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The Effect of Unemployment and Gross Regional Domestic Product on Inflation in South Sulawesi Province

Risnawati. B
Muhammadiyah University of Makassar
risnawati@gmail.co m _

Article Info

Unemployment and GRDP on Inflation in South Sulawesi

Abstract

This study aims to determine whether there is an effect of unemployment and Gross Regional Domestic Product on inflation in South Sulawesi. This research uses quantitative research and the data is processed according to the needs of the model used. The data processing technique uses multiple linear regression through SPSS 22. The data used is secondary data originating from historical records or reports arranged in published and unpublished archives. Controlled inflation is a success in the economy, but it must also be balanced with other economic activities such as lowering interest rates, so that it will increase investment and also spur to increase exports. Increased investment can also increase existing employment opportunities so that unemployment can be reduced. In addition, the government should also re-establish its tax policy. With high taxes, the people's purchasing power becomes weak and will weaken the people's ability to spend Unemployment is not positive and significant as evidenced by a significant value of 0.711 <0.05 where 0.711> from 0.05, which means that unemployment is not related to the inflation rate , this is different from the theory presented by AW Philips (If unemployment is high, inflation is low and vice versa if unemployment is low, inflation is high). The coefficient of the GRDP variable in the multiple regression equation is -1.544, this figure means that if the GRDP variable increases, it will increase inflation. This has a significant and positive effect because the higher the inflation, the GRDP price also increases where goods and services also increase in line with inflation and vice versa. if GRDP increases, inflation will automatically increase, as evidenced by Sig 0.006 <0.05.

1. INTRODUCTION

Inflation is an economic symptom that cannot be eliminated completely. The various efforts made are usually only limited to controlling inflation. Inflation is an economic condition in a country where there is a tendency to increase the prices of goods and services in general in a long (continuous) time due to an imbalance in the flow of money and goods. In general, inflation occurs when the amount of money circulating in society is more than needed. Sadono Sukirno (2002) Inflation is a process of increasing prices prevailing in an economy.

Friedman and Baily (1995:18) inflation is an increase in the overall price level. BI defines inflation as an increase in prices in general and continuously and an increase in the price of one or two goods cannot be called inflation unless the increase is widespread or causes price increases in other goods.

Tammy (2010:1) seeks clarity on the true meaning of inflation. He said Nobel laureate Milton Friedman has been credited with describing inflation as inflation always and everywhere and is a monetary phenomenon. Tammy also stated with reference to Ben Bermanne's statement that inflation is a function of too much economic growth in a country.

The Central Bureau of Statistics (BPS) classifies inflation into the form of inflation disaggregation/grouping. This inflation disaggregation is divided into two grouping categories, namely core inflation and non-core inflation. This inflation was influenced by fundamental factors, including the demand for and supply of goods and services.

Inflation actually does not only have a negative but also a positive impact, but most people can only feel the negative impact. In general, the impact of inflation can affect income distribution, allocation of production factors and national products. The positive

impact of inflation is that it can increase production enthusiasm and new job opportunities. But for the case in Indonesia, the problem of inflation often has more negative impacts than positive ones (Prasetyo, 2009).

Inflation basically needs to be avoided because like other economic problems, inflation has many negative impacts on economic growth and is detrimental to society. Inflation tends to lower the level of welfare of a country's people. One of the impacts felt directly by the public from inflation is the decline in the real value of money held by the community. People's income which tends to remain unable to offset price increases will cause the community's real income to decrease. Fixed income of the people followed by an increase in price automatically decreases people's purchasing power, this also has an impact on people with low incomes (Hera Susanti et al. 1995).

Based on inflation data in South Sulawesi and the Consumer Price Index (CPI) available at BPS South Sulawesi, they are as follows:

Table 1.1
Inflation Data in South Sulawesi and the Consumer Price Index (CPI) available at BPS South Sulawesi.

