The Effect of Gender Inequality in Employment on Economic Growth in Batam City

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A R T I C L E   I N F O

A B S T R A C T

This study aims to examine the effect of gender inequality in employment on economic growth in Batam City. The associative quantitative research method is used with multiple linear regression analysis techniques to describe the relationship between variables in the study. The results show that simultaneously, labor force participation rate (LFPR), wage equality, and work progress have an influence on economic growth, where any reduction in gender inequality in employment contributes to boosting economic growth. Therefore, a collaboration between the government, private sector, and non-governmental organizations is expected to encourage the implementation of gender mainstreaming policies and programs that support gender equality in the employment sector and have the potential to make a positive contribution to economic growth.

1. INTRODUCTION

Introduction i Since its inception in 1970, Batam City has been designated as an industrial center and has become one of the success stories of economic growth in Indonesia. Batam City is one of the major industrial areas in Indonesia and has become a center of economic and trade activities. Along with its status as a special economic zone and part of the Special Economic Zone (SEZ), the region has experienced rapid economic growth and development, with a concomitant increase in investment. The region has become an investment destination for many national and international companies, with investors coming in and driving the economy, creating job opportunities, and improving the standard of living of the local population. This has made Batam City a very important industrial, trade, and economic center in Indonesia.

Based on KEPPRES Number 41 of 1973 concerning the Industrial Area of Batam City. Batam City continues to be committed to enhancing its economic growth through various industrial sectors. In its capacity as an industrial city, Batam is home to more than 1,300 leading industries, including foreign investment and domestic investment, employing approximately 169,000 workers who contribute to both oil and gas and non-oil and gas production (BP Batam n.d.). In 2007, Batam City, along with Bintan and Karimun, was granted status as a free trade zone (FTZ). This means that the area has tax and regulatory incentives that favor international trade and foreign investment. This has encouraged investment growth in the region. By 2023, there will be 30 industrial estates serving light and heavy industries in Batam City (BP Batam, 2023) In the previous year 2022, Batam City has managed to achieve an economic growth of 6.84%, exceeding the previous economic growth of only 4.75%. This economic growth cannot be separated from the increase in foreign investment (FDI) into Batam City which reached 48.5% and amounted to USD 746.85 million (or 1,738 projects). With this achievement, Batam City has helped Riau Islands Province realize foreign direct investment (FDI) of 79.97% of the current 6 districts and cities.

The development of economic growth and investment in Batam City has attracted many workers from various regions in Indonesia to Batam City (Kurniawan, 2023). Because of the many industries operating in various sectors in Batam City, people come in search of work and an improved quality of life. This increases the population growth rate of Batam City and has a direct impact on the increase of productive age and labor force ratio. As a result, labor issues are becoming increasingly complicated and require policies and strategies to deal with them (BPS Kota Batam, 2023). However, behind the economic progress and rapid industrial development, there is one labor problem that still occurs today, namely gender inequality in employment.

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Gender is a principle of social organization that divides society into two main categories, namely "the female category and the male category" (Lorber, 2018). Gender involves norms, roles, and behaviors associated with women, men, and relationships with each other (Manandhar et al., 2018). This has an impact on the division of roles, differences in behavior and social status between men and women, where socio-culturally men tend to be more privileged (Gusmansyah, 2019). So that's when gender inequality occurs and produces gaps that intersect with other social and economic inequalities. Gender inequality in access, participation, control, and benefits of development must be challenged and becomes a problem when women and men have different roles, functions, responsibilities, attitudes, and behaviors (Aula, 2023). Increasing women's participation in various sectors, especially in the economic or labor sector, is very important to achieve gender equality (Kemen PPPA, 2023). Gender equality in the economic sector is a key factor in sustainable and inclusive economic development. Sustainable and inclusive economic development depends on gender equality in the economic sector. Gender equality in the workplace is outlined in Law Number 13 of 2003 concerning manpower, specifically Articles 5 and 6. Everyone who works or seeks work is guaranteed equal and non-discriminatory rights under Article 5, and every worker is also entitled to equal and fair treatment from employers under the law Article 6.

