International Journal of Multidisciplinary Sciences and Arts
E-ISSN : 2962-1658
Volume 4, Number 4, October , 2025
https://doi.org/10.47709/ijmdsa.v4i4.7431

# The Marriage Wage Premium: Does It Exist among Generation Z in Indonesia?

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open access

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**Article History:**
Submitted: 08-12-2025
Accepted: 14-12-2025
**Published: 18-12-2025**

**Keywords:**
marriage wage premium; gen Z; marital status; wages; Indonesia



**ABSTRACT**

This study aims to analyze the Marriage Wage Premium (MWP) phenomenon among Generation Z (Gen Z) workers in Indonesia, with a focus on wage differences between those who are married and those who are unmarried. Using data from the National Labor Force Survey for the period of August 2018-2023 published by BPS-Statistics Indonesia, this research employs a logit regression analysis method to explore the impact of marital status on the probability of earning a low wage. The analysis results show that marital status significantly affects the likelihood of earning a low wage, with married workers having a 5.09% higher probability of earning a low wage compared to unmarried workers. Additionally, the analysis reveals that married female workers are more likely to earn a low wage compared to married male workers, with a larger gap observed among women. These findings contradict the classical MWP theory, which asserts that married workers, particularly men, tend to have higher wages. This result suggests that factors such as a more flexible labor market structure, changes in social norms, and the dominance of the informal sector and gig economy may contribute to this phenomenon. Based on these findings, it is recommended that labor policies in Indonesia give more attention to work flexibility and work-life balance, especially for young workers. Programs supporting informal sector workers and policies aimed at reducing gender-based wage disparities are also necessary to create a more equitable labor market for Gen Z.

## INTRODUCTION

The relationship between marital status and wage levels has long been a central focus in labor economics research. Various international studies have highlighted the phenomenon of the MWP, which refers to the condition where married workers earn higher wages than their single counterparts, after controlling for individual and job characteristics (Bonilla et al., 2022). This phenomenon is typically explained through several mechanisms, such as increased economic responsibility after marriage, role specialization within households, improved job stability, or a selection effect where individuals with higher earning potential are more likely to marry (Ludwig & Brüderl, 2018; Olivo-Villabrille, 2022).

In Indonesia, marital status is also often identified as one of the variables influencing wage variation, alongside factors such as gender, education level, work experience, occupation sector, and geographic location (Syafitri et al., 2024). However, much of the existing empirical evidence focuses primarily on the overall workforce or on older age cohorts (Setyonaluri & Shirota, 2019). At the same time, Indonesia's demographic structure is undergoing changes, with an increasing proportion of Gen Z in the labor market. This generation—generally born between the mid-1990s and early 2010s—enters the workforce in a different context, characterized by higher levels of education, economic digitalization, more flexible work arrangements, and changing norms regarding marriage, career, and work-life balance (Agusalim et al., 2025; Rahmatika et al., 2024; Hanri & Sholihah, 2024). These changes may shift the patterns of the relationship between marital status and wages, as observed in previous generations.

According to the National Labor Force Survey data released by the Central Statistics Agency (BPS), the number and percentage of Gen Z workers in Indonesia, based on marital status, from 2018 to 2023 reveal several important trends. Table 1 shows that the number of married workers has significantly increased, from 0.87 million in 2018 to 5 million in 2023, with the percentage of married workers rising from 9.94% to 20.85%. Meanwhile, unmarried workers remain the largest group, with their number growing from 7.86 million in 2018 to 18.74 million in 2023, although their percentage decreased from 89.45% in 2018 to 78.03% in 2023. Divorced workers also showed an increase, from 0.05 million in 2018 to 0.24 million in 2023, with their percentage rising from 0.59% to 1.01%. Widowed workers, though still a small group, saw an increase from 0.01 million in 2018 to 0.03 million in 2023, with their percentage growing from 0.07% to 0.12%. Overall, the total number of Gen Z workers increased from 8.79 million in 2018 to 24.02 million in 2023.

Table 1. Number and Percentage of Gen Z Working Based on Marital Status (2018-2023)

E-ISSN : 2962-1658
Volume 4, Number 4, October , 2025
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| No | Marital Status | Unit | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|
| 1 | Married | Millions | 0.87 | 1.51 | 1.97 | 2.46 | 3.89 | 5.01 |
| | | Percent | 9.94 | 12.89 | 13.63 | 14.68 | 19.60 | 20.85 |
| 2 | Single | Millions | 7.86 | 10.10 | 12.34 | 14.12 | 15.72 | 18.74 |
| | | Percent | 89.45 | 86.40 | 85.56 | 84.37 | 79.26 | 78.03 |
| 3 | Divorced | Millions | 0.05 | 0.08 | 0.10 | 0.15 | 0.21 | 0.242 |
| | | Percent | 0.59 | 0.65 | 0.72 | 0.86 | 1.06 | 1.01 |
| 4 | Widowed | Millions | 0.01 | 0.01 | 0.01 | 0.01 | 0.02 | 0.03 |
| | | Percent | 0.07 | 0.05 | 0.09 | 0.08 | 0.09 | 0.12 |
| | **Total** | Millions | 8.79 | 11.69 | 14.43 | 16.73 | 19.84 | 24.02 |

