



## **WHAT INFLUENCES UNEMPLOYMENT IN ACEH PROVINCE**

**Mahrizal<sup>1\*</sup>**

Faculty of Economic, University of Teuku Umar, Meulaboh

[mahrizal@utu.ac.id](mailto:mahrizal@utu.ac.id)

corresponding author

**Putra Maidiansyah<sup>2</sup>**

Faculty of Economic, University of Teuku Umar, Meulaboh

[Putramaidiansyah16072000@gmail.com](mailto:Putramaidiansyah16072000@gmail.com)

### **Abstract**

*Indonesia is one of the countries with the largest population in the world and is a big capital for Indonesia in development. A large population if not managed properly will cause unemployment problems. The most remote province of Sumatra, namely the province of Aceh, is one of the provinces that has a high open unemployment rate. Thus, it is necessary to analyze the factors that influence the open unemployment rate. This study aims to analyze the effect of the provincial minimum wage, economic growth and inflation on the open unemployment rate in Aceh Barat district. The type of research used is quantitative research using multiple linear regression method with time series data (time series) for 2012-2021, namely 10 years including provincial minimum wage data, economic growth data, inflation data, open unemployment rate data, and processed using the SPSS program. 25. The results of this study indicate that simultaneously the F test of the provincial minimum wage, economic growth and inflation together affects the level of open unemployment in Aceh Barat district. While partially, namely the t test, it is concluded that the provincial minimum wage has a positive and significant effect on the level of open unemployment, economic growth has a negative and significant effect on the unemployment rate and inflation has a negative and significant effect on the open unemployment rate in Aceh Barat district.*

**Keywords:** *Provincial Minimum Wage, Economic Growth, Inflation and Open Unemployment Rate*

## A. Introduction

BPS defines unemployed as people who enter the labor force (15-64 years) who are looking for work and have not got it, where this unemployment is one of the problems in economic development.

One of the provinces in Indonesia which is located at the tip of Sumatra, namely the province of Aceh, is experiencing quite complex problems in terms of overcoming unemployment in this province. Even this province has been named as one of the poorest provinces and has a high unemployment rate on the island of Sumatra.

Based on previous research, FC Irawan (2022) entitled "The Influence of Inflation, Economic Growth, Minimum Wage, and Labor Absorption on Open Unemployment in Banten Province in 2000-2020" suggests that there is a positive and significant influence between inflation, economic growth, wages minimum and labor absorption on unemployment in Banten Province. The results of further research show that inflation, economic growth, minimum wages on unemployment in Banten Province simultaneously or together. Lina Marlina (2022) entitled "Analysis of the Influence of the Human Development Index, Economic Growth and Minimum Wage on the Open Unemployment Rate in Indonesia" states that the results of multiple linear regression, namely the F test simultaneously calculate the human development index, economic growth and the minimum wage together has a negative and significant impact on the open unemployment rate in Indonesia. Meanwhile, based on the partial T-test, the human development index does not have a significant effect on the open unemployment rate, economic growth and the minimum wage have a significant effect on the open unemployment rate.

Table 1 explains that the open unemployment rate for Aceh province and West Aceh district, that there is a tendency for fluctuating unemployment rates in Aceh Province and West Aceh District from 2012-2021. the highest open unemployment rate in 2013 was 10.30 percent in aceh province and in 2018 was the highest unemployment in West Aceh with 8.58 percent. Then the open unemployment rate fell gradually, reaching its lowest level in 2021 of 6.3 percent of the total open unemployment rate in Aceh province and 6.20 percent recorded in West Aceh in 2017.

