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THE STUDY OF UNEMPLOYMENT IN BUSINESS PERSPECTIVE IN INDONESIA

Ega leovani[1], Florentinus Heru Ismadi[2]

[1,2] Fakultas Bisnis dan Akuntansi Universitas Katolik Musi Charitas Palembang

ABSTRACT

Unemployment in Indonesia is a problem with an urgency to provide a solution to improve social life. As unemployment increases, the poverty rate also increases. The purpose of this study is to identify and explain and overcome poverty and unemployment in Indonesian society. Efforts to reduce the unemployment rate and concomitantly reduce the poverty rate are equally important. The results of the study recommend that policy making in handling unemployment in Indonesia focuses more on microeconomic factors. This research is expected to contribute to the analysis of the unemployment rate in Indonesia in the study of business and microeconomics.

Keywords: Unemployment, poverty, business perspective

CORRESPONDING:
Name : Ega leovani
E-mail: ega@ukmc.ac.id

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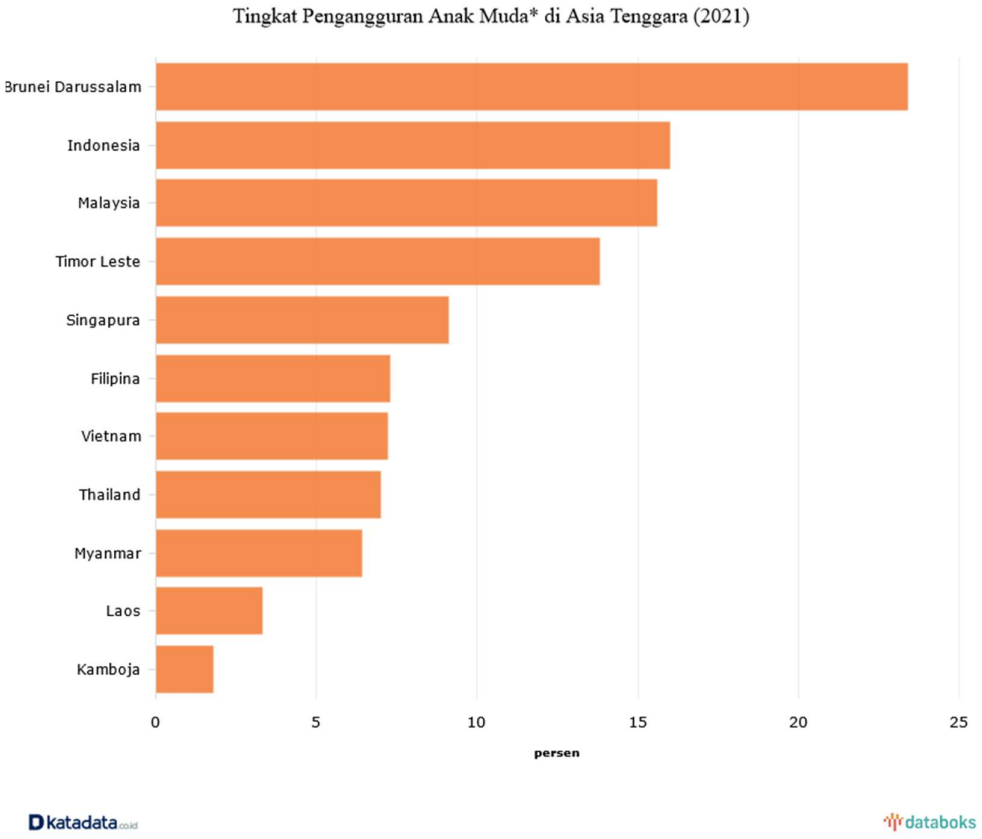
INTRODUCTION