The Global Gender Gap Index (GGGI), published by the World Economic Forum in 2023, examines the global gender gap between men and women in four key areas (sub-indices): political empowerment, health and survival, economic (employment) opportunities and participation, and educational attainment. The gender inequality in employment sub-index consists of three main aspects, namely the labor force participation gap, wage or remuneration inequality, and the job advancement gap. The labor force participation gap is measured by comparing the work participation rate between women and men in the labor force. In contrast, data on the income levels of men and women in terms of equal pay for the same or similar work is used to measure wage inequality. Finally, the percentage of women compared to men in managerial, leadership, senior, technical, and professional roles is used to calculate the gender gap in occupational advancement.

In general, the condition of Indonesia's gender equality can be seen through the achievement of the Gender Development Index (GDI). This index aims to provide an overview and information about differences or injustices between men and women in three main aspects, namely education and knowledge, decent living standards, and life expectancy. The calculation of GDI is done by comparing the achievement of the Human Development Index (HDI) of men with the achievement of the HDI of women. Human development progress can be measured using the HDI score. In 2022, the female HDI in Batam City reached 80.83 and the male HDI reached 85.31. Thus, there is a gap of 4.48 points between the HDI achievements of men and women. In the same year, the GDI of Batam City reached 94.75, indicating that the process of equitable development for women and men has been good nationally. Although the GDI value of Batam City has reached an average value of 90, the achievement of women's development is still below that of men.

Despite high HDI and GDI values in Batam City, gender inequality still exists. HDI and GDI are important indicators, but they reflect only part of the complexity of gender inequality issues. Gender inequality in employment in Batam City can be seen from the Labor Force Participation Rate (LFPR) of men and women. The Labor Force Participation Rate (LFPR) is an indicator that shows the percentage of the productive-age population who are working or have worked. The LFPR of women is always lower than that of men. The factors that cause the low LPPR of women in Batam City are patriarchal culture and social norms prevailing in society. The society prioritizes traditional roles over transition, so women choose to stay at home as family caretakers and refuse to enter the workforce (Nuraeni & Suryono, 2021).

Table 1. Productive age population by gender and activities a week ago, Batam City 2018-2022

Activities a week ago	Gender	Year				
		2018	2019	2020	2021	2022
Working Age Population	Male	499.397	533.236	557.602	582.746	608.488
	Female	486.581	509.733	533.521	557.868	582.793
Labor Force	Male	415.975	454.320	469.758	501.661	545.352
	Female	226.170	238.798	275.787	308.916	303.276
Work	Male	370.194	415.270	411.878	446.519	496.458
	Female	207.274	220.246	245.764	269.674	271.049
Unemployment	Male	45.718	39.050	57.880	55.142	48.136
	Female	18.896	18.552	30.023	39.242	32.227
Non-labor Force	Male	83.442	78.916	87.844	81.085	63.136
	Female	260.411	270.935	275.787	248.952	279.517
LFPR	Male	83,30	85,20	84,25	86,09	89,62
	Female	46,48	46,85	51,69	55,37	52,04

Source: BPS Batam City Employment Statistics, 2022 (data processed)

Meanwhile, a closer look at Table 1 shows the inequality in LFPR between women and men. In 2022, the TPAK of men and women amounted to 89.62: 52.04, indicating that the female labor force is relatively lower than that of men. However, this is inversely proportional to the ratio of the number of productive age population between men and women, which is 608,488 : 582,793 in the same year. From the data, it can be seen that most of the productive-age female population in Batam City is not actively involved in the economic or labor sector. This inequality in LFPR has a direct impact on social welfare and human development, which is common in most developing countries in Southeast Asia & Pacific, Sub-Saharan and Eastern Africa (Verick, 2014). The problem of the imbalance between population growth and the increase in the number of jobs, the level of education of the labor force is also a concern, especially in the context of productivity. A low level of education or one that is not in line with the demands of the labor market can lead to a number of problems. In 2022, the productive-age population working in Batam City according to the latest education completed, the labor force was dominated by high school/vocational school graduates (446,633 out of 767,507 workers or 58.22%, then D1/D2/D3/S1/S2/S3 level 125,248 workers or 16.27%, elementary school level 108,932 workers or 14.21% and junior high school level 86,694 workers or 11.30% (BPS Kota Batam, 2023). The picture of gender inequality in employment can also be seen in the level of wages/salaries/incomes of workers. Women usually earn less than their male coworkers (Hartika, 2020). Although regulations requiring the implementation of urban minimum wages (UMK) encourage annual wage increases, female workers still earn less than male workers. In accordance with the Decree of the Governor of Riau Islands Number 1399 of 2022 on the Minimum Wage of Batam City (UMK) for 2023, the minimum wage in Batam City is IDR 4,500,440 for employees with less than one year of work experience. Employees who have worked for the company for one year or more will be bound by the prevailing wage policy at that time, which includes the relevant pay scale and structure (Table 2).

