



LEGAL-PHILOSOPHICAL DIMENSIONS OF SOCIAL JUSTICE AND UTILITARIANISM IN DETERMINING THE REGIONAL MINIMUM WAGE OF BANTEN PROVINCE

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ABSTRACT

This study examines the extent to which the Provincial Minimum Wage embodies legally and philosophically grounded principles, including fair equality of opportunity, the difference principle, and the promotion of collective welfare. The study critically evaluates the 2025 Provincial Minimum Wage policy in Banten, Indonesia, by examining its alignment with principles of normative justice, particularly Rawlsian distributive justice and utilitarian welfare maximization, alongside workers' perceptions of wage adequacy and fairness. Using a mixed-methods approach that combines critical-philosophical analysis with descriptive quantitative techniques, the study integrates normative assessments of wage regulations, including Governor Decree Number 456/Kep.292-Huk/2024 and relevant labor laws, with survey data from 103 formal sector workers in Banten. The findings reveal a persistent gap between the policy's objectives and worker' lived experiences. From a Rawlsian perspective, the policy under-benefits the most economically vulnerable groups, while a utilitarian analysis suggests that the current system does not fully maximize collective welfare. Many respondents considered their wages insufficient for basic living expenses, with incentives and bonuses lacking transparency.

1. Introduction

Minimum wage determination is a crucial labor policy tool that contributes to both the well-being of workers and the stability of regional economies.¹ In Indonesia, the legal framework governing the Provincial Minimum Wage (*Upah Minimum Provinsi/UMP*) is established through Law Number 6 of 2023 concerning Job Creation, in conjunction with Government Regulation Number 36 of 2021 and Government Regulation Number 51 of 2023 concerning Wages.² The policy regarding provincial minimum wages is under scrutiny due to its impact on various stakeholders, such as workers, businesses, and local authorities.³ Ideally, UMP should embody the principles of social justice as outlined in the constitution while also taking into account the need for economic efficiency and competitive industry dynamics at both the local and national levels.⁴

In reality, however, discussions surrounding UMP regulations often ignite intense debates, particularly concerning the gap between the living wage requirements of workers and the financial capabilities of employers.⁵ Unions argue that the minimum wage should ensure a dignified existence and encompass essential needs like food, shelter, healthcare, and education.⁶ Conversely, employers stress the necessity of wage flexibility to avoid excessive production costs, which is essential for sustaining a favorable investment environment.⁷ This tension highlights the conflict between the ideals of distributive justice and economic efficiency within

¹ Takayuki Higashikata., "The Effect of Increasing the Minimum Wage on Employment in Indonesia," *Journal of Southeast Asian Economies* Vol.38, no.3, 2021, page.368.

² Sisis Noer Anindita., "Perlindungan Hukum Tenaga Kerja Lokal Atas Masuknya Tenaga Kerja Asing Pasca Berlakunya Perpres No. 20 Tahun 2018," *Jurist-Diction Law Journal* Vol.2, no.3, 2019, page.23.

³ Suci Flambonita, and Abdul Rachmad Budiono., "The Paradigm of Proper Wage for Home Base Worker in Indonesian Labor System Based on Fair Wage Theory," *International Journal of Recent Technology and Engineering* Vol.8, no.2-9, 2019, page.345.

⁴ Stavros A. Drakopoulos., "Value Judgements, Positivism and Utility Comparisons in Economics," *Journal of Business Ethics* Vol.189, no.3, 2024, page.423. See too, Bruce E. Kaufman., "Institutional Economics and the Minimum Wage: Broadening the Theoretical and Policy Debate," *ILR Review* Vol.63, no.3, 2010, page.427.

⁵ Sandra M. Sánchez-Cañizares, L. Javier Cabeza-Ramírez, Ana M. Castillo-Canalejo, and Francisco J. Rey-Carmona., "Effectiveness of Active Labour Market Policies for Job Creation and Earnings of the Self-Employed," *Humanities and Social Sciences Communications* Vol.12, no.1, 2025, page.12.

⁶ Pratama Herry Herlambang., "Implementation on Transfer of Undertaking Protection of Employment to Outsourcing Labors in Semarang Indonesia: A Legal Approach," *Journal of Indonesian Legal Studies* Vol.3, no.1, 2018, page.109.

⁷ Mirela Cristea, Grațîela Georgiana Noja, Raluca Mihaela Drăcea, Andreea Oana Iacobuță-Mihăiță, and Tomasz Dorożyński., "Esg Investment Strategies and the Financial Performance of European Agricultural Companies: A New Modelling Approach," *Journal of Business Economics and Management* Vol.25, no.6, 2025, page.1283. See too, Arifuddin Muda Harahap., "Rules on Wage Standard to Improve Workers' Living Needs in the Perspective of Maqasid Al-Shari'ah," *AHKAM: Jurnal Ilmu Syariah* Vol.15, no.2, 2016, page.13.

labor policy implementation. From the perspective of John Rawls's theory of social justice, the decision regarding UMP must honor the principles of fair equality of opportunity and the difference principle, which posits that any disparities should benefit the least advantaged groups, in this instance, low-wage workers.⁸ Consequently, an ideal minimum wage policy should reinforce the state's responsibility to address the needs of vulnerable populations within economic frameworks, in addition to adhering to formal legal standards.⁹ The level of subsidiarity that positively influences welfare redistribution serves as an additional measure of justice beyond mere regulatory compliance.

According to the utilitarian perspectives of Jeremy Bentham and John Stuart Mill, an equitable policy is one that maximizes benefits to the fullest extent.¹⁰ In contextual and simpler terms, if the minimum wage is insufficient to cover the necessities of life, it does not align with the principle of achieving the greatest happiness for the largest number of people.¹¹ In this context, the effectiveness of the UMP is assessed not merely by its financial value but also by its role in enhancing general employee welfare and supporting social stability.¹² Consequently, a comprehensive assessment of UMP determination tools must incorporate moral, social, and economic considerations.¹³ However, this utilitarian ideal appears only partially realized in practice. This situation is illustrated by Regency Minimum Wage (*Upah Minimum Kabupaten/UMK*) in Banten, where all regencies and cities received the same increase of 6.5%.¹⁴ Table 1 shows that the UMK adjustment was applied uniformly throughout the province.

⁸ Peter Koller., "A defense of the difference principle beyond Rawls," *New perspectives on distributive justice* Vol.5, no.2, 2018, page.470. See too, Nicolas Maloberti., "Rawls and bleeding-heart libertarianism: how well do they mix?," *The Independent Review* Vol.19, no.4, 2015, page.567.

⁹ Devanto Shasta Pratomo, and Putu Mahardika Adi Saputra., "Does Minimum Wage Policy Help Poor Workers? Evidence from Indonesia," *Journal of Applied Economic Sciences* Vol.10, no.8, 2015, page.38.

¹⁰ Ramadhan Razali., "Perilaku Konsumen: Hedonisme Dalam Perspektif Islam," *Jurnal Ekonomi Syariah, Akuntansi Dan Perbankan* Vol.4, no.1, 2020, page.34.

¹¹ Valentine Brunet., "Justice and Utility in John Stuart Mill," *Revue d'Histoire de La Pensee Economique* Vol.1, no.11, 2021, page.119. See too, Despoina Georgiou., "The new EU Directive on Transparent and Predictable Working Conditions in the context of new forms of employment," *European Journal of Industrial Relations* Vol.28, no.2, 2022, page.198.

¹² Eliav Danziger, and Leif Danziger., "The optimal graduated minimum wage and social welfare," In *Transitions through the Labor Market* 46, (Leeds: Emerald Publishing Limited, 2018), page.58.

¹³ Wiwin Budi Pratiwi, and Devi Andani., "Perlindungan Hukum Tenaga Kerja Dengan Sistem Outsourcing di Indonesia," *Jurnal Hukum Ius Quia Iustum* Vol.29, no.3, 2022, page.665.

¹⁴ Dpmtsp., "UMP Banten 2025 Naik 6,5% Jadi Rp 2,9 Juta," *dpmtsp.adm_kominfo*, December 14, 2024.

