

Analysis of Unemployment in Balikpapan Indonesia

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Abstract. The research to determine the effect of economic growth, minimum wage, inflation, and the number of the population against the unemployment rate in the city of Balikpapan in 2006 - 2015. The data used in this study is secondary data obtained from the Central Bureau of Statistics (BPS) from 2006 to 2015. The result of this research is simultaneously economic growth, minimum wage, inflation, and the number of population influence to the unemployment rate in Balikpapan city year 2006 - 2015, but partially from four variables studied affecting unemployment in Balikpapan year 2006 - 2015 is the city's minimum wage and population and among the two variables that have the greatest impact on unemployment in Balikpapan in 2006-2015 is the city's minimum wage.

Keywords: Entrepreneurship; Contribution; Economic Stability

1 Introduction

Unemployment is one indicator that can be used by a country to do development, if a country has high unemployment, it will hamper development so that the economy and welfare will also be weak. According to Sukirno (2015:28), unemployment is the number of workers in the economy who actively seek employment but have not yet obtained it. Unemployment is those who want to work, are trying to get or develop work but have not managed to get it or find it. The indicator used to measure how much unemployment in a country is by looking at economic growth, the city minimum wage, population and inflation¹).

Economic growth is one indicator that affects unemployment, with high economic growth expected to reduce unemployment. Economic growth is a picture expansion of potential GDP or national output of the country. So that it can be concluded that economic growth is a process of increasing a country's national income in a certain time or a certain period. So, if a country experiences continuous economic growth every year, then development in the country will advance and unemployment will decline. In addition to economic growth the minimum wage is also an indicator of reducing unemployment in an area ⁹). According to Tri Yudhiarso stated that wages are compensation received by workers in the form of the amount of money paid to him¹¹).

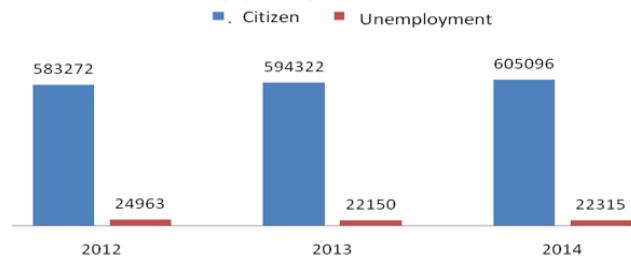
The indicator for measuring unemployment in addition to the minimum wage is inflation. and population. According to Prasetyo (2009: 195-200) inflation is an increase in general prices continuously for a certain period. With stable inflation is expected to stabilize prices or prices do not experience a high increase so as to increase demand. With increasing demand will

encourage producers to produce a lot of goods that will require labor, so as to reduce unemployment.

In addition to inflation, the population is also an indicator that can be used to measure the development of unemployment. According to Nia Mulyawati Sutarvan (2015) Population is a person who is legally entitled to live in an area. High population growth and balanced with the quality of education and skills will create a quality workforce that can be absorbed into all fields of business which ultimately can reduce unemployment.

Balikpapan is the gateway to the economy in the province of East Kalimantan and is an oil city in the province of East Kalimantan. In the city of Balikpapan there are large industries that are engaged in various services such as oil, coal. To see a picture of the development of unemployment, economic growth, the city minimum wage, the population for three years from 2012 to 2015 can be seen in the following figure:

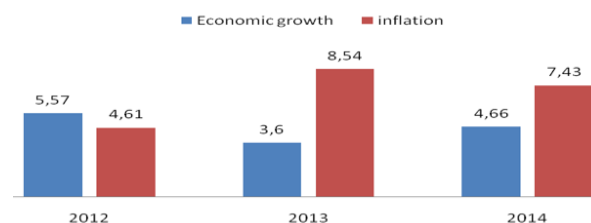
Picture 1. The number of Unemployment, Number of Citizen of Balikpapan City from 2012 to 2015



Source: BPS, Balikpapan in Numbers, 2016

Figure 1 shows that the population of Balikpapan City from 2012 to 2015 has increased, namely in 2012 amounting to 583272 people increased to 605096 in 2014. While unemployment in the city of Balikpapan from 2012 to 2015 decreased, namely in 2012 amounting to 24963 people became 22315 people in 2014.

