

Women and Labour Force Participation in Malaysia

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ABSTRACT

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One of the best ways for Malaysia to develop and advance in the future is by increasing economic prospects for women. In this light, even though women's educational attainment has significantly improved, their participation in the labour force is still significantly lower than men's. It is believed that this is due to the burden of doing housework and caring for children and the elderly, which women mostly shoulder. This study used the Fifth Malaysian Population and Family Survey (MPFS-5), a nationally representative survey to investigate factors influencing labour force participation among Malaysian women. The probit regression model of participation decision among women, which considers common socio-demographic parameters such as parents and parents-in-law's presence, marital status, education, age, and the number of children, was applied in this study. The results suggest that the government must devise strategies to help women achieve work-life balance, particularly in improving access to childcare services.

Contribution/Originality: This study examines the determinants of women's labour for participation in Malaysia through a nationwide survey, the Malaysian Population and Family Survey 2014 (MPFS), which also explores the effect of care responsibilities toward children and the elderly on women's participation the labour force.

1. Introduction

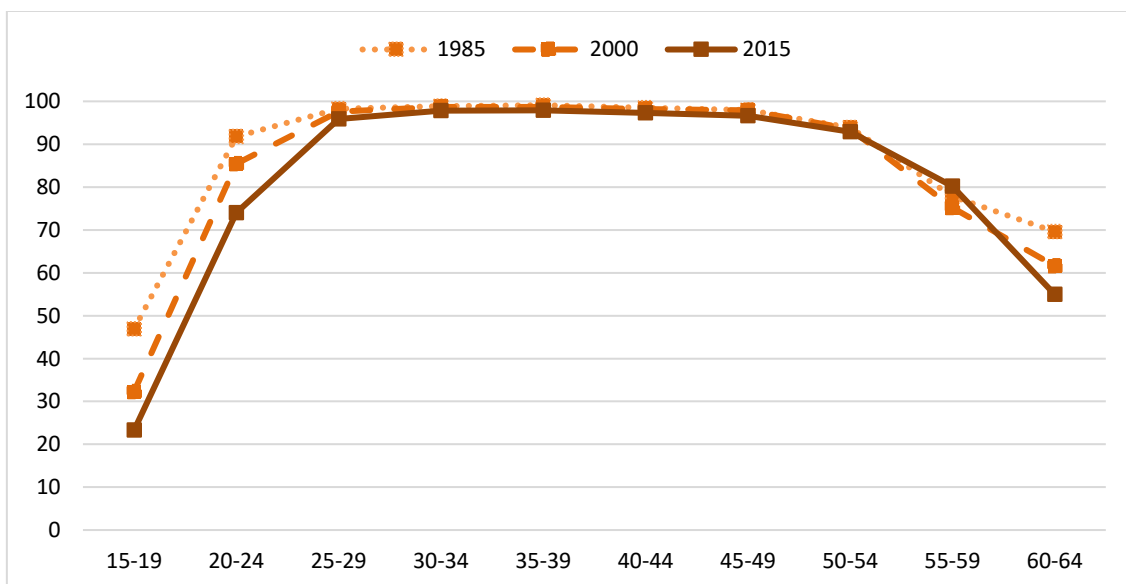
Undoubtedly, women's involvement in the economic sector should be increased. Higher women's economic engagement could lower poverty in developing nations, increase women's access to higher-productivity industries and occupations, and accelerate global economic growth. Due to this importance, issues regarding female participation in the labour force have garnered significant attention worldwide. Increased women's involvement in the economy has been linked to global economic growth as it could eradicate poverty in emerging economies and increase women's access to high-productivity sectors and careers (ILO, 2018). Furthermore, women's participation in the workforce helps boost households' income and guarantees sufficient labour in competitive sectors in emerging economies (Chowdhury, 2013). However, the

participation of women in the workforce is still low. This situation creates concern about why the gender gap is still widening in developing countries, despite the global economic boom and the tremendous progress in women's educational attainment (ILO, 2018).

Women in Malaysia also share the same stories. Compared to men, women's labour force participation rates remained modest and low, notwithstanding Malaysia's rapid post-independence industrialization process and advancements in the educational sector (Abdullah et al., 2008; Ismail & Sulaiman, 2014; Nor & Said, 2016; Zin, 2014). Malaysian women's labour force participation rate was at 55.5% in 2021, compared to 80.9% for men (DOSM, 2022). Additionally, the major composition of those outside of the labour force is women. Out of the 7.2 million population outside the labour force, 68.6 percent are women. A study found that more than 60 percent of women responded that the traditional notion that women bear family-specific roles, domestic responsibilities, and community commitments are the primary reason for them not being in the labour force (DOSM, 2022). Furthermore, unlike other East Asian countries, the profile of women's labour force participation is single-peaked. The single peak in the profile of women's labour force participation in Malaysia indicates that once they leave the labour force, they do not always return. Women had higher participation rates at earlier ages, which declined after reaching a peak.

