

ABSTRACT

Demographic Dividend occurs when the proportion of the working-age population exceeds that of the non-working-age population. According to the Demographic Transition Theory, the Demographic Dividend has the potential to drive economic growth. This is due to the increasing number of people in the productive age group, which contributes to higher total consumption, cumulative investment, and labor input, ultimately leading to overall output growth. East Java Province is one of the regions in Indonesia currently experiencing a period of Demographic Dividend due to its higher proportion of the working-age population compared to the non-working-age population. This study aims to analyse the impact of the Demographic Dividend, Population Quality, Labor Force Participation Rate, Open Unemployment Rate, and Investment on Economic Growth in districts/ cities of East Java Province from 2019 to 2023.

The research employs a multiple linear regression method with a fixed effects model (FEM) approach. The data used in this study are secondary data obtained from the Statistics Indonesia and Investment Coordinating Board. The variables included in this study are Economic Growth, Demographic Dividend, Population Quality, Labor Force Participation Rate, Open Unemployment Rate, and Investment.

The results of the study show that the Demographic Dividend has a negative and significant partial effect on Economic Growth. Population Quality has a positive and significant effect on Economic Growth. The Open Unemployment Rate has a negative and significant effect on Economic Growth. Meanwhile, the Labor Force Participation Rate and Investment have no significant effect on Economics Growth. Simultaneously, the Demographic Dividend, Population Quality, Labor Force Participation Rate, Open Unemployment Rate, and Investment significantly influence Economic Growth. The growth of the working-age population does not always provide an economic advantage if not managed effectively; suboptimal labor absorption can lead to unemployment, which becomes a burden on the economy.

Keywords: Demographic Dividend, Population Quality, Labor Force Participation Rate, Open Unemployment Rate, Economic Growth.