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bandar lampung**  
SCHOOL OF POLITICAL AND SOCIAL SCIENCES  
Bandar Lampung University, Indonesia

**Icon-LBG** 2016

**The Third International  
Conference on Law,  
Business and Governance**

**PROCEEDINGS**

Hosted by  
Faculty of Law, Faculty of Economics and Faculty of Social Science  
Bandar Lampung University (UBL)

# Icon-LBG 2016

THE THIRD INTERNATIONAL CONFERENCE  
ON LAW, BUSINESS AND GOVERNANCE 2016

20, 21 May 2016  
Bandar Lampung University (UBL)  
Lampung, Indonesia

## PROCEEDINGS

Organized by:



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## ***PREFACE***

The Activities of the International Conference are in line and very appropriate with the vision and mission of Bandar Lampung University (UBL) to promote training and education as well as research in these areas.

On behalf of the Third International Conference on Law, Business and Governance (3<sup>th</sup> Icon-LBG 2016) organizing committee, we are very pleased with the very good response especially from the keynote speaker and from the participants. It is noteworthy to point out that about 46 technical papers were received for this conference.

The participants of the conference come from many well known universities, among others : International Islamic University Malaysia, Unika ATMA JAYA, Shinawatra University, Universitas Sebelas Maret, Universitas Timbul Nusantara, Universitas Pelita Harapan, Universitas Bandar Lampung, Universitas Lampung.

I would like to express my deepest gratitude to the International Advisory Board members, sponsor and also to all keynote speakers and all participants. I am also grateful to all organizing committee and all of the reviewers who contribute to the high standard of the conference. Also I would like to express my deepest gratitude to the Rector of Bandar Lampung University (UBL) who give us endless support to these activities, so that the conference can be administrated on time

Bandar Lampung, 21 May 2016

**Mustofa Usman, Ph.D**  
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## Table Of Content

Preface.....	ii
International Advisory Board .....	iii
Steering Committee .....	iv
Organizing Committee.....	vi
Table of Content .....	ix
Keynote Speakers :	
1. Capability of Public Organizationstructure After Regional Extention in Way Kanan Regency (A Study on Basic Service Organization) – Yadi Lustiadi .....	I-1
2. Criminalisation of Copyright Piracy And International Trade: A Marriage of Convenience? The Case With Transpacific Partnership Agreement – Ida Madieha bt. Abdul Ghani Azmi .....	I-8
3. Legislative Measures To Prevent And Combat Sexual Violence Against Child: National and International Perspective – Antonius PS Wibowo .....	I-15
4. The Impact of Economic Structure Change on The Local Own Source Revenue and Its Effect Towards The Regional Income Improvement – Iskandar Ali Alam .....	I-25
5. The Influence Of Audit Committee and Internal Auditor Toward The Prevention of Fraud (A Survey In SOEs of Indonesia) – Angrita Denziana .....	I-40
Paper Presenter :	
Law :	
1. Application of Islamic Economic Law of Murabahah Funding In Islamic Banking – Nunung Rodliyah .....	II-1
2. Consultative Board Role of Country (BPD) in Monitoring Implementation of Government in The Country by Act Number 6 Of 2014 Concerning The Country – Rifandy Ritonga & Indah Satria .....	II-6
3. Identifying Criminalitor Using Face Detection on Room Security System – Robby Yuli Endra, Ade Kurniawan & Ari Kurniawan Saputra .....	II-14
4. Juridical Studies Mastery Mine Concept in The Approach to History and Principles of IMS ( <i>Internasional Minimum Standard Of Civilization</i> ) – Recca Ayu Hapsari .....	II-19
5. Legal Protection of Bank Customers In Cyber Crime Connected With The Internet Bankinglaw Number 11 Of 2008 Concerning Information and Electronic Transactions – Risti Dwi Ramasari .....	II-25
6. Legal Standing of Financial Services Authority (FSA) as Supervision of Banks Institutions in Indonesia – Zulfi Diane Zaini & Tami Rusli .....	II-28
7. Outlook for Tapis Fabric as Traditional Crafts Lampung Society in The Indication Geography Legal Protection – Erlina B, Recca Ayu Hapsari & Risti Dwi Ramasari .....	II-35

