Cirebon International Journal of Economics and Business
Vol. 2, No. 2, 2024: Page 24-37
Published by Department of Islamic Economics,
Faculty of Islamic Economics and Business
IAIN Syekh Nurjati Cirebon
E-ISSN 3031-3236

The Influence of Provincial Minimum Wages and Population On the Open Unemployment Rate of West Java Province

Romy Rizki Hasbianur[1*], Afiqoh Agustin[2*], Didi Sukardi[3*]
Islamic Economics, Faculty of Islamic Economics & Business, IAIN Syekh Nurjati Cirebon
(Email Correspondence : romyrizki2001@gmail.com)

KEYWORDS

Open Unemployment Rate, Provincial Minimum Wage, and Population

ABSTRACT

The purpose of this study is to determine the effect of the Provincial Minimum Wage and Population on the Open Unemployment Rate in West Java Province in 2014 - 2023. The research method used is a quantitative method with secondary data obtained from the Central Statistics Agency. The analysis technique used is multiple linear regression analysis with Eviews 12 software. The results of the study prove that partially the Provincial Minimum Wage variable has a positive and significant effect on the Open Unemployment Rate in West Java Province. This is evidenced by the results of the t-test (partial) which has a t-statistic value of 4.100 > t-table 2.365, with a probability value of 0.0046 < 0.05. While the Population variable partially has a negative and significant effect on the Open Unemployment Rate in West Java Province. This is evidenced by the results of the t-test (partial) which has a t- statistic value of -4.246 < t-table 2.365, with a probability value of 0.0038 < 0.05. Simultaneously, the Provincial Minimum Wage and Population variables have a positive and significant effect on the Open Unemployment Rate in West Java Province. This is proven by the results of the F test which has an F-statistic value of 9.053294 > F-table 4.74, with a probability value of 0.011444 < 0.05. Then the results of the determination test (Adjusted R-squared) in this study obtained a value of 64.1% which means it has a fairly strong influence and the remaining 35.9% is determined by factors or variables other than those in this study.

INTRODUCTION

In various parts of the world, unemployment is often a difficult problem to address. According to Budhi in a study by Sirait& Marhaeni (2013), every country in the world, whether developed or developing, faces unemployment. As one of many developing countries, Indonesia, when categorized by the level of welfare of its people, faces a serious and urgent problem. This unemployment problem will certainly disrupt the country's national stability in various sectors, so the government must strive to maintain a reasonable unemployment rate.

Currently, Indonesia is the fourth most populous country in the world, with 277 million people. According to a 2023 report from the Central Statistics Agency, the open unemployment rate in Indonesia reached 5.32%. Of the many regions/provinces in Indonesia, West Java Province occupies second place with an open unemployment rate of 7.44% after Banten Province with an open unemployment rate of 7.52%.

Many factors can influence the open unemployment rate, including the Provincial Minimum Wage. According to Mankiw (2000), the wage set by the government has a significant impact on the unemployment rate. Any increase in the wage rate will result in a decrease in labor demand, which in turn will increase the unemployment rate (Alghofari, 2010). Furthermore, a high open unemployment rate is also caused by a large population. This can result in a significant increase in the labor force in a region.

The problem is that when the number of available jobs is smaller than the number of job seekers or the workforce, it will naturally result in the workforce being under-absorbed and leading to unemployment. The theory describing the relationship between the Provincial Minimum Wage, Population, and Open Unemployment Rate is found in Keynesian Theory. The following table shows the percentage data for the Open Unemployment Rate, Provincial Minimum Wage (in rupiah), and Population (in people) in West Java Province from 2014 to 2023.

Table 1.
Open Unemployment Rate, Provincial Minimum Wage, Population in 2014 – 2023

Year	Open Unemployment Rate	Provincial Minimum Wage	Total population
2014	8.45%	Rp. 1,000,000	46,029,700 people
2015	8.72%	Rp. 1,000,000	46,709,600 people
2016	8.89%	Rp. 1,312,354	47,379,400 people
2017	8.22%	Rp. 1,420,624	48,037,800 people
2018	8.23%	Rp. 1,544,361	48,475,500 people
2019	8.04%	Rp. 1,668,373	49,023,200 people
2020	10.46%	Rp. 1,810,351	48,274,200 people
2021	9.82%	Rp. 1,810,351	48,782,400 people

