Life reality in the industrialized world: The effects of low wages on workers’ welfare

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Abstract. The disparity between regional minimum wages and inflation rates remains a significant issue in the industrialized world. Even though various parties have tried to solve this thorny problem theoretically and practically, no actual implementation can solve it thoroughly. Whereas in the fast-paced modern world, wages are one of the determinants of a worker’s well-being. In Indonesia, the Special Region of Yogyakarta is the region with the second lowest minimum wage, in the range of less than two million rupiahs per month, two times lower than Jakarta the capital city. Culturally, the native people also feel that low wages affect their quality of life (besides their belief in keeping Jogja's authenticity as a city of heritage and education). This research is conducted in literature study supported by Maslow theory hierarchy of needs and the results of researchers’ naturalistics observations. Supported by early social scientist theory, the author reveals that there is a relationship between income and one’s level of satisfaction and quality of life. People with lower income levels have higher levels of life satisfaction although their economic, physical, and psychological well-being is lower. In the end, this paper will implicate to increase public understanding of workers’ well-being.

1 Introduction

Against the backdrop of significant economic development and technological progress, low wages have become a persistent problem in the industrial world. As society advances and innovation develops, it is important to ensure that the benefits of progress are shared equally among all levels of society. Despite the prosperity of many countries, a large part of the workforce still struggles with the challenge of low wages. The complex interaction between low wages and worker welfare is a major challenge that requires in-depth study. This research project focuses on the complex interactions between low wages and worker well-being. This paper attempts to explore the diverse impacts of low wages on various dimensions of workers' lives in an industrial context. The motivation driving this research is rooted in the necessity

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to overcome a fundamental contradiction: the coexistence of economic prosperity and persistent low wages for the majority of the workforce. As the economy develops, it becomes increasingly important to ensure that the resulting progress has a positive impact on individual well-being. This research aims to highlight the importance of addressing low wages as a means of promoting social justice, improving worker welfare, and encouraging sustainable economic growth. Use 170 x 250 mm paper size (W x H mm) and adjust the margins to those shown in the Table 1. The final printed area will be 130 x 210 mm. Do not add any page numbers.

1.1 Hierarchy of Needs: Abraham Maslow

The theory relevant to this topic is the theory of necessity that summarizes the basic needs of human life. This theory of motivation was proposed by Abraham Maslow. Maslow classifies human needs into five levels according to their satisfaction scale in the sense that when basic needs are met, they will be met by the next level until the highest level needs are reached. Maslow's theory of Necessity has been widely recognized by practitioners. In addition, Maslow's theory is widely used in industry to demonstrate the relationship between workers and work efficiency. Based on the above context, the author wants to find out the effect of worker pay motivation and what factors have the most impact on a small salary by using the theoretical method of Maslow's hierarchy of needs. Maslow's Hierarchy theory states that there are five levels in human needs, starting from the lowest, namely physiological needs, security needs, social needs, ego needs and self-actualization needs. According to Maslow's theory, humans try to meet their low-level needs first before they meet higher needs. Individuals who can meet their basic needs, then other higher needs usually arise and so on.

The theory of human motivation, put forward by Abraham Maslow in 1943 says that a person's needs and satisfaction are complex, especially in physical and non-physical or psychological matters, both material and non-material. In Maslow's theory of needs, if the basic needs of the individual are satisfied, subsequent needs can be met. In terms of motivation, this theory says that if no real needs are met, the needs that are basically satisfied are no longer motivating. There are five hierarchies of human needs according to Maslow.
1. Human physiological needs
   In this case, physiological needs are described as the hierarchy of human needs that has the most basic position on the hierarchy. Human physiological needs include the need for humans to maintain their lives, such as food, drink, air, water, home, and even clothing.
2. The need for a sense of security
   The need for human security is not just physical, but psychologically. This need for a sense of security is seen from a broad perspective, namely the fair and humane actions of others and the application of job safety for career workers.
3. Social needs
   These social needs consist of close or close relationships with people. In terms of employment, good relationships with many relationships are indispensable to the sustainability of good performance.
4. Appreciation Requirements
   The need for appreciation is important given the fundamental human nature that requires recognition from others. Not only that, humans also certainly have self-esteem, so when doing something like working, each individual will maintain the reputation, status, and achievements of the individual. The need for appreciation according to Maslow's Theory is classified into two more: recognition of oneself and recognition of others.
5. Self-actualization needs
   Maslow's highest hierarchy of needs is self-actualization. Self-actualization is related to the process of self-development related to the potential that can be kidnapped in individuals. In
an industrial context, people who have a top position in the company, such as managers, CEOs, and even directors can be the most concerned individual with self-actualization needs. For workers, self-actualization needs can be obtained by taking training and education, or being given jobs that have great job challenges. In Maslow's hierarchy of needs, if one can meet the first need, the physiological need, then one can desire a higher need, which is the need for a sense of security. After the need for a sense of security, the need to associate and interact with others as members of society takes precedence over other needs. When this need is satisfied, the need for self-esteem overcomes other needs.