8. Punishment System Policy in The Prevention Effort To Criminal Act of Murder (Case Study of Murder Under Drunkenness) – Bambang Hartono & Benny Karya Limantara ..... II-39
9. The Policy of Criminal Law Against The Crime of People Trafficking – Intan Nurina Seftiniara ..... II-45
10. Analysis Reject Measure in Testing Non Constitutional Law on The Constitution NRI 1945 – Baharudin and Tantolailam ..... II-51

**Business:**

1. An Analysis of Business Strategy To Increase Sustainable Competitiveness in Street Vendors (Studies in Mang Udin Ice Business in Bandar Lampung) – Sapmaya Wulan & Mahmudi ..... III-1
2. Analysis of Economic Growth And Inflation Rate of Unemployment in Lampung Province – Achmad Subing ..... III-10
3. Critical Success Factors and Risks Management in Applying Extensible Business Reporting Language – Idris Asmuni ..... III-19
4. Differences Stock Return Between Company Which Has High Accounting Conservatism Level and Low Accounting Level to Company Registered at Stock Exchange of Indonesia Period 2010-2014 – Haninun, Angrita Denziana, Hepiana Patmarina & Theresia Aprilliani ..... III-24
5. The Influence of Human Resources, Commitment Leader, The Use of Information Technology, and System Internal Control on The Quality of Local Government Financial Report Pringsewu – Chairul Anwar & Devi Meliana Mukadarul ..... III-30
6. Foreign Debt Management Analysis And Impact On Economic Growth – Habiburrahman ..... II-38
7. Influence of Motivation And Performance Work The Performance of Employees in Train Indonesia Company Tanjung Karang Bandar Lampung (A Case Study in The Commercial Employees) – Endang Siswati Prihastuti ..... III-44
8. Influence of Work Motivation And Work Discipline on The Performance of Employees in Regional General Hospital in The District Demang Sepulau Raya Central Lampung – M.Oktaviannur & Adhetya Pratama ..... III-51
9. Leverage Ratio Analysis Comparison Before and After Fixed Assets Revaluation in Jakarta Stock Exchange Impact on Investment Decisions Studies on The Company's Manufacturing IES Which Went Public on The Jakarta Stock Exchange – Ardansyah & Jant Kennedy Junior ..... III-58
10. Market Regime and Relative Risk Between Sectors - Defrizal ..... III-67
11. Moderating Effect of Switching Cost on Relationship Between Perceived Value, Satisfaction, Trust on Loyalty of Young-Age Customer In Tokopedia – Margaretha Pink Berlianto ..... III-73
12. Marketing Mix Effect on Sales Volume of Banana Chips in Joint Business Group (KUB) "Telo Rezeki" in Bandar Lampung – Olivia Tjioener ..... III-85
13. The Effect of Intellectual Capital and Corporate Governance on Bank's Financial Performance in Indonesia – Tia Rizna Pratiwi ..... III-97

14. The Effect of Number Of Customers and Fund of Third Parties (DPK) on The Provision of Cash In Bni Sharia Yogyakarta Branch Period 2008-2010 – Revita Sari .....	III-107
15. The Effect of Services Quality on Satisfaction of Visitors Tourism in Recreation Park Mutun Beach Lampung – Selfia Alke Mega .....	III-114
16. The Effect of The Implementation of Good Corporate Governance on The Company Financial Performance – Nurdiawansyah & Aminah .....	III-121
17. The Influence of Leadership Style and Work Motivation Toward Employee Performance at Department of Communication and Information in Bandar Lampung City – Tri Lestira Putri Warganegara .....	III-129
18. The Influence of Quality Products and Quality of Customer Loyalty in Cigarette Class Mild in PT.Niaga Nusa Abadi Bandar Lampung) – Farida Efriyanti & FerdyaRahman .....	III-136
19. The Influence of Transparency and Accountability Local Government Financial Report on The Level of Corruption Local Government of Sumatera Area – Khairudin, Rosmiati Tarmizi, Herry Goenawan Soedarsa & Rina Erlanda .....	III-146
Governance:	
1. Analysis of Implementation Program Village Funds in Supporting Regional Revenue - Ida Farida .....	IV-1
2. Development of A Public Service Model Through E-Government in Lampung Province - Malik & Noning Verawati .....	IV-6
3. Implementation of The Policy Program Bina Lingkungan The Government of Bandar Lampung City (A Studies on Vocational High School 2 Bandar Lampung) – Asrudi, Ferdiansyah & Sundari Saputri .....	IV-12
4. Motivation and Creativity Influence Toward Students Academic – Azima Dimiyati & Agus Purnomo .....	IV-15
5. Political Marketing and Communication Strategy To Win Legislative Nominee’s Competition Within Golkar Party in General Election 2014 – Pujono .....	IV-21
6. Sustainable Development Offuture Firmreputation - Vienda A Kuntjoro .....	IV-31
7. The Influenced of Good Corporate Governance to Corporate Sustainability – Vienda A Kuntjoro .....	IV-39
8. The Village People Empowerment to Increase Social Welfare - Wahyu Edi Purnomo, Desi Wahyuni & Widia Paramita .....	IV-45
9. The Dominant of Characteristic of Company at The Disclosure of Intellectual Capital (Study In Banking Company Registered In BEI Period 2010-2012) – Soewito, Suwandi & Hotma Margaretha Rumapea .....	IV-50
10. IT Bussiness : At A Glance Cloud Learning System in EF Bandarlampung – Arnes Yuli Vandika, Ruri Koesliandana & Dina Ika Wahyuningsih .....	IV-61

