

ABSTRACT

Central Java is the province with the largest labor force in Indonesia, yet the minimum wage set in this region remains relatively low compared to other provinces on the island of Java. This condition is compounded by the fact that the majority of the labor force in Central Java has a low educational background, namely graduates of junior high school (SMP) or below. On the other hand, Central Java has substantial economic potential, reflected in its continuously increasing Gross Regional Domestic Product (GRDP). This study aims to analyze the effect of the District/City Minimum Wage (UMK), GRDP, and the Labor Force Participation Rate (TPAK) on the employment absorption of low-educated workers in Central Java Province during the period 2019–2024. This study uses cross-sectional data comprising 35 regencies/cities in Central Java combined with time-series data from 2019 to 2024. The method employed is panel data regression using the Fixed Effect Model (FEM), with data processed using EViews 10. The results show that the UMK has a partially negative and significant effect on the employment absorption of low-educated workers, GRDP has no significant partial effect on the employment absorption of low-educated workers, and TPAK has a partially positive and significant effect on the employment absorption of low-educated workers. Simultaneously, UMK, GRDP, and TPAK have a significant effect on the employment absorption of low-educated workers.

Keywords: Labor, Low-Educated, District/City Minimum Wage, Gross Regional Domestic Product, Labor Force Participation Rate