2022	8.31%	Rp. 1,841,487	49,405,800 people
2023	7.44%	Rp. 1,986,670	50,025,600 people

Source: Central Statistics Agency and UMR.com Salary (processed data)

Based on Table 1, the Open Unemployment Rate in West Java Province in 2014-2023 was recorded to have fluctuated. In 2014-2016 the Open Unemployment Rate experienced an increase of 0.44%, then in 2017 it decreased from 2016, namely 0.67%, in 2018 it increased by 0.01%, and in 2019 it decreased again by 0.19%. Then in 2020 (the early days of the Covid-19 pandemic in Indonesia) the Open Unemployment Rate experienced a significant increase of 2.42% from the previous year. And in 2021 *(the new normal era)* it decreased from the previous year, namely 0.64%. Finally, in 2022-2023 the Open Unemployment Rate in West Java Province experienced a fairly drastic decrease from the previous year, namely 2.38%. Table 1 shows that the average annual increase in the Provincial Minimum Wage in West Java. Table 1 also shows that the Open Unemployment Rate has fluctuated, but a significant decline was recorded between 2021 and 2023, with the open unemployment rate dropping by 3.02% compared to 2020 (the *COVID-19 period).*

This explains that increasing the Provincial Minimum Wage can affect the Open Unemployment Rate. Previous research conducted by Yodan Riza AP et al. (2020), Helvira et al. (2020), Jihad Lukis Panjawa and Daryono Soebagiyo (2014), Indra Suhendra and Bayu Hadi Wicaksono (2016), Tengkoe Sarimuda RB and Soekarnoto (2014), and Edo Permadi and Eko Chrystanto (2021) found that the minimum wage has a positive and significant effect on the open unemployment rate. According to Keynesian theory, reducing the wage rate will be ineffective in addressing unemployment. This is because when the workforce increases, the unemployment rate will also increase. Therefore, companies must adjust wage levels to reflect the productivity of their workers and the quality of their employers and management. Therefore, this research can be said to align with Keynesian theory, as when wages rise, unemployment will fall.

Table 1 shows that West Java Province continued to experience population growth from 2014 to 2019. Then, in 2020, the population decreased compared to the previous year. And in 2021 to 2023, it experienced another significant increase. Meanwhile, Table 1 (for 2020-2023) also shows that the open unemployment rate recorded the opposite, experiencing a decline. This indicates that any increase in population will reduce the open unemployment rate. In this case, when there is an increase in population, the unemployment rate should also increase. However, in this study, the unemployment rate decreased as the population increased.

Therefore, based on these results, this study is said to be in line with Structural Theory, which states that an increasing population does not always lead to open unemployment; this is due to changes in the structure of economic activity. Researchers suspect that there are other factors that indirectly influence population size and open unemployment, such as government policy, economic growth, industrial structure, and so on, which influence the unemployment rate. Research conducted by Yodan Riza AP et al (2020), Dita Dewi Kuntiarti (2018), Fajar Rini Suhadi & Eni Setyowati (2022), Herman (2019), Taresa V. Tumilaar et al (2022) supports the

Structural Theory with the research results obtained that population size does not have a significant effect on the open unemployment rate.

Based on the data that has been obtained and explained, the researcher formulated that two component variables that can influence the open unemployment rate are the UMP variable and population size.Then, for updates or differences in this study, there are analysis tools and test models used, namely using Eviews 12 software with multiple linear regression analysis, where previous research conducted by Fajar Rini Suhadi & Eni Setyowati (2022) used the SPSS analysis tool. using *the Chow test* and *the Hausman test.* Furthermore, the period and variables used in the study by Fajar Rini Suhadi & Eni Setyowati (2022) differ from this study. This study uses a renewable period, namely the last 10 years (2014–2023), and the variables studied are more specific because they only examine two independent variables (provincial minimum wage and population) and one dependent variable (open unemployment rate). Meanwhile, the previous study by Fajar Rini Suhadi & Eni Setyowati (2022) only examined the last 5 years (2018–2022) and included two additional independent variables: GRDP and education. Finally, this article aims to: (1) To analyze the influence of the Provincial Minimum Wage (UMP) on the Open Unemployment Rate in West Java Province in 2014 – 2023 (2) To analyze the influence of the Population on the Open Unemployment Rate in West Java Province in 2014 – 2023 and (3) To analyze the influence of the Provincial Minimum Wage (UMP) and the Population simultaneously on the Open Unemployment Rate in West Java Province in 2014 – 2023