## **ANALYSIS OF ECONOMIC GROWTH AND INFLATION RATE OF UNEMPLOYMENT IN LAMPUNG PROVINCE**

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### **Abstract**

Achmad Subing, Influence Analysis of economic growth and inflation rate against Unemployment in Lampung Province. One of the barriers of economic development of a country or a region is unemployment while the main purpose of economic development in the country is to improve people's welfare. In addition, Economic Development has associated with economic growth and higher inflation. Unemployment is a problem that is not easily overcome by a country or region and the high level of unemployment may cause social and economic problems. Such conditions can lower the level of prosperity and purchasing power. The lower the unemployment rate of a country, the more affluent people's lives, and vice versa. To overcome the problem of unemployment attention is required not only in terms of the micro but also in terms of the macro. Macro policies that must be considered include the problems of inflation and economic growth. To determine the link between economic growth and the rate of inflation to the increase in unemployment in Lampung province, in this study the researcher raised problem on How is the effect of economic growth and inflation rate against unemployment in Lampung either partially or simultaneously using secondary data in the form of time series during 2000-2013. Data obtained from the Central Statistics Agency (BPS), Bank Indonesia Representative Lampung, Lampung Provincial Population Office. The research method is explanatory research with multiple linear regression analysis techniques with significant level of 5 percent. The results showed that economic growth and inflation rates go together with significant impact on unemployment in Lampung province, partially significant effect on economic growth and have a negative correlation to unemployment, which means that when the economic growth rate increase, it will bring down unemployment. While the inflation rate has no significant effect on unemployment and inflation rate was positively related to unemployment in Lampung province; this means that if the inflation rate increases, unemployment will also rise. Thus, to reduce unemployment in Lampung province we need to increase economic growth and reduce the rate of inflation in order to increase public welfare in Lampung province to be achieved

Keywords: economic growth and the rate of inflation, unemployment

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### **1. INTRODUCTION**

#### **BACKGROUND**

One of hindrances of economic development of a country or region is the presence of unemployment while the main purpose of economic development in the country is to improve people's welfare. The successful achievement of well-being can be measured by the extent to which a country can solve the problem at hand. One of the problems faced by almost all regions in Indonesia is high unemployment.

Lampung province which is located in the southeast tip of the island of Sumatra has twelve Regencies/Cities. As economic development is an integral part of the national economy of Indonesia as well as economic growth, the economic growth in Lampung province is part of the national economic growth. One of the economic indicators that are commonly used to measure the economic growth of Lampung province is the Regional Income Statistics, or better known as the Regional Gross Domestic Product (GDP) of Lampung province. In addition as a measure of economic growth, the GDP may also be used to assist in evaluating the local governments to prepare a policy of regional development.

Based on approach to macroeconomic theory, the problem of population growth, unemployment, and inflation level deserve special assessment so that the economic growth can flourish for the welfare of the society. Based on estimation of the Central Statistics Agency (BPS) Lampung (Lampung in Figures 2013) on population data in 2005, the population of Lampung Province in 2008 reached 7,391,128 people with

the sex ratio of 104.08. Population density in Lampung province appears to be still unbalanced or uneven between regions. Compared with the district, the population density in the city is generally very high. The population density in Bandar Lampung for example, reached 4,265 people per square kilometer and the City of Metro reached 2,171 people per square kilometer. Meanwhile, the population density in all counties remained below 500 inhabitants per square kilometer, and West Lampung regency was only 80 inhabitants per kilometer square.

