

THE EFFECT OF ECONOMIC GROWTH AND MINIMUM WAGES IN UNEMPLOYMENT IN BULUNGAN DISTRICT

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ABSTRACT

The most influential indicator of success in the economic growth cycle is the most important natural resources available, followed by adequate human resources to the most important factor in economic growth. The concept of economic growth is not based on the number of human resources, and is not measured by quality alone but minimizes the emphasis on the efficiency of the quality of human resources. The lower the quality of human resources (HR) so that it affects the low productivity and the role of human resources who perform work activities as workers who carry out the process or who do the production.

In this study, the expected goal is to determine the distribution, classification, and influence of economic growth, minimum wage, of the level of unemployment in Bulungan District 2002-2014. This research uses Multiple linear Regression (Multiple Regression) research methods. Data analysis by the formulation of the problem, and the purpose of the study is using objectives is to use the model of the Double Regression Equation and t-test. The results classification shows that in the hypothesis test it is known that economic growth and minimum wages have the same effect on unemployment in Bulungan District. The relationship is characterized by a positive number shown by the minimum wage, if the minimum wage, which, if the minimum wage rises, unemployment increases.

Keywords: Unemployment Rate, Economic Growth, Minimum Wage, Bulungan District.

INTRODUCTION

The concept of development is reflected in general as a whole, which is not only in terms of developing in the economic field, includes a basis for changing the shape of the order in society, both social behavior and institutionally related both regional and national. Development can be defined as running for continuous improvement by achieving a better and more directed goal. To develop the economy of the region is to process or manage the existing natural resources by the local government or the local people, as well as partners/ partners in the private sector and the government to create new employment and attract economic growth to the region [1]

Development in the concept economic of field can lead to changes that are more desirable with the aim of improving the level of the economic prosperity of a community can be seen from changes in the level of welfare of the community from the

emergence of improvements in the economic level of the community. Measuring prosperity of a society that is obtained if economic growth can be processed regularly and has good value, but its economic growth is processed to produce the value of a nation, it is relatively low indirectly inhibits the development process in the economic field [1]

The growth of the modern economy explained as a rise in the per capita product in the range of the population this means that the process of a leading economic growth is measured based on the population of an area or country. Measuring and advanced economic growth will affect the form of facilities and infrastructure in the economic field so that it will encourage the availability of facilities in the form of economic facilities and infrastructure that are urgently needed as a process of accelerating economic development [2]

The most influential indicator of success in the economic growth cycle is the most important natural resources available, followed by adequate human resources to the most important factor in economic growth. The concept of economic growth is not based on the number of human resources, and is not measured by quality alone but minimizes emphasis on the efficiency of the quality of human resources. The lower the quality of human resources (HR) so that it affects the low productivity and the role of human resources who perform work activities as workers who carry out the process or who do the production. The increasing role of human resources involved in work activities or workforce activities carried out by the community in processing production, causing the emergence of goods produced or services produced in society will gain added value, then the effect on the level of acquisition of the area [2]

Economic growth is explained as an increase in economic activities produced, and the emergence of goods and services produced by a group of people is the aim of increasing the welfare and prosperity of the group [3].

Explains the concept of economic growth is in the form of a series of increases in the average over a long period, where a country can produce or provide a type of goods to the community or population. Where the ability of economic growth is followed by the advancement of a science of technology also follows the ideological institutions that are needed [3]

The economy is stated to have experienced a very upward growth/rate if the level of economic activity is very high, which has reached in the past. Economic growth is a process of increasing output per capita in a long time. This process is emphasized due to the dynamic elements that are dynamic. Theorists in the field of development economics today continue to refine the intent/meaning, the nature of the concept of economic growth. (Caska and RM Riadi). Economic growth in the form of a long-term increase in the concept of economic growth can be measured based on the ability of a country with the availability of a type of economic goods in large quantities for the population. Also, there are slightly different opinions expressed according to Sadono (1994; 10) every economic growth that is progress in economic activity resulting in the process of goods or services produced in a group of people has more added value than what is produced then it creates a prosperous group [2]

A different understanding of economic growth can be explained in general terms, as seen from the increase in national income in a country that will increase every year due to an increase in population. Some experts reveal the concept of economic growth can be explained by the increase in per capita income in a country that is realized from every year that has increased [4]

To promote economic growth, ideally in the Bulungan District, therefore the role of the government in generating or setting policies is through increasing employment opportunities by developing microeconomic and SME businesses in the district. Because a job opportunity exists in one area, including in the regency of Bulungan, it is already available: therefore, it can affect economic growth so that the welfare of the community also experiences an increase [5]

The average rate of economic growth in the Bulungan Regency in the period of 2011 to 2014 amounted to 6.90%. Economic growth in 2014 amounted to 4.94%. In the previous year, between 2011 and 2013, economic growth in the District of Bulungan had increased. In 2014 it had decreased. Business fields that contribute the most to the GRDP in Bulungan Regency, while businesses in the mining sector are declining due to impeded production increases [6]

In the concept of development in the economic field, the government experiences obstacles in formulating policies in improving the economy, namely one of which is increasing poverty, thereby inhibiting its speed in the field of economic growth.

