



THE INFLUENCE OF LIFETIME RATE AND INFLATION ON UNEMPLOYMENT IN CENTRAL JAVA PROVINCE

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Abstract

This study aims to analyze the effect of the literacy rate and partial and simultaneous inflation on unemployment in the Central Java region. This research data comes from the Central Java Province Statistics Agency, data on education, inflation, and unemployment in Central Java Province in 2008-2018. The analysis technique in this study is multiple linear regression analysis with the help of the SPSS 16 program. The results show that the literacy rate partially has no significant effect on unemployment in the Central Java region in 2008-2018, and inflation partially has a significant effect. impact on unemployment in the region. Central Java in 2008-2018. Thus, the literacy rate and inflation do not have a simultaneous effect on unemployment in the Central Java region for the 2008-2018 period.

Keywords— *literation, inflation, unemployment*

PENDAHULUAN

Indonesia is a developing country that initially only relied on the economy in the agrarian sector and is now developing in the industrial sector. The total population of Indonesia is 265 million people. The population is 133.17 million men and 131.88 million women. Often, population problems include socioeconomic problems. Central Java province is the largest contributor to unemployment, reaching 1.2 million in 2011 and an increase of 1.6 million in August 2012 (BPS, 2018).

Economic problems are caused by several factors related to unemployment and poverty, then economic growth (Sukirno, 2011), education level (Suprayitno, 2015), labor force, and wages (Pujoalwanto, 2014) which can be bad for the economy, politics, and society. social. The problem with the Central Java provincial government is the high unemployment rate which ranks second after West Java province (BPS, 2018). However, there is a downward trend, it can be seen in the first semester of 2008, namely the month of

February amounted to 7.12% while in 2018 the second semester, namely in August at 4.51%, there was a decrease of 0.89%. In detail from the aspect of Education. One aspect that can affect unemployment is education. (Suprayitno, 2015) revealed that workers' education has an effect on unemployment. in Central Java Province, most of them are still working as farmers, 47% of whom are in the workforce. Most of the livelihoods are found in agriculture (42.34%), trade (20.91%), industry (15.71%) and services (10.98%).

The alphabetic literacy rate in Central Java in 2008-2018 continued to increase, namely in 2014 the literacy rate was 90.18% and in 2018 it had become 94.5%. According to data from Central Java BPS, during the 2008-2018 period, it can be explained that there was fluctuation from 2008 to 2018, but from 2015 to 2018 the inflation rate was fairly stable in the range of 2.5%. Inflation occurs because of the high demand for basic needs and housing.

Alphabet Literacy Rate using the theory from Von Thunen (1961) that higher education builds employment as a result generates large income. from BPS (2018) Indicators that can measure social welfare are using a way of looking at the low and high percentages of the literate population. Used to measure the progress of an area. Using this writing and reading skills that one can have can encourage residents to be able to play a more active role in the development process.

According to Friedman (1968) Inflation is a monetary fact that indicates too much demand for goods when there is too much money in circulation. The inflation referred to in this study is the Consumer Price Index using Friedman's (1968) theory that inflation is a monetary phenomenon that indicates too much demand for goods when there is too much money in circulation.

In accordance with the formulation of the problem above, the objectives of this study are: (1) to analyze the impact of education as measured using the literacy number indicator on unemployment in Central Java Province. (2) to analyze the impact of inflation as measured using the Consumer Price Index indicator on unemployment in Province of Central Java. (three) to analyze the impact of education as measured using the literacy rate indicator and inflation as measured using the Consumer Price Index indicator on unemployment in Central Java Province.

METODE PENELITIAN

This type of research is a quantitative research. The population in this study is all data on the level of education, inflation and unemployment in the province of Central Java. While the sample of this study is all members of the population, namely the education level indicator data measured by the literacy number, the inflation rate is measured by the Consumer Price Index indicator and Central Java province unemployment in 2008-2018 taken from the Central Java Statistics Agency.

The method that will be used by the researcher is Multiple Linear Regression analysis, including hypothesis testing (t test, F test and coefficient of determination).

RESULTS AND DISCUSSION

1. The Effect of Literacy Rate on Unemployment

According to the result of testing the t-test hypothesis, it is found that the Education variable as measured by the alphabetical literacy number indicator does not affect open unemployment in 2008-2018. This research is supported by the research conducted by Suhendra and Wicaksono (2016) who concluded that during 2010 to 2012, the level of high school education (TPSMA) did not have a significant effect. The province of Central Java is dominated by those who still have a livelihood as farmers, 47% of whom are in the workforce. Most of the livelihoods are in the agricultural sector (42.34%), followed by trading (20.91%), industry (15.71%), and the service sector (10.98%). This indicates that the population of Central Java Province for livelihoods in this field is in demand, almost half of the labor force is absorbed so that they do not require higher education.