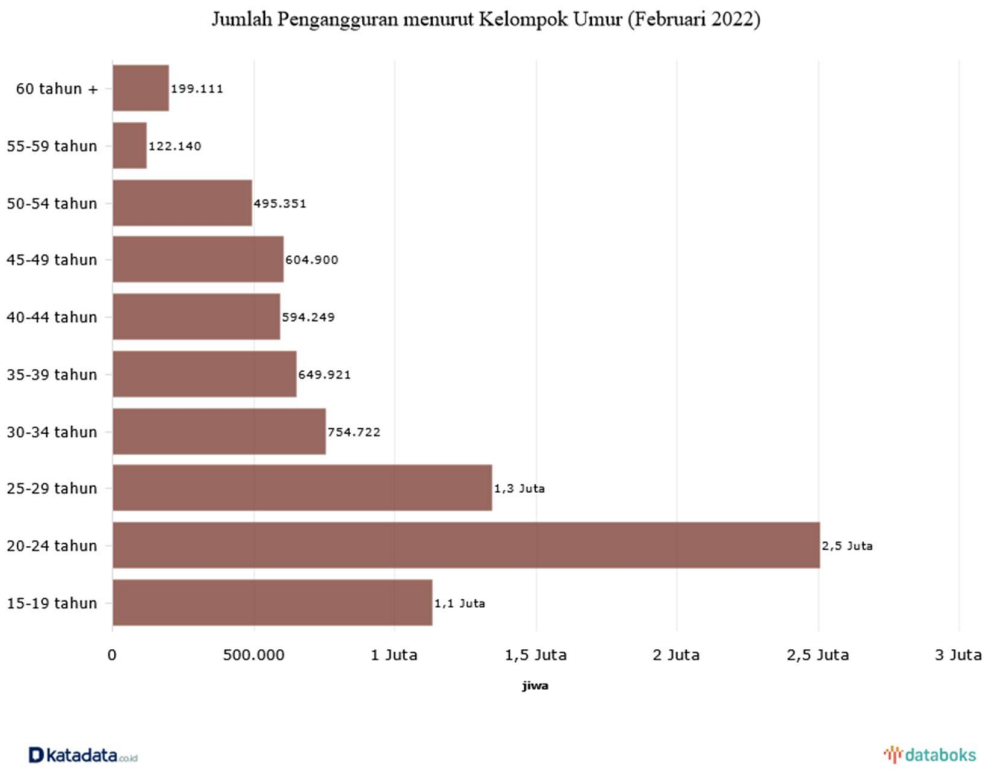
A country often experiences various problems from various sides, one of which is the economy. The economy in a country can make a country able to meet its needs by utilizing existing resources. However, problems begin to arise when resources to meet needs become limited. Economic problems in a country itself can be solved by the economic system implemented in a country. In general, a country that has succeeded in solving its problems that have an impact on the welfare of its people. In the economic growth of a country, the macro economy is something that has a big influence, such as low economic growth, low rupiah exchange rate, energy crisis, state budget deficit, so that inflation and unemployment are the current economic problems. The unemployment rate in a country has an unfavorable impact on social life and is a burden on the country's economy. The determining factor for a country's standard of living is the number of unemployed people it has.

There are several forces that can determine the level and growth of a country's standard of living. Countries that are saving or have invested income can enjoy faster rates of growth in their capital stock and GDP than countries that have not made savings and investment in their income. The determining factor for a country's standard of living is also seen from the number of unemployed people it has. people who want to work but do not get a job certainly do not have a contribution to the production of both goods and services in the economy. The number of unemployed has increased during the recession. Recessions have had an impact on the labor market, but the increase in the transition of workers to unemployment during a recession has not always been caused by an increase in layoffs. The opposite could be caused by a decrease in job search requirements (Simmons, 2023). Between 2008 and 2010, the US lost 246,000 corporate employers and 992,000 self-employed enterprises, most of which were small businesses. The great recession disproportionately impacted these sectors because they relied more on credit, and it was more difficult for them to save (Jia, 2023). The 2007–2008 financial crisis severely weakened America's entrepreneurial sector, and the rate of business formation remained low until 2014. A study conducted by Jia (2023) empirically assessed whether extensions of unemployment benefits unemployment benefit (EUB) contributes to delays in entrepreneurship recovery. The researcher then introduces a general equilibrium job choice model of unemployment benefits and

entrepreneurship and uses sharp discontinuities and statewide variations in the maximum duration of benefits at the end of 2013 to identify the negative impact of EUB on startups which are currently angered by today's youth.

The current phenomenon also shows that youth unemployment is a serious problem (Liotti, 2022). Several studies have examined youth unemployment in Europe, with the neoclassical labor market hypothesis using market theory whereby higher unemployment is primarily due to stricter labor market regulations, which are a barrier to achieving full employment (Layard et al., 1991; Lazear, 1990). Neoclassical theoretical arguments in favor of higher labor market flexibility are based on the fact that labor market fexibilization is a key factor for increasing productivity, increasing firm competition, supporting economic growth and reducing unemployment (Liotti, 2022).