Improving the quality of the population can be done by improving the health, education, and socioeconomic including income and family income as well as other welfare business improvement. Many disadvantaged families in Lampung Province in 2008 based on the results of data collection from BKKBN have amounted to 680 486 families. The most is in South Lampung regency around 103 865 families and the lowest is in Metro around 5442 family.

Employment sector is one of the important sectors for regional economic development, especially in local government efforts to reduce the number of poor people. In presenting employment data, BPS uses an age limit above 15 years of all the residents and is known as the working age population. The working age population in Lampung province (2008) amounted to 5,248,338 people, made up of the total labor force of 3,568,770 inhabitants and not a labor force of 1,679,568 people. The labor force consists of employed population (3,313,553 inhabitants) and unemployment (255,217 inhabitants), whereas the labor force is not included school (408,811 inhabitants), the household (1,061,810), and others (208,974 inhabitants). Population of Lampung Province mostly working in the agricultural sector is 55,51 percent or 1,839,501 inhabitants with added value in this sector is relatively low

Number of unemployed according to the Official Gazette of Statistics (BPS Lampung, January 2009) in August 2008 increased by 24.8 thousand people compared to the situation in February 2008, namely from 230.4 thousand in February 2008 to 255.2 thousand in August 2008. However, when compared to August 2007 the number of unemployed in August 2008 decreased by 13.9 thousand people.

The inflation rate in Lampung province also determines the economic growth. The inflation rate in Lampung Province during the years of 2000 -2013 has always been at the level of mild inflation (one digit), just when the crisis period of 1998 till 2000 there was two-digit inflation (middle inflation) with an average inflation rate of 7.1388 percent, the standard deviation of 3, 5613 percent, a growth of 4.55 percent. Based on these data mean inflation rate in Lampung is included in mild inflation (Creeping Inflation) i.e. inflation with the rate of growth that took place slowly and in a position of one digit or below 10% per annum which actually has a positive effect which means to stimulate the better economy.

The development of economic growth, inflation and unemployment in Lampung province in the years of 2000-2013 as illustrated in table 1

Table 1  
 Inflation, Economy Growth and Levels  
 Unemployment Lampung province Years 2000-2013

Year	Inflation Rate (%)	Growth (%)	Unemployment Rate%
2000	6,16	7,50	31,28
2001	2,21	3,59	27,50
2002	0,97	5,62	12,68
2003	1,74	5,76	11,58
2004	0,12	5,07	-18,70
2005	0,02	3,76	14,90
2006	0,32	5,24	7,25
2007	1,02	5,94	12,53
2008	1,15	5,35	15,17
2009	0,35	5,07	-5,97
2010	1,23	5,75	-7,62
2011	2,13	6,38	-3,11
2012	0,06	6,89	-16,82
2013	1,26	6,92	1,12

Source: BPS Lampung Province, the data is processed

According to BPS Lampung Province Unemployment Rate (OUR) decreased significantly from 5.17% in 2008, fell to 3.11% in 2011, but the number is still quite high. Therefore effort is necessary to improve the absorption of labor. The problem of unemployment in Lampung province by 2012 remains a strategic issue in the field of employment. Macro policies to be aware of is inflation and economic growth.

Based on data obtained from BPS (Central Bureau of Statistics), over the last ten years the rate of inflation in Lampung province has fluctuated and still relatively light because the average ranges from under 10% per year.

Inflation in Lampung province in 2007 increased to 1.02% and was followed by the increase in the unemployment rate of 12.53%. Likewise with the 2008 inflation rate of 1.15% the unemployment also increased to 15.17%. In 2009 the inflation rate fell to 0.35%, but unemployment fell to -5.97% as well as in 2012 when inflation decreased by 0.06% and unemployment only decreased by -16.82%.

The economic growth rate of Lampung Province is relatively large because the average reaches 6.06% annually. Based on data obtained from BPS (Central Bureau of Statistics) in 2011 economic growth in Lampung province at 6.38%, and in 2012 the economic growth in Lampung province at 6.89%. In 2013 the economic growth increased to 6.92%, but unemployment also rose to 1:12%, as well as in 2005, economic growth rose to 3.76% of the unemployed also increased to 14.90%.

