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Analysis of Determinants of Wage Disparity for Labor Sector in Central Sulawesi-Indonesia

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Abstract
The research was purposed to: (1) analyze disparity level of wage labor distribution in the agricultural sector (generally) and non agricultural sector (industry and service sector) in Central Sulawesi; (2) analyze and identifie of wage labor distribution in the agricultural sector (generally) and non agricultural sector (industry and service sector) in Central Sulawesi based on the influence of individual characteristics (age, sex, marital status and numbers of family dependent), the work characteristics (work type, work status, location and number of work time) and the human capital characteristics (the level of education and experience); (3) and analyze the roles of each factors from individual characteristics (age, sex, marital status and numbers of family dependent), the work characteristics (work type, work status, location and number of work time) and the human capital characteristics (the level of education and experience). The result showed that: (1) disparity level of wage labor distribution in the agricultural sector and non agricultural sector (industry and service sector) in Central Sulawesi were included in moderat level which marked by 0,39 poin from Gini Index Value; (2) the most of exogenous variable have significant effect on wage through Mincer Wage Function on agricultural sector and non agricultural sector; (3) real wage based on Blinder-Oaxaca Decompositions result between agricultural sector and non agricultural sector was 0,272835, means that the wage of labor on non agricultural sector was 27,28 persent higher than labor on agricultural sector. Following that the total of wage Disparity, 0,237136 or 86,92 percent was from different characteristics factors (explained/endowment), while the wage disparity from minor factors (unexplained/discriminations) between agricultural sector and non agricultural sector was 0,035699 or 13,08 percent from total of wage disparity.
Keywords: wage disparity, sectoral labor, blinder-oaxaca decompositions.

1. Introduction

Labor market conditions in developing countries, include Indonesia, are generally dualistic. there is an excess labor on the one hand and the quality of labor is still relatively low on the other side. The state of dualistic labor market and the labor situation is Increasingly complex nature and dynamics causing wages Become a central issue in the employment field. Given the wage is the Reviews largest component of one's income, the wage rate is used as one barometer indicator Reflects the level of welfare of a country. There are several efforts and government policies have been done related to increase the wages and benefits of workers, but the results still under progress. It is characterized by the purchasing power of workers are lower as a consequence of the rising prices of the necessities of life. On the other hand, the application of the wage scale structure is still very low and do not be mandatory or no formal sanctions for Reviews those who do not apply, in practice, the minimum wage becoming effective the prevailing wage in the formal labor market, especially in labor-intensive industries.

Issues of labor in various countries and regions have a large dimension Also, Including the wage gap. Dimensions wage gap itself can be seen in some variety of ways, for example, wage inequality is the caused by the differences in regional characteristics, socio-economic characteristics, demographic characteristics, and others, including gaps labor in wages between men and women, as well as between sectors. The gap reflects the wage rate structure and the different of well-being among workers. This impact on the evolution of the wage structure of the distribution of wealth inequality Among workers move from time to time or in other words that the Increase in inequality in wage rates are not directly in the distribution of wealth between the polarization

states of the workforce (Tanzel and Bircan 2010). Injustice aspects in the structure of wages across sectors of the economy that occurred in Indonesia sometimes have been criticized by scholars. For example, the number of agriculture graduate who worked outside the agricultural sector, whereas the agricultural sector in the country is still are relatively underdeveloped. Back problem is the wage that is not always proportional to the output value creation between sector. In other words, the existing domestic wage system in general is not based on the real contribution of each sector to the economy. Some results of studies reveal that the motive for the economy and population is the main factor that affects a person's work. Despite this and not mean other factors beyond economic factors and population have no effect on a person's decision-social factors. Culture, psychology and environment factors are also seen enough to determine a person's decision to work with working hours in accordance with Reviews their influence choice (Kiranasari 2011). Economic factor is the dominant factor that is seen affect someone willing to provide time to do a job. Economic factor is reflected in the level of wages. The wage received by workers affected by several factors items, namely demographic characteristics in general as well as age, sex, location of residence distance to the workplace and marital status. In addition to Reviews These characteristics, differences in the level of wages received by workers are Also influenced by the characteristics of human capital as Education Level and training, as Disclosed in the theory of Neo-Classical that workers earn wages equivalent to the increase results marginal, the wage is meant here serves as a reward for the effort that is given a worker against the employer, so that wages paid by employers would be appropriate or equal to that given by the worker productivity to the employer. In line with the theory of human capital of make space for workers to increase of Reviews their income through improved education and training, the which implies the inequalities of income earned from wages among workers. Empirical study of Pirmana (2006), reveals the gap in wage labor in Indonesia, such as, there is a significant income gap between men and women workers in this case the income derived from wages. Using the data of Sakernas, 1996, 1999, 2002, and 2004 and Oaxaca Blinder decomposition method showed that the factors impact the income gap between men and women is about 41.6 percent, the which is the caused by differences in characteristics (explained) and about 58.4 percent are the caused by factors not observed and cannot be explained (unexplained) is indicated resources as discrimination. The wage gap rate was influenced factors and human capital individual characteristics such as education and experience, the location is urban - rural and territories / regions in which individuals reside and work, as well as socio-economic characteristics. Studies on the level of sectoral wage gap is a wage labor studies are considered necessary to do given the regular processing is the biggest sector wages by industry using the system (under contract). Therefore, comparative level of labor gap between agriculture and non-agricultural sectors (industry and services) into important to be studied. Several reasons may reinforce this case, among others, that Indonesia is a predominantly agricultural country because the people mainly have income from agricultural sector. Syafa'at (2005) in his study that the agricultural sector Explains the which is important role in the Indonesian economy, at least in some respects items, namely: (1) as a source of income and employment for the rural population where the majority of the rural population-eyed around livelihood as farmers, (2) as a food producer to meet the basic needs of the population a growing number, (3) As the driver of industrialization, especially for industrialization has a sufficient connection is great with the agricultural sector, (4) As a contributor to national income, for the agricultural sector produces agricultural products are tradable and oriented towards export markets, and (5) As the market for products and services in the non-agricultural sector. Central Sulawesi is an integral part of the Indonesian territory is an agricultural area, the which is largely or Approximately 2/3 (two thirds) of the population still live in rural areas and the majority of Central Sulawesi work and their livelihood on agriculture or as agricultural laborers , The dominance of agricultural sector can be seen from its contribution to the formation of Gross Regional Domestic Product (GDP) Central Sulawesi, on average by 38 percent annually, with the absorption of labor in the agricultural sector by an average of 49 percent annually. In addition, the industrial sector that is largely supported by the agricultural sector meaning that the output of agricultural commodity as an input for the industrial sector, especially for the processing industry. In the agricultural sector behind the success in increasing the value added / output sectors of the economy, was accompanied by Increased value is not always added for the welfare of farm workers, the which is Characterized by the movement growing niche is not stable agricultural sector wages, the which variation fluctuating wages of month to month and from village to village. One of Several contributing factors, among others the farm workers in central Sulawesi, have low levels of income, meanwhile the price of goods has been increase of day by day meet the daily needs of farmers living higher. The implication gap in per capita income (income distribution) widened Characterized by indicators of large numbers of Central Sulawesi in Gini coefficient is 0:35 points and Farmer (NTP) amounted to 98.48 percent in 2014 (CBS, 2015a; 2015d). This indicates that the level of workers' welfare of farmers in Central Sulawesi is still in a state of are relatively less prosperous. According to Central Bureau of Statistics (2015), show that the income of farm workers in Central Sulawesi is still very low when compared with sector-other sectors, especially in modern sector, whereas the agricultural sector has Contributed to the GDP Central Sulawesi is relatively larger than the contribution of the industrial sector processor itself. (BPS RI, 2015b; 2015c). The agricultural sector in general has Provided livelihoods for people, especially in Central Sulawesi, the

