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The Impact of Perceived Minimum Wage, Purchasing Power, and Economic Well-Being on Job Stability among Private Employees in Yogyakarta, Indonesia

最低工资认知、购买力认知和经济福利认知对印度尼西亚日惹私营企业员工工作稳定性的影响

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Abstract:

The purpose of this research is to examine job stability, a crucial factor impacting employee well-being. Various subjective perceptions, such as those related to the minimum wage, purchasing power, and economic welfare, can influence the job stability of private-sector employees. This study aims to analyze the influence of minimum wage perception, purchasing power perception, and economic welfare perception on the job stability of private employees in the Special Region of Yogyakarta.

Methodology:

This study employs a quantitative approach with a sample of 250 private employees in Yogyakarta, selected through random sampling. Data were analyzed using multiple regression and the SEM-PLS method.

Main Findings:

The results indicate that minimum wage perception significantly enhances job stability, whereas perceptions of purchasing power and economic welfare do not

Keywords: Perception of minimum wage, purchasing power, economic well-being, job stability, private employees.

关键词: 对最低工资、购买力、经济状况、工作稳定性、私营企业职工的看法。

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exert a significant influence. This suggests that private employees feel more secure in their jobs when they perceive the minimum wage as adequate, while their subjective assessments of broader economic conditions have less impact on stability. In conclusion, policies related to the minimum wage are more critical than perceptions of purchasing power or general economic welfare in sustaining job stability.

Application:

These findings can inform human resource strategies and public policy, particularly in regional labor planning and wage regulation, helping employers and policymakers design more effective employee retention programs.

Novelty/Originality:

This study presents a novel approach by integrating three perception-based variables (minimum wage, purchasing power, and economic welfare) to simultaneously assess their impact on job stability among private-sector employees. Unlike previous research that focuses on macroeconomic indicators such as unemployment or inflation, this study emphasizes subjective perceptions, an area that remains underexplored, particularly in the context of the Special Region of Yogyakarta.

摘要 :

研究目的 :

本研究旨在探讨工作稳定性，这是影响员工福祉的关键因素。各种主观认知，例如与最低工资、购买力和经济福利相关的认知，都会影响私营部门员工的工作稳定性。本研究旨在分析最低工资认知、购买力认知和经济福利认知对日惹特区私营企业员工工作稳定性的影响。

研究方法 :

本研究采用定量研究方法，以日惹市 250 名私营企业员工为样本，通过随机抽样的方式进行。数据采用多元回归和 SEM-PLS 方法进行分析。

主要发现 :

结果表明，最低工资认知显著提升了工作稳定性，而购买力和经济福利认知则未产生显著影响。这表明，当私营企业员工认为最低工资足够时，他们的工作更有保障，而他们对整体经济状况的主观评估对稳定性的影响较小。总而言之，与最低工资相关的政策在维持工作稳定性方面比购买力或总体经济福利认知更为关键。

应用价值 :

这些发现可以为人力资源战略和公共政策提供参考，特别是在区域劳动力规划和工资监管方面，帮助雇主和政策制定者设计更有效的员工保留计划。

创新性/独创性 :

本研究提出了一种创新方法，整合了三个基于感知的变量（最低工资、购买力和经济福利），同时评估了它们对私营部门员工工作稳定性的影响。与以往侧重于失业率或通货膨胀等宏观经济指标的研究不同，本研究强调主观感知，而这一领域目前仍未得到充分探索，尤其是在日惹特区的背景下。

1. Introduction

Job stability is a key factor influencing employee well-being, organizational productivity, and overall economic performance. Employees who perceive their jobs as secure tend to exhibit greater loyalty and higher productivity, thereby enhancing operational efficiency within the organization. Conversely, uncertainty regarding employment status can adversely affect workers' physical and mental health, ultimately diminishing their quality of life (Sverke et al., 2002). Job

stability is not only critical for individual employees but also serves as a significant indicator of a nation's economic health. Labor market instability may reflect underlying structural economic challenges, such as wage inequality, unemployment, and low purchasing power among the population.