Economic uncertainty due to the Covid-19 pandemic to the Russia-Ukraine war has created the problem of soaring inflation and rising interest rates that hit the world in 2023. This has also affected unemployment rates, including in Southeast Asian countries. The International Monetary Fund (IMF) estimates that the Philippines will be the country with the highest unemployment rate in 2023, which will reach 5.4%. In second place is Indonesia with a projected unemployment rate of 5.3%. Figure 1.1 shows the unemployment rate in Indonesia from 2020-2022

Figure 1.1 Unemployment Data in Indonesia

Status Keadaan Ketenagakerjaan	Agustus 2020	Agustus 2021	Agustus 2022	Perubahan Agt 2020–Agt 2021		Perubahan Agt 2021–Agt 2022	
	juta orang	juta orang	juta orang	juta orang	persen	juta orang	persen
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Penduduk Usia Kerja (PUK)	203,97	206,71	209,42	2,74	1,34	2,71	1,31
Angkatan Kerja	138,22	140,15	143,72	1,93	1,40	3,57	2,55
- Bekerja	128,45	131,05	135,30	2,60	2,02	4,25	3,24
- Pengangguran	9,77	9,10	8,42	-0,67	-6,82	-0,68	-7,43
Bukan Angkatan Kerja	65,75	66,56	65,70	0,81	1,22	-0,86	-1,29
	persen	persen	persen	persen poin		persen poin	
Tingkat Partisipasi Angkatan Kerja (TPAK)	67,77	67,80	68,63	0,03		0,83	
- Laki-Laki	82,41	82,27	83,87	-0,14		1,60	
- Perempuan	53,13	53,34	53,41	0,21		0,07	

Source : (BPS, 2022)

Based on data from the Central Statistics Agency (BPS) in Figure 1.1, the number of unemployed people in Indonesia reached 8.42 million in August 2022. However, compared to the previous year, there was a decrease of 0.68 million people or 7.43%. When compared to the total workforce of 143.72 million people, the open unemployment rate (TPT) in Indonesia is 5.86 percent in August 2022.

Reducing the number of jobs and the formation of new businesses can also be affected by the many forms of assistance programs provided by the government (Jia, 2023). Another assistance program provided by the government is the assistance program during the Covid 19 pandemic which ultimately had an impact on increasing unemployment during the Covid-19 pandemic. Recent research conducted by Holzer et al. (2021) study how the expansion of unemployment benefits in both generosity and adequacy during the COVID-19 pandemic affected US employment. In Indonesia, the number of unemployed due to the Covid 19 pandemic has had a significant impact. The data on the number of unemployed due to Covid can be seen in Figure 1.2 below:

Figure 1.2 Unemployment Data in Indonesia Affected by Covid 19

Komponen	Agustus 2020	Agustus 2021	Agustus 2022	Perubahan Agt 2020–Agt 2021		Perubahan Agt 2021–Agt 2022	
	juta orang	juta orang	juta orang	juta orang	persen	juta orang	persen
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Pengangguran[1] karena COVID-19	2,56	1,82	0,24	-0,74	-28,96	-1,58	-86,88
2. Bukan Angkatan Kerja (BAK)[2] karena COVID-19	0,76	0,70	0,32	-0,06	-6,98	-0,38	-54,48
3. Sementara Tidak Bekerja[3] karena COVID-19	1,77	1,39	0,11	-0,38	-21,54	-1,28	-91,76
4. Penduduk Bekerja Mengalami Pengurangan Jam Kerja karena COVID-19	24,03	17,41	3,48	-6,62	-27,55	-13,93	-80,03
Total PUK Terdampak COVID-19	29,12	21,32	4,15	-7,80	-26,77	-17,17	-80,53
Penduduk Usia Kerja (PUK)	203,97	206,71	209,42	2,74	1,34	2,71	1,31
	persen	persen	persen	persen poin		persen poin	
Persentase PUK Terdampak COVID-19 Terhadap PUK	14,28	10,32	1,98	-3,96		-8,34	

Source: (BPS, 2022)

Based on Figure 1.2, it shows that the number of unemployed during the Covid-19 pandemic in Indonesia tended to fluctuate. Effective and targeted policies to address the adverse consequences of the COVID-19 pandemic for the economy depend on the speed and accuracy of measuring the extent of labor market effects across different demographic groups and geographic areas. Traditional measures of labor market outcomes, in particular the unemployment rate, based on a survey confined to a small geographic area, show that there is a loss due to ongoing

uncertainty due to the pandemic (Barwick et al., 2020).