Source: National Labor Force Survey, 2018-2023 (processed)

Meanwhile, based on Figure 1, when examining the wages of Gen Z workers by marital status from 2018 to 2023, it is evident that unmarried workers have higher wages compared to workers in other marital status categories. In 2018, the wages of unmarried workers were recorded at 1.69 million Rupiah, and steadily increased to 2.26 million Rupiah by 2023. In contrast, married workers, although experiencing a significant wage increase, still had lower wages compared to unmarried workers, with wages of 1.64 million Rupiah in 2018 and 2.19 million Rupiah in 2023. Divorced workers experienced smaller wage fluctuations, with wages of 1.54 million Rupiah in 2018 and 2.06 million Rupiah in 2023, while widowed workers (due to death) had the lowest wages, though their wages increased from 1.60 million Rupiah in 2018 to 1.50 million Rupiah in 2023. This suggests that Gen Z workers who are unmarried tend to have higher wages compared to those who are married, divorced, or widowed.

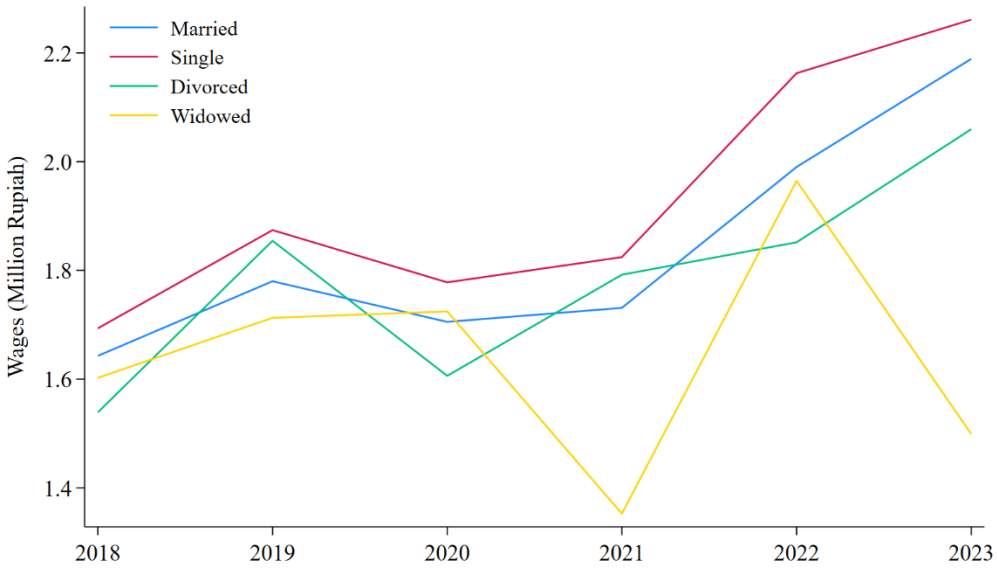


Fig 1. Gen Z Wages Based on Marital Status
Source: National Labor Force Survey, 2018-2023 (processed)

Although the literature on the MWP is extensive at the global level, empirical evidence specifically examining the existence of the marriage wage premium among Gen Z workers in Indonesia is still very limited. Most previous studies have used cross-age labor force samples or focused on adult age groups entering the labor market under different periods and employment regimes from those faced by Gen Z today (Nugrohojati & Linando, 2025). Additionally, research in Indonesia generally positions marital status as a control variable in wage determination models, rather than explicitly testing its relevance for younger cohorts (Falah, 2023).

This situation creates a significant knowledge gap, making it unclear whether the classical findings on MWP apply to Gen Z workers in Indonesia or if the relationship between marital status and wages is weakening or even no longer significant, in the context of an increasingly flexible and dynamic labor market. In other words, there is limited evidence addressing the specific question: Does the MWP phenomenon also occur among Gen Z in Indonesia?

In response to this gap, this study aims to empirically test the existence of MWP among Gen Z workers in Indonesia. Specifically, the research analyzes the impact of marital status on wage levels among Gen Z workers, considering various relevant sociodemographic and job characteristics.

This study makes several important contributions. First, the main focus of the research is on Gen Z in Indonesia, offering new insights into the relationship between marital status and wages for a cohort entering the labor market in the digital era and amid shifting social norms. Unlike previous cross-cohort studies, this research examines a single

E-ISSN : 2962-1658
Volume 4, Number 4, October , 2025
https://doi.org/10.47709/ijmdsa.v4i4.7431

generation with unique work characteristics and preferences. Second, this study specifically tests whether MWP exists among Gen Z workers in Indonesia, enriching the theoretical debate on whether this phenomenon is universal or more context-dependent, based on changes in norms, family structure, and labor market dynamics. Third, from a policy perspective, this research contributes to the development of welfare programs for young workers in Indonesia, emphasizing the importance of factors such as skill quality, access to decent work, and strengthening labor market institutions, which are more relevant to Gen Z than marital status. This study is expected to enrich the labor economics literature in Indonesia and provide an empirical basis for policies that are more responsive to the characteristics of the younger generation.

