According to Law No. 13 of 2003 article 1 concerning manpower, it is stated that labor is anyone who is able to do what aims to produce goods and services to meet their own or community needs (KEMENPERIN, 2003) Meanwhile, according to Todaro and Smith states that labor is all residents of a country who can produce goods and services, if there is a demand for labor and the population can participate in these activities. , absorption and distribution of the working population exist in various economic sectors. (Kuncoro, 2002)

Minimum Wage

The decline in wages is the beginning of the effect of output on labor demand, resulting in the depreciation of the company's production costs. In a perfectly competitive market, if it is estimated that the price of the product is fixed, then the decrease in production costs will optimize profits, so the company will increase the use of labor. Based on article 23 paragraph 1 of Government Regulation (PP) Number 36 of 2021, it states that the minimum wage is the lowest monthly wage with the provisions of a basic wage without allowances or basic wages and fixed allowances. The minimum wage is the lowest wage paid every month by business actors to workers for the sacrifice of services provided during the production process for a certain period of time, if business actors pay workers below the minimum wage, they will get sanctions for what they do. (Indonesia, 2021) In the theory proposed by Mankiw, it states that wages will always adjust to the supply and demand of labor in order to create a balance. However, based on the facts in the field, it is said that there is not always a balance between wages and labor, especially if there is interference from the government and forms of protest from workers or labor unions. wages, the higher the wage, the smaller the employer's demand for labor. (Antiyatna et al., 2016)

Education Level

According to Adrew E. Sikula in the journal Desak Ketut Ratna Dewi, education level is a long-term process that uses a systematic and organized procedure, in which managerial workers learn conceptual and theoretical knowledge for general purposes. (Dewi, 2016) The level of education is a process that must be followed by students to gain knowledge, develop skills or skills and shape the characteristics of students by going through several levels or levels of education in a managerial or planned manner. According to Tirtarahardja and Sulo, in a journal published by Imam Buchori, education as preparation of the workforce is defined as an activity to guide students so that they

have the basic provisions to work. The basics that must be possessed by students are knowledge, attitudes and skills in order to be able to compete in the world of work. (Buchari, 2016)

Gross Regional Domestic Product

According to the Central Statistics Agency (BPS), Gross Regional Domestic Product is the amount of added value produced by all production units in an area during 1 period or the final total of goods and services produced by business units in an area within 1 year . Meanwhile, another opinion says that the Gross Regional Domestic Product is the value of the overall production of goods and services produced as a result of economic activity in an area within a certain period of time or 1 year. (Soebagyo, 2007) Gross regional domestic product has a role in the labor market as stated by Keynes in Boediono, that what happens in the labor market only follows what happens in the goods market, in the sense that GRDP can increase employment , if the demand for *output* also increases.