Employment is an important indicator of the level of community welfare as well as an indicator of the success of the implementation of "education". If the process of traveling education throughout the ages is viewed as a whole, it can be seen the fact that progress in education goes hand in hand with economic progress.

Education has an important role in shaping the ability of a developing country to absorb modern technology and develop the capacity to create sustainable growth and development (Todaro: 2006). One of the origins of some of the characteristics of education is literacy, which is demonstrated using the alphabetical literacy number indicator. Alphabet literacy rate can be used as an indicator to see the development of education in society. The higher the literacy rate or literacy rate, the higher the quantity and quality of human resources. People who can read and write are said to have the ability and skills because they can absorb information both verbally and in writing (BPS, 2011: 88).

But in this study, the alphabetical literacy rate indicator has no impact on open unemployment, because at this time the job market or companies in recruiting new employees determines prospective employees who have high competence not only able to read or literate the alphabet as a result it does not affect the number of open unemployment in Central Java Province, this is antagonistic to using the theory put forward by the Von Thunen (1961) which states that good education build jobs as a result generate large incomes.

2. The Effect of Inflation on Unemployment

According to the results of the t-test hypothesis testing, it will be found that the inflation variable measured using the consumer price index indicator has a significant value of 0.038 below 0.05 which means that there is a partial negative impact of inflation on open unemployment in Central Java Province in 2008-2018, more light The regression coefficient of the inflation variable is -0.083. A negative coefficient means that there is an antagonistic correlation between inflation and unemployment. The higher the inflation in an area, the lower unemployment will be.

This study is in line with the research of Susanto et al. (2017) shows that inflation has a direct effect on unemployment in Samarinda City, then Purnama's research (2015) in his research concludes that inflation has a negative effect on unemployment.

The correlation between the level of inflation and unemployment is basically based on the assumption that inflation is a reflection of the origin of the increase in aggregate demand. In order to meet the high demand, producers will increase their productivity to meet the needs of the people, this has an impact on the absorption of work energy. The relationship between the inflation rate using unemployment is based on the rational expectation approach, where at that time the wage variable was used and then replaced with the price level variable and then the price level was replaced with the inflation rate. The lower the unemployment, the higher the inflation. On the other hand, if there is a serious unemployment problem, the price level is relatively stable. This means that it is impractical to make full use of labor energy and price stability simultaneously (Sukirno: 2000).

A further impact is unemployment as it increases. use thus, Inflation rate and unemployment rate are two parameters that can be used to measure the economic health of a country. Inflation has a negative effect on open unemployment due to inflation that occurs due to the high demand for food ingredients, ready-to-eat food, housing as a result, in order to meet this demand, manufacturers need a lot of work energy. Therefore, unemployment will be reduced, this is the same as Friedman's (1968) theory which states that monetary facts indicate that there is too much demand for goods when there is too much money in circulation.

3. The Relationship between Literacy Rate and Inflation with Unemployment

Derived from the F test hypothesis test, the results of the study show that the F number is 2,944 using a significant level of 0.072 above 0.05, this means that education and inflation do not have a simultaneous effect. on the dependent variable. 48.2% of the origin of the dependent variable, namely unemployment can be explained by two independent variables consisting of education and inflation, while the remaining 51.8% is explained by other factors outside the sample or outside the search variable. The literacy rate and the consumer price index have no effect on unemployment because Central Java Province is dominated by the livelihoods of farmers, 47% of whom are the labor force. Most livelihoods are in agriculture (42.34%), followed by trade (20.91%), industry (15.71%), and services (10.98%). This indicates that the population of Central Java Province earns a livelihood in this field, almost half of the workforce is absorbed so that it does not require higher education as a result of this study contrary to (Suhendra, Indra, 2016) which simultaneously concludes that the independent variable has a significant impact on the variable, dependent.

CONCLUSION

Based on the analysis and discussion, the following conclusions can be drawn: (1) the literacy rate of the alphabet had no impact in the province of Central Java in 2008-2018, which contradicts the theory (Von Thunen, 1961) that a high literacy rate creates employment opportunities to create significant income (two) Inflation as measured by the consumer price index indicator had a negative effect in 2008-2018, in line with the theory (Friedman, 1968) that he created a monetary phenomenon that distributes too much demand for goods when too much money is spread (3) Education and inflation does not have a significant simultaneous impact on unemployment in the province of Central Java during the period 2008-2018.

SUGGESTION

According to the conclusion above, the following suggestions / recommendations can be presented: (1) inflation must be carried out to maintain people's purchasing power to meet their needs for improving their quality of life (2) That the Central Java Provincial Government creates economic growth by opening jobs to reduce poverty, As a result, economic growth is achieved and the unemployment problem is reduced. (3) For researchers they need to change the education variable because it has no impact on unemployment rates and increase the number of years of research to get more accurate results.

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