In the context of developing countries such as Indonesia, job stability faces complex challenges driven by a combination of economic and social factors. One of the primary drivers is fluctuating economic growth,

which is highly susceptible to global and domestic uncertainties. This volatility directly affects the labor market, as companies often resort to workforce reductions or restrictive employment practices during periods of economic hardship (Todaro & Smith, 2020). Furthermore, rapid transformations in the industrial sector, driven by technological advancements, increase employee vulnerability, particularly in industries reliant on manual labor. Consequently, workers frequently face the risk of job loss or are compelled to accept precarious working conditions to sustain their income.

Intensifying global competition and deeper integration into international markets further exacerbate pressures on job stability in developing economies. To remain competitive, firms often seek to reduce labor costs, which can lead to the adoption of flexible employment arrangements, such as short-term contracts or outsourcing, thereby undermining job security for many employees (Deeming, 2013). At the same time, underdeveloped and evolving labor regulations compound these challenges, as worker protections remain suboptimal. Despite government efforts to strengthen labor rights through legislative reforms, inconsistent enforcement often leaves workers exposed to dismissal without adequate guarantees.

In some regions, particularly those with low minimum wages such as the Special Region of Yogyakarta (DIY), job stability is a pressing concern. The 2024 minimum wage in Yogyakarta Province (IDR 2,125,898) is considered insufficient to meet basic living needs, especially given the rising cost of living in the area (Statistics Indonesia, 2024). This gap between wages and living expenses places significant financial pressure on private-sector employees, many of whom must take on additional work or consider relocating to regions with higher wage levels. The resulting financial insecurity can negatively affect employee productivity, work motivation, and increase turnover risk.

The low minimum wage also undermines workers' purchasing power in Yogyakarta, which in turn influences their perception of job stability. When employees cannot meet basic needs despite steady employment, they are likely to feel financially insecure. This sense of instability is further exacerbated by uncertainty about future wage increases, which may diminish job security and overall job satisfaction. As a result, job stability in low-wage regions like Yogyakarta remains at risk due to the persistent financial strain experienced by private-sector workers.

Several factors, such as workers' perceptions of the minimum wage, purchasing power, and economic well-being, play a critical role in employees' decisions to remain in or leave their jobs. Perceptions of the minimum wage can significantly influence employee satisfaction with their compensation. Workers who perceive their wages as inadequate are more likely to consider changing jobs or experiencing burnout

(Herzberg, 1966; Parker, 2021). A minimum wage perceived as sufficient to meet basic living needs can enhance employees' sense of financial security and job satisfaction, thereby contributing to greater job stability. Conversely, when employees perceive their wages as insufficient to cover essential expenses, dissatisfaction may arise, negatively affecting their intention to stay with the organization. Research by Neumark & Wascher (2007) indicates that wage dissatisfaction is associated with higher turnover rates, as workers tend to seek alternative employment offering better pay.

Perceptions of the minimum wage can influence employees' motivation and organizational loyalty. When workers perceive their wages as not commensurate with their contributions or prevailing labor market conditions, their sense of attachment to the company may weaken, which in turn reduces job stability. Research by Van Ours and Stoeldraijer (2021) indicates that dissatisfaction with the minimum wage is often linked to lower productivity and diminished organizational commitment, ultimately undermining job stability. Employees who feel financially strained or undervalued are more likely to seek alternative employment offering better compensation, negatively affecting employee retention rates.

Perceptions of purchasing power are closely tied to workers' ability to meet basic needs such as food, housing, and healthcare. When employees perceive their purchasing power as declining due to low wages, job stability may be compromised as they seek alternative employment offering better compensation. Purchasing power refers to an individual's ability to acquire goods and services with their earned income, which is influenced by inflation, the cost of essential goods, and broader economic policies. If employees feel their income is no longer sufficient to cover basic needs amid rising prices, their perception of purchasing power becomes negative. This dissatisfaction can lead to a sense of economic insecurity, undermining their confidence in job stability and reducing their perceived value of current employment. Research by Faeq & Ismael (2022) indicates that dissatisfaction with purchasing power increases the likelihood of employees seeking other job opportunities with higher pay, thereby reducing job stability within the organization.

Negative perceptions of purchasing power can lead to job dissatisfaction, a key determinant of job stability. Employees who believe their wages are insufficient to maintain a decent standard of living often experience reduced motivation, which in turn affects productivity and organizational commitment. According to Schmitt (2013), dissatisfaction with purchasing power is frequently associated with declining performance quality, as employees feel financially strained and undervalued by their employer. When purchasing power concerns remain unaddressed, workers may feel increasingly marginalized, ultimately diminishing their

likelihood of long-term job retention. Thus, perceptions of purchasing power represent a significant factor in sustaining job stability.

