

Analysis of the Unemployment Rate in Ogan Komering Ulu Timur Regency from the Perspective of Islamic Economics

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masyarakat yang berlandaskan prinsip keadilan (*adl*), kemaslahatan (*masalahah*), dan tanggung jawab sosial. Penelitian ini berkontribusi pada pengembangan literatur dengan mengintegrasikan analisis pasar tenaga kerja daerah dan perspektif ekonomi Islam guna merumuskan strategi ketenagakerjaan yang lebih inklusif dan berkelanjutan.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis tingkat pengangguran di Kabupaten Ogan Komering Ulu Timur serta mengkaji faktor-faktor yang memengaruhinya dari perspektif ekonomi Islam. Pengangguran masih menjadi permasalahan sosial ekonomi yang penting karena berdampak pada distribusi pendapatan, tingkat kemiskinan, dan kesejahteraan masyarakat. Penelitian ini menggunakan pendekatan kualitatif dengan metode studi kepustakaan melalui kajian artikel ilmiah, buku akademik, laporan pemerintah, dan data ketenagakerjaan yang dipublikasikan oleh Badan Pusat Statistik (BPS). Analisis difokuskan pada kondisi pasar tenaga kerja terkini, tren ketenagakerjaan, serta peran prinsip-prinsip ekonomi Islam dalam mengatasi permasalahan pengangguran. Hasil penelitian menunjukkan bahwa tingkat pengangguran di Kabupaten Ogan Komering Ulu Timur cenderung menurun dalam beberapa tahun terakhir yang didukung oleh pertumbuhan sektor pertanian, perdagangan, dan perkembangan usaha mikro, kecil, dan menengah (UMKM). Namun demikian, masih terdapat berbagai tantangan struktural, seperti terbatasnya lapangan kerja formal, rendahnya keterampilan tenaga kerja, ketidaksesuaian antara pendidikan dan kebutuhan pasar kerja, serta belum meratanya akses terhadap sumber daya ekonomi produktif. Dalam perspektif ekonomi Islam, pengangguran perlu diatasi melalui pengembangan kualitas sumber daya manusia, penguatan kewirausahaan, optimalisasi pemanfaatan sumber daya produktif, dan pemberdayaan

ABSTRACT

This study aims to analyze the unemployment rate in Ogan Komering Ulu Timur Regency and examine its underlying determinants from the perspective of Islamic economics. Unemployment remains an important socio-economic issue because it affects income distribution, poverty levels, and community welfare. This research employs a qualitative approach using a library research method by reviewing scientific articles, academic books, government reports, and employment statistics published by the Central Bureau of Statistics (BPS). The analysis focuses on recent labor market conditions, employment trends, and the role of Islamic economic principles in addressing unemployment challenges. The findings indicate that the unemployment rate in Ogan Komering Ulu Timur Regency has gradually declined in recent years, supported by the growth of the agricultural sector, trade activities, and the expansion of micro, small, and medium enterprises (MSMEs). Nevertheless, several structural challenges persist, including limited formal employment opportunities, low workforce skills, educational mismatches, and unequal access to productive economic resources. From the perspective of Islamic economics, unemployment should be addressed through human capital development, entrepreneurship promotion, productive resource utilization, and community empowerment based on the principles of justice (*adl*), welfare (*masalahah*), and social responsibility. This study contributes to the literature by integrating regional labor market analysis with Islamic economic perspectives to formulate more inclusive and sustainable employment strategies.

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INTRODUCTION

Employment is widely recognized as one of the most important indicators of economic development because it reflects the ability of an economy to utilize its human resources productively (M. H. Khan et al., 2024). High employment levels contribute to income generation, poverty reduction, and improved social welfare, while unemployment creates economic inefficiencies and social vulnerabilities (Purwatiningsih et al., 2024; Santos & Simões, 2025). In developing countries, unemployment remains a persistent challenge due to rapid population growth, structural economic transformation, limited employment opportunities, and mismatches between labor market demands and workforce qualifications (Lu et al., 2023; Kurniawati et al., 2024). Therefore, understanding the determinants of unemployment is essential for formulating effective development policies and promoting inclusive economic growth.

Ogan Komering Ulu Timur (OKU Timur) Regency, located in South Sumatra Province, is one of the region's strategic agricultural centers with considerable economic potential in agriculture, plantations, trade, and micro-enterprise activities. The dominance of the productive-age population provides an important opportunity for regional economic growth and welfare improvement. Economic expansion in these sectors, accompanied by infrastructure development and increased business activities, has contributed to greater labor absorption and strengthened local economic performance. Consequently, employment conditions in OKU Timur Regency play a crucial role in determining the sustainability of regional development.

