CHAPTER FIVE

CONCLUSION AND POLICY IMPLICATIONS

5.1 Introduction

This study has applied two approaches – simple cross tabulation and econometric analysis to analyse national level data collected from various publications and community level data collected from a survey. Based on the both the studies applied, several conclusions and policy implications can be drawn.

First, the survey of literature on female labour force participation and earnings indicate that very few studies in Malaysia have applied econometric techniques to analyse determinants of labour force participation, hours worked and earning functions. The studies that have applied econometric techniques have mostly adopted the first generation approach.

Second, from the analysis of national level statistics, it can be concluded that economic development and structural changes have had significant effect on female employment in Malaysia. The female labour force participation by age groups curves were plotted at a five year interval from 1970 to 1995. The curves from 1970 to 1990 were bi-model, indicating that Peninsular Malaysia is in the transition process from an agrarian to an

industrialising economy. However, the curve for 1995 was uni-model, an indication that Peninsular Malaysia is an industrialised nation. This was further reinforced by shift of employed women from unpaid family workers to employees, the decline of employed females in the agricultural sector and a rise in the manufacturing sector, a high concentration of females in production related jobs and an increase in the professional and technical related category.

Third, similar analysis was carried out among the females from the selected communities. This survey provides more details compared to the national level statistics. Unemployed women were asked to identify the most important reason for not participating in the labour force. In addition, information on hours and location of work and, the type of payment they received was also obtained. Among the unemployed women, the most common reason cited was child care and household responsibilities. In addition, this survey also indicates that most women work between six to nine hours and they mostly receive their payment in cash.

Fourth, *Probit* equations for labour force participation shows that the presence of young children has an adverse affect on female labour force participation for all the selected communities, thereby reinforcing the results of previous studies (Heckman, 1974; and Velez and Winter, 1992).

Fifth, the *Probit* equations also show that years of schooling generally has a positive relationship with female labour force participation, implying that women who receive higher education are more likely to participate in the labour force.

Sixth, earning functions corrected and uncorrected for selectivity were estimated. The results do not show much variation. In addition, among the rural communities, Lambda was significant for the Malay community and among the urban communities, it was significant for Chinese community.

Seventh, comparisons across rural and urban communities shows a lot of similarities for Indian community compared to Chinese and Malays. In addition, returns to education was generally higher among the urban community compared to the rural community. As mentioned in the previous chapter, returns to education is closely related to diversity of occupational structure among urban communities.

Finally, the standard human capital determinants in the wage equations have weak explanatory power. Therefore, further effort is needed to analyse determinants of wage equations.

5.1   Policy Implications

Despite a shift in female employment from unpaid family workers to employees and an increase of employed women in professional and technical related jobs, women are still lagging behind their male counterparts.   For example, between 1980 and 1995, more than sixty percent of unpaid family workers are females. Similarly, although there is a rise of employed females in the professional and technical related jobs, further scrutiny reveals that a high percentage of them are teachers.   In addition, the increase in paid employment does reduce the burden of household responsibilities and child-care. In fact, with the rise in paid employment, women are burdened further with dual responsibilities of paid employment and household responsibilities, including child-care.   Therefore, further effort is needed from the government to reduce gender imbalances.

Empirical analysis indicates that the presence of young children reduce the probability of participation among married women.   In addition, the most popular reason cited by unemployed women are child-care responsibilities.   In order to encourage more women to participate in the labour force, employers and government should seriously consider providing child-care facilities at work place.

The dearth of empirical studies on female labour participation and earnings shows that there is ample of scope for researchers in this area.   Government and statutory bodies should consider incentives to facilitate further research in this area.

5.2   Shortcomings of this study

The most obvious shortcoming of this study is the exclusion of women aged above 39 years old. This study was unable to compare female labour force participation by age groups. Consequently, this study was unable to identify if the labour force participation by age groups for selected communities resemble the bi-model or uni-model and if there are any resemblance between the rural and urban communities and ethnic groups.

Due to lack of data, this study did not consider the affect of tax structures and income transfer programs on female labour force participation. The inclusion of tax structures and income transfer programs will alter budget constraints and after tax wage rate becomes endogenous, which may result in simultaneous equations problem.