Table 1. Increase in MSEs in Banten Province in 2025

No	Regency/City	Minimum Wage 2024	Minimum Wage 2025	Increase
1	Cilegon City	4,815,102.80 IDR	5,128,084.48 IDR	6.50%
2	Tangerang City	4,760,289.54 IDR	5,069,708.36 IDR	6.50%
3	South Tangerang City	4,670,791.00 IDR	4,974,392.42 IDR	6.50%
4	Tangerang Regency	4,601,988.00 IDR	4,901,117.00 IDR	6.50%
5	Serang City	4,148,602.00 IDR	4,418,261.13 IDR	6.50%
6	Serang Regency	4,560,894.85 IDR	4,857,353.01 IDR	6.50%
7	Pandeglang Regency	3,010,929.87 IDR	3,206,640.32 IDR	6.50%
8	Lebak Regency	2,978,764.69 IDR	3,172,384.39 IDR	6.50%

Source: Kompas, 2025¹⁵

Although there is an increase, it appears to have been made without adequately considering regional economic conditions or variations in the cost of living. For instance, while Cilegon City and Tangerang City maintain relatively high UMK levels, regencies such as Pandeglang and Lebak remain significantly lower, highlighting persistent regional disparities. This uniform increase, although procedurally compliant with national and provincial regulations, raises critical questions about its adequacy in meeting the essential needs of workers, particularly those in low-income areas. The nominal rise may not be sufficient to cover basic living costs, including food, housing, healthcare, and transportation, underscoring the misalignment between mandated wage policies and actual welfare requirements. Furthermore, while the UMK adjustment follows inflation and productivity indicators, it does not explicitly incorporate mechanisms to uplift the most disadvantaged workers. This gap illustrates a divergence between distributive justice principles and the utilitarian goal of maximizing overall welfare.

This observation underscores the central problem of this research: the current UMP policy may meet legal standards, but it fails to provide substantive justice or maximize social welfare. Therefore, a critical review is needed to evaluate the alignment of wage policy in Banten with ethical frameworks such as Rawlsian social justice and utilitarian principles, as well as to assess workers' perceptions of wage adequacy and fairness.

Previous studies have extensively researched Indonesia's Provincial Minimum Wage policy. However, significant gaps remain in linking normative theories of justice with the realities of subnational implementation. Most prior studies focus on the economic impacts of UMP, such as employment changes following wage increases, or on legal compliance issues, including sub-minimum payments and enforcement gaps.¹⁶ Other analyses critique centralized reforms under

¹⁵ Puspasari Setyaningrum., "Besaran UMP dan UMK 2025 di Provinsi Banten," *Kompas.com*, December 18, 2024.

¹⁶ Hisam Ahyani, Naelul Azmi, Sérgio António Neves Lousada, Agus Yosep Abduloh, and Miftakhul Huda., "Legal Protection for Private Lecturers: Addressing Sub-Minimum Wage Challenges in West

Government Regulation Number 51/2023 for limiting worker welfare and tripartite negotiations, while some explore Islamic justice principles (maqāṣid al-sharī'ah or maslahah) as alternatives to positive law.¹⁷ Comparative studies have noted deficits in Rawlsian fairness in wage formulas, but rarely integrate utilitarian welfare maximization with Rawlsian distributive justice at the provincial level.¹⁸ Furthermore, empirical studies on the Omnibus Law focus on national effects, overlooking province-specific gaps, such as discrepancies between Banten Governor Decree Number 456/Kep.292-Huk/2024 and the actual living needs of the workforce.¹⁹

This study addresses these gaps by critically examining Banten's UMP through a dual philosophical lens: Rawls' difference principle and the utilitarian principle of greatest happiness, applied to Law Number 6/2023 and its local decree execution. Unlike prior works limited to economic modeling, Islamic justice perspectives, or formal compliance assessments, this study introduces a hybrid normative-critical

Java," *Jurnal Media Hukum* Vol.32, no.1, 2025, page.23. See too, Teri L. Caraway, Michele Ford, and Oanh K. Nguyen., "Politicizing the minimum wage: Wage councils, worker mobilization, and local elections in Indonesia," *Politics & Society* Vol.47, no.2, 2019, page.256; Takayuki Higashikata., "The Effect of Increasing the Minimum Wage on Employment in Indonesia," *Journal of Southeast Asian Economies* Vol.38, no.3, 2021, page.369; Rieski Soerya Soedjarwo, Karim Karim, and Sugiharto Sugiharto., "Juridical Study of the Provision of Payment of Wages below the Minimum Wage by Employers to Workers," *IUS POSITUM: Journal of Law Theory and Law Enforcement* Vol.1, no.2, 2025, page.39.

¹⁷ Mirza Satria Buana, and Rahmat Budiman., "Indonesia's Minimum Wage Policy After the Omnibus Law: A Comparative Analysis from Islamic Principles," *UUM Journal of Legal Studies* Vol.13, no.2, 2022, page.192. See too, Jean Elvardi, Arya Putra Rizal Pratama, and Muhammad Ramzy Muliawan., "The Urgency for Ratification of the 1970 Ilo Minimum Wage Fixing Convention in the Time of Fourth Industrial Revolution," *Jurnal Hukum Bisnis Bonum Commune* Vol.4, no.29, 2021, page.226; I. Gusti Ayu Ketut Rachmi Handayani, and Lego Karjoko., "Reconstructing Wage Law in the Contemporary Era: A Pancasila Justice and Maqāṣid al-Sharī 'ah Perspective," *MILRev: Metro Islamic Law Review* Vol.4, no.2, 2025, page.1056; Siti Julaicha, Asri Wijayanti, and Mualimin Mochammad Sahid., "The Basis of Minimum Wages Determination for Worker in Indonesia Positive Law and Sharia," *Justitia Jurnal Hukum* Vol.6, no.1, 2022, page.38; Siti Kunarti, Sri Hartini, Syarafina Dyah Amalia, Adhitia Pradana, and Bahar Elfudlatsani., "Reformulation of Minimum Wage Policy and Its Implications Concerning Justice and Workers' Welfare in the Context Indonesian law," *Volksgeist: Jurnal Ilmu Hukum dan Konstitusi* Vol.4, no.2, 2025, page.224; Arinto Nugroho, Irfa Ronaboyd, Emmilia Rusdiana, Dicky Eko Prasetyo, and Sonny Zulhuda., "The impact of labor law reform on Indonesian workers: A comparative study after the Job Creation Law," *Lex Scientia Law Review* Vol.8, no.1, 2024, page.67.

¹⁸ Achmad Irwan Hamzani, Achmad Soeharto, Taufiq Taufiq, Dwi Edi Wibowo, and Anik Kunantiyorini., "Balancing Utilitarianism with Access to Environmental Justice: An Indonesian Case Study," *Environmental Policy and Law* Vol.55, no.4-5, 2025, page.157. See too, Sufi Indrayani, and Amrul Muzan., "Kesenjangan upah dan keadilan sosial terhadap sistem pengupahan di Indonesia," *Al-Muzdahir: Jurnal Ekonomi Syariah* Vol.7, no.1, 2025, page.102; Wilhelmus Jemarut, I. Gusti Agung Andriani, and Pahrur Rizal., "Penetapan Upah Minimum dalam Perspektif Teori Keadilan John Rawls," *Jurnal Interpretasi Hukum* Vol.4, no.1, 2023, page.135; Kukuh Tejomurti, and Sukarmi Sukarmi., "The Critical Study of the Omnibus Bill on Job Creation Based on John Rawls View on Justice," *Unnes Law Journal* Vol.6, no.2, 2020, page.189.

¹⁹ Petra Mahy., "Indonesia's Omnibus Law on job creation: legal hierarchy and responses to judicial review in the labour cluster of amendments," *Asian Journal of Comparative Law* Vol.17, no.1, 2022, page.56. See too, Sidik Sunaryo., "The philosophy of social injustice for all Indonesian laborers set forth in Job Creation Law," *Legality: Jurnal Ilmiah Hukum* Vol.31, no.1, 2023, page.121.

framework that evaluates the ethical trade-offs between equity for vulnerable workers and regional economic efficiency.²⁰ By identifying implementation gaps beyond regulatory compliance (e.g., rigidity in wage formula parameters), the study offers a subnational model for equitable policy design that bridges theoretical conflicts absent in existing literature.²¹

This approach contributes to labor justice discourse by emphasizing socio-ethical outcomes over technocratic calculations, providing policymakers and scholars with a clearer understanding of how wage policies can be designed to balance fairness, welfare, and economic competitiveness. This study aims to critically evaluate Banten Province's 2025 Provincial Minimum Wage policy by assessing its alignment with normative justice principles, Rawlsian distributive justice and utilitarian welfare maximization, and examining workers' perceptions of wage adequacy and fairness. The goal is to identify gaps between formal wage policy, ethical ideals, and actual welfare outcomes, providing insights for more equitable subnational wage policy design. Specifically, this study addresses the following research questions:

RQ1: To what extent does Banten's 2025 UMP policy align with Rawlsian principles of social justice, particularly the difference principle and fair equality of opportunity for low-wage workers?

RQ2: How effectively does the 2025 UMP increase contribute to overall welfare maximization for the workforce, considering cost-of-living disparities across regencies and cities?