The government's mistake in determining the standardization of wages, which is a source of income, but income, which has decreased automatically, will decrease in one level [7]

Workers in Indonesia are often referred to as contract labor, where wages and years of work have been set by the employer. Where the work contract agreement has been agreed by both parties, but usually this work contract tends to harm the workers. Salary or wages received are usually relatively very small even though the wages are based on standards set by the government. Standardization of the lowest salary or wage set by the government, indirectly getting smaller to meet the basic needs of workers in meeting the needs of family life [8]

According to Charles Brown (1998). He explained that the establishment of employment contracts had the effect of limiting the number of workers automatically increasing unemployment. From a macroeconomic perspective, very high unemployment is a problem in the country. Unemployment is increasingly affecting the amount of productive human resources that are not functioning in a job, automatically not getting income from these human resources [9]

Before the economic crisis that occurred in Indonesia, the number of unemployed was around five percent (5%) and from 1996 to 1997 only 4.68 %. The number of unemployed is only 4.68 % is still relatively reasonable. European and American countries, the number of unemployed an average of 2-3 %, where unemployment is basic or natural. The amount of basic or natural unemployment referred can not be deleted or lost. That is/, if the number of unemployed is 2- 3 %, it can be said that the economy is in a position to use full employment [3]

In this case, the researchers BPS Bulungan District and the Man power office in Bulungan Regency because the researchers realized the importance of information about wages and economic growth towards unemployment in Bulungan District. The purpose of the researchers chose the object of the study because the authors felt it was important to conduct research Bulungan Districts, a contribution of the people of Tanjung Selor, North Kalimantan [6]

The location close to the BPS Office and Manpower Office makes it easy for writers to get the data needed quickly [6]

LITERATURE DESCRIPTION

a. Economic Growth

Economic growth Since 2002- 2014, the Government of the Bulungan district has implemented a strategy to accelerate regional development. This role has an impact on driving economic growth is a major change in the progress of income and spending in the Bulungan district [6]

Economic growth is a way to increase real gross national product yields and national income. It can be said that the economy increases if there is growth in real output results. The main factor illustrates the economic situation of the region within a certain period (1 year) word out: the GRDP [6] (Table 1)

The thirteenth data seen in the last year explains that the growth of the economy experienced rate of increase from 2002 to 2005. While in 2006, the change in the increase was quite good/significant to 7.51 %. But then it experienced a drastic decrease from 2007 to 2009. And then, in the year 2010 to 2011 the change in the increase, a pretty good/significant increase in 2012 economic growth to 9.38 %. And then, from 2013 to 2014, there was a decrease that was very sharp to 4.94 %.

b. Minimum Wages

Compensation in the form of salaries or wages based on the amount of money turned out to be not permanent but decreased due to frequent and much affected by the existence of bureaucratic ties, for example relating to trade or trade unions. The economic downturn in the 1980s that occurred in African and Latin American countries was caused by the fall in salaries or wages in all Government agencies so that prospective job seekers were still interested in working positions in the education sector, even though they knew that the prices of salaries or wages were inadequate to make ends meet, where the position of the undercover unemployment rate is overwhelming [10]

Regency or City minimum wage (UMK) is a standard benchmark used by the business or industry actors in providing wage standards for workers. In 2014 the UMK Bulungan was set at RP.2.080.500. The regional head has determined the UMK according to a proposal from the wage council. Where in formulating the agreed wage rate based on the needs for a decent living (KHL) specified by BPS Bulungan Regency [6] (Table 2) Shows that the minimum wage in Bulungan Regency for 13 years