which is the sector most labor- almost half of the total labor force working in all sectors of the business field an average 49.81 percent annually since 2011-2014 (BPS RI, 2015c). But on the other hand, the industrial sector particularly the manufacturing industry in Central Sulawesi, which only absorb nearly one-tenth of the amount of work in the agricultural sector of labor, but wages in the industrial sector itself is are relatively higher than the wages in the agricultural sector. Thus, the study examines and analyzes disparities wage levels between the agricultural sector in general and non-agricultural sectors (industry and services), the which is the wage rate gap is not only due to differences in individual characteristics, but Also due to the differences in job characteristics and differences in human characteristics capital. This research, in detail, has objectives include: (1) To identify and analyze the level of labor distribution gap between agriculture and non-agricultural sectors (industry and services) in Central Sulawesi; (2) analyze and identify the effect of individual characteristics (age, sex, marital status and number of dependents), job characteristics (type of work, employment status, location and number of hours worked) and the characteristics of human capital (education level and work experience) against wages received by workers in the agriculture and nonagricultural sector (industry and services) in Central Sulawesi; and (3) analyze and identify the level of influence characteristics factor (explained / discrimination) and of discrimination (unexplained / endowments) of the individual characteristics, job characteristics and the characteristics of the human capital of the decomposition gap level of labor between agricultural and non-agricultural sectors (industry and services) in Central Sulawesi.

2. Research Methods

This study uses secondary data, namely the National Labor Force Survey data (SAKERNAS) Central Sulawesi province 2014 sourced from the Central Statistics Agency (BPS) of the Republic of Indonesia, with the number of individual respondents / heads of households by 9973 respondents. The research focus on sectoral wage labor as an endogenous variable, while age, sex, marital status, dependents, occupation, employment status, location, hours of work, education and work experience as exogenous, the sectoral working is the subject of research in Central Sulawesi. To recognise the size distribution of wage inequality sectoral work analysis is used Gini Coefficient, (Suseno, 1990; and Kuncoro, 2013) as follows:

$$GI = 1 - \sum_{i=1}^{n} (P_i - P_{i-1})(Y_i - Y_{i-1}) \qquad (1)$$

where: GI Gini index is a number; Pi is the cumulative proportion of wage earners employment sectors in class i; Yi is the cumulative proportion of wage labor sectors in class i; and n is the number of observations. The magnitude of the effect of individual characteristics, job characteristics and the characteristics of human capital on the wages of labor in agriculture and non-agricultural sectors (industry and services) in Central Sulawesi, used models of Mincerian Earnings Equation (Mincer, 1974). At the beginning Mincer shows that if the cost that someone spent to get an education is the opportunity cost of such person, and if revenues caused by the length of education rose proportionately constant over time, the log of income it will have a linear relationship with the course of study pursued by a person. Mincer then elaborates on this hypothesis by including a quadratic term work experience as a variable that can also affect the high and low incomes. Mathematically, Mincer wage equation model (Mincerian Wage Equation) that can be written as follow:

$$y = lnW_i = \beta_0 + \beta_1 S_i + \beta_2 X_i + \beta_3 X_i^2 + \varepsilon_i \qquad (2)$$

where: β_0 is the intercept; β_1, β_ (2) β_3adalah coefficient estimates; lnWi is the logarithm of wages of individual i; The duration of education is pursued by individual i; Xi is the experience (measured from age minus the duration of their education minus individual i; x_i ^ 2pengalaman squared, and is the error term. This model assumes that the value of the coefficient of schooling, is the same as the discount rate. As it grows, the model is used to gain further understanding of the income gap is not only based on the level of education and work experience (human capital characteristics), but also incorporate the characteristics of individual and job characteristics. The main reason for this is that when looking at income inequality (wages), the main concern is the percentage of income. variation can be obtained by semilog model approach, the model log-lin ie a model where the variable Y or endogenous variables transformed into a form logarithm while the variable X or an exogenous variable linear shaped (Gujarati and Porter, 2009). The basic model is used to estimate the revenue between the agriculture sector and the non-agricultural sector:

$$y = lnY = a_0 + \sum_{i=1}^{n} a_i X_i + \varepsilon \qquad (3)$$

where: lnY merupakan natural logarithm function of individual income (agricultural workers and non-agricultural sectors); Xi adalah set of independent variables (X1, X2, X3, ..., Xn); a0 is Intercept; a1, a2, ... , an adalah estimated coefficients; ε adalah residual or error term. Xi determination is based not only on human capital theory proposed by Mincer (1974), but only based on a variety of research objectives and the availability of quick data. Secara Mincer wage equation model of labor in agriculture and non-agricultural sectors as follows:

$$\ln w_i = a_0 + a_1 x_1 + a_2 x_2 + a_3 x_3 + a_4 x_4 + a_5 x_5 + a_6 x_6 + a_7 x_7 + a_8 x_8 + a_9 x_9 + a_{10} x_{10} + \varepsilon_i \quad (4)$$

Where, ln Wi is the natural logarithm of wages; i is a sector; a0 is the intercept; a1, a2, ..., a10 is the coefficient estimates; X1 is age; X2 is a dummy sex; X3 is a dummy of marital status; X4 is dependent; X5 is the type of work; X6 is the status of the work; X7 is a dummy place of residence; X8 is the working hours; X9 is education; and X10 is a dummy work experience; and εi is residual or error term. Furthermore, to investigate the wage disparity between the labor in agriculture and non-agricultural sectors (industry and services), is used decomposition analysis that has been developed by Blinder (1973) and Oaxaca (1973). Wage gap between agriculture and non-agricultural sectors (industry and services) formulated (Pirmana, 2006; Jann and Zurich, 2008), as follows:

$$y^N = a_0^N + \sum_{i=1}^{n} a_i^N X_i^N + \varepsilon^N \quad (5)$$

$$y^P = a_0^P + \sum_{i=1}^{n} a_i^P X_i^P + \varepsilon^P \quad (6)$$

Where P is the wages of agricultural workers; and N is labor nonagricultural sector (industry and services). Further Blinder (1973) showed that the average difference of the logarithm of wages or income can be decomposed (Pirmana, 2006; Jann and Zurich, 2008), namely:

$$\bar{y}^N - \bar{y}^P = [a_0^N - a_0^P] + \sum_{i=1}^{n} a_i^N (\bar{X}_i^N - \bar{X}_i^P) + \sum_{i=1}^{n} \bar{X}_i^P (a_i^N - a_i^P) \quad (7)$$

Where is the line on the variable (bar) is the average difference of the logarithm of income to do decomposition as follows:

$$Raw\ Differential\ (R) = a_0^N + \sum_{i=1}^{n} a_i^N X_i^N - \left(a_0^P + \sum_{i=1}^{n} a_i^P X_i^P \right) = E + C + U \quad (8)$$

Where E is the differentiation due to different endowment:

$$E = \sum_{i=1}^{n} a_i^N (\bar{X}_i^N - \bar{X}_i^P) \quad (9)$$

while the differential portion C is caused by differences in the coefficients:

$$C = \sum_{i=1}^{n} \bar{X}_i^P (a^N - a_i^P) \quad (10)$$

and U is the unexplained portion of the differential = [a_0-a_0 ^ N ^ P], and D is part of the differential resulting discrimination = C + U. Almost all variables in revenue function is a dummy variable (except for the potential experience and potential experience square). According to Halvorsen and Palmquist (1980), if a semi-logarithmic regression coefficient is not a dummy variable, then identifying coefficient can be done directly. However, the interpretation of the coefficients of the dummy variables in logarithmic equation would be biased and misleading if identification of coefficients performed by the same procedure. The correct interpretation of the dummy variable coefficients in the semi-logarithmic equation formulated (Pirmana, 2006; Jann and Zurich, 2008), as follows:

$$lnY = a + \sum_i b_i X_i + \sum_j c_i D_j \quad (11)$$

Where X is a continuous variable and Y is a dummy variable and for the simplification of this equation can be written as follows:

$$Y = (1 + g)^D \left[a + \sum_i b_i X_i \right] \quad (12)$$

Where g is the relative effect on Y of factors represented by a dummy variable, thus the coefficient of the dummy variable in the equation is c = ln (1 + g). The relative effect on Y is g = exp (c-1), and the effect of a percentage equal to 100. So that g = 100. {Exp (c) -1}, c is the regression coefficient. The coefficient of the dummy variable in this study is interpreted in the form of a percentage effect. Briefly decomposition model used to determine the influence of characteristic factors (explained / endowments) and of discrimination (unexplained / discrimination) of the individual characteristics, job characteristics and human capital to decomposition gap wage rate of labor between agriculture (in general) and sector non-agriculture (industry and services) in Central Sulawesi, as follows:

$$\ln wd = u_0 + u_1x_1 + u_2x_2 + u_3x_3 + u_4x_4 + u_5x_5 + u_6x_6 + u_7x_7 + u_8x_8 + u_9x_9 + u_{10}x_{10} + \varepsilon_i \quad (13)$$

Where, Wd ln is the natural logarithm of the wage gap; a0 is the intercept; a1, a2, ..., a10adalah coefficient of decomposition; X1 is age; X2 is sex; X3 is marital status; X4 is the number of dependents; X5 is the type of work; X6 is the status of the work; X7 is the location of residence; X8 is the working hours; X9 is education; and X10 is work experience, and εi is residual or error term.