RQ3: How do workers perceive the adequacy and fairness of the 2025 UMP in meeting their essential living needs, and how do these perceptions reflect gaps between policy intentions and actual welfare outcomes?

2. Research Methods

This study employs a philosophical and critical approach to evaluate minimum wage policy in Banten, integrating normative legal assessment with empirical

²⁰ Nur Putri Hidayah, Quincy R. Cloet, and David Pradhan., "The Implementation of Labor Development Principles According to Job Creation Law as a Reason to Protect Wages Rights," *Bestuur* Vol.9, no.1, 2021, page.69. See too, Nabiyla Risfa Izzati., "Tinjauan penetapan upah minimum 2023: Evaluasi kebijakan pengupahan dan revitalisasi dewan pengupahan," *Masalah-Masalah Hukum* Vol.52, no.2, 2023, page.169; Endeh Suhartini., "Legal politics and policy setting of wage systems for creating social justice of workers," *J. Legal Ethical & Regul* Vol.22, no.2 2019, page.1.

²¹ Siti Kunarti, Sri Hartini, Syarafina Dyah Amalia, Adhitia Pradana, and Bahar Elfudlatsani., "Reformulation of Minimum Wage Policy and Its Implications Concerning Justice and Workers' Welfare in the Context Indonesian law," *Volkgeist: Jurnal Ilmu Hukum dan Konstitusi* Vol.4, no.2, 2025, page.225. See too, Sri Nurcahyani, Dey Ravena, and Rini Irianti Sundari., "Islamic Fiqh Principles for Worker Protection: Wage Determination and Payment," *KARSA Journal of Social and Islamic Culture* Vol.33, no.1, 2025, page.199; Devi Rahayu, Mishbahul Munir, Zilda Khilmatus Shokhikhah, and Nar Yan Thapa., "The Rights-Based Labor Law: A Comparison of Indonesian and Nepal Policies," *Jurnal Suara Hukum* Vol.7, no.1, 2025, page.158.

verification of workers' perceptions. A mixed-methods strategy was adopted, combining qualitative critical-descriptive analysis and quantitative data to examine both the ethical principles underlying wage policy and its practical implementation. This approach enables a dual evaluation of whether policies reflect social justice and utilitarian principles and how workers perceive wage adequacy and fairness.

The research uses a critical-explorative descriptive framework. Critical analysis examines the philosophical and legal dimensions of Banten's minimum wage policy, focusing on Rawls' theory of social justice and utilitarian welfare principles. The descriptive component quantitatively evaluates workers' perceptions of wage fairness, adequacy, and related incentives.

Data were collected in Banten Province, Indonesia, in April 2025. Policy documents, including the Governor of Banten's Decree Number 456/Kep.292-Huk/2024 and other relevant regulations, were reviewed. Primary data were obtained through structured questionnaires distributed to formal sector workers in Banten. The instrument included 20 statements, with 17 questions assessing wage adequacy, bonuses, incentives, and additional employment benefits. Respondents were selected purposively, targeting workers employed for at least one year, resulting in 103 participants. Responses used a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

Data analysis involved reliability and validity tests and descriptive statistics. Cronbach's Alpha was used to evaluate internal consistency, with values above 0.7 indicating reliability. Corrected Item-Total Correlation confirmed the significance of each item. Descriptive statistics, including means, standard deviations, and frequency distributions, were used to illustrate workers' perceptions of wage fairness, adequacy, and alignment with living costs.

Finally, the results were interpreted within the frameworks of social justice and utilitarianism, linking empirical findings with normative ethical principles. This methodology supports a comprehensive understanding of Banten's minimum wage policy, examining its adherence to Rawlsian fairness, its contribution to collective welfare, and how it is perceived by workers in practice.

3. Results and Discussion

3.1. Alignment of Banten's UMP Policy with Rawlsian Principles of Social Justice

The Provincial Minimum Wage (*Upah Minimum Provinsi/UMP*) in Banten, formalized through Governor's Decree Number 456/Kep.292-Huk/2024 and grounded in Law Number 6 of 2023 on Job Creation, constitutes a key policy instrument at the intersection of economic governance and normative ethics. Minimum wage policy is not merely a regulatory mechanism to adjust labor compensation; it also embodies ethical considerations concerning fairness, social equity, and the distribution of resources among workers. In this context, John Rawls's theory of justice provides a critical framework for evaluating Banten's UMP. Rawls posits that a just society ensures fair equality of opportunity and permits socio-economic inequalities only if they benefit the least advantaged, a concept

known as the difference principle.²² These principles collectively represent the core of substantive social justice, emphasizing both procedural fairness and the moral obligation to reduce disadvantage in society.

John Rawls's theory of justice, often called justice as fairness, provides a strong normative framework for evaluating social and economic policies, including minimum wage regulation.²³ At the core of Rawls's theory are two fundamental principles: equal basic liberties and fair equality of opportunity combined with the difference principle.²⁴ The first principle guarantees that all citizens have the same basic rights and freedoms, such as freedom of speech and the right to vote, which must not be compromised for economic advantages.²⁵

The second principle has two aspects. Fair equality of opportunity requires that social and economic institutions ensure that positions and offices are accessible to everyone, regardless of their social class or background.²⁶ The difference principle permits economic inequalities only if they benefit the least-advantaged members of society.²⁷ Rawls argues that rational agents in the original position, behind a veil of ignorance where they do not know their own social status, would accept these principles because they create a fair structure for cooperation.²⁸

In the context of Banten's UMP policy, the difference principle is particularly relevant. If wage increases are uniform across regions but fail to raise wages for the poorest or most disadvantaged workers, the policy does not meet Rawls's requirement that inequalities must improve the position of the least advantaged.²⁹ Additionally, fair equality of opportunity suggests that wage-setting mechanisms should consider structural inequalities, such as differences in the cost of living, so

²² Peter Koller., "A defense of the difference principle beyond Rawls," *New perspectives on distributive justice* Vol.5, no.2, 2018, page.471. See too, Nicolas Maloberti., "Rawls and bleeding-heart libertarianism: how well do they mix?," *The Independent Review* Vol.19, no.4, 2015, page.568.

²³ Andreas Follesdal., "John Rawls' theory of justice as fairness," In *Philosophy of justice*, Dordrecht, Springer Netherlands, 2014, page.328. See too, John Rawls., *The Stanford Encyclopedia of Philosophy (Fall 2018 Edition)*, California, Stanford Encyclopedia of Philosophy, 2018, page.44.

²⁴ Gordon L. Clark., "Making moral landscapes: John Rawls' original position," *Political Geography Quarterly* Vol.5, no.4, 1986, page.149. See too, John Rawls., *A theory of justice*, In *Applied ethics*, London, Routledge, 2017, page.24; John wls, *Justice as fairness: A restatement* Cambridge: Harvard University Press, 2001, page.23.

²⁵ John Rawls., *Political Liberalism* New York, Columbia University Press, 1993, page.161.

²⁶ Valery Surovtsev, and Vasily Syrov., "Outlooks of J. Rawls's theory of justice," *Procedia-Social and Behavioral Sciences* Vol.166, no.12, 2015, page.179.

²⁷ John Rawls., *The Stanford Encyclopedia of Philosophy (Fall 2018 Edition)*, California, Stanford Encyclopedia of Philosophy, 2018, page.47. See too, Stanford Encyclopedia of Philosophy, *Utilitarianism* California, Stanford Encyclopedia of Philosophy, 2025, page.67.

²⁸ Gordon L. Clark., "Making moral landscapes: John Rawls' original position," *Political Geography Quarterly* Vol.5, no.4, 1986, page.150. See too, John Rawls, *Justice as fairness: A restatement*, Cambridge: Harvard University Press, 2001, page.12.

