1. Introduction

Education has become one of society's primary needs. Even in society, there is an opinion that education is an investment. This idea comes from the assumption that by continuing higher education there will be hope of getting a higher level of wages when working in the future. Having a high level of education will make it easier for someone to get a job and also get a higher wage compared to not having a high level of education.
One of the biggest challenges in the labor market is how to create adequate or decent jobs for the workforce. This job creation must be anticipated before there is an increase in unemployment due to the population continuing to grow. The challenges in the labor market include two aspects, namely the creation of new jobs for the workforce who are not yet working, as well as increasing work productivity for those who are already working so that they can have appropriate work benefits in order to have an economically decent life.

Another problem faced in efforts to create a labor market is the low quality of the workforce which is caused by the relatively low level of education of the average population. This condition is further exacerbated by the situation of workers in higher education who often fall into a cycle of unemployment, both open unemployment and disguised unemployment. When this condition continues, it will lead to an accumulation of educated workers in places that cannot be absorbed by the available business opportunities. As a result, many workers work in business fields that do not match the education they have and have to receive wages that do not match the educational standards they have. Apart from that, many people are highly educated but are not absorbed into the job market because they are not qualified or do not have the skills and the available jobs do not match the desires of job seekers.

A person's education will affect their work productivity. This is because with higher education the person's knowledge and skills will increase. Through higher education, a person has the ability to be productive in a job that meets the criteria desired by a company. From a company perspective, education is one of the things in employee screening. By using educational levels, companies carry out initial selection for employees or prospective employees during employee recruitment.

The level of education will generally correlate with the economic level of the community. Communities with a low economic level will generally also have a low level of education. The public's lack of understanding of the importance of education for their future means that people at this level of education only rely on basic education, which they generally get for free at state schools. Once they complete basic education, they will generally go straight into the job market. This is reflected in the large number of workers with basic education levels in manufacturing and retail companies in the city of Surabaya.

This condition continues to occur, giving rise to a vicious circle that will never stop, where economic conditions will result in low levels of education, low levels of education will result in low productivity, low levels of productivity will result in low wages received and this will worsen the economic conditions of these workers. to be low.

Conflict occurs when there is a requirement for a higher level of education to be able to occupy a certain position. The existence of requirements regarding the minimum level of education to be able to hold certain positions is then considered to close down opportunities for workers who do not have a high level of education. Thus, workers with a low level of education will find it difficult to get economically viable wages because the productivity of these workers is less when compared to other workers who have a higher level of education and these workers do not have the opportunity to be promoted to higher positions.

The phenomenon of the educational level of workers in manufacturing and retail companies in the city of Surabaya shows how education and wage levels are interconnected. To get a high level of wages, workers or prospective workers must at least have a certain level of education. (Marco Francesconi, J. Michael Orszag, 2000), emphasize that education in influencing wages is not just formal education. Various types of training that aim to improve the quality of human resources owned by the company are also included in the definition of education itself.

However, although there have been many studies that have tried to discuss the relationship between education and wage levels, the relationship between the two is still biased (Borjas, 2020; Iksan & Arka, 2022; Kampelmann et al., 2018). In general, there are assumptions and theories that say that education and wages are directly proportional, where higher education will have an impact on higher wage levels. However, this condition is unlikely to occur in countries with high unemployment rates where workers are willing to work at wages below the average wage level for their level of education.

Starting from the phenomenon that has been revealed, this article tries to reveal in more depth how workers' perspectives actually relate to education. Is it true that educational level can be used as a
prerequisite for determining certain job positions? Is it true that education will have an impact on workers' income?

2. Literature Review

Education is an activity carried out by humans to increase their knowledge and understand how to be polite. Through education, people can also learn how to be ethical. So it can be concluded that education is one of the most important factors in human life. In theory, education can be defined as a continuous process of higher adjustment for human beings who have developed physically and mentally, who are free and aware of God, as manifested in the intellectual, emotional and human nature of humans (Rahman et al., 2022).

From a labor market perspective, education can be interpreted in two ways, namely an educated workforce and a trained workforce. Educated workers are workers who have completed formal education up to a certain level as required by the employer. Meanwhile, skilled workers are workers who have the ability to do work that requires certain abilities and usually these abilities are very specific abilities in one particular field. A trained workforce is not necessarily an educated workforce, and vice versa (Borjas, 2020). From this definition it can be seen that a person's education and skills are important, and can increase wages or income. This higher income is obtained by working effectively and efficiently through the skills and education that one has.

