CHAPTER V

CONCLUSION

5.1 Conclusion

Based on the results of the analysis conducted, the following conclusions can be drawn:

1. The Economic Growth variable influences the Open Unemployment Rate. This indicates that increased economic growth drives an increase in production activity and job creation, thereby increasing labor absorption and reducing the unemployment rate.
2. The District/City Minimum Wage variable does not affect the Open Unemployment Rate. This indicates that an increase in the minimum wage that is not matched by an increase in labor productivity can raise companies' production costs, causing companies to reduce their demand for labor and leading to an increase in the unemployment rate.
3. The Inflation variable has no effect on the Open Unemployment Rate. This indicates that rising prices of goods and services lead to increased production costs and a decline in public purchasing power, causing companies to reduce their workforce or postpone the hiring of new workers

5.2 Recommendations

Based on the research findings showing that inflation and the minimum wage have a positive effect on the open unemployment rate, while economic growth has a negative effect on the open unemployment rate in the study area for the 2018–2024 period, local governments are advised to maintain inflation stability by controlling the prices of basic necessities and strengthening coordination of regional economic policies to keep production costs under control. Additionally, minimum wage policies need to be aligned with labor productivity conditions and the capacity of the business sector, particularly small and medium-sized enterprises (SMEs), to avoid causing workforce reductions. The government should also promote more inclusive and labor-intensive economic growth through increased investment, the development of regional flagship sectors, and workforce skills training to enhance labor absorption and sustainably reduce the open unemployment rate.