

ABSTRACT

This study empirically estimates the effect of wage levels on working hours and demonstrates the backward-bending labor supply curve. Here, we measured wages using weekly income in Rupiah and working hours using weekly working hours. We employed Indonesian Family Life Survey (IFLS) Wave 5 that covered 6,391 individuals. The Ordinary Least Square (OLS) estimates indicate an inverted U-shaped relationship between wages and working hours. However, the turning point is far above the maximum wages value. This means that individuals respond to wage increases by adding working hours. These findings This pattern holds true for the entire sample, as well as for male and female sub-samples. Therefore, this study does not fully confirm that the Indonesian labor supply curve is backward bending.

Keyword: Labor Supply, Hours of Worked, Indonesian Survey Data

JEL Classification: J21, J22, C81

