

TRANSFORMING FEMALE LABOUR FORCE THROUGH MICRO ENTERPRISES: A PROPOSED CONCEPTUAL FRAMEWORK

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Abstract - This paper will determine the factors that influence female labour force participation rate (LFPR) in Malaysia. Simultaneously, this paper will establish whether female LFPR can be encouraged to participate into micro enterprises. Female participation in labour force is reflected by changes in economic activity, educational attainment, fertility rates, social norms, and other factors. The paper will discern the controlling factors that stimulate female LFPR and how these factors can be further synergize through micro enterprises. Other factors which affect the decision making process such as education, marital status, child care, elderly care, age, parent's education level and parent's occupational level are also analysed and discussed in the context of factors that influence decision to work among women in Malaysia.

Keywords: Female participation; Labour force; Labour supply; Micro Enterprise;

1. Introduction

This paper will determine the factors that influence female labour force participation rate (LFPR) in Malaysia. Simultaneously, this paper will establish whether female LFPR can be encouraged to participate into micro enterprises. Female participation in labour force is reflected by changes in economic activity, educational attainment, fertility rates, social norms, and other factors. The paper will discern the controlling factors that stimulate female LFPR and how these factors can be further synergize through micro enterprises. In tandem with Human Capital Development (HDC) Strategic Reform Initiatives (SRIs) under the 10th Malaysia Plan, female LFPR are expected to increase to 55 per cent (PEMANDU, 2015) in the near future from 52.4 per cent in 2013 (ILO, 2015). It is projected that with the increase in female LFPR, Malaysia's GDP will be able to rise by 2 per cent annually.

Loko and Diouf (2009) stated that if women are able to develop their full labour market potential, there can be significant macroeconomic gains, while Cuberes and Teignier (2014) found that gender gaps in labour force participation entrepreneurial activity, or education act to

impede economic growth. Increased involvement by women has become one of the key policy issues especially in developing economies that face an underutilisation of human capital in the labour force (IMF, 2013). Minimal biased methods were used for acquiring literature for the paper. The research will be conducted by means of focus group discussions (qualitative analysis) and surveys (quantitative analysis).

1.1 Women's Labour Force Global Trend

Globally, women have increased their share in the labour market and the gender gap in the labour force participation rate has decreased in the 1990s from 27.9 to 26.1 percentage points. However, the gap has remained constant between 2002 and 2012, with both men's and women's participation rates falling equally. This trend was particularly evident in Latin American and the Caribbean, the advanced economies, Africa and the Middle East. The three general reasons usually cited for this fall, is due to the education, for younger age cohorts; aging; and the "discouraged worker" effect, which is someone who is eligible for employment and is able to work, is currently unemployed but has not attempted to find employment (ILO, 2012).

1.2 Women's Labour Force Participation in the Malaysian Landscape

In Malaysia, the number of women in paid employment has also been increasing since its independence in 1957. This can be attributed to the changes in the Malaysian economy where the nation's focus shifted from agriculture to manufacturing and services and consequently women's participation in the labour force became progressively acceptable to Malaysian society. This acceptance is also reflected by the improvement of women's access to education; marriages taking place at a later age wherein the age at first marriage for women went up from 17.4 per cent in 1970 to 25.7 per cent in 2010; and the decline in fertility rates (from 4.0% in 1980 to 2.3% in 2010).

1.3 Current Scenario in the Malaysian Landscape

According to International Labour Organisation (2015), the total working-age population (15-64) of Malaysia in 2013 was 20,335,400, out of which 10,516,500 were men and 9,819,000 were women. Out of this population, 13,634,600 were in the labour force where 8,485,400 were men (62.2%) and 5,149,200 were women (37.8%). The labour force participation rate of males was 80.7 per cent and for females it was 52.4 per cent for the year 2013. The labour force participation rate among women has remained rather consistent between 45 per cent and 47 per cent for the last decade and remains well below the participation rate for men (see Table 1), but in 2013 there are substantial increase of 2.9 per cent from 49.5 per cent in 2012 to 52.4 per cent in 2013. There are therefore 6,700,800 persons from the working age group who are outside the labour force and out of this 2,031,100 are males and 4,669,800 are females.