## LITERATURE REVIEW

Various theories have been developed to explain the MWP phenomenon, which refers to the relationship between marital status and higher wages for individuals who are married compared to those who are unmarried. This section begins by outlining the foundational theoretical frameworks that originally conceptualized the MWP, followed by a discussion of recent empirical studies that test, refine, and in some cases challenge these theories in contemporary labor markets.

Three major theoretical explanations for MWP that are often cited include the specialization and productivity theory, the selection theory, and the behavioral and norm change theory. According to Becker (1973; 1974; 1981), the specialization and productivity theory explains that marriage allows for a more efficient division of roles between partners. In this model, marriage leads to a division of labor between the partners, where one party (often the male) focuses on work outside the home, while the other party (often the female) manages household affairs. This division of labor enhances productivity in the labor market because the worker focused on outside work can increase both the quality and quantity of their labor. As a result, marriage can lead to higher wages for individuals involved, especially for the party fully dedicated to the workforce. Becker argues that this effect can be observed for both partners, although it is more pronounced in couples with a traditional role division.

However, this view is not universally accepted, particularly in the selection theory proposed by Nakosteen & Zimmer (1987) and Korenman & Neumark (1991). In this theory, they argue that individuals with better economic potential are more likely to marry, and therefore, the wage premium observed among married individuals may reflect their initial characteristics. In other words, individuals with high skills and economic potential are more capable of choosing a life partner, and their marital status is not always directly linked to higher wages. Thus, this selection effect suggests that marriage may merely reveal individuals who already possess better economic characteristics from the outset, rather than being solely due to the marital status itself.

Another theory that emphasizes behavioral and norm changes after marriage is the perspective developed by Waite (1995), Gray (1997), Budig & England (2001), and Waldfogel (1998). According to them, marriage can alter work behavior and gender dynamics within the household, which in turn can impact the wages of married couples. Marriage is believed to foster changes in work motivation and increase social responsibility, which may influence individuals to work harder and strive for higher wages. However, its impact varies depending on gender and social context. For example, in many cases, married women tend to experience a wage decline due to social expectations that require them to take on more domestic responsibilities, a phenomenon known as the "motherhood penalty" (Budig & England, 2001). In contrast, for men, marriage is often associated with greater stability in their lives, which can motivate them to commit more to their work and achieve higher wages.

Building upon these foundational theories, a growing body of recent empirical research has sought to estimate the causal effect of marriage on wages and to assess whether the predictions of classical household and selection theories still hold in modern labor markets. One recent contribution is the study *On the Marriage Wage Premium* by McConnell & Valladares Esteban (2025). They use instruments based on social norms regarding marriage to estimate the causal effect of marital status on hourly wages, finding that the wage premium for men remains significant and "quite large," although it has slightly decreased over time. Interestingly, for women, the traditional negative effect (penalty) has turned into a positive one — indicating that married women can now also receive a wage premium. In the framework of classical household theory (specialization), the explanation is that couples now engage in less extreme division of labor — so married women no longer have to reduce their market work hours — and the combination of incomes allows couples to select jobs with higher wages (through the reservation wage mechanism) as outlined by Laura Pilossoph & Shu Lin Wee (2021). Tovar-García (2020) found that in Russia, marriage has a positive correlation with men's wages, which is consistent with the household specialization explanation, where marriage increases an individual's focus on more productive market work while their partner handles unpaid household labor. Additionally, Mikucka (2021) also states that marriage provides non-pecuniary benefits, such as social support, better mental health, and insurance benefits, which indirectly enhance work productivity and attachment to the labor market, thereby increasing wages.

While many studies show a positive relationship between marriage and wages, other empirical findings suggest that the Marriage Wage Premium (MWP) does not always emerge or that its benefits vary depending on the type of employment contract and labor market conditions. For instance, Bonilla et al. (2022) found that for workers with temporary contracts, marriage provides a higher wage premium compared to workers with permanent contracts. In

E-ISSN : 2962-1658
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https://doi.org/10.47709/ijmdsa.v4i4.7431

contrast, for workers with permanent contracts, marriage tends to have no positive effect on wages and may even reduce earnings. This finding is also supported by a cross-country study by Schechtl and Kapelle (2023), which shows that the "male premium," after adjusting for institutional factors such as taxation systems and social benefits, only occurs in certain countries like Germany, while in many other countries, the effect of marriage on wages is very small or even nonexistent.

Additionally, Leonard and Stanley (2020) in their meta-regression reveal that MWP estimates are highly sensitive to various factors such as model specifications, sample selection, and marriage selection controls. Many studies indicate that once selection is accounted for — that is, individuals with higher economic potential are more likely to marry — the wage premium associated with marriage becomes smaller or even disappears. This leads to a discrepancy with previous research supporting MWP. Furthermore, a study by Moehring et al. (2021) highlights the complexity of the marriage-wage relationship, particularly for women. They found that in countries with "marriage tax" policies, marriage can result in lower wages or career choice limitations for women. Changes in social norms and family structure also influence the dynamics of MWP. Lersch et al. (2020) demonstrate that an increasing number of families are choosing not to follow the traditional marriage pattern, a phenomenon known as the "de-institutionalization" of marriage, leading to heterogeneous outcomes related to marriage depending on age cohorts and different socio-economic contexts. Taken together, these recent empirical findings suggest that while the foundational theories of MWP remain relevant, the magnitude and direction of the wage premium have become increasingly context-dependent, varying by gender, labor market institutions, and employment arrangements.

