

## Does High Minimum Wage Attract Immigrants?



Joko Susanto<sup>1</sup>, Didit Welly Udjiyanto<sup>2</sup>, Windyastuti<sup>3</sup>

<sup>1,2,3</sup>Faculty of Economics and Business UPN Veteran Yogyakarta, Jalan Padjadjaran, Depok, Sleman, Yogyakarta Special Region

**ABSTRACT:** Immigration is associated with an effort to get a better living. Therefore, this research analyzes whether the high minimum wage attracts immigrants. This study utilizes secondary data from Indonesian Statistics that cover the condition of immigrants in Java, an island with the highest population density. In this research, the proportion of immigrants is the dependent variable. At the same time, the minimum wage is the independent variable and the percentage of formal jobs and prosperity as covariates. The secondary data is analyzed by regression based on Fully Modified Ordinary Least Squares (FMOLS). This regression analysis is complemented by primary data through questionnaires sent to some economic experts. The primary data is analyzed by Delphi Method. The regression result shows no association between the proportion of immigrants and minimum wage. A high minimum wage does not attract people to enter an area. At the same time, a percentage of formal jobs and prosperity attract people to immigrate. In addition, the Delphi analysis exhibits similar results. The expert's opinion about the impact of minimum wage is not convergence. Not all experts agree that migrant considers the high minimum wage. However, all experts agree that formal jobs, infrastructure, prosperity, amenities, and living costs have an impact on immigrants.

**KEYWORDS:** immigrant, minimum wage, formal sector, prosperity

### INTRODUCTION

People move from one place to another in search of opportunities to improve their living standards. It means people are ready to move to a different city or country. By migrating, people hope to find better jobs, higher salaries, better healthcare, better education for their children, and a more stable environment. Despite the challenges of migration, the potential life-changing rewards make it a viable option for those seeking a better life (1).

Migration is often linked with the pursuit of a better life. People left home due to the unsatisfactory environment, such as unemployment, low wages, and inadequate infrastructure. In Indonesia, many people who find themselves unemployed have no choice but to seek employment. There is no unemployment benefit system to provide them with income. Therefore, they try to get a job through migration to other cities even other countries. Although the Indonesia government recently introduced aid to unemployed worker through Pre-Employment Card Program, this program still has many limitations so it cannot be used as a foundation for the unemployed to meet their needs.

Pre-Employment Card Program is designed as a bridge connecting the community with many centers for skills training. The government hopes to create a more capable and empowered society to reduce unemployment. Nevertheless, the Pre-Employment Card Program still needs to improve in its journey. This program is dominated by training, so unemployed workers need more funds to run their businesses. Moreover, some training does not suitable for what the worker wants. It means that several training workers get useless when a worker does not get a job or cannot run their business (2). If they do not have jobs, they leave home and migrate to another region to get a job.

Labor migration is also associated with low wages in the origin home. If employers offered high wages, workers would not have to migrate to find better jobs. The low wage has been a primary concern for many workers (3), as it often makes it difficult for them to meet their needs (4). The cost of living continues to rise while their wages remain stagnant, leaving them with meager disposable income. Therefore, low wages make labor leave their hometowns to look for a high-salary jobs. A high-income job enables them to increase their consumption and enjoy a higher quality of life. A high-salary job can provide many benefits and achieve high welfare.

Furthermore, poor infrastructure harms people's happiness (5). Inadequate infrastructure makes people frustrated and stressed. It encourages people to leave their homes to get a pleasant environment. Access to good infrastructure can open many doors for people and provide them with better opportunities for a better life. Whether it is better job opportunities, more accessible access to transportation, or a thriving local economy, good infrastructure can make a huge difference in people's lives.

Moreover, the firm also considers the labor cost. Labor cost is the second largest cost after the cost of raw materials. By managing labor costs, businesses can save costs and increase their profitability. Labor cost is associated with wage rate, especially minimum

## Does High Minimum Wage Attract Immigrants?

wage. Increasing the minimum wage can lead to a rise in wage rates for all workers (6). This can further increase labor costs for businesses. Hence, some enterprises, especially labor-intensive companies, seek low-wage areas to minimize labor costs.

