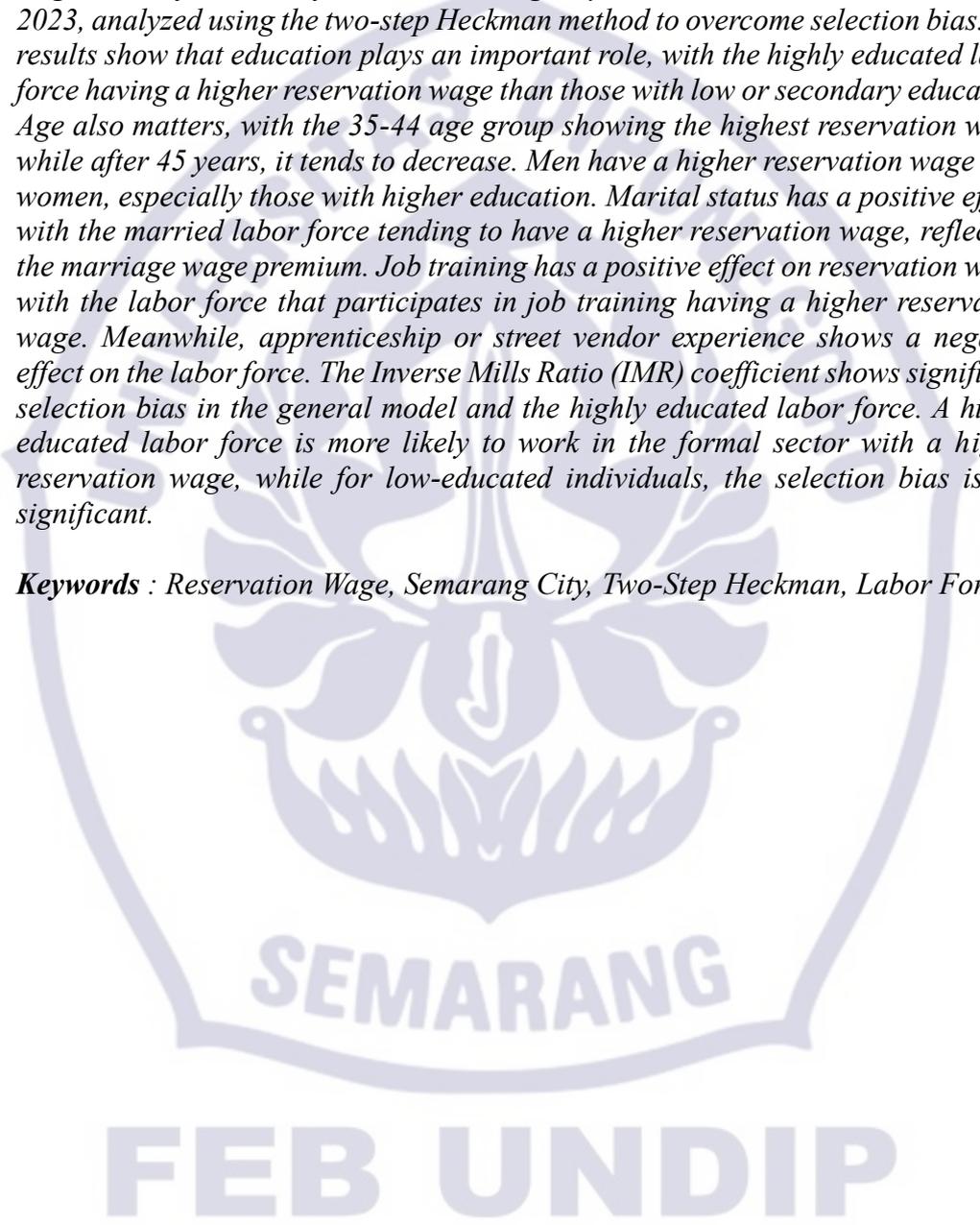


ABSTRACT

This study aims to estimate the reservation wage model and predict the reservation wage value of the labor force in Semarang City. The data used is Sakernas August 2023, analyzed using the two-step Heckman method to overcome selection bias. The results show that education plays an important role, with the highly educated labor force having a higher reservation wage than those with low or secondary education. Age also matters, with the 35-44 age group showing the highest reservation wage, while after 45 years, it tends to decrease. Men have a higher reservation wage than women, especially those with higher education. Marital status has a positive effect, with the married labor force tending to have a higher reservation wage, reflecting the marriage wage premium. Job training has a positive effect on reservation wage, with the labor force that participates in job training having a higher reservation wage. Meanwhile, apprenticeship or street vendor experience shows a negative effect on the labor force. The Inverse Mills Ratio (IMR) coefficient shows significant selection bias in the general model and the highly educated labor force. A highly educated labor force is more likely to work in the formal sector with a higher reservation wage, while for low-educated individuals, the selection bias is not significant.

Keywords : *Reservation Wage, Semarang City, Two-Step Heckman, Labor Force.*



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