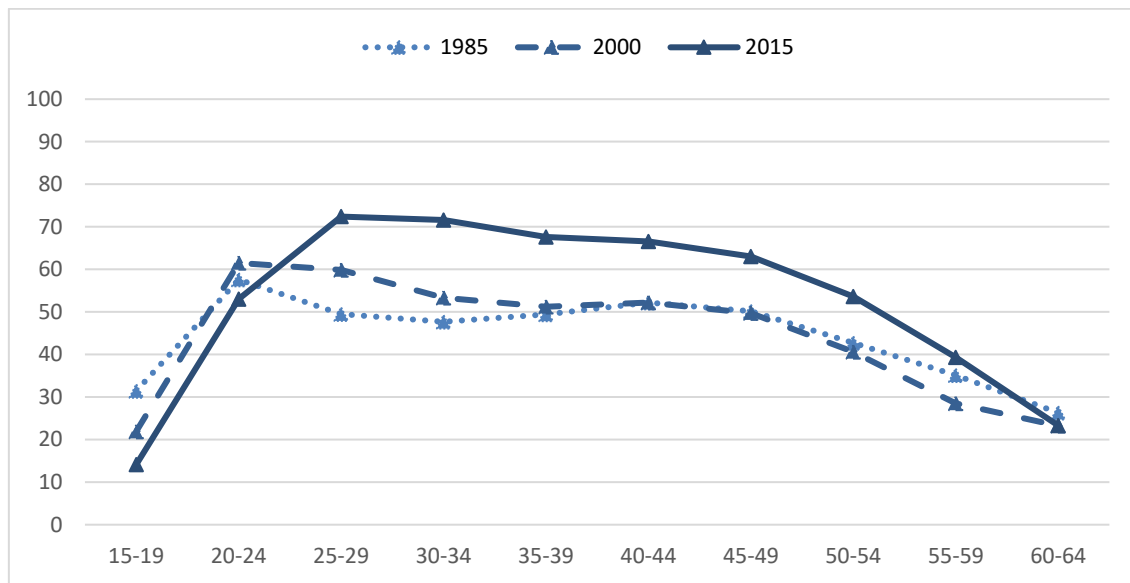
Figures 1 and Figure 2 depict the male and female labour force participation rates based on the age cohort between 1985 and 2015. The figures show male and female labour force participation trends over time. Men's labour force involvement peak between the ages of 25 and 29 and remains constant throughout their adult years before declining between 55 and 59 during retirement. In contrast, women are active in the labour force between the ages of 20 to 24 and 25 to 29. However, Figure 2 shows that a decline is noted for the subsequent age cohort after reaching its peak.

Figure 1: Male labour force participation rate by age cohort, Malaysia



Source: Author, extracted from the Department of Statistics Malaysia.

Figure 2: Female labour force participation rate by age cohort, Malaysia



Source: Author, extracted from the Department of Statistics Malaysia.

This gender disparity in the age distribution of individuals in the labour force reflects differential exit rates, especially for age groups 30 and older. As reported by the [World Bank \(2012\)](#), working women are trapped in a “double-burden syndrome” in which they must manage domestic duties and care for their children, elderly parents, or family members. [World Bank \(2012\)](#) also emphasized that labour force participation among Malaysian women has a single peak profile. This indicates that most women who leave the workforce will not reenter it. In this regard, this study examines factors influencing women’s decision to enter the labour force in Malaysia.

2. Literature Review

Marriage is a life-changing event for women. However, it is often associated with women’s exit from the labour force. Previous literature, including [Blau et al., \(2014\)](#) and [Gunatilaka \(2013\)](#), observed the negative influence of marriage on women’s participation in the labour force. Moreover, according to [Ikharacan \(2012\)](#) and [Nor and Said \(2016\)](#), married women are less likely to participate in the labour force than single women. One possible reason for this is the “double burden syndrome”. [Samman et al. \(2016\)](#) highlighted that care responsibilities toward children and the elderly become barriers to women’s participation in the labour force. This claim was also supported by [Ferrant et al. \(2014\)](#). They emphasised that the ongoing inequality in labour force participation is largely caused by the absence of unpaid caregiving activities and the ignorance of the impact of societal norms on women’s abilities to enter and remain in the labour market. In many communities, additional housework and childcare responsibilities mostly fall under women’s responsibilities, restricting their participation in the labour force.

