
THE EFFECT OF FINAL EDUCATION LEVEL, GROSS REGIONAL DOMESTIC PRODUCT, AND PROVINCIAL MINIMUM WAGE ON LABOR FORCE PARTICIPATION RATE IN 34 INDONESIAN PROVINCES: AN ISLAMIC ECONOMIC PERSPECTIVE

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ABSTRACT

Economic development is closely related to population issues related to employment . This study aims to analyze the effect of final education level, gross regional domestic product, and provincial minimum wage on labor force participation rate in 34 provinces of Indonesia in Islamic economic perspective. The research method used in this research is quantitative, which is presented in the form of panel data from 34 provinces in Indonesia with saturated sampling technique in data selection. The results showed that the variables of GRDP and UMP partially had a positive and significant influence on the level of labor force participation. While the variable final education level partially has no effect on TPAK in 34 provinces of Indonesia . The results showed that the level of final education, gross regional domestic product, and provincial minimum wage simultaneously had a positive and significant effect on TPAK in 34 provinces of Indonesia. In the perspective of Islamic economics, efforts to increase labor force participation are to encourage the labor force in the economic sector, education, appropriate wages, skills training, motivating to work, creating decent jobs, and building their confidence in line with Islamic teachings.

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A. INTRODUCTION

National development is closely related to population issues related to employment. Economic development is a process that causes the per capita income of the population in a society to increase in the long term (Madnasir, 2024). One of the important objectives in economic development is the provision of sufficient employment opportunities to catch up with the faster growth of the labor force (Kadek, 2018). Economic development is a process in which per capita income increases in the long term which leads to economic growth, one indicator of economic development is by looking at the level of labor force participation in a region (Zahratul Aini, et al, 2022).

The condition of labor development in Indonesia has increased, many people work solely for various purposes, but the main goal is to fulfill their daily needs, but there are still many people who have difficulty finding work. This is caused by several factors that do not support, including educational strata that are not in accordance with the expectations of existing companies or agencies, and on the other hand, they are faced with various obstacles such as the development of the labor force but not followed by the availability of sufficient jobs and the provision of wages that are not in accordance with what is expected by workers so as to make labor force participation decline (Haspa, et al, 2023).

In Islam, there is a strong recommendation for people to work or trade, and avoid begging activities in an effort to seek wealth. This is not only related to meeting the needs of daily life, but also serves as a moral foundation that underlies our attitudes and behavior in living life (Nurhayati and Wasilah, 2013). This principle is clearly stated in the word of Allah, namely in Surah At-Taubah verse 105, which emphasizes the importance of working with sincerity and sincerity, where every deed we do will be considered by Allah, His Messenger, and the believers.

Islamic economics teaches that work is a form of worship that has noble values, such as honesty and sincerity. In every business undertaken, a Muslim is expected to always uphold the principle of honesty, both in transactions and in social interactions. In essence, someone who works to fulfill his life's needs always expects Allah's pleasure in his work and that is the value of worship on the side of Allah. Rasulullah SAW always ordered his people to work and did not like humans who depended on excess alone (Femei Purnamasari, et al, 2020). The companions of the Prophet firmly adhered to this Islamic principle and worked hard for their lives. Every individual is expected to strive hard to meet the needs of life, realizing that this effort is a form of devotion to Allah. Hard work will not only bring sustenance, but will also bring blessings and blessings in life. In this context, working and participating in economic activity is an obligation for people who are able to achieve an expected success, even has its own glory that has been written in the Qur'an (Shihab, 2002). As stated in Surah An-Najm verse 39, as follows:

وَأَنْ لَّيْسَ لِلْإِنْسَانِ إِلَّا مَا سَعَى

"And that no man gets anything but what he has labored for." (Q.S An-Najm [53]: 39).

There is no easy path to success because achieving it requires struggle and effort. Participating in the labor force and working is a form of effort, and the higher the effort, the higher the rewards that will be received. Therefore, Islam encourages its people who become laborers to improve their quality, both through education, skills training, and improving their quality in terms of morals. A higher level of education will improve the

quality of human resources, which in turn can contribute to an increase in GRDP. When GRDP increases, employment opportunities will also increase, which may encourage more individuals to participate in the labor force. In addition, setting a decent UMP will provide incentives for individuals to work, as well as encourage them to improve their skills and education to get better jobs. Thus, Islamic economics not only functions as an economic system, but also as a moral message that emphasizes the importance of honesty, sincerity, responsibility in earning a living, hard work, and gratitude for the blessings that have been given (Rosyidi, 2014).

