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THE EFFECT OF PROCESSING INDUSTRY AND INFORMATION AND COMMUNICATION SECTOR DEVELOPMENTS ON OPEN UNEMPLOYMENT RATE IN INDONESIA

Faishal Amri Siregar

¹Science of Economic, The State University Of Medan, Indonesia

Email: icalsiregar@gmail.com

Abstract

In general, this research aims to analyze the effect of processing industry and information and communication sector developments simultaneously on open unemployment rate in Indonesia, the effect of processing industry sector development on open unemployment rate in Indonesia, and the effect of information and communication sector developments on open unemployment rate in Indonesia. The data from this research was collected from Central Bureau of Statistics. The type of data used in this research was Gross Regional Domestic Product (PDRB) of processing industry and information and communication sectors and open unemployment rate of 34 provinces in Indonesia 2016. The data analysis tool used in this research was multiple linear regression method with SPSS Version 21 computer program. The results of the research show that the use of processing industry and information and communication sector developments simultaneously influenced open unemployment rate in Indonesia. In addition, processing industry sector development partially influenced open unemployment rate in Indonesia. However, information and communication sector developments did not influence open unemployment rate in Indonesia.

Keywords: *Processing industry sector development. Information and communication sector development, Open unemployment rate*



A. Introduction

One of globalization effects from economic aspect is free trade and competition between countries as world economic actors. A country is demanded to be ready to compete with other countries in the global economic wheel, including Indonesia. In order to be able to compete with other countries, a country needs to strengthen its domestic economic growth to reach economic stabilization.

The level of economic growth success in a country can be seen from its economic growth. Economic growth is interpreted as a development of activity in economic which causes the addition of goods and services produced in the community (Yudhiarso, 2015).

Economic growth is from many aspects, one of them is development level in various business sectors. A country which is about to reach success economic growth needs synergy of development between its sectors,

The goals of development in Indonesia are to improve the welfare and prosperity of the community. To realize the goals, the government develops various sectors. It can be stated that as an effort to increase the productivity of potential resources owned by a country, for natural resources, human resources, capital resources or other resources in the form of technology, its final goal is to improve the welfare of the community (Todaro, 2000).

One of the efforts in accelerating economic growth is by increasing development in industrial sectors. Basically, Indonesia is an excellence country in agricultural sector. However, it is unavoidable that there is an industrial tendency as what has been happening in many countries in the world. Industrialization can be defined as a social changing process which changes community livelihood system from agriculture to industrial. The process is related to innovation, specialization, and technology development.

Industrialization process has been carried out in Indonesia since the establishment of Pelita I policy, which eventually caused structural transformation in public order. At first, agriculture sector gave the biggest contribution on economic growth. In line with industrialization process, manufacturing and processing sector increased and replaced agricultural sector (Kuncoro, 2007).

However, Ministry of Industry (Kemenperin) recorded that the contribution of processing industries on Gross Domestic Product (PDB) has kept decreasing in the last three years. Besides recording the



decreasing of contribution, processing industries were recently recorded to be dominated by multinational companies. In the end of 2016, the contribution of processing industries on PDB was 0.92 percent, it was lower than 2015 for 0.94 percent and 2014 for 1.01 percent (CNN Indonesia, 2017).

Besides processing industries, other sectors expected to be able to enhance economic growth are information and communication sectors. In this globalization era which allows the interaction between individuals and communities in demographically different areas, information and communication flows are needed to support the globalization.

In Indonesia, information and communication sectors are very potential to contribute in economic growth. It is because Indonesia is a geographically divided into islands making it difficult to distribute information rapidly, so the role of information and communication technologies are needed to overcome the geographical problem.

However, in Indonesia, the development of information and communication sectors are still low. The Ministry of Communication and Information (Kominfo) admitted that the contribution of information and communication technologies on national economic was still low. The contribution of Kominfo sectors on GDP was still low, only for 4% (Indotelko, 2017).

With the implementation of economic growth, it is expected to lower unemployment rate. As developing countries, one of the problems faced by Indonesia is related to unemployment. If unemployment problem is not immediately solved, it will cause social vulnerability and poverty (BPS, 2017).

In fact, there was a decrease in the Indonesia's open unemployment rate in 2017. Open unemployment rate is an indicator used to measure the level of supply of labor that is not absorbed by the labor market. The open unemployment rate in Indonesia decreased from 5.50 percent in February 2016, to 5.33 percent in February 2017. However, the decrease was accompanied by the addition of total workforce from 3.04 in February 2016 to 4.87 percent in February 2017. It can be stated that job competition level was increasing, which could increase unemployment rate (BPS, 2017).

From the description above, the researcher is interested and want to see the extent of the effect of processing industry and information and communication sector developments on open unemployment rate in Indonesia, the effect of processing industry sector development on open unemployment rate in Indonesia, and the effect of information and



communication sector developments on open unemployment rate in Indonesia.

The introduction must present the specific problems under study and describe the research strategy. A good introduction must summarize the relevant arguments and data, to give the reader a firm sense of what was done and why. Or introduction contains an exposition of the conditions that should be and existing conditions so that visible gaps ideal conditions that should be done with the facts on the ground or commonly called the issue. In this section also explains the background or reasons which prompted the authors to investigate or discusses these problems, because the research or discussion is intended to improve the quality of something or intend to donate a thought for improvement, then the reasons must be developed based on the existing concrete data.

B. Method

Use Descriptive Statistics and Multiple Linear Regression for the study results of realibility and the validity results

C. Research Finding

This research was conducted in Medan City, North Sumatera in October 2017. The population of this sample was the data from PDRB processing industry and information and communication sectors, and open unemployment rate of 34 provinces in Indonesia. The sample of this research was the data in 2016. The population of this sample was the data from PDRB processing industry and information and communication sectors, and open unemployment rate of 34 provinces in Indonesia. The sample of this research was the data in 2016.

D. Discussion

This section is the core and most important part of the contents of the journal that will be loaded for publication. Open the discussion section with a clear statement of the support or non-support for the hypothesis. Similarities and differences between results and the work of others should clarify and confirm the conclusions.



E. Conclusion

Based on the hypothesis test, the conclusions which can be made for each hypothesis test are:

1. Processing industry sector development and information and communication sector developments simultaneously influenced open unemployment rate in Indonesia.
2. Processing industry sector development partially influenced open unemployment rate in Indonesia.
3. Information and communication sector developments did not influence open unemployment rate in Indonesia.

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