Additionally, having more children reduced mothers’ likelihood of participating in the labour market ([Contreras et al., 2010](#); [Dildar, 2015](#); [Ismail & Sulaiman, 2014](#)). Similarly, According to research by [Bloom et al. \(2009\)](#), giving birth to a child causes a woman to lose about two years of potential labour force participation. As a result, childcare has hindered women’s labour force participation. Both formal ([Dang et al., 2019](#); [Dujardin et](#)

al., 2018) and informal (Du & Dong, 2013; Li, 2017; Shen et al., 2016), higher access to childcare services often increases women's participation in the labour force. Similar conclusions were drawn from the instrumental variable approach, which showed that cohabitation with parents and living in the same neighbourhood enhanced women's participation in the labour force (Shen et al., 2016). Additionally, research revealed that a mother's engagement in child care was dramatically reduced when parents shared a home (Chen et al., 2000).

The human capital theory, as asserted by Mincer and Polachek (1974), notes that education is a type of investment and a possible source of profits, significantly impacting job outcomes. Contreras et al. (2010) and Liu (2012) found that education significantly determines the participation of men and women in labour force. Other studies like Kanjilal-Bhaduri and Francesco (2018), Klasen and Pieters (2015), and Sudarshan (2014) found a U-shaped relationship between access to education and women's labour force participation. The U-shaped relationship reflects that lower educated women are often forced to work in low-wage industries, while higher educated women have a higher propensity to work due to higher wages and fewer restrictions from social norms (Klasen & Pieters, 2012).

On the other hand, some studies concluded that there is still a persistent gender gap in labour force participation despite higher access to education among women (Chamlou et al., 2011; Nazier & Ramadhan, 2018). Studies by Dildar (2015), Göksel (2013), and Nazier and Ramadhan (2018) have linked the low participation of women in the labour force with cultural norms. In some cases, cultural norms have determined the type of employment women can enter (Heintz et al., 2018). Furthermore, as discussed in Heintz et al. (2018), women's labour force participation also declines due to norms in traditional gender roles, which dictate that men are the primary breadwinner and women's roles are confined to unpaid care activities and domestic housework.

3. Data and Methodology

This study utilized the data from the Fifth Malaysian Population and Family Survey (MPFS-5) published in 2014. The survey was conducted by the National Population and Family Development Board (NPFDB) every ten years since 1974. The data from MPFS-5 were chosen as they comprise the data on marriage, childcare, parental care, and other socio-demographic information. The data for married and single women with 8,158 observations are used in this study. This study's aim is to examine factors influencing labour force participation among women. It applied the probit estimation of the probability of labour force participation among women based on the following equation:

$$P_i(P = 1|X) = \alpha_0 + \alpha_1 CC_i + \alpha_2 X_i + \alpha_3 L_i + \mu_i \quad (1)$$

Where P_i refers to respondent i probability to participate in the labour force, leading to a 0/1 outcome. 1 denotes an individual in the workforce, while 0 indicates otherwise. CC_i represents the care-related factors comprising the number of children, the presence of parents, and the presence of parents-in-law. Furthermore, X_i variables comprise individual and household traits, including age, age squared, schooling, schooling squared, marital status (never married, currently married, and previously married), and ethnicity (Malay, Chinese, Indian, and others). L_i refers to the location factor (rural or urban). Lastly, μ_i refers to the error term.

4. Findings and Discussion

This study aims to ascertain how factors like age, education, marital status, ethnicity, number of children, the presence of parents and in-laws, and current location affect women's participation in the labour force. [Table 1](#) lists the probit estimate of the factors influencing women's labour force participation.

Table 1: Probit model estimate of the determinants of labour force participation among women

Variables	Female
Age	0.0727** (0.00478)
Age ²	-0.000842** (5.85e-05)
Schooling	-0.0599** (0.00530)
Schooling ²	0.00459** (0.000281)
Marital Status:	
Currently married	-0.297** (0.0289)
Previously married	-0.0838* (0.0364)
Ethnicity:	
Chinese	-0.0138 (0.0194)
Indians	-0.0575* (0.0227)
Others	0.00359 (0.0172)
Number of children	-0.0274** (0.00335)
Parents alive	0.0258+ (0.0152)
Parents-in-law alive	-0.0183 (0.0142)
Current location: Rural	0.00161 (0.0127)
Observations	8,158
Pseudo R ²	0.105

Notes: (1) Dependent variable is labour force participation (1 if currently working; 0 otherwise). (2) Robust standard errors in parentheses. (3) **, * and + indicate statistically significant at 1%, 5% and 10% respectively. (4) Marginal effects are reported instead of the coefficient. (5) Reference categories for dummy variables: 'never married' for marital status, 'Malay' for ethnicity, 'parents no longer alive' for parents alive and 'parent's in-law no longer alive' for parents-in-law alive, and 'urban' for the current location.