Inflation			
No.	Year	Inflation (%)	Consumer Price Index (CPI)
1	2015	2.25 %	121.06
2	2016	3.58 %	124.78
3	2017	4.66 %	125.70
4	2018	1.48 %	134.00
5	2019	0.15 %	138.78

Source: BPS South Sulawesi

Where in the table above 1.1 shows inflation data that is erratic or sometimes rises and sometimes decreases, but in 2019 it appears to have decreased with inflation in South Sulawesi of 0.15%. This is due to the impact of the economic crisis in 1997, the regions also experienced a crisis. The high inflation was mainly due to the occurrence of a food shortage due to the prolonged dry season which was accompanied by an increase in the price of non-oil export goods in 1998, an increase in capital inflows/private loans from abroad and a doubling of oil receipts due to an increase in oil prices on the world market.

Table 1.2
Gross Regional Domestic Product (GDP) at constant prices

Year	GRDP
2015	298,033.80
2016	340,390.21
2017	377,108.91
2018	415,588.20
2019	461,719.49

Source: BPS South Sulawesi

Gross Regional Domestic Product (GDP) provides an overview of performance economic development from time to time, so that the direction of the regional economy will be clearer. Gross Regional Domestic Product (GDP) at constant prices is used to show the overall rate of economic growth from year to year. GRDP is one of the important indicators to determine the role and economic potential in a region in a certain period. The role of the regions in supporting the national economy is quite large, but sometimes it is not in line with the development of the national economy, this role becomes an optimal burden. The current economic phenomenon tends to demand an active role from executives to explore more of their regional economic potential and play a bigger role in stimulating regional economic activity.

Table 1.3
Number of Unemployment in South Sulawesi Province in 2015-2019

Year	Unemployment
2015	220,636
2016	186,291
2017	213,695
2018	213.105
2019	200,304

Source: BPS South Sulawesi

Based on the graph above, it can be seen that the unemployment rate in South Sulawesi does not continue to increase every year

because in 2016 it decreased by 186,291 and in 2017-2018 there was an increase and in 2019 there was another decrease with the number 200,304. The magnitude of the unemployment rate is a reflection of the lack of successful development in a country. Unemployment can affect poverty in various ways (Tambunan, 2001). In essence, regional development is recommended not only to focus on economic growth but also to consider how poverty results from a regional development process.

According to Esmara (quoted from Prasetio, Tri Bambang, 2008) in economics various theories have been put forward that discuss how economic development must be handled to catch up with backwardness. Until the late 1960s, economists believed that the best way to catch up with economic backwardness was to increase the rate of economic growth as high as possible, so that it could exceed the rate of population growth. In this way the per capita income figure will increase so that automatically there will also be an increase in people's prosperity. In the early 1970s, economists began to doubt the benefits of growing national income in economic development because in many developing countries there were symptoms of poverty, unequal distribution of income and unemployment which tended to increase even though national income had increased steadily. The problems and challenges of regional development for the next five years will still be prioritized on fundamental social problems, including the large number of poverty and unemployment.

Based on the description above that was previously stated, the authors are interested in examining how big the effect of unemployment and gross regional domestic product is on inflation in South Sulawesi.

2. LITERATURE REVIEWS

2.1 Inflation

Keynesian theory, this theory which states that inflation occurs because people live beyond the limits of their economic capacity. Inflation occurs because aggregate expenditure is too large. Therefore, the solution that must be taken is to reduce the amount of aggregate spending itself (reducing government spending or by increasing taxes and tight money policies. The rationale for this Keynes inflation model is that inflation occurs because people want to live beyond their economic means. , thus causing the public's effective demand for goods (aggregate demand) to exceed the amount of available goods (aggregate supply), the result will be an inflationary gap.The limited supply of goods (aggregate supply) occurs because in the short term production capacity cannot developed to offset the increase in aggregate demand. Therefore this theory is used to explain the phenomenon of inflation in the short term.

2.2 Unemployment Theory

According to Sukirno (2008: 13) unemployment is someone who has been classified in the labor force, who is actively looking for work at a certain wage level, but cannot get the job he wants. In line with the opinion above, Murni (2006: 197) unemployed are people whose age is in the age of the labor force and are looking for work. Types of Unemployment .