1.2 Wellbeing Life

Wellbeing is a general term for describing a condition in which an individual or group refers to a person's social, economic, psychological, and spiritual condition [1]. One's wellbeing is said to be high when one gets a positive experience. Likewise, if a person has a negative experience, it can be said that he or she has a low wellbeing level. Today the term wellbeing is widely used in various contexts including international development. Unfortunately the term is often associated with the concept of standard of living primarily based on income. But in this study wellbeing addresses not only economic well-being, but also the quality of life of a person such as his health, education, and social environment. In terms of spirituality, the term is used to describe a person's positive feelings and happiness, including satisfaction with his life. In philosophy, wellbeing is widely used to determine what is good and right for an individual. But generally wellbeing is associated with both physical and psychological health.

In semantics, life refers to the psychological process that occurs between birth and death. Quality of life is often understood as the degree of satisfaction a person has with one's material and material needs, relationships with others, society, and nature. Economists consider the quality of life that can display individuals of various dimensions. The quality of life according to economists depends on the individual's perception of his or her life with the social system and cultural values in which he or she lives and depends on their needs, standards, and aspirations. So the quality of life depends on a person's perception of what they think of him or her. According to WHO, there are several areas of a person's quality of life, including physical health, mental health, social health, freedom, environment, and spiritual quality. Literary research methods tend to differ from research methods in the hard sciences (such as physics and chemistry). Scientific research must produce reproducible results, whereas literary research rarely does (although it must still provide evidence for its claims). Literary studies often address questions of meaning, social conventions, the expression of lived experience, and aesthetic effect; These are questions that encourage dialogue and different perspectives rather than a grand experiment to fix a problem. In the study of literature, we can obtain many valuable answers, even if they are very different. Also in literary studies, we often have some leeway to speculate about the answer, but our claims must be plausible (credible) and our arguments must be complete (meaning we do not ignore evidence that would significantly change our arguments if they were known). There are four determinants of quality of life: the extent to which one's expectations come true, the perception of one's life, the cultural life in which one's aspirations are heard and the health status. Although in fact there are other things that in reality affect a person's life.

1.3 Regional Minimum Wages

Wellbeing iGovernments in many countries are always trying protect the low level group of workers in their working relationships with the businessmen. Minimum wage level for a region in Indonesia called the Regional Minimum Wage (Upah Minimum Regional / UMR)
level, and it varies between one area to the other. Minimum Wage Regional (UMR) is determined based on need considerations decent living (KLH), consumer price index, minimum wage that regionally applicable capabilities and levels of development company [2]. UMR provisions should not go too far deviate from the average wage level in the labor market employment because if the UMR is too high then entrepreneurs will be very careful in choosing the labor force used, so that eventually increase the level of unemployment. A study there is a relationship between wages and one's explicit satisfaction. The higher a person's income level, the higher his or her job satisfaction. However, Clark also stated that an increase in income accompanied by an increase in the price of necessities would also affect one's satisfaction. So a rise in income is not necessarily the only theory that can affect one's satisfaction. Marriage age and status also affect one's life status [3]. Yogyakarta is a province in Indonesia that is famous for its traditional art and cultural heritage. Yogyakarta has an area of 32.5 kilometers square and a population of 455,535 lives (2023) and will continue to increase over time. According to Kompas news, the Provincial Minum Wage (UMP) in the Special Region of Yogyakarta is still low compared to other regions. In fact, Yogyakarta has various nicknames such as student city, tourist city, until this cultural city does not immediately boost the DIY UMP. Below is the reported minimum regional wages for each region in Yogyakarta.

Table 2. Minimum regional wages for each region in Yogyakarta.

