



## Female Labour Force Participation Rate in Malaysia: Where are we?

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### Abstract

Recognising the prominence impact of women in socioeconomic growth and nation building, gender equality is included as a core element of the global 2030 agenda for sustainable development. Although the overall well-being of women saw improvement in areas such as health and education, women is still at a disadvantage in the world of work. Globally, the labour force participation rate (LFPR) for women is 50 per cent. At the national level, women's LFPR has increased from 45.0 per cent in 1982 to 54.7 per cent in 2017. A World Bank 2012 study estimated that women's greater participation could provide a growth dividend of up to 0.4 per cent a year. Accordingly, enhancing the role of women in development is one of the priority areas in the Eleventh Malaysia Plan. In line with the global and national aspirations, policies and programmes are reviewed and formulated to further elevate women's involvement in Malaysia's workforce. These initiatives targeted to lift women LFPR to 56.4 per cent by 2020. Therefore, this study will observe the trend and pattern of women's participation in the labour force from 1982 to 2017 based on the Labour Force Survey data. It will elaborate on the labour force demographic, geographic and socioeconomic characteristics of women. In addition, this paper will include the comparison of women's involvement in the labour market in selected countries.

### Keywords:

Female; labour force participation rate; labour force survey

### Introduction

Women make up almost half of the total population in Malaysia and their roles and contribution become more prominent. Therefore, empowering women to participate in the economic and social development is one way to improve the quality of life for women. In Eleventh Malaysia Plan, women participation in labour market is targeted as 56.4 percent in 2020. LFPR is extensively used to assess the labour market and serves a useful assessment of the labour market along with employment and unemployment rate.

Most country, women more likely than men to be outside the labour force [1]. In Australia, the female LFPR in Feb 1978 was 43.7 per cent compared to male, 80.1 percent in the same period. Then, female LFPR was increased to 59.8 per cent while male, 70.6%, in Jun 2018. In Canada, the female LFPR in 2014 were (male:70.6%, female:61.6%) decreased to (Male:69.6%, female:61.3%). Meanwhile, in the period of 1990 to 2017, the average value for Japan was 49.4 per cent, a minimum of 48.3 per cent in 2011 and a maximum 50.8 per cent in 1992.

In comparison with selected OECD countries and ASEAN member states, Malaysia's participation rate is still relatively low. Thailand, an upper middle-income country in Southeast Asia has about 20% higher female labour force participation rate compared to Malaysia (2016:67.2%), Brunei (2017:60.5%) and Singapore (2017:68.6%) which are high-income countries in ASEAN show upward trends of female

labour force participation rates. While Malaysia, since 1982, the female LFPR were stagnating at 44.5% to 46.8% in 2010. Starting 2011, the participation rate of women in the labour force improved from 47.9% to 54.3% in 2016.

Few studies had reported that socio demographic factors such as gender, stratum, age, marital status and education attainment have a great impact on the female LFPR. The level of education exerts a statistically significant positive effect on women in the society. Similarly, Mahmoodian, 2004 and Kaufman (2005) were reported that education also is an important social factor, display the best rule in women's participation in labour field and a cause for more labour force participation rate in the market. Heather Antecol (2003), found that cultural factors were also influence the female participation in labour force. Women were tend to participate in the labour market if their spouse exhibit greater cultural acceptance of such behavior.

Women participation in Turkey was observed that rural participation rates are to be higher than the urban participation rates. Bulutay (1995), mentioned that the highest participation rates are for primary aged 25-59 years old due to the longer years of schooling period and earlier retirement. It was also reported that the participation rates are low among widowed women and high participation rate for divorced urban women, possibly because this group may need to support family and children.

Hence, this paper aims to discuss on LFPR among women by socio demographics characteristics in Malaysia. This information is essential to support the development of national policies and programmes related to human resource and human capital development.

## **Methodology**

### **Data source, sample and tools**

Data was obtained from the Labour Force Survey (LFS), 1982 to 2016, a stratified two staged sample design was applied. All eligible respondents aged 15 and above were participate in this survey. However, to measure the economically active population, the LFS used the aged limit 15-64 years old. Survey data were analysed using Statistical Package for Social Science (SPSS version 22). Weighting the survey data was required to infer the sample to represent the survey population.