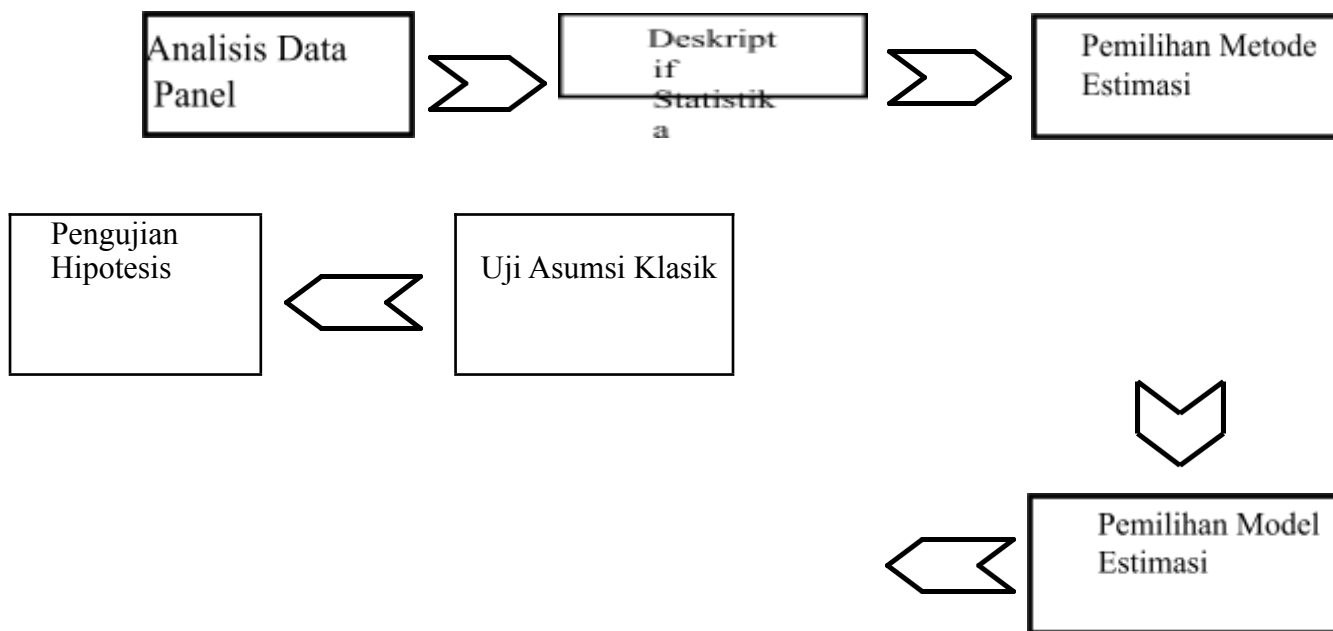
Previous Research

1. In a study conducted by Djupiansyah Ganie in 2017 with the title "Analysis of the Effect of Wages, Education Level, Population and PRDB on Labor Absorption in Berau Regency, East Kalimantan". This study uses secondary data and library studies, while for data collection using a documentation model and using data *times series* from 2006-2015 with data analysis techniques using multiple linear analysis techniques. From this study it can be concluded that wages, education level and gross regional domestic product have a negative and insignificant effect on employment in Berau Regency, East Kalimantan. Simultaneously, the variables of wages, education level, population, and gross regional domestic product have a significant and significant effect on employment in Berau Regency, East Kalimantan. The factor that has the biggest influence on employment in Berau Regency compared to other variables is the population. (Ganie, 2017)
2. The research entitled "The contribution of education level and minimum wage to labor absorption in Medan City in 2012-2015" was conducted by Fransisca Natalia Sihombing in 2017. The descriptive method is the method used in this study and uses secondary data from 2012-2015 . Multiple linear data analysis technique with IBM SPSS software. The results that have been found by this study are that the level of education and the minimum wage have an influence on employment where every 1% increase in the level of education will also increase the number of workers by 0.342% and so does the minimum wage, every 1% increase in the number of workers will increase the number of employees. workforce by 0.015%. Therefore, it is concluded that the contribution of the level of education and the minimum wage to employment in the city of Medan is 70.10%. (Sihombing, 2017)

METODE

Jenis data yang digunakan pada penelitian ini yaitu data sekunder, yang diperoleh dari Badan Pusat Statistik (BPS) atau Lembaga pemerintah lainnya yang mempublikasikan data-data yang berkaitan dengan upah minimum, tingkat pendidikan, produk domestik regional bruto serta penyerapan tenaga kerja di Indonesia. Teknik analisis data yang digunakan yaitu analisis data panel yang menggabungkan antara *data time series* dengan data *cross section*. Data *cross section* yang digunakan diambil dari 33 provinsi yang ada di Indonesia kecuali provinsi Kalimantan Utara, dikarenakan provinsi Kalimantan Utara baru diresmikan pada tahun 2013 sehingga data-data sebelum itu masih bergabung dengan Kalimantan Timur. Sedangkan untuk data *time*

series menggunakan upah minimum provinsi, tingkat pendidikan, produk domestik regional bruto serta penyerapan tenaga kerja tiap provinsi dalam rentang waktu 2010-2019. Analisis data dilakukan dengan teknik analisis data panel yang melalui 5 tahap dengan menggunakan *software EViews 11*