²⁹ Gordon L. Clark., "Making moral landscapes: John Rawls' original position," *Political Geography Quarterly* Vol.5, no.4, 1986, page.151.

that social mobility and access to resources are genuinely available to all.³⁰

In practice, however, the uniform application of these wage increases across all regencies and cities does not fully account for local disparities in living costs or the socioeconomic conditions of the most vulnerable workers. The UMP formula in Banten is primarily anchored in economic indicators such as inflation, regional productivity, and overall economic growth. From a procedural standpoint, this alignment with objective economic metrics ensures compliance with national law and offers transparency in wage determination. However, a closer theoretical evaluation reveals partial alignment with Rawlsian justice. The formula achieves procedural neutrality, but it does not incorporate explicit mechanisms to elevate the welfare of the most vulnerable workers. The difference principle demands that wage policy should actively benefit low-income workers and reduce inequality, yet the UMP increment in Banten remains below provincial living wage benchmarks. Essential components of worker welfare, such as access to housing, healthcare, and education, are not explicitly integrated into the wage-setting formula. Consequently, while the policy is legally compliant, it falls short of substantive justice, reflecting a gap between formal legality and the deeper ethical obligations emphasized by Rawlsian distributive principle.³¹

Rawlsian theory also emphasizes fair equality of opportunity, which requires that compensation and benefits reflect individual contributions and potential without being constrained by socio-economic background. In Banten, wage adjustments are uniform across all regencies and cities, with a 6.5% increase for 2025. Although uniformity provides administrative simplicity, it disregards regional cost-of-living variations. Cities such as Cilegon and Tangerang possess relatively high UMP levels, whereas regencies like Pandeglang and Lebak remain significantly lower, perpetuating economic disparities. This structure limits equitable access to essential resources for the least advantaged workers, indicating that the UMP policy, while procedurally neutral, does not fully implement Rawls's principle of fair equality of opportunity.

Integrating utilitarian principles alongside Rawlsian theory provides additional insight into policy adequacy. Utilitarianism, as articulated by Jeremy Bentham and John Stuart Mill, is a consequentialist moral theory that evaluates actions and policies based on their outcomes, specifically their capacity to maximize overall social welfare.³² The fundamental premise of utilitarianism is that the ethical value of an action depends on its consequences, aiming to achieve the greatest balance of benefits over harms for the largest number of people.³³ Both Bentham and Mill

³⁰ John Rawls., *The Stanford Encyclopedia of Philosophy (Fall 2018 Edition)*, California, Stanford Encyclopedia of Philosophy, 2018, page.46.

³¹ Hun Chung., "Rawls's Self-Defeat: A Formal Analysis," *Erkenntnis* Vol.85, no.5, 2020, page.1169.

³² Valentine Brunet., "Justice and Utility in John Stuart Mill," *Revue d'Histoire de La Pensee Economique* Vol.1, no.11, 2021, page.120. See too, Ramadhan Razali., "Perilaku Konsumen: Hedonisme Dalam Perspektif Islam," *Jurnal Ekonomi Syariah, Akuntansi Dan Perbankan* Vol.4, no.1, 2020, page.36; Robert L. Zimdahl., "Moral confidence in agriculture," *American Journal of alternative agriculture* Vol.17, no.1, 2002, page.48.

³³ Stanford Encyclopedia of Philosophy, *Utilitarianism* California, Stanford Encyclopedia of Philosophy, 2025, page.68. See too, D. Don Welch., "Social ethics, overview," *Elsevier*, Vol.2, no.1, 2012, page.135.

emphasized impartiality, asserting that each individual's welfare should be considered equally so that no one person's benefit is valued more than another's.³⁴

Bentham's approach focused on quantifying pleasure and pain as a basis for ethical decisions, effectively linking utilitarianism with distributive justice by considering how policies could increase collective well-being. Mill refined this perspective by incorporating qualitative distinctions in happiness, recognizing higher and lower forms of pleasure and advocating for social arrangements that promote long-term utility and moral development.³⁵ Both thinkers underscored that utilitarianism is not merely concerned with individual benefit but with optimizing welfare across society, making it highly relevant to public policy design.³⁶

In the context of Banten's Provincial Minimum Wage policy, utilitarianism provides a normative lens to evaluate whether wage-setting effectively maximizes collective welfare.³⁷ Policies that raise wages across the workforce, particularly for low-income groups, can increase overall happiness and economic well-being by reducing poverty, improving access to essential goods and services, and supporting social stability.³⁸ However, uniform increases across heterogeneous regions fail to maximize social welfare for all. Workers in lower-income regencies receive wage adjustments insufficient to cover basic living costs, including food, housing, and healthcare. Thus, utilitarianism supports policies that consider both aggregate welfare and the equitable distribution of benefits to achieve the greatest social good. Furthermore, while the policy may support general economic stability and productivity in wealthier areas, it inadequately addresses welfare deficits among the most vulnerable workers, demonstrating a divergence between procedural compliance, utilitarian objectives, and Rawlsian ethical imperatives.

The regulatory framework of Banten's Provincial Minimum Wage policy provides formal legitimacy through adherence to Law Number 6 of 2023 and alignment with national wage-setting guidelines. From a Rawlsian perspective, however, formal compliance does not guarantee substantive justice. Rawls emphasizes that policies must go beyond legality to actively improve the socio-economic position of disadvantaged groups, ensuring fair equality of opportunity and applying the

³⁴ Paul J. Kelly., "Utilitarian Strategies in Bentham and John Stuart Mill," *Utilitas* Vol.2, no.2, 1990, page.250.

³⁵ Stanford Encyclopedia of Philosophy, *Utilitarianism* California, Stanford Encyclopedia of Philosophy, 2025, page.69.

³⁶ Muhammad Ridwan Lubis, Cut Nurita, Dian Pramana, and Diana Lubis., "The Urgency of Rehabilitation in the Utilitarian Paradigm to Punishing Narcotics Addicts," *Jurnal Hukum* Vol.39, no.2, 2024, page.295. See too, Henny Saida Flora, Maidin Gultom, Parulian Samosir, Khomaini Khomaini, and Bobur Sobirov., "The Urgency of Restorative Justice in Renewing Criminal Law," *Jurnal Hukum* Vol.40, no.2, 2024, page.78.

³⁷ Robert L. Zimdahl., "Moral confidence in agriculture," *American Journal of alternative agriculture* Vol.17, no.1, 2002, page.49.

³⁸ D. Don Welch., "Social ethics, overview," *Elsevier*, Vol.2, no.1, 2012, page.136.

difference principle to allow inequalities only if they benefit the least advantaged.³⁹ In this light, while Banten's UMP adjustments maintain legality, they fall short of guaranteeing that wage increases meaningfully uplift low-income workers in less affluent regencies. From a utilitarian standpoint, wage increments contribute to collective welfare by raising incomes for many workers, yet the policy does not achieve optimal social utility, as some groups remain unable to meet basic living standards, undermining the overall balance of benefits versus harms.⁴⁰ This dual-theoretical evaluation underscores that, while Banten's UMP policy is legally sound and partially welfare-enhancing, substantive alignment with social justice and optimal social utility remains an ongoing challenge.

3.2. Reflection of Utilitarian Welfare Maximization in the Determination of Minimum Wage

The utilitarian assessment of Banten's Provincial Minimum Wage indicates that the policy contributes moderately to social welfare but remains insufficient for fully maximizing collective benefits. Minimum wage regulations are intended to balance labor protection with economic competitiveness, yet the UMP value continues to fall short of covering essential living costs for many workers.⁴¹ From a utilitarian perspective, public policy should aim to generate the greatest happiness for the greatest number, focusing on both the quantity and quality of benefits produced for society.⁴²

Banten's UMP adjustments maintain investment stability and protect business operations, but the distribution of benefits appears disproportionately favorable to employers, limiting the broader welfare gains for low-income workers. This means that these increases keep pace with inflation and productivity levels, which helps businesses remain competitive and attract investment, but these improvements do not result in better living conditions for many low-wage workers whose basic needs remain unmet.⁴³ Marginal increases in 2024–2025 have not sufficiently enhanced purchasing power, indicating only partial alignment with utilitarian principles that

³⁹ John Rawls., *A theory of justice*, In *Applied ethics*, London, Routledge, 2017, page.29. See too, Gordon L. Clark., "Making moral landscapes: John Rawls' original position," *Political Geography Quarterly* Vol.5, no.4, 1986, page.152.

⁴⁰ Stavros A. Drakopoulos., "Value Judgements, Positivism and Utility Comparisons in Economics," *Journal of Business Ethics* Vol.189, no.3, 2024, page.424. See too, Paul J. Kelly., "Utilitarian Strategies in Bentham and John Stuart Mill," *Utilitas* Vol.2, no.2, 1990, page.252; D. Don Welch., "Social ethics, overview," *Elsevier*, Vol.2, no.1, 2012, page.137; Robert L. Zimdahl., "Moral confidence in agriculture," *American Journal of alternative agriculture* Vol.17, no.1, 2002, page.50.

⁴¹ Stavros A. Drakopoulos., "Value Judgements, Positivism and Utility Comparisons in Economics," *Journal of Business Ethics* Vol.189, no.3, 2024, page.425.

⁴² D. Don Welch., "Social ethics, overview," *Elsevier*, Vol.2, no.1, 2012, page.138. See too, Robert L. Zimdahl., "Moral confidence in agriculture," *American Journal of alternative agriculture* Vol.17, no.1, 2002, page.51.