LITERATURE REVIEW

Riza Firdhania and Fivien Muslihatinningsih (2017) in the Journal of Economics, Business, and Accounting, with (Population, Inflation, Minimum Wage, Economic Growth, and Human Development Index) as independent variables and (Open Unemployment Rate) as dependent variable. This study used quantitative methods. The results showed that population had a significant positive effect on the unemployment rate. Meanwhile, inflation, minimum wage, and Human Development Index had a negative effect. Economic growth had an insignificant positive effect on the unemployment rate. Similarities: Researchers analyzed population and minimum wage on the open unemployment rate. Differences: This study was conducted in Jember Regency with additional independent variables: inflation, economic growth, and Human Development Index.

Yodan Riza A.P, Lorentino T.L, and Yustirania Septiani (2020) in the Directory Journal of Economic, with (GRDP, UMP, Investment, and Population) as independent variables and (Open Unemployment Rate) as dependent variable. This study used quantitative methods. The results of the study indicate that GRDP, investment, and population have no significant effect on the open unemployment rate in Central Java Province from 2003 to 2018. Meanwhile, the provincial minimum wage significantly influenced the open unemployment rate in Central Java Province from 2003 to 2018. Similarities in the study: Researchers analyzed the effect of

minimum wages and population on the open unemployment rate. Differences in the study: This study was conducted in Central Java Province with additional independent variables, namely GRDP and investment.

Dita Dewi Kuntiarti (2018) in the Journal of Education and Economics, with (Inflation, Population, and Minimum Wage Increase) as independent variables and (Open Unemployment Rate) as dependent variable. This study used quantitative methods. The results showed that inflation had no significant effect on the open unemployment rate. Meanwhile, population and minimum wages had a negative effect on open unemployment in Banten Province from 2010 to 2015. Similarities in the study: Researchers analyzed the effect of population and minimum wages on the open unemployment rate. Differences in the study: This study was conducted in Banten Province with additional independent variables, namely inflation.

Open Unemployment Rate

Open unemployment is unemployment that occurs when the number of job openings exceeds the number of workers. If the workforce continues to grow and workers are unable to find work for a significant period of time, unemployment will arise. Open unemployment can result from declining economic activity, technological advances that reduce labor demand, or a decline in industrial development.

Provincial Minimum Wage

The regional minimum wage is the lowest monthly wage, consisting of a basic wage and fixed allowances, for a worker at the lowest level and with less than one year of service in a particular region. The regional minimum wage is a standard used by employers and industry to pay secretarial or teaching staff, applied in business or work environments. The implementation of the UMR wage aims to protect the interests of employees who receive a salary commensurate with their workload. The minimum wage is determined by the Governor of a province. The UMP is determined using the regional minimum wage or UMR calculation formula. The Governor considers recommendations from the wage council in determining minimum wage policy. However, the wage council also provides recommendations based on the results of a review of living costs and the components and types determined by the minister based on considerations of economic growth and productivity levels.

Total population

According to the Central Bureau of Statistics, population is the number of individuals living in a region or country within a specific time period. Determining the population of a region can be done by accurately measuring demographic data. This demographic data is collected through three methods: population census, population registration, and surveys. Haryanto (2013) explains that population refers to the total number of people living in a region within a specific time period.

the framework of thinking in this research can be described as follows:

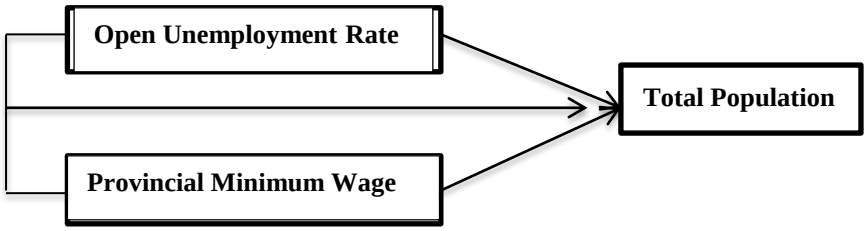


Figure 1. Thinking Framework

Based on the framework of thought in Figure 1, a research hypothesis will be derived. A hypothesis is a temporary explanation of observed facts (Pabundu, 2006). A hypothesis is a provisional answer that must be tested for its truth in the data analyzed in a study (Hartono, 2010). There are two types of hypotheses commonly used: the null hypothesis (H0) and the alternative hypothesis (Ha) (Lolang, 2014). The following is the hypothesis statement for this study:

H_{01} : There is no significant influence between the Provincial Minimum Wage and the Open Unemployment Rate in West Java Province
Ha1 : There is a significant influence between the Provincial Minimum Wage and the Open Unemployment Rate in West Java Province
H02 : There is no significant influence between the number of residents and the open unemployment rate in West Java province
Ha2 : There is a significant influence between the number of residents and the open unemployment rate in West Java Province.
H03 : There is no significant influence between the Provincial Minimum Wage and Population Number on the Level of Open Unemployment in West Java Province
Ha3 : There is a significant influence between the Provincial Minimum Wage and the Population Number on the Level of Open Unemployment in West Java Province

RESEARCH METHODS

This research uses a quantitative research approach. A quantitative research approach is a systematic scientific study that examines parts and phenomena and their relationships. The purpose of quantitative research is to develop and use mathematical models and hypothetical theories related to natural phenomena (Azhari, 2011). The research method used is explanatory research. According to Bungin (2010), explanatory research aims to explain how a sample can be generalized to a population or how a variable can influence, differentiate, or relate to other variables.

In this study, the analysis technique used is a multiple linear regression analysis model with the help of *the Eviews 12* application to process data and to determine the level of significance

of each regression coefficient of the independent variable (Provincial Minimum Wage and Population) on the dependent variable (Open Unemployment). The following are several tests contained in this study: (1) Classical Assumption Test, which consists of Normality Test, Multicollinearity Test, Heteroscedasticity Test; and Autocorrelation Test; (2) Multiple Linear Regression Analysis; and (3) Hypothesis Test, consisting of t-Test, F-Test and Determination Test. The following is the model used in analyzing multiple regression as follows (Arna et al., 2019)

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \mu$$

Information:
Y = Open Unemployment Rate
α = Constant
β = Regression coefficient of independent variable
X1 = Provincial Minimum Wage
X2 = Population
μ = *Error term*

RESULTS AND DISCUSSION

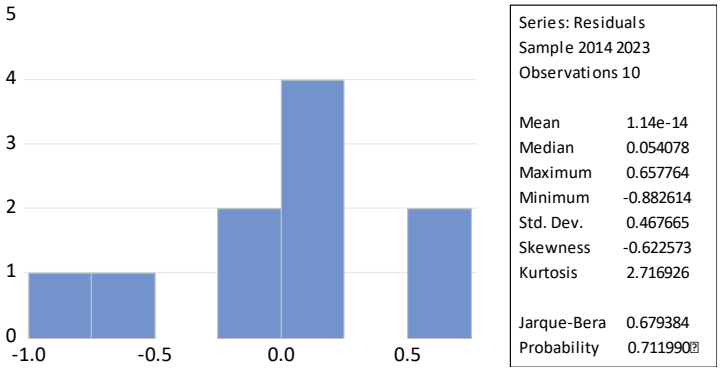
1. Analysis Results

1.1 Classical Assumption Test

a) **Normality Test**

The normality test aims to determine whether the data is normally distributed or not. In this study, the method used in the normality test is the *Jarque-Bera Test (JB Test).* The decision on whether the residuals are normally distributed or not can be simply determined by comparing the calculated *JB (Jarque-Bera) probability* value with an alpha level of 0.05 (5%). (Mansuri, 2016). The criteria for testing normality using the *Jarque-Bera* model are as follows: 1) If *the Jarque-Bera Probability* value is > 0.05, it can be concluded that the data is normally distributed or the data assumption test has been met. 2) If *the Jarque-Bera Probability* value is <0.05, it can be concluded that the data is not normal or the data normality test is not met.

Table 2. Results of Normality Test *(Jarque-Bera)*



Source: Processed by Eviews 12, 2024

Based on the results of the normality test in table 2, it can be seen that *the Jarque-Bera Probability* value of 0.711 means greater than >0.05, so it can be concluded that the data is normally distributed or passes normality.

b) **Multicollinearity Test**

According to Ghozali (2018), the multicollinearity test aims to determine whether there is a correlation between independent variables in a regression model. In this study, the method used in the multicollinearity test is the *Variance Inflation Factors (VIF) method.*Basis for decision making: 1) If the VIF value is < 10, it is stated that there is no multicollinearity in the regression model. 2) If the VIF value > 10, it is stated that multicollinearity occurs in the regression model.