Gambar 1. Tahapan Teknik Analisi Data

Teknik analisis data yang dipergunakan melalui 5 tahap yaitu deskriptif statistika, pemilihan metode estimasi data panel menggunakan yaitu memilih antara *common effect models*, *fixed effect models*, dan *random effect models*, selanjutnya pemilihan model estimasi data panel yaitu pengujian yang dilakukan untuk membandingkan model estimasi yang cocok digunakan dalam penelitian ini dengan melakukan *chow test*, *lagrange multiplier*, dan *hausman test*, Uji asumsi klasik menggunakan (uji normalitas, uji multikolinieritas, uji heteroskedastisitas, uji autokorelasi) serta pengujian hipotesis (uji simultan, uji parsial, dan koefisien determinasi).

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1. Descriptive Statistics of Research Variables

	Y	X1	X2	X3
Mean	3841515.	1616816.	8.000182	342348.0
Median	2092293.	1543481.	7.965000	133640.5
Maximum	24010903	3940973.	11.06000	2840828.
Minimum	367754.0	630000.0	5.590000	14984.00
Std. Dev.	5392892.	631439.9	1.004156	496664.8
Skewness	2.519338	0.638632	0.381603	2.543095
Kurtosis	8.139094	2.915458	3.252437	9.518939

Based on the table above, the descriptive statistical results show that the

absorption of labor in Indonesia from 2010-2019 obtained a minimum value of 367,754 people for the province of West Papua in 2010, while the value *maximum* of 24,010,903 people for the province of West Java in 2019. The minimum wage Provinces in 2010-2019 received a minimum score of Rp. 630,000 for East Java in 2010, while the maximum value was Rp. 3,940,973 for the province of DKI Jakarta in 2019.

The level of education in Indonesia from 2010-2019 obtained a minimum score of 5.59 years for the province of Papua in 2010, while the maximum value for the province of DKI Jakarta was 11.06 years in 2019. And finally, the Gross Regional Domestic Product in Indonesia from 2010-2019 obtained a minimum value of 14,984 billion rupiah for the province North Maluku in 2019, while the maximum value is 2,840,828 billion rupiah for DKI Jakarta in 2019.

Selection of the Estimation Model

Chow Test

The Chow test is used to select one of 2 options, namely the fixed effect model or the common effect model.

Table 2. Chow Test Estimation Results

Redundant Fixed Effects Tests Equation:
Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1492.025982	(32,294)	0.0000
Cross-section Chi-square	1681.741111	32	0.0000

Source: EViews 11 data processing

The result of the Chow test above that the probability value of the *cross section* shows F shows a number of 0.0000, where the number is smaller than 0.05 which has been determined which means that it is rejected and accepted. So it can be explained that in this Chow test the estimation method *fixed effect model* is better than the estimation method *common effect model*.

Hausman Test

Hausman test is a test performed to determine the most appropriate model selected between Random Effect Model or Fixed Effect Model with the provision that if the probability <0.05 then rejected.

Table 3. Hausman Test Estimation Results

Correlated Random Effects - Hausman Test Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	181.665028	3	0.0000

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
X1	-0.167771	-0.158732	0.000123	0.414

X2	561884.6...	496989.88..	447579617.	0.002 ²
X3	1.207738	1.335165	0.000125	0.000 ²

Source: EViews 11 data processing

The results of the Hausman test estimation in table 3 above explain that the probability value is *random cross section* 0.0000 which means it is rejected because it is smaller than 0.05. So it can be concluded that in the Hausman test, *fixed effect models* are better than *random effect models*.

Based on previous tests (Chow test and Hausman test) it can be explained that *fixed effect models* are better than *common effect models* and *random effect models*.