Table 2: Average monthly net wage of laborers

Gender	Average net wage/income of labor					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Male	4.095.432	5.399.651	4.685.813	4.604.806	4.407.399	4.774.512
Female	3.396.148	3.737.518	3.549.075	3.458.794	2.846.423	3.905.243

Source: BPS, Condition of the Riau Islands Labor Force 2022 (data processed)

Male and female workers in Batam City do not receive the same average or net monthly salary, as shown in Table 2 above. In general, the wage gap is caused by differences in individual characteristics, such as education level and work experience (Laili & Damayanti , 2018). These factors, also known as human capital, play a key role in determining the level of productivity of a worker, which in turn affects the amount of wage received. Men tend to congregate in occupations that are considered masculine, while women tend to congregate in occupations that are considered to have a feminine component due to gender role conformity (Kinanti et al., 2021).Patriarchal culture also causes women to occupy lower and marginalized work positions; patriarchy reinforces the view that women are considered weak and part of natural nature," thus causing wage differences between women and men (Rokhimah, 2014). The impact of patriarchy includes restrictions on women, such as limited opportunities and limited access to employment promotion, education, health, and decent living standards.

The government has a responsibility to promote gender equality by creating a fair and inclusive workplace so that women and men have equal opportunities for employment, salary, and career advancement. According to Law No. 13/2003 on Manpower, this regulation regulates various aspects in the world of employment, such as the rights and obligations of workers, the duration of working hours, the amount of wages, leave regulations, protection of occupational health and safety, and many other aspects. This law also regulates the issue of discrimination in the workplace based on gender. This covers various aspects, including the recruitment process, promotion, payroll, termination of employment, and the formation of labor unions. Economic growth is an indicator that a country's economic development is going according to plan. According to Kuncoro in (Hidayah & Rahmawati, 2020), economic growth is defined as the development of economic activity that results in the production of more goods and services. Apart from financial assets, human capital also has a significant role in economic activity. The human capital in question is not only related to quantity but also to the quality of human capital.

The main purpose of this article is to examine how economic growth in Batam City is affected by gender inequality in the labor force. Information on how employment and economic growth are affected by gender inequality can be found in this study. Empirical studies in Indonesia often have limitations in terms of equal pay and job advancement. The Labor Force Participation Rate (LFPR) in previous studies was mainly used to test gender inequality in the employment or economic sector. However, analyzing wage inequality and job advancement are also needed to measure gender inequality in the economic sector.

2. METHOD

This research uses an associative approach and quantitative research methodology. The influence or association between research variables is determined using this research method. This approach focuses on analyzing numerical data and using statistical techniques to determine the extent to which these variables are related to one another. Based on the background, the framework of this research can be formed as shown in the following diagram (Figure 1).
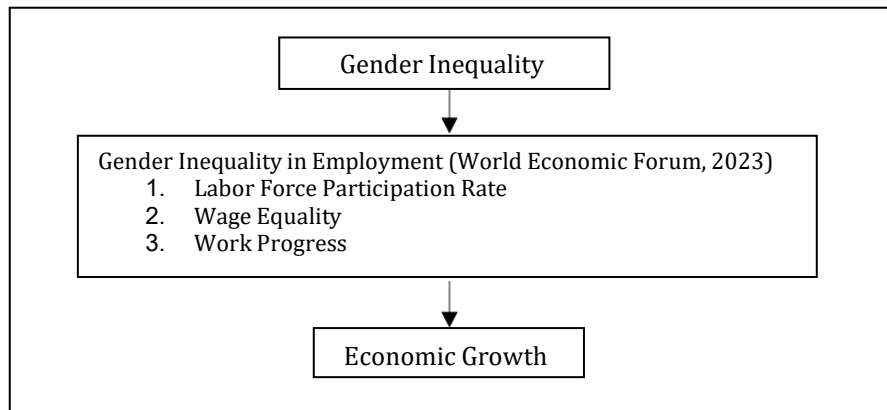

Figure 1. framework

The variables in this study are derived from the gender inequality index in participation and opportunities in the economic sector (employment) by the World Economic Forum (2023). There are 3 indicators of the gender inequality index in employment that form the basis of The Global Gender Gap, namely the Labor Force Participation Rate (X1), wage equality (X2), and work progress (X3). The research hypothesis can be stated as follows in light of prior findings and theoretical knowledge:

H1: There is a silmultaneous effect of variable X on economic growth (Y).