**Table 1 Open Unemployment Rate of Aceh and West Aceh Provinces in 2012-2021.**

Year	Unemployment Rate	Tingkat Pengangguran
	Aceh Province Open (Percent)	Terbuka Aceh Barat (Persen)
2012	9,10	6,21
2013	10,30	7,42
2014	9,02	5,86
2015	9,93	6,77
2016	7,57	6,7
2017	6,57	6,20
2018	6,34	8,58
2019	6,17	7,41
2020	6,59	7,30
2021	6,3	7,09

source : *Badan Pusat Statistik Provinsi Aceh (2022)*

One of the causes of unemployment is wage rigidity, namely the failure of wages to adjust until the supply of labor equals the demand. Real wages do change to balance supply and demand, but wages are not always flexible. Sometimes real wages are stuck at the market clearing level or the equilibrium level. When the real wage is above the level that balances supply and demand, the quantity of labor supplied exceeds the quantity demanded. Rigidity in real wages reduces the rate of job finding and increases unemployment. Unemployment caused by wage rigidity and the rationing of jobs is called structural unemployment. When the government maintains that wages do not reach an equilibrium level, it can lead to wage rigidity. The development of minimum wages and inflation in Aceh Province can be seen in Table 1.2 below:

**Table 2 Provincial Minimum Wage (UMP) and Inflation in Aceh Province for 2012-2021**

No	Tahun	UMP (Rp)	Inflasi (%)
1	2012	1.400.000	2,26
2	2013	1.550.000	7,31
3	2014	1.750.000	8,09
4	2015	1.900.000	1,53
5	2016	2.118.500	3,95
6	2017	2.500.000	4,25
7	2018	2.700.000	1,84
8	2019	2.916.810	1,69
9	2020	3.165.031	3,59
10	2021	3.165.031	2,24

source : *Badan Pusat Statistik Provinsi Aceh (2022)*

Based on the table above, it shows that the development of the Aceh provincial UMP from 2012-2021 tends to increase where in 2012 it was IDR 1,400,000. then the following year the Aceh government again raised the UMP for Aceh province to IDR 1,550,000, this increase in UMP continued until 2021 the UMP for Aceh province was set at IDR 3,165,031. while inflation was 2.24 percent. The UMP applies to all workers in Aceh Province, whether working in private agencies, government, regionally-owned enterprises (BUMD) or state-owned enterprises (BUMN). Table 1.2 also shows that inflation in Aceh province in 2012-2021 is in the range of 1.53 – 8.09 percent. The highest inflation occurred in 2014 at 8.09 percent. And the lowest inflation occurred in 2015, which was 1.53 percent.

### **Theoretical framework and hypothesis development UMP definition**

According to (Legal aspects of wages, 2006), what is meant by wages are: First the rights of workers/laborers received and expressed in the form of money as compensation from employers or employers to workers/laborers which are determined and paid according to a work agreement, agreement, or laws and regulations, including allowances for workers/laborers and their families for work and/or services that have been or will be performed. Meanwhile, according to ministerial regulation number 15 of 2018, the provincial minimum wage, hereinafter abbreviated as UMP, is the wage that applies to all districts/cities within the territory of 1 (one) province. According to Government Regulation no. 25 ( of 2000 concerning government authority and provincial authority as an autonomous region replaced the UMR with the Provincial Minimum Wage (UMP) or Regency/Municipal Minimum Wage (UMK). The minimum wage is the lowest monthly wage consisting of basic wages and regional allowances. Law The minimum wage law sets the level of wages that companies must pay their employees. Economists believe that the minimum wage has the greatest impact on youth unemployment. The equilibrium wage of young workers tends to be low because they are less educated or less experienced and therefore tend to have lower marginal productivity (Maulana 2013, p. 17) According to (Sadono Sukirno: 2010) wages are divided into two as follows: Nominal wages are the amount of money received by workers from employers as payment for the mental and physical energy of workers used in a production process, while the real wage is the level of wages of workers as measured from the point of view of the ability of these wages to buy the goods and services needed to meet the needs of workers.