On the contrary, some capital-intensive enterprises do not lower the wage rate. They raise the wage by setting a wage rate higher than the minimum wage. Higher welfare promotes increased discipline, loyalty, and responsibility of workers. It means that higher wages make workers more productive. Wages can be a productivity booster and motivation (7) and strengthen the industrial relationship between employers and employees (8).

Higher wage attracts more applicants (9). After finishing their studies or receiving training, jobseekers search for job vacancies. However, job searching depends on the number of job vacancies and the quality of jobs. Job quality is associated with wage rate and work environment. Job seekers start picking jobs in line with an increase in education level. Higher worker's education tends to refuse a low salary job and uncomfortable job, so they are less likely to work in the informal sector (10). They want a job in the formal sector that provides a stable environment. Even though job vacancies in the formal sector are limited, they tend to wait for new formal job vacancies when they fail to get a comfortable job. Moreover, jobseekers are also ready to migrate to another region to get a comfortable job.

Generally, comfortable jobs come from formal sectors that operate in the advanced region. This region is supported by a good infrastructure that provides everyone with a better standard of living. Governments provide a better standard of living by investing in infrastructure, education, healthcare, and other essential services. Infrastructure improvement promotes economic growth (11,12) and increases prosperity. This ultimately leads to a higher standard of living and a better quality of life for everyone (13). An increase in prosperity attracts immigrants due to better job opportunities and a higher standard of living.

### Immigrant

People migrate to another region, even abroad, for a better life. Although there are some costs for migration, the expectation of getting better life makes them still migrate. Considering the migration cost and cultural shock, migrants prefer destinations close to their province of origin, locations in which many people from their province reside, and destinations where the dialect is similar. Meanwhile, employers also prefer migrant workers to locals who are identically matched to the job's requirements; these preferences are strongest in jobs requiring low education levels and low pay.

The probability of migrating varies according to one's relation to the household head, highlighting the importance of gender, family structure (14), and education. Labor migrants are more likely to be male, unmarried, younger, or more educated. Besides, having a family migration network can increase the chances of successfully immigrating to a new region (15). Family members can provide support and connections to help find a job and navigate the new culture.

Moreover, the ongoing industrial reform influences labor mobility between cities, providing essential insights for regional policymakers to prevent brain drain and attract relevant talent (14). Industrial reform needs additional labor by offering high-salary jobs. It attracts jobseekers to apply for this job vacancy.

A better life is related to labor income, so the wage rate is crucial. Most of the income comes from wages. The choice of destination is sensitive to minimum wage. Immigrants select destinations based on their expected earnings (16). Immigrants are more likely to settle in states with high minimum wages (17–19). Conversely, the other research exhibited different results. Strobl & Walsh (2016) exhibited that increases in inward net migration are associated with a proportionately greater increase in workers employed at the minimum wage relative to non-compliance. Meanwhile, Tarigan et al. (2017) showed that minimum wage does not affect rising immigrant.

### Minimum Wage

Often, wage rate results are based on market mechanisms considered too low. To anticipate the problem of industrial relations, the government set several regulations to minimize labor unrest, such as labor demonstrations that have the potential to disrupt public order. One form of government intervention is minimum wage regulation.

The government enforces a minimum wage higher than the market wage to raise workers' welfare. The minimum wage is the lowest wage rate that becomes a reference for an employer in providing remuneration for their workers. The government prohibits employers from providing wages below minimum wage. The magnitude of minimum wage varies across regions according to their economic performance.

Differences in minimum wage attract immigrants from low-wage to high-wage regions (22). Higher wage attracts more applicants (9), including jobseeker from the neighboring region. Migrants prefer destinations close to their origin region. Immigrants are more likely to settle in states with a high minimum wage (Giulietti, 2014). The minimum wage promotes an increase in the average wage. Migrants want to get a higher wage to raise their welfare. It means that the choice of destination is sensitive to minimum wage changes (17).

### Job in the Formal Sector

Formal sectors refer to the establishment with industrial relationship based on an employment agreement that contains elements of work, wages, and orders. A formal worker earns two to three times more than informal laborers in the informal sector (23). While

## Does High Minimum Wage Attract Immigrants?

informal jobs pay, lower wages than formal jobs, a substantially higher premium for physically demanding and hazardous working conditions is found in informal jobs (24).