Figure 2. Economic growth and inflation in the city of Balikpapan in 2012 - 2015



Source: BPS, Balikpapan in Numbers, 2016

Figure 2 shows that economic growth and inflation in the city of Balikpapan from 2012 to 2015 experienced an increase, only in 2013 there was a decline. Economic growth in 2012 amounted to 5.57 percent decreased to 3.6 percent in 2013 and experienced a rise again to 4.66 percent in 2015, while the inflation rate in 2012 was 4.61 percent rising to 8.54 in 2013 and again dropped to 7.43 in 2015. By looking at economic growth, inflation and the population that has increased from 2012 to 2015 while unemployment has decreased from 2012 to 2015 in Balikpapan City, the researchers are interested in studying the analysis of unemployment in the city of Balikpapan.

2 Research Method

This type of research is quantitative research, which is used to determine the effect or analyze unemployment in Balikpapan City. This study uses secondary data obtained from the Central Statistics Agency (BPS) of Balikpapan city. The variables used are economic growth, namely the growth of Gross Regional Domestic Income (GRDP), the city minimum wage, which is the minimum wage set by the Balikpapan city government, the population, namely the number of people living in Balikpapan City, inflation, namely inflation data in the City Balikpapan and Unemployment are the number of unemployed in Balikpapan City. The analytical tool used with multiple regression with the help of SPSS software. To determine the effect of each independent variable on the dependent variable peculiarly and simultaneously using the t test and F test.

3 Results and Analysis

Unemployment number is affected by few factors but in this study, we will focus on the effect of the growth of economy, minimum wage, number of citizen and inflation towards the unemployment in Balikpapan. To know the effect of each variable can be seen below:

Table 1. Double Regression Analysis

	Regression Coefficient	T - count	Sig.	r partial
Constanta	-18,831	-3,737	0,013	
Economic Growth (X1)	-0,195	-2,133	0,086	-0,69
Minimum Wage (X2)	0,392	4,378	0,007	0,891
Number of Citizen (X3)	3,835	4,361	0,007	0,89
Inflation (X4)	-0,008	-0,348	0,742	-0,154
R = 0,964		$F_{count} = 16,655$		
R Square = 0,930		$t_{table} = 2,570$		
Adjusted R Square = 0,874		$F_{table} = 4,76$		
Durbin – Watson = 1,948		$T = 0,05$		

Source: Processed Data

An increase of Unemployment in a region can be measured by few indicators such as Economic Growth, Minimum Wage, Number of Citizen and Inflation. With those indicators, a country can see the growth of economy and the prosperity of the people. Because the high number of Unemployment can result to the detain of Economic Growth of the country, and the prosperity of the people cannot be attained. To see the influence of the growth of economy, number of citizens, Minimum wage towards Unemployment in Balikpapan is shown as:

According to the double regression table with t check signification on economic growth variable shows that the value of signification is $0,086 < 0,05$ and value $t_{hitung} < t_{tabel}$ ($-2,133 < 2,570$) we can summarize that the growth of economy doesn't not have an influence partially towards the amount of Unemployment in Balikpapan in 2006-2015. It causes by the quality of the citizen who seeks for a job in Balikpapan on the average is a High Schooler graduate and has not some skill and compatible education. According to BPS, the number of people who

seeks for job which is a high school graduate are around 10.196 people and that is around 64,89%.

Thus, the problem is occurred in Balikpapan, because in general the industrial field in Balikpapan demands for a bachelor degree or people who have good competency. If this problem is not fixed, the citizen of Balikpapan would only be a blue-collar worker who do tough job and does not have skill, this can result to a really small salary and prosperity that is not maximally distributed.

