

ABSTRACT

Given the continued dominance of informal workers in emerging countries, their welfare should be considered. These issues happen because the informal workers have lack of access to social security program, uncertain income, deprived of labor rights practice, and unsatisfactory working condition. In maintaining this issue, some literatures have discussed the relationship of savings and the welfares of workers in developing country. Still, there is not enough evidence explains the relationship of savings on the welfares of informal workers in Indonesia. Using the data from Indonesia Family Life Survey (IFLS) wave 4 and 5, this study wants to examine the relationship of saving on welfares denoted by household per-capita expenditure for the informal workers in Indonesia. the author analyzes the data by using fixed effect method, discovered that workers are disproportionately dominated by those who do not save in microfinance institutions. Then, savings on informal workers could significantly correlated with their welfare by increasing its per-capita expenditure, especially on the per-capita non-food expenditure which is also greater compared to the food expenditure. On the other hand, there is no correlation between savings and welfares among formal workers.

Keyword: Savings, Expenditure, Household, Informal, Workers