Economic well-being encompasses more than adequate income; it includes financial stability, access to healthcare and education, and long-term economic security. When employees perceive their economic situation as stable and believe their employer provides sufficient support, it fosters a sense of security that enhances their willingness to remain in their current positions. Conversely, uncertainties in personal or organizational financial conditions, such as individual financial instability or concerns about the company's long-term viability, can heighten anxiety and reduce work commitment. Gelencsér et al. (2023) found that a positive perception of economic well-being is associated with greater job stability, as workers who feel economically secure are more likely to remain with their employer.

Perceptions of economic well-being also influence employee job satisfaction and motivation. Workers who perceive their lives as economically stable tend to experience lower stress levels and are better able to focus on their work. They are also more motivated to enhance their performance, as they feel the organization supports their overall well-being. In this context, employers that prioritize employee economic well-being through welfare programs, health benefits, or work-life balance initiatives can strengthen loyalty and job satisfaction, thereby positively influencing job stability. Research by Clark & Oswald (1996) supports these findings, showing that employees with a positive perception of their economic well-being exhibit greater organizational commitment and lower turnover rates.

Moreover, the perception of economic well-being is closely linked to work-life balance. When employees do not feel burdened by basic financial concerns, they can devote greater attention to their overall quality of life, which reduces stress and enhances psychological well-being. This, in turn, contributes to greater job stability, as employees who are satisfied with their economic conditions are less likely to seek alternative employment. Neumark and Wascher (2007) found that strong economic well-being is associated with reduced work-related stress and more time available for family or personal activities, leading to improved quality of life and increased job retention. Therefore, perceptions of economic well-being represent a significant long-term determinant of job stability.

2. Methodology

This study employed a quantitative explanatory research design to examine the influence of minimum wage perception, purchasing power perception, and economic welfare perception on job stability among

private-sector employees in Yogyakarta. The research process began with the formulation of hypotheses grounded in relevant theoretical frameworks and prior empirical studies. A structured questionnaire was then developed to operationalize each variable using validated measurement indicators. The questionnaire included statements rated on a five-point Likert scale, ranging from *strongly disagree* to *strongly agree*, to accurately capture respondents' perceptions.

The next step involved participant selection and data collection. The target population consisted of private-sector employees working across various industries in the Special Region of Yogyakarta. A random sampling technique was employed to select 250 respondents, ensuring broad representation and minimizing sampling bias. The questionnaire was distributed in both online and printed formats to accommodate respondents' accessibility and preferences.

Following data collection, responses were screened and cleaned to address missing or inconsistent entries. Descriptive statistics were first used to examine the demographic characteristics of the respondents and the distribution of each variable. Subsequently, the study applied partial least squares structural equation modeling (PLS-SEM) to test the hypotheses. This method was selected because it is well suited for analyzing complex models with multiple latent constructs, particularly when variables are not directly observable but are measured through multiple indicators.

Data analysis was conducted using SmartPLS 4.0. The process began with an evaluation of the measurement model (outer model) to assess reliability and validity, including composite reliability, convergent validity, and discriminant validity. Once the measurement model met established threshold criteria, the structural model (inner model) was examined to analyze path coefficients and test the hypothesized relationships. Bootstrapping with 5,000 subsamples was used to determine the statistical significance of the relationships between variables. This rigorous, multi-step analytical approach ensured the robustness and credibility of the research findings.

3. Results

3.1 Outer Model

3.1.1 Convergent Validity

Convergent validity was assessed by examining the outer loading values of each indicator in relation to its associated latent variable. In this phase of the analysis, loadings exceeding 0.70 were considered acceptable, following established criteria in PLS-SEM literature. Table 1 gives the outer loading results obtained in this study:

Table 1. Outer Loading (primary data processed results (2025))

Variable	Item	Outer Loading	Criterion	Status
Job Stability	JS1	0.787	>0.70	Valid
	JS2	0.755		
	JS3	0.795		
	JS4	0.761		
	JS5	0.809		
Perception of the Minimum Wage	MW1	0.878	>0.70	Valid
	MW2	0.906		
	MW3	0.900		
	MW4	0.751		
	MW5	0.810		
Perception of Purchasing Power	PP1	0.879	>0.70	Valid
	PP2	0.843		
	PP3	0.804		
	PP4	0.827		
	PP5	0.812		
Perception of Economic Welfare	EW1	0.857	>0.70	Valid
	EW2	0.781		
	EW3	0.839		
	EW4	0.830		
	EW5	0.795		

As shown in Table 1, the outer loading values for all three variables exceed 0.70. Therefore, it can be concluded that the indicators used to measure these variables meet the recommended threshold for convergent validity and do not require removal from the measurement model.