According to Sukirno (2008 : 330), there are four types of unemployment based on working hours, namely hidden unemployment, seasonal unemployment, underemployment and open unemployment.

a. Hidden unemployment is: unemployment that occurs due to circumstances where a type of economic activity is carried out by a workforce that is in excess of what is needed. For example, in production activities that can run effectively and efficiently with only 6 jobs, but in reality they are carried out by 8 workers. From this explanation it can be seen that there is an excess of 2 workers. This excess is called hidden unemployment.
b. Seasonal unemployment : is a state of unemployment at certain times of the year. An example is the period of waiting for farmers in the harvest season, at this time

farmers who do not have a side job will become unemployed.

c. Half unemployed (under unemployment): a situation where unemployment is where a worker does work much lower than normal working hours. A person can be classified as underemployed if he works no more than 20 hours a week or 3 days a week.
d. Open unemployment (open unemployment): workers who really do not have a job. Open unemployment includes a lot of unemployed people because they haven't got a job even though they have tried to get a job.

2.3 Theory of Gross Regional Domestic Product (GRDP)

Gross Domestic Product (GDP) is an important indicator to determine the development of the economy in a country in a certain period, both at current prices and at constant prices. GRDP at current prices illustrates the added value of goods and services which are calculated using prices that apply each year, while GRDP at constant prices shows the added value of these goods and services which are calculated using prices that apply in a certain year as the base year. Todaro (2002) .

Economic growth can be used as an indicator used to measure economic performance. Calculation of economic growth itself can be seen from the increase in GRDP of a region from year to year. Gross Regional Domestic Product is defined as the total output generated from all economic sectors in a region. The GRDP calculation can be obtained by adding up the gross added value of each sector and adding up the gross added value of all sectors (BPS, 2008). Therefore, with an increase in the amount of output produced by an economy, directly or indirectly GRDP growth will create jobs.

3 RESEARCH METHODOLOGY

3.1 Data analysis techniques

The analytical model used in this research is multiple linear regression s analysis . This regression analysis is to see the relationship between unemployment, GRDP and inflation which can be seen as follows:

The regression model equation can be formulated in the following model:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \mu}$$

Where :

Y = Inflation rate
X1 = Unemployment
X2 = GRDP (Gross Regional Domestic Product)
β1 , β 2 = Regression Coefficient
μ = Interference Error

The results of the regression analysis are in the form of a regression coefficient for each independent variable (kuncoro, 2011:98) . For the success of the analysis of a regression function, it is tested using the F and t test tools. The F test tool was carried out to determine the effect of the independent variables together on the dependent variable. The table F value obtained is compared with the calculated F value. If F count is greater than F table, then there is a significant influence between the independent variable and the dependent variable.

The t test tool is used to show how far the influence of one independent variable individually explains the dependent variation. The aim is to test the regression coefficients individually. The t table value obtained is compared to the t count value. If the t count is greater than the table, then the independent variable affects the dependent variable. If t count is smaller than t table , then the independent variable has an effect on the dependent variable. If t count is smaller than t table, then the independent variable has no effect on the dependent.

The next step is to test the model validation as follows:

a. Statistic test

In this study, the data were processed using the SPSS (*statistical package for social science*) program and testing the hypothesis using multiple linear regression, where the

effect could be seen simultaneously or partially.

b. T test (T-test)

The statistical t test was carried out to show how far the influence of one explanatory variable individually explains the variation of the dependent variable (Ghozali, 2005). Assuming the other variables are constant, use a 95% confidence level (a = 0.05).

This test is carried out on the basis of decision making as follows:

1) If the probability t count <a = 0.05 then the independent variable significantly affects the dependent variable.
2) If the probability t count > a = 0.05 then the independent variable significantly affects the dependent variable.

c. F test (F – test)

The F test is basically intended to prove statistically that all independent variables have a joint effect on the dependent variables. The F test in this study was carried out by comparing the calculated F value with a degree of confidence of 95% (a = 0.05). This test carried out on the basis of decision making as follows:

1) If the calculated F value > a = 0.05 then H 0 is rejected, meaning that together all the independent variables are able to significantly influence the dependent variable.
2) If the calculated F value <a = 0.05 then H0 is accepted, meaning that together all the independent variables do not significantly affect the dependent variable.

d. Coefficient of Determination (R^2)

The perfect R2 value is one , that is, if all the dependent variables can be fully explained by the independent variables included in the multiple linear regression model, the conclusions that can be drawn are:

1) The R2 value is small or close to zero, meaning that the ability of the independent variables to explain the variation of the dependent variable is very limited.
2) The value of R^2 is close to one, meaning that the ability of the independent variables explains almost all of the information used to predict the variation of the dependent variable.

e. Classic assumption test

Tests regarding whether there is a violation of the classical assumptions which are the basis of the multiple linear regression model.