Labor force participation rate figures are presented at the national, provincial and city/district levels. The rank position of Indonesia's labor force participation rate is an accumulation of the total value of the labor force participation rate at the provincial level in Indonesia. Based on data from Indonesia's Central Bureau of Statistics (BPS), it is reported that the Labor Force Participation Rate in Indonesia will be 69.48% in 2023, growing 0.85% points compared to 68.63% in 2022. The following is data on the Labor Force Participation Rate in 34 Indonesian provinces in 2018-2023 by province as follows:

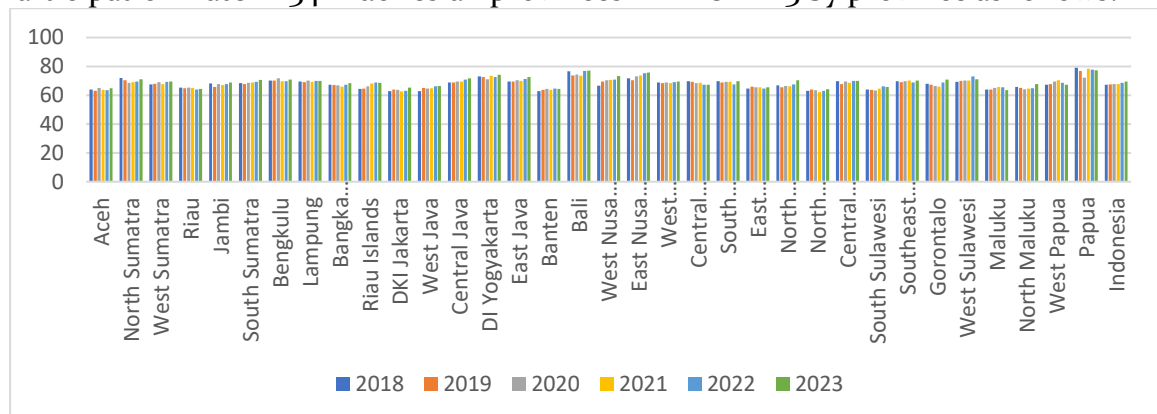


Figure 1.

Chart of Labor Force Participation Rate in 34 Indonesian Provinces in 2018-2023

Source: Central Bureau of Statistics, data processed 2025

Based on the data presented in Figure 1, it shows that the percentage of labor force participation rate in Indonesia continues to increase every year. The highest labor force participation rate in Indonesia occurred in 2023, which amounted to 69.48%, and the lowest labor force participation rate in Indonesia over the past six years occurred in 2018, which amounted to 67.31%. While the labor force participation rate in 34 Indonesian provinces in 2018-2023, experienced changes that fluctuate or fluctuate every year, this is due to labor conditions, such as the increase in the population entering the working age but not accompanied by the availability of jobs, thus causing a decrease in the number of labor force and the value of the labor force participation rate to change. Provinces with access to economic opportunities tend to have higher labor force participation rates. Conversely, provinces with greater economic and social challenges tend to experience lower labor force participation (Aditiya, et al., 2024). In 2018, the lowest percentage of labor force participation rate was in West Java province at 62.84%, and the highest percentage was in Papua province at 79.02%, indicating a high supply of labor to produce goods and services in the economy. Until 2023, the first province with the highest labor force participation rate is still in Papua province, which is 77.20%. Meanwhile, in 2023, the province with the lowest labor force participation rate is Maluku province, which is only 63.60%.

Meanwhile, the province with the lowest labor force participation rate from 2018 to 2023 always changes, if in 2018 the lowest position is West Java, then in 2019 it is Aceh province, then in 2020 the lowest labor force participation rate is South Sulawesi province, which is 63.40%, then in 2021 it changes again to North Sulawesi province, Then in 2022 the position of the lowest labor force participation rate increased to two provinces, namely North Sulawesi and DKI Jakarta with the same percentage of labor force participation rate of 63.08%, and in 2023 the position of the lowest labor force participation rate changed again, namely Maluku province with a percentage of 63.60%. The increase or decrease in the labor force participation rate can be influenced by several social and economic factors. The increase in the labor force participation rate is partly due to relatively improved social and economic conditions, which have an influence on the demand and supply factors for labor (Yuni and Aprirachman, 2023).