In the context of Indonesia, studies using local data, such as those conducted by Nurdianto (2018), show that MWP exists for both men and women, although the premium for women tends to be smaller. Research by Sihombing (2022) shows that married workers, particularly men, earn higher incomes compared to unmarried workers, with a wage premium of around 35%. This finding is primarily attributed to an increase in working hours after marriage, indicating that family responsibilities and the division of time between work and household duties contribute to higher earnings after marriage. This aligns with the household specialization theory, which asserts that role division within the household can enhance labor market productivity (Becker, 1973).

## METHOD

This study is quantitative research that utilizes secondary data. The data used in this study was obtained from the National Labor Force Survey published by the Central Statistics Agency (BPS) for the period from August 2018 to August 2023. Data collection was conducted through a literature review, referencing various scholarly sources, including international and national journals, academic books, and other relevant publications. The sample analyzed in this study consists of Gen Z women who are employed. Further details regarding the variables used can be found in Table 2.

Table 2. Research Variables

| No. | Variable | Symbol | Category |
|---|---|---|---|
| | Dependent variable | | |
| **1** | Wage status | *WAGES* | < Provincial minimum wage (PMW), ≥ PMW (reference) |
| | Independent variable | | |
| **2** | Marital status | *MS* | Married, single (reference), divorced, widowed |
| | Control variable | | |
| **3** | Gender | *GENDER* | Male, female (reference) |
| **4** | Sector | *SECTOR* | Agriculture (reference), industry, services |
| **5** | Formal | *FORMAL* | Formal, informal (reference) |
| **6** | Hours worked | *HOURS* | ≤20 hours (reference), 21-40 hours, >40 hours |
| **7** | Education | *EDUC* | ≤ Junior high school (reference), high school or equivalent, ≥ diploma |
| **8** | Work skill | *SKILL* | Skilled, unskilled (reference) |
| **9** | Region | *REGION* | Urban, rural (reference) |

The analysis method used in this study is logit regression to analyze the impact of marital status on wage levels among Gen Z in Indonesia. This study adopts the empirical model developed by Agusalim et al. (2025) by applying logit regression to examine the factors affecting wages. Equation (1) presents the specification of the main model used in this study.

$$ln\left(\frac{P(WAGES_{ipt}=1)}{1-P(WAGES_{ipt}=1)}\right) = \alpha + \beta MS_{ipt} + CV'_{ipt}\delta + +\gamma_t + \theta_p + \varepsilon_{ipt} \quad (1)$$

In Equation (1), ln refers to the natural logarithm of the odds ratio (likelihood) $P(WAGES_{ipt} = 1)$, which represents the probability of an individual earning a low wage $(WAGES_{ipt} = 1)$ compared to the probability of earning

International Journal of Multidisciplinary Sciences and Arts
E-ISSN : 2962-1658
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a high wage $(WAGES_{ipt} = 0)$. The term ipt refers to individual $i$ in province $p$ at time $t$. MS is marital status, the main independent variable, which includes the categories of married, unmarried, divorced, and widowed, with unmarried as the reference category. Control variables ($CV$) include gender, employment sector, formal or informal employment status, weekly working hours, education level, job skills, and residential region. $\gamma_t$ and $\theta_p$ represent time and provincial effects, while $\varepsilon_{ipt}$ is the error term controlling for unobserved factors.

After conducting the logit regression to identify the impact of marital status and other variables on wage status, the next step is to perform a marginal effects analysis. The marginal effects analysis is conducted to make the logit regression results more interpretable, with the aim of measuring the change in the probability of wage status associated with a one-unit change in each independent variable, while considering the influence of other variables. This approach allows for the measurement of each variable's relative contribution to the likelihood of an individual earning a lower wage from the MWP. Thus, the marginal effects analysis provides a clearer understanding of the factors influencing wage levels based on marital status and other characteristics.

## RESULT

Table 3 presents the descriptive statistics of Gen Z workers, detailing the distribution of various variables based on the total sample and by gender. Regarding wage status, the majority of Gen Z workers earn wages higher than the Marriage Wage Premium (MWP), with only slight differences between men and women. In terms of marital status, the majority of Gen Z workers are unmarried, although there are more married women than men. Meanwhile, divorced and widowed workers are few, with women making up a larger proportion in these categories. In terms of employment sector, most Gen Z workers are employed in the services sector, followed by agriculture and industry. By gender, more men work in the agriculture sector, while women dominate the services sector. Regarding job type, the majority of Gen Z workers are in the informal sector, with a slightly higher proportion of men than women. Gen Z working hours indicate that most work over 40 hours per week, with a higher proportion of men compared to women. In terms of education, the majority of Gen Z workers have completed high school, with more women continuing their education to this level compared to men. Regarding job skills, most Gen Z workers are classified as unskilled, with women more dominant in this category. Finally, concerning residential region, the majority of Gen Z workers live in rural areas, with slightly more men living in these areas compared to women.