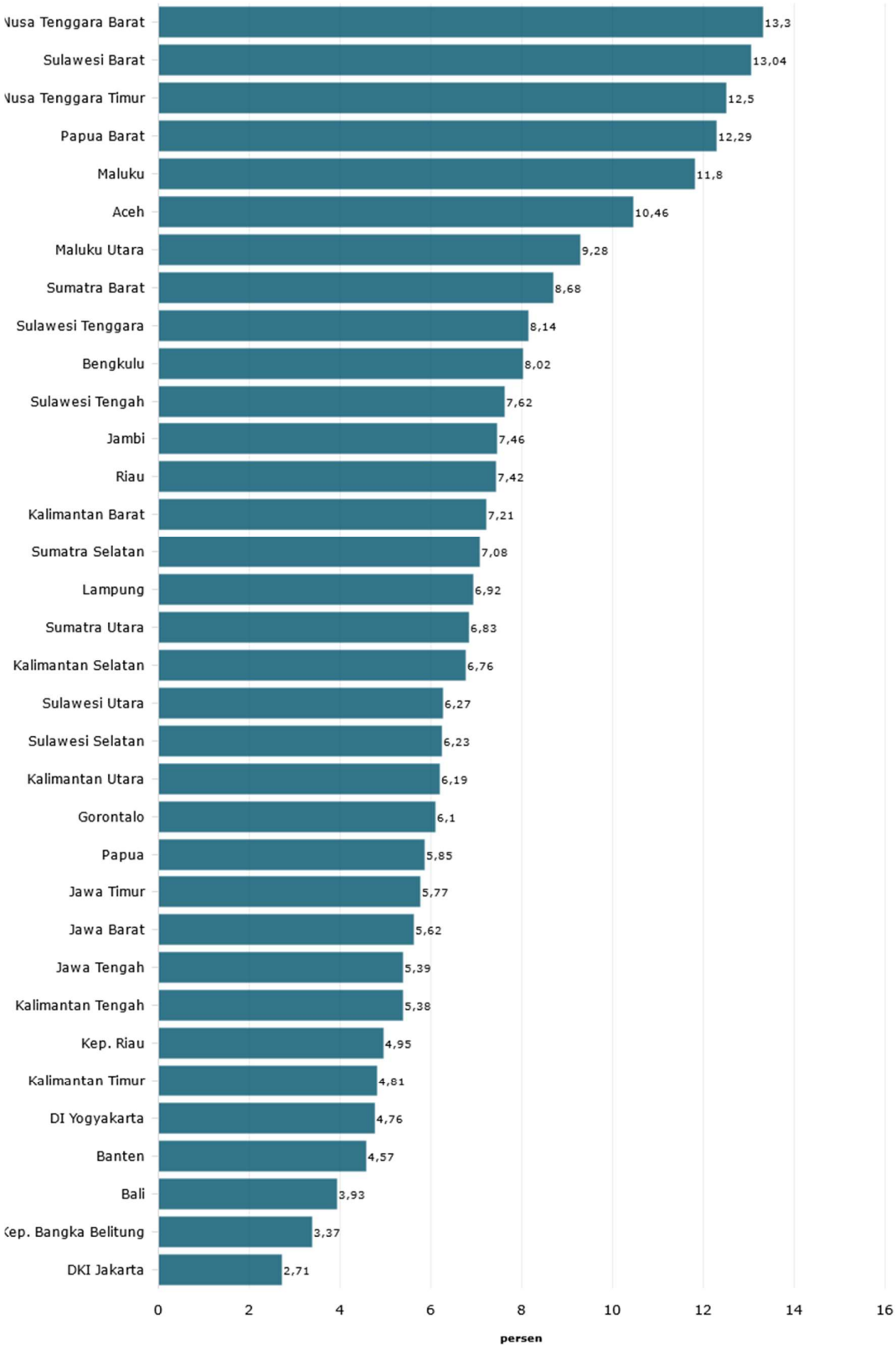
The shock of the COVID-19 pandemic has had an unequal economic impact on society which then has caused disproportionately some suffering for some members of community groups. Preliminary evidence of the effects of the pandemic shows that women's employment has fallen disproportionately, several new studies have attempted to investigate the difference in the impact of the COVID-19 crisis between men and women which has caused a "she-cession" where the prospects for the labor market for women are worse than for men (Adams-Prassl et al., 2020; Albanesi & Kim, 2021). This contrasts with the “he-cession” phenomenon where observations were made in states in America where men are much more affected than women (Hoynes et al., 2012). This paper documents the extent and persistence of this phenomenon in a sample of 38 developed and developing market economies. We show that there is a large degree of heterogeneity across countries, with about two-thirds showing a greater reduction in the employment rate of women than men. These gender differences in the effects of COVID-19 are usually short-lived, lasting an average of a quarter or two. We also show that she-cessions are strongly associated with the impact of COVID-19 on the gender division of employment within the sector (Bluedorn et al., 2023). In Indonesia, the number of open unemployment rates has decreased, although not significantly. The data can be seen in Figure 1.3 below:

Figure 1.3 Characteristics of Unemployment in Indonesia

Karakteristik Pengangguran	Agustus 2020 (persen)	Agustus 2021 (persen)	Agustus 2022 (persen)	Perubahan Agt 2020–Agt 2021 (persen poin)	Perubahan Agt 2021–Agt 2022 (persen poin)
(1)	(2)	(3)	(4)	(5)	(6)
Tingkat Pengangguran Terbuka (TPT)	7,07	6,49	5,86	-0,58	-0,63
TPT Menurut Jenis Kelamin					
- Laki-laki	7,46	6,74	5,93	-0,72	-0,81
- Perempuan	6,46	6,11	5,75	-0,35	-0,36
TPT Menurut Daerah Tempat Tinggal					
- Perkotaan	8,98	8,32	7,74	-0,66	-0,58
- Perdesaan	4,71	4,17	3,43	-0,54	-0,74
TPT Menurut Kelompok Umur					
- 15–24 tahun	20,46	19,55	20,63	-0,91	1,08
- 25–59 tahun	5,04	4,44	3,36	-0,60	-1,08
- 60 tahun ke atas	1,70	2,73	2,85	1,03	0,12

Based on Figure 1.3 above, it shows the unemployment rate based on gender, area of residence, and age group in Indonesia from 2020 to 2022. In general, the unemployment rate in Indonesia based on gender has differences where in 2020 there were 6.46% women while men were 7.46% which decreased in the following year by 0.72% for men and 0.35 for women and at the end of 2022 male unemployment was only 5 .93% and only 5.75% for women. Likewise, in terms of residence, the number of unemployed people in cities tends to be higher than those who live in rural areas. This refers to research conducted by Lyu et al., (2019) which revealed that an increase in unemployment in villages led to additional migration of people to cities due to unsupportive agricultural factors which would then lead to a lack of available job opportunities in urban areas thereby increasing the number of unemployed in cities. On the age side, the difference in unemployment is at a young age, namely the ages of 15-24 years where at the end of 2022 there will be an increase of 20.63%, an increase of 1.08% compared to the previous year. This is a quite serious problem that does not only occur in Indonesia but also in other countries. The deregulation shown by neoclassical economic theory is that high flexibility of the labor market can stimulate companies to employ young people and can reduce unemployment successfully broken by research conducted by Liotti, (2022) which shows the opposite result where they doubt the introduction of flexibility measures itself can be a useful tool to counteract the increase in youth in the labor market.

Figure 1.4 Unemployment Distribution in Indonesia



Source: BPS 2022

Table 1.1. Total Unemployment Based on Education

Education Level	Open Unemployment Rate Based on Education Level		
	2020	2021	2022
No/Never Been to School/Not Completed & Completed Elementary School	3.61	3.61	3.59
JUNIOR HIGH SCHOOL	6.46	6.45	5.95
Public High School	9.86	9.09	8.57
Vocational High School	13.55	11.13	9.42
Diploma I/II/III	8.08	5.87	4.59
University	7.35	5.98	4.80

Source: BPS 2022

Based on Figure 1.4, the highest number of unemployed is in West Nusa Tenggara Province, followed by Central Sulawesi and East Nusa Tenggara in third place. While Table 1.1 shows the number of unemployed based on the last education completed, the surprising result is that SMK graduates account for the highest number of unemployed compared to other educational backgrounds. This is inversely proportional to what is a program from the Indonesian government, where SKM graduates are expected to be able to immediately enter the world of work because SMK graduates are printed to have skills that can be directly applied in the world of work. Vocational schools can give workers a head start in the labor market, but they can also make existing knowledge obsolete more quickly and make older workers vulnerable to technological change (Korber & Oesch, 2019). Employment prospects remain good for vocational as well as for general education during the second half of workers' careers. However, vocational education is associated with significantly lower earnings once workers enter their thirties, and this disadvantage is greater for women than for men (Korber & Oesch, 2019).

LITERATURE REVIEW

1. New Keynesian Model

The most recent approach in the mainstream view is the new Keynesian approach, which attempts to combine the Real Business Cycle (RBC) and the neoclassical propositions for long-run rigidity and Keynesian to explain short-run

outcomes and particularly fluctuations. Within this conciliation approach, new Keynesian economists usually accept that the source of shocks can come from the supply side, as in the RBC model, or from the demand side. However, they argue that friction and market imperfections can amplify these shocks so that the critical issue for this approach is not the source of the shock but how the economy responds to it, given nominal rigidity and market imperfections (Trotta Vianna, 2023).

