

ABSTRACT

The issue of wage is a never ending problem in Indonesia. Recently, the central government has enacted a new regulation namely the Government Regulation No. 78 of 2015 on Wages to settle the problem of wage in Indonesia. However, this regulation has gained the response of pros and a con nationwide without exception is the Special Region of Yogyakarta (DIY/*Daerah Istimewa Yogyakarta*). The Government of DIY stated that this regulation has been already suitable for nowadays situation, while, the laborers in DIY claimed that Government Regulation was issued in favor of employers and they insisted the government to revoke that regulation, whereas the employers have different responds, some accepted this regulation while others rejected it. This study aims to analyze the legal problem (pros and cons) of the minimum wage determination in DIY and the role of local government in settling its legal problem. The research is a normative-empirical legal research using juridical approach with descriptive-qualitative analysis. The primary data were collected through library review and field research as well as indepth interview with relevant resource persons. The study reveals that the new wage formula for determination of an annual minimum wage increase is a wise policy to serve both the laborers and employers interests. To the government, the researcher recommends a much fair guideline for wage formulation in DIY and to not generalize the minimum wage in DIY by only using national inflation and national economic growth standard. To the employers and laborers, the researcher suggests to have more coordination and cooperation with the government in minimum wage determination.

Keywords: *Minimum Wage, Decent Living Needs, Special Region of Yogyakarta*