(2002-2014) increased, and a high increase occurred in 2014, amounting to Rp. 2,080,500 [6]

c. Unemployment

The concept of unemployment is a form that does not obtain work, or the person does not get a permanent job/ but tries to do business processes seriously in one month, to get work (Kaufman and Hotchkiss,1999). Unemployed is a form of a person's condition, including those in the labor force who get a job but haven't got it yet. [11] Increasing the number of job opportunities and forms of employment opportunities for the community in the area is an important goal in every development is a complex economic and social problem. Unemployment is an economic problem because it ignores potential resources, and the unemployment rate is high enough to waste The results of the production of goods or services able to be managed by the unemployed [3]

Unemployment is a condition of someone who is included in a job seeker/labor force trying to get work but has not got it. People who do not have a job/ but are not intensely looking for work are not considered unemployed. Unemployment will occur because of unevenness in the labor market. So it can be seen that the amount of labor offered is excessive in terms of the number of workers needed [3] The employer produces goods or services to make a profit. This profit will be obtained/ obtained if the employer can sell the goods they produce. The greater the market demand, the higher the goods/services will be marketed. The increasing number of products carried out will also increase the use of labor service [2]

Unemployed are People who do not do work activities at the age of the labor force do not have/have a job or work only one day for a week/working odd jobs before getting jobs or wanting to get a job [5] Open Unemployed workers are workers who do not have work (those who have not worked or have done work activities), or who carry out the process of preparing something for an entrepreneur, who does not want to work because they feel unable to work, or those who already have work or they also have work but have not yet started doing work activities [3]

The number of unemployed rate causes the percentage of the unemployed Unemployment rate in the workforce. This Unemployment rate causes the value of the Human Development Index [11]

Labor problems are inseparable from the regional minimum wage (UMR). This minimum wage is a cause for investment/investors who want to invest capital in areas where investment is in the form of the establishment of factories or industries that are capable of absorbing many workers. Evidence of the size of the regional minimum wage in the regions to cause a high level of the economy [11]

Unemployed, namely the labor force who is looking for or not yet able to work (Rodrik, 2008: Statistics SA, 2014). Unemployment is usually caused by a large labor force limit that is not in line with the limit on the number of jobs offered. This labor force that cannot be absorbed by field workers is usually the main cause of Unemployment (Kingdon & Knight, 2007). The high level of Unemployment in a country or region will bring a low impact on the economy. Unemployment will be a cost/burden to the government, but also the impact on existing social or environmental arrangements. The high level of Unemployment in an area will provoke an increase in social problems such as crime, inequality, poverty to environmental pollution caused by slums/wild settlements) [12]

The emergence of the result or cause of unemployment Sukidjo's view (2005), there are several reasons for unemployment, namely :

1. The limited number of jobs offered, so as not to be able to accommodate a large number of looking for work.
2. Limited expertise gained by looking for work, so that job seekers cannot enter the work formation offered due to non-compliance with the specified conditions in the form of expertise and skills needed.
3. Limited information systems obtained, namely ignorance of information systems relating to the need for labor in market share and the conditions required.
4. There is not equal distribution of the number of jobs offered while in urban areas, there are many available jobs instead of in the village is very minimal for employment opportunities.
5. The government regulation is not yet appropriate; namely, the government has not been able to advance the improvement and economic growth/ of the modern sector.
6. Not yet, the maximum way the government does is in the form of providing job training to increase the expertise of job seekers [7]

In Bulungan District, the problem related to unemployment is a fundamental cause that needs to be addressed: in particular, where there are still many jobs that have been opened and provided by the Regency. Several ways have been carried out by the North Kalimantan Provincial Government which is where the capital city is located in the Regency of Bulungan, which seeks to reduce the rate of unemployment to increase, with the aim that the people in the Regency receive/have a level of productivity and decent living [10] (Table 3)

It is seen in table 3 that unemployment in Bulungan District from 2002 to 2003 decreased and from 2004 to 2005 it rose again. From 2006 to 2007 unemployment increased and when in 2008 to 2009 decreased again. During the years 2010 to 2012, the change in the increase is quite good/significant. Then in 2012, unemployment in Bulungan District experienced a significant increase of 8,806. So it decreased in 2013 so that in 2014 it increased to 4,711 [5]

RESEARCH METHODS

a. Data analysis

1. Data analysis and Hypothesis

Testing Researchers conducted research using the SPSS Statistics 11,5 application program for data processing, namely multiple linear regression (Multiple Regression), finding the coefficient value of each variable, and testing hypotheses.

2. Statistical Analysis

Analysis of research data can use the multiple regression analysis which is a regression equation with 2 (two) or more variables (Gujarati, 2003) it can be seen the results of the magnitude of the effect of independent variables on the.