With the development of economic growth and inflation rate in Lampung Province was pretty good then it should be accompanied by a decrease in the unemployment rate. However, in reality unemployment rate in Lampung province is still quite high. Based on this phenomenon the research entitled "The Effect of Economic Growth and Inflation Rate of Unemployment Lampung" needs to be done

## **B. PROBLEM**

Based on the above background, the issues to be addressed in this study are

1. How is the influence of each (partial) economic growth and the inflation rate to the unemployment rate in Lampung province in the years of 2000-2013?
2. How is the mutual effect (simultaneous) of economic growth and the inflation rate to the unemployment rate in Lampung province in the years of 2000-2013?

## **C. THE PURPOSE OF THE STUDY**

In accordance with the formulation of the problems above, the purposes of this research are:

- 1) To determine whether there is influence in each (partial) economic growth and the inflation rate to the unemployment rate in Lampung province in the years of 2000 to 2013.
- 2) To determine whether there is influence together (simultaneously) in economic growth and inflation rate to the unemployment rate in Lampung province in the years of 2000-2013.

## **2. REVIEW REFERENCES**

### **A. INFLATION**

Suseno and Astiyah (2009) define inflation as an increasing trend of the price of goods and services in general and continuously. Meanwhile, Boediono (2008: 155) states that inflation is the rise of prices of goods in general continuously. Sukirno (2008: 14) defines inflation as the increase in prices prevailing in an economy. Based on the above definitions of inflation, it can be stated that inflation is a tendency of rising of prices of goods in general and occurs continuously in the long term.

Sukirno (2006: 333) states that it is a demand-pull inflation, i.e. inflation is usually the case at the time when the economy is growing rapidly. High employment creates high levels of income and subsequently gives rise to expenses that exceed the economic capacity of issuing goods and services. While inflation gives rise to costs, inflation prevails at the time when the economy is growing rapidly and the unemployment rate is very low. If companies still face growing demand, they will try to raise production by giving out salaries and higher wages to their workers. This step makes the production cost increases, which ultimately led to the rise of prices of many goods.

## **B. ECONOMIC GROWTH**

Economic growth is one of the benchmarks for assessing the economic development of a country. Pure (2006: 173) states that economic growth is a condition of the development potential GNP reflecting their per capita output growth and rising living standards. Sukirno (2008: 423) states that economic growth means development of the physical production of goods and services existing in the country. Meanwhile, Samuelson and Nordhaus (2004: 249) state that economic growth is an overview of potential GDP or output expansion of the State. So it can be said that economic growth is a process of increasing of the national income of a country within a certain time or a certain period.

Sukirno (2010: 432-437) states that Schumpeter's theory emphasizes on the importance of the role of entrepreneurs in creating economic growth. Schumpeter claimed that the higher rate of progress of an economy increasingly limited possibilities to conduct innovation. Then economic growth will become increasingly slow. It will eventually achieve the level of "state does not develop" or "stationary state".

## **C. UNEMPLOYMENT**

Sukirno (2008: 13) explains that unemployment is a condition in which a person belonging to the labor force wants to get a job but cannot afford them. Pure (2006: 197) states that unemployed is people who do not have jobs or have no earnings. Meanwhile, Suparmoko (2007: 176) states that unemployment is the inability to obtain labor force according to the job they need or they want. So we can conclude that unemployment is a condition in which a person who has been classified as the labor force has not got a job and trying to find a job.

A theory that explains the relationship between inflation and unemployment is from Philips Curve. Philips curve (Fischer, 2004: 104) states that there is a tradeoff between inflation and unemployment, that is, if the inflation rate is high then unemployment is low. Inflation occurs when the general price level rises (Samuelson and Nordhaus, 2004: 381).

The relationship between economic growth and unemployment is explained in the theory of Okun's law which states that any decrease of two percent of GDP related to potential GDP, the unemployment rate increased by about one percent (Samuelson and Nordhaus, 2004: 365).

## **D. HYPOTHESIS.**

The research hypothesis is there is a positive and significant influence between economic growth and inflation to unemployment in Lampung province.