Table 3. Descriptive Statistics of Gen Z Workers

| Variable | Total Sample | | Gender | | | |
|---|---|---|---|---|---|---|
| | | | Male | | Female | |
| | N | % | N | % | N | % |
| **Wage status** | | | | | | |
| **≥ PMW** | 181,827 | 54.99 | 109,826 | 54.61 | 72,001 | **55.58** |
| **< PMW** | 148,832 | 45.01 | 91,289 | 45.39 | 57,543 | **44.42** |
| **Marital status** | | | | | | |
| **Married** | 53,264 | 16.11 | 25,974 | 12.91 | 27,290 | **21.07** |
| **Single** | 274,401 | 82.99 | 174,008 | 86.52 | 100,393 | **77.50** |
| **Divorced** | 2,655 | 0.80 | 1,000 | 0.50 | 1,655 | **1.28** |
| **Widowed** | 339 | 0.10 | 133 | 0.07 | 206 | **0.16** |
| **Gender** | | | | | | |
| **Male** | 201,115 | 60.82 | 201,115 | 100 | - | - |
| **Female** | 129,544 | 39.18 | - | - | 129,544 | **100** |
| **Sector** | | | | | | |
| **Agriculture** | 105,533 | 31.92 | 75,749 | 37.66 | 29,784 | **22.99** |
| **Industry** | 65,257 | 19.74 | 45,386 | 22.57 | 19,871 | **15.34** |
| **Services** | 159,869 | 48.35 | 79,98 | 39.77 | 79,889 | **61.67** |
| **Employment type** | | | | | | |
| **Informal** | 187,418 | 56.68 | 117,236 | 58.29 | 70,182 | **54.18** |
| **Formal** | 143,241 | 43.32 | 83,879 | 41.71 | 59,362 | **45.82** |
| **Hours worked** | | | | | | |
| **≤ 20 hours** | 84,248 | 25.48 | 47,146 | 23.44 | 37,102 | **28.64** |
| **21 - 40 hours** | 106,079 | 32.08 | 63,617 | 31.63 | 42,462 | **32.78** |
| **> 40 hours** | 140,332 | 42.44 | 90,352 | 44.93 | 49,98 | **38.58** |
| **Education** | | | | | | |
| **≤ Junior high school** | 140,326 | 42.44 | 94,263 | 46.87 | 46,063 | **35.56** |
| **High school** | 168,799 | 51.05 | 99,500 | 49.47 | 69,299 | **53.49** |
| **≥ Diploma** | 21,534 | 6.51 | 7,352 | 3.66 | 14,182 | **10.95** |
| **Work skill** | | | | | | |
| **Unskilled** | 211,134 | 63.85 | 122,022 | 60.67 | 89,112 | **68.79** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Skilled** | 119,525 | 36.15 | 79,093 | 39.33 | 40,432 | **31.21** |
| **Region** | | | | | | |
| **Rural** | 193,113 | 58.40 | 123,417 | 61.37 | 69,696 | **53.80** |
| **Urban** | **137,546** | **41.60** | **77,698** | **38.63** | **59,848** | **46.20** |

Source: National Labor Force Survey, 2018-2023 (processed)

In this analysis, the selected model is the one shown in Tabel 4, Column (4), which includes time and provincial fixed effects. The choice of this model is based on several statistical criteria, which indicate that the model with time and provincial fixed effects provides more robust results. Based on the Wald chi² value of 68,212.93 and a significant Prob > chi² value (0.0000), this model demonstrates a good fit. Additionally, the higher Pseudo $R^2$ (0.1960) compared to other models indicates that this model explains more variation in the data. The lower AIC and BIC values for this model, compared to others, suggest a better model fit, while the AUC value shows that this model has better predictive ability compared to models in other columns.

Regarding the main findings, the marginal effects analysis shows that marital status significantly affects the probability of earning a low wage. Married individuals have a 5.09% higher probability of earning a low wage compared to unmarried individuals. Meanwhile, divorced individuals have a 10.99% higher probability of earning a low wage compared to unmarried individuals, while widowed individuals have a 14.83% higher probability of earning a low wage.

Gender also has a significant effect on wage status. Men have a 3.60% higher probability of earning a low wage compared to women. In terms of employment sector, individuals working in the industrial sector have a 20.93% higher probability of earning a low wage compared to those working in the agricultural sector, while those working in the services sector have a 29.42% higher probability of earning a low wage.

Other results show that workers in formal employment have a 35.60% higher probability of earning a low wage compared to workers in the informal sector. Additionally, weekly working hours also significantly affect wage status. Workers who work more than 40 hours per week have a 12.71% higher probability of earning a low wage compared to those working ≤ 20 hours (the reference category), while workers working 21-40 hours have a 10.41% higher probability of earning a low wage.

Regarding educational factors, individuals with a high school or equivalent education have a 5.09% lower probability of earning a low wage compared to those with education level ≤ junior high school. Meanwhile, individuals with at least a diploma have a 13.23% lower probability of earning a low wage compared to individuals with a high school education. These findings suggest that individuals with higher education levels have a lower probability of earning a low wage, indicating that higher education increases the likelihood of securing higher-paying jobs.