Wages are a reward that workers receive from employers for work and services that have been carried out or will be carried out in business activities which are valued in the form of money according to agreements and applicable laws and regulations. The definition of wages from an employment perspective is not only limited to the salary received by the worker every month. All other facilities received by the worker and these facilities received because of a certain position are also included in the definition of wages (Mamuaya & Pratomo, 2020). The definition of wages is not only limited to remuneration for the energy and time that workers have given to the company, but can also be expanded by looking at the purchasing power of these wages. (Sukirno, 2011) provides a definition of real wages, where according to him real wages are the level of wages received by workers as measured by the ability of these wages to purchase goods and services by the workers who receive them. Several other literatures also link workers' wages and the inflation rate to obtain the real wage value.

Education level is a factor related to the wages that the worker will receive (Andy Cahyono et al., 2006). The relationship between education and wage levels is often described as a positive correlation, meaning that as the level of education increases, so does the level of wages. This is based on the concept that education develops skills that make workers more productive, and wage differentials reflect these differences in productivity(Psacharopoulos & Patrinos, 2018). Workers with a higher level of education can earn better wages than workers with a lower level of education. Apart from education level, wages are also influenced by the type of work. A person's education greatly influences the type of work, if the education is higher, the type of work will be higher and this will affect the income that person earns. Apart from that, a person's type of work will be seen according to the skills they have. Therefore, the level of education and skills greatly influences the type of work. Meanwhile, educational level is a long-term process that uses systematic and organized procedures, in which managerial workers learn conceptual and theoretical knowledge for general purposes (Sikula, 2011).

(Perez, 2010) provides basic assumptions about why education has a vital role in the labor market. The basic assumptions are: (1) higher education will be better than lower education, and (2) level of education, region of origin and age will influence a person's competitive level in the job market. The first assumption conveyed by Garauste will lead to the influence of education level on workers' wage levels. This condition occurs with the assumption that a higher level of education will bring workers to a higher level of skills and abilities.

According to (Wijaya & Utama, 2013), labor absorption can affect efficiency, where the more efficient the labor production factors used, the better business efficiency will be. One of the easiest ways to measure the level of efficiency is to compare the output that can be achieved with the input used. This simple
mathematical comparison then results in the idea that to achieve the expected level of efficiency the company must work with inputs that are able to achieve the expected output target. In this way, the company will ultimately only use workers who are capable of meeting the desired targets.

There are two important things about how education can affect workers' wages. These two things are:
1. Earnings Function: Earnings from education are usually estimated using an earnings function, which describes wage earnings as a function of education and experience. This means that your earnings in the labor market depend on your level of education and the amount of work experience. (2) Higher Education, Higher Earnings: In general, jobs that require a high level of education and skill pay higher wages than jobs that require little skill and little education (Psacharopoulos & Patrinos, 2018).

Education is also one of the supporting factors for a country's progress. With a country's high level of education, it can produce quality human resources and contribute to developing the country. In the long term, the population responds to this by investing in education by going to school or continuing their education to a higher level in the hope of earning a higher income (Prasetya, 2021).

3. Research Method

The method used in this research is a qualitative approach. A qualitative research approach was used because this approach was most appropriate for this research because this research focuses on informants' perceptions regarding the importance or not of education in the labor market and how this education impacts workers' wages. This research aims to provide an explanation of phenomena that actually occur in the field, and also to describe systematically, factually and accurately the facts of the phenomena studied. This research uses a phenomenological and sociological paradigm, where this research can explain more deeply about several individuals in responding to phenomena that occur in the surrounding environment.

The subjects of this research are workers in manufacturing and retail companies operating in industrial areas in the city of Surabaya. The time period used in this research is 2022 to 2023. One year is considered sufficient to be able to describe real conditions. This research focuses on exploring more deeply whether the level of education has an important role in obtaining a higher position in the labor market which will ultimately have an impact on the wages received by workers. The phenomena that occur in this research are related to the research object, namely sociological phenomena or workers in manufacturing and retail companies in industrial areas in the city of Surabaya.