## **3. RESEARCH METHODOLOGY**

### **A. RESEARCH AND DATA TYPES**

This type of research according to the level of explanation of this research includes the study associative as it aims to determine the relationship between variables, namely Analysis of Effect of Economic Growth and inflation on the unemployment rate in Lampung province. Then the data used in this research is secondary data in the form of time series with observations in the period of 2000-2013, Source Data is obtained from the Central Bureau of statistics (BPS) Lampung, Lampung Bank Indonesia Representative, and Office of Population of Lampung Province.

### **B. DATA COLLECTION METHODS**

The data collection is done by the study of literature by recording directly from the documentation of BPS (Lampung in Figures), Bank Indonesia Representative in Lampung and the Population of Lampung Province, and is conducted from research paper to the literature, the Journal as well as scientific reports related to the object to investigate.

### **C. VARIABLE OPERATIONAL DEFINITION**

Definition and limits of the variables used in this study include:

1. Based on economic growth there is a process of increasing revenue in Lampung area in the production of goods and services during the period of one year. In this research economic growth is

- an independent variable that determines the development of the unemployment rate in Lampung province.
2. Inflation is the raising in prices of goods and services in general that is sustainable in the long period of time. The increase in prices in general tends to boost public consumption and high production costs, which in turn reduces the production of goods and services. This could increase unemployment. Inflation in this study is the independent variable (X2) that can determine high unemployment in Lampung province.
  3. Unemployment is a labor force that does not obtain a job or who do not work and earn income. Unemployment in this study is the dependent variable (Y) where the unemployment rate is determined by several factors including economic growth, inflation, and other factors.

#### **E. METHODS OF DATA ANALYSIS**

##### 1. Descriptive Analysis.

In this method the researchers collect all the necessary data and arrange the data in tabular form which further analyzed based on premises of theories related to the hypothesis that is in use.

##### 2. Quantitative Analysis.

Quantitative analysis is used to identify and analyze the effect of economic growth and inflation to unemployment in Lampung province in 2000-2013. The analysis used multiple regression analysis technique with the help of Eviews program 7:00. Multiple linear regression to determine the effect of economic growth and inflation rates to unemployment as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + et$$

Information

Y = Unemployment

X1 = Economic Growth

X2 = Inflation

A = constant (intercept)

$\beta_i$  = regression coefficient independent variable

et = Standard deviation (bully variable)

Further data analysis technique, in addition to descriptive analysis and statistical analysis are used as well classic assumption test analysis, covering Normality Test, Test Multicollinearity, Heteroscedasticity test, autocorrelation test and linearity test.

#### **HYPOTHESIS TESTING**

Simultaneous hypothesis testing (Test F) Hypothesis jointly independent variable is the variable coefficient of economic growth (X1) and inflation (X2) against unemployment (Y) with a significance level of 5% whereif the F-number count is greater than ( $\alpha = 0.05$ ), then Ho = rejected, which means there is no influence between economic growth and inflation on the unemployment rate in Lampung and accept the Alternative hypothesis Ha = which means there is influence between economic growth and inflation on the unemployment rate in Lampung province.

#### **HYPOTHESIS PARTIALLY (T TEST)**

This test was conducted to examine the independent variables individually or partially on the dependent variable assuming that other variables are held constantly. To see how is the influence partially independent variables on the dependent variable; it can be seen from the magnitude of the regression coefficient of each independent variable. In hypothesis testing, t-count value should be compared with the t-table at a certain degree of confidence. Tests using a significance level  $\alpha = 5\%$ , with degrees of freedom  $df = (n - k)$ , to determine the amount of t-table =  $t_{\alpha} (n - k)$ . If obtained  $t_{count} \leq t_{table}$ , the Ho is accepted and Ha is rejected. This means that the variables of economic growth and inflation are positive and have a significant impact on unemployment in Lampung province in the years of 2000-2013. Conversely, if it is obtained  $t_{count} > t_{table}$ , then Ho is refused and Hais accepted. This means that the independent variable both economic growth and inflation rate of positive effect or a negative one and has a significant impact on unemployment in Lampung province.



## ANALYSIS OF THE COEFFICIENT OF DETERMINATION (R<sup>2</sup>)

Gujarati (2010: 10) states that coefficient of determination is the analysis used to determine the change variation of the dependent variable that is from 2000 to 2013 (Y) is affected by the independent variable growth of economy (X1) and the rate of inflation (X2).