Additionally, skilled workers have a 9.99% higher probability of earning a low wage compared to unskilled workers. This suggests that although skilled labor is often expected to command higher earnings, in this context, skilled workers may be employed in sectors with lower wages or have limited access to higher-paying jobs. The region factor also plays a role, with individuals living in urban areas having a 2.85% lower probability of earning a low wage compared to those living in rural areas, indicating that living in urban areas tends to reduce the likelihood of earning a low wage.

The analysis results indicate that all variables tested significantly affect the probability of earning a low wage at the 1% significance level. These findings provide valuable insights into the factors influencing wage levels among Gen Z workers in Indonesia. Based on the marginal effects analysis, variables that have a positive effect (increasing the probability of earning a low wage) include marital status (especially divorced and widowed), gender (male), economic sector (industry and services), job type (formal employment), working hours (particularly more than 40 hours), and job skills (skilled). Conversely, variables that have a negative effect (decreasing the probability of earning a low wage) include education (higher education levels) and region (living in urban areas). Thus, higher education and living in urban areas are found to reduce the likelihood of earning a low wage, while other factors such as marital status, economic sector, and job skills contribute to an increased probability of earning a low wage. These findings offer important contributions to labor policy and the improvement of worker welfare in Indonesia.

Table 4. Marginal Effects of Marital Status and Control Variables on Wage Status

| Variable | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| **Married** | 0.0470*** | 0.0467*** | 0.0513*** | **0.0509*** ** |
| | (0.0022) | (0.0022) | (0.0022) | **(0.0022)** |
| **Divorced** | 0.1146*** | 0.1136*** | 0.1110*** | **0.1099*** ** |
| | (0.0091) | (0.0091) | (0.0091) | **(0.0091)** |
| **Widowed** | 0.1325*** | 0.1309*** | 0.1501*** | **0.1483*** ** |
| | (0.0250) | (0.0250) | (0.0256) | **(0.0256)** |
| **Male** | 0.0495*** | 0.0493*** | 0.0362*** | **0.0360*** ** |
| | (0.0015) | (0.0015) | (0.0015) | **(0.0015)** |
| **Industry** | 0.1813*** | 0.1819*** | 0.2086*** | **0.2093*** ** |

| | | | | |
|---|---|---|---|---|
| | (0.0046) | (0.0046) | (0.0045) | **(0.0045)** |
| **Services** | 0.2933*** | 0.2939*** | 0.2936*** | **0.2942*** ** |
| | (0.0041) | (0.0041) | (0.0041) | **(0.0040)** |
| **Formal** | 0.3503*** | 0.3519*** | 0.3543*** | **0.3560*** ** |
| | (0.0021) | (0.0021) | (0.0021) | **(0.0021)** |
| **21 - 40 hours** | 0.0970*** | 0.0984*** | 0.1029*** | **0.1041*** ** |
| | (0.0021) | (0.0021) | (0.0021) | **(0.0021)** |
| **> 40 hours** | 0.1175*** | -0.0430*** | 0.1235*** | **0.1271*** ** |
| | (0.0023) | (0.0016) | (0.0023) | **(0.0023)** |
| **High school** | -0.0414*** | -0.1145*** | -0.0492*** | **-0.0509*** ** |
| | (0.0016) | (0.0034) | (0.0016) | **(0.0016)** |
| **≥ Diploma** | -0.1111*** | 0.0914*** | -0.1288*** | **-0.1323*** ** |
| | (0.0034) | (0.0034) | (0.0032) | **(0.0032)** |
| **Skilled** | 0.0900*** | 0.0914*** | 0.0987*** | **0.0999*** ** |
| | (0.0034) | (0.0034) | (0.0033) | **(0.0033)** |
| **Urban** | -0.0589*** | -0.0589*** | -0.0288*** | **-0.0285*** ** |
| | (0.0017) | (0.0017) | (0.0017) | **(0.0017)** |
| **Time fixed effects** | No | Yes | No | **Yes** |
| **Provincial fixed effects** | No | No | Yes | **Yes** |
| ***Wald chi²*** | 62,791.06 | 62,952.03 | 68,009.10 | **68,212.93** |
| ***Prob > chi²*** | 0.0000 | 0.0000 | 0.0000 | **0.0000** |
| ***Pseudo R²*** | 0.1645 | 0.1655 | 0.1949 | **0.1960** |
| **AIC** | 380,279.40 | 379,816.70 | 366,477.20 | **365,996.40** |
| **BIC** | 380,429.3 | 380,020.10 | 366,980.50 | **366,553.3** |
| **AUC** | 0.7665 | 0.7672 | 0.7876 | **0.7883** |
| **No. of observations** | **330,659** | **330,659** | **330,659** | **330,659** |

Note: Column (1) excludes time and provincial fixed effects, column (2) includes time fixed effects, column (3) includes provincial fixed effects, and column (4) includes both time and provincial fixed effects. Standard errors are in parentheses; statistical significance levels *, **, and *** denote 10%, 5%, and 1%, respective.