3. Statistic test

Double Regression Equation and Test Trial t

The form of the multiple Regression Equation is :

$$Y_t = \beta_0 + \beta_1 X_{1t} + \beta_2 X_{2t}$$

Where in this study explained that: Y: Unemployment

X1t: Minimum wage

X2t: Economic growth

The results of calculations using statistical software are obtained as follows: (Table 4)

4. Dependent Variable Unemployment

the results of the acquisition of multiple linear regression equations are as follows.

$$Y = -3,946 + 0,806 X_1 + 0,567 X_2 + e$$

1. The coefficient for minimum wages (X_1)

The direction of the influence of the minimum wage on unemployment is positive, with an estimated coefficient of 0.806. This means that if the Bulungan Regency minimum wage increases one thousand rupiahs, it will increase unemployment every 0.8%. So there is a positive relationship between minimum wages and unemployment in Bulungan District. The wage rate will increase the unemployment rate in Bulungan Regency. This means that if a company or agency raises employee salaries directly impacting a reduction in labor and ultimately resulting in unemployment.

t-test results obtained are minimum wages have an effect on unemployment in Bulungan District. The results obtained from the regression coefficient of the minimum wage variable (X_1), is a sig value of 0.015. Where the sig value is <5%, the signature requirement is the sig value <5%. Because the sig value <5%, then H_0 is rejected (null hypothesis) H_a accepts (alternative hypothesis).

2. The coefficient for economic growth (X_2)

The direction of economic growth shows a positive direction, namely, the estimation coefficient of 0.567. That is to say, when the economic growth, of the Regency of Bulungan, increased by 1% so that the unemployment rate rose 0.5%.

t-test results obtained that economic growth does not affect unemployment. This result was obtained from the regression coefficient of Growth variable (X_2) which was a sig value of 0.103, where the result of the sig value was > 5%, a Significant requirement was <5%. Because the sig value is > 5%, H_a (alternative hypothesis) is rejected and accepts H_0 (null hypothesis).

Therefore it is explained that economic growth (X_1) does not affect the level of unemployment. This means that if economic growth increases, so along with that unemployment will also increase.

5. Correlation Coefficient and Determination Coefficient

The results of the calculation of the correlation coefficient and the coefficient of determination are as follows: (Table 5)

The correlation coefficient R of 0,733 explains that there is a relationship between the minimum wage of unemployment in Bulungan District, which has a 'very strong' relationship.

Adjusted R^2 (R square) of 0.680 means that any change in the variable minimum wage and economic growth can say or does not affect changes in the unemployment value of the Regency of Bulungan by 68%. So the rest (100% - 68%), i.e. 32%, is meant by other factors until there are other factors besides the model that can affect the — Bulungan Regency unemployment value, which is not explained in this study.

6. F Test (Fisher Test)

The test results for the F test are : (Table 6)

RESULTS AND DISCUSSION

a. Relationship of Minimum Wages to Unemployment In Bulungan District.

The sig value is 0.001%. with the condition that if the value of sig < 5% so that H_0 is rejected and accept H_a . This means that“ together minimal wages and economic growth influence unemployment In Bulungan District.

1. Results and Discussion

The results of the hypothesis test revealed that economic growth and minimum wages had the same effect on unemployment In Bulungan District. A relationship is characterized by a positive number shown by the minimum wage, which, if the minimum wage rises, unemployment increases. Vice versa, if the minimum wage is reduced, unemployment will decrease.

In the teory of wage rigidity explained, wages do not have to be adjusted/ flexible until the labor supply process is the same as demand so that the minimum wage yield will be in the highest position balanced on the labor market. This is the demand for a rise in the minimum wage of each city/ district each year on its GRDP to increase the standard of living and welfare of the workers. This will also harm the absorption of the workforce.

This is caused when the minimum wage rises/increases: by the production cost charged by the employer/employer, the increase, until the employer/company responds/responds by making extravagance or in other words inefficiency in the company. The rules are carried out by reducing labor to minimize production costs, causing layoffs or layoffs, and unemployment to increase.

t-test results obtained at a minimum wage influence on unemployment In Bulungan District. This result is obtained from the regression coefficient of the minimum wage variable is the sig value of 0.015. Where the sig value is less than 5% and the significance requirement is the sig value is less than 5%. Because the sig value is 5% smaller, then H_0 is rejected (null hypothesis) H_a accepts (alternative hypothesis).

2. Relationship of Economic Growth to Unemployment In Bulungan District.

The direction of Economic Growth shows a positive direction with an estimation coefficient of 0.567. that is if the economic growth of the District of Bulungan is 1% smaller, then the unemployment rate rises to 0.5%. If it, therefore, by the employment of a company and or agency, it will cause unemployment. According to Fatmi Ratna Ningsih (2010) when grown in a country, changes the pace of growth and is positive and has a continuous trend; therefore, the gains generated by the people in a country can be said to have increased due to the availability of many jobs.

But unemployment in question is a form of unemployment that is open so that the increase in economic growth is only one-sided or unidirectional because of the increase in the value of unemployment so that it can be said the effect of rising economic growth will be felt by only a few people. It cannot be felt by all/all the people. When there is an increase economic growth and increase in the number of unemployed people, this is where the position of economic growth is found in the number of companies that can absorb workers. But despite that, the level of unemployment also continues to increase.

Some factors are caused by the rising unemployment rate, namely economic growth due to the influence of an industry that often uses technology so that the amount of labor absorption is not widespread due to more use on mechanical or technological power. t-test result obtained that economic growth does not affect unemployment. This result is obtained from the regression coefficient of growth variable is the result of sig of 0.103, where with the result of sig exceeding 5%, the significant requirement is less than 5%.

Because the sig value is more than 5%, H_a (alternative hypothesis) is rejected and accepts H_0 (null hypothesis).

It is also explained that economic growth (X_1) does not affect unemployment. This means that if economic growth increase, so along with that unemployment will also increase. Based on the F test in table 6, the significant value is 0.001%. With the condition that if the sig value is 5% smaller, then H_0 will be rejected and H_a will be accepted. What is meant is that “together minimum wages and economic growth will influence unemployment in Bulungan District.”

CONCLUSION

The purpose of this study is to discuss the effect of economic growth and minimum wage variables on unemployment in Bulungan District. “Based on the analysis of data that has been processed, so it can be summarised as follows:

1. Minimal wage is a positive and significant effect on unemployment. This means that if the minimum wage rises, unemployment rises, and vice versa, if the minimum wage is lowered, unemployment will decrease automatically because of the re-employment of companies or other agencies.
2. Economic Growth is a positive and not significant effect on unemployment. This means that economic growth rises so that unemployment will increase. Vice versa, when economic growth falls, along with it also decreases on unemployment. Increased economic growth so that the Increase in unemployment, meaning economic growth is marked by the number of standing companies can absorb labor. So that the opposite, in the field of unemployment rates, Increasingly add up. There is cause for unemployment to Increase, including economic growth more on the influence of large capital-intensive industries using technology systems, so that very little employment absorption, because these companies prefer to rely on using engine power or technology that is available and easily accessible.

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Table 1. Economic growth in Bulungan Regency in 2002-2014

Year	Economic Growth (percentage) %
2002	3,59
2003	2,18
2004	3,40
2005	2,92
2006	7,51
2007	5,74
2008	5,64
2009	4,66
2010	5,63
2011	6,06
2012	9,38
2013	5,26
2014	4,94

Data Source BPS Bulungan Regency [6]

Table 2. Minimum Wages in Bulungan Regency in 2002-2014

Year	Minimum Wages
2002	455.000
2003	525.000
2004	555.000
2005	655.276
2006	844.000
2007	878.675
2008	906.445
2009	964.367
2010	1.022.324
2011	1.101.861
2012	1.190.230
2013	1.875.000
2014	2.080.500

Data Source BPS Bulungan Regency [6]

Table 3. The Level of In The Unemployment in District of Bulungan 2002-2014

Year	Amount of Unemployment
2002	978
2003	750
2004	2.184
2005	2.823
2006	2.492
2007	3.752
2008	3.485
2009	4.302
2010	4.721
2011	4.939
2012	8.806
2013	4.476
2014	4.711

Data Source BPS Bulungan Regency 2015 [6]

Table 4. The Result of Obtaining Multiple Linear Regression Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3,946	3,513		-1,123	,287
	X1	,806	,275	,591	2,927	,015
	X2	,567	,316	,363	1,795	,103

Table 5. Correlation Coefficient and Determination Coefficient Summary Model

Model	R	R Square	Adjusted R Square	Std. An error of the Estimate
1	,856(a)	,733	,680	,35002

a Predictors: (Constant):

X₁ : Upah minimum

X₂ : Pertumbuhan ekonomi

Table 6. ANOVA F Test Table (b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3,363	2	1,682	13,727	,001(a)
	Residual	1,225	10	,123		
	Total	4,589	12			

a Predictors: (Constant), X₂, X₁

b Dependent Variable: Y