Table 3. Muticolinearity Test of *Variance Inflation Factors (VIF)*

Sample: 2014 2023
Included observations: 10

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	360.6066	12823.87	NA
X1	2.37E-12	209.3168	9.303493
X2	1.94E-13	16012.59	9.303493

Source: Processed by Eviews 12, 2024

Based on table 3, it can be seen that the VIF value for the provincial minimum wage variable (X1) and the population variable (X2) is 9.303493 where the X1 and X2 values are less than <10.00, thus it can be concluded that the regression model does not have symptoms of multicollinearity or has passed the multicollinearity test.

c) **Heteroscedasticity** Test

According to Ghozali (2018), the heteroscedasticity test aims to determine whether there is inequality in the variance of residuals from one observation to another in the regression model. In this study, the method used in the heteroscedasticity test is the *White Test.* Basis for decision making: 1) If the significance value > 0.05 then heteroscedasticity does not occur. 2) If the significance value is <0.05 then the data has heteroscedasticity.

Table 4. Heteroscedasticity Test *(White Test)*

Heteroskedasticity Test: White
Null hypothesis: Homoskedasticity

F-statistic	11.07622	Prob. F(4,5)	0.0106
Obs*R-squared	8.985902	Prob. Chi-Square(4)	0.0615
Scaled explained SS	3.779892	Prob. Chi-Square(4)	0.4366

Source: Processed by Eviews 12, 2024

Based on table 4, it can be seen that *the Probability Obs*R-Squared* value is 8.985902 and *the Probability Chi-Square(4) is* 0.0615, where this value is more than > 0.05,

which means that there are no symptoms of heteroscedasticity or it can be concluded that there is no violation of the heteroscedasticity assumption in the model.

d) Autocorrelation Test

According to Ghozali (2018), the autocorrelation test aims to test whether there is a correlation between the nuisance error in period t and the nuisance error in period t-1 (previously) in a linear regression model. In this study, autocorrelation was detected using the *Durbin Watson value.*The basis for making decisions using the *Durbin Watson* test is (Sujarweni, 2016): 1) If d < dL or d > 4-dL then the null hypothesis is rejected, meaning there is autocorrelation. 2) If dU < d < 4-dU then the null hypothesis is accepted, meaning there is no autocorrelation. 3) If dL < d < dU or 4-dU < d < 4-dL there is no conclusion

Table 5. Autocorrelation Test *(Durbin Watson)*

Dependent Variable: Y
Method: Least Squares

Sample: 2014 2023
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	89.02193	18.98964	4.687920	0.0022
X1	6.32E-06	1.54E-06	4.100004	0.0046
X2	-1.87E-06	4.40E-07	-4.246706	0.0038

R-squared	0.721189	Mean dependent var	8.658000
Adjusted R-squared	0.641528	S.D. dependent var	0.885686
S.E. of regression	0.530282	Akaike info criterion	1.812511
Sum squared resid	1.968397	Schwarz criterion	1.903287
Log likelihood	-6.062556	Hannan-Quinn criter.	1.712931
F-statistic	9.053294	Durbin-Watson stat	1.776572
Prob(F-statistic)	0.011444		

Source: Processed by Eviews 12, 2024

Given N = 10 and K (Independent Variable) = 2, then based on the Durbin Watson reference table with an ÿ value of 5% the following results were obtained: DL value = 0.6972, 4- DL value = 3.3028, DU value = 1.6413, 4-DU value = 2.3587, DW *(Durbin Watson)* value = 1.776572 (rounded to 1.7766). The results of the Durbin Watson autocorrelation test: DU < DW < 4-DU = 1.6413 < 1.7766 < 2.3587. So it can be concluded that in the autocorrelation test with the Durbin Watson model there are no symptoms. autocorrelation due to the Durbin Watson Statistics value being between the DU & 4-DU values.

1.2 Multiple Linear Regression Analysis Test

Multiple linear regression is a regression model that involves more than one independent variable. Multiple linear regression analysis is conducted to determine the direction and extent of influence of independent variables on the dependent variable (Ghozali, 2018). Multiple regression analysis aims to determine whether or not two independent variables (X) influence the dependent variable (Y).

