ABSTRACT

The issue of premature deindustrialization has become a significant concern in the economic development dynamics of developing countries, including Indonesia. This phenomenon refers to the declining contribution of the manufacturing sector to the Gross Domestic Product (GDP) and its diminishing capacity to absorb labor, occurring even before a country reaches a high-income status. This study aims to evaluate the extent to which premature deindustrialization, investment, and education level influence the unemployment rate in Indonesia during the period from 1994 to 2023. The research adopts a quantitative approach, employing multiple linear regression analysis based on time series data. The results of this study indicate that: (1) premature deindustrialization has a positive and significant impact on unemployment; (2) investment shows a negative relationship with the unemployment rate; and (3) education generally contributes to reducing unemployment.

Keywords: Premature Deindustrialization, Unemployment, Investment, Education