

**THE IMPACT OF ECONOMIC GROWTH, THE MINIMUM WAGE, AND
THE INFLATION RATE ON THE OPEN UNEMPLOYMENT RATE IN
NORTH SUMATRA PROVINCE**

UNDERGRADUATE THESIS



By:

Aulia Anggi Lestari Saragih
22011010186/FEB/EP

**DEVELOPMENT ECONOMICS STUDY PROGRAM
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS PEMBANGUNAN NASIONAL "VETERAN"
EAST JAVA**

2026

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**Submitted in Partial Fulfillment of The Requirements for the Degree of
Bachelor of Economics**



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Compiled By:

Aulia Anggi Lestari Saragih

22011010186/FEB/EP

Has Been Defended Before and Accepted by The Board of Examiners

Department of Department of Development Economics,

Faculty of Economics and Business

Universitas Pembangunan Nasional "Veteran" Jawa Timur

Date: 4 June, 2026

**Approved by:
Author Supervisor**



Riko Setya Wijaya, S.E., M.M.
NIP.198001052025211044

**Board of Examiner
Chairperson**



Dr. Mohammad Wahed, S.E., M.E.
NIP.196805011993031004

Examiner



Drs. Ec. M. Taufiq, M.M
NIP.196805011993031004

**Acknowledged by
Dean of The Faculty of Economics and Business
Universitas Pembangunan Nasional "Veteran" Jawa Timur**



Dr. Dra. Ec. Tri Kartika Pertiwi, M.Si., CRP.
NIP.196304201991032001

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Name : Aulia Anggi Lestari Saragih
NPM : 22011010186
Program : Bachelor (S1)
Study Programs : Development Economics
Faculty : Economic and Business

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Aulia Anggi Lestari Saragih
NPM. 22011010186

The Effect of Economic Growth, Minimum Wages, and Inflation Rates on the Open Unemployment Rate in North Sumatra

Aulia Anggi Lestari Saragih, Riko Setya Wijaya, S.E., M.M.

Department of Development Economics, Faculty of Economics and Business

UPN “Veteran” East Java

Email: 22011010186@student.upnjatim.ac.id

ABSTRACT

This study aims to analyze the influence of economic growth, the minimum wage, and the inflation rate on open unemployment rates in Medan City, Deli Serdang Regency, Pematang Siantar City, and Central Tapanuli Regency for the 2018–2024 period. The research utilized secondary data in the form of panel data obtained from the Central Statistics Agency and analyzed using panel data regression with the assistance of EViews 13. The results indicate that economic growth has a negative and significant effect on the open unemployment rate, the minimum wage has a negative effect on the open unemployment rate, while inflation has a negative but insignificant effect on the open unemployment rate. Simultaneously, economic growth, the minimum wage, and inflation have a significant effect on the open unemployment rate in North Sumatra Province. This research is expected to be considered by local governments in formulating economic and employment policies to increase labor absorption and reduce the open unemployment rate.

Keywords: Economic Growth, Minimum Wage, Inflation, Unemployment Rate.

FOREWORD

The author offers praise and thanks to the Lord Jesus Christ for His love, guidance, and grace, which enabled the author to successfully complete this thesis titled “The Impact of Economic Growth, Minimum Wage, and Inflation on the Open Unemployment Rate in North Sumatra” in a timely and satisfactory manner. This thesis was prepared as one of the requirements for obtaining a Bachelor’s degree in the Development Economics Program, Faculty of Economics and Business, Universitas Pembangunan Nasional “Veteran” East Java.

The author acknowledges that in the process of writing this thesis, the author could not have done it alone. For the completion of this thesis, the author expresses respect and gratitude to Mr. Riko Setya Wijaya, S.E., M.M., as the thesis advisor, who has taken the time to provide guidance so that this thesis could be completed successfully. The writing of this thesis would not have been possible without the help, support, motivation, and cooperation of various parties; for this reason, the author also extends his deepest gratitude to:

1. Jesus Christ, the Giver of Strength and Blessings; without His intervention, the author would not have been able to complete this report fully and on time.
2. Ir. Akhmad Fauzi, MMT, Rector of the “Veteran” National Development University of East Java.
3. Dr. Dra. Ec. Tri Kartika Pertiwi, M.Si, Crp, Dean of the Faculty of Economics and Business at the “Veteran” National Development University of East Java.

4. Riko Setya Wijaya, S.E., M.M., as Head of the Development Economics Study Program at the “Veteran” National Development University of East Java, and as the author’s academic advisor, who has assisted and guided me throughout this research process.
5. The lecturers of the Faculty of Economics and Business at the “Veteran” National Development University of East Java, who have provided highly beneficial knowledge throughout the course of study.
6. The author’s parents, Mr. J.A. Saragih and Mrs. R. Damanik, and the author’s three siblings, who have always shown love and encouragement to the author throughout the course of studying far from home. They have never ceased to pray for the author, showering the author with love, attention, motivation, and support both moral and financial.
7. To Febby Purba, the author’s friend since junior high school, who has been a loyal listener, thank you for your prayers, support, and encouragement.
8. To my KRS friends, Mungil, MR, and my college friends, 7too many to name individually, who have always *supported* and helped one another, may we succeed together.
9. To my classmates in the Development Economics Program at the “Veteran” National Development University of East Java, Class of 2022, who have fought alongside me in pursuing our education in college.
10. To NPM 22011010075, thank you for being part of the author's journey to compile this thesis. contributing both energy, time and giving the initial enthusiasm until the completion of this thesis.

11. To all those whom I cannot name individually, thank you for providing support and assistance, both directly and indirectly, throughout the process of writing this thesis.

12. Finally, thank you to myself, for having worked hard to endure the challenges of university life and for being able to rely on myself amidst various external pressures, while still choosing not to give up.

The author acknowledges that this thesis is far from perfect. Therefore, constructive suggestions and criticism are greatly appreciated. May this research provide useful insights and understanding, particularly in the field of development economics.

In closing, the author hopes that this research can provide better insights and understanding regarding the relationship between economic growth, minimum wage, and inflation rates on unemployment rates in North Sumatra.

Surabaya, 4 June 2026

Aulia Anggi Lestari Saragih

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