Table 6. Multiple Linear Regression Analysis Test

Dependent Variable: Y
Method: Least Squares

Sample: 2014 2023
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	89.02193	18.98964	4.687920	0.0022
X1	6.32E-06	1.54E-06	4.100004	0.0046
X2	-1.87E-06	4.40E-07	-4.246706	0.0038

R-squared	0.721189	Mean dependent var	8.658000
Adjusted R-squared	0.641528	S.D. dependent var	0.885686
S.E. of regression	0.530282	Akaike info criterion	1.812511
Sum squared resid	1.968397	Schwarz criterion	1.903287
Log likelihood	-6.062556	Hannan-Quinn criter.	1.712931
F-statistic	9.053294	Durbin-Watson stat	1.776572
Prob(F-statistic)	0.011444		

Source: Processed by Eviews 12, 2024

Based on table 6, a multiple linear regression equation is obtained between the provincial minimum wage (X1) and population (X2) on the open unemployment rate (Y) is as follows:

$$Y= \alpha + \beta 1X1 + \beta 2X2 + \mu$$

$$Y = 89.02193 + 0.631617X1 - 1.868478X2 + \mu$$

The regression equation above can be explained as follows: a. The constant value (α) has a positive value of 89.02193. This shows that if all independent variables including the provincial minimum wage (X1) and population (X2) are considered constant or do not change, then the open unemployment rate will remain at 89.02193. b. The regression coefficient (β1) for variable X1 is 0.631. Therefore, it can be said that this value indicates a positive or one-way influence between the provincial minimum wage (X1) and the open unemployment rate (Y). This means that every one-unit increase in the provincial minimum wage (X1) on the open unemployment rate (Y) causes open unemployment to increase by 63.1%. Assuming that the other independent variables in the regression model are constant. c. The regression coefficient (β2) for variable X2 is (-1.868). Therefore, it can be said that this value indicates a negative or opposite influence between the population (X2) and the open unemployment rate (Y). This means that every one unit increase in the population (X2) on the open unemployment rate (Y) causes open unemployment to decrease by 186.8%. Assuming that the other independent variables in the regression model are constant.

1.3 Hypothesis Testing

1. t-test (Partial Test)

The t-test aims to determine whether or not there is a partial (independent) influence. independent variable (X) against the dependent variable (Y). Basis for decision making: 1) If the sig value < 0.05, or *t-statistic* > *t-table,* then there is a partial influence of variable X. on variable Y. 2) If the sig value > 0.05, or *t-statistic* < *t-table,* then there is no partial influence of variable X. to variable Y.

Based on table 6, the results of the t-test (partial) are as follows: 1) The results of the t-test in table 6 for the provincial minimum wage variable on the open unemployment rate show that the *t-statistic value* > *t-table* , namely 4.100 > 2.365 and the significance value < 0.05, namely 0.0046. This means that H01 is rejected and Ha1 is accepted. 2) The results of the t-test in table 6 for the population variable on the open unemployment rate show that the *t- statistic value* < *t-table* , namely -4.246 < 2.365 and the significance value < 0.05, namely 0.0038. This means that H02 is rejected and Ha2 is accepted.

2. **F-test (Simultaneous Test)**

The F-test aims to determine whether or not there is a simultaneous (joint) influence given by all independent variables (X) on the dependent variable (Y). Basis for decision making: 1) If the sig value < 0.05, or *F-statistic* > *F-table*, then there is a simultaneous influence of variable X. to variable Y. 2) If the sig value > 0.05, or *F-statistic* < *F-table,* then there is no simultaneous influence of variable X. to variable Y. Based on table 6, the *F-statistic* value is 9.053294 > *F-table* 4.74 with a *Prob (F-statistic)* value of 0.011444 (<0.05), so it can be concluded that H03 is rejected while Ha3 is accepted.

3. **Test of Determination Coefficient**

This determination coefficient test is carried out with the aim of measuring the model's ability to explain how much influence the independent variables simultaneously influence the dependent variable, which can be indicated by the *adjusted R-Squared* value (Ghozali, 2016). Based on table 6, the *Adjusted R-squared* value is 0.641. It can be concluded that the contribution of the independent variables of provincial minimum wage (X1) and population (X2) to the dependent variable of open unemployment rate (Y) simultaneously (together) is 64.1%. While the remaining 35.9% is influenced by variables outside this study.