### 4. ANALYSIS

#### A. CLASSICAL ASSUMPTION TEST

Classic assumption test was conducted on the normality test, multicollinearity, heteroscedasticity test, autocorrelation test, and linearity test. Based on the test results of normality it is known that Prob.Obs.R<sup>2</sup> is amounted to 0.789952 >  $\alpha$  (0.05), the normal distribution of data, thus it can be concluded variables in this study are normal. From the test results of multicollinearity 0.719737 magnitude of correlation is thus no correlation between independent variables for he correlation value of 0.719737 < 0.8. As for the test results of heteroscedasticity known that the R<sup>2</sup> value is of 0.2268432 >  $\alpha$  (0.05), then there is no heteroscedasticity. The results of correlation test statistic calculated value d (1.668155) is between d<sub>U</sub> and 4-d<sub>L</sub> that is worth of 1,604 and 2,396 so it is not a problem of autocorrelation. Based on the test results on the linearity it is known that the prob. F statistic is of .9682221 > 0.05, which means that the data passes linearity test.

#### B. HYPOTHESIS TESTING

The influence in the level of economic growth and inflation in each (partially) on the unemployment rate in Lampung province can be seen from the following regression equation.

Table 2  
 Regression Equations Model Effects Of Economic Growth  
 And Inflation on Unemployment

Dependent Variable: Y  
 Method: Least Squares  
 Date: 03/21/16 Time: 23:31  
 Sample: 2000 2013  
 Included observations: 14

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.77688	2.004604	6.525156	0.0002
X1	-0.046678	0.146024	-0.424603	0.0424
X2	1.340020	0.4686089	2.762785	0.0612
R-squared	0.632144			16259717
Adjusted R-squared	0.998563			22676147
S.E. of regression	859736.3			30.29820
Sum squared resid	2.22E+13			30.52040
Log likelihood	-525.2185			30.37490
F-statistic	0.018322			1.807611
Prob(F-statistic)	0.000000			

From the results of hypothesis testing economic growth variable (X1) it is obtained that t value is -0.424603. Due to the economic growth variable (X1) the significance value is 0.0424 < 0.05, then the economic growth variable (X1) has a significant effect on unemployment or H<sub>0</sub> is accepted. While the inflation variable (X2) obtained by value t count equal to 2.862785 with significance value of 0.05 (5%). Because the inflation variable value is significant with 0.0612 2.862785 > 0.05, then the inflation variable (X1) does not have significant effect on the unemployment variable (Y) or H<sub>a</sub> is accepted.

Value function F count equal to 0.018322 with significance level of 5% or 0.05; this means that the value of Prob. F amounted to 0.018311 <  $\alpha$  (0.05), the null hypothesis is rejected and the alternative hypothesis is accepted. Thus it can be concluded that there is a significant relationship between inflation and economic growth on unemployment in Lampung province. This illustrates that the economic growth and the inflation rate is one of the causes of the increase or decrease in unemployment.

### **C. REGRESSION ANALYSIS**

The constant value of  $(C) = 13.77688$  for the independent variable economic growth and the inflation rate has positive significant relationship between independent variables and the dependent variable direction. Economic growth regression coefficient (X1) of  $-0.046678$  can be interpreted when variables increase economic growth in one unit and the inflation rate is considered constant or unchanged, the unemployment experienced a decline of 0.05 units. (B) The coefficient of the regression variable inflation rate (X2) is  $1.340020$  means that if the variable rate of inflation increased by one unit, while the variables of economic growth remains unemployment (Y) will experience increase of 13.78 units

### **D. TEST COEFFICIENT OF DETERMINATION**

R<sup>2</sup> test results in this study is obtained a value of  $0.632144$ , which means that the effect of independent variables (growth and inflation) on the dependent variable (unemployment) is approximately 63%. While the rest of 27% is influenced by other variables which in the regression equation of double unemployment (Y) is not only influenced by economic growth (X1) and the inflation rate (X2), but there are other variables (e) which also affect but are not calculated in the model,

### **E. DISCUSSION**

Effect of the Economic Growth and Inflation rate against Unemployment in Lampung Province. The results showed that the economic growth a significant effect on the unemployment rate in Lampung province. Economic growth has a significance value of  $0.0211 < 0.05$ , then H<sub>0</sub> rejected and H<sub>a</sub> accepted.