The level of education is an important factor in improving the quality of human resources so that the government conducts a twelve-year basic education program with the aim of one of them is to improve knowledge and demands in the world of work. The development of knowledge of a person with a higher level of education and the length of education will have a better job and wage compared to a lower education. Previous research conducted proves that the level of education has a positive and significant effect on the level of labor force participation where the higher the level of education of a person, the value of his time becomes expensive, so that it can encourage the level of labor force participation (Puguh, 2020). However, research conducted by (Titis and Riko, 2024) shows that even though the higher the level of education of a person does not affect the level of labor force participation, which is due to several factors such as people with higher education are more selective in choosing a job than someone with low education.

In addition to the final education level, another factor that affects the labor force participation rate is the gross regional domestic product (GRDP). In general, GRDP is one of the important indicators to determine the economic condition of a region in a certain period, both at current prices and at constant prices (Ahmad Habibi, et al, 2023). A higher level of GRDP can produce output that is expected to absorb an increase in the level of labor force participation in the region (Dama, et al 2016).

Furthermore, one of the factors that can affect the labor force participation rate is the minimum wage. The minimum wage is used as a minimum standard by companies or industry players in determining the amount of wages to be given to workers. The role of wages is an important factor for the smooth operation of the company, because in the company's wage system, wages are one of the factors that encourage productivity to be more optimal. The wages that will be received by workers depend on the total productivity level of the workers themselves. Data on wage increases in various developed and developing countries show that workers are closely related between increases in workers' wages and increases in productivity. The labor law, namely Law No. 13 of 2003, explicitly regulates wages, by protecting labor wages which are minimum wages based on provincial or regency / city areas, which are directed towards achieving decent needs. Wages are one of the motivations for workers in achieving increased welfare (Mulyadi, 2022).

Research conducted by (Surbakti and Hasan, 2023) found that the provincial minimum wage has a positive and significant effect on the labor force participation rate. Meanwhile, research conducted by (Titis and Riko, 2024) shows that the minimum wage

has no significant effect on the labor force participation rate. The increase in provincial minimum wages in Indonesia aims to improve the welfare of the community and encourage the level of labor force participation.

Based on this, researchers are interested in conducting in-depth research on the effect of final education level, gross regional domestic product, provincial minimum wage on labor force participation rate in 34 provinces of Indonesia in the perspective of Islamic economics.

B. RESEARCH METHODS

The research method used in this research is quantitative. The population used in this study is a data report related to the labor force participation rate, final education level, gross regional domestic product and provincial minimum wage that has been published by the Central Statistics Agency (BPS) for 2018-2023 as many as 34 provinces in Indonesia. The sample in this study amounted to 6 years, namely taken from data on the final education level, gross regional domestic product, provincial minimum wage and labor force participation rate in 34 provinces Indonesia which is presented in the form of *panel* data with the number of research samples ranging from 2018 to 2023 in each variable. The *sampling* technique in this study was carried out by *saturated sampling* technique, which consisted of all members of the population used as samples with the number of research samples consisting of 6 years starting from 2018 to 2023 in each variable. The data source in this study is data obtained from the annual publication of the Central Statistics Agency (BPS), and directly processed using the Eviews 10 application.

The data analysis method used in this research is panel data regression analysis. Panel data is a combination of *time series* and *cross section* data. *Cross section* data is data taken from various units. Meanwhile, *time series* is data taken from a certain period (Muhammad Iqbal, et al, 2020). In this study, panel data is used to integrate *time series* data from 2018-2023 for 6 years with *cross section* data from 34 provinces in Indonesia. In the regression analysis method using panel data, it can be done through three approaches, including the *Common Effect Model*, *Fixed Effect Model*, and *Random Effect Model* (Basuki and Prawoto, 2016).