The model in column (4) was rerun based on gender, and the results are presented in Figure 2. Only the marital status variable is displayed, as it is the primary focus of the study. The marginal effects analysis shows that both male and female Gen Z workers who are married have a higher probability of earning a low wage compared to those who are unmarried. This result is significant at the 1% level. Additionally, Figure 2 also shows that the gap between male and female workers in earning a low wage is larger for married female workers. This suggests that married female workers have a greater likelihood of earning a low wage compared to married male workers when compared to their unmarried counterparts. These findings support the existence of a greater marriage penalty for women in the labor market, despite changes in social norms within this generation.

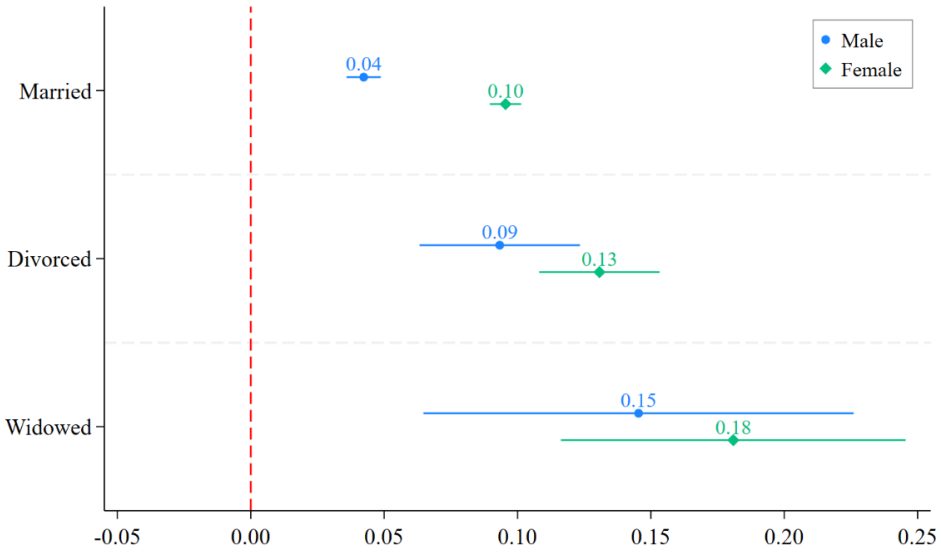


Fig 2. Marginal Effects Results by Gender

## DISCUSSION

This study aims to investigate whether the Marriage Wage Premium (MWP) phenomenon applies to Gen Z workers in Indonesia, with a focus on wage differences between those who are married and those who are unmarried.

E-ISSN : 2962-1658
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https://doi.org/10.47709/ijmdsa.v4i4.7431

Based on existing literature, the MWP theory generally suggests that married individuals, especially men, tend to earn higher wages compared to their unmarried counterparts (McDonald, 2020; Pilossoph & Wee, 2021; Schechtl & Kapelle, 2023). This MWP is associated with various factors, including the division of labor within the household, selection based on better economic characteristics, and changes in behavior and gender interactions after marriage (Becker, 1973, 1974; Nakosteen & Zimmer, 1987).

However, the findings of this study on Gen Z workers in Indonesia reveal different results. Contrary to expectations, this study did not find an MWP among Gen Z workers, indicating that unmarried workers have a greater likelihood of earning higher wages compared to those who are married. These findings contradict previous studies that generally support a positive relationship between marital status and wages, especially for men.

Several factors may explain why these findings differ. First, the characteristics of young workers (Gen Z) who prefer job flexibility and financial independence may influence their preferences regarding marriage (Febriana & Mujib, 2024; Bielefeld et al., 2025). Compared to previous generations, Gen Z tends to prioritize career and education over the stability typically associated with marriage (Pasaman & Hutauruk, 2025). This may create a mismatch between social norms and the labor market structure underlying previous findings.

Second, the discrepancy with the MWP theory also relates to the labor market structure in Indonesia and the evolving socio-economic conditions. In developing countries like Indonesia, young workers, particularly Gen Z, are increasingly engaged in informal sector jobs, which do not benefit from formal status such as benefits or job security. Interestingly, informal sector workers tend to earn higher incomes compared to those in the formal sector. One key reason for this phenomenon is the rise of the gig economy, which offers contract- or project-based work with earnings largely dependent on individual abilities and skills (Baruno et al., 2024). In the informal sector, Gen Z workers can choose more flexible jobs, such as freelancing, digital marketing, or technology-related work, which provides greater control over their time and income. Therefore, while informal sector jobs may lack the stability offered by the formal sector, informal sector workers often earn higher wages due to greater opportunities to access global markets and work remotely (Aithal, 2024; Vasilieva et al., 2020).

Third, this phenomenon may also be related to changes in social norms occurring within Indonesian society. Gen Z may be influenced by the shift towards more equal gender roles, as well as increased access to education and career opportunities for women (Wiranti et al., 2025; Kozová et al., 2024; Fazloon & Usman, 2024). This could potentially reduce the marriage penalty often experienced by women in previous generations. Thus, while married women often face wage penalties, Gen Z workers, who are more focused on education and career, may prefer to delay marriage or even choose financial independence, contributing to the findings that do not align with the MWP theory.