As a part from the wage rate, the formal sector has a better work environment than the informal sector. There is a transformation from informal to formal workers, indicated by a decrease in informal workers (25). The progress of the region's economy is indicated by the transformation towards a decrease in informal sector workers. The formal sector is considered capable of increasing migrants' welfare. Through this job's transformation, it is hoped that besides increasing workers' productivity, it can also encourage economic growth.

Most jobs in the formal sector come from large establishments. The production process in these establishments requires raw materials and labor. This labor demand leads to some comfortable job vacancies. Some job seekers compete with each other to get these comfortable jobs. Some of those who do not get a job in the formal sector are forced to work in the informal sector with low wages and poor work environments.

Nevertheless, educated job seekers tend to await new job vacancies. Educated job seekers tend to refuse job vacancies in the informal sector. The informal sector is characterized by a lower wage and a worse work environment than the formal sector. Educated people are those who have graduated from senior high school or higher education. They turn down jobs that are unsuitable to their educational background. Moreover, the destination sector for migrants is usually the formal sector which promises high wages (26). In addition, educated job seekers come from upper middle income, so they still get financial aid from their families when they temporarily become unemployed.

### Prosperity

The region's prosperity is associated with infrastructure such as water supply, road networks, and telecommunications. Adequate infrastructure can provide more opportunities for businesses to grow (27) and create jobs (28). Nevertheless, such employment creation effects should be matched by expanded supplies of skilled workers with suitable technical capabilities.

The good infrastructure also attracts more investors to a region, which can lead to economic growth and development. By prioritizing infrastructure improvements, it can create a more attractive environment for investors (29). Some enterprises also seek good infrastructure regions to reduce their production cost. Large establishments are often strategically located in several major cities with adequate infrastructure. One of the key benefits of having a good infrastructure is that it enables a business person to expand their plants. When the necessary infrastructure is readily available, it can streamline production processes and reduce the time and resources needed to get products to market. This can help businesses become more competitive.

At the same time, several job seekers move to the large city and apply to get a job. Several cities became popular destinations for immigrants. They left their village or county towns and entered the cities for a job. If they get a comfortable job, they live in that city or the surrounding area. Hence, the resident of some cities consists of native and immigrant citizens. Therefore, the movement of people who search for a job is in line with the effort of firms to seek an excellent location to build their plants.

The government also improves infrastructure to run the production process efficiently. Indeed, investing in the public sector can significantly raise productivity (30). By improving public services, businesses can operate more efficiently and meet market demands more effectively. Improving public service promotes economic growth (11,12), indicated by an increase in Gross Domestic Product (GDP). If the population growth does not change much, a rise in GDP leads to an increase in per capita income. A rise in per capita income can lead to an improvement in prosperity. Individuals with more money can afford better healthcare, education, and other essential services.

Furthermore, this research mainly analyzes whether the high minimum wage attracts immigrants in Java. Although Java is not the largest island, but more than half of Indonesian residents live there. The proportion of immigrants in Java is significant. Java become a popular destination for almost citizens all over Indonesia. Indeed, Java has better infrastructure than outside Java, but most provinces in Java have a low minimum wage, except for the Special Capital Region of Jakarta.

### METHOD

This study utilizes secondary data published by the Indonesian Statistics. The data include the proportion of immigrants, minimum wage, the proportion of formal jobs, and prosperity in Java. Secondary data includes publications from 2010 to 2021. The choice 2010 as the starting point for this research because that year was the first complete publication of immigration. Meanwhile, the research endpoint is in 2021 because the publication in that year is the most recent. The choice of Java as a research location is because this island become a popular destination for almost migrants.

Primary data complement this study to identify several strategic variables that affect immigration in Java. Preliminary data were obtained from the results of distributing questionnaires and interviews with 7 (seven) labor market economists. Each expert was asked to give their opinion on the causes of immigration in Java. A Delphi analysis is carried out based on the expert's opinions to identify whether these opinions are convergence or divergence. A convergence opinion indicates that all experts agree that this variable is a cause of immigration and vice versa.