C. RESEARCH RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Table 1. Descriptive Statistics Results

Variables	Obs	Mean	Median	Maximum	Minimum	SD
TPA	204	81,893	82,815	95,220	52,860	6,742
PDRB	204	47,176	14,109	25,034	20,504	33,235
UMP	204	26,217	26,067	49,017	14,541	5,775
TPAK	204	68,306	68,660	79,020	62,150	3,436

Source: Author, data processed (eviews10), 2025

Table 1 above presents descriptive statistics of 34 provinces in Indonesia in the 2018-2023 period. The final education level variable has a minimum value of 52,860, a maximum of 95,220, a median value of 82,815, an average of 81,893 and a standard deviation of 6,742. Because the average value is greater than the standard deviation value, the data is evenly distributed. Standard deviation reflects deviation so that data distribution tends to be normal and free from bias. Furthermore, the GRDP variable has a minimum value of 20,504, a maximum of 25,034, a median of 14,109, an average of 47,176 and a standard deviation of 33,235. Because the average value is greater than the standard deviation value, the data is evenly distributed. Then the provincial minimum wage variable has a minimum value of 14.541, a maximum value of 49.017, a median of 26.067, an average of 26.217, and a standard deviation of 5.775, so the data is evenly distributed, because the average value is greater than the standard deviation. Then the last TPAK variable has a minimum value of 62,150, a maximum of 79,020, a median of 68,660, an average of 68,306 and a standard deviation of 3,436. Because the average value is greater than the standard deviation value, the data is evenly distributed.

Panel Data Regression Results

In estimating panel data parameters, there are several methods used, namely the *common effect model*, *fixed effect model* and *random effect model*. The three panel data estimation methods can basically be selected based on the research conditions using several tests (Iqbal, 2022).

Table 2. Panel Data Regression Results

Variables	Probability	Description
Chow Test	0.0000	H ₀ is rejected, <i>fixed effect</i> is better
Hausman Test	0.0000	H ₀ is rejected, <i>fixed effect</i> is better

Source: Author, data processed (Eviews10), 2025

Based on table 2 above, the results show that the best model used in this study is the *Fixed Effect Model* (FEM) to analyze the effect of Final Education Level, Gross Regional Domestic Product and Provincial Minimum Wage on Labor Force Participation Rate in Indonesia.

Classical Assumption Test

Multicollinearity Test

Table 3. Multicollinearity Test Results

	X ₁	X ₂	X ₃
X ₁	1.000000	0.276059	0.096816
X ₂	0.276059	1.000000	-0.002859
X ₃	0.096816	-0.002859	1.000000

Source: Eviews 10 (data processed, 2025)

Based on the multicollinearity test results above, it states that the correlation coefficient of X₁ and X₂ is 0.27 < 0.90, the correlation coefficient of X₁ and X₃ is 0.09

<0.90 and the correlation coefficient of X_2 and X_3 is $0.00 < 0.90$. So it can be concluded that the data is free from multicollinearity.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Variables	t-Statistic	Prob.
C	0.739178	0.460
X_1	-0.169585	0.8655
X_2	1.439950	0.6518
X_3	0.563229	0.5740

Source: Eviews 10 (data processed, 2025)

Based on the results of the heteroscedasticity test above, it shows the probability value of X_1 , X_2 , and $X_3 > 0.05$, which means that it is free from heteroscedasticity problems.

Hypothesis Test

Partial Test (t Test)

Table 5. Results of the t-test

Variables	Coefficient	T-statistic	Probability
C	63.93616	18.67356	0.0000
X_1	-0.022460	-0.414409	0.6791
X_2	7.09E-06	2.528975	0.0124
X_3	1.47E-06	2.306063	0.0223

Source: E-views 10 output results (data processed, 2025)

- The t-test result on the final education level variable (X_1) obtained a t-statistic value of -0.414409 with a prob value of $0.6791 > 0.05$, so it can be concluded that the final education level variable has no significant effect on the labor force participation rate in 34 Indonesian provinces (Y).
- The t-test results on the gross regional domestic product variable (X_2) obtained a t-statistic value of 2.528975 with a prob value of $0.0124 < 0.05$, so it can be concluded that the gross regional domestic product variable has a positive relationship direction and a significant effect on the level of labor force participation in 34 Indonesian provinces (Y).
- The t-test results on the provincial minimum wage variable (X_3) obtained a t-statistic value of 2.306063 with a prob value of $0.0223 < 0.05$, so it can be concluded that the provincial minimum wage variable has a positive relationship direction and a significant effect on the labor force participation rate in 34 Indonesian provinces (Y).

Simultaneous Test (Test f)

Table 6. Results of f Test

F-Statistics	: 46.03038
Prob (f-Statistic)	: 0.000000

Source: E-views 10 output results (data processed, 2025)

Based on the results of the f test above, the f-statistic value obtained is 46.03038 with a probability of $0.000000 < 0.05$. This means that the Final Education Level, Gross Regional Domestic Product and Provincial Minimum Wage simultaneously have a significant effect on the Labor Force Participation Rate in 34 Indonesian Provinces.