This research took a population of manufacturing and retail company workers in industrial areas in the city of Surabaya. In this research, the technique used to collect data sources is by conducting direct observations or observations at manufacturing and retail companies in industrial areas in the city of Surabaya and also interviews with workers from staff level to division leaders. The data collection technique in this research uses the snowball sampling technique which is often used in research using qualitative approach methods.

There are requirements for this research to be carried out using snowball sampling, namely by selecting informants and carrying out an interview process, then the second, third and subsequent informants are selected based on information originating from the first informant or previous informants. The informant requirements in this research are:
- a. Workers who work in manufacturing and retail companies in industrial areas in the city of Surabaya
- b. Workers who have completed high school education or equivalent
- c. Workers who have worked for more than three months in manufacturing and retail companies in industrial areas in the city of Surabaya

Based on the respondent criteria mentioned above, this research used 10 respondents who met the requirements. The ten respondents were spread across several manufacturing and retail companies in the city of Surabaya.

The data in this research is primary data obtained directly from the data source. Data was obtained by direct and unstructured in-depth interviews. Unstructured interviews were conducted to obtain more detailed information from informants.
Information and data that have been obtained from interviews with informants, the next step is to carry out triangulation. In this research the author will carry out several triangulations, namely data source triangulation, technical triangulation and time triangulation. Triangulation in research that uses a qualitative approach must be carried out with the aim of ensuring that all data obtained is valid data and can be carried out in research. Conclusions can be drawn after ensuring the validity of the data obtained through the triangulation process.

The triangulation process in this research was carried out in an unstructured way. Each respondent will be asked the same questions at different times to ensure the consistency of the respondents’ answers. Respondents with inconsistent answers will be removed from the main discussion and will be replaced with other respondents with consistent answers. Apart from that, taking respondents randomly and not just focusing on one type of company is one way to find answers from different points of view.

4. Result and Discussion

Surabaya is one of the cities in Indonesia that has an industrial and trade economic style in daily economic activities. With a more prominent economic structure in the fields of industry and trade, many companies have emerged, especially manufacturing and trading companies. To be able to operate normally and make a profit, a company must have workers who can work well.

Having workers with educational qualifications and competent skills is an advantage for the company. The company will get good performance from its workers and with this good performance in the end the company will be able to provide good income to its workers. Thus, education is one of the keys to increasing workers’ income.

How important education is in relation to work was revealed by a human resource department officer. According to SL as an officer, education has a big influence on increasing wages.

“Pendidikan ya penting seh soalan kan pendidikan itu menunjang kita buat naik jabatan, apalagi kuliah kan di kuliah kita dapat materi yang bisa diterapkan pas kerja, jadi kalo mau dapet jabatan yang tinggi biar upah tinggi juga ya harus modal awal mahal juga biar balik modal”

“Education is important, because education supports us in getting a promotion, especially when we go to college, we get material that can be applied when working, so if you want to get a high position and get a high salary, you have to have expensive initial capital so you can get a return on investment”

SL’s opinion emphasizes that education is an important thing. Through education, workers will gain knowledge and skills that will be useful when working. The same opinion was also expressed by SS. In his daily life, SS is the head of the sales division at a manufacturing company, the same company as SL. Furthermore, SS revealed that:

“Ya stuju banget kan pendidikan penting buat jabatan kita karna ga semua bisa ada di jabatan tertentu jadi harus ada yang bisa basic atau teori biar dia bisa menangani suatu permasalahan atau paham sama jobdesk di jabatan tertentu jadi ya penting banget kalo buat jabatan tertentu”

“Yes, I really agree that education is important for our position because not everyone can be in a certain position, so there has to be someone who knows the basics or theory so that they can handle a problem or understand the job desk in a certain position, so yes, it is very important for a certain position.”

Regarding how important education is, especially to be able to occupy certain positions, this was expressed by RSY as head of administration at a manufacturing company in Surabaya.

“Kalau aku sey kan. Setuju aja sih karna pendidikan itu pondasi penting buat kehidupan yang makmur, gaji besar, yo salah satunya bisa didapatkan lewat jabatan tertentu jadi untuk bisa di suatu jabatan tertentu ya harus punya pendidikan tertentu yang sesuai lah ya sama jabatan itu”

“As for me, yes, I just agree because education is an important foundation for a prosperous life, big salaries, one of them can be obtained through certain positions, so to be able to be in a certain position, you have to have certain education that is appropriate for that position."
This expression is basically the same as SS’s expression in the previous interview which also emphasized the importance of higher education to be able to occupy a higher position. The consequence of this higher position is that it requires higher skills and knowledge than the previous position. The answer given by SS emphasized the importance of increasing workers’ skills and knowledge to be able to get a promotion. A worker’s ability to work well does not only come from formal education. Skills obtained primarily from work experience are better because they directly relate to daily work. Indirectly, this confirms that work experience is a factor other than education that can have an impact on worker performance. This opinion was expressed by YDA as head of the Sales Department.