## Does High Minimum Wage Attract Immigrants?

### Operational Variables

The operational definition is explained as follows.

- The number of immigrants is the proportion of immigrants in each province in Java (percent).
- Minimum Wage is the average of regency/municipality minimum wage in each province in Java, except The Special Capital Region of Jakarta that utilizes provincial minimum wage (thousand rupiahs).
- Proportion of formal jobs is the percentage of formal workers in each province in Java (percent).
- The prosperity is measured by per capita income in each province in Java (thousand rupiahs).

### Analysis Tools

This study uses dynamic panel data regression to analyze secondary data. This method has developed technically and is increasingly used in social research. This analysis determines whether the minimum wage, proportion of formal jobs, and prosperity affect the number of immigrants in every province in Java. Before further research, the cointegration test should be used to determine whether there is a long-run equilibrium relationship between the variables in the regression model. Test cointegration utilizes the Kao model. If the results of this test indicate cointegration between variables in the model, then the regression analysis can be done. Regression analysis was performed using the Fully Modified Ordinary Least Squares (FMOLS) estimation method. This method is superior to the OLS method (31).

$$IMGRNT_{it} = \beta_0 + \beta_1 MINWAGE_{it} + \beta_2 FORMJOB_{it} + \beta_3 PROSPER_{it} + e_{it}$$

IMGRNT is number of immigrants, MINWAGE is minimum wage, FORMJOB is proportion or the formal job and PROSPER is prosperity respectively.

## RESULT AND DISCUSSION

### Result

An overview of the research variables is explained in the statistical description (Table 1). The descriptive presentation utilizes numerical methods to summarize information about research data. The probability of correlation between variables can be detected based on descriptive studies.

Based on Table 1, the highest proportion of immigrants reached 38.4 percent, which occurred in the Special Capital Region of Jakarta in 2010. This high proportion of immigrant is related to the role of Jakarta as capital and central business. Many institutions and enterprises in Jakarta have many formal job vacancies. However, over time the proportion of immigrants in Jakarta reduced slowly in line with the emergence of many new center businesses in several cities in Java. On the contrary, the lowest proportion of immigrants, 1.9 percent, occurred in East Java in 2013. Indeed, East Java is not a popular destination indicated by a low proportion of immigrants. It is probably due to the domination of the agriculture sector in the East Java Economy. The job created in the agriculture sector is not formal, so it does not attract migrants to East Java.

At the same time, the highest minimum wage of 4.4 million rupiahs also occurred in the Special Capital Region of Jakarta in 2021. Admittedly, the minimum wage in Jakarta is the highest in Indonesia. This high minimum wage is associated with the high living cost in this province. Meanwhile, the lowest minimum wage of 0.706 million rupiahs occurred in Central Java 2010. Based on Manpower Bill and Manpower Minister Regulation, the minimum wage before 2016 is determined by living cost. However, since 2016, the minimum wage has been determined by the previous year's minimum wage, growth, and inflation. Therefore, a high previous year's minimum wage also leads to a current high minimum wage, and vice versa.

**Table 1. Statistical Description of Research Variable**

	IMGRNT	MINWAGE	FORMJOB	PROSPER
Mean	14.998	1.921	49.008	48.746
Median	13.300	1.706	45.770	29.039
Maximum	38.600	4.416	72.960	174.94
Minimum	1.900	0.706	31.160	19.387
Std. Dev.	11.658	0.949	12.038	46.404

**Source:** Primary Data (Processed)

Moreover, the province with the highest proportion of formal jobs, reaching 72.92 percent, is the Special Capital Region of Jakarta. The role of Jakarta as the capital and a business center creates many formal jobs. Formal sector jobs have higher wages and better industrial relations than the informal sector. Many jobs in the formal sector attract migrants to enter this province. Nevertheless, the proportion of formal jobs is slowdown in line with the development of several cities in Java. Some formal jobs are created not only in Jakarta but also outside Jakarta. Meanwhile, the province with the lowest proportion of formal jobs was Central Java in 2011. The dominance of the agricultural sector characterizes this province, so few formal jobs are created.