Several researchers focused on market imperfections which later formed the New Keynesian branch of economics. The main result is that fluctuations in the real world are caused by coordination failures when economic agents achieve lower returns because there are no incentives to join forces to choose a better strategy (Mankiw, 2020). Coordination failure itself is a major cause of macroeconomic instability (Ball et al., 1988). But some other economists argue that even if the market mechanism were perfect, if prices and wages were flexible, then the economy would still be cyclical. Economists emphasize a rigidity that occurs in real terms such as credit restrictions and risk aversion (Greenwald & Stiglitz, 1993). Under this assumption, fully flexible wages and prices would result in more volatility, hinting at a possible shift away from the Frisch-Slutsky hypothesis and a return to the early Keynesian and other heterodox views of the business cycle.

2. Job search

One of the reasons unemployment always arises is the search for work. Job search is a process carried out by workers to find work according to their interests and skills. If all workers and jobs were homogeneous then job search would not be a problem. Currently, the problem is when a person stops working, he will look for a job that suits his interests and skills, the availability of which may not necessarily exist, so unemployment is inevitable. Rigid labor markets prevent the adjustment of labor supply and labor demand according to certain phases of the business cycle, increasing production costs for firms and reducing the competitiveness of goods and services at the international level (Liotti, 2022). The European Union has adopted reforms which have reduced the rigidity of the labor market namely; these reforms have reduced so-called “job security” and have touched areas such as hiring and firing regulations, firing fees and minimum wages. The degree of flexibility is captured by the so-called labor market regulation index (LMRI) which takes into account changes in labor institutions due to reforms adopted by the government

from time to time (Liotti, 2022).

The government, in this case, needs to have involvement and a role in the job search process. In Indonesia itself, there is a pre-employment card program which is a government program to increase competence and entrepreneurship needed by job seekers to help them match the types of jobs available with existing job vacancies.

Research conducted by Wang & Yang (2023) studied the labor market equilibrium model with identical companies and homogeneous employees with job seekers and job seekers elsewhere. Employment is a dynamic contract that allows the firm to match external labor offers or allow the work to be discontinued for non-deteriorating wage supply distributions that arise in the environment, note that there is a positive cost of employee turnover in terminating existing jobs or posting new ones and that there is asymmetric information about the external environment of labor supply. The use of the labor market equilibrium model in this study was calibrated to the United States labor market in order to have a good fit with the observed flow of workers and the observed minimum-mean ratio in wages earned. The calibrated model predicts the capital distribution for both the wages offered and the wages earned (Wang & Yang, 2023).

3. Minimum wage

The minimum wage set by the government is one of the reasons for the increase in the unemployment rate in a country. However, the minimum wage does not affect countries that pay far above the minimum wage set. Indonesia is a country that applies a different regional minimum wage for each region or known as the UMR which is determined by the respective regional governments. The minimum wage itself will greatly affect certain groups with higher unemployment rates. When the minimum wage forces wages to be above it, supply and demand will balance, this will increase the amount of labor supplied and reduce the amount of labor demanded so that there will be a surplus of labor where the number of workers who want jobs is greater than the number of jobs available which will then have an impact on increasing the number of unemployed.

A study conducted by Mayneris et al., (2018) on companies in China regarding their reactions to higher minimum wages and exploring the reformed minimum wage in 2004. After the reforms were carried out, the researchers found that wage costs for

companies that followed the increase experienced an increase, but this was followed by a significant change in productivity, which allowed companies to absorb shock costs without changing profitability with job losses. Enterprise-level productivity gains come partly from better inventory management and greater investment in capital, at the cost of reducing enterprise-level cash (Mayneris et al., 2018).