3. Results and Discussion

3.1 Gini Coefficient results

Wages count results Gini index of labor between agriculture and non-agricultural sectors obtained Gini coefficient of 0.39. These results provide an indication that the level of inequality distribution of labor between agriculture and non-agricultural sectors included in the category of moderate levels of inequality, leads or approaching the high levels of inequality. In Figure 1 shows the distribution curve of labor Lorenz agricultural and non-agricultural sector, which is 40 percent of workers with the lowest wages only earn wages by 16.4 percent overall. Based on the criteria of the World Bank gaps, then the wage gap falls within the category of moderate gap, that is, if 40 percent of the population receiving the lowest wages of about 12 percent to 17 percent of overall real wages. Wage gap that occurs between the agricultural and non-agricultural sector, the achievement of the overall economic development success so far resulted in structural changes of the economy as a form of uneven development. The uneven development undertaken during this caused many overlapping inter-sector development so as to facilitate the growth of the fragile economy. The fragile economy can be realized also from the economy that can be easily affected by changes that occur in a sector without can be replaced by other sectors (GIE, 2002). Condition wage gap is evidenced in inequality prominent happened between agricultural and nonagricultural sectors, where the construction industry is encouraged still less attention and utilize the human resources of local, natural resources and agricultural produce abundant owned area so extremely susceptible (sensitive) to changes that occur in the world. Another important factor is the source of wage differentials between various groups (sectoral). According to Sukirno (2008), namely the difference in patterns of demand and supply in various types of work, different types of work, abilities, skills, education, consideration is not money, mobility of labor work, and some geographical and institutional factors.

3.2 Mincerian Earnings Equation result

The result of the calculation equation model of wage labor in agriculture and non-agricultural sectors in Central Sulawesi are summarized in Table 1, and the details can be explained as follows.

Characteristics of age and no significant negative effect on the wages earned labor in the agricultural sector, meaning that increasing age of the workforce in the agricultural sector, then wages will be accepted on the wane. Unlike the case in the non-agricultural sector, age and significant positive effect on wages, meaning that increasing age of the workforce in the non-agricultural sector, then wages will be accepted increasingly. While the characteristics of group sex dummy encourage significant wage difference of labor between agriculture and non-agricultural sectors. In the agricultural sector, labor male lower by about 2.27 per cent compared with women workers. While in the non-agricultural sector, male labor wage higher by 6.56 percent compared to women workers, in another sense that, labor productivity males have relatively high so that wages also obtain relatively high in comparison to women. Furthermore, the characteristics of marriage dummy status groups also contributed to the difference in labor costs. In the agricultural sector, there are significant differences in wages between workers who are married and unmarried workers. Labor married about 1.26 percent higher than the labor force who are not married. While in the non-agricultural sector, there was a significant difference in wages between workers who are married with unmarried. Labor married around 12.44 percent higher compared to the labor force that has not marriage. Meanwhile, characteristics of the number of dependents a significant negative effect on wages both in agriculture and in non-agricultural sectors, means that the more the number of dependents in the family, then will reduce the amount of labor wages.

Further, the characteristics of the type of work and significant positive effect on the acquisition of labor, both in agriculture and in the non-agricultural sector. The better types of work (position) that was involved, it will increase labor costs. While the characteristics of the employment status and significant positive effect on wages, both in agriculture and in the non-agricultural sector. The better the status of work that was involved, the opportunity to increase wages wide open. While the characteristics of the group dummy location also contributed to the significant wage difference between workers who live in urban areas with who live in rural areas, both in agriculture and in the non-agricultural sector. In the agricultural sector, labor who live in urban areas is relatively lower than about 3.70 percent compared with workers who live in rural areas. While in the non-agricultural sector, labor who live in urban areas is relatively higher by 16.88 percent compared to the workforce who live in rural areas. While the characteristics of working hours are positive and significant effect on wages both in agriculture and in the non-agricultural sector. The more the number of working hours is spent, then wages will

be obtained will also increase.

Education is one of the most fundamental factor in the development of human resources. According to Todaro and Smith (2006), the demand for the level of education is considered to be achieved to obtain high-income jobs for someone. Correspondingly, Becker (1993) considered that education is a process of investment activities that increase expertise (investment in human capital), the higher the human capital that one has the ability to produce goods and services will also be increased. The empirical findings of the research showed that the characteristics of education and significant positive effect on wages, both in agriculture and in the non-agricultural sector. The higher the education level of the workforce, the opportunity to earn high wages are wide open. These empirical results in line with Blaug (1973), revealed that individuals who have a relatively high education, will have higher incomes as well, preferably if the individual has a relatively low level, it will tend to have lower incomes. In addition to education, work experience in order to improve productivity is also one aspect of human capital. Empirical results of the study showed that the characteristics of work experience contributed to the difference in wages, which in agricultural sector, wage workers who have work experience relatively higher by 25.87 percent compared with no experience in the non-agricultural sector. Menawhile , wages of workers who have work experience of about 35.07 percent higher compared with no experience.

While the constant value of 12.78742, or the value of the natural logarithm of anti 357,686.22 and significant, meaning that without the influence of exogenous variables (ceteris paribus), then the average wages of workers in the agricultural sector amounted to Rp. 357,686.22. While the constant value or the value of 12.40972 anti the natural logarithm of 245,171.11, which means that without the influence of exogenous variables (ceteris paribus), then the average wage employment in the non-agricultural sector amounted to Rp. 245,171.11.