In this method, quantitative data were collected using a questionnaire with a 4-level Likert scale. The research subject is the labor force, which is the population in this research. The total number of labor forces in Batam City in 2022 will be as many as 848,628 people. To determine the number of samples to be used in this study, the Slovin formula was used as follows

$$n = \frac{N}{1+N(e)^2} \tag{1}$$

$$n = \frac{848.628}{1 + 848.628\,(0,05)^2} \quad n = 399.811, \text{rounded up to 400 samples}$$

A statistical technique called multiple linear regression analysis is used to ascertain whether or not the independent and dependent variables are influenced by one another. The aim is to find the degree to which changes in the independent variables can account for variations in the dependent variable. In the context of this study, economic growth (Y) is the dependent (bound) variable, and the labor force participation rate (TPAK), wage equality, and work progress are the independent (free) variables that indicate gender inequality in employment (X). This model has the following equation form:

$$\textbf{YEG} = \textbf{\textit{a}} + \textbf{X1LFPR} + \textbf{X2WE} + \textbf{X3WP} + \varepsilon \tag{2}$$

Description:
        YEG   = economic growth
        a = constant
        X1LFPR = labor force participation
        rateX2WE = wage equality
        X3WP   = work progress
        ε   = error

3. RESULT AND DISCUSSION

Classic Assumption Test

In regression analysis, a set of requirements known as "classical assumption testing" must be fulfilled in order for the findings of the regression parameter analysis to be regarded as legitimate, impartial, and trustworthy. This study examines a number of traditional assumption tests, including tests for heteroscedasticity, absence of multicollinearity, and normality.

The first test carried out is the normality test, the purpose of the test is to assess the extent to which the confounding or residual variables in the regression model have a distribution that is close to normal. The assumption of normality in residuals is important to ensure the validity of the regression analysis results. The method used to detect normality is through the Kolmogorov-Smirnov (KS) Monte Carlo test. The Kolmogorov-Smirnov (KS) Monte Carlo test can be used for larger research samples. This test is run using the SPSS program, if the p-value or significance of the test results is greater than the specified significance level (0.050), then the data is considered to come from a normal distribution, and the null hypothesis is accepted.

Table 3. Test results of Normality Test

	Unstandardized Residual
N	400
Test Statistic	.063
Asymp. Sig. (2-tailed)	.001^c
Monte Carlo Sig. (2-tailed)	**.076^d**

Source: Output SPSS, 2023

The results of the SPSS output of the normality test are displayed in Table 3. The residual data is normally distributed and appropriate for use in research because the Monte Carlo Sig value is 0.076 and the significance value is greater than the probability of 0.05 (0.076> 0.05). Therefore, it can be said that the regression model in use satisfies the normalcy assumption.

The second test measures the research's multicollinearity and is a means of locating issues or signs of multicollinearity in regression analysis. High levels of correlation between the independent variables in a regression model are known as multicollinearity, and they can make it difficult to interpret regression coefficients and lower the model's reliability. As a result, it is very challenging to determine how much each research variable contributes to the dependent variable. There shouldn't be any correlation between the variables in an efficient regression model. There is no multicollinearity if the VIF value is less than 10 and the tolerance value is greater than 0.1.

Table 4. Results of the Multicollinearity test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Labor Force Participation Rate	.589	1.697
	Wage Equality	.753	1.328
	Work Progress	.577	1.733

Source: Output SPSS, 2023

The display of SPSS output results of multicollinearity testing obtained shows that the value of the Labor Force Participation Rate variable (X1) has a VIF value of 1,697, while the wage difference (X2) has a VIF value of 1,328, and the work progress gap (X3) has a VIF value of 1,733. The test results in table 4 above show that the tolerance value is greater than 0.1 and the VIF value of the three variables is less than 10. Thus, it can be said that the data in this study does not show multicollinearity.

