

## CHAPTER V: CONCLUSION AND IMPLICATIONS

### A. Conclusion

The data analyzed in this study indicate that the Regional Economic Growth, UMK, Number of Populations, and HLS on the Unemployment Rate in Central Java from 2018 to 2023, both partially and together; therefore, the following conclusions can be drawn:

1. Regency Economic Growth has negative and significant effect on the Unemployment Rate in 10 regencies in Central Java.
2. Regency Minimum Wage has no effect on the Unemployment Rate in 10 regencies in Central Java.
3. Number of Population has positive and significant effect on the Unemployment Rate in 10 regencies in Central Java.
4. Expected Years of Schooling has no effect on the Unemployment Rate in 10 regencies in Central Java.
5. Based on the results of hypothesis testing using Regency Economic Growth, UMK, Number of Population and HLS together, they affect the Unemployment Rate in 10 regencies in Central Java.

### B. Implications

Based on the research results, the following theoretical and practical implications can be put forward:

**a. Theoretical Implications**

1. The research findings contribute to supporting the theory of economic growth and unemployment. In line with the principles of Okun's law, economic growth has a significant negative effect on the unemployment rate. This strengthens the view that increased economic activity will encourage job creation and reduce unemployment rates.
2. The finding of a mismatch between education level and labor market needs supports the theory of mismatch skill, which states that the education system is not always in line with the demands of the workforce. This is reflected in the results of the study, which show that education level does not have a significant effect on unemployment rates.
3. The influence of demographic factors on unemployment rates is reflected in the finding that population has a significant relationship with unemployment rates. This supports the demographic theory, which states that population growth, especially in the productive age group, can increase unemployment rates if not accompanied by adequate economic growth.

**b. Practical Implications**

1. The government and policymakers are advised to prioritize efforts to encourage economic growth at the regional level as a strategic step in reducing unemployment rates.

2. Demographic management policies and population growth control strategies can be one solution to reduce pressure on the labor market.

High population density in urban areas, relatively high birth rates in several regencies, and a large proportion of the working-age population that has not yet been fully absorbed into the labor market indicate the need for specific policy recommendations to reduce unemployment:

a) Regional Family Planning and Reproductive Health Campaigns

Strengthen community-based family planning programs in areas with high birth rates and provide incentives for young families to participate in these programs.

b) Youth Skill Development and Vocational Training

Enhance access to industry-based skills training for young individuals (ages 15–24), and integrate demand-driven training tailored to the needs of key sectors such as textile manufacturing, modern agriculture, and tourism.

c) Urban Population Control and Settlement Redistribution

Implement urbanization control policies by offering incentives for industries to open branches in non-urban areas, and develop new economic zones in low-density regencies to distribute population and employment opportunities more evenly.

3. Adapting educational output to the specific skills needs of dominant local industries to optimize the contribution of education to increasing employment in the area.
4. Flexibility in minimum wage regulation, policymakers need to recognize the role of the informal sector as a buffer in absorbing labor displaced by minimum wage increases in the formal sector.

### **C. Research Limitations**

This research has several limitations that should be considered:

1. Scope Limitation

The research results are limited to the context of the Regency areas in Central Java Province, so their applicability cannot always be generalized to other areas with different economic and social conditions.

2. Time Limitation

This study uses data for six years (2018-2023). Although this period is quite long, it is possible that long-term patterns, structural changes in the labor market, and seasonal factors have not been fully captured in the analysis.