3.3 Earnings Decomposition Blinder-Oaxaca Results

In Table 2 presents a general summary Blinder-Oaxaca decomposition gap in real wages of labor between agriculture and non-agricultural sectors in Central Sulawesi. The empirical findings show that the average or total labor real wage gap between agriculture and non-agricultural sectors in Central Sulawesi amounted to 0.272835, meaning that employment in the nonagricultural sector receive a wage rate of 27.28 per cent higher than the wages received by workers in the agricultural sector. Of the total real wage gap, amounting to 0.237136 or 86.92 percent due to differences characteristic factor (explained / endowments), namely age, dummy group sex, marital status, number of dependents, occupation, employment status, location dummy group shelter, hours of work, education and work experience dummy group. While labor real wage gap between agriculture and non-agricultural sectors that emerged due to the influence of factors that are not observed or cannot be explained (unexplained / discrimination) is indicated as discrimination which is equal to 0.035699, or 13.08 percent of the total real wage gap. Wage discrimination occurs when individuals with similar characteristics such as their education and work experience as well as others that have the same character in doing the same job, but different wages earned. Wage differences that occur when a group of lower-paid workers compared with other workers in the same job, and the differences in wages are not determined by differences in productivity. Discrimination is known as wage discrimination (wage discrimination) (Jacobsen, 1994). Correspondingly, Goldin and Polachek (1987) defines wage discrimination as part of the wage gap cannot be explained by individual characteristics. In detail, the wage disparity between agriculture and non-agricultural sectors in large 3. Some parts are presented on Table 6, or as many exogenous variables, namely the number of dependents, occupation, employment status, group dummy location, hours, and education showed positive signs on coefficient characteristics (explained /endowments). Halini showed that the variables of the labor characteristics contribute to labor real wage gap between agriculture and non-agricultural sectors, in other words that the gap in real wages of labor between agriculture and non-agricultural sectors more wide open. In addition, a positive sign of the coefficient characteristics (explained / endowments) of the variable indicates that real wages in the non-agricultural sector was higher than wages in the agricultural sector. While 4 other exogenous variables namely age, dummy group sex, marital status dummy group, and the group dummy showed the work experience or a negative effect on the coefficient characteristics (explained/endowments). This illustrates that the variable of labor characteristics agricultural sector is almost the same as the characteristic employment non-agricultural sector, in other words, that is the condition that makes the gap in real wages among workers in agriculture and non-agricultural sectors narrowed or disparities in real wages more shrinking.

In Table 3 shows the gap in real wages of labor between agriculture and non-agricultural sector as a result of the influence of the characteristics (explained / endowments) of each of the exogenous variables, the details can be explained as follows. Characteristics of age gave negative effects and no significant effect on the real wage gap of labor between agriculture and non-agricultural sectors, with coefficient characteristics (explained / endowments) of -0.0017324, it means that the characteristic effects of age can reduce or narrow the wage gap the real labor between agriculture with non-agricultural sectors to contribute narrowing real wages insignificant 0.17 percent. This condition indicates that the gap in real wages of labor between agriculture and

non-agricultural sectors has narrowed as a result of the influence of the characteristics of the age. The age difference between the workforce in general a significant effect on the workers' pay. Labor productive age (15-65 years) will receive wages that trend continues to rise up beyond the productive age, then after that the trend will be negative when the worker has entered the age pension share. Findings Heckman (1974) showed that, the wage gap between men and women in the younger age groups is relatively small but continues to increase with age. The characteristics of the dummy group sex and a significant negative effect on the labor real wage gap between agriculture and non-agricultural sectors with coefficient characteristics (explained / endowments) of -0.0014499, it means that the characteristic effects of the dummy group sex can reduce or narrow the gap in real wages of labor between agriculture with non-agricultural sector contributing a significant narrowing of real wages by 0.14 percent. This condition indicates that the gap in real wages of labor between agriculture and non-agricultural sectors has narrowed as a result of the influence of the characteristics of the dummy group sex. Empirical results are in line with data wage indicator shows that female workers with higher education does not always lead to gaps, wage levels, but the wage differences became smaller or gaps smaller as the improving level of education of women. While the characteristics of marital status dummy group also gave negative and significant effect on the real wage employment gap between agriculture and non-agricultural sectors with coefficient characteristics (explained / endowments) of -0.0094543, it means that the characteristic effects of marital status dummy group can reduce or narrow the gap in real wages of labor between agriculture with non-agricultural sector contributing a significant narrowing of real wages by 0.95 percent. This condition indicates that the gap in real wages of labor between agriculture and non-agricultural sectors has narrowed as a result of the influence of the characteristics of the group dummy marital status. The empirical results in line with the findings of Polachek (2004), revealed that, labor force participation of married women in the United States increased dramatically from 4.6 percent in 1990 to 61.4 percent in 2001. In addition to that, the study results empirical also revealed that female workers who are married generally exhibit a positive trend on the labor force participation, led to the shrinking wage differences between male workers and female. Furthermore, the gap in real wages of labor between agriculture and non-agricultural sectors are wide open as a result of the influence of the characteristics of the number of dependents marked with coefficient characteristics (explained / endowments) of 0.00149, which means that the characteristic effects of the number of dependents contribute against labor real wage gap between agriculture and non-agricultural sectors contributing significant real wage gap of 0.15 percent. In another perspective, research on the effects of household members on the labor force participation of married women and single by Figueroa and Melendez (1993) showed that the labor force participation of married women and single is inconsistent. Furthermore, Figueroa and Melendez (1993) re-examined the access to informal childcare by the number of family members is important in the decision-making job offers single women Puerto Rico non-Hispanic blacks and whites, the results show that the cost of childcare and the combination of the presence of relatives aged 16-64 years and can indirectly improve or increase the likelihood of Puerto Rico women's entry into the labor market with the number of hours more. The same thing also shows on the characteristics of the type of work also gives positive and significant impact on labor real wage gap between agriculture and non-agricultural sectors with coefficient characteristics (explained / endowments) amounted to 0.049508, meaning that the characteristic effects of type of work contributing to labor real wage gap between agriculture and non-agricultural sectors with a contribution of real wage gap significantly by 4.95 percent. This condition indicates that the gap between the real wages of workers in agriculture and non-agricultural sectors are wide open as a result of the influence of the characteristics of this type of work. Wage gap for the same work may occur within a company and branch of industry. The same job is typically compared in terms of job qualifications are required as the basis for the payment of wages. Workers who do the same job, but the qualifications of different types of work, do not receive equal pay. This means that the type and employment status (full-time employees or contract employees) or the duration of their employment (part-time or fulltime) used as an excuse for paying wages to the workers, it might impact on wage differences between workers.

