

Chapter 5

Summary of Findings and Policy Implications

5.1 Introduction

Over the past decades, Malaysian women have made great advances in various field of national development, including improved access to education, and greater participation in the economy and labour market. These improvements were made possible as a result of rapid growth of the economy. In spite of all these achievements, they often, for one reason or another, receive lower earnings than their men counterparts in the same occupation.

In Malaysia, only a few studies have been conducted to search for plausible causes for the wage differences between men and women. This study seeks to add to the literature on male-female earnings differentials in Malaysia. In view of the fact that in all the Malaysian studies cited, comparisons were made between a more heterogeneous group of workers, the study was, therefore, confined to married production workers only. By looking at a less heterogeneous group, the bias resulting from the greater heterogeneity of a more diverse sample would be reduced. More specifically, this study was designed to examine the relationship between income, educational attainment, work history, on-the-job training, labour force attachment and gender within the human capital

framework. In addition, this study seeks to include factors which may have an impact on earnings but which have, thus far, not been found in Malaysian - case studies. These measures include the frequency, duration, and intermittence of work experience for both men and women. Perhaps more importantly, no study includes direct measures of absenteeism, and self-imposed restrictions on job-choice. To the extent that these factors differ between the sexes, and have important effects on earnings (see Corcoran and Duncan, 1977). The 'unexplained' portion of the earnings gaps estimated in the past studies might be overstated.

A study of this nature requires a wide range of information. A methodology relying on secondary data was clearly not feasible for the purpose at hand. In spite of the financial and time constraints, a survey was carried through structured interviews. All of the information for this study was obtained through a questionnaire.

For the questionnaire survey, the ideal sampling frame would be a listing of the groups of workers, stratified by important variables such as, ethnicity and socio-economic background. Unfortunately, such a listing was not available. A random survey was not possible. Time and cost considerations made quota sampling the only possible alternative. In view of these limitations, the results of this study are, therefore, tentative and cannot be generalised without care.

In this study, several hypotheses were put forward for testing. These hypotheses are:

- i. Women earn less than men because they lose skills when they withdraw from the labour force to have and raise children.
- ii. Men earn more than women because they receive higher returns to human capital, namely, education and experience.
- iii. Men are paid more than women because they received more on-the-job training, and higher returns to training.
- iv. Women earn less than men because they have higher job turnover (or unstable employment pattern).
- v. Women earn less than men because they have a higher degree of absenteeism due to illness of other family members, especially children.
- vi. Women earn less than men because of self-imposed restrictions on job locations and work hours that are compatible with their household responsibilities.

In this study, we adopt the standard Mincerian human capital earnings function to estimate the wage functions. For the analysis of gender earnings differentials, we follow Oaxaca's (1973) methodology.

5.2 Summary of Empirical Findings

The first of the empirical findings here relates to the choice of schooling and experience variables. From the findings, it is found that there is premium for educational attainments for both men and women. However, it is found that men received higher premium than women at lower secondary level. At the upper secondary level, the premium is again higher for men than for women.

In term of experience, the return for women is higher than that for men. Each year of experience prior to current employer adds significantly to women's earnings but not men's. This may be explained by the fact that women remain in similar line of work where past experience can be used. This seems to suggest that women's past experience could be general in nature, whereas men's past experience are not. In terms of experience with current employer, women again realise a higher return than men. The lower returns for men could be due to the fact that men with little experience earn more than women with little experience. In another words, women may start off with very low wages. Turning to the number of hours worked, our findings show that men receive slightly higher returns than women.

In term of training, it is found that instances of training do have positive significant effects on earnings for both men and women. However, the premium for training is higher for men than for women.

In terms of job mobility, as defined by the number of job changed, our results indicate that the number of job quit tends to add significantly to men's earnings. On the other hand, for women, those with unstable employment patterns tend to earn significantly less than those with more stable employment patterns. In terms of workers' skill level, it is found that women in semi-skilled and skilled categories receive a higher premium than men. Again, this may be explained by the fact that women in unskilled production jobs earn much less than men in similar jobs.

With regard to family background variable our results show that the number of children variable adds positively to men's earnings. For women, the number-of-children variable picks up some marginal significant detrimental effects on their earnings.

In terms of indicators of labour force attachment, our results show that attachment measures do not explain earnings differentials very well, and have virtually no significant effect on the earnings of the two gender groups of workers.