“Kataku lo ya, pendidikan ya ada pentingnya karna di jabatan tertentu diperlui beberapa orang yang harus paham jabatan tersebut salah satunya bisa saja ditempuh lewat kuliah atau pendidikan yang tinggi tapi ya bisa juga dari pengalaman cuma lebih bagus kalo dia berpendidikan khusus biar dia paham jobdesnya’’

“I said yes, education is important because in certain positions it is necessary for several people to understand the position, one of which is usually achieved through college or higher education, but yes, it can also be done from experience, it's just better if he has special education so that he understands the job description.”

Through the opinion expressed by YDA, a conclusion can be drawn that the willingness and ability to learn from various sources by workers is a very important thing to do. Without these two things, workers will remain limited in their abilities and skills, which will result in no further promotion.

Even though in theory and practice it is sufficient to confirm that education is one of the important and fundamental things for a worker to obtain a higher level of wages through the skills he has acquired, several informants actually emphasized other things. Education is not important to be able to get a higher wage level. FAN, as a warehouse worker, revealed that using educational level as a prerequisite for obtaining a higher position is a form of injustice in company operations.

“Ga setuju, kalo kaya gitu ya kasian yang ndak mampu dong, kalo dia bisa atau punya kapabilitas yang cocok buat jabatan tertentu tapi dia ga dibolehhi menjabat karna tingkat pendidikan cuma sma sedangkan persyaratan harus sarjana kan yo ga adil, dia mampu dijabatan tertentu tapi tidak bisa karna minimnya persyaratan sedangkan yang menjabat nanti malah tidak kompeten jadi perusahaan rugi”

“I don't agree, if it's like that, it's a pity for those who can't afford it, if he can or has the capabilities that are suitable for a certain position but he's not allowed to hold the position because his educational level is only high school while the requirement is to have a bachelor's degree, that's not fair, he's capable of holding a certain position but he can't because of the lack of requirements while those who take office are not competent, the company will suffer losses.”

EYB, one of the supervisors at a retail company that operate cross over the country, revealed that education is important to get a higher wage level. However, determining high and low wages based on workers’ education level will not be possible in some fields, for example in marketing. This opinion is expressed as follows:

“Nek nggone sales opo marketing iku kan sing penting isok capai target penjualan opo enggak tho? Jadi misal ada sales yang pendidikame tinggi, wes sarjana, tapi laporan penjualane kalah karo sales yang pendidikane SMA, yo tetepe kan gaji take home pay lebih besar yang sales capai target tadi?’’

“In sales and marketing, what's important is whether or not you achieve your sales target, right? So, for example, if there is a salesperson who has a higher education, with a bachelor's degree, but the sales report is less than that of a salesperson with a high school education, the take home salary is still higher if the salesperson reaches the target?”

The wage system is based on bonuses or commissions which are calculated based on the worker’s performance, so education is not something that really influences the wages the worker will receive. There are other factors that really determine the high and low wages that will be received. This factor is the performance of the worker concerned. If the worker is able to meet the targets assigned to him, the worker
will receive wages in the form of a salary plus bonuses and commissions. Meanwhile, for workers who do not meet the target, these workers will only receive wages in the form of basic salary.

A wage model that focuses on bonuses for achieving targets will have further consequences for both the worker and the company. Workers will try in any way to achieve the targets that have been given. This happens because if the worker does not reach the target then he will not receive a bonus from the company and will only receive a fixed salary. However, if this condition continues, it will ultimately have an impact on the company because workers will only focus on how they can achieve their targets and not think about how these workers want to continue their education to a higher level.

Wage modeling that relies on bonuses and commissions will ultimately make workers reluctant to continue their education. PSK, a worker in a sales position of retail company in Surabaya, firmly stated that he chose not to continue her education to higher education. For him, upper secondary education is enough because it can provide more than enough wages.