Furthermore, the characteristics of the employment status also gives positive and significant impact on labor real wage gap between agriculture and non-agricultural sectors with coefficient characteristics (explained / endowments) amounted to 0.015003, meaning that the effect of the characteristics of the job status to contribute to labor real wage gap between agriculture and non-agricultural sectors with a significant contribution wage gap of 1.50 percent. This condition indicates that the gap between the real wages of workers in agriculture and non-agricultural sectors are wide open as a result of the influence of the characteristics of status is consistent with the empirical work. The study of Picchio (2006) in his research that estimates the acquisition of the wage gap between labor and equipment and personnel work does not remain in Italy. Research results show that, labor still earn lower wages compared to permanent workers.

Labor real wage gap between agriculture and non-agricultural sectors are wide open as a result of the influence of the characteristics of the group dummy locations, with coefficient characteristics (explained / endowments) significantly by 0.049958, meaning that the effect of the characteristics of the group dummy locations contributed against labor real wage gap between agriculture and non-agricultural sectors contributing

significant real wage gap of 4.99 percent. The empirical results in line with Porter (2000), which revealed that location factor can impact on the competitive advantage through its effect on productivity. Input factor derivatives themselves are usually plentiful and easily accessible. Welfare depends on productivity and how those factors are used and enhanced in certain locations. The existence of a business environment in a location, it will create economic agglomeration on the location / region, so that various business locations will be able to influence the productivity of workers , While the characteristics of working hours have a positive effect and significant gap in real wages of labor between agriculture and non-agricultural sectors with coefficient characteristics (explained / endowments) amounted to 0.043431, meaning that the characteristic effects of working hours contribute to real wage gap labor between agriculture and non-agricultural sectors with a contribution of real wage gap significantly by 4.34 percent. This condition indicates that the gap in real wages of labor between agriculture and non-agricultural sectors are wide open as a result of the influence of the characteristics of working hours. The gap in real wages is wide open as a result of the characteristics of the working hours, mainly due to working hours is the span of the workforce in their work in creating goods and services (output), the more the number of working hours devoted by labor in economic activities, the wage of labor received will be even greater. Therefore, the working hours is one factor that can determine the level of wages of the workers.

Further, the characteristics of education gives positive and significant impact on the real wage gap of labor between agriculture and non-agricultural sectors with coefficient characteristics (explained / endowments) of 0.07282, which means that the characteristic effects of education contribute to the real wage gap power labor between agriculture and non-agricultural sectors with real wage gap contributed significantly by 7.28 percent. This condition indicates that the gap in real wages of labor between agriculture and non-agricultural sectors are wide open as a result of the influence of the characteristics of education. Education is one factor that plays an important role in the acquisition of wages for workers, because education is one of the characteristics of workers as a measure of the ability which will be used as the foundation for the company or entrepreneur in selecting its workforce. The higher the education level of a worker, the wage received will also be relatively higher, meaning that when a company / entrepreneur considers that educated labor (own skill) is relatively high is a good thing, and contribute to improving productivity (output) for companies, firms / employers will eventually tend to provide relatively high wages for workers. Correspondingly, Olivetti (2014) in (Afsari, 2015) also record their positive correlation between an educated workforce and labor are not educated with the wage gap and the gap between the working hours of workers.Labor real wage gap between agriculture and non-agricultural sectors has narrowed as a result of the influence of the characteristics of the dummy group work experience, which is marked with coefficient characteristics (explained / endowments) negative and insignificant for -0.0007736, it means that the characteristic effects of the dummy group work experience can reduce or narrow the gap in real wages of labor between agriculture with non-agricultural sectors to contribute narrowing real wages insignificant 0.08 percent.

Furthermore, in labor market discrimination often occurs due to the difference in wages. Discrimination occurs when workers receive different wages but they have the same productivity and are in different groups, for example in terms of gender, race, occupation, location and others. As the result of empirical findings from Milanovic (in Al Ghazali et al, 2012) that is using the data Malaysian Household Income Survey 1984, 1989 and 1997 by analyzing and identifying the factors that influence the occurrence of wage discrimination. Research results show that human capital plays an important role in determining discrimination and differences in workers' wages. In addition, the worker's location, race, location, employment status, and type of work also has a positive and significant impact to discrimination and differences in wage levels. Accordingly, the findings of the empirical from the study also showed the same thing that is, the gap in real wages of labor between agriculture and non-agricultural sectors occur due to the influence of factors that are not observed or cannot be explained (unexplained / discrimination) indicated as discrimination which is equal to 0.035699, or 13.08 percent of the total real wage gap. Discrimination labor between agriculture and non-agricultural sectors was due to the influence of the characteristics of individuals (age, sex, marital status and number of dependents), job characteristics (type of work, employment status, group dummy location, and number of hours work), and human capital characteristics (education and work experience dummy group). Furthermore, the effect of unexplained / discrimination which is indicated as discrimination of exogenous variables on discrimination labor real wage gap between agriculture and non-agricultural sectors are presented in Table 4. The negative impact of unexplained / discrimination on certain exogenous variables shows that, variables related to role for equalize or equalized in the workforce earning wages between agriculture and non-agricultural sectors. While the positive effects of unexplained / discrimination on certain exogenous variables suggests that the exogenous variables give contribution on discrimination labor real wage gap between agriculture and non-agricultural sectors. In Table 4 shows that, almost all of the exogenous variables responsible for discrimination labor real wage gap between agriculture and non-agricultural sectors, detailed contribution of each exogenous variable on wage discrimination can be explained as follows. Characters of age has a coefficient of positive discrimination and significant is

amounted to 0.093248, meaning that the character of the age contributes significantly to labor wage discrimination between agriculture and non-agricultural sectors with a contribution of 9.32 per cent discrimination. In line with that, the character of the group dummy sexes also contributed significantly to the discrimination and real wages of labor between agriculture and non-agricultural sectors with coefficient of .047336 discriminations, or in other words that, dummy variables gender group gave contributing to discrimination labor real wage gap between agriculture and non-agricultural sectors with a significant contribution of discrimination by 4.73 percent. The causes of wage discrimination as a result of gender differences in the labor market vary between countries. In Indonesia, for example, the division of tasks within the family most people reposition men who are obliged to earn a living, while women take care of the household to make the opportunity work for women becomes smaller. Based on reports of human development based on gender in 2012 (in Afsari, 2015), involvement of women in the workforce still not up, carrying 39 percent of the population aged 15 years and over who work are women and one third of those workers' families who are economically not get recompense. Although every year an increasing number of women working outside the home, but the jobs are obtained women are still being felt disproportionately. Women's work more in a position that is not the decision maker, and a small percentage of women who get a chance to occupy the post of manager or director.