In recent years, employment conditions in OKU Timur Regency have shown positive progress. Data published by the Central Bureau of Statistics (BPS) indicate a gradual decline in the Open Unemployment Rate, suggesting that economic activities have generated additional employment opportunities. The expansion of agricultural production, growth in trade activities, and development of micro, small, and medium enterprises (MSMEs) have contributed significantly to labor absorption (Sugihono et al., 2024; Xu et al., 2024; Li & Zhang, 2025). Government initiatives focusing on vocational training, entrepreneurship development, and community empowerment have also supported employment creation. Nevertheless, unemployment remains an important issue due to the limited availability of formal-sector jobs, low workforce skills, and persistent mismatches between educational attainment and labor market requirements (K. Li et al., 2022; Lu et al., 2023).

The unemployment problem extends beyond economic dimensions and directly affects social welfare (Bianchi et al., 2023; Kurniawati et al., 2024). Prolonged unemployment can increase poverty levels, reduce household income, widen social inequality, and limit access to education and healthcare services. In agricultural regions such as OKU Timur Regency, employment opportunities are often seasonal and dependent on commodity production cycles, creating conditions of underemployment and disguised unemployment. Furthermore, technological advancement and agricultural modernization have gradually reduced the demand for manual labor in certain production processes, thereby creating additional challenges for local labor markets (Khan et al., 2024; Ndege et al., 2024).

Previous studies have identified various factors influencing unemployment, including economic growth, investment, inflation, educational attainment, labor productivity, and industrial development (Khoirunnisa et al., 2025; Schepis & Kingshott, 2024). Economic growth generally stimulates labor demand and creates employment opportunities, while investment contributes to business expansion and productive capacity enhancement. However, the benefits of economic growth may not be evenly distributed when workforce quality, human capital development, and labor market institutions remain inadequate. In rural economies, dependence on agriculture also increases vulnerability to fluctuations in commodity prices and seasonal employment patterns.

From the perspective of Islamic economics, employment is not merely an economic activity but also a form of productive effort that contributes to individual welfare and social prosperity. Islam encourages work, entrepreneurship, productivity, and self-reliance while discouraging idleness and dependency. Economic development should therefore promote not only economic growth but also justice (*adl*), public welfare (*maslahah*), equitable resource distribution, and community empowerment (Auda, 2013; Chapra, 2016; Isman et al., 2023).

Within this framework, unemployment should be addressed through human capital development, entrepreneurship promotion, productive resource utilization, and the strengthening of community-based economic activities.

Although numerous studies have examined unemployment from conventional economic perspectives, relatively limited research has explored unemployment issues at the regional level through the lens of Islamic economics. Existing studies primarily focus on macroeconomic determinants such as growth, inflation, and investment, while paying less attention to the role of Islamic economic principles in promoting employment, productive empowerment, and social welfare. Therefore, this study aims to analyze the unemployment rate in Ogan Komering Ulu Timur Regency, identify the factors influencing unemployment, and examine potential solutions from the perspective of Islamic economics. The study is expected to contribute both theoretically to the development of Islamic economic literature and practically to the formulation of more inclusive and sustainable employment policies.

RESEARCH METHODS

This study employed a qualitative research approach using a library research design (Creswell, 2016). The qualitative approach was selected because the study seeks to obtain an in-depth understanding of unemployment conditions in Ogan Komering Ulu Timur Regency and to analyze the issue from the perspective of Islamic economics. Library research is considered appropriate for examining socio-economic phenomena through the systematic review, interpretation, and synthesis of existing scholarly and statistical sources (Almusaed et al., 2025).

The study relied entirely on secondary data obtained from various academic and institutional sources. These included scientific journal articles, books, research reports, government publications, and employment statistics published by the Central Bureau of Statistics (BPS). Additional data were collected from relevant literature discussing labor economics, regional development, human resource development, and Islamic economic perspectives on employment and social welfare. Data collection was conducted through documentation techniques by identifying, selecting, reviewing, and categorizing literature relevant to the research objectives (Miles et al., 2018).

Data analysis was performed using a descriptive qualitative method (Ahmed et al., 2025; Lyhne et al., 2025). The collected data were reduced, classified, and interpreted according to major themes, including unemployment trends, determinants of unemployment, socio-economic impacts, and Islamic economic approaches to employment creation. The analysis focused on identifying patterns and relationships among the factors influencing unemployment in Ogan Komering Ulu Timur Regency and examining how Islamic economic principles such as *adl* (justice), *maslahah* (public welfare), productive empowerment, entrepreneurship, and human capital development can contribute to sustainable employment solutions. To enhance the credibility of the findings, data were cross-checked through source triangulation by comparing information from academic literature, government reports, and official statistical publications.