Test Coefficient of Determination (R^2)

Table 7. Determination Test Results

R-Squared	: 0.908448
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Source: E-views 10 output results (data processed, 2025)

Based on the regression test results with the *Fixed Effect Model* above, the *R-squared* value obtained is 0.908448. This means that 90.84% of the variation in the labor force participation rate can be explained simultaneously by the variables of final education level, gross regional domestic product, and provincial minimum wage. While the remaining 9.16% is influenced by other factors not included in this study.

The Effect of Final Education Level on Labor Force Participation Rate in Indonesia

Based on the test results, it is found that the Final Education Level variable has a t-statistic value of -0.414409 with a probability value of $0.6791 > 0.05$, which means H_0 is accepted and H_1 is rejected. So it can be concluded that the Final Education Level variable has no significant effect on the Labor Force Participation Rate in 34 Indonesian Provinces. In addition, this study has the result that the final education level has a negative relationship, indicating that the higher a person's education level, the lower the labor force participation rate. Vice versa, the lower a person's education level, the higher the labor force participation rate.

The theory that supports the results of this study is rational *choice* theory, which is an approach in economics and social science, where the basis of analysis starts from the assumption that individuals make economic or behavioral decisions based on rational considerations. In the context of labor force participation, a person may decide not to work despite having a high education, if the salary offered in the labor market is not comparable to the *opportunity cost*, then there are other preferences such as taking care of the family or continuing their studies, so there is a *mismatch* between qualifications and labor market demand (Fidya and Kuku, 2023). The results of this study are in line with research conducted by (Titis and Riko, 2024), (Enny N Ch Surbakti and Yusrin S Hasan, 2023) and (Dwi Risky Siregar, et al, 2023), which show that even though the higher a person's level of education does not affect a person's labor force participation rate.

The Effect of Gross Regional Domestic Product on Labor Force Participation Rate in Indonesia

Based on the test results that have been carried out, it is found that the Gross Regional Domestic Product variable has a positive and significant effect on the Labor

Force Participation Rate in Indonesia. Obtaining a t-statistic value of 2.528975 with a probability value of $0.0124 < 0.05$, which means H_2 is accepted and H_0 is rejected. Gross regional domestic product can affect the labor force participation rate with the assumption that if the value of GRDP increases, the total value of output or sales in all economic units in a region will increase. The greater the output or sales made by the company, it will encourage the company to add labor so that production can be increased to pursue increased sales. This can directly increase the labor force participation rate (Syafira, et al, 2023).

The theory that supports the results of this study is Neo-Classical in the Solow-Swan school of thought, which states that economic growth in a region can be measured by gross regional domestic product. Economic growth in a region is influenced by factors of production, namely labor, additional capital, and technological improvements. According to this theory, companies must make choices about input-output with the right combination in order to obtain maximum profit (Yulistia Devi and Lilis Hidayatul, 2024). So that the flexibility of an economy can freely determine the combination of capital and labor used in producing output (GRDP) (Mica, 2023). The test results are reinforced by the results of research conducted by (Titis Hana Pratiwi and Riko Setya Wijaya, 2024) gross regional domestic product has a positive and significant effect on the labor force participation rate, (Yuni Sara and Rozzy Aprirachman, 2023), (Syarifah Syafira and Dina Selvia, 2023) and (Puguh Harijadi, 2020) also found the results that gross regional domestic product has a positive and significant effect on the labor force participation rate, increased economic growth can increase employment opportunities and affect the labor force participation rate.

The Effect of Provincial Minimum Wage on Labor Force Participation Rate in Indonesia

Based on the test results that have been carried out, it is found that the Provincial Minimum Wage variable has a positive and significant effect on the Labor Force Participation Rate in Indonesia. Obtaining a probability value of $0.0223 < 0.05$, which means H_3 is accepted and H_0 is rejected. So it can be concluded that the provincial minimum wage variable has a positive relationship direction and a significant effect on the labor force participation rate in 34 Indonesian provinces. The occurrence of an increase in labor force participation is also related to the wages provided, because the level of wages is considered an important factor in determining labor force participation, because an increase in wages can increase motivation and initiative to work, so as to increase labor force participation (Aditya and Dandy, 2023). Therefore, the wage level set is very influential on the level of labor force participation, where if the higher the wage level offered in the labor market, the more the number of working-age people who choose to enter the labor market, and will automatically increase the number of labor forces and reduce the number of unemployed, with an increase in the number of labor forces, it will increase the level of labor force participation (Syafira, et al, 2023).