Characters of marital status dummy groups also contributed significantly to labor wage discrimination between agriculture and non-agricultural sectors, with a significant discrimination coefficient of .085644, in other words, the character of the group dummy marital status contribute to discrimination real wage gap with discrimination contribution of 8.56 per cent. while the character of dependents has a coefficient of discrimination that is not significant is 0.002935, meaning that the character of dependents contributes to discrimination labor real wage gap between agriculture and non-agricultural sector by 0.29 percent. In line with the character of the type of work also contributed significantly to the discrimination and inequalities in real wages of labor between agriculture and non-agricultural sectors, with a significant discrimination coefficient of .091614, or in other words that the characters of the type of work to contribute to discrimination real wage gap amounted to 9.16 percent. The same thing also shows the character of employment status also contributed significantly to the discrimination of labor real wage gap between agriculture and non-agricultural sectors, with a coefficient of 0.040811 discrimination, or in other words that the characters of the status of the job contribute discrimination against wage gap of 4.08 percent. Furthermore, the character of the group dummy locations with significant discrimination coefficient of 0.045917, this indicates that the character of the group dummy location also plays a significant contribution to the discrimination gap in real wages of labor between agriculture and non-agricultural sectors, with a significant contribution of discrimination by 4.59 percent. Instead, the character of the working hours has particularly negative and discriminatory coefficient significantly by -0.2180195, meaning that the character of the working hours makes a significant contribution stabilized or equalized labor between agriculture and non-agricultural sectors in obtaining wage equalization significant contribution by -21.80 percent. while the character of the education act responsibly, contributing significantly to real wage discrimination employment gap between agriculture and non-agricultural sectors with coefficient of 0.22377 discrimination. In this case, education variable contributing to discrimination real wage gap with contribution discrimination significantly by 22.38 percent. While the character of the group dummy work experience contributed as much as 6.58 percent against discrimination labor real wage gap between agriculture and nonagricultural sector. Meanwhile, the constant values showed significant effects of negative discrimination and with a value of -0.3145619. This shows that in the absence of exogenous variables, there will be a position of equality or equalization of labor between agriculture and non-agricultural sectors in wages by equalizing significant contribution of -31.46 percent.

4. Conclusions and Policy Implications

4.1 Conclusions

Based on the analysis and discussion that has been parsed in the previous chapter, it can be concluded, namely: (1) The level of disparity distribution of labor between agriculture and non-agricultural sectors (industry and services) in Central Sulawesi included in the category of inequality moderate characterized by the Gini coefficient value of 0.39 points. Lorenz curve wage distribution shows that, as much as 40 percent of workers with the lowest wage earns only 16.4 percent of the total wages as a whole, and is therefore based on the criteria of the World Bank, the real wage gap falls within the category of moderate gap, which is 40 percent of the population of the lowest wages only received around 12 percent to 17 percent of total real wages as a whole; (2) Based on the equation model Mincer wage labor in agriculture and non-agricultural sectors, largely exogenous variables have a significant effect on wages; (3) The Blinder-Oaxaca decomposition results show that the total labor real wage gap between agriculture and non-agriculture in Central Sulawesi amounted to 0.272835, meaning that employment in the nonagricultural sector receive a wage rate of 27.28 per cent higher than the wages received by workers in the agricultural sector. Of the total real wage gap, amounting to 0.237136 or 86.92 percent due to differences characteristic factor (explained / endowments), and amounted to 0.035699 or

13.08 percent due to the influence of factors that are not observed or not can be explained (unexplained / discrimination) is indicated as discrimination.

4.2 Policy Implications

The following recommendations: (1) The results of empirical research suggests that, although legislation in Indonesia (provincial / district / city) stipulates equal pay and equal employment opportunity, but still found a lack of appreciation the skills (education and work experience) in the labor market implications for the occurrence of discrimination. Therefore, in order to reduce the level of real wage gap between workers in agriculture and non-agricultural sectors in order to achieve the welfare of the workforce entirely, the need for strong law enforcement, especially regarding the implementation of the Regional Minimum Wage is annually determined; (2) Policy-makers, especially the local government that would be able to devise a strategy for controlling the wage disparity. The policy should not only be designed to improve the standard of the productive characteristics of one particular sector, but all sectors of the field of business, especially in the agricultural sector, which is still felt marginalized.

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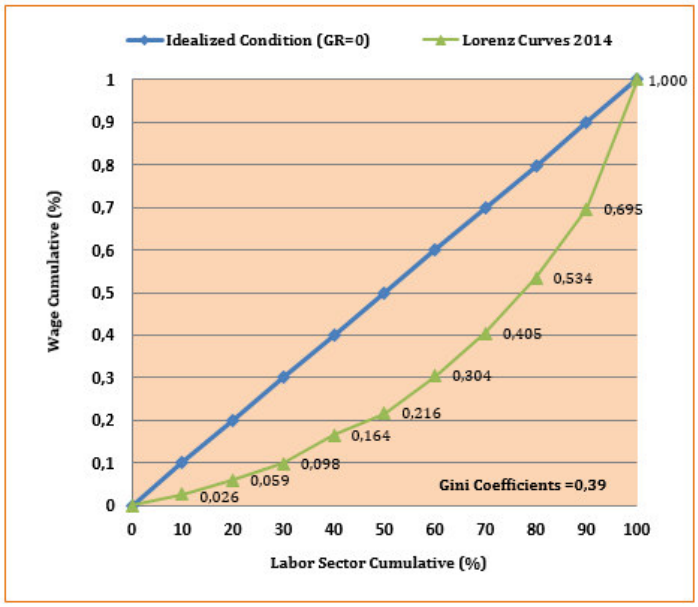
Appendix



