

ABSTRACT

The economic performance of a country can not be separated from the role of human resources. The competitiveness of the labor is considered a key factor that can encourage the competitiveness of the economy. The low competitiveness of the labor and the trend of Indonesia's labor productivity growth which tends to decline require more serious attention to create a better labor productivity with faster and more massive growth.

This study aims to analyze the effect of social (education and age) and economy (provincial minimum wage and foreign investment) on the labor productivity in Indonesia. The data used is in the form of panel data from 33 provinces in 2010-2019. The method of analysis of this research is linear regression fixed effect model (FEM) with cross section weight and coefficient covariance method cross section SUR (PSCE).

The results of this study prove that partially, the variables of education and the provincial minimum wage have a significant positive effect, age has a significant negative effect, while foreign investment has an insignificant positive effect on labor productivity in Indonesia. Simultaneously, the four independent variables have a significant effect on labor productivity in Indonesia. The most dominant variable influencing labor productivity in Indonesia is the provincial minimum wage.

Keywords : Labor productivity, education, age, provincial minimum wage, foreign investment