The results of the data analysis in this study explain that if the variables of economic growth increased by 1%, the unemployment variables will be decreased by 1:34%. This is consistent with the statement of Okun's law because if the economic growth increased by 1% then the variable unemployment will decline more than 1%. With the increasing rate of economic growth, the output produced becomes more, so labor can be absorbed and the unemployment rate could decline.

Economic growth is one indicator that is important in assessing the performance of an economy, especially for the analysis of the results of economic development has been carried out of a country or a region. It is said that economy is growing if the production of goods and services increased from the previous year. The company will require more workers when production increases so that employment opportunities will also increase and unemployment will be absorbed. The research of Hussain, et al. (2010) found that there is a relationship between economic growth and unemployment. Pakistan's Gross Domestic Product (GDP) increased with both in the 1960s and 1980s. Growth declined in 1990 and touched its lowest level in 2000. The main performance sectors such as agriculture and manufacturing is very low and this makes the problem of severe unemployment.

Effect of Inflation on the unemployment rate in Lampung province. From the results of the study it showed that the level of inflation has significant effect on the unemployment rate in Lampung province. Tests performed by t test. seen from the regression equation obtained tcount for variable inflation rate (X1) of  $2.762785$  probability value is at  $0.0624$  with a significance level of 5% (0.05). Due to the economic growth variable (X1)  $0.0624$  significance value  $> 0.05$  thus accept and reject H<sub>0</sub> H<sub>a</sub>, and it can be concluded that the variable inflation rate does not significantly influence the unemployment rate. The coefficient of the inflation rate of  $1.340020$  indicates if the inflation rate increased by 1%, it will increase the number of unemployed in Lampung province as much as 13.4%

These results are not consistent with the theory and previous research into the theoretical basis of this research. Based on the study of the relationship between inflation and unemployment conducted by AW Phillips (1958) by taking the case of United Kingdom for the period 1861-1957 of the study Philips concluded that inverse or negative relationship exists between the growth rate of nominal wages ( $\Delta W$ ) with level of unemployment for the periods of 1861-1913. Critics of the theory of the Phillips curve begins with responses of Milton Friedman in 1976 who said that the basic theory of the Phillips curve is only happening in the short term, but not in the long term because in the short term the prices are sticky (sticky price), while on the long run it applies the flexible pricing. In other words, the unemployment rate however will be back at its natural rate, so that the relationship between inflation and unemployment has become positive. This response is also known as the Natural Rate Hypothesis or Accelerationist Hypothesis (Samuelson, 2004).

The results are consistent with the research conducted by Mulyati (2009) who states that there is no causal relationship between inflation and economic growth in Indonesia. The result of using Chow breakpoint analysis shows that the 1997-1998 economic crises did not affect the unemployment rate although the level of inflation rose sharply. Moreover, the existence of the agricultural sector and the informal sector to absorb labor force during the crisis led to unemployment did not rise sharply as the rate of inflation.

Based on descriptive analysis, general inflation in Lampung for eleven years on average is also influenced by the increase of basic needs, the increase in oil and rising health costs, not as a result of demand-pull as described in the Philips curve, thus causing the effect of inflation on the unemployment rate in Lampung province which is not significant. If inflation in Lampung Province is caused by the demand-pull inflation rate, it will have a significant effect on the unemployment rate.

## **5. COVER**

### **A. CONCLUSION**

Based on the analysis and discussion of the above it can be concluded that:

1. There is the influence of economic growth on unemployment in Lampung province in 2000-2013.
2. There was no effect of inflation on the unemployment rate in Lampung province in the years of 2000-2013.
3. There is an effect together economic growth and the inflation rate to the unemployment rate in Lampung province in the years of 2000-2013.

### **B. SUGGESTIONS**

Based on the above conclusions, the suggestions given are as follows:

1. To overcome high unemployment growth we need to attract investors in Lampung province. The investor withdrawals can be done by improving facilities and infrastructure such as access roads and other supports to set up new businesses. With the increase in new investment, despite increased in economic growth of companies is not only by adding working hours for employees but also by increasing employment opportunities.
2. To subsidize the raw material for the small and medium industries in order that the output of the resulting increased prices given to consumers is not too high. With a low price, the people's purchasing power will be increased so that an increase in the output can occur, the necessary of manpower also increased and unemployment will be absorbed.
3. The provision of capital to small and medium enterprises so that the business continues to grow and can create new jobs, so unemployment can be reduced.

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