1) Data Normality Test

Ghozali (2005) normality test is to find out whether in the regression model, confounding or residual variables have a normal distribution.

2) Multicollinearity Test

The multicollinearity test is carried out to see whether the variables are correlated with each other on the independent variables. If there is a correlation, there is a multicollinearity problem so that the regression model cannot be used.

4. RESULTS AND DISCUSSION

4.1 Data Presentation (Research Results)

a. Unemployment in South Sulawesi

Unemployment is the designation for the labor force (population aged 15-65 years) who do not work at all or are looking for work. People who are not looking for work, for example, are housewives, junior high school, high school students, college students, and so on who for some reason don't/don't need a job yet. Unemployment is usually caused because the number of labor force is not proportional to the number of existing jobs. The unemployment data from 2015-2019 in table 4.2 is as follows:

Table 4.2
South Sulawesi unemployment data in 2015-2019

Regency/City	Unemployment				
	2015	2016	2017	2018	2019
Selayar Islands	4663	2565	1750	2446	1180
Bulukumba	13686	9796	5241	7274	5403
Bantaeng	5317	4503	6401	5559	2274
Jeneponto	10061	7890	7122	4148	4229
Takalar	8615	6846	7535	3092	3540
Gowa	22623	21029	11417	8043	7711
Sinjai	3926	5663	3285	481	989
Maros	13665	9990	9226	7866	6768
Pangkep	12332	8379	9918	6684	12792
Barru	5894	4288	3209	2819	1393
bones	21578	19603	11715	12286	16834
Soppeng	7907	5461	6423	6194	2381
Wajo	8656	14036	5447	6182	8064
Sidrap	9749	5960	7873	7930	6957
Pinrang	10918	10269	7159	2480	4243
Enrekang	3755	5467	2857	1417	1288
Luwu	9432	10792	13989	9273	7319
Tana Toraja	3802	5257	5141	3315	3944
North Luwu	6399	5663	6440	5825	2459
East Luwu	16139	8005	8990	7027	9962
North Toraja	8191	5314	4817	2544	3706
Macassar	78216	49668	55596	55619	65623
Pare Pare	6935	4401	2276	2608	4166
Palopo	6493	6081	5156	5800	5540
SOUTH SULAWESI	298952	236926	208983	176912	188765

Source: data from BPS for 2015-2019

Based on table 4.2 above, a general description of unemployment in South Sulawesi during the 2015-2019 period experienced ups and downs where the unemployment rate increased and decreased every year because over a period of 5 years it gave an indication of the magnitude of the effect of unemployment on inflation . in South Sulawesi.

b. GRDP (Gross Regional Domestic Product)

The GRDP data used in this study is GRDP at District/City Constant Prices in South Sulawesi for 2015-2019. According to BPS (2018), Gross Domestic Product (GRDP) is the sum of the value of net output (final goods and services) generated by all economic activities, in a certain area (province and district/city), and in a certain period of time (one calendar year). Gross regional domestic product is the total gross added value arising from all economic sectors in the region. Calculating GRDP aims to help make regional policies or planning, evaluate development results, provide information that can describe regional economic performance. Gross regional domestic product (GRDP) is the total gross added value arising from all economic sectors in the region. Calculating GRDP aims to help make regional policies or planning, evaluate development results, provide information that can describe regional economic performance. GRDP includes ; wages and salaries , interest , ground rent , indirect taxes , depreciation , profits

The development of cities/regencies in South Sulawesi Province aims to create a just, materially and spiritually prosperous society based on Pancasila and the 1945 Constitution in order to support the regional development of South Sulawesi Province and aims to optimally develop regional economic potential.