2. Discussion

The Effect of Provincial Minimum Wage on the Open Unemployment Rate (Y) in West Java Province

In this study, the provincial minimum wage has a positive and significant impact on the open unemployment rate. In theory, an increase in the minimum wage will lead to an increase in wages for all employees in the company, which means more expenses incurred by the company. A higher minimum wage will cause an increase in the company's operational costs. Increased operational costs that are not offset by an increase in production output will burden and reduce the company's returns, and the company will seek ways to cover the shortfall by reducing the number of workers so that the company can restore the balance between production costs and revenue. Reducing the number of workers will result in unemployment. This is in accordance with the Efficiency Wage Theory, which states that open unemployment occurs because wages are above the market equilibrium level. High wages can increase

motivation, productivity, and loyalty of the workforce, thereby reducing the costs of recruitment, training, and supervision. However, high wages can also have negative effects, namely reducing the demand for labor by employers and increasing the supply of labor by workers. The results of this study are in line with research conducted by Yodan Riza AP et al (2020), Helvira et al (2020), Jihad Lukis Panjawa and Daryono Soebagiyo (2014), Indra Suhendra and Bayu Hadi Wicaksono (2016), Tengkoe Sarimuda RB and Soekarnoto (2014), and Edo Permadi and Eko Chrystanto (2021) which stated that the open unemployment rate variable is positively and significantly influenced by the provincial minimum wage.

The Effect of Population (X2) on the Open Unemployment Rate (Y) in West Java Province

The results of this study indicate that population size has a negative and significant effect on the open unemployment rate. In theory, the workforce in a region will increase as the population increases (Sapitri, 2018). However, an increase in the workforce that is not accompanied by increased job opportunities ultimately only results in an increase in the workforce that cannot be distributed evenly across the job market. This can lead to increased unemployment. This is in line with Keynesian theory, which states that if the growth in the number of workers is not matched by a large number of jobs, unemployment will occur. This shows that population size indirectly influences the unemployment rate, meaning that when the population increases, the workforce will also increase, and unemployment will increase. However, in this study, the unemployment rate decreased as the population increased. This means that in this case, the researcher suspects that there may be other variables or factors influencing the decline in the open unemployment rate as the population increases. For example, the government's success in creating new jobs for the workforce or the government's success in optimizing the provision of jobs that are tailored to the workforce.

The Effect of Provincial Minimum Wage (X1) and Population (X2) on the Open Unemployment Rate (Y) in West Java Province

The results of the simultaneous regression analysis show that the *F-statistic value* > *F-table* is 9.053 > 4.74. Meanwhile, the significance value is <0.05, namely 0.011444. This means that Ha3 is rejected and Ha3 is accepted. Therefore, it can be concluded that the independent variables of Provincial Minimum Wage and Number simultaneously (together) have a significant influence on the dependent variable of the open unemployment rate. Then the results of the determination test *(Adjusted R-squared)* in this study obtained a value of 64.1%, which means that the variables studied have a fairly strong influence and the remaining 35.9% is determined by factors or variables other than those in this study. The results of this study are in accordance with research conducted by Yodan Riza AP, Lorentino TL & Yustirania Septiani (2020) and Edo Permadi & Eko Chrystanto (2021) with the results of

Provincial Minimum Wage and Population Number simultaneously (together) having a significant influence on the Open Unemployment Rate.

CONCLUSION

This study aims to prove the influence of the Provincial Minimum Wage and Population on the Open Unemployment Rate in West Java Province using multiple linear regression analysis with the software used, namely Eviews 12. Based on the research results that have been presented in the discussion points, finally the following conclusions can be drawn: (1) Provincial Minimum Wage has a significant impact on the Open Unemployment Rate in West Java Province in 2014 – 2023; (2) The number of residents does not have a significant effect on the Open Unemployment Rate in West Java Province in 2014 - 2023; and (3) Together, the Provincial Minimum Wage and the number of residents have a significant effect on the Open Unemployment Rate in West Java Province in 2014 - 2023.