Another study developed a new model with heterogeneous firms under the Heckscher-Ohlin-Samuelson perfect competition model. researchers obtain new predictions regarding the effect of minimum wages on selection, namely that binding minimum wages will increase (or decrease) total factor productivity (TFP) at the firm and industry level depending on whether the capital intensity of input costs outweighs production failures. Exploiting the rich regional variation in minimum wages across districts of China and using firm-level production data, we find strong evidence supporting a causal effect of minimum wages consistent with our theoretical predictions (X. Bai et al., 2021). This research provides a new perspective on the impact of the minimum wage. Using a new model of heterogeneous firms in competitive settings, we derive new predictions about the effect of minimum wage increases on selection. Researchers tested our model and found evidence to support it, then calculated our forecast for China. The results show that, at least in China, policies following minimum wage increases with a view to spreading the benefits of globalization lead to substantial increases in TFP. This increase did increase the exit of firms that were more labor intensive in production than their entry. A 10% increase in the minimum wage increases the TFP by 4.4% and the exit rate by about 30%. The analysis in the paper opens up a number of questions for future research. In the current model of active market perfect competition, the minimum wage (or, any form of price cap) is a distortion and the minimum wage should reduce welfare. The improvement in TFP after the increase in the minimum wage also cannot be interpreted as an increase in welfare. The perfect competition environment is clearly not the right place to study optimal minimum wage policies because it abstracts from all kinds of labor market distortions (such as search and match frictions and monopsony forces in the labor market) which are the reasons for such policies, including the effects of minimum wage selection in models with labor market forces is an interesting agenda for future research (X. Bai et al., 2021).

4. Labor unions

A labor union is an association within a company but not part of company management whose function is to negotiate with companies regarding wages and working conditions within the company. Unions themselves have a large impact on a company because they have collective bargaining by playing market power with them in the negotiation process. Labor unions in general will have a big influence on the employees who are members of it.

Labor unions have an important role to play in helping companies respond efficiently to the interests of workers. By representing workers on issues of working hours, leave and working conditions that allow companies to provide the right job attributes, even when demands for wages are higher than the regional minimum wage which are then set by the company on the demands of the unions, they will help companies create good work productivity from employees with feelings of happiness and increased performance.

A study conducted (Bui et al., 2020) examined the influence of labor unions on bank performance during the recent financial crisis. Empirical evidence from the 314 largest global banks shows that the share returns and profitability of unionized banks are higher, and the probability of default is lower than that of non-unionized banks. In addition, unionized banks have lower tail risk in their share returns, more tangible equity, more liquid assets, and better pre-crisis loan quality than non-unionized banks. These findings suggest that bank unions operate more conservatively and engage in less risk. Our results imply that union preferences can shape a bank's risk culture (Bui et al., 2020)

5. The theory of efficiency wages

The theory of efficiency wages (efficiency wages) states that wages above the equilibrium level paid by companies can increase employee productivity. Companies that pay wages above the balance will experience work effectiveness where employees who earn wages above the balance will produce better productivity so that companies can have a smaller number of workers. The efficient wage theory examines workers' wages and health. Workers who receive better wages tend to be in good health condition, this health condition can be seen from the more nutritious and healthy food consumed and also good mental health condition. A study analyzes the adverse effects on the mental and physical health of middle and lower class

employees who experience work family conflict. The relationship between low levels of balance between work and personal life and negative health effects has been confirmed by the results of this study. People who suffer from work-life balance deficiencies more often report health ailments such as musculoskeletal diseases, headaches/eyestrain, physical and mental fatigue that occur in middle-class people or middle-class life (Borowiec & Drygas, 2022)

Another study reveals new facts about the relationship between flexible wage components and firm performance using a unique matched employer-employee database from Hungary. Firms that provide a flexible wage component adjust total wage compensation more to income shocks than firms without flexible wages. Nevertheless, employment responses to earnings shocks are the same in firms with and without a flexible wage component. These findings also apply in the case of aggregate shocks and during the Great Recession. The results show that component flexible wages in current magnitude does not weaken the employment response to negative income shocks. Finally, I discuss possible explanations for the empirical findings (Reizer, 2022)

International evidence on the effect of the minimum wage on mental health is mixed. Estimates have used various types of variations in the minimum wage. In some countries, such as the UK, minimum wages are set nationwide. In the United States, most are defined subnationally. The resulting cross-state and time variations have recently been used to estimate that minimum wage increases have a positive effect on mental health. We exploited subnational-level variation that is similar and substantial for Canada, using a panel of available longitudinal health surveys from 1994 to 2011. Using the difference-in-difference method and a threefold difference with individual fixed effects, we found that minimum wage increases were associated with modest reductions in distress and depressive symptoms, mostly for males (Y. Bai & Veall, 2023).

METHOD

Writing this research aims to get an overview, know and explain and overcome poverty and unemployment in Indonesian society. Efforts to reduce the unemployment rate and concomitantly reduce the poverty rate are equally important.

This research is a literature study by conducting a review of various theoretical references that are relevant to the problem of unemployment in the perspective of microeconomic business in Indonesia.