⁴³ Wahyu Adiningtyas., "The assemblage of power: The role of the state in minimum wage policy in Indonesia," (PhD diss., Open Access Te Herenga Waka-Victoria University of Wellington, 2018), page.23. See too, Anindya Dessi Wulansari., "Indonesia's Cheap Wages Regime: The Political Economy of Minimum Wages Policy under Jokowi Presidency," *Fudan Journal of the Humanities and Social Sciences* Vol.14, no.3, 2021, page.420.

prioritize the maximization of overall social utility.⁴⁴ Utilitarian theory suggests that minimum wage policies must account not only for aggregate economic efficiency but also for the effective satisfaction of essential needs, so that the benefits of wage increases reach the largest number of workers, particularly the most disadvantaged.⁴⁵

Effective wage policy requires integration of ethical theory with practical governance. First, wage determination should incorporate benchmarks for basic living costs such as food, housing, healthcare, and education, ensuring all workers meet fundamental needs in accordance with Rawlsian justice principles.⁴⁶ Second, regional differentiation is essential to address disparities in economic development, which aligns both utilitarian objectives and the ethical mandate to benefit the least advantaged.⁴⁷ Third, wage-setting mechanisms should include ongoing monitoring and adjustment based on regional inequality, labor market conditions, and social welfare outcomes to ensure policies are substantively just and socially effective

From a Rawlsian perspective, this reveals incomplete application of the difference principle and fair equality of opportunity, as wage policies fail to actively elevate the position of the lowest-income workers while still complying with legal standards.⁴⁸ From a utilitarian perspective, while the UMP increment provides incremental gains in aggregate welfare, it does not achieve the optimal distribution of benefits. Policies that ignore local disparities or the minimum thresholds for essential living conditions cannot fully realize the principle of maximizing collective happiness.⁴⁹ Ethical evaluation therefore highlights a dual gap in Banten's policy: the absence of mechanisms that ensure equitable outcomes for disadvantaged workers and the insufficient optimization of social welfare across all population segments

Policy improvements could enhance alignment with both Rawlsian and utilitarian frameworks by incorporating affirmative measures for vulnerable groups, regional cost-of-living adjustments, and metrics that integrate social welfare outcomes with economic efficiency. Such reforms would ensure that wage policy not only satisfies procedural legality but also fulfills substantive justice requirements while maximizing overall social benefit, providing a model for ethically informed

⁴⁴ Paul J. Kelly., "Utilitarian Strategies in Bentham and John Stuart Mill," *Utilitas* Vol.2, no.2, 1990, page.253.

⁴⁵ Stanford Encyclopedia of Philosophy, *Utilitarianism* California, Stanford Encyclopedia of Philosophy, 2025, page.70.

⁴⁶ Gordon L. Clark., "Making moral landscapes: John Rawls' original position," *Political Geography Quarterly* Vol.5, no.4, 1986, page.153.

⁴⁷ Paul J. Kelly., "Utilitarian Strategies in Bentham and John Stuart Mill," *Utilitas* Vol.2, no.2, 1990, page.255. See too, Stanford Encyclopedia of Philosophy, *Utilitarianism* California, Stanford Encyclopedia of Philosophy, 2025, page.73.

⁴⁸ Gordon L. Clark., "Making moral landscapes: John Rawls' original position," *Political Geography Quarterly* Vol.5, no.4, 1986, page.154. See too, John Rawls., *The Stanford Encyclopedia of Philosophy (Fall 2018 Edition)*, California, Stanford Encyclopedia of Philosophy, 2018, page.48.

⁴⁹ Robert L. Zimdahl., "Moral confidence in agriculture," *American Journal of alternative agriculture* Vol.17, no.1, 2002, page.54.

subnational wage-setting that balances equity, social welfare, and economic sustainability.⁵⁰

The description above reveals that Banten's 2025 UMP policy demonstrates partial alignment with Rawlsian principles of social justice. While it achieves procedural neutrality and formal compliance with national legislation, it does not fully implement substantive justice or optimize social welfare across diverse regions. The uniform 6.5% increase, although transparent and administratively straightforward, does not address essential inequalities or elevate the living standards of low-income workers. Evaluating Banten's UMP through the lens of Rawlsian theory and utilitarianism highlights a dual gap: the absence of mechanisms ensuring fair equality of opportunity and the inadequacy of collective welfare maximization. To bridge these gaps, wage policy must integrate regional cost-of-living considerations, affirmative measures for vulnerable groups, and welfare-oriented metrics that connect legal compliance with ethical responsibility. Such reforms would advance both social justice and economic well-being, providing a model for subnational wage policy that balances procedural fairness, substantive equity, and utilitarian outcomes in the Indonesian context.⁵¹

This highlights the need for a more principled and evidence-based framework to ensure that wage setting not only follows legal procedures but also meets broader ethical commitments. A critical analysis of the Banten Provincial Minimum Wage demonstrates that effective wage policy must connect ethical theory with practical governance. First, the wage-setting process should be benchmarked against the costs of essential living expenses such as food, housing, healthcare, and education, so that every worker can meet their basic needs in accordance with Rawlsian justice. Second, regional differences in minimum wage formulation should reflect variations in economic development, allowing the policy to support utilitarian goals while fulfilling the ethical obligation to help the least advantaged. Third, the policy should include ongoing monitoring and periodic adjustments, using data on regional inequality, labor market changes, and social welfare conditions. With this approach, the wage system will not only comply with legal standards but also be more just and socially effective.

From a utilitarian perspective, wage policy should increase collective happiness for as many people as possible, but the continued use of sub-minimum wages in some

⁵⁰ Marcel Steffen Eckardt., "Minimum Wages in an Automating Economy," *Journal of Public Economic Theory* Vol.24, no.1, 2022, page.65. See too, Danielle Guizzo, and Carles Paré-Ogg., "Economics with(out) Ethics? An Interdisciplinary Encounter between Public Economists and John Rawls in the 1970s," *European Journal of the History of Economic Thought* Vol.30, no.5, 2023, page.906; Atif Khan Jadoon, Abeera Tanveer, Maria Faiq Javed, and Ambreen Sarwar., "Minimum Wages and Poverty: A Cross-Country Analysis," *Asian Economic and Financial Review* Vol.11, no.8, 2021, page.632.

⁵¹ Marcel Steffen Eckardt., "Minimum Wages in an Automating Economy," *Journal of Public Economic Theory* Vol.24, no.1, 2022, page.66. See too, Danielle Guizzo, and Carles Paré-Ogg., "Economics with(out) Ethics? An Interdisciplinary Encounter between Public Economists and John Rawls in the 1970s," *European Journal of the History of Economic Thought* Vol.30, no.5, 2023, page.907; Atif Khan Jadoon, Abeera Tanveer, Maria Faiq Javed, and Ambreen Sarwar., "Minimum Wages and Poverty: A Cross-Country Analysis," *Asian Economic and Financial Review* Vol.11, no.8, 2021, page.633.

sectors suggests that the overall welfare impact remains limited and uneven.⁵² The centralized formula in Government Regulation Number 51 of 2023 also limits wage negotiations because the alpha parameter remains narrow, thus reducing the flexibility needed to improve worker welfare through regional adjustments.⁵³

Research also shows that the current UMP formula uses unrealistic assumptions about living expenses. The calculation is based on the needs of a single worker, but in reality, many workers support families, making the UMP far from sufficient and often pushing households into debt and ongoing financial stress.⁵⁴ The Job Creation Law further weakens worker protections by prioritizing business interests, leaving workers with less bargaining power to demand fairer wages.⁵⁵ Regional disparities further exacerbate the problem, as the same wage increase is applied across districts with significantly different costs of living, reducing the real value of the UMP for workers in more expensive areas.⁵⁶ Wage councils, which were previously able to push for higher wage increases through strong union participation, now have less influence due to recentralization, resulting in limited

⁵² Hisam Ahyani, Naelul Azmi, Sérgio António Neves Lousada, Agus Yosep Abduloh, and Miftakhul Huda., "Legal Protection for Private Lecturers: Addressing Sub-Minimum Wage Challenges in West Java," *Jurnal Media Hukum* Vol.32, no.1, 2025, page.24. See too, Rieski Soerya Soedjarwo, Karim Karim, and Sugiharto Sugiharto., "Juridical Study of the Provision of Payment of Wages below the Minimum Wage by Employers to Workers," *IUS POSITUM: Journal of Law Theory and Law Enforcement* Vol.1, no.2, 2025, page.41.