Based on the research results above which have been presented in the conclusion, the researcher will convey several suggestions, including: (1) For the West Java Provincial Government in determining the provincial minimum wage, it must be considered carefully in order to maintain the welfare of workers and employers. The wage level must be optimized to adjust to the number of the workforce and the needs of a decent life for the community in order to reduce the unemployment rate. In addition, by paying attention to the population growth rate, the government can increase the number of job vacancies so that the number of workers is absorbed, so that it will continue to encourage a reduction in the percentage of unemployment; (2) For people who live in cities and regions, they must be able to innovate to create independent businesses. So that new job opportunities can be created that adapt to the development of the times where the use of technology is more dominant; (3) For future researchers, it is hoped that other macroeconomic variables can be added that can explain their influence on the number of unemployed in West Java Province, such as inflation, education level, GRDP, investment and others. So that it can help the West Java Provincial government in making policies related to reducing the number of open unemployed.

REFERENCE

Central Statistics Agency, BPS West Java Province

Dita Dewi Kuntiarti. 2018. The Effect of Inflation, Population, and Minimum Wage Increases on Open Unemployment in Banten Province 2010-2015. Journal of Education and Economics, Volume 7, Number 1, 2018

Helvira, Reni, and Endah Rizki. “The Effect of Investment, Minimum Wage, and Human Development Index (HDI) on the Open Unemployment Rate in West Kalimantan Province.” *JIsEB* 1, no. 1 (September 8, 2020): 53-62.

Herman, 2019. The Effect of Population and City Minimum Wage on the Open Unemployment Rate in Pekanbaru 2010-2017. Journal of Economics. Vol. 15, No. 2, July 2019, pp. 220-232

Indra Suhendra, Bayu Hadi Wicaksono. 2016. The influence of education level, wages, inflation, and economic growth on the unemployment rate in Indonesia from 2010 to 2012. Journal of Development Economics. Vol. 6, No. 1, April 2016, pp. 1-17

Lolang, E. (2014). Null Hypothesis and Alternative Hypothesis. Journal of Teacher Training and Education, 3(3), 685-695 Azhari Akmal Tarigan et al., Islamic Economic Research Methodology, (Medan: La-Tansa Press, 2011)

Moh. Pabundu Tika, Business Research Methodology (Jakarta: PT Bumi Aksara, 2006), p. 29. Hartono, Research Methodology (Pekanbaru: Zanava Publishing, 2010), p. 27.

N. Gregory Mankiw, Macroeconomic Theory. Jakarta. Erlangga, 2000, 2004, 2006, 2018)

Panjawa, Jihad, Lukis, and Soebagiyo, Daryono, 2014, The Effect of Increasing Minimum Wages on Unemployment Rates, Journal of Economics and Development Studies Volume 15 Number 1, April 2014, pp. 48-54.

Permadi, E., & Chrystanto, E. (2021). Analysis of the Influence of Population, Gross Regional Domestic Product (GRDP), and Regency/City Minimum Wages on the Open Unemployment Rate in Regencies/Cities in East Java Province 2012-2018. *OECONOMICUS Journal of Economics,* 5(2), 86–95.

Pratama, Yodan Riza Agung, Lorentino Togar Laut and Yustirania Septiani. "Analysis Of The Effect Of Grdp, Ump, Investment, And Population On The Open Unemployment Rate In Central Java 2003-2018." (2020).

Sirait, Novlin & Marhaeni, AAIN (2013). Analysis of Several Factors Influencing the Number of Unemployed in Regencies/Cities in Bali Province. E-Jurnal EP Unud, 2(2), 108-118.

Soekarnoto, Tengkoe SR "The Effect of PDRB, Minimum Wage, Inflation, and Investment on Open Unemployment in Districts/ Cities of East Java Province in 2007 - 2011." Airlangga University Economics Magazine, vol. 24, no. 2, 2014.

Suhadi, FR, Setyowati, E., (2022). Analysis of the Influence of Population, Education, Minimum Wage, and GRDP on the Open Unemployment Rate in West Java Province. Ekombis Review: Scientific Journal of Economics and Business, 10(2).

Teresa V. Tumilaar, Mauna Th.B. Maramis, Hanly F. Dj. Siwu. 2022. The Effect of Population, Education, and Minimum Wages on theOpen Unemployment Rate in Regencies/Cities of East Kalimantan Province" Scientific Periodical Journal. Efficiency Volume 22 No. 5 July 2022