3.1.2 Cronbach's Alpha

To further assess reliability, Cronbach's alpha was used to evaluate the internal consistency of the questionnaire items in measuring each underlying construct. Cronbach's alpha values of 0.70 or higher were considered acceptable, following established criteria in social science research. In most cases, the constructs in this study met or exceeded this threshold, indicating adequate reliability (Ghozali, 2013).

Table 2. Cronbach's Alpha (primary data processed results (2025))

Variable	Criterion	Cronbach's alpha
Job Stability	>0.70	0.891
Perception of Minimum Wage		0.879
Perception of Purchasing Power		0.904
Perception of Economic Welfare		0.842

As shown in Table 2, the Cronbach's alpha values for all variables exceed 0.70, indicating that each construct demonstrates acceptable internal consistency and is reliable for use in further analysis.

3.2 Inner Model

3.2.1 R-Square

Structural model evaluation was conducted by

analyzing the coefficient of determination (R^2) and the effect size (f^2) as indicators of model explanatory power and predictive relevance. Information on R^2 values in the PLS algorithm output can be accessed by selecting the R Square option in SmartPLS (Ghozali, 2021). The R^2 values were used to assess the extent to which endogenous variables are explained by the exogenous constructs, with interpretive benchmarks classified as substantial (0.67), moderate (0.33), and weak (0.19), following established guidelines in PLS-SEM literature (Ghozali, 2013).

Table 3. R Square (primary data processed results (2025))

Variables	R Square	Category
Job Stability	0.741	Strong

As shown in Table 3, the R^2 value for Job Stability is 74.1%, indicating that 74.1% of its variance is explained by the exogenous constructs: minimum wage perception, purchasing power perception, and economic welfare perception. The remaining 25.9% is attributable to external variables or factors not included in this study.

3.2.2 F-Square

The f^2 effect size for the influence of minimum wage perception on job stability is 0.806, exceeding the conventional thresholds of 0.15 (small) and 0.35 (medium), and thus falling into the large category (Table 4).

Table 4. Effect Size (F^2) (primary data processed results (2025))

Observation	F^2
MW	0.806
PP	0.007
EW	0.003

This result indicates that minimum wage perception has a substantial effect on job stability. In contrast, the f^2 value for purchasing power perception is 0.007, which is below the threshold for a small effect (0.15), indicating a negligible influence on job stability. Similarly, the f^2 value for economic welfare perception is 0.003, also below 0.15, suggesting that its impact on job stability is minimal. These results demonstrate that, among the three perceptual variables, only minimum wage perception exerts a meaningful influence on employee job stability.

3.3 Hypothesis Testing

The hypothesis testing procedure assesses the significance of the effects of exogenous variables on endogenous variables by examining both the path coefficients and the corresponding t-statistic values. Path coefficient evaluation is used to determine the

strength and direction of the relationship between constructs. A path coefficient is considered statistically significant if the associated p-value is less than or equal to the significance level α (typically 0.05). Information on the path coefficients from the SmartPLS bootstrapping report can be accessed by selecting the “Path Coefficients” option (Ghozali, 2013).

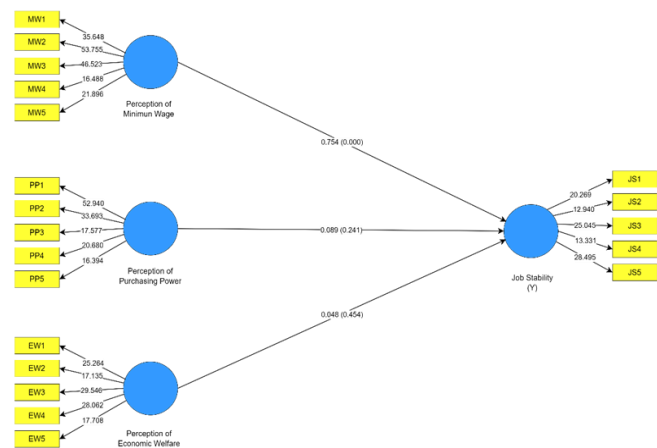


Figure 1. Bootstrapping test results (designed on the basis of primary data processed results (2025))

The results presented in Figure 1 illustrate the relative influence of minimum wage perception, purchasing power perception, and economic welfare perception on job stability among private-sector employees in Yogyakarta.