Table 1: Labour force participation rate by sex in Malaysia, 2003 to 2013
(Source: International Labour Organisation “ILOSTAT Database 2015”)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Male (%)	82.1	80.9	80	79.9	79.5	79	78.9	77.7	79.7	80.5	80.7
Female (%)	47.7	47.2	45.9	45.8	46.4	45.7	46.4	47.1	47.9	49.5	52.4

Table 2 shows that women with SPM as the highest education are the highest at 1,115,200 but the most pressing matters are the women with diploma and degree holders with the total of 275,500. From these 275,500, 144,400 women with a diploma and degree holders become a housewife (see Table 3) and do not actively seeking for a job. With the time, capital and resources invested on these women with diploma and degree, it would be a waste for them to stay at home and not enter the labour force

Table 2: Population outside labour force (in thousands), by highest certificate obtained and sex in Malaysia, 2013
(Source: Department of Statistics Malaysia “Labour Force Survey Report 2013”)

	UPSR/UPSR or equivalent	PMR/SRP/LCE/SRA or equivalent	SPM or equivalent	STPM or equivalent	Certificate	Diploma	Degree	No Certificate	Not Applicable	Total
Male	297.7	674.0	681.3	91.2	15.5	76.6	44.1	84.5	66.1	2031.0
Female	732.0	1105.2	1637.9	228.0	25.9	175.3	100.2	410.9	254.3	4669.8

Table 3: Female population outside labour force (in thousands), by reasons for not seeking work and highest certificate obtained in Malaysia, 2013
(Source: Department of Statistics Malaysia “Labour Force Survey Report 2013”)

	UPSR/UPSR A or equivalent	PMR/SRP/L CE/SRA or equivalent	SPM or equivalent	STPM or equivalent	Certificate	Diploma	Degree	No Certificate	Not Applicable	Total
Total	732.0	115.2	1637.9	228.0	25.9	175.3	100.2	410.9	254.3	4669.8
Schooling	171.0	563.4	499.6	135.0	4.4	66.8	21.6	1.8	2.8	1466.6
Housework	531.6	500.0	1028.4	76.6	16.4	83.0	61.4	377.4	203.8	2878.7
Going for further studies	0.1	14.3	41.9	9.4	1.0	6.2	1.4	0.1	0.2	74.7
Disabled	10.4	6.9	10.6	0.8	0.2	0.5	0.4	12.4	29.0	71.3
Not interested	3.3	3.0	8.1	0.5	0.3	0.8	0.7	1.8	1.7	20.1
Retired	9.3	11.6	34.1	3.7	3.0	13.1	9.4	12.1	11.0	107.2
Others	6.1	6.0	15.1	2.0	0.7	4.9	5.3	5.3	5.8	51.2

These women, who did not participate in the labour force, have a severe effect to the economy in Malaysia. Table 4 shows that the numbers of men surpassed women except for ‘unpaid family member’ status but ‘unpaid family member’ may or may not be redistributed (in cash or in kind) within the household and thus does not necessary generate a better income for women. The most disturbing numbers is the ‘Employers’ status, as the ratio of men and women who is an employer are 5:1 in Malaysia. Compared to the large numbers of educated women in the Table 3 and 4, this situation is in need for dire changes. These large numbers of women that are currently not working because of her responsibility as a housewife have the potential to become an entrepreneur, especially the educated ones with knowledge gain from their tertiary education.

Table 4: Employment by Sex and Status in Employment (in Thousands) in Malaysia, 2003 to 2013
(Source: International Labour Organisation “ILOSTAT Database 2015”)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Male											
Employers	290.9	308	287.4	341	311.6	318.9	338.5	378.6	374.3	406.6	438.2
Employees	4776.2	4690.6	4778.1	4775.9	4893.4	4947	5067.3	5490	5901.3	5961.5	6049.4
Own-account workers	1119.9	1236.4	1256.3	1319.2	1356.9	1406.7	1380.2	1494	1426.2	1516.7	1545.7
Unpaid Family Worker	136.6	155.4	148.7	182.4	185.2	178.5	169.7	186.7	187.9	208.7	204.1
Female											
Employers	42	46.8	49.6	55.9	50.9	52.5	60.8	68.3	72.3	71.3	84.9
Employees	2747.7	2754.5	2805.3	2856.9	2930.7	3004.1	3086.3	3322.8	3508.9	3565.4	3710.4
Own-account workers	416.5	441.7	415.4	414.2	474.6	444.