“Lha ngapain sekolah lagi? Aku gak pake sekolah sampe sarjana yo buktine isok gajian lebih dari UMR kan? Mendingan duit buat sekolah itu di investasikan ke emas opo saham.”

“What are you doing at school again? I didn't go to school until I graduated, so the proof is that my salary is more than the minimum wage, right? It's better to invest money for school in gold or shares.”

This statement indicates that a wage system based on bonuses and commissions will indirectly weaken workers' motivation to improve their education. Workers will prefer to pursue the targets assigned to them and will ignore pursuing higher levels of education.

Based on opinions from several sources, it can be seen that education is important in promotion to get a decent wage, this is in accordance with previous research from (Blaug, 1972) who conducted research on the relationship between education and income. Blaug states that individuals who have higher education have more income because they have special skills acquired during their education. With these skills, it will be easier for them to get work. Then, the results of this research are also in line with the results of research by (Julianto, 2018) which states that the level of education has a significant effect on individual income levels. The higher the level of education, the level of income will also increase.

From a theoretical perspective, (Borjas, 2020) revealed that education is a very substantial thing for workers to be able to get higher wages. However, workers' wages in reality are not only based on the level of education possessed by the worker, but also other factors. Several factors revealed by (Borjas, 2020) include race, gender, and several other social factors that can correlate with workers' wage levels.

Education is considered to be something that influences a person's skills, behavior and attitudes, so it is also related to a person's income level. Income or wages are related to the educational characteristics of workers. The higher a person's level of education, the greater the possibility of earning a higher income. This is because higher education will indirectly have consequences for individual choices in getting a job.

Looking at previous research, it can be concluded that high education can lead to a high position so that the income or wages obtained are also decent, so many sources also agree that high education can also lead to a high position and also get a decent wage.

The relationship between wage levels and education can be further explained in signaling and screening theory (Perez, 2010). In short, this theory explains that the level of education can be likened to a guarantee card or guarantee given by someone when that person applies for a job. In recruiting employees, a manager faces a situation called imperfect information. The data held by the manager is limited to job application letters and several other supporting files. In conditions like this, the level of re-education will be a guarantee or guarantee for someone to be able to work in a certain position. This is because the company or manager basically does not know the complete and detailed qualifications of the worker.

The debate regarding whether or not the level of education is important in the labor market will continue as long as wages are not absolutely based on the level of education possessed by the worker. If there are still workers with a higher level of education and are still willing to work with a lower educational standard, then the initial assumption that education will have an impact on workers' income cannot apply in this case. The composition of employee salaries which relies more on commissions and bonuses if employees achieve
their targets compared to a salary system which relies more on basic salaries and fixed allowances, so worker performance will determine more about how much salary the worker will receive.

Some types of work require special skills. These special skills can be obtained in two ways, first through formal education and second through training provided by the company or place of work. Types of work at a managerial level or higher generally require a higher level of education, so types of work at this level can generally only be accessed by workers with a certain level of education.

Education has an important role in everyday life. Having a high level of education will correlate with a person's abilities. The higher a person's education, the higher their abilities and this has an impact on higher wage levels. Several sources and literature also emphasize that education is one of the basic needs components of society that must be met

5. Conclusion and Research Limitations

5.1. Conclusion

In fact, education does have an impact on the level of wages received by workers. However, it must also be noted that education is not the only factor used by companies in determining workers' wage levels. Several other factors used by companies in determining wage levels are length of service, work experience, and performance achievements of the worker. Several unmeasurable factors are also used by companies in determining how much the worker's wages will be.

Regarding the impact of education on wages, education will directly or indirectly change the worker. Through education, these workers will gain additional knowledge and skills that will support them in the workplace. Apart from that, education will generally change the mindset of workers to be more measurable and more systematic, which in the end will make workers able to work more efficiently. Wage increases will follow workers where these workers are able to improve their performance through education, be it formal education, non-formal education and even skills training. Workers with a certain level of education also have a greater chance of being able to hold certain positions in the company. With this higher position, the consequence will be a higher wage level as well.

5.2. Research Limitations

The results in this research might be different if it was carried out at another company or at a different location. For researchers who are interested in continuing this research, expanding the research object and increasing the number of samples studied is highly recommended. The use of quantitative research methodology can also be used for further research, where a quantitative approach can minimize elements of bias as occurs in qualitative research.

References