Table 5. Direct Impact of Bootstrapping Results
Source: Primary Data Processed Results (2025)

Effect	Original Sample	Standard Deviation	T Statistics	P Values	Description
MW->JS	0.754	0.053	14.237	0.000	Accepted
PP-> JS	0.089	0.076	1.173	0.241	Rejected
EW-> JS	0.048	0.064	0.749	0.454	Rejected

4. Discussion

4.1 Effect of Minimum Wage Perception on Private Employee Job Stability

The analysis results indicate that minimum wage perception has a significant positive effect on job stability among private-sector employees in Yogyakarta. When the minimum wage is perceived as sufficient to meet basic living needs, it enhances employees’ sense of financial security and job satisfaction, thereby contributing to greater job stability. Conversely, a negative perception, such as the belief that wages are inadequate to cover essential expenses, can lead to dissatisfaction and reduce employees’ intention to remain with the organization. Research by Neumark & Wascher (2007) supports this finding, showing that wage dissatisfaction is associated with higher turnover rates, as workers are more likely to seek alternative

employment offering better compensation.

Additionally, perceptions of the minimum wage can affect workers’ motivation and loyalty to the company. When employees feel that the wages received are not commensurate with their contributions or with labor market conditions, they may no longer feel tied to the company. This, in turn, can lower job stability. Nasir (2022) stated that dissatisfaction with the minimum wage is often associated with decreased productivity and organizational commitment, which ultimately reduces job stability within the company. Workers who feel financially depressed or unappreciated are more likely to seek out new jobs that offer better compensation, which negatively impacts employee retention rates.

This study found that minimum wage perception has a significant positive effect on job stability among private-sector employees in Yogyakarta. This indicates that the higher employees’ perception of wage adequacy, the greater their sense of job security and stability. Financial security is widely recognized as a key driver of organizational commitment and a critical factor in reducing employee turnover (Green et al., 2024). When wages are perceived as sufficient to meet basic living needs, employees tend to feel more motivated and perform better, which in turn enhances job stability. Conversely, negative wage perceptions can reduce job satisfaction and undermine employment stability (De Lange et al., 2008).

However, the relatively low provincial minimum wage (PMW) in Yogyakarta (IDR 2,125,898) may hinder job stability, as this amount is often insufficient to meet the rising cost of living. According to Schmitt (2013), low wages are frequently associated with reduced job satisfaction and increased job instability. This is because the inability to afford a decent standard of living can lead to employee demotivation and financial distress, which in turn negatively affect work performance and organizational loyalty. Therefore, although the PMW is set in alignment with regional economic conditions, a more substantial increase could enhance employee perceptions of fairness and improve overall job stability.

A low minimum wage also undermines employees’ economic well-being, which in turn negatively affects job stability. Chowdhury (2020) found that wage dissatisfaction is associated with reduced motivation, increased absenteeism, and a higher intention to leave the organization. Employees who feel undervalued or unable to meet their basic needs are more likely to seek alternative employment offering higher compensation, leading to increased turnover and organizational instability. Therefore, a more realistic assessment and adjustment of the Provincial Minimum Wage (PMW), aligned with the actual cost of living, is essential to ensure that employees feel fairly compensated and secure in their jobs.

Adjusting wages to align with prevailing economic conditions is a critical consideration for both government and business leaders in Yogyakarta. Schaufeli and Bakker (2004) emphasized that higher wage policies can enhance job satisfaction and reduce employee turnover, thereby improving job stability. Consequently, increasing the Yogyakarta Provincial Minimum Wage (PMW) to better reflect the actual cost of living is likely to have a positive effect on job stability and strengthen employee organizational commitment. Policymakers in Yogyakarta should incorporate these factors into wage-setting decisions to foster a more stable, equitable, and productive work environment.