The third test is the heteroscedasticity test, and its goal is to determine whether the variances of the residuals from different observations differ or if there is inequality in them. A scatter plot (scatter graph) can be used to visually detect the presence of heteroscedasticity symptoms. The distribution pattern of the points on the scatter plot can be used to interpret the scatter plot. A distribution of points that is uniform and devoid of any discernible pattern is known as homoscedasticity, or constant residual variance. The results of the heteroscedasticity test using the scatter plot show that the regression model does not show heteroscedasticity. The dots are spread evenly above and below zero. This indicates that the residual variance remains relatively constant across the range of values of the independent variables. There is no systematic pattern in the distribution of residuals, which positively supports the

assumption of homoscedasticity. Successfully concluding the absence of heteroscedasticity can provide additional confidence in the results of linear regression analysis. This means that the assumption of homoscedasticity has been met, and the results of statistical tests related to linear regression have become more reliable.
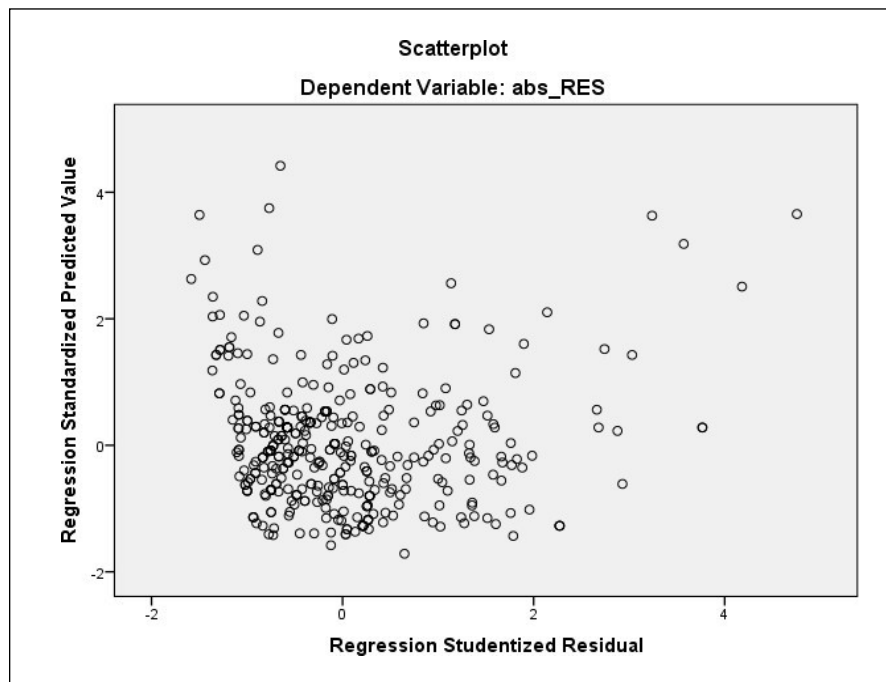

Figure 2. Heteroscedasticity test results.

Table 5. Multiple Linear Regression Equation.

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std.Error	Beta	t	Sig.
1 (Constant)	5.513	.567		9.715	.000
Labor Force Participation Rate	.236	.043	.292	5.460	.000
Wage Equality	.306	.045	.326	6.876	.000
Work Progress	.065	.046	.077	1.428	.154

Source: Output SPSS, 2023

Based on Table 5 of the multiple linear regression test results above, the multiple linear regression equation model that can be developed is as follows:

$$\textbf{YEG} = a + \textbf{X1LFPR} + \textbf{X2WE} + \textbf{X3WP} + \varepsilon \qquad (2)$$
Economic growth = 5.513 +0.236 + 0.306 X2 + 0.065 X3 + ε

The regression equation above shows a constant value (α) of 5.513 and has a positive regression value, indicating that when all independent variables (X1LFPR, X2WE, and X3WP) are equal to 0, it has the potential to increase economic growth in the city of Batam by 5.513. The regression coefficient of X1 (Labor Force Participation Rate) of 0.236 indicates that by keeping other variables constant, each unit increase in the labor force participation rate contributes 0.236 to economic growth. The coefficient value of X2 (wage equality) of 0.306 indicates that, holding other variables constant, each unit increase in wage equality contributes 0.306 to economic growth. The coefficient value of X3 (work progress) of 0.065 indicates that, holding other variables constant, an increase in the work progress of each unit will contribute 0.065 to economic growth.