⁵³ Nabiyla Risfa Izzati., "Tinjauan penetapan upah minimum 2023: Evaluasi kebijakan pengupahan dan revitalisasi dewan pengupahan," *Masalah-Masalah Hukum* Vol.52, no.2, 2023, page.170. See too, Siti Kunarti, Sri Hartini, Syarafina Dyah Amalia, Adhitia Pradana, and Bahar Elfudlatsani., "Reformulation of Minimum Wage Policy and Its Implications Concerning Justice and Workers' Welfare in the Context Indonesian law," *Volkgeist: Jurnal Ilmu Hukum dan Konstitusi* Vol.4, no.2, 2025, page.227; Siti Kunarti, Sri Hartini, Syarafina Dyah Amalia, Adhitia Pradana, and Bahar Elfudlatsani., "Reformulation of Minimum Wage Policy and Its Implications Concerning Justice and Workers' Welfare in the Context Indonesian law," *Volkgeist: Jurnal Ilmu Hukum dan Konstitusi* Vol.4, no.2, 2025, page.226.

⁵⁴ Wahyu Adiningtyas., "The assemblage of power: The role of the state in minimum wage policy in Indonesia," (PhD diss., Open Access Te Herenga Waka-Victoria University of Wellington, 2018), page.24. See too, Mentari Berliana Kemala Dewi., "Analisis Dampak Permintaan Naiknya Upah Minimum Terhadap Perekonomian, Hukum dan Kesejahteraan Nasional," *Indonesian State Law Review (ISLRev)* Vol.2, no.1, 2019, page.3017.

⁵⁵ Mirza Satria Buana, and Rahmat Budiman., "Indonesia'S Minimum Wage Policy After the Omnibus Law: A Comparative Analysis from Islamic Principles," *UUM Journal of Legal Studies* Vol.13, no.2, 2022, page.193. See too, Nur Putri Hidayah, Quincy R. Cloet, and David Pradhan., "The Implementation of Labor Development Principles According to Job Creation Law as a Reason to Protect Wages Rights," *Bestuur* Vol.9, no.1, 2021, page.70; Petra Mahy., "Indonesia's Omnibus Law on job creation: legal hierarchy and responses to judicial review in the labour cluster of amendments," *Asian Journal of Comparative Law* Vol.17, no.1, 2022, page.57.

⁵⁶ Sufi Indrayani, and Amrul Muzan., "Kesenjangan upah dan keadilan sosial terhadap sistem pengupahan di Indonesia," *Al-Muzdahir: Jurnal Ekonomi Syariah* Vol.7, no.1, 2025, page.103. See too, Wihelmus Jemarut, I. Gusti Agung Andriani, and Pahrur Rizal., "Penetapan Upah Minimum dalam Perpektif Teori Keadilan John Rawls," *Jurnal Interpretasi Hukum* Vol.4, no.1, 2023, page.136.

wage growth and not achieving Pareto improvements for most workers.⁵⁷

A more balanced utilitarian view also suggests that a focus on total welfare neglects the plight of minority groups who often face exploitation, particularly in informal sectors such as domestic work, tourism, and casual labor.⁵⁸ The Islamic perspective on *masalah*, which emphasizes public welfare and basic rights, also criticizes current wage policies for failing to ensure clear and consistent protection for vulnerable workers.⁵⁹ Weak law enforcement exacerbates these problems, as employers who violate wage regulations are rarely punished, and workers often accept below-minimum wages for fear of job loss or lack of alternatives.⁶⁰

These issues highlight why Banten needs a more inclusive approach to wage policy that more effectively adheres to utilitarian principles. One important step is to incorporate a decent living survey into the wage formula, which considers family needs, housing, transportation, education, and healthcare, rather than just basic food needs.⁶¹ Enhancing the role of the tripartite council by providing a wider alpha range and adding independent oversight would help balance efficiency and fairness in wage decisions.⁶² Adopting regional differentiation, monitoring inequality, and providing protection for informal workers would help improve welfare without hindering economic growth.⁶³ This more comprehensive model

⁵⁷ Teri L. Caraway, Michele Ford, and Oanh K. Nguyen., "Politicizing the minimum wage: Wage councils, worker mobilization, and local elections in Indonesia," *Politics & Society* Vol.47, no.2, 2019, page.257. See too, Arinto Nugroho, Irfa Ronaboyd, Emmilia Rusdiana, Dicky Eko Prasetyo, and Sonny Zulhuda., "The impact of labor law reform on Indonesian workers: A comparative study after the Job Creation Law," *Lex Scientia Law Review* Vol.8, no.1, 2024, page.68.

⁵⁸ Wiwik Afifah, Rachmad Safa'at, Muhammad Fadli, and Setyo Widagdo., "From Legal Gaps to Decent Wages: Ensuring Domestic Workers' Rights in Indonesia," *Jurnal Hukum Bisnis Bonum Commune* Vol.2, no.1, 2025, page.342. See too, Fithriatus Shalihah, Siti Alviah, and Imtikhan Anas Shob'ron. "The Wages in Employment Relations in the Tourism Sector in Yogyakarta in Justice Perspective," *Substantive Justice International Journal of Law* Vol.6, no.2, 2023, page.140.

⁵⁹ Siti Julaicha, Asri Wijayanti, and Mualimin Mochammad Sahid., "The Basis of Minimum Wages Determination for Worker in Indonesia Positive Law and Sharia," *Justitia Jurnal Hukum* Vol.6, no.1, 2022, page.39. See too, Sri Nurcahyani, Dey Ravena, and Rini Irianti Sundari., "Islamic Fiqh Principles for Worker Protection: Wage Determination and Payment," *KARSA Journal of Social and Islamic Culture* Vol.33, no.1, 2025, page.200.

⁶⁰ Rieski Soerya Soedjarwo, Karim Karim, and Sugiharto Sugiharto., "Juridical Study of the Provision of Payment of Wages below the Minimum Wage by Employers to Workers," *IUS POSITUM: Journal of Law Theory and Law Enforcement* Vol.1, no.2, 2025, page.42. See too, Endeh Suhartini., "Legal politics and policy setting of wage systems for creating social justice of workers," *J. Legal Ethical & Regul* Vol.22, no.2 2019, page.3.

⁶¹ Sujana. S. Donandi., "Pembentukan konsep pengaturan upah di atas upah minimum yang berkeadilan bagi pengusaha dan pekerja," *Jurnal Hukum Bisnis Bonum Commune* Vol.5, no.2, 2022, page.242. See too, Zulkarnain Ibrahim., "Eksistensi Hukum Pengupahan Yang Layak Berdasarkan Keadilan Substantif," *Jurnal Dinamika Hukum* Vol.13, no.3, 2013, page.529.

⁶² Nabiyla Risfa Izzati., "Tinjauan penetapan upah minimum 2023: Evaluasi kebijakan pengupahan dan revitalisasi dewan pengupahan," *Masalah-Masalah Hukum* Vol.52, no.2, 2023, page.172. See too, Agus Pramono., "The role of the Central Java Provincial Wage Council in determining Regency/City minimum wages in 2020," *UNTAG Law Review* Vol.4, no.1, 2020, page.59.

⁶³ Achmad Irwan Hamzani, Achmad Soeharto, Taufiq Taufiq, Dwi Edi Wibowo, and Anik Kunantiyorini., "Balancing Utilitarianism with Access to Environmental Justice: An Indonesian Case Study," *Environmental Policy and Law* Vol.55, no.4-5, 2025, page.158. See too, I. Gusti Ayu Ketut Rachmi Handayani, and Lego Karjoko., "Reconstructing Wage Law in the Contemporary

adheres to the idea of sustainable utilitarianism, which ensures that benefits reach as many people as possible, including the most disadvantaged workers.⁶⁴

In Banten, the shift from formal compliance to tangible welfare progress requires policies that link economic data to actual social conditions. Without addressing weak enforcement and a strong bias toward employer interests, the Provincial Minimum Wage cannot fully support collective happiness or long-term prosperity.⁶⁵ Reforms based on collaboration between workers, employers, and the government can transform wage policy into a more powerful tool for equity and shared prosperity, helping to create a system that supports economic stability and social justice.⁶⁶

3.3. Workers' Perceptions of Wage Adequacy and Fairness in Relation to Living Needs

The statistical results presented in Table 2 reveal a consistent pattern of perceptions of inadequate wages and limited fairness among workers in Banten. Of the 17 questionnaire items, the most Corrected Item-Total Correlations (CITC) ranged from 0.57 to 0.86, indicating a strong relationship between each indicator and the overall wage perception construct. Items with the highest correlations, such as wage competitiveness (Q14, $r = 0.860$), fairness of bonus distribution (Q4, $r = 0.822$), and unmet basic needs (Q15, $r = 0.830$), indicate areas where dissatisfaction is most pronounced. These results reinforce the overall Cronbach's Alpha value of 0.944, confirming that workers' responses not only reliably but also consistently reflect underlying concerns about wage fairness.

