

ABSTRACT

Worker wage level in Indonesia has variation due to the heterogeneity of workers including productivity which is influenced by health status. This study purpose to analyze the effect of health status on worker wage level in Indonesia using human capital theory, concept of health capital by Grossman, and compensating wage differentials.

This study uses Ordinary Least Square (OLS) method and uses secondary data with total 6.714 observation of individual workers in Indonesia from Indonesia Family Life Survey – 5 (IFLS – 5) using STATA17. The dependent variable used is level of worker wage in a month. Meanwhile, the independent variable used is the health status of the worker and health status interaction into informal sector workers. This study also uses control variable to reduce bias, the control variable used are informal sector workers, education level, smoking status, work experience, work experience2, gender, age, residence location, primer sector, work characteristic.

Result of this study indicate that poor health status of informal workers, interaction of poor health status in informal sector worker, work experience2, age, and job characteristic have negative significant effect on worker wage level. While the result of other variable, such education level, work experience, gender, place of residence, household head status, and primary sector have positive and significant effect.

Keywords: Wage level, health status, informal workers