## Does High Minimum Wage Attract Immigrants?

Finally, the most prosperous province, measured by per capita income, is the Special Capital Region of Jakarta, with per capita income of 174.940 million rupiahs per year occurred in 2021. Many companies, especially in the manufacturing and service sector, operate in Jakarta and generate a large amount of added value. An enormous added value boosts a large gross domestic product (GDP). If the population number is controlled, a rise in GDP leads to an increase in per capita income. Meanwhile, the lowest per capita income of 19.209 million rupiahs occurred in Central Java in 2011. The agriculture sector dominates the economy of this province. A small value-added created in Central Java leads to a low per capita income.

Meanwhile, the cointegration test results show that the ADF value is -2.392 and is significant (Table 2). It means there is a long-term causal relationship between the variables in the model. The residual resulted from the estimation is stationary.

**Table 2. Cointegration Test Based on Kao Model**

	t-statistic	Prob.
ADF	-2.392	0.008

**Source:** Primary Data Processing Result

The estimation results based on the FMOLS (Fully Modified Ordinary Least Square) method exhibit that the proportion of formal jobs and prosperity positively affect the number of immigrant in Java. However, the minimum wage does not significantly impact it. An R-squared of 0.717 indicates that the variables in the model can explain 71.7 percent of the variation in the proportion of immigrants. Therefore, the residual explains 29.3 percent of the variation in the proportion of immigrants (Table 3).

**Table 3. Estimation Result**

No.	Variable	Coefficient	Std. Error
1	MINWAGE	-1.967	1.638
2	FORMJOB	0.259*	0.073
3	PROSPER	0.147*	0.031
Adjusted R-squared		0,717	

\* significant

Furthermore, based on the views of some labor economists, seven factors have been identified as the causes of immigration. These factors are minimum wage in the destination region, number of formal occupations, infrastructure, prosperity, amenities, living cost, and distance to the destination city (Table 4). The results of the Delphi analysis exhibit that a number of formal occupations, infrastructure, prosperity, amenities, and living cost have an interquartile range (IR) value of less than 2.5, and the standard deviation is less than 1.5. It means all experts agree that these variables are causes of immigration in Java. However, some experts do not agree that minimum wage in the destination region and distance to the destination city are causes of immigration in Java. The interquartile range (IR) for these variables is more than 2.5, and the standard deviation is more than 1.5.

**Table 4. Results of the Delphi Analysis on the Causes of Immigration in Java**

Causes of Migration	Average	Std. Dev	Decision	IR	Decision
Minimum wage	6.86	1.77	<i>Divergent</i>	3	<i>Divergent</i>
Number of formal occupation	7.86	1.21	Convergent	2	Convergent
Infrastructure	7.29	1.38	Convergent	1.5	Convergent
Prosperity	7.43	1.13	Convergent	1.5	Convergent
Amenities	7.57	1.27	Convergent	2	Convergent
Living cost	7.14	1.35	Convergent	1.5	Convergent
Distance to destination city	6.57	1.62	<i>Divergent</i>	2.5	<i>Divergent</i>

## DISCUSSION

The minimum wage does not significantly impact the proportion of immigrants. Increasing the minimum wage does not lead to a rise in immigrants. The region with a high proportion of immigrant is the Special Capital Region of Jakarta and Yogyakarta Special Region. These two provinces become popular immigrant destinations. As the central business, Jakarta has the highest minimum wage. Meanwhile, even though as a popular destination for migrants, the Yogyakarta Special Region has a low minimum wage. It means an immigrant does not consider minimum wage when entering a destination region. But, the immigrant focuses on the living costs. Jakarta has a high minimum wage, but this province also has a high living cost. Conversely, Yogyakarta Special Region is



## Does High Minimum Wage Attract Immigrants?

the province with a low minimum wage but also with a low living costs. It means migrants do not consider the difference in minimum wage between regions.

