

ABSTRACT

The development with gender base or attainment of gender equivalence MDGs in Indonesia is rising until 2012. Although the value of GDI and attainment MDGs in Indonesia is rising, however based on ILO publication about Pacific labor market update 2011, Indonesia was number one country with gender inequality in labor market more than 30% and also women labor unemployment. The quality of labor in Indonesia is not well enough because unskilled worker more dominant than skilled worker. This research has aims to (1) analysis elasticity of substitution among women and men workers, (2) analysis the influence of unskilled workers amount gap to unskilled workers wage gap, (3) analysis the influence of skilled workers amount gap to skilled workers wage gap.

This research used linear regression (OLS) that differ from Constant Elasticity Substitution (CES) production function with observation year 2009-2012. Type of data used is secondary data obtained from Badan Pusat Statistik in publication of Keadaan Pekerja Indonesia, Pusdatinaker, Laporan Pembangunan Manusia Berbasis Gender 2012, and also other literature such as books and economic journals.

The result of this research are : (1) value of elasticity substitution in skilled manpower higher than unskilled manpower. (2) regression analysis showed that the variable unskilled workers amount gap influence significantly to workers wage gap whereas variable skilled workers amount gap doesn't influence significantly to skilled workers wage gap.

Keywords : *Gender wage gap, Unskilled worker, Skilled worker, CES production function*