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Male-Female Earnings Differentials: A Case Study of Production
Workers in Alor Gajah, Melaka

by

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Abstract

Wage differentials between sexes is a world-wide phenomena. However, studies estimating wage discrimination against women have rarely been conducted for the Third World countries. This study investigates the extent of gender discrimination among production workers in Alor Gajah, Melaka. This study uses a human capital model to estimate the magnitude of male-female earnings gap, and identifies the proportion of this gap which results from discrimination as well as that which stems from differences between males and females in productivity characteristics. This analysis uses the procedure that was introduced by Oaxaca in 1973. The portion of the earnings differentials that is not explained by differences in observable personal characteristics is referred to as 'discrimination'.

The empirical study is based on a survey conducted on production workers in Alor Gajah, Melaka in 1995. The results indicate that discrimination accounted for about 55 per cent of the monthly earnings differentials. The main factors through which discrimination take place are number of children (dependants), total hours worked, number of job change, education and training.

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Chapter 3: Preliminary Findings

3.1 Introduction	48
3.2 The District of Alor Gajah	48
3.3 Spouse Characteristics	50
3.4 Number of Children	51
3.5 Percentage Distribution of Respondents by Place of Origin	52
3.6 Age Distribution by Sex	53
3.7 Educational Distribution by Sex	54
3.8 Work History	55
3.9 Employment Turnover	56
3.10 Job Training	57
3.11 Promotion Prospects	58
3.12 Skill Composition	59
3.13 Measures of Work Commitment	60
3.14 Commuting to Work	61
3.15 Characteristics of the Establishments	62
3.16 Concluding Remarks	63

Chapter 4: Wage Differentials by Sex

4.1 Introduction	65
4.2 Gender Differences in Earnings	66
4.3 The Basic Human Capital Model	69
4.4 An Expanded Earnings Model	76
4.5 Decomposition of Male-female Earnings Differential	97
4.6 Conclusions	100

Chapter 5: Summary of Findings and Policy Implications

5.1 Introduction	103
5.2 Summary of Empirical Findings	106
5.3 Policy Implications	108
5.4 Conclusion	111

References	112
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Appendix 1: Questionnaire	117
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Appendix 2: Descriptive Statistics of Data	124
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List of Tables

	page
1.1 Gross Domestic Product by Industry of Origin, 1979-1995	3
1.2 Employment by Sector, 1970-1995	5
1.3 Percentage Enrolment of Female Students by Level and Stream	7
1.4 Labour Force Participation Rate by Gender and Age Group, 1970-1993	9
1.5 Distribution of New Jobs by Sex and Sector	12
1.6 Percentage Distribution of Employment by Sector and Sex, 1970-1995	13
1.7 Percentage Distribution of Employment by Sector and Sex, 1970-1995	14
1.8 Distribution of New Jobs by Sex and Occupation	16
1.9 Employment Distribution by Occupation and Sex, 1970-1995	18
1.10 Average Female Monthly Earnings as a Percentage of Males Earnings in Selected Occupations in the Manufacturing Subsector, 1974-1990	20
2.1 Female-male Earnings Ratios	24
2.2 Survey of Empirical Findings on Sources of Earnings Differentials by Sex	27
3.1 Distribution of Respondents by Ethnicity and Sex	50
3.2 Percentage Distribution of Employed Spouses by Occupation	51
3.3 Distribution of Respondents' Children by School Level	52
3.4 Percentage Distribution of Respondents by Place of Origin	52
3.5 Distribution of Respondents by Age Groups and Sex	53
3.6 Percentage Distribution of Respondents by Education and Sex	55
3.7 Distribution of Respondent's Experience (mean)	55
3.8 Distribution of Workers by Number of Times Changed Employers	56
3.9 Percentage Distribution of Workers Who Changed Employers by Experience	57
3.10 Distribution of Workers by incidence of Training Received	58
3.11 Distribution of Workers Having Career Mobility During Current Employment	59
3.12 Percentage Distribution of Workers by Skill Categories	60
3.13 Mean Values of Indicators of Labour Force Attachment	61
3.14 Workers Who Daily Commute to Work	62
3.15 Percentage Distribution of Respondents by Industry and Sex	63
4.1 Percentage Distribution of Employees by Income Levels	66
4.2 Gender Earnings Differentials by Educational Attainment	67
4.3 Gender Earnings Differentials by Work Experience	68
4.4 Mean Monthly Earnings of Employees by Skill Category	69

4.5	Estimated Coefficients of Schooling and Experience from Earnings Functions for Production Workers	70
4.6	Expanded Earnings Functions	72
4.7	Gender Earnings Functions	73
4.8	Rates of Return to Education by Educational Attainment and Sex	75
4.9	Estimated Coefficients for Education, Experience and Total Hour Worked	77
4.10	Male and Female Earnings Functions	79
4.11	Male and Female Earnings Functions after Controlling for Duration of Training	81
4.12	Male and Female Earnings Functions after Controlling for Instances of Training	82
4.13	Earnings Function for Male and Female after Controlling for Skill Level	84
4.14	Earnings Function Including Job Turnover	87
4.15	Male and Female Earnings Functions	90
4.16	Male and Female Earnings Functions	93
4.17	Male and Female Earnings Functions after Controlling for Number of Children	95
4.18	Decomposition of Monthly Earnings Differentials by Gender	98
4.19	Contribution of Each Variable to Overall Monthly Earnings Differentials	99