The Simultaneous Test
The statistical test known as the simultaneous test, or F test, is used to assess the overall significance of the multiple linear regression model. This test aims to ascertain whether the independent variables of

the model make a significant contribution to explaining the variability of the dependent variable. If the p-value of an independent variable is smaller than the significance level (0.050), it is considered to have a significant effect.

Table 6. Results of the Simultaneous Test (F Test)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	400.253	3	133.418	65.413	.000b
	Residual	807.685	396	2.040		
	Total	1207.938	399			

Source: Output SPSS, 2023

The simultaneous test results show that the three independent variables in the regression model, namely the labor force participation rate (X1), wage equality (X2), and work progress (X3), all have a significant influence on economic growth (Y). This conclusion is supported by the significance of 0.000, or the probability value, and indicates that at least one of the independent variables contributes significantly to the variation in economic growth.

Testing the coefficient of determination, or R-squared, is the purpose of this test, which is to show information on how well the model can explain variations in the dependent variable (Y). A higher R-squared value indicates that the model can explain the variation better.

Table 7. Results of the Coefficient of Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576a	.331	.326	1.42815

Sumber: Output, 2023

The SPSS output display shows that the coefficient of determination (R square) test has a value of 0.331, which is equivalent to 33.1%. This figure reflects the extent to which the independent variables, namely labor force participation rate (X1), wage equality (X2), and work progress (X3), jointly influence the variation in the dependent variable, namely economic growth (Y). With a value of 33.1%, this indicates that about 33.1% of the variation in economic growth can be explained by the combination of the three variables in the regression model. This means that the regression model is able to explain about 33.1% of the total variation that occurs in economic growth. The remaining 66.9% (100%–33.1%) indicates that the variation in economic growth not explained by the regression model could be caused by other factors not included in the model or by other uncertainties and variability not covered by the variables examined in this study.

The Effect of Gender Inequality in Employment on Economic Growth

Data analysis shows that gender equality in employment, with the three main variables of labor force participation rate (LFPR), wage equality, and work progress, has a close relationship and significantly affects economic growth. This suggests that efforts to improve gender equality in employment can have a substantial positive impact on economic growth.

Gender equality in employment is a key factor in sustainable and inclusive economic development. In an effort to achieve gender equality, it is important to increase the active role of women in the economic sector (Kemen PPPA, 2023). Gender equality and empowering women are two of the main priorities of the Sustainable Development Goals (SDGs), with one of their principles being that no one is left behind (United Nations , 2023). The principle of "no one left behind" refers to the obligation of the state(government) to ensure that development must be inclusive and equitable, and that no citizen is excluded, forgotten, or marginalized. As such, efforts to achieve gender equality and women's empowerment are not only important for humanitarian and social justice purposes, but are also key elements in achieving sustainable and inclusive economic development for society as a whole.

The labor force participation rate (LFPR) plays an important role in economic growth because it is closely related to labor productivity and income contribution. The higher the labor force participation rate, the more human resources are available to contribute to economic activity. An increase in LFPR can be explained as a factor that has the potential to affect economic growth. An increase in LFPR can be attributed to the opening of more opportunities for the working-age population to join the labor force. Inparticular, this increase may provide more opportunities for the female labor force to actively contribute to the economy or be involved in the world of work in Batam City. Increased participation of women in the labor force is considered a driver of economic activity, as an increase in the size of the labor force means a greater contribution to production and services. The additional income earned from labor force participation can

increase purchasing power and consumption, which in turn can drive economic growth. In other words, increased female participation can drive economic activity, which in turn can be reflected in economic growth.

Gender inequality in access to employment opportunities, and access to economic resources can hinder economic growth. If a large proportion of the female population does not have equal access to the labor market, the country's economic potential will not be fully realized. Increasing employment opportunities for women can reduce fertility rates, thereby supporting economic growth through reduced dependency (Cavalcanti & Tavares, 2016). Marital status also affects the LFPR level of women (Anas & Damayanti, 2020). Of all the answers of the research respondents, 316 people (79%) were unmarried, 78 people (18%) were married, and the rest were divorced and divorced. If companies discriminate against married workers in favor of unmarried workers, then marital status can affect LFPR. While companies' hiring policies may vary, the choice of marital status as a criterion factor should be avoided to avoid inequality.