Minimum wage also used to measure how big the unemployment number in some region. In regression table shows that seeing the signification value and t check on Minimum wage variable shown that the value of signification is $0.007 < 0.005$ and value of $t_{hitung} < t_{tabel}$ $1,11 < 2,570$. We can summarize that the minimum wage of the city has the influence partially towards the increasing number of Unemployment that happened in 2006-2015. The result of this study is matched with the study that has been done by Tri Yudhiarsono (2015) stated that UMK (City Minimum Wage) affects the amount of unemployment in Jombang with negative side. This thing shows that the increase of UMK will decrease the amount of unemployment in Jombang.

If the rates of minimum wage are increasing every year, wished that it can helps to motivate the citizen to seek for a job and the number of unemployment is decreasing. With the high minimum wages, it affects the output price that paid by the company; thus, the product sales and product price is increasing. Otherwise, if the minimum wage is decreasing, citizen will to consume would also decrease and that can result to the productivity of company decrease and also decrease the number of the employee. Although the minimum wage of Balikpapan has been stated, there are some companies who obey and some are not.

Besides Minimum wage, the number of citizens also one of few factors to indicate the growth of unemployment number. In double regression table shows that number of citizen variable has the value of $t_{hitung} < t_{tabel}$ $(4,361 < 2,570)$ and signification value of $0,007 < 0,05$. We can summarize that the number of citizens has a partial influence towards the unemployment rates in Balikpapan City in 2006-2015. The growth of citizen number will over demand the economy sector. The people who have not gotten a job will be unemployed. The rapid growth of citizen number is relatively in line with the growth of unemployment number.

Inflation is one of indicator to measure the unemployment number. To see if the inflation takes places toward the unemployment number are shown in the regression table. In the regression table we can see that the inflation variable has signification value of $0,742 > 0,05$ and value of $t_{hitung} > t_{tabel}$ $(-0,348 < 2,570)$, we can summarize that inflation does not have the effect or influence towards the amount of unemployment in Balikpapan. The Inflation in Balikpapan currently are categorized as low where the price and value of money is table. If we take a look the employee termination did by some big company that located in Balikpapan, Inflation still does not have influence towards unemployment and the purchasing will is still doable. This research is not appropriate with Jelilov, Gylych's research which states that the relevant between inflation and unemployment has an influence on each other. for example, if a country increases the level of productivity and commodities in creating jobs it will reduce the level of unemployment in the country and vice versa if a country decreases the level of productivity and commodities will directly increase unemployment in the country8).

Altogether the growth of economy, minimum wages, number of citizen and inflation has an effect towards the amount of unemployment in Balikpapan. This shows from simultan check sig. $0.004 < 0,05$ means significant while $F_{hitung} 16.655 > F_{table} 4,76$ means significant. This can be seen from regression table. The growth of economy, minimum wages, number of citizen and inflation is a few factors that affects toward unemployment rates. The growth of economy is identic to the increase of products or services in some region without seeing the rates of citizen

growth. The economic condition that is growing in Balikpapan from 2006 to 2015 has been fluctuate which means unstable or changing. In 2015, BPS notes that the economic growth in Balikpapan is 1,31% and it shows that the increase is really low.

The low increase is happened because the low demands of products. In addition, the minimum wages keep on increasing so majority of big company dismiss their employee in order to minimize the production cost, this shows that economic growth and minimum wages takes important role in number of unemployment rates. This study is matched with the study that has been done by Mukti Hadi Prasaja (2013).

4 Conclusion

There is some influence altogether with economic growth, minimum wage, and number of citizen and inflation towards the unemployment rates in Balikpapan in 2006 – 2015. It shows by f check (16,655) > F table (4,76) and value of sig. 0,004 < 0,05. The city minimum wage has the biggest dominant effect towards the unemployment rates in Balikpapan in 2006 – 2015, this was shown by the big r partial in the table.

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