Sources: BPS RI, Data of SAKERNAS 2014 (data diolah kembali)
Figure 1. Lorenz Curve of Sectoral Distribution of Labor Cost in Central Sulawesi Province

Tabel 1. Summary Mincer Wage Equation Model of Labor Agriculture and Non-Agricultural Sector in Central Sulawesi

Variable	Agricultural Sector	Non Agricultural Sector
1	2	3
N	4.542	5.431
Constants	12,78742	12,40972
t_constants	(238,99)***	(240,90)***
Age (X_1)	-0,0006022	0,0017088
t_age	(-1,08)^{ns}	(2,11)**
Dummy Gender (X_2)	-0,0229467	0,0678603
t_*Dummy* Gender	(-1,64)*	(3,69)***
Dummy Marital Status (X_3)	0,012719	0,1328313
t_*Dummy* Marital Status	(0,78)^{ns}	(6,72)***
Dependant (X_4)	-0,0227846	-0,0214962
t_Dependant	(-2,02)**	(-1,43)^{ns}
Type of work (X_5)	0,0335769	0,0578392
t_Type of work	(3,77)***	(13,31)***
Job Status (X_6)	0,0066237	0,0224778
t_Job Status	(1,60)^{ns}	(3,99)***
Dummy Location (X_7)	-0,0377053	0,184885
t_*Dummy* Location	(-1,74)*	(9,97)***
Working hours (X_8)	0,0179411	0,0116682
t_working hours	(37,77)***	(20,18)***
Education (X_9)	0,0248829	0,082553
t_Working hours	(3,72)***	(11,13)***
Dummy Experience (X_{10})	0,2993126	0,4318248
t_*Dummy* Experience	(21,58)***	(23,72)***
R^2	0,3370	0,2786
Adjusted R^2	0,3356	0,2773
F-stat	230,35***	209,35***
Root MSE	0,46017	0,656
Mean VIF	1,18	1,27
Breusch-Pagan/Cook-Weisberg test	4,54	49,27
Number of Observation	4.542	5.431

Source: BPS RI, Data of SAKERNAS 2014

Notes: ***) significant on α = 1 persen; **) significant on α = 5 persen; *) significant on α = 10 persen; dan ^{ns}) not significant.

Table 2. General Summary Gaps Model Decomposition Real Wage Labor Agriculture and Non-Agricultural Sector in Central Sulawesi

Amount of Attributs		**exp (b)**
Raw Differential (R) ➔	(E + C + U)	0,272835***
- Due to Explained/Endowment	E	0,237136***
- Due to Coefficient	C	-0,245601***
- Due to Unexplained/Diskrimination (D) ➔	(C + U)	0,035699***
- Sift Coefficient	U	0,2813***
Explained/Endowment as % total (E/R)		86,92
Unexplained/Diskrimination as % total (D/R)		13,08

Source: BPS RI, Data of SAKERNAS 2014
Note: ***) significant on α = 1 percent; **) significant on α = 5 percent;
*) significant on α = 10 percent; dan ^{ns}) not significant.

Table 3. Summary Results Blinder-Oaxaca decomposition Real Wage Gaps Labor Agriculture and Non-Agricultural Sector in Central Sulawesi (*Explained/Endowments Effect*)

Decomposition	**Coefisient (exp (b))**	**Value Z_{count}**	**P > [z]**
Explained/Endowments Effect			
Age (X_1)	-0,0017324	(-0,86)^{ns}	0,390
Dummy Gender (X_2)	-0,0014499	(-1,98)**	0,048
Dummy Marital Status (X_3)	-0,0094543	(-5,73)***	0,000
Dependant (X_4)	0,00149	(1,71)*	0,088
Types of Job (X_5)	0,049508	(12,74)***	0,000
Job Status (X_6)	0,015003	(6,05)***	0,000
*Dummy*Location (X_7)	0,049958	(8,54)***	0,000
Working hours (X_8)	0,043431	(9,50)***	0,000
Education(X_9)	0,07282	(11,17)***	0,000
Dummy Experience (X_{10})	-0,0007736	(-0,20)^{ns}	0,839

Source: BPS RI, Data of SAKERNAS 2014
Note: ***) significant on α = 1 percent; **) significant on α = 5 percent;
*) significant on α = 10 percent; dan ^{ns}) not significant.

Table 4. Summary Results Blinder-Oaxaca decomposition Real Wage Gaps Labor Agriculture and Non-Agricultural Sector in Central Sulawesi (*Unexplained/Discrimination effect*)

Decomposition	**Coefisient (exp (b))**	**Value Z_{count}**	**P>[z]**
Unexplained/Discrimination Effect			
Age (X_1)	0,093248	(2,35)**	0,019
Dummy Gender (X_2)	0,047336	(3,93)***	0,000
Dummy Marital Status (X_3)	0,085644	(4,83)***	0,000
Dependant (X_4)	0,002935	(0,08)^{ns}	0,934
Types of Job (X_5)	0,091614	(2,16)**	0,031
Jon Status (X_6)	0,040811	(2,23)**	0,026
Dummy Location (X_7)	0,045917	(6,94)***	0,000
Working hours (X_8)	-0,2180195	(-8,51)***	0,000
Education (X_9)	0,223775	(5,34)***	0,000
Dummy Experience (X_{10})	0,065773	(5,70)***	0,000
_Constants	-0,3145619	(-5,15)***	0,000

Source: BPS RI, Data of SAKERNAS 2014

Note: ***) significant on α = 1 percent; **) significant on α = 5 percent; *) significant on α = 10 percent; dan ^{ns}) not significant.