The economic growth of a region can reflect the economic conditions of the region. One of the economic indicators in measuring the level of economic growth in a region can use the calculation of the Gross Regional Domestic Product (GRDP). The economic growth shown is the GRDP figure at constant prices which is one indicator to see the success of development.

Based on the explanation above , it can be shown the GRDP data in table 4.3 as follows:

Table 4.3
South Sulawesi GRDP data for 2015-2019

Component		GRDP				
		2015	**2016**	**2017**	**2018**	**2019**
(1)	(2)	(27)	(32)	(37)	(42)	(47)
1	Household consumption	165,652.22	185,585.54	204,368.75	225,404.55	251,147.50
2	LNPRT consumption	3,863.84	4,265.90	4,626.45	5,109.72	6,145.46
3	Government Consumption	31,774.37	36,396.62	37,399.19	39,393.17	44,827.51
4	Gross Fixed Capital Formation	110,225.84	125,989.17	141,414.70	157,246.49	171,943.70
5	Inventory Changes	-1,550.67	5,641.24	4,848.29	1,821.01	2,422.13
6	Export	79,103.55	73,410.42	50,899.09	41,861.74	43,309.48
7	Import	91,035.33	90,898.68	66,447.57	55,248.48	58,076.29
GRDP total		**298,033.80**	**340,390.21**	**377,108.91**	**415,588.20**	**461,719.49**

Source: data from BPS for 2015-2019

Based on table 4.3 above, a general description of GRDP in South Sulawesi during the 2015-2019 period experienced ups and downs where the GRDP figures increased and decreased every year because over a period of 5 years it gave an indication of the magnitude of the influence of GRDP on inflation in in South Sulawesi.

b. Inflation

Inflation is a process of increasing prices in general and continuously, an increase in the price of one or two goods cannot be called inflation unless the increase extends (or causes price increases) to other goods. Inflation is related to market mechanisms which can be caused by various factors, including: increased public consumption , excess liquidity in the market which triggers consumption or even speculation, including the result of uneven distribution of goods.

In addition, economic instability and sales levels also cause inflation. In other words, inflation is also a continuous process of decreasing currency values. Inflation is a process of an event, not the highs and lows of the price level. That is, a price level that is considered high does not necessarily indicate inflation. Inflation is an indicator to see the level of change, and is considered to occur if the price increase process takes place continuously and influences each other. The term inflation is also used to mean an increase in the money supply which is sometimes seen as the cause of rising prices.

Based on the explanation above, it can be seen in table 4.4 as follows:

Table 4.4
Annual Inflation Data 2015-2019

Inflation Region	Inflation				
	2019	2018	2017	2016	2015
	Annual	Annual	Annual	Annual	Annual
South Sulawesi	2.25	3.58	4.66	1.48	2.17

Source: data from BPS for 2015-2019

From table 4.4 above, an overview of inflation in South Sulawesi is obtained during the 2015-2019 period, where the data obtained was only in 2018 with a total of 3.5 inflation rates that occurred because over a period of 5 years it gave an indication of the magnitude of the influence of inflation in South Sulawesi.

Table 4.5
Descriptive data

	N	Minimum	Maximum	Means	std. Deviation
Inflation	19	1.48	12.40	5.8753	3.02898
Unemployment	19	11.64	13,27	12.3917	,35201
GRDP	19	29.99	33,43	32.0643	1.22747
Valid N (listwise)	19				

Source: data from BPS for 2015-2019

Based on the data in table 4.5, unemployment has an average of 12.3917 . the lowest (minimum) unemployment is 11.64 . and the highest (maximum) unemployment is 13.27 . The average GRDP is 32.0643 . the minimum amount of GRDP is 29.99 . and the most is as much as 33.43 . And inflation has an average of 5.8753 . the least amount of inflation is 1.48 . and the most is 12.40.