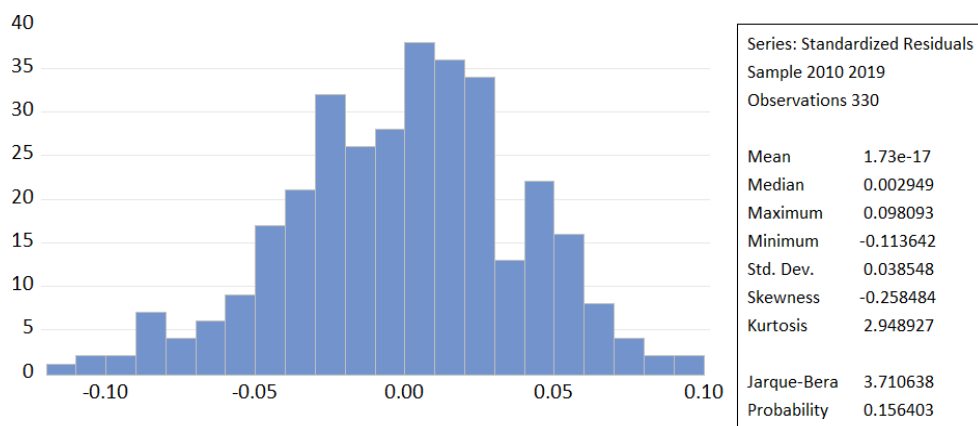
Classical Assumption Test

Normality Test

Normality test is a statistical test that measures data to find out whether the data held is normal or not to be tested, and this test is carried out to find out whether the data we meet in the field is in accordance with the theoretical distribution. Provisions:

- If Sig > 0.05 then the data is normally distributed
- If Sig < 0.05 then the data is not normally distributed

Figure 2. Normality Test Results



Source: EViews 11 data processing

Based on the picture above, it is obtained that the probability value is 0.156403. So it can be interpreted that the known probability value from the normality test states that it is normally distributed, because 0.156403 is greater than 0.05.

Multicollinearity Test Multicollinearity

test aims to determine whether there is a relationship or correlation between the independent and dependent variables. In this study to determine the purpose of this study, we will look for the correlation value between 3 independent variables (minimum wage, education level and gross regional domestic product).

In the multicollinearity test there is a standard or reference for whether or not a multicollinearity problem occurs, which is indicated by if the correlation coefficient between the independent variables is above 0.8, there will be a multicollinearity problem and vice versa if the correlation coefficient is below 0.8, there will be no multicollinearity problem.

Table 4. Multicollinearity Test Results

	X1	X2	X3
X1	1.000000	0.401773	0.136710
X2	0.401773	1.000000	0.262230
X3	0.136710	0.262230	1.000000

Source: EViews 11 data processing

The results of the multicollinearity test show that the average correlation value between the independent variables is greater than 0.8, which means that there is no multicollinearity problem in the model that has been met.

Heteroscedasticity Test

Heteroscedasticity test is a test carried out to find out whether there is an inequality because there is a disturbance of variance that differs from one observation to another which causes an invalid significance test, if one observation is the same as another, it is called homoscedasticity. In the selection of the assumption method, the previous panel data stated that *fixed effect models* were the best model, so in the heteroscedasticity test the researchers used residuals and estimates of *fixed effect models*. In the heteroscedasticity test there are provisions for the probability value as follows:

- If the probability value < 0.05 then heteroscedasticity occurs
- If the probability value is > 0.05 then homoscedasticity occurs.

Tabel 5. Hasil Uji Heterokedastisitas

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-163226.7	361242.4	-0.451848	0.6517
X1	-0.018740	0.029333	-0.638849	0.5234
X2	35428.95	50235.37	0.705259	0.4812
X3	0.086595	0.050424	1.717348	0.0870

Effects Specification			
Cross-section fixed (dummy variables)			
Root MSE	117771.0	R-squared	0.554013
Mean dependent var	119558.7	Adjusted R-squared	0.500919
S.D. dependent var	176618.6	S.E. of regression	124773.3
Akaike info criterion	26.40905	Sum squared resid	4.58E+12
Schwarz criterion	26.82350	Log likelihood	-4321.494
Hannan-Quinn criter.	26.57437	F-statistic	10.43463
Durbin-Watson stat	1.323673	Prob(F-statistic)	0.000000

Source: EViews 11 data processing

The results of the heteroscedasticity test show that the probability value for each variable is greater than 0.05, which means that there is homoscedasticity with the

assumption that there is no heteroscedasticity problem.