Era: A Pancasila Justice and Maqāṣid al-Sharī'ah Perspective," *MILRev: Metro Islamic Law Review* Vol.4, no.2, 2025, page.1057.

⁶⁴ Abdul Rahim Hakimi, Mukarramah Mukarramah, and Rahma Pramudya Nawang Sari., "Legal Policy for Women Workers in Indonesia: A Review of Contemporary Islamic Law," *MILRev: Metro Islamic Law Review* Vol.3, no.1, 2024, page.69. See too, Ahmad Dwi Nuryanto, Reza Octavia Kusumaningtyas, and Bukhadyrov Habibullo., "The Imperative of Social Justice on the Insolvency and Workers' Wage," *Journal of Sustainable Development and Regulatory Issues (JSDERI)* Vol.2, no.3, 2024, page.221.

⁶⁵ Devi Rahayu, Mishbahul Munir, Zilda Khilmatus Shokhikhah, and Nar Yan Thapa., "The Rights-Based Labor Law: A Comparison of Indonesian and Nepal Policies," *Jurnal Suara Hukum* Vol.7, no.1, 2025, page.159. See too, Sidik Sunaryo., "The philosophy of social injustice for all Indonesian laborers set forth in Job Creation Law," *Legality: Jurnal Ilmiah Hukum* Vol.31, no.1, 2023, page.122; Kukuh Tejomurti, and Sukarmi Sukarmi., "The Critical Study of the Omnibus Bill on Job Creation Based on John Rawls View on Justice," *Unnes Law Journal* Vol.6, no.2, 2020, page.190.

⁶⁶ Wahyu Adiningtyas., "The assemblage of power: The role of the state in minimum wage policy in Indonesia," (PhD diss., Open Access Te Herenga Waka-Victoria University of Wellington, 2018), page.25. See too, Tri Nurhayati, and Raden Lungid Ismoyoputro., "Justice, Equality, and Indonesian Labor Law: Navigating Humanitarian Challenges in the Workplace," *Walisongo Law Review (Walrev)* Vol.6, no.1, 2024, page.10.

Table 2. Item-Total Statistics and Worker Perceptions on Minimum Wage Adequacy and Fairness in Banten

No.	Questions	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q1	Wages received meet daily living needs.	58,3495	207,053	,697	,604	,941
Q2	Bonuses provided align with workers' expectations.	58,6602	205,874	,669	,633	,941
Q3	Incentives received match job targets or performance.	58,7670	204,043	,716	,746	,940
Q4	Bonus distribution is fair among employees.	58,4660	201,702	,822	,783	,938
Q5	Incentives given match the needs of workers.	58,6990	203,330	,757	,783	,939
Q6	Salary increases follow tenure or length of work.	58,2816	207,106	,683	,585	,941
Q7	The company provides adequate family support incentives.	58,2913	209,287	,609	,524	,942
Q8	Consumption-related allowances help	58,1748	206,695	,684	,655	,941

No.	Questions	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
	sustain workers' well-being.					
Q9	Housing benefits provided are adequate for workers and dependents	58,5825	207,971	,575	,517	,943
Q10	Health benefits provided meet the needs of workers' dependents.	57,8932	211,802	,585	,565	,943
Q11	"Wages correspond to employee competencies or skills."	58,2718	204,161	,796	,766	,939
Q12	Wages reflect workers' experience and contributions.	58,3689	201,568	,780	,787	,939
Q13	The company is financially capable of offering higher wages.	58,3786	201,943	,748	,731	,939

No.	Questions	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q14	Wages provided are competitive compared to similar companies.	58,3495	200,288	,860	,836	,937
Q15	Current wages still fail to meet basic living needs.	58,4951	200,272	,830	,829	,938
Q16	Wages comply with company regulations but remain insufficient for basic needs.	58,9029	219,834	,271	,238	,949
Q17	Wages align with local government minimum wage (UMP).	58,3107	209,295	,597	,498	,942

This descriptive pattern highlights three key findings. First, items related to basic needs (Q1, Q15, Q16) consistently show low adequacy, confirming that current wages, while in line with the Provincial Minimum Wage (UMP) regulations, fail to cover essential living costs. This reflects the persistent gap between nominal wage compliance and real purchasing power. Second, equity-based items (Q3, Q4, Q11, Q12) show moderate to high correlations, indicating that workers perceive a mismatch between their skills, contributions, and the compensation they receive. This suggests that the wage structure does not fully recognize productivity or experience, echoing broader criticisms of distributive justice in wage setting. Third, items related to benefits (Q7–Q10) show relatively lower correlations, indicating that support mechanisms such as housing and healthcare benefits remain inadequate or unequally accessible. The patterns are summarized in Table 3.

Table 3. Analysis of Wage Adequacy and Fairness and Ethical Evaluation

No.	Question	CITC	Adequacy Status	Note
Q1	Wages received meet daily living needs	0.697	Unmet	Close to threshold, indicates partial insufficiency
Q2	Bonuses provided align with workers' expectations	0.669	Unmet	Incentives are limited, not fully satisfactory
Q3	Incentives match job targets or performance	0.716	Meet	Motivation-related utility partially achieved
Q4	Bonus distribution is fair among employees	0.822	Meet	Perceived fairness in distribution
Q5	Incentives match workers' needs	0.757	Meet	Generally adequate for intended purpose
Q6	Salary increases follow tenure	0.683	Unmet	Workers perceive inequity in increments
Q7	Family support incentives adequate	0.609	Unmet	Benefits insufficient for dependents
Q8	Consumption allowances sustain well-being	0.684	Unmet	Partial support, not fully covering needs
Q9	Housing benefits adequate	0.575	Unmet	Limited structural support for dependents
Q10	Health benefits meet dependents' needs	0.585	Unmet	Insufficient coverage in practice
Q11	Wages correspond to competencies	0.796	Meet	Recognizes skills-based contribution
Q12	Wages reflect experience & contributions	0.780	Meet	Fairness partially acknowledged

No.	Question	CITC	Adequacy Status	Note
Q13	Company can offer higher wages	0.748	Meet	Indicates potential for improvement
Q14	Wages competitive vs similar companies	0.860	Meet	Market-level competitiveness perceived
Q15	Current wages fail to meet basic living needs	0.830	Unmet	Confirms major gap in adequacy
Q16	Wages comply with company regulations but insufficient	0.271	Unmet	Statistically low, ethically crucial for evaluation
Q17	Wages align with local UMP	0.597	Unmet	Legal compliance not equal to sufficiency

Item-total correlation analysis shows that the majority of questions have a Corrected Item-Total Correlation (CITC) > 0.3, thus contributing significantly to the core construct of perceived fairness and adequacy in wage compensation. However, Item 16, which relates to “wages received under company regulations failing to meet daily living needs,” has a value of 0.271, slightly below the established threshold. Although this value is statistically low, the ethical evaluation confirms the importance of retaining this item as it reflects John Rawls’ difference principle, which states that socioeconomic disparities are only justified if they benefit the least advantaged group. In this context, even if wages comply with regulations, their inadequacy for workers’ basic needs emphasizes their fundamental right to a decent standard of living. From a utilitarian perspective, this item highlights aggregate happiness; when a majority of workers perceive legal wages as insufficient for survival, this indicates a decline in overall satisfaction, contradicting the utilitarian principle.⁶⁷

Item 1, “Wages received meet the needs of daily living,” is considered a key indicator of the utilitarian principle, emphasizing the importance of meeting basic needs as a manifestation of collective well-being. The correlation exceeds 0.3, indicating that society values the fulfillment of basic needs as a crucial factor in determining the appropriateness of the minimum wage. Meanwhile, Items 2 and 3, concerning bonuses and incentives based on job desires and targets, support the utilitarian aspect of motivation and work outcomes, with respondents consistently responding that workers value additional income as part of the company’s distributive justice.⁶⁸

Items 4 and 5, which assess the fairness of bonus distribution and the suitability of incentives to workers’ needs, reflect Rawls’s theory of justice, which emphasizes

⁶⁷ Paul J. Kelly., “Utilitarian Strategies in Bentham and John Stuart Mill,” *Utilitas* Vol.2, no.2, 1990, page.250. See too, Hendra Gunawan, and Syahbudin Syahbudin., “Legal Reconstruction of the Omnibus Law on Job Creation for Justice in Enhancing Investment and Indonesia’s Competitiveness,” *Jurnal Hukum* Vol.41, no.2, 2025, page.259.