**Governor regulations regarding UMP**

The provisions of the Governor of Aceh regarding the UMP as outlined in Pergub Aceh No. 98 of 2018 are as follows:

- a) Aceh Provincial Minimum Wage, hereinafter referred to as Aceh UMP, is the lowest monthly wage consisting of basic wages including fixed allowances in Aceh.
- b) Aceh UMP is the lowest monthly wage for working seven hours per day or 40 hours per week for a 6-day work system and 8 hours working per day or 40 hours per week for a 5-day work system.
- c) The regulations apply to all workers/laborers and employees in both private companies, State Owned Enterprises/Regional Owned Enterprises and other social enterprises in Aceh.

**Economic growth**

According to Mahyudi (2004, h.1) economic growth is an increase or change in national income in a certain year, without paying attention to population growth and other aspects. Economic growth is marked by an increase in national production or in general terms is an increase in Gross National Product and more precisely is Net National Product. Economic growth, as measured by the development of goods and services or National Income, is very necessary because there are two very decisive factors, namely the factor of increasing population from year to year and increasing levels of social welfare as a result of development itself. (Irawan and Suparmoko, 2002). Economic growth can also be expressed as an increase in the number of commodities that can be used or obtained in an area. This concept concerns the influence of trade, namely the ability to obtain commodities as a final supply of increased output through exchanges between regions. Regional economic growth is an increase in people's income that occurs in a region, namely an increase in all value added (value added) that occurs in that region. (Tarigan 2006). The factors that influence Indonesia's economic growth in general, include production factors, investment factors, foreign trade and balance of payments factors, monetary policy factors and inflation and state financial actors. In addition, economic growth is also very much determined by internal and external factors. Internal factors include the availability and quality of production factors such as human resources, capital, technology, raw materials, entrepreneurship and energy. The external factors are dominated by economic factors, such as

international trade and regional or world economic growth. According to (Todaro, 2000), there are three main factors or components in the economic growth of each nation, namely; First, capital accumulation, including all new investments in the form of land, fiscal equipment and human resources. Second, population and labor force growth has traditionally been considered one of the positive factors that spur economic growth. Finally, technological progress (technological progress). Technological advances occur because of the discovery of new ways or improvements to old ways of handling traditional jobs.

### **Inflation**

Inflation is a symptom indicating a continuous increase in the general price level. This shows that if there is a price increase that is only temporary, then the temporary price increase cannot be said to be inflation. The inflation rate that occurs in a country is one measure to measure the merits of the economic problems faced by a country. For a country, a good economic condition is generally represented by a relatively low and controlled inflation rate. The inflation rate is one of the fundamental indicators of the economy that reflects the level of GDP and GNP into its true value (Maulana, 2013). Inflation can affect income distribution, allocation of production factors and national products. The effect on income (equity effect) The effect on income is not evenly distributed, some are harmed but some are benefited by inflation. Effects on efficiency (efficiency effects) Inflation can also change the pattern of allocation of factors of production. The effect on output (output effects) The intensity of the inflation effect varies, depending on whether inflation is accompanied by an increase in production and employment or not (Norpirin, 2011).

### **Open Unemployment and its Relation to UMP, Economic Growth & Inflation**

Unemployed or unemployed people are those who do not have a job and are actively looking for work. The unemployed category is usually those who do not have a job at the age and length of service. Working age is usually the age that is not in school but above the age of children (relatively 1 over 6-18 years, namely the education period from elementary school to high school graduation), while those over the age of 18 but still at school can be categorized as unemployed even for there are still many who debate it (Putong, 2013). Open unemployment, unemployment is created due to the addition of job vacancies that are lower than the increase in labor. As a result, an

increasing number of workers in the economy are unable to find work. The effect of this situation is that in a fairly long period of time they do not work. So they are unemployed for real and full time. The open unemployment rate is the percentage of the number of unemployed to the total labor force. The Labor Force is the population of working age (15 years and over) who are working or have jobs but are temporarily not working, and are unemployed. Unemployment, namely: (1) residents who are actively looking for work, (2) residents who are preparing for new businesses/jobs, (3) residents who are not looking for work because they feel it is impossible to get work, (4) groups of residents who are not actively looking for work with reasons already have a job but have not started working (BPS, 2019). In addition, unemployment creates various economic and social problems for those who experience it. The lack of income causes the unemployed to reduce consumption spending. In addition, it can disrupt the health level of the family. Prolonged unemployment has a bad psychological effect on the unemployed and their families. If the state of unemployment in a country is very bad, political and social disturbances always prevail and have an adverse effect on the welfare of the people and prospects for economic development in the long term. The problem of unemployment is a problem that has a very bad effect on the economy and society, and therefore continuous efforts must be made to overcome it.