4.2 Effect of Purchasing Power Perception on Private Employee Job Stability

The analysis indicates that purchasing power perception does not have a significant positive effect on job stability among private-sector employees in Yogyakarta. While, in theory, higher purchasing power is often associated with greater job stability due to increased financial security, this relationship does not hold consistently across all contexts. This may be attributed to the influence of other, more dominant factors, such as psychological well-being, work environment quality, and supervisor-subordinate relationships, that play a more critical role in shaping employee stability. Beyond financial considerations, interpersonal dynamics in the workplace and leadership quality can be more influential in determining employee commitment and long-term job retention (De Lange et al., 2008).

In the context of Yogyakarta's relatively low provincial minimum wage of IDR 2,125,898, although employees' purchasing power may be constrained, many are able to sustain themselves through careful expense management and prioritization of basic needs. This suggests that, despite limited financial capacity, individual adaptation strategies and personal financial resilience play a more significant role in job stability than the perception of purchasing power alone. While minimum wage levels can influence perceived purchasing power, individuals' ability to adapt to local economic conditions often has a stronger impact on their long-term employment decisions (Green et al., 2024).

Cultural and social factors also shape how employees perceive their purchasing power. In Yogyakarta, individuals often prioritize non-material aspects such as job security and proximity to family or community over financial considerations. Chowdhury (2020) notes that job stability is more strongly influenced by social and psychological factors, including strong interpersonal relationships in the workplace and a sense of belonging within the organization. Employees who feel valued by their employer and receive adequate social support are likely to be less affected by limited purchasing power and more inclined to remain in their current positions.

Another contributing factor is the low expectations or acceptance of prevailing wage levels. In Yogyakarta, where the minimum wage is relatively low, employees have adjusted their expectations to align with local economic realities. According to Schaufeli and Bakker (2004), wage and job stability expectations are strongly shaped by social norms and regional economic conditions. Employees accustomed to lower wages or living in economically constrained environments may perceive limited purchasing power as normative and thus experience minimal impact on their job stability. This suggests that purchasing power perception is not always a primary determinant of job stability in regions with more conservative economic contexts, such as Yogyakarta.

4.3 Effect of Economic Welfare Perception on Private Employee Job Stability

The study's findings indicate that perceptions of economic well-being do not have a significant impact on job stability among private-sector employees in Yogyakarta. Economic well-being is commonly associated with adequate financial conditions and an improved standard of living. However, the results suggest that the perception of economic welfare alone is insufficient to serve as a determining factor in job stability. This may be because job stability is more strongly influenced by non-economic factors such as workplace social relations, organizational climate, and overall job satisfaction. As Yuwono (2021) explains, while economic well-being positively affects psychological well-being, work-related factors, such as managerial support and opportunities for professional growth, tend to be more decisive in shaping employee job stability.

Although some employees in Yogyakarta perceive their economic well-being as unfulfilled due to the low minimum wage (IDR 2,125,898), this perception is not sufficiently strong to influence their decision to remain in their jobs. This suggests that non-economic factors, such as individual emotional resilience and intrinsic work commitment, may exert a greater influence on job stability than perceptions of economic well-being alone. Research by De Lange et al. (2008) indicates that organizational commitment and work engagement, which are closely tied to psychological and motivational factors, are often more decisive in sustaining employment than economic perceptions. Therefore, even when employees feel that their economic well-being is inadequate, a strong sense of attachment to the job or organization can mitigate the negative impact of this perception on job stability.

Cultural and social factors also shape perceptions of economic well-being in Yogyakarta. The local population, known for its strong traditions of communal cooperation and family values, tends to prioritize social stability and interpersonal relationships in the workplace

over the pursuit of high economic welfare. Employees in the Special Region of Yogyakarta (DIY) often place greater importance on non-material aspects, such as social security, proximity to family, and harmonious work relationships, than on subjective assessments of economic well-being. Psychological and social factors, including a sense of belonging within a workgroup and access to social support, are more consistently associated with job stability than objective or perceived levels of economic well-being (Clark & Oswald, 1996).

The influence of economic well-being perception on job stability may also be moderated by lower expectations regarding welfare in Yogyakarta. Given the relatively low minimum wage, many employees have adjusted their expectations to align with local economic conditions. Workers are more likely to remain in their jobs despite limited economic well-being, particularly in areas with a lower cost of living and shorter life expectancy (Green et al., 2024). This suggests that perceived financial well-being is not the primary driver of employment retention in Yogyakarta. Instead, employees' adaptation to prevailing conditions and their prioritization of other pressing non-economic factors appear to play a more significant role in their decision to stay employed.