The theory that supports the results of this study is the *efficiency wage* theory put forward by Carl Shapiro and Joseph Stiglitz, in which the theory states that high wages can make workers more productive. Because workers who are paid high wages will fulfill their nutrition more, making workers healthier and more productive. The wage efficiency theory states that the productivity of worker production increases along with

the level of wages (Ruslan Abdul Ghofur, 2020). The results of this study are supported by research conducted by (Gatot Sasongko, et al, 2020) which shows that the provincial minimum wage has a positive and significant effect on the labor force participation rate, (Dika Permana Aditiya and Muhammad Dandy Wildana, 2022), (Dwi Risky Siregar, et al, 2023), (Faruq Kuku Wasono, et al, 2020) and (Anifatul Hanim, et al, 2022) also found that the provincial minimum wage has a positive and significant effect on the labor force participation rate, which means that the greater the wage given to workers, the more labor force participation will increase.

Simultaneous Effect of Final Education Level, Gross Regional Domestic Product, and Provincial Minimum Wage on Labor Force Participation Rate in Indonesia

Based on the results of research that has been conducted related to the influence between the final education level, gross regional domestic product, and provincial minimum wage on the labor force participation rate in Indonesia, obtaining an f-statistic probability value of $0.000000 < 0.05$, meaning that the Final Education Level, Gross Regional Domestic Product and Provincial Minimum Wage simultaneously have a significant effect on the Labor Force Participation Rate in 34 Indonesian provinces. This shows that if there is an increase and decrease in the level of education, gross regional domestic product, and minimum wage simultaneously, it will affect the increase or decrease in the labor force participation rate in 34 Indonesian provinces. Therefore, a deeper understanding of these factors is important to formulate effective policies in managing the potential and challenges in the labor sector (Haspa, 2023).

An Islamic Economic Perspective on the Effect of Final Education Level, Gross Regional Domestic Product, and Provincial Minimum Wage on Labor Force Participation Rate

In Islam always teaches its people to try to meet their needs by working, it is not justified for a Muslim to stand idly by or just expect sustenance to come from the sky without being accompanied by effort (work). Islam encourages its people to work hard and try as much as possible. The concept of *ijtihad* in work reflects the spirit of not only relying on fate but also having to try hard to achieve goals. This is in accordance with the words of Allah SWT in Q.S. At-Taubah verse 105 which instructs humans to always work as follows:

وَقُلْ اَعْمَلُوا فَسَيَرَى اللّٰهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ اِلٰى عَلَمِ الْغَيْبِ وَالشَّهَادَةِ
فَيُنَبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ

"And say, 'Work, and Allah will see your work, and His Messenger and the believers, and you will be returned to the One who knows the unseen and the manifest, and He will tell you what you have done'. Allah commands His servants to do good and work, and forbids laziness and wasting time. To increase labor force participation in the perspective of Islamic economics is to encourage the labor force in the economic sector, education, appropriate wages, skills training, motivating to work, creating decent jobs, and building their confidence in line with Islamic teachings to meet family economic needs. The above verse also shows that Muslims who want to achieve progress should participate in the world of work and always work hard. Because it has become a

sunatullah in the world that prosperity will be achieved by those who work hard and utilize all potential to achieve their desires (Mahmud Arif, 2015).

In Islamic economics, education is a basic right of every individual and is a social investment that must be fulfilled to create social justice and improve the welfare of every people. Because Islam considers education very important, the position of educated people is very glorified because education is a learning process that aims to shape a person to be better and more useful. Increased labor force participation in the world of work is related to their education. Training and education can equip the labor force to work in various jobs (Aditya, et al, 2024). With higher education, it can be a greater opportunity for them to compete in the labor market, because the higher one's education, the better one's level of productivity (Simanjuntak, 2001).