Workers who set their minimum wage rate at a certain wage level, if all the wages offered are below that wage level, someone will refuse to get that wage and consequently cause unemployment. If the wage set in an area is too low, it will result in a high number of unemployed in that area. However, from the entrepreneur's point of view, if wages increase and the costs incurred are high enough, it will reduce spending efficiency, so employers will adopt a policy of reducing labor to reduce production costs. This will result in an increase in unemployment. An increase in wages has two conflicting effects on the supply of labour.

According to Kurniawan (2013) the relationship between economic growth and unemployment is that increased economic growth in a country has an impact on the rapid flow of capital entering the country so that it provides employment opportunities which are marked by the number of new business sectors whose systems are labor-intensive oriented, thus reducing the number of unemployed. in the country. In a simple sense, growth in the macro economy is the addition of GDP (Gross Domestic Product) which also means an increase in national income (Tambunan, 2003: 41). Economic growth is a very important factor in assessing the performance of an

economy, especially for conducting an analysis of the results of economic development that has been carried out in a country or region. The economy is said to experience growth when the production of goods and services increases from the previous year. Thus, economic growth shows the extent to which economic activity can generate additional income or social welfare in a certain period. The economic growth of a country or region that continues to show improvement indicates that the country's or region's economy is developing well. Furthermore, what affects the unemployment rate is the Minimum Wage

**B. RESEARCH METHODS**

This research was conducted using quantitative analysis methods with multiple regression methods. The types and sources of data used in this research are secondary data in the form of time series in the period 2012-2021. Secondary data in this study were obtained from the West Aceh Central Bureau of Statistics (BPS). The data needed for this research includes data on the Provincial Minimum Wage (UMP), economic growth, inflation, and the Open Unemployment Rate in West Aceh. The data collection technique used in this study was literature study as supporting data also obtained from journals, as well as internet browsing related to the problem being researched. For the purposes of analysis, the author collects data by direct research to the relevant offices in order to obtain accurate data. In this analysis it was carried out with the help of the SPSS 25 program. In terms of testing the hypotheses that had been set before, the researchers used multiple regression analysis. Multiple regression is a regression model that consists of more than one independent variable. The general form of multiple regression with a number of k independent variables can be written as follows (Widarjono 2013). The multiple regression analysis model is as follows:

$$Y = f(x_1, x_2, x_3) \dots \dots \dots (1)$$

- Y = Unemployment Rate
- UMP = Provincial Minimum Wage
- PE = Economic Growth
- INF = Inflation
- β = Constant/Intercept
- β1.... = Regression Coefficient
- e = Error Term
- t = time (year)



In this study, three classical assumption tests were used, namely the multicollinearity test, the autocorrelation test and the heteroscedasticity test. This study also uses a statistical test, namely the t-statistic test. The calculated t value is used to test whether the variable has a significant effect on the dependent variable or not. A variable will have a significant effect if the calculated t value of the variable is greater than the t table value. Then, the F-statistical test whose F value is calculated is used to test the accuracy of the model. This F test is also often referred to as the simultas test, to test whether the independent variables used in the model are able to explain changes in the value of the dependent variable or not. And the determinant coefficient R<sup>2</sup>, the determinant coefficient aims to find out how far the ability of the regression model is to explain the variables of the dependent variable