This study concludes that, among the three variables examined: minimum wage perception, purchasing power perception, and economic welfare perception, only the perception of the minimum wage has a significant and positive effect on job stability among private-sector employees in Yogyakarta. This indicates that employees' perceptions of wage fairness and adequacy play a critical role in shaping their sense of job security and long-term employment commitment. In contrast, perceptions of purchasing power and economic welfare did not exhibit statistically significant effects on job stability. These findings suggest that while purchasing power and general economic well-being contribute to overall life satisfaction, they are not direct predictors of job stability. This aligns with prior research, such as De Lange et al. (2008) and Clark & Oswald (1996), which emphasize that non-economic factors, such as psychological commitment, social support, and organizational culture, often exert a stronger influence on job stability than material well-being alone.

5. Conclusion

The findings of this study have practical implications for policymakers and employers in regions with relatively low minimum wage standards, such as Yogyakarta. Enhancing the transparency and perceived fairness of wage-setting mechanisms may improve employees' sense of job stability, even in the absence of significant improvements in actual economic

conditions. For employers, these results underscore the importance of recognizing employee perceptions of wages as a critical component of human resource strategies aimed at reducing turnover and enhancing organizational commitment.

A key strength of this study lies in its contextual focus on Yogyakarta, a region characterized by strong cultural values, distinct economic conditions, and relatively low wage levels. By integrating local socio-cultural dynamics into the analysis, the research provides nuanced insights into how employee perceptions are shaped and how these perceptions influence job-related behaviors. Furthermore, the use of multiple perception-based variables within a comparative framework enhances the analytical depth and clarifies which economic factors most significantly affect job stability. Future research could explore how these perceptions evolve in response to wage policy reforms or economic shocks, and examine the mediating roles of psychological and cultural factors in the relationship between economic perceptions and job stability.

This study underscores the critical role of minimum wage perception in shaping job stability among private-sector employees in Yogyakarta. Policymakers and employers should ensure that minimum wage levels are aligned with the local cost of living to enhance employees' sense of financial security and reduce turnover. Regular reviews of wage policies and transparent compensation systems are essential for improving employee satisfaction and retention.

Although perceptions of purchasing power and economic welfare were not found to be significant predictors of job stability, initiatives aimed at improving overall economic well-being, such as skills development programs, targeted social assistance, and inclusive fiscal policies, remain vital for fostering a supportive and equitable work environment.

For academics and researchers, this study provides a foundation for developing theoretical models that link subjective economic perceptions with employment behavior. It highlights the importance of integrating perceptual variables with objective indicators in labor market research, offering a more holistic understanding of job stability in contexts shaped by cultural and economic constraints.

6. Limitations and Further Study

Future research could expand the generalizability of this study by comparing workers across the public and private sectors or by extending the geographic scope to include additional provinces. Investigating psychological and cultural moderators of the observed relationships, such as resilience, job embeddedness, or regional value systems, may further explain the non-significant effects of purchasing power and economic

welfare perceptions. Such insights could be gained through qualitative research aimed at uncovering the underlying reasons for these findings. From a practical standpoint, this study can assist local governments in designing wage policies that are more responsive to employees' psychological needs and subjective perceptions, thereby enhancing job security and workforce stability.

Authors' Contributions

Conceptualization, S.A.; methodology, S.A.; software, S.M.; validation, S.A.; formal analysis, S.A. and S.M.; investigation, S.A.; resources, S.A.; data curation, A.I.K.; writing—original draft preparation, all authors contributed equally; writing—review and editing, A.I.K.; visualization, S.M., and A.I.K.; supervision, S.A.; project administration, S.A. All authors have read and agreed to the published version of the manuscript.

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Institutional Review Board Statement

The study was conducted in accordance with the Declaration of Helsinki and approved by the Research Ethics Review Committee for Research Involving Human Research Participants, Mulawarman University, Indonesia.

Informed Consent Statement

Informed consent was obtained from all subjects involved in the study.

Data Availability Statement

The authors will provide the original data that substantiates the conclusions of this article upon request.

Conflicts of Interest

The authors declare no conflicts of interest.

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