<table>
<thead>
<tr>
<th>Areas</th>
<th>UMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yogyakarta</td>
<td>Rp2,153,970</td>
</tr>
<tr>
<td>Sleman</td>
<td>Rp2,001,000</td>
</tr>
<tr>
<td>Bantul</td>
<td>Rp1,916,848</td>
</tr>
<tr>
<td>Kulon Progo</td>
<td>Rp1,904,275</td>
</tr>
<tr>
<td>Gunungkidul</td>
<td>Rp1,900,000</td>
</tr>
</tbody>
</table>

It is said that the low price is not comparable to the ever-increasing price of necessities. This is because workers still feel that the salary they receive is not enough to meet their daily needs. According to Kompas, the wages received by workers are no longer left to pay, so many people have difficulty buying land or houses. The Yogyakarta Special Region UMR is the second lowest wage in Indonesia, even half the salary in Jakarta, the capital of Indonesia. This stems from the fact that Yogyakarta is a cultural center and many people work in the tourism sector that is not tied to the UMR. In addition, the low price is also adjusted because in Yogyakarta it is a student city visited by students from all over Indonesia.

2 Methods

Research method is a method used to explain the approach, population and sample used in research. In this research, the approach used is a literature study approach based on previous research supported by data from field observations and news observations. The choice of this
method is based on the need that the study is social and relies heavily on the experiences of those experiencing it. There is a need for reference from previous studies regarding the objects studied to maintain the reliability of this study.

Literary research methods often address questions of meaning, social conventions, the expression of lived experience, and aesthetic effect. According to Kumar (2022), this methods encourage different perspectives rather than an scientific experiment to find a solution [4]. In the study of literature, we may obtain many valuable insights, even if they are very different because the problem solved by literary research usually is an open ended problem. However, in the study of literature, we still need to make our claims to be credible and our arguments must be complete (and it will not change even if we're influenced by well-known people). A literature study involves the ability to read, analyze information, and summarize scientific journals or reports and then submit the information in writing. A literature study help the author to learn the nature of the topic and identify the gap occurred.

Observation methods are described as methods for observing and explaining the behavior of subjects. The method of observation is a basic technique for observing a phenomenon until an insight is obtained. The human eye is the most basic and best tool for observing things in the environment. The method of observation is the closest method to our daily lives, because we often unconsciously observe and draw conclusions from what we see. In this research we chose naturalistic observation in which the researchers studies behavior in its natural setting without intervention [4]. It involves observing and recording behavior as it naturally occurs. Naturalistic observation commonly used by psychologist. Because this study is based on a person's feelings of satisfaction, this kind of observation is appropriate. In addition to observations of the subject's behavior, researchers also conducted a study of periodic news covering the minimum wage and the level of human need. The use of news as a source of information is one way to ensure that the results of this study remain reliable.

3 Results and Discussion

3.1 Relation Between Wages and Life Quality

The study of compensation in the working environment and how it relates to human needs can be very useful in understanding work behavior, especially in workers' wages. The connection to Maslow's theory is that compensation, including wages and other work facilities can affect the fulfillment of needs at various levels of Maslow's hierarchy. Here are some insights into how workers' wages can relate to Maslow's theory.

1. Fulfillment of physiological needs
   The important thing to discuss is workers' salaries. Adequate pay is a key factor in ensuring the fulfillment of workers' basic physiological needs, such as food, shelter, and other basic needs. Sufficient pay allows workers to meet basic physiological needs well.

2. Fulfillment of security needs
   Speaking with pay, people who have stable pay more provide a psychological sense of security for workers. Health insurance (BPJS) even pension money can provide a sense of security to workers. This helped them to be more financially stable which was one aspect of Maslow's security needs.

3. Fulfillment of social needs
   The fulfillment of workers' social needs can be met with a positive working environment and a corporate culture that fully supports their workers. Based on the security needs of stable wages, workers can collaborate with their co-workers and feel accepted into a team.

4. Fulfillment of appreciation needs
Competitive payouts, bonuses, and recognition of an achievement can meet the needs of rewards and recognition in Maslow’s hierarchy. It can motivate workers to work hard and feel appreciated for their contributions.

5. Fulfillment of self-actualization needs

Adequate pay and job satisfaction can help individual workers reach their probability potential. However, to achieve this level of hierarchy, workers need a sense of opportunity to develop, lead, and do work that meets their capabilities.

It is important to remember that individuals differ in how they pursue their needs, and their priorities can change over time. Some workers may focus more on making money, while others may pursue more satisfaction in their work. Therefore, efficient compensation design should take into account a wide range of individual needs and preferences, and provide appropriate incentives for different motivations. It can also include non-financial elements, such as career development, recognition, and support for personal and professional development.