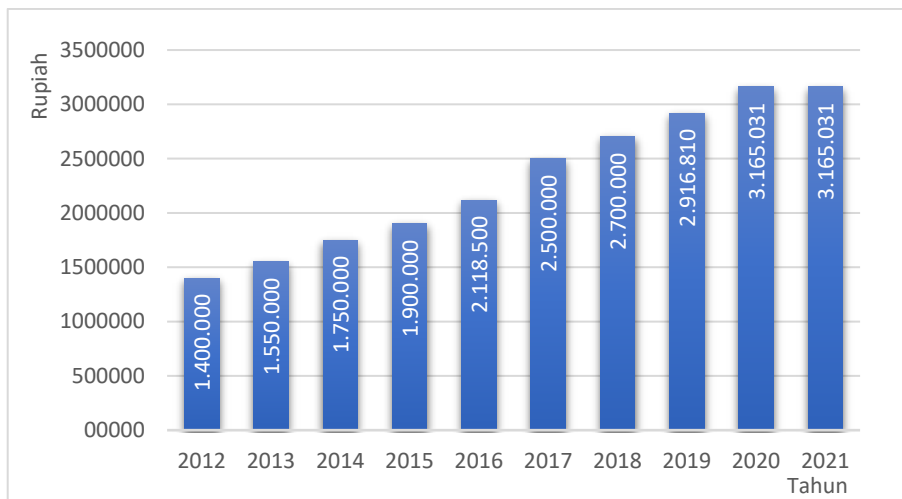
## **C. Finding and Discussion**

### **1. Finding**

West Aceh Regency is one of the districts within the province of Aceh which is located on the west and south coast of the island of Sumatra which is directly adjacent to the districts of Aceh Jaya and Pidie in the north, with Nagan Raya Regency and the Indonesian Ocean in the south. while to the east West Aceh District is bordered by Nagan Raya and Central Aceh Regencies. While astronomically West Aceh is located between 04o06 - 04o47 north latitude and 95o52 - 96o30 east longitude with an area of 2,927.95 km<sup>2</sup> or 292,795 Ha. West Aceh consists of 12 sub-districts with the largest sub-district, namely Kaway XVI sub-district with an area of 510.80 Km<sup>2</sup> in 2021, has 33 mukim and 322 villages. There are 83 villages located in valleys, 47 villages located on mountain slopes and 192 other villages located on plains (West Aceh Statistical Agency, 2021).

### **Development of unemployment in West Aceh district**

The following is data on the percentage of open unemployment in West Aceh obtained from the West Aceh statistics center in the 2012-2021 time period.



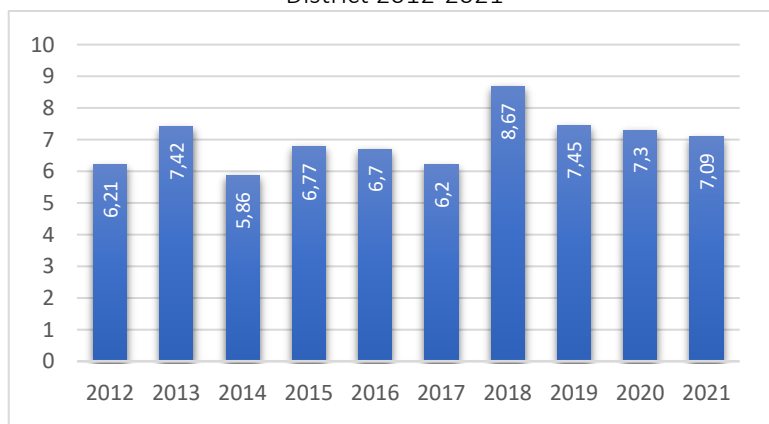
Graph 1. West Aceh District Open Unemployment Rate Percentage 2012-2021

Based on Graph 4.1 it can be seen that the open unemployment rate in West Aceh district from 2012-2021 has fluctuated, seen in 2012 the open unemployment rate was 6.21 percent. while in 2013 it increased by 7.42 percent. Then in 2014 it decreased to 5.86 percent and rose to 6.77 percent in the following year, namely 2015. The highest unemployment occurred in 2018 with 8.67 percent, and in 2019-2021 the percentage of the open unemployment rate decreased to 7.09 percent.