In the perspective of Islamic economics, economic growth is seen as a means to improve human material welfare regardless of race, religion, and nation. More than that, Islamic economics has a dual authority in economic matters, namely material welfare (worldly) and inner satisfaction (*ukhrawi*) (Irfan Syauqi, 2016). Islam defines economic growth as the continuous development of the right factors of production that can contribute to human welfare. Thus, economic growth according to Islam is a value-laden thing, whose goal is not only material welfare in the world but also welfare in the hereafter (Muhamad Faiz Arrafi, et al, 2022). GRDP can be a leading indicator of a country's economic growth, and economic growth can have a positive impact on the level of labor force participation, because if the GRDP value increases, the total value of output or sales in all economic units in a region will increase. The greater the output or sales made by the company, it will encourage the company to increase the workforce so that production can be increased to pursue increased sales. This can directly increase the level of labor force participation (Syafira, et al, 2023).

The increase in labor force participation is also related to the wages given, based on Islamic economic perspective, wages are the rights of people who have worked and the obligations of those who employ to pay them (Aditya and Dandy, 2023). In Islam, wages must fulfill the principles of justice (*al-adl*) and welfare (*maslahah*). Islam emphasizes the importance of providing fair and decent wages so that workers can meet the basic needs and their families, so that the provision of fair wages can encourage labor force participation (Zainol and Paesol, 2023). Determination of wages for workers in the concept of Islamic economics is determined by the type of work and the amount of wages received before workers begin to carry out their work. By providing information on the salary to be received, it is hoped that it will provide encouragement for workers to start work, and provide a sense of calm for workers (Ruslan, 2023).

D. CONCLUSIONS

The labor force participation rate is one of the indicators in the economy that can reflect the proportion of the working age population, both those who are working and those who are looking for work, the labor force participation rate can provide an overview of the economic health of a country and the efficient use of human resources. One of the influential factors in the TPAK is the final education level, because the higher the level of education of a person, the more expensive the value of his time, so that it can encourage the level of labor force participation. However, the results show that the final education level has no significant effect on the labor force participation rate in 34 Indonesian provinces in 2018-2023. This research shows that even though the

higher a person's level of education does not affect a person's labor force participation rate.

In addition, another factor that affects TPAK is Gross Regional Domestic Product. A higher level of GRDP can produce output so that it can absorb more labor force participation rates. The results of this study show that GRDP has a positive and significant effect on the labor force participation rate in 34 Indonesian provinces in 2018-2023.

In addition to the level of final education and GRDP, wages are an important factor in increasing labor force participation, the higher the wage received, the more people are attracted to enter the labor market. In Islam, the provision of wages must fulfill the principles of justice (*al-adl*) and welfare (*maslahah*) because, in working, each individual is entitled to a fair reward in accordance with the contribution and effort that has been given. The results showed that the Provincial Minimum Wage had a positive and significant effect on the labor force participation rate in 34 Indonesian provinces in 2018-2023. The greater the level of wages received by workers, it can increase motivation and initiative to work, so as to increase labor force participation.

The results showed that the final education level, gross regional domestic product, and provincial minimum wage simultaneously affect the labor force participation rate in Indonesia, with a significance level of $0.000000 < 0.05$.

Islam considers education very important, the position of an educated person is very glorified because education is a learning process that aims to shape a person to be better and more useful. Increased labor force participation in the world of work is related to their education, training and education can equip the labor force to work in various jobs, with higher education can be a greater opportunity for them to compete in the labor market, because the higher a person's education, the better the level of productivity. Similarly, there is an increase in gross regional domestic product, because in the Islamic economic perspective economic growth is seen as a means to improve human material welfare regardless of race, religion and nation. The increase in labor force participation is also related to the wages given. In the perspective of Islamic economics, wages are the right of the person who has worked and the obligation of the person who employs to pay it. In Islam, the provision of wages must meet the principles of justice (*al-adl*) and welfare (*maslahah*), because Islam emphasizes the importance of providing fair and decent wages so that workers can meet the basic needs and their families, so that the provision of fair wages can encourage labor force participation.

There are several suggestions that can be given related to the findings of this study, namely as follows:

1. In the future, the government is expected to formulate better policies related to the development of facilities and infrastructure in the education sector. The management of education funds also needs to be done more carefully and transparently in order to provide maximum benefits.
2. The community is expected to play an active role in supporting economic growth by improving the quality of human resources through education and training that is relevant to the basic needs of the market.
3. For future researchers, it is suggested that further research is needed to conduct a more in-depth study of the relationship between the final education level, gross regional domestic product, and provincial minimum wage by extending the

research period and adding other variables to find out what factors significantly affect the labor force participation rate in 34 Indonesian provinces.

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