Autocorrelation Test Autocorrelation

test was carried out with the aim of knowing whether there was an autocorrelation problem or not, with the Durbin – Watson test. The decisions taken in this test also refer to the Durbin-Watson table which compares the value of Du to dL, in this study the value of n = 330 and K = 3, then the Durbin-Watson table for a significant level of 5% obtained dU of 1, 8011 and dL of 1.8377. The decision is accepted by autocorrelation, if the value of $dU < d < 4 - dU$, then the hypothesis is that there is no autocorrelation either positive or negative.

Table 6. Autocorrelation Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-795875.0	653520.1	-1.217828	0.2243
X1	-0.167771	0.053067	-3.161521	0.0017
X2	561884.6	90880.32	6.182688	0.0000
X3	1.207738	0.091221	13.23962	0.0000

Effects Specification			
Cross-section fixed (dummy variables)			
Root MSE	213058.4	R-squared	0.998434
Mean dependent var	3841515.	Adjusted R-squared	0.998248
S.D. dependent var	5392892.	S.E. of regression	225726.2
Akaike info criterion	27.59470	Sum squared resid	1.50E+13
Schwarz criterion	28.00915	Log likelihood	-4517.126
Hannan-Quinn criter.	27.76002	F-statistic	5357.066
Durbin-Watson stat	1.908623	Prob(F-statistic)	0.000000

Source: EViews 11 data processing

The results of table 6 below state that Durbin Watson is worth 1.908623. The value of $4 - dU = 2.1989$ while for the value of $4 - dL = 2.1623$. Because the value of DW lies between $dU < d < 4 - dU$ or $1.8011 > 1.908623 < 2.1989$, it means that in this study there is no autocorrelation.

Panel Data Regression Model Estimation Results

After the method selection stage, the best and suitable model used in the study and carried out classical assumption tests, it resulted in the best estimate, as described in table 6. Autocorrelation Test Results. The desired objective of the research can be stated in a formula, namely the general panel data equation as follows:

$$+ e_{it}$$

Based on table 6, the results of the estimation model equation for the labor absorption variable are as follows:

$$Y = -795875,0 - 0,167771X_{1it} + 561884,6X_{2it} + 1,207738X_{3it} + e$$

The results from the above equation show that the minimum wage has a nonsignificant effect on employment of -0.167771, in the sense that if there is an increase in the minimum wage by 1%, 0.17% will result in a reduction in employment. The level of education has a significant effect of 561884.6 on employment, which means that if there is a 1% increase in the level of education it will have an impact on an increase in employment of 561884.6% and for gross regional domestic product has a significant effect on employment of 1.207738, in the sense that if there is an increase of 1% in gross regional domestic product, then 1.21% there will be an increase in employment.

Hypothesis Testing

Simultaneous Test (Test F)

The hypothesis of the minimum wage, education level and gross regional domestic product proposed is as follows:

Ho : Minimum wage, education level and gross regional domestic product simultaneously have no effect on employment

Ha : Minimum wage, education level and gross regional domestic product simultaneously affect employment.

The estimation results in table 6 show that the probability value (*F-statistic*) is 0.000000 and with a significance of $0.000000 < 0.05$, which means that simultaneously the independent variables have an effect on employment. Thus, the proposed hypothesis accepts Ha and rejects Ho, in the sense that simultaneously the independent variables (minimum wage, education level, GRDP) in this study affect the dependent variable (labor absorption).

Partial Test (t Test)

The estimation results in table 6 explain that each independent variable has its own hypothesis testing, which is explained below:

a. Minimum Wage

The proposed hypothesis is as follows;

Ho : The minimum wage has no positive effect on employment.