Data collection in this research was carried out by collecting data obtained from several journals, books, documentation and the internet. Literature studies are used to carry out theoretical studies of various research results by collecting data or sources related to unemployment and employment absorption in Indonesia. The data obtained were then analyzed using descriptive methods. The descriptive method is carried out by describing some of the facts that have been collected and then analyzed and described as well as relevant explanations regarding the existing phenomena.

RESULTS AND IMPLICATIONS IN BUSINESS

Reforms that have reduced labor market rigidity namely; these reforms have reduced so-called “job security” and have touched areas such as hiring and firing regulations, firing fees and minimum wages. The degree of flexibility is captured by the so-called labor market regulation index (LMRI) which takes into account changes in labor institutions due to reforms adopted by the government from time to time (Liotti, 2022).

The government, in this case, needs to have involvement and a role in the job search process. In Indonesia itself, there is a pre-employment card program which is a government program to increase competence and entrepreneurship needed by job seekers to help them match the types of jobs available with existing job vacancies.

Labor unions are associations that function in negotiations between workers and companies regarding wages and working conditions. Unions often ask for higher wages and better working conditions in the process of negotiating with companies. If the negotiations do not reach an agreement, the union withdraws workers from the company by striking. Because strikes reduce production, sales, and profits, threatened firms often agree to raise wages at the request of unions rather than strike. However, if unions raise wages above equilibrium, the union will also increase the amount of labor supplied and reduce the amount of labor demanded, resulting in unemployment. When unions increase wages in one part of the economy, the supply

of labor increases in other parts of the economy. This labor supply will lower wages in industries that do not have unions.

Using enterprise-level union membership data for the period 2002-2016, which shows that firms with higher union membership are more likely to engage in real earnings management than accrual-based earnings management, with abnormal production as the dominant form of real earnings management. The results of the study further demonstrate the causal effect of union membership on real earnings of man- management by exploiting two natural experiments—enforcement of the right-to-state-level employment law (RTW) and shocks to unemployment insurance benefits (UIB)—as exogenous shocks to union power. Further exploration shows that the positive relationship between union membership and real earnings management is more pronounced for unionized firms with (1) high managerial incentives to reduce employee recruitment and retention costs and (2) inflexible operating capabilities created by overinvestment in labour. The results of this study are consistent with managerial incentives for upward earnings management to reduce employees' perceived job security and employee management costs in a competitive labor market (Chang et al., 2022).

The hypothesis regarding union bargaining is that firms strategically lower their cash levels to counteract the increased bargaining power of employees due to increased unionization. In addition, the negative effect of labor unions on cash holdings is more pronounced in labour-intensive, large, high growth, high profitability, and low labor productivity firms. The quality of state institutions intensifies documented relationships, which is in line with cost economic theory. In addition, we exploit economic shocks and show that the increase in unionization after the banking crisis negatively affects firms' cash levels. These findings are robust to different union variable constructs, alternative dependent variable definitions, controls for potentially correlated time-variant firm characteristics, saturation of a dense set of fixed effects, and endogeneity concerns (Ahmad & Kowalewski, 2021).

Based on the theory of efficiency wages, which examines companies that operate more efficiently if wages are above the equilibrium level. Companies will benefit if they maintain high wages despite a surplus in labor. A new understanding of the efficiency wage theory is that companies providing high wages can increase worker efficiency. This can be assessed from several things, namely worker health, worker absenteeism, worker quality to worker effort.

CONCLUSION

Unemployment is not just a simple problem with a simple solution. Many government programs seek to make it easier to find work in various ways, one of which is providing information about job vacancies in order to make it easier for job seekers to match skills with their jobs. In addition, the government can also provide training in improving workers' skills so that it is easier to find suitable jobs with skills. Minimum wage regulations have an impact on the quality of the company.

Employees who earn the minimum wage tend to be relatively young and sometimes have less education and skills. In addition, workers with a minimum wage also usually work part time. Judging from the type of structural unemployment, the minimum wage has a major impact on the emergence of unemployment, while the type of frictional unemployment will be different because this unemployment arises due to the job search process.

Several studies show that labor unions have a negative influence on business because bargaining power tends to put pressure on companies so that they do not provide many choices for companies to respond to this bargaining power. But the positive side is the existence of labor unions and the fulfillment of demands regarding decent wages and working conditions which allows companies to get employees who have good quality.

Efficiency Pay Theory has an impact on better employee health. Companies that apply the efficiency wage theory will have employees who tend to be healthier both physically and mentally. The next impact is the reduced absenteeism and turnover rates where the higher the wages given, the smaller the desire to leave and leave the company.

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