### **Definition of Variables**

Based on the guidelines of International Labour Organization (ILO):“Survey of economically active population, employment, unemployment and underemployment: An ILO manual on concepts and methods”, LFPR is defined as the ratio of the labour force to the working age population (15 to 64 years), expressed as percentage. Working age refers to those who are between 15 to 64 years, who are either in the labour force or outside labour force. Labour force refers to those who are either employed or unemployed. Meanwhile, Outside labour force are those who are not classified as employed or unemployed.

The “prime-age” group consists of those who are 25 to 54 years old. Education attainment refers to the high level in which a person has completed schooling or is currently attending, in a public or private educational institution that provide formal education. There are four levels of education attainment which are no formal education, primary, secondary and tertiary.

## Findings

### Female LFPR in Malaysia

In 2016, the total working-age population, 15-64 years old in Malaysia was 21.7 million. Out of this working age population, 14.7 million was in the labour force (male:61.4%; female:38.6%). The overall labour force participation rate (LFPR) was 67.7 per cent. Participation for males was 80.2 per cent and female was 54.3 per cent. Time series trend from 1982-2012 showed that the LFPR among female has remained consistent below 50.0% and the lowest LFPR recorded during the recession period, 1998 at 44.4 per cent. However, starting 2013, the LFPR for female in Malaysia slightly increased, exceeding 50.0 per cent.

### Trends of female LFPR by socio demographic characteristics

Overall, the LFPR for female by age group indicated that the high LFPR was among 'prime age', aged 20-34, 35-44 and 45-54 years old, exceeding 55.0 per cent. Meanwhile, the LFPR for young aged, 15-19 years old and older aged, 55-64 years old were lower, recorded below 30.0 per cent.

In term of trend, time series data from 1982-2016 revealed that the LFPR for female before 2001 was higher among aged 20-24 years old as compared to the age group among 25-29 years old. However, this trend was shifted starting 2001 which is, the LFPR for female among aged 25-29 years old more higher than those aged 20-24 years old.

By stratum, the trend of female's LFPR in urban was higher than rural since 1982-2016, reverse trend as compared to male's LFPR, rural LFPR higher than urban area.

In terms of main ethnic group (Bumiputera, Chinese and Indians) in Malaysia, time series data for female LFPR showed that the female's LFPR for Indians was highest as compared to the other main ethnic group. Even though the female's LFPR for Indian was the highest, but it indicated a downward trend during the period of 1982-2000. In contrary, in the period of 2007-2016, the trend was changed and recorded that the highest LFPR was Chinese then followed by Bumiputera.

By category of occupation, in the period of 2011-2015, *services and sales workers* category was dominated by female employed persons and the share was increased from year to year (2011: 25.2%; 2015: 29.5%) followed by *clerical support workers* and *professional* categories. However, the trend was decreased from year to year (2011:18.8%; 2015:16.6%) and (2011:15.2% to 2014:15.3%) respectively. Most of the female employed persons in professional category were among teachers in primary or secondary schools. This is in line with the analysis of female employed persons by industry, that the *education* industry was the third dominated by female employed persons after *manufacturing* and *wholesale and retail trade; repair of motor vehicles and motorcycles*. The share of female employed persons by industry was between 11.0 per cent and 12.2 per cent.

### Discussion and Conclusion

The findings from the analysis of LFS data showed that female participation in labour market at national level not exceeding 55%. However, the female age cohort LFPR profile shows a single peak pattern and the peak is in the age cohort of 25-34 years old, exceeding 70% followed by aged 35-44 years old, exceeding 65%. The low female participation for those aged 20-24 years old due to schooling period while for those aged 55-64 years old is most likely linked to childbearing and child rearing as well as early retirement. The trend of female participation in Labour force by age group was shifted prior 2001 whereby the female participation among those aged 25-29 years old in labour market higher than those aged 20-24 years old. It could be due to increased participation in tertiary education and delayed

marriage. Furthermore, the other factors such as strata, ethnicity and occupation are also contributing to the female participation trend in labour market.

Analysing the female population was outside labour force or those not participating in the labour market can provide more clear pictures especially due to schooling or further study and housework/family responsibilities.

Thus, the findings from this article provide evidence for policymakers in the planning and implementation of strategic programme to increase female participation in labour market.

## References

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