Apart from living costs, immigrants also consider the amenities of the destination city. Amenities refer to something that helps to provide comfort, convenience, or enjoyment. The happiness index reflects amenities. Happiness has been the main issue to be discussed by scholars. People want not only high income but also high happiness. Happiness is the ultimate goal in life; life is incomplete if he is unhappy. Based on the publication of Central Bureau Statistics 2017, the highest happiness index of 72.93 occurred in the Yogyakarta Special Region. At the same time, the region with the second-highest happiness index of 71.33 is The Special Capital Region of Jakarta. Migrant want to stay in these two provinces due to high happiness index. Although Yogyakarta Special Region has a low minimum wage, this province has the highest score on the happiness index and life expectancy rate. This province become a popular destination for migrants. The result is contrary to Banfi & Villena-Roldán (2019) that high wage attracts applicants. This study also contradicts Paramita (2021) that differences in minimum wage attract immigrants from low-wage to high-wage regions.

Moreover, the proportion of formal jobs is statistically significant, with a regression coefficient 0.259. It means that an increase in the proportion of formal jobs by 1 percent leads to a rise in the number of immigrant by 0.259 percent. Migrants look for formal jobs with higher salaries, better work environments, and more long-term employment. In line with a rise in residents' education levels, educated job seekers tend to refuse jobs in the informal sector. The informal sector includes activities to carry out economic activities based on trust and agreement and not incorporated. Usually, this sector is characterized by low wages, low productivity, and bad working conditions. Even though there are many job vacancies in the informal sector, the educated unemployed feel that it does not balance with their educational background. Therefore, a job opportunity in the informal sector is applied by uneducated residents with education backgrounds less than senior high school, even those who have never attended school. They realize their limitation, so they accept whatever job opportunity, including jobs in the informal sector.

On the contrary, educated workers want to get a formal job even if this job vacancy occurs in another region. The formal sector refers to the incorporated establishments with definite work agreements, high salaries, and a good work environment. The educated jobseekers want to balance their job with their educational background. Educated refer to those who pass senior (vocational) high school and above. Generally, they come from upper-middle-income families. If they are temporarily unemployed, they still get financial aid from their family. They wait for new job vacancies when they fail to get a job in the formal sector. Strong financial backgrounds also make them can migrate when formal job vacancies occur in another region. This study supports Villarreal & Sarah (2013) that the workers in the informal sector migrate due to the lower wage and worse work environment than their counterparts in the formal sector. The result also aligns with Amini et al. (2020) that recent migrants likely want to work in the formal sector.

Prosperity, indicated by per capita income, significantly attracts immigrant. The magnitude of the regression coefficient of 0.147 exhibits that an increase in prosperity by 1 thousand rupiahs leads to a rise in the number of immigrants by 0.147 percent. An increase in per capita income indicates a rise in prosperity. Output rises faster than a rise in population number. It means there is more output available to everyone, so prosperity increases. Generally, prosperous regions are associated with better infrastructure, higher productivity, and higher welfare. Better infrastructure promotes a more efficient production process so that higher output can be resulted from a fixed input. The higher output enables workers to get higher incomes to raise their consumption. An increase in consumption leads to a rise in welfare and happiness.

The prosperous region has become a popular destination for migrants. Migrant left their home to look for a more comfortable place to live. In this new place, migrants hope to get a better life. Prosperous regions have many economic activities both in terms of quantity and quality. Many job vacancies are created in line with the level of economic output. Economic growth, indicated by a rise in output, needs more input, including labor. In terms of quality, the prosperous areas have many formal sectors that provide high salaries and good industrial relations.

Moreover, the advanced region has better social capital for higher welfare. Social capital is the totality of existing and potential resources related to the ownership of a network of institutional relations. Better social capital is indicated by good formal membership, high community participation, and high social trust. The role of social capital is related to responding to individuals in a group which will then bring about a more efficient closeness between community groups. Many public goods can be provided, and social problems can be resolved. The prosperous area attracts people to enter, so the proportion of immigrants rises. These results support Gekic et al. (2020) that young people want to leave the country due to low quality of life. However, this finding contradicts (35) that there was a smaller effect of GDP per capita and a larger effect of migration policies on bilateral rates.

Furthermore, the results of the Delphi analysis exhibit all experts agree that the number of formal occupations, infrastructure, prosperity, amenities, and living cost are associated with immigration in Java. It means that all experts agree that these factors determine immigration. More formal jobs, better infrastructure, higher prosperity, higher amenities, and lower living costs attract immigrants.