Ha : The minimum wage has a positive effect on employment

In Table 6 the estimation results are obtained that for the X1 variable or the minimum wage it has a probability value of 0.0017 with a coefficient of -0.167771. Based on this value, it means that the variable X1 or the minimum wage has a positive effect on employment, thus the hypothesis proposed accepts Ha and rejects Ho, which means that statistically the minimum wage variable has a positive effect on employment.

b. Level of Education

The hypothesis is proposed as follows:

Ho : Education level does not have a positive effect on employment

Ha : Education level has a positive effect on employment

In Table 6, the estimation results show that for the X2 variable or education level, the probability value is 0.0000 with a coefficient of 561884.6. Based on this

value, the X2 variable (education level) has a positive effect on employment, thus the proposed hypothesis accepts H_a and rejects H_o , which means that statistically the education level variable has a positive effect on employment.

c. Gross Regional Domestic Product The hypothesis is proposed as follows:

H_o : GRDP does not have a positive effect on employment

H_a : GRDP has a positive effect on employment

In Table 6 the estimation results obtained that for the gross regional domestic product or X3 variable shows a probability value of 0.0000 with a coefficient of 1.207738. Based on this value, it means that the X3 variable (gross regional domestic product) has a positive influence on employment, thus the proposed hypothesis accepts H_a and rejects H_o , which means that statistically the gross regional domestic product variable has a positive effect on employment.

Coefficient of Determination

In table 6 the estimation results state that the value of R^2 or the coefficient of determination obtained is 0.998434, where this figure explains that the minimum wage, education level and gross regional domestic product variables have the ability to explain the variation of the labor absorption variable which is explained by the number is 0.998434 or 99.84% while 0.16% is to explain that there are other variables used in this study.

Discussion

a. The effect of the minimum wage on employment in Indonesia

In table 6 the estimation results state that the regression coefficient value for the minimum wage variable is -0.167771 with a value *probability* of 0.0017. Based on the significant provisions = 0.05, the *probability is* $0.0017 < 0.05$, which means that there is a positive effect of the minimum wage on employment in Indonesia. As for the regression coefficient of the minimum wage, the figure is -0.167771 which means that if there is an increase in the minimum wage by 1%, on the contrary, there will be a decrease in labor absorption by 0.17% or as many as 234,019 people. It is concluded that the minimum wage has a positive and insignificant effect on employment in Indonesia. The results obtained by researchers regarding the effect of the minimum wage on employment are in line with those found by Rudi Hartono, et al in a study entitled the effect of gross regional domestic product (GRDP) and city minimum wages (UMK) on employment. (Hartono et al. al., 2018) in this study it was explained that the city minimum wage variable had a positive and insignificant effect on employment, where the probability value obtained was $0.0373 > 0.05$ while the regression coefficient value was 0.136. Based on the theory, it is stated that the minimum wage has an insignificant relationship with employment as stated by David Neumark, that a high minimum wage will cause job losses for the workforce, this is due to high wages and coupled with a new input mix, causing prices rise and eventually there is a decline in product demand and employment. Thus, the relationship between theory and research results states that the minimum wage has an insignificant effect on employment, which causes the higher the minimum wage, the lower the absorption of labor.

b. The effect of education level on employment in Indonesia

In table 6 the estimation results state that the value *probability* for the education level variable is 0.000 with a regression coefficient value of 561884.6. With a significant provision = 0.05, then the *probability is* $0.0000 < 0.05$, which means that

there is a positive influence of the level of education on employment in Indonesia. As for the regression coefficient of the education level variable, the number is 561884.6, which means that if there is an increase in the level of education by 1%, the absorption of labor will also increase by 561884.6%. It is concluded that the level of education has a positive and significant effect on employment in Indonesia.

The results obtained by researchers regarding the effect of education level on employment are in line with those found by Muhammad Aidil Idham and Alpon Satrianto with the title factors that affect employment in the industrial and trade sectors in districts/cities in West Sumatra. (Idham & Satrianto, nd) In this study, the regression coefficient value was 1.545 and the probability value was 0.0191, in the sense that if the education level increased by one unit, the absorption of labor in the province of West Sumatra also increased by 1.545%.