RESULT AND DISCUSSION

Unemployment Trends in Ogan Komering Ulu Timur Regency

The labor market in Ogan Komering Ulu Timur (OKU Timur) Regency has shown a positive development during the period 2021–2024. As presented in Table 1 and Figure 1, the Open Unemployment Rate (OUR) decreased consistently from 4.12% in 2021 to 3.18% in 2024. This declining trend indicates an improvement in regional economic conditions following the post-pandemic recovery period and reflects increasing labor absorption across several productive sectors.

Table 1. Open Unemployment Rate in Ogan Komering Ulu Timur Regency, 2021–2024

Year	Open Unemployment Rate	Trend	Description
2021	4.12%	High	Economic recovery after the COVID-19 pandemic
2022	3.85%	Decreased	Community economic activities began to improve
2023	3.42%	Tended to decrease	Labor absorption in agriculture and trade increased
2024	3.18%	Decreased	Expansion of MSMEs and productive sectors

Source: BPS Ogan Komering Ulu Timur Regency (processed by the author, 2025)

To provide a clearer visualization of unemployment dynamics in Ogan Komering Ulu Timur Regency, Figure 1 illustrates the trend of the Open Unemployment Rate during the 2021–2024 period. The figure demonstrates a gradual and consistent decline in unemployment, indicating improved labor market conditions and increased economic participation among the working-age population.

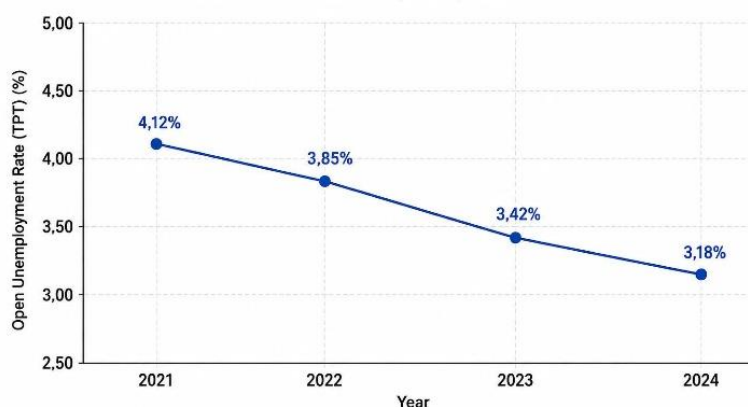


Figure 1. Open Unemployment Rate in Ogan Komering Ulu Timur Regency, 2021–2024

The decline in unemployment can largely be attributed to the expansion of agricultural activities, increased trade transactions, and the development of micro, small, and medium enterprises (MSMEs). As an agrarian region, agriculture remains the dominant sector of employment, providing job opportunities for workers with varying educational backgrounds. The growth of MSMEs has also contributed to employment creation by absorbing labor that cannot be accommodated within the formal sector.

Nevertheless, the declining unemployment rate should not be interpreted solely as evidence of a fully efficient labor market. A significant proportion of workers remain concentrated in informal and seasonal occupations, particularly in agriculture. Consequently, the region still faces challenges associated with underemployment and disguised unemployment, where workers are technically employed but do not fully utilize their productive capacities.

Determinants of Unemployment in Ogan Komering Ulu Timur Regency

The findings indicate that unemployment in OKU Timur Regency is influenced by a combination of macroeconomic, structural, and human capital factors. Economic growth and investment play a crucial role in creating employment opportunities by expanding productive activities and increasing labor demand. Improvements in agricultural production, trade activities, and local business development have contributed positively to labor absorption in recent years.

However, economic growth alone does not automatically eliminate unemployment. One of the most persistent challenges is the mismatch between workforce qualifications and labor market requirements. Many job seekers possess educational backgrounds and skills that do not align with the competencies demanded by employers. This condition creates structural unemployment, particularly among younger workers and recent graduates.

Another important factor is the region's dependence on agriculture. Although agriculture absorbs a large share of the workforce, employment opportunities in this sector are often seasonal and vulnerable to commodity price fluctuations. Technological modernization and mechanization have further reduced the demand for manual labor in certain agricultural activities, creating additional pressures on rural employment.

These findings suggest that unemployment in OKU Timur Regency cannot be explained solely by the availability of jobs but must also be understood in relation to workforce quality, skills development, and economic diversification. Therefore, policies aimed at reducing unemployment should focus not only on job creation but also on improving human capital and strengthening vocational training systems.

Socioeconomic Impacts of Unemployment

Unemployment generates multidimensional consequences that extend beyond economic indicators. The most immediate impact is the reduction of household income, which weakens purchasing power and increases vulnerability to poverty. Households experiencing unemployment often face difficulties in meeting basic needs, including food, education, healthcare, and housing.