A high labor force participation rate will contribute to a decrease in the unemployment rate. With more people engaged in the labor force, employment opportunities are more available, which can reduce structural and cyclical unemployment rates in the economy. In addition, more available labor means more potential for investment, innovation, and the development of new sectors in the economy, which can support long-term economic growth. With increasing labor force participation, tax contributions will increase due to increases in people's income and consumption. Additional income from taxes can be used by the government to finance investment in the infrastructure, education and other public services sectors needed to support the economic growth of the city of Batam.

The results of this study are in line with previous research that shows that gender inequality in labor force participation has a direct negative impact on the market (Cuberes & Teignier , 2018). Other gender studies in Indonesia indicate that gender inequality is evident in many aspects, including employment, access to resources, and economic and political power. Women are often more severely affected by these inequalities than men (Sitorus, 2016). But fundamentally, gender inequality has far- reaching negative impacts, including on a country's economy. The labor force is considered a key asset in the development of economic growth, in accordance with the economic theories by Solow and Endogen. To increase labor productivity, an increase in the labor force and education level is necessary. Ultimately, this will drive economic growth. The results of the study, which examines 34 provinces in Indonesia, indicate that gender inequality in employment affects Indonesia's economic growth and that LFPR has a positive influence on economic growth in Indonesia (Deris et al., 2022). The findings of this study are also supported by several previous studies (Padang et al., 2019; Napitupulu & Ekawaty, 2022; Sarni, 2022; Pertiwi et al., 2021)

In addition to LFPR, Wage equality can also increase economic empowerment, especially for women and men who previously received lower wages than colleagues in the same occupation. Greater economic empowerment can support more active participation in economic activities and contribute to the economic growth of Batam City. Economic activity is affected by wage levels, which have a positive impact on companies and society. Equality of wage levels set by the government can also increase investor confidence in the course of implementing foreign investment and ultimately promote economic growth.

Generally, there is a tendency that higher levels of education and work experience correlate with higher income or wages (Anas & Damayanti, 2020). Education can increase wages and life expectations, but this must be balanced with the number of jobs (Verick, 2014). Based on the characteristics of the respondents, the type of education completed in Batam City. The education level of workers in Batam City tends to be high, with 232 people (58%) out of the total sample of 400 people having a diploma/graduate level of education. Workers with higher education often have more in-depth skills and knowledge, which can create added value and increase their earning potential. This refers to the income characteristics or monthly wages of the respondents, where 149 out of 400 workers have wages of 2,500,000–4,500,000 and 133 out of 400 have wages of more than Rp 4,500,000, or the MSE of Batam City in 2023.

Government Regulation No. 36 of 2021 on Wages, Article 2, Paragraph (2), states that all workers have the right to be treated fairly and equally in the implementation of the wage system without any discrimination. This emphasizes the importance of equality in wages, regardless of gender, religion, race, or other factors that could be the basis for discrimination. This article supports the principle of gender equality and the principle of anti-discrimination in the context of wages in Indonesia.

Research consistently suggests that wage equality contributes positively to economic growth. When there is fairness in compensating individuals for their work, it can enhance workforce productivity and motivation. This, in turn, leads to a more efficient allocation of resources and increased overall output. Companies that prioritize wage equality are often associated with higher levels of employee satisfaction, retention, and innovation, all of which can positively influence economic growth. Wage equality can also affect productivity and innovation in an economy. When wages are set in such a way that there is no wage

discrimination based on gender, race, or social class, it encourages everyone to participate to the fullest in economic activity. This can increase engagement, motivation, and investment in education and training, which in turn can increase productivity and drive innovation.

Wage equality can also improve the overall well-being of society. When more people have access to fair and decent wages, this can improve their physical, mental, and social well-being. Increased societal well-being can lead to more stable and sustainable economic growth. Income disparities between individuals or groups in society can be reduced if there is wage equality. When more people have higher incomes, they tend to increase their consumption of goods and services. This increase in consumer consumption can boost aggregate demand in the economy, which in turn can support economic growth. Policies that promote wage equality are not only essential for social justice but are also recognized as potential drivers of economic growth. Governments and businesses alike are increasingly recognizing the importance of creating an equitable pay structure to ensure sustainable and inclusive economic development.