On the contrary, there is a disagreement among experts when they value minimum wage and distance to the destination city as causes of immigration. Some experts consider these variables to cause immigration, but others have different valuations. This outcome supported the regression result that minimum wage does not impact the number of immigrants. It means the immigrants

## Does High Minimum Wage Attract Immigrants?

do not search for a higher minimum wage. Income consists of not only wages but also net profit and asset ownership. Based on Household Expenditure Survey by Indonesian Statistics, although Yogyakarta has a lower minimum wage than Jember, a region in East Java, the total income in Yogyakarta is higher than Jember due to net profit and asset ownership. Therefore, Yogyakarta's resident has higher expenditure and consumption than Jember. Yogyakarta became a more popular migrant destination than Jember.

Moreover, the distance between regions does not constrain migration in Java. The road infrastructure in Java is good, so transportation is fast and cheap. Good transportation enables fast population mobilization between regions on this island. The distance between regions in Java is not a constraint for resident mobilization.

## CONCLUSION

There is no association between number of immigrant and minimum wage. A high minimum wage does not attract people to enter that area. Immigrants consider amenities of the destination city that provide comfort, convenience, enjoyment, and happiness. Meanwhile, the percentage of formal jobs and prosperity attracts people to immigrate. Formal jobs provide higher wages and a better work environment than informal ones. The prosperous region provides high quality of life in line with what the migrant wants. Furthermore, the Delphi analysis results show that the expert's opinions about the impact of minimum wage do not converge. Not all experts agree that migrant considers the high minimum wage. However, all experts agree that more formal jobs, better infrastructure, higher prosperity, higher amenities, and lower living costs attract immigrants. It means that the proportion of the formal sector jobs and prosperity attracts people to immigrate.

## REFERENCES

- 1) Kumpikaitè V. Migration as the Way for Better Employment Perspectives: Case of European Union. *Int J Soc Sci Humanit.* 2016;6(9):728–33.
- 2) Andina E. Peran Pemerintah Daerah dalam Implementasi Program Kartu Prakerja di Provinsi Jawa Barat. *Aspir J Masal Masal Sos.* 2022;13(1):37–57.
- 3) Schnabel C. Low-Wage Employment. *IZA World Labor.* 2016;(January).
- 4) Cai L. State-Dependence and Stepping-Stone Effects of Low-Pay Employment in Australia. *Econ Rec.* 2014;90(291):486–506.
- 5) Popova Y. Relations between Wellbeing and Transport Infrastructure of the Country. *Procedia Engineering.* 2017;178:579–88.
- 6) Izzaty, Sari R. Kebijakan Penetapan Upah Minimum di Indonesia. *J Ekon Kebijak Publik.* 2013;4(2):131–45.
- 7) Udin, Handayani S, Yuniawan A. Does Money Motivate People?: A Summary of Issues and Discussion Points. *J Eng Appl Sci.* 2018;13(12):4320–3.
- 8) Khemissi F, Chebbi T. Impact of the efficiency wage on the motivation of employees within companies. *Int J Adv Appl Sci.* 2022;9(1):41–7.
- 9) Banfi S, Villena-Roldán B. Do High-Wage Jobs Attract more Applicants? Directed Search Evidence from the Online Labor Market. *J Labor Econ.* 2019;37(3):715–746.
- 10) Setyanti A. Informality and the Education Factor in Indonesian Labor. *J Indones Appl Econ.* 2020;8(2):71–80.
- 11) Awan A., Anum V. Impact of Infrastructure Development on Economic Growth: a Case Study of Pakistan. *Int J Dev Econ Dev [Internet].* 2014;2(5):1–15. Available from: [www.eajournals.org](http://www.eajournals.org)
- 12) Manag Soc Sci Res. 2013;2(1):81–91.
- 13) Djanggo RTPM, Tamberan YW, Tawakal MA, Risamasu PIM, Nahumury MAI, Kadir AR. Development of Infrastructure Related with Community Welfare. *IOP Conf Ser Earth Environ Sci.* 2020;473(1):1–12.
- 14) Wang-Lu H, Mendoza V, Miguel O. Job Prospects and Labour Mobility in China. *J Int Trade Econ Dev [Internet].* 2022;1–45. Available from: <https://doi.org/10.1080/09638199.2022.2157463>
- 15) Pardede EL, McCann P, Venhorst VA. Internal migration in Indonesia: new insights from longitudinal data. *Asian Popul Stud [Internet].* 2020;16(3):287–309. Available from: <https://doi.org/10.1080/17441730.2020.1774139>
- 16) Cadena BC. Native Competition and Low-Skilled Immigrant Inflows. *J Hum Resour.* 2013;48(4):910–44.
- 17) Boffy-Ramirez E. Minimum Wages, Earnings, and Migration. *IZA J Migr.* 2013;2(1):1–24.
- 18) Giulietti C. Is the Minimum Wage a Pull Factor for Immigrants? *Ind Labor Relations Rev.* 2014;67(3):649–674.
- 19) Maulida Y. Pengaruh Tingkat Upah Terhadap Migrasi Masuk di Kota Pekanbaru. *J Ekon Univ Riau.* 2013;21(02):1–12.
- 20) Strobl E, Walsh F. Monopsony, Minimum Wages and Migration. *Labour Econ.* 2016;42 (C):221–37.
- 21) Tarigan WMB, Suharto RB, Roy J. Faktor-Faktor yang Mempengaruhi Migrasi Masuk Risen. *J Ilmu Ekon Mulawarman.* 2017;2(4):1–14.
- 22) Paramita R. Menilik Upah Minimum dan Ketimpangan. *J Budg.* 2021;6(2):184–200.
- 23) Kumar M, Ranjan R. Wage Differential between Informal and Formal Wage Worker in India. *Acad J Econ Stud.* 2015;1(4):9–19.