Several findings are worth noting in the estimation of the regression models in [Table 1](#) above. First, the labour force participation among women appears to follow an inverted u-shaped pattern in age, which increases initially but starts to reduce afterward. This result reflects the reality that women would leave the workforce upon marriage and/or raising children. Second, the u-shaped pattern implies that years of education significantly impact labour participation. Studies in other developing countries like [Asadullah and](#)

Wahhaj (2016, 2019), Kanjilal-Bhaduri and Francesco (2018), and Klasen and Pieters (2015) reported a similar u-shaped relationship between women's participation in the labour force and their education level.

Third, being married is a significant factor for labour force participation among women. Compared to women who have never been married, women who are currently married have a 29.7 percent lower likelihood of participating in the labour force. Furthermore, it was discovered that women who have been married before are less likely to work than women who have never been married. However, at 8.4 percent, this chance is lower than married women's.

These findings indicate that the weight of marriage and accompanying responsibilities such as childbirth and childrearing may have a greater impact on women. According to a study conducted by Nor and Said (2016) for Malaysia using an estimation of the Labour Force Survey 2010 data, married women were 73.6 percent less likely than single women to participate in the labour force. An alternative source of income, such as the stability of the husband's income, may also account for the lower rate of labour force participation among married women (Blau et al., 2014; Brekke, 2013; Mehrotra & Parida, 2017). However, we could not analyse this effect due to the unavailability of information regarding the husband's salary.

Fourth, in contrast to the international literature like Khoudja and Fleischmann (2018) and Khoudja and Platt (2018) that found cultural and value differences affect women's decision to enter the labour market. This study shows that ethnicity has little impact on women's participation choices in Malaysia. The only noteworthy finding is that Indian women are less likely to enter the labour force compared to Malay women. This finding aligns with the finding of the Malaysian labour force survey. In 2014, the labour participation rate for Malays women was at 53 percent, whereas for Indian women, the rate was at 49.8 percent (DOSM, 2015).

Another significant factor is the number of children, which negatively affects women's labour force participation. This finding is consistent with Ismail and Sulaiman (2014), which observed that the number of children is the main hindrance for married women from entering the labour force. Similarly, educated married women with a higher number of children were shown to have a 41.8 percent lower probability of participating (Amin et al., 2016). According to this study, married women are more prone to face work-family conflicts since they are primarily responsible for caring for their children and families, regardless of their level of education. Dividing their time between jobs, caregiving, and housework has made it more challenging to enter the workforce.

Finally, the presence of parents had a modestly beneficial effect on women's labour market involvement. The likelihood of women participating in the labour market rises by 2.6 percentage points when parents are present. This finding raises the prospect that parents could take on the role of a day care provider as informal childcare and enable women to enter the workforce. On the other hand, the presence of in-laws has no real impact on how many women work. Previous literature highlighted that due to the lack of family assistance for childcare and the shift to nuclear families, having children has a growingly negative impact on women's engagement in the labour force (Ikkaracan, 2012), and changes in Malaysian family structures over time have increased the difficulty of relying on extended family members for childcare (Noor & Mahudin, 2016).

5. Conclusion

Despite economic growth, a low level of poverty, and a high level of education, Malaysia's government has not yet achieved the target rate for women's labour force participation. Women's participation in the labour force only reached 50% for the first time in 2013. Findings in this study demonstrate that marriage negatively affects women's participation in the labour force by 29.7 percent and children by 2.7 percent, respectively. This study indicates that women have been facing difficulties in juggling work, housework, and care responsibilities which might lead to non-participation in the labour force or forcing working mothers to leave the labour force upon childbirth. We also found that the presence of parents boosts women's likelihood of entering the workforce, potentially acting as informal childcare for the grandchildren. Informal childcare has positively affected women's participation in the labour market (Li, 2017; Shen et al., 2016).

The World Bank (2019) highlighted that the limited access to care facilities for childcare and elderly care hampered Malaysian reaching women's full economic potential. Khazanah Research Institute (2019) also concluded that both market hours and income were negatively related to unpaid care work for women in Malaysia. Every hour spent on unpaid care labour results in less time available for market jobs and less income, widening the gap between women who traditionally perform the majority of unpaid care work and those who do not.

Therefore, measures that could improve work-life balance must be taken to encourage women's participation in the labour force and ensure they can continue. The promotion of women's employment will benefit greatly from increased access to childcare services, and the facility should also be made available to those who work in the private sector. However, apart from expanding the availability of the childcare centre, it is also crucial to ensure the childcare centers' affordability, quality, and safety. Childcare facilities must be affordable and trustworthy, with stricter laws and regulations to protect children under their care. It is crucial to ensure equal access for women to economic opportunities. As mentioned, if every economic impediment to women's advancement in Malaysia were eliminated, the nation's per capita GDP might increase by 26.2% (World Bank, 2019).

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Conflict of Interests

The authors declare no conflict of interest in this study.

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