Previous research has identified a correlated relationship between wages and economic growth. In addition, it was found that there is a close relationship between the economic growth cycle and the ratio of the minimum wage to the average wage (Xu et al., 2015). The research findings are supported by the results of previous research, which found that provincial minimum wages have a significant effect on economic growth. Any increase in workers' income or wages can increase purchasing power and increase work productivity, thus having a positive impact on economic growth and employment (Alexander et al., 2017). Research involving six countries in the Southeast Asia region, including Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Brunei Darussalam, also shows that the gender wage gap has a negative impact on economic growth. The larger the gap, the lower economic growth tends to be (Bintoro, 2021).

Work progress also has an influence on economic growth. Work progress includes various factors related to efficiency, productivity, and innovation in work activities. Its effect on economic growth tends to be positive. The effect of labor progress on economic growth can be explained as follows:

1) Work progress often has a direct impact on increasing labor productivity. This can happen through the use of new technologies, improved production processes, or training and education that improve employee skills. With increased productivity, companies areable to produce more goods and services with the same or fewer resources. This has thepotential to increase overall economic output.

2) Work progress often drives innovation across different sectors of the economy. Innovation can lead to the development of new products, new services, or even the creation of new markets. These innovations can fuel economic growth by creating new opportunities for investment, jobs, and company growth.

3) Improvements in work processes and operational efficiency can reduce production costs per unit of goods or services. This allows companies to increase their profits or lower the price of their products, which can increase consumer purchasing power. In the long run,continued operational efficiency can lead to sustainable economic growth.

4) Sustainable work progress often leads to an improvement in people's standard of living.This can happen through increased salaries, improved quality of products and services available, or a reduction in the work time required to fulfill basic needs. As a result, people's overall level of satisfaction and well-being may increase.

As such, work progress not only affects economic growth through increased productivity and innovation but also through improving operational efficiency and people's overall standard of living. Therefore, investment in the development of work progress is often considered an important strategy for promoting long-term economic growth. However, it is also important to remember that job advancement does not always result in a positive impact on economic growth. For example, if promotions occur due to nepotism or corruption, this can be detrimental to the efficiency and innovation capabilities of the company or organization, which in turn can hinder economic growth. In addition, if promotion occurs disproportionately or unfairly, it can increase economic and social inequality, which can also be detrimental to long-term economic growth.

4. CONCLUSION AND RECOMMENDATION

The aim of this study is to examine the effect of gender inequality in employment on economic growth in Batam City. The results show that simultaneously, the labor force participation rate (LFPR), wage equality, and work progress have an influence on economic growth, where any decrease in gender inequality in the employment sector contributes to boosting economic growth. A high labor force participation rate can increase labor productivity and overall economic output, as more human resources are available to contribute. Higher wage equality can improve the overall welfare of the community, it can improve physical, mental, and social well-being. Work progress in the form of innovation, operational efficiency, and technological development can increase labor productivity, efficiency in the production process, improve economic competitiveness, and accelerate overall economic growth. In order to improve

gender equality in employment and support economic growth in Batam City, the government and private sector need to pay special attention to gender mainstreaming to increase women's labor force participation and reduce the gender gap in the labor force through gender-inclusive policies. The development of fair and equal wage policies between women and men is also necessary to incentivize the productivity and motivation of the female labor force and contribute positively to economic growth. The government and private sector should develop career development programs that support increased employment, especially for women, with a focus on improving skills and career opportunities. Monitoring and evaluation programs should be implemented by the government to measure the impact of economic and gender policies, assess the effectiveness of existing policies, and make necessary improvements based on research findings. Collaboration between the government, private sector, and non-governmental organizations is also expected to encourage the implementation of gender mainstreaming policies in employment and economic growth. Recommendations for further research include more in-depth analysis of the variables mentioned, as well as research on other factors that may influence economic growth in Batam City. This can provide a more comprehensive understanding of local economic dynamics and help formulate more effective policies to encourage sustainable economic growth.

5. ACKNOWLEDGEMENTS

6. REFERENCES

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