In theory, the education pursued aims to prepare students to become professional workers who are guided and equipped with a strong foundation so that they can compete in the world of work. The level of education is a determining factor for someone to get a decent job in the future, because education will motivate to improve the quality and productivity of human resources. A high level of education will help or be an important point for a company in absorbing workers, because if a person's education level or average length of schooling is high and long, then that person has good qualities and skills that are needed by a company so that the company will absorb the workforce.

c. The effect of GDP on employment in Indonesia

In table 6 the estimation results state that the regression coefficient value for the gross regional domestic product variable is 1.207738 with a value *probability* of 0.0000. Based on the significant provisions = 0.05, the *probability is* 0.0000 <0.05, which means that there is a positive influence of gross regional domestic product on employment in Indonesia. As for the regression coefficient of the gross regional domestic product, the figure is 1.207738, which means that if there is an increase in the gross regional domestic product of 1%, then 1.21% there will be an increase in employment or as many as 1,672,780 people. It is concluded that the gross regional domestic product has a positive and significant effect on employment in Indonesia.

The results obtained by researchers regarding the effect of gross regional domestic product on employment are in line with those found by Arif Budiarto and Made Heny Urmila Dewi in a study entitled the effect of GRDP and provincial minimum wages on employment through investment mediation in the province of Bali. (Budiarto, nd) In this study obtained a probability value of 0.000 <0.05 which means H_1 is accepted and H_0 is rejected and has a significant effect between the GRDP variable and employment.

In theory, what happens to the labor market is only as a result of the activities of the goods market, where the gross regional domestic product has a significant influence on employment or can increase labor absorption which is marked by an increase in output demand. The total value added of sales or output in all production units in an area within a period of 1 year which increases it will indicate an increase in GRDP, if there is an increase in sales output at the company it will motivate the company to increase the demand for labor so that the production of goods and services can meet sales targets or outputs to be achieved by the company.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion that have been presented, the

following conclusions can be drawn:

1. The minimum wage variable has a positive and insignificant effect on employment in Indonesia in 2010-2019. This is explained by the probability value of 0.0017 and the regression coefficient value of -0.167771, which means that if there is an increase in the minimum wage by 1%, on the contrary, there will be a decrease in employment by 0.17% or as many as 234,019 people.
2. The education level variable has a positive and significant impact on employment in Indonesia in 2010-2019. This is evidenced by the value *probability* for the education level variable obtained at 0.000 with a regression coefficient value of 561884.6, which means that if there is an increase in the level of education by 1%, the absorption of labor will also increase by 561884.6%.
3. The gross regional domestic product variable has a positive and significant impact on employment in Indonesia in 2010-2019. This can be explained by the regression coefficient value for the gross regional domestic product variable of 1.207738 and the value *probability* obtained is 0.0000, the regression coefficient value of the gross regional domestic product is 1.207738 which means that if there is an increase in the gross regional domestic product by 1%, then by 1.21% or as many as 1,672,780 people, there will be an increase in employment.

The determination of the provincial minimum wage based on the law is still determined and decided by the Governor of each province so as to create differences in the amount of the minimum wage between provinces according to the needs of the people of each province, therefore in determining the minimum wage policy the government must also pay attention to the impact on companies in absorbing workers. work. The level of education has an important role in the absorption of labor, so the government must further improve the facilities and infrastructure that support the educational process so that every child of the nation in Indonesia can receive the highest education and ultimately produce a quality workforce. The government should encourage the growth and development of sectors that make a major contribution to the formation of gross regional domestic product as economic sectors that absorb a lot of labor, such as agriculture, fisheries and plantations.

Based on the results of this study, there are still other variables that can influence labor absorption factors in Indonesia, so that further research is expected to use or add other variations of the independent variables such as population and investment and in order to obtain more accurate and reliable results. wider, it is better for further research to increase the period of research

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