c. Validity Test and Classical Assumption Test

1) Multiple Linear Regression Analysis

The regression model used is the regression model with the inflation variable (Y) as the dependent variable, and the unemployment variable (X1), GRDP (X2), independent (free), with a function Y = f (X1, X2), regression models in this study are as follows:

$$\mathbf{Y = a + \beta 1\ X1 + \beta 2\ X2 + e}$$

Testing the data in this study using multiple linear regression analysis techniques. The calculation of the multiple linear regression coefficient was carried out by analysis through the SPSS 26.0 software for windows, the results are shown in table 4.6 as follows:

Table 4.6
the results of multiple linear regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	63,379	28,113		2,254	.039
	Unemployment	-, 643	1,707	-, 075	-, 377	, 7 11
	GRDP	- 1.545	,489	-, 626	- 3.157	,006

Source: data from BPS for 2015-2019

Based on the results of multiple linear regression analysis as presented in table 4.6, the structural equation can be formed as follows:

Y = 63.379 + 0.643 X1 + 1.544 X2

The results of the multiple linear regression equation provide the following understanding :

a) The coefficient of the unemployment variable in the multiple regression equation is - .643 this number can be interpreted that unemployment is stated not positive and significant as evidenced by a significant value of 0.711 < 0.05 where 0.711 > of 0.05 which means that unemployment is not

related to the inflation rate , this is different from the theory presented by AW Philips (if unemployment is high then inflation is low and vice versa if unemployment is low then inflation is high.

b) The coefficient of the GRDP variable in the multiple regression equation is -1.544 this number can be interpreted that if the GRDP variable increases, it will increase inflation. This has a significant effect as evidenced by a significant value of 0.006 <0.05 .

2) Hypothesis testing

a) Statistical test t

Statistical test t is used to determine the significance level the effect of independent variables on the dependent variable individually (partial) by assuming other variables are constant. sample and k is the number of independent and dependent variables. Can be seen in table 4.7 as follows;

Table 4.7
Test Results t

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	std. Error	Betas		
1	(Constant)	63,379	28,113		2,254	.039
	Unemployment	-, 643	1,707	- .075	- .377	, 7 11
	GRDP	- 1.545	,489	- .626	- 3.157	,006

Source: data from BPS for 2015-2019

Based on table 4.7 the results of statistical calculations for the unemployment and GRDP variables on inflation can be seen from the significant level. The unemployment variable has a significant -3,157 > 0.05 , which means that the unemployment variable has no effect and is not significant because the results obtained are negative , therefore H1 is rejected and Ho is accepted, meaning that there is no effect of unemployment on inflation in South Sulawesi , and the GRDP variable has a significant level of 0.006 <0.05 , so Ho is rejected and H1 is accepted , which means that the GRDP variable has a significant effect on inflation.

b) Test f

The statistical F test basically shows whether all the independent variables included in the model have a joint effect on the dependent variable. The results of this f test calculation can be seen in table 4.8 below:

Table 4.8
Test Results f

Model		Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	63,416	2	31,708	4,987	, 1 21 b
	residual	101,729	16	6,358		
	Total	165,144	18			

Source: data from BPS for 2015-2019

From the regression results shown in table 4.7, the effect of the unemployment variable (X1), GRDP (X2) on inflation (Y), a significant value of 0.121 > 0.05 is obtained. This shows that the two variables have a significant effect on the union variable. If the sig value is greater > then the hypothesis is rejected, meaning that unemployment (X1) and GRDP (X2) simultaneously have no effect on inflation (Y).

c) Coefficient of determination (R^2)

The determinant coefficient (R square) basically measures how much the model's ability to explain the variation in the dependent variable. The value of the determinant coefficient that is close to one independent variable explains almost all the

information needed to predict the dependent variable. The results of calculating the coefficient of determination in this study can be seen in table 4.9 below:

Table 4.9
Coefficient of determination (R^2)

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	,620 [a]	,8 3 4	,307	2.52152

Source: data from BPS for 2015-2019

Based on table 4.9 it appears that the results of the calculations obtained a coefficient of determination (R Square) of 0.834 in other words this shows that the percentage of variation in inflation is large. which can be explained by the variation of the two independent variables, namely unemployment and GRDP of 83.3% while the remaining 0.17% is explained by other variables outside the research.

