

## **ABSTRACT**

*This study aims to analyze the effect of education on the probability of individuals working in informal employment in Indonesia. The study uses microdata from the August 2024 National Labor Force Survey (Sakernas), covering 416,338 employed individuals. The main independent variable is years of schooling, while the control variables include wages, age, gender, marital status, area of residence, job training, disability, and economic shocks.*

*The study employs the Linear Probability Model (LPM) with robust standard errors as the main model and a heteroskedastic probit (hetprobit) model as a robustness check. The results show that education has a negative and statistically significant effect on the probability of working in informal employment: each additional year of schooling is associated with a 2.17 percentage-point decrease in the probability of informal employment, ceteris paribus. This finding is consistent across both the LPM and hetprobit estimations. Furthermore, wages and job training are negatively associated with the probability of informal employment, while marital status, urban residence, and economic shocks are positively associated with it. Age shows a non-linear life-cycle pattern, while the effect of disability is inconclusive across model specifications.*

**Keywords:** labor informality, education, labor market, Linear Probability Model, Sakernas