## Does High Minimum Wage Attract Immigrants?

- 24) Verhaest D, Adriaenssens S. Compensating Wage Differentials in Formal and Informal Jobs. *Kyklos*. 2022;75(1):106–26.
- 25) Sari NP. Transformasi Pekerja Informal ke Arah Formal: Analisis Deskriptif dan Regresi Logistik. *J Ekon Kuantitatif Terap*. 2016;9(1):28–36.
- 26) Manning C, Pratomo DS. Do Migrants Get Stuck in the Informal Sector? Findings from a Household Survey in Four Indonesian Cities. *Bull Indones Econ Stud*. 2013;49(2):167–192.
- 27) Revoltella D, Brutscher P-B, Tsiotras A, Weiss CT. Linking Local Business with Global Growth Opportunities: The Role of Infrastructure. *Oxford Rev Econ Policy*. 2016;32(3):410–30.
- 28) Sawada Y. Infrastructure Investments, Technologies and Jobs in Asia. *Int J Train Res [Internet]*. 2019;17(sup1):12–25. Available from: <https://doi.org/10.1080/14480220.2019.1629724>
- 29) Grace G. Factors Affecting Inward Foreign Direct Investment: Case of Asean Countries. *Info Artha*. 2019;3(2):119–32.
- 30) Wang Z, Wu GL, Feng Q. Productivity of Core Infrastructure Investment in China: An Input–Output Approach. *World Econ*. 2020;43(2):3384–406.
- 31) Arize AC, Malindretos J, Ghosh D. Purchasing Power Parity-Symmetry and Proportionality: Evidence from 116 Countries. *Int Rev Econ Financ*. 2015;37(C):69–85.
- 32) Villarreal A, Sarah B. How Job Characteristics Affect International Migration: The Role of Informality in Mexico. *Demography*. 2013;50(2):751–75.
- 33) Amini AF, Sugiharti L, Aditina N, Meidika YA. Analisis Migran Risen di Sektor Formal dan Informal: Hasil Sakernas 2018. *J Ekon dan Bisnis*. 2020;23(1):37–52.
- 34) Gekic H, Bidzan-Gekic A, Miric R, Remenyi P. Hidden Geographies of Population Implosion in Bosnia and Herzegovina. *Eur J Geogr*. 2020;11(2):47–64.
- 35) Bertoli S, Fernández-Huertas Moraga J. Multilateral Resistance to Migration. *J Dev Econ*. 2013;102 (C):79–100.



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.