3) Classic assumption test

This evaluation is intended to determine whether the use of multiple linear regression models in analyzing meets the classical assumptions. Multiple linear models will be more appropriate to use and produce more accurate calculations if the following assumptions can be met , namely:

a) Normality test

The normality test aims to test whether in the regression model, the dependent variable or independent variable both have a normal distribution or not. A good regression model is having normal or close to normal data distribution. Can be seen in table 4.10 as follows:

Table 4.10
Normality test

		Unstandardized Residuals
N		19
Normal Parameters [a,b]	Means	,0000000
	std. Deviation	2.37730748
Most Extreme Differences	absolute	,106
	Positive	,106
	Negative	-.089
Kolmogorov-Smirnov Z		,463
asymp. Sig. (2-tailed)		,983

Source: data from BPS for 2015-2019

Based on table 4.10 the value of Asymp. Sig (2-tailed) does not show a value less than 0.05 which means that the data is normally distributed.

b) Multicollinearity Test

It needs to be done to test whether the regression model found a correlation between the independent variables, if there is a correlation then it is called a multicollinearity problem. To find out the multicollinearity between these independent variables, it can be seen through the VIF (Variance Inflation Factor) of each independent variable on the dependent variable. If the VIF (Variance Inflation Factor) value is not more than 5, it means that there is no multicollinearity in the model. Can be seen in table 4.11 as follows:

Table 4.11
Multicollinearity Test

Model		Collinearity Statistics	
		tolerance	VIF
1	Unemployment	,979	1.022
	GRDP	,979	1.022

Source: data from BPS for 2015-2019

Based on table 4.11 it shows that the variables capital, raw materials, and human resources have a VIF value of 1.0221 <4; 1.022 < 4, it can be concluded that the variables of unemployment and GRDP do not influence each other or multicollinearity does not occur.

4.2 Analysis and discussion

The results of the analysis show that unemployment is not positive and significant to inflation in South Sulawesi. This shows that unemployment is not related to inflation. So if there is an addition of 1% there is no relationship with inflation. According to AW Lips, if unemployment is high, inflation will be low, and vice versa, if unemployment is low, inflation will be high.

The results of the analysis show that GRDP has a positive and insignificant effect on inflation in South Sulawesi. This has the meaning that if there is an increase of 1% it will increase inflation, so GDP will also increase where goods and services will also increase. The results of this study are consistent with the results of previous studies consistent with the results of research by Faiza Nur Iman Subagyo, Tatik Febriana, Nurisqi Amaliah (2018) Inflation and GDP have no significant effect on the composite stock price index, while the Indonesian bank interest rate has a significant effect on the composite stock price index.

5. CLOSING

5.1 Conclusion

Based on the results of the research and discussion, the conclusions that can be put forward in this study are:

1. Unemployment is declared not positive and significant as evidenced by a significant value of 0.711 < 0.05 where 0.711 > of 0.05 which means that unemployment is not related to the inflation rate , this is different from the theory presented by AW Philips (if unemployment is high then inflation is low and vice versa if unemployment is low then inflation is high).
2. The coefficient of the GRDP variable in the multiple regression equation is -1.544 this number can be interpreted that if the GRDP variable increases, it will increase inflation . , as evidenced by Sig 0.006 < 0.05 .

5.2 Suggestion

Based on the discussion of the research results, the researcher tries to provide suggestions as follows:

1. With an increase in inflation it will reduce unemployment. Controlled inflation is a success in the economy, but it must also be balanced with other economic activities such as lowering interest rates, so that later it will increase investment and also spur to increase exports. Increased investment can also add to existing jobs so that unemployment can be reduced. If the government spends more investment, then unemployment can be reduced. In addition, the government should also re-establish its tax policy. With high taxes, people's purchasing power becomes weak and will weaken people's ability to spend.
2. The government, in order to maintain increasing GRDP, should address the phenomenon of moving from offline to online, for example, issuing regulations for online producers, so that offline and online can work together and need each other. And the government must continue to monitor the price mechanism theories that affect inflation in South Sulawesi.

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