

ABSTRACT

Human resources are the main factors of production that determine the prosperity of a country. The abundance of human resources can be a driver of economic development if they have adequate quality. On the other hand, it can become an obstacle to development if the workforce does not have the skills needed in the labor market. The problem of unemployment is faced by all countries in the world, including developing countries, where the unemployment rate is generally dominated by youth unemployment and educated unemployment. Indonesia in 2010-2019 had the number of open unemployment which was dominated by educated unemployment, where the number showed an increasing trend from 2010-2019.

This study aims to analyze the effect of economy (gross regional domestic product, provincial minimum wage, Inflation) and labor (labor force participation rate) on educated unemployment 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 multiple linear regression Fixed Effect Model (FEM) with cross section weight estimation method or Generalized Least Square (GLS).

The results of this study prove that simultaneously the four independent variables have a significant effect on educated unemployment in Indonesia. Partially, the gross regional domestic product variable has an insignificant negative effect, the provincial minimum wage and labor force participation rate variables have a significant positive effect and the inflation variable has an insignificant positive effect on educated unemployment in Indonesia.

Keywords : educated unemployment, gross regional domestic product, provincial minimum wage, labor force participation rate, inflation.