⁶⁸ Jebreel Mohammad Al-Msiedeen, and Fawzi A. Al Sawalqa., “Ownership Structure and CEO Compensation: Evidence from Jordan,” *Asian Economic and Financial Review* Vol.11, no.5, 2021, page.365.

equality and fair treatment. High correlation values indicate that workers place a high value on fairness in compensation. Items 6–8, which relate to salary increases based on length of service, family support incentives, and consumption allowances, highlight the value of sustainable well-being, in line with utilitarian principles. Items 9–10, on housing and healthcare benefits for dependents, reflect structural justice and fundamental worker rights, emphasizing the role of companies and the state in achieving social justice.

Items 11–12 emphasize the link between wages and experience and contribution, aligning with Rawls's principle of fair equality of opportunity. Items 13–14 highlight companies' capacity to provide higher wages and perceived competitiveness, linking a utilitarian view of overall welfare with the principle of distributive justice. Items 15–16 demonstrate the tension between regulations and real conditions; although Item 16 complies with company policy, many workers feel the fixed wage is insufficient to cover basic needs (Item 15). This response highlights the inconsistency between legal compliance and substantive justice. Item 17, on compliance with the Provincial Minimum Wage (UMP), highlights the role of public policy in ensuring fair minimum standards, even though wages are not actually sufficient to meet living costs.

Overall, the "meet" classification for items such as Q3–Q5, Q11–Q14 is supported by positive responses related to motivation, procedural justice, and the potential for wage increases. Meanwhile, the "unmeet" in items Q1, Q2, Q6–Q10, Q15–Q17 is reinforced by evidence that the majority of workers consider wages and benefits insufficient to meet basic needs, family needs, and sustainable well-being. Statistically low items such as Q16 remain ethically relevant, as they reveal the conflict between legal compliance and workers' fundamental rights. Thus, this instrument is not only reliably valid (Cronbach's Alpha = 0.944), but also conceptually valid, assessing the utilitarian and Rawlsian ethical dimensions of minimum wage policy in Banten.

These findings emphasize the ethical dimension underlying wage adequacy in Banten, linking perceptions of justice to Rawls's and utilitarian frameworks. Wages that comply with regulations but fail to meet basic living needs underscore the persistent gap between legal compliance and substantive justice. From Rawls's perspective, this reflects the difference principle, which only permits inequality if it benefits the least advantaged. Wages that comply with formal regulations but fail to guarantee a dignified standard of living demonstrate a lack of distributive justice and highlight fundamental workers' rights.⁶⁹

Other aspects of compensation further illustrate the interplay between ethical principles and workers' perceptions. Bonuses, incentives, and the alignment of

⁶⁹ Frederic G. Reamer., "Effective altruism: Implications for the social Work profession: Part II," *International Journal of Social Work Values and Ethics* Vol.21, no.1, 2024, page.64. See too, Hendra Gunawan, and Syahbudin Syahbudin., "Legal Reconstruction of the Omnibus Law on Job Creation for Justice in Enhancing Investment and Indonesia's Competitiveness," *Jurnal Hukum* Vol.41, no.2, 2025, page.260.

compensation with competencies demonstrate the importance of motivation, opportunity, and fairness in the workplace.⁷⁰ Housing, health, and family support benefits demonstrate the structural dimension of social justice, emphasizing the role of employers and the state in protecting essential workers' rights.⁷¹ The tension between regulatory compliance and a sufficient standard of living suggests that while minimum wage policies aim to maximize collective utility, they may fail to achieve equitable outcomes for all, highlighting the partial gap between utilitarian efficiency and Rawlsian justice.⁷²

These findings suggest that Banten's wage policy combines elements of utilitarian reasoning and Rawlsian justice, yet still falls short of meeting fundamental needs. Incentive structures and policy instruments such as local minimum wages reflect efforts to align collective well-being with social responsibility, but inadequate coverage for low-wage workers suggests that equity must precede efficiency.⁷³ Strengthening policies through reforms based on the real cost of living, participatory wage-setting processes, and measures promoting structural equity such as equal pay enforcement and support for unskilled labor can bridge the gap between legal compliance and substantive equity.⁷⁴ Ultimately, ethical evaluations suggest that meaningful wage policies must integrate the promotion of collective utility and the protection of the least advantaged, ensuring that economic efficiency does not compromise equity.

4. Conclusion

The findings of this study reveal that the implementation of Banten's 2025

⁷⁰ Jebreel Mohammad Al-Msiedeen, and Fawzi A. Al Sawalqa., "Ownership Structure and CEO Compensation: Evidence from Jordan," *Asian Economic and Financial Review* Vol.11, no.5, 2021, page.366. See too, Alain Boyer., "On the Univocity of Rawls's Difference Principle," *Journal of Philosophical Investigations* Vol.17, no.45, 2023, page.65; Nicolas Maloberti., "Rawls and bleeding-heart libertarianism: how well do they mix?," *The Independent Review* Vol.19, no.4, 2015, page.569.

⁷¹ Hun Chung., "Rawls's Self-Defeat: A Formal Analysis," *Erkenntnis* Vol.85, no.5, 2020, page.1170.

⁷² Stavros A. Drakopoulos., "Value Judgements, Positivism and Utility Comparisons in Economics," *Journal of Business Ethics* Vol.189, no.3, 2024, page.426. See too, Peter Koller., "A defense of the difference principle beyond Rawls," *New perspectives on distributive justice* Vol.5, no.2, 2018, page.474.

⁷³ Damian Vergara., "Minimum Wages and the Living Standards of Low-Skilled Workers: A Utilitarian Critique" *Journal of Economic Policy Reform* Vol.25, no.2, 2022, page.234. See too, Danielle Guizzo, and Carles Paré-Ogg., "Economics with(out) Ethics? An Interdisciplinary Encounter between Public Economists and John Rawls in the 1970s," *European Journal of the History of Economic Thought* Vol.30, no.5, 2023, page.908.

⁷⁴ Ahmad Zaini Arif Rahman, Hajani Hajani, Rendi Haerudin, and Ahmad Jamaludin Jambunanda., "Constitutional Transition in a Democratic State: A Critical View of the Omnibus Law Establishing Employment Copyright Law," *Journal of Law and Legal Reform, Contemporary Issues on Law Reform in Indonesia and Global Context* Vol.5, no.4, 2024, page.1921. See too, Hun Chung., "Rawls's Self-Defeat: A Formal Analysis," *Erkenntnis* Vol.85, no.5, 2020, page.1171; Marcel Steffen Eckardt., "Minimum Wages in an Automating Economy," *Journal of Public Economic Theory* Vol.24, no.1, 2022, page.67; Ee Lin Tee Elaine, Pei Tha Gan, Fatimah Salwa Abd, Hadi, and Zainizam Zakaria, "Economic Growth and the Matters of Inflation and Unemployment: Evidence from ASEAN-5," *Asian Economic and Financial Review* Vol.14, no.3, 2024, page.154; Atif Khan Jadoon, Abeera Tanveer, Maria Faiq Javed, and Ambreen Sarwar., "Minimum Wages and Poverty: A Cross-Country Analysis," *Asian Economic and Financial Review* Vol.11, no.8, 2021, page.635.

Provincial Minimum Wage (*Upah Minimum Provinsi*/UMP) continues to exhibit gaps in fairness, adequacy, and socio-economic impact. Workers in Banten perceive that their wages often fall short of meeting essential living needs, incentives lack transparency, and compensation does not always reflect work experience or contributions. From the perspective of John Rawls' social justice theory, these observations indicate that the UMP does not fully uphold the difference principle, as it insufficiently addresses the welfare of the most economically vulnerable groups. Similarly, utilitarian considerations, grounded in Bentham and Mill's principles, suggest that policies causing widespread dissatisfaction among workers fail to maximize collective well-being.

This study underscores the importance of evaluating wage policy not solely through regulatory compliance or technocratic calculations, but also through socio-ethical lenses that integrate both fairness and welfare outcomes. A more equitable UMP system would involve aligning wage standards with the actual cost of living, ensuring transparent and just allocation of incentives, and recognizing contributions in accordance with workers' skills and experience. Incorporating these elements would strengthen the ethical and practical legitimacy of minimum wage policy. Consequently, the UMP should be treated as more than a procedural administrative measure. It represents a strategic mechanism to promote social justice, enhance collective welfare, and maintain economic competitiveness. Policymakers should consider data-driven approaches to establish living wage benchmarks, reinforce social ethical frameworks, and ensure that legal structures are applied consistently to achieve distributive fairness. By integrating Rawlsian principles of equity with utilitarian objectives of collective well-being, the minimum wage policy can better serve its intended purpose: securing a dignified standard of living for all workers while supporting broader socio-economic stability.

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