In relation to the extent of discrimination, i.e. the unexplained portion of the earnings differentials, our results indicate that discrimination accounts for about 55 per cent of the monthly earnings differentials between males and females. The main variables through which wage discrimination takes place are number of children (dependants), total hours worked, rate of job turnover, education and training. However, it must be cautioned that the extent of discrimination is estimated by the residual approach, which equated the unexplained portion of the earnings differentials with

discrimination. In fact, the unexplained portion could be due to genuine productivity differences which have not been incorporated in the analysis.

Despite the usefulness of the findings presented in this study, the results are tentative and cannot be generalised without care. The sample of the study was rather small and confined to a sub-urban district. Apart from these, several factors such as ability or intelligence, and quality of schooling were also not included. This tends to lead to an upward bias in the estimate of the rates of returns, particularly to schooling.

5.3 Policy Implications

From the discussion in chapter 1, there is no doubt that women have made great strides in various fields of national development, including improved access to education, and greater participation in the economy and labour market. Despite all these achievements, many women are still concentrated in the low paying unskilled and semi-skilled jobs.

In view of the rapid economic development trends and the various economic structural transformation as well as the Government's continuous effort to promote a higher level of female participation in the labour market, an increase in female participation rates is expected to add further to the supply of labour. Therefore, there is an urgent need to empower women to enable them to obtain upward mobility in terms of occupation, skill content and labour status.

As can be seen from the discussions in section 3.12, women workers were largely concentrated in low-paying unskilled jobs. Therefore, measures should be taken to enable women to move into skilled jobs. This could be done by boosting more women into engineering and scientific courses. Despite the fact that girls continued to receive equal access to educational opportunities, and have reached the general educational level of boys in the school system, females students continued to be dominated in the art streams, accounting for about 65 percent of total enrolment in art courses (Malaysia, 1996: 625). In view of this, it is imperative that educational authorities should encourage and develop interests in science and technology among female students. In terms of career counselling, concerted efforts should also be taken to guide girls to a wider range of career options. Information campaigns on vocational guidance and training should also be launched to make female students in school more aware of the changing economic development trends and the changing job situation.

As discussed in Chapter 3, despite the fact that women are older, however, they have less work experience than men. The reasons being either they entered labour market late or because child-bearing and traditional family responsibilities of women lead them to spend less time in the labour force. This eventually lead them to invest not as much as men in human capital formation. The twin responsibilities of family and career are constraints to greater female participation, particularly married women. In this respect, the private sector, being the larger employer, should be encouraged to facilitate greater entry of females into the labour force through women-sensitive personnel policies. Hence

measures such as the setting up of creches as well as the provision of housing and transportation facilities between the home and place of work should be implemented.

In addition, the private sector needs also to consider providing more conducive working arrangements for women that take into account their multiple roles and responsibilities. The provision of flexible working hours, career breaks and other flexible work practices will enable women to integrate work with household duties. Attention should also be given to providing assistance such as advisory and counseling services, particularly for those who require such assistance.

Bearing in mind the limitations of the study, this study finds that earnings differentials between sexes are large. Despite the Equal Pay for Equal Work Act of 1969, wage differentials by gender still persist. The basic problem here is that more than one-half of the gender differences in earnings can be attributed to 'discrimination'. This discrimination may come in the form of wage discrimination or in the form of occupational discrimination.

If, as the study shows, a large part of the earnings differential between men and women is due to discrimination, then policies directed against gender discrimination in employment and earnings are needed. However, this is far easier said than done. In view of this, special measures should be introduced by Ministry of Human Resources to redress discrimination against women. Perhaps, the Ministry could undertake public awareness programmes, especially through media, to educate employers, about

discrimination against women in terms of recruitment, hiring and promotions. Gender discrimination practices may be customary in nature, and their complete elimination will require more than mere legislation; changes in custom itself may be required.

5.4 Conclusion

As we move towards a more 'caring society' concept, policy makers have to recognise that in pursuit of a vision to bring about development, the needs of the other half of the population have to be recognised. If women's needs continue to be invisible, it is unlikely that the status of women will transform qualitatively to be equal in human society.

With the present rapid pace of industrialisation, women are offered new employment opportunities, however, as we have discussed, the majority of working women are still at the lower rung of the occupational structure and hence their lower wages. As the equal pay policy does not reduce very much of the overall female-male earnings differential, educational programmes may be long gestation periods, but better and more education as well as training programmes should be made available to reduce wage disparities between sexes. In conclusion, we suggest that a detailed study should be undertaken to further investigate into the reasons why women are concentrated in subordinate labour groups, and why they appear to be paid less for similar human capital endowments.