Lastly, these findings highlight that, for Gen Z in Indonesia, the informal sector—particularly related to the gig economy—provides higher earning potential compared to the formal sector (Rahmawati & Istiqomah, 2025; Arafat et al., 2025). This reflects changes in labor market dynamics and socio-economic conditions that must be understood in the context of evolving behaviors and preferences among young workers. Further research on the gig economy and the characteristics of informal sector workers is needed to gain a clearer picture of how this sector is developing and how it affects the income and well-being of young workers in Indonesia.

In this analysis, education and residential region have proven to be significant control variables influencing wage status among Gen Z workers. The findings show that individuals with higher education levels tend to have a lower probability of earning a low wage. This reflects the findings of various studies that highlight the important role of education in providing access to higher-paying jobs. Research by Rubleva et al. (2024) confirms that higher education is closely related to opportunities for obtaining more stable and higher-paying employment. This aligns with the findings of Kossova et al. (2020), which show that individuals with higher education in various countries tend to secure jobs with higher wages due to more specialized skills and knowledge. On the other hand, the residential region also has a significant effect on wage status. Individuals living in urban areas have a lower probability of earning a low wage compared to those living in rural areas. This finding reflects the economic disparity between urban and rural areas. Urban areas generally provide more job opportunities with better wages (McDonald, 2020).

In the case of Gen Z workers, the study's findings indicate that men, especially those working in the industrial and services sectors, have a higher probability of earning a low wage compared to workers in other sectors. While the industrial and services sectors are often associated with more structured jobs and greater career opportunities, Gen Z workers in these sectors actually face a higher risk of earning lower wages. This may be influenced by several factors, including the types of jobs available in these sectors, as well as the nature of the work, which often requires technical skills or temporary positions, as seen in the rapidly growing services sector. Additionally, jobs in the industrial sector often involve lower wages at entry-level positions, even though this sector offers greater job stability.

Furthermore, Gen Z workers in the formal sector, with longer working hours and specific skills, also show a higher probability of earning a low wage. Workers who work more than 40 hours per week are often engaged in high-intensity jobs, but without corresponding higher wages. This phenomenon could occur for several reasons, such as an imbalance between long working hours and the compensation received, as well as the potential for underemployment in the formal sector, where workers work longer hours but the wages are not commensurate with the hours worked. Workers with specific skills may also be trapped in jobs that do not match their capabilities, so despite having skills, they do not receive optimal wages. This indicates a mismatch between job types, the skills possessed, and the

E-ISSN : 2962-1658
Volume 4, Number 4, October , 2025
https://doi.org/10.47709/ijmdsa.v4i4.7431

compensation received, which is more common in the formal sector with a more structured salary system.

Based on the findings of this study, several policy recommendations can be applied to support Gen Z workers in Indonesia in relation to their marital status and wages. First, policies that consider the characteristics of Gen Z workers, who tend to delay marriage or choose not to marry in order to focus on education and career, should be considered. Government programs that support job flexibility (Awang & Nadzri, 2023; Agusalim & Novianti, 2023), such as increasing access to remote work or project-based contracts (gig economy), can provide opportunities for young workers to earn higher incomes without being affected by the responsibilities that come with marriage.

Second, it is important to strengthen social protection policies for informal sector workers, which are often pursued by Gen Z (Agusalim et al., 2025). Although the informal sector offers greater flexibility, workers in this sector often lack adequate social security protection. Therefore, policies that provide access to social security benefits equivalent to those in the formal sector need to be developed.

Third, to address disparities between married and unmarried workers, especially women, policies that promote gender equality in the workplace are crucial (ILO, 2020). While marriage can provide stability for some workers, this study shows that for married women, marital status can actually worsen their wage status. Therefore, policies that provide additional support to married women, such as more flexible maternity leave, family allowances, and equal career opportunities to men, will be essential to create a balance between work and family life.

Finally, improving access to education and skills training relevant to labor market needs can help Gen Z workers earn higher wages, whether married or unmarried. Policies that focus on improving the quality of vocational education and skills, particularly in technology and digital fields, will provide greater opportunities for young workers to enter sectors with higher wages (OECD, 2024).

## CONCLUSION

Informed by the outcomes of this study, the relationship between marital status and wages among Gen Z workers in Indonesia reveals results that differ from previous findings. While the Marriage Wage Premium (MWP) theory assumes that married workers, especially men, tend to earn higher wages, this study found that unmarried workers actually have a higher likelihood of earning higher wages compared to their married counterparts. Additionally, the gender-based analysis shows that the wage gap between male and female workers in terms of earning low wages is larger among married female workers. This suggests that married women are more likely to experience a wage decline compared to their married male counterparts, and differs from unmarried workers.

This finding can be explained by Gen Z workers' preference for job flexibility and financial independence, as well as the dominance of the informal sector and the gig economy, which offer opportunities for young workers to earn higher incomes, even though jobs in these sectors may not be stable. The changing social norms that increasingly support independence and careers for women, along with the trend of delayed marriage, also contribute to the results that differ from the classical MWP theory.

Considering the results of this research, labor policies in Indonesia need to focus on enhancing job flexibility, strengthening the informal sector and gig economy, and promoting gender equality in the workplace. Further research is needed to explore the impact of the informal sector and gig economy on the well-being of young workers, especially Gen Z, so that policies can be better targeted to support the development of an inclusive and sustainable labor market.

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E-ISSN : 2962-1658
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