Research on the effect of wages can provide valuable insight into how companies or governments should approach compensation or workers’ salaries. Efficiency in the context of wages refers to the company's spending on paying employees that is comparable to the performance, productivity, and value given by the employee. Wage efficiency can vary depending on many factors, including location, industry, and corporate goals. In the context of Regional Minimum Wage (UMR) in Yogyakarta, salary efficiency can be seen from several perspectives. First, balance the salary with living expenses in Yogyakarta. In Yogyakarta, sufficient wages may not be the same as those in other regions that have different living costs. Too low wages can reduce motivation and productivity, while too high salaries can be an unaccountable financial burden for companies. Wage efficiency must match the company's goals. Some companies may focus on maximum profit, while others may have larger social or environmental goals that affect their approach to workers' compensation [5].

3.2 Relation Between Wages and Life Quality

After conducting field observations, researchers talked to some people who did not want to be named. The source is a young adult woman who works at one of the local fast food restaurant stores after graduating from college. She admitted that her salary was equivalent to the Yogyakarta UMR. However, she admitted that her money ran out to meet her daily needs and not left to save. Almost fifty percent of the money she had to pay for the rent, and the rest she used for daily necessities. Don’t want to own a house, emergency money alone she doesn’t exist. In comparison, according to Kompas news, the lowest house sale price in Yogyakarta is around 200 million rupiah. She was worried that one day something bad had happened to her, and then he had no savings at all.

Based on the observation results in the field while in Yogyakarta for approximately a year, researchers got some surprising observation results. From what the researchers observed, the salary earned by parkingmen can exceed that of office workers. The researcher also obtained data on the field by questioning the salary of one of the parking attendants at a famous restaurant in Yogyakarta. He said that if the restaurant is crowded, his income can reach approximately one and a half million per month. After further research, he only worked from four in the afternoon to ten in the evening. This is quite different from workers working in offices and companies. According to detik.com, a workers have an average working time of 7-8 hours each day for one month and are only given a wage equivalent to the minimum working wage in Yogyakarta. In terms of workload, the comparison between the parking person and the worker with the UMR wage is arguably not equivalent. In some cases, the high pay of parking attendants compared to industrial workers who only get UMR can represent an imbalance in labor payments. This may raise questions about fairness in
compensation, especially if the industrial worker has significant responsibilities or risks in his or her work. Office workers usually have higher education and greater responsibility in their jobs than parking attendants. Office workers often have to deal with tasks that are more complex and have greater consequences if something goes wrong. Therefore, salary comparisons should take into account differences in education levels and responsibilities. Salary comparisons should also take into account local economic conditions. Sometimes, the UMR may not be sufficient to meet basic needs in areas with a high cost of living. In such cases, companies may consider providing additional compensation or other benefits to office workers.

The opinion that people with low incomes are happier, because they do not have too many job demands is a relative view and can vary from individual to individual. In fact, the relationship between income and happiness is a complex topic and is influenced by various factors. Happiness is a subjective experience, happiness from one individual to another can be different. Some people may feel happier on a low income if they feel like they live simply and don't have many material demands. However, other people may feel happier with a high income because it can give them access to fulfill their desires. If it is related to Maslow's theory, they will feel more financially secure if they get a high salary because they are not worried about the needs they want to fulfill. Low income is often tied to difficult living conditions, such as difficulty in meeting daily needs. Such conditions can disrupt a person's happiness with their salary and can also affect their quality of life. People who are below the poverty line think that salary is not very important and does not really affect their happiness because they feel they have accepted and even resigned themselves to their life circumstances.

4 Conclusion

According to Maslow, human life has five levels of need that must be met according to its hierarchy. When all is fulfilled, then the person reaches a quality life. When a person has achieved quality life then he or she can be said to have a high level of wellbeing. Wellbeing is a condition in which a person has social, economic, spiritual wellbeing. One's welfare is often associated with one's income level. The Special Region of Yogyakarta is the second lowest minimum wage in Indonesia. Based on field observations and literature studies according to several news sources, wages in Yogyakarta tend to be unable to meet basic needs for residents. This is demonstrated by a person's low level of satisfaction with life. But the fact proves that this happens in the middle class. People with lower economic levels tend to have a slightly higher level of satisfaction, as they work regularly and have less work pressure. Based on the findings, the author hopes this can be an input for the government to consider raising the minimum wage as an effort to improve the welfare of its people. In addition, this paper can be a consideration for business operators to pay attention to the quality of life, especially job satisfaction and the well-being of their employees.

5 Conclusion

The author thanked Universitas Atma Jaya Yogyakarta as an institution that sponsored and innovated the author in compiling this paper. This paper was written while the researcher was studying Bachelor of Industrial Engineering at Universitas Atma Jaya Yogyakarta.

References

Here are some examples:
Journal articles


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