In rural areas such as OKU Timur Regency, fluctuations in agricultural commodity prices further intensify these challenges. Declining commodity prices reduce farmers' incomes and weaken the capacity of agricultural enterprises to maintain employment levels. Consequently, unemployment and underemployment contribute to broader socioeconomic problems, including inequality and limited social mobility.

From a regional development perspective, persistent unemployment also reduces overall productivity and slows economic growth. Human resources that remain unemployed or underutilized represent lost economic potential. Therefore, reducing unemployment is not only a labor market objective but also a strategic requirement for achieving sustainable regional development and improving community welfare.

Unemployment from the Perspective of Islamic Economics

Islamic economics views employment as a fundamental component of human welfare and social development. Work is regarded not only as an economic activity but also as a form of worship and social responsibility. Consequently, unemployment is considered a socioeconomic problem that should be addressed through productive empowerment and equitable economic opportunities.

The Islamic economic framework emphasizes the principles of justice (*adl*), public welfare (*maslahah*), and productive participation. Every individual capable of working should have access to opportunities that enable them to contribute economically and improve their living standards. In this context, the concept of full employment occupies an important position within Islamic economic thought.

One of the instruments proposed by Islamic economics for reducing unemployment is productive zakat. Rather than being distributed solely for consumption purposes, zakat can be utilized as business capital, entrepreneurial support, and economic empowerment assistance. Through productive zakat programs, beneficiaries can establish micro-enterprises, generate sustainable income, and potentially create employment opportunities for others.

Similarly, productive waqf offers significant potential for employment creation. Waqf assets can be developed into educational institutions, agricultural enterprises, vocational training centers, and community-based businesses. Such initiatives contribute not only to labor absorption but also to long-term economic development and social welfare enhancement.

Strategies for Reducing Unemployment in Ogan Komering Ulu Timur Regency

Based on the findings, reducing unemployment in OKU Timur Regency requires an integrated strategy that combines economic development with human resource empowerment. First, improving workforce quality through vocational education, technical training, and entrepreneurship development is essential to address skills mismatches and enhance employability.

Second, strengthening agriculture and MSMEs should remain a policy priority because these sectors represent the primary sources of employment within the region. Providing easier access to financing, business assistance, and market opportunities can increase productivity and labor absorption. Third, Islamic social finance instruments such as productive zakat and productive waqf should be integrated into local economic development programs. These instruments can support entrepreneurship, expand productive economic activities, and create sustainable employment opportunities for vulnerable groups.

Finally, attracting investment and diversifying the regional economy are necessary to reduce dependence on seasonal agricultural employment. Through a combination of human capital development, productive empowerment, and inclusive economic policies, unemployment reduction efforts can contribute more effectively to sustainable welfare and socioeconomic development in Ogan Komering Ulu Timur Regency.

CONCLUSION

This study demonstrates that the unemployment rate in Ogan Komering Ulu Timur Regency has exhibited a declining trend during the 2021–2024 period, indicating improvements in labor market conditions and regional economic activities. The reduction in unemployment has been supported primarily by the expansion of the agricultural sector, increased trade activities, and the growth of micro, small, and medium enterprises (MSMEs), which have contributed significantly to labor absorption. Nevertheless, unemployment remains a structural challenge due to the limited availability of formal-sector employment, the prevalence of seasonal and informal work, workforce skill deficiencies, and the mismatch between labor competencies and labor market requirements.

The findings further reveal that unemployment in OKU Timur Regency is influenced by a combination of economic growth, investment, human capital quality, educational attainment, and structural characteristics of the local economy. While economic expansion creates employment opportunities, its impact is constrained when workforce capabilities fail to meet evolving labor market demands. Consequently, unemployment should not be viewed solely as a consequence of insufficient job creation but also as a reflection of broader challenges related to human resource development and economic diversification.

From the perspective of Islamic economics, employment represents not only an economic necessity but also a means of achieving individual welfare, social justice, and collective prosperity. Islamic economic principles emphasize productive participation, equitable distribution of resources, entrepreneurship, and community empowerment as essential mechanisms for reducing unemployment. In this context, instruments such as productive zakat and productive waqf offer significant potential to support micro-enterprise development, create employment opportunities, and enhance socioeconomic welfare in a sustainable manner.

The study contributes to the literature by integrating regional labor market analysis with the normative framework of Islamic economics. Practically, the findings suggest that unemployment reduction strategies in Ogan Komering Ulu Timur Regency should focus on strengthening workforce skills, expanding vocational and entrepreneurship programs, supporting MSME development, enhancing investment in productive sectors, and optimizing Islamic social finance instruments for community empowerment. Future research may employ quantitative approaches or mixed-method designs to examine the effectiveness of Islamic economic instruments in reducing unemployment and promoting sustainable employment at the regional level.

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