#### Provincial Minimum Wage Development (UMP)

The following is the Provincial Minimum Wage (UMP) data set by the governor of Aceh that applies to Aceh province:

Graph 2. Percentage of Provincial Minimum Wage Development (UMP) West Aceh District 2012-2021



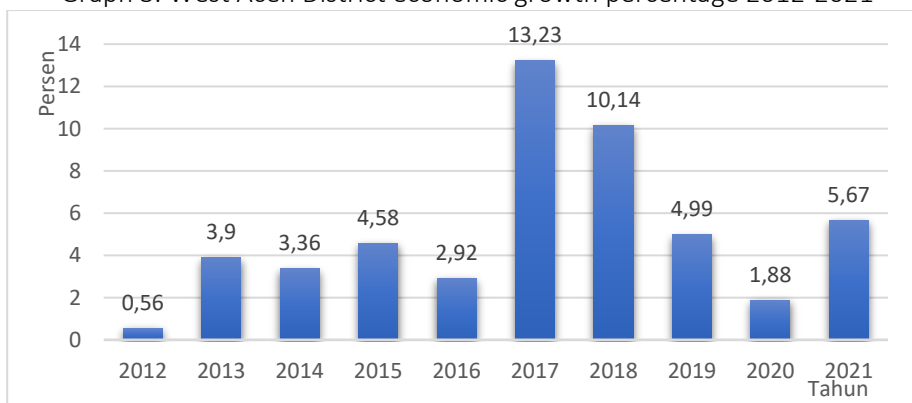
source : Badan Pusat Statistik (BPS) 2022

Based on Graph 2 it can be seen that the Provincial Minimum Wage Level (UMP) determined by the governor of Aceh has increased every year, it can be seen that in 2012 the Aceh Provincial Minimum Wage (UMP) amounted to Rp. 1.400.000 and in 2013 Rp. 1.550.000 in 2014 amounting to Rp. 1.750.000 and continues to increase so that the latest year's data obtained in 2021 Aceh Provincial Minimum Wage (UMP) amounts to Rp. 3.165.031. This shows that the Aceh provincial government is taking the right steps for the welfare of its people by increasing the amount of the provincial minimum wage every year. Increasing the amount of the minimum wage is expected to motivate people, especially to work and can reduce the unemployment rate in Aceh Province.

### Development of Economic Growth in West Aceh District

The following is data on economic growth in West Aceh Regency in the 2012-2021 time series.

Graph 3. West Aceh District economic growth percentage 2012-2021



source : Badan Pusat Statistik (BPS) Aceh Barat 2022

Based on Graph 3 it can be seen that economic growth in West Aceh district from 2012-2021 has fluctuated, seen in 2012 economic growth in West Aceh district was only 0.56 percent, while in 2013 it had increased by 3.9 percent. Then in 2014-2015 it increased by 4.58 percent, and decreased in 2016 to 2.92 percent. Then it increased again in 2017 by 13.23 percent, and in 2018 it decreased by 10.14 percent. In 2019-2021, West Aceh's economic growth rate was recorded at 5.67 percent.

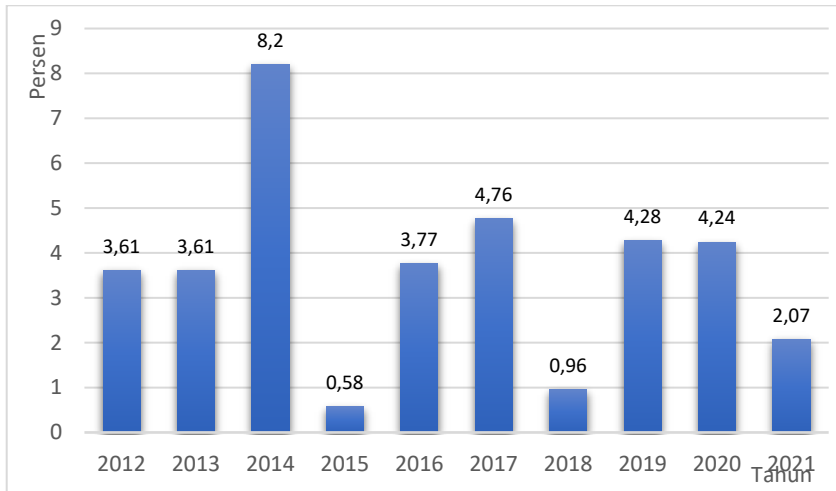
### Inflation developments in West Aceh

Based on Graph 4 the inflation rate in West Aceh Regency has a fluctuating trend from 2012-2021. In 2014 the inflation rate in West Aceh was the highest inflation rate compared to other years with 8.2 percent due to the national increase in subsidized fuel prices in November 2014 which had an effect on rising prices of goods in general. The lowest inflation recorded in 2015 at a rate of 0.58 percent was caused by deflation

in the Foodstuffs, Clothing and Housing groups. and in the last year it was recorded, namely 2021 the inflation rate was 2.07 percent

The following is the inflation rate data for West Aceh district which is recorded at the Central Bureau of Statistics for West Aceh Regency.

Graph 4. West Aceh District Inflation Percentage 2012-2021



source : Badan Pusat Statistik (BPS) Aceh Barat 2022

### Data analysis

#### Multiple linear regression

Variables that influence the Open Unemployment Rate in West Aceh District. The purpose of the analysis of the variables that affect the Open Unemployment Rate in West Aceh District is to see the magnitude of the parameters of each of these variables, besides that it is also to see whether or not the relationship between these variables is close and at the same time to find out the percentage that is influenced by the variable being analysis.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	6.707	.054		123.621	0.000
UMP	4.606E-7	0.000	0.529	25.271	0.000
1 Economic Growth	-0.012	0.003	0-.072	-3.458	0.013
Inflation	-0.205	0.006	-0.766	-36.293	0.000

The table shows the results of a simple linear regression calculation as follows:

$$UEt = 6.707 + 4.606E-7 UMPT - 0.012 Pet - 0.205 INFT + et$$

- a. The constant value is 6,707, this means that if the independent variables namely the provincial minimum wage, economic growth and inflation do not change or are equal to zero then the open unemployment rate in West Aceh District is 6,707.
- b. The regression coefficient for the provincial minimum wage variable is 4.606E-7, showing a unidirectional effect meaning that if each provincial minimum wage is increased by one unit, the open unemployment rate in West Aceh District will increase by 4.606E-7.
- c. The regression coefficient for economic growth is -0.012 (negative), showing the opposite effect meaning that if each growth variable is increased in one unit, the open unemployment rate in West Aceh District will decrease by -0.012.
- d. The regression coefficient for inflation is -0.205 (negative), showing the opposite effect meaning that if each inflation variable is increased in one unit, the open unemployment rate in West Aceh District will decrease by -0.205

## 2. Discussion

### **The Effect of UMP on the Open Unemployment Rate in West Aceh**

Statistically, the UMP measurement of the open unemployment rate is at a confidence level of  $\alpha = 5\%$  with a  $t_{\text{count}} (25,271) > t_{\text{table}} (2,447)$  and a significant value  $(0,000) < 0.05$ . that is, if the provincial minimum wage increases, the open unemployment rate will decrease and vice versa and there is a linear relationship between the Provincial Minimum Wage and the Open Unemployment Rate in West Aceh in 2012-2021. This is because the level of wages offered is in accordance with the demand for labor and the minimum wage for Aceh province is one of the highest minimum wages in Sumatra.

### **The Effect of Economic Growth on the Open Unemployment Rate in West Aceh**

Measurement of economic growth with an open unemployment rate produces a calculated t value  $(-3,458) > t_{\text{table}} (-2,447)$  with a Significant Value  $(0.013) < 0.05$  indicating that economic growth has a negative and significant effect on open unemployment in West Aceh, this indicates that there is an increase in economic growth will result in a decrease in the open unemployment rate in West Aceh in 2012-2021. The negative and significant effect on unemployment is due to the slowing rate

of economic growth that has resulted in reduced demand for labor and no increase in wages given to labor, causing an increase in unemployment. In addition, the slowing rate of economic growth in West Aceh district has also prevented the government from increasing spending to provide physical and social infrastructure that can help reduce unemployment. The problem of unemployment can be overcome by accelerating and consistently maintaining the pace of economic growth in West Aceh district.

### **The Effect of Inflation on the Open Unemployment Rate in West Aceh**

Measurement of economic growth with an open unemployment rate yields a calculated t value (-36,293) > t table (-2,447) with a significant value (0,000) < 0.05 indicating that economic growth has a negative and significant effect on open unemployment in West Aceh. The results of this study are in accordance with the theoretical basis of the relationship between inflation and unemployment in this study. Based on the theory Philips explained that inflation and unemployment rates have a negative relationship. The higher the inflation rate, the unemployment rate will decrease and vice versa. A.W. Phillips describes the distribution of the relationship between inflation and the unemployment rate based on the assumption that inflation is a reflection of an increase in aggregate demand. with an increase in aggregate demand, according to demand theory, if demand increases, prices will rise. with high prices (inflation), to meet this demand, producers increase their production capacity by adding labor (assuming that labor is the only input that can increase output). As a result of an increase in demand for labor, with rising prices (inflation), unemployment decreases.

### **The Influence of UMP, Economic Growth, and Inflation on the Open Unemployment Rate in West Aceh.**

Based on the results of the research conducted, the significant value (sig) of the three variables (X1, X2, X3) is 0.000, meaning the significance value is less than 0.05 (0.000 < 0.05) which means that  $H_a$  is accepted and  $H_o$  is rejected, which means the provincial minimum wage, economic growth and inflation together have an influence on the open unemployment rate for the 2012-2021 period in West Aceh District. Provincial minimum wages, economic growth, and inflation can theoretically affect the open unemployment rate. However, at certain phenomena and levels, the provincial minimum wage may also have no effect. There is an open unemployment rate because workers have their own minimum wage level. economic growth and also reducing the

unemployment rate is caused by an increase in the production of goods and services which indicates that economic growth will also require more labor (labor) so that unemployment can be absorbed.

#### **D. Conclusions**

1. Based on the results of statistical calculations t test on the Provincial Minimum Wage variable t count (25.271) > t table (2.447) and a significant value (0.000) < 0.05. This means that the provincial minimum wage variable has a significant effect on the open unemployment rate in West Aceh District where the increasing provincial minimum wage increases the open unemployment rate in West Aceh District.
2. Based on the results of statistical calculations of the t test on the economic growth variable t Count (-3.458) > t Table (-2.447) and a significant value (0.013) < 0.05 This means that the economic growth variable has a significant effect on the open unemployment rate in West Aceh District where it is increasing economic growth will reduce the open unemployment rate in West Aceh District.
3. Based on the results of statistical calculations of the t test on the inflation variable t Count (-36,293) > t Table (-2,447) with a significant value (0,000) < 0.05 This means that the inflation variable has a significant effect on the open unemployment rate in West Aceh District where the higher the inflation, the reduce the open unemployment rate in West Aceh District.
4. Based on the R2 test (Coefficient of Determination) where the calculation of the correlation and determination coefficient analysis can explain that the value used shows R2 which is equal to 0.996 (96%) indicating that the dependent variable is the open unemployment rate (Y) which can be explained by the independent variable namely provincial minimum wage variable, economic growth and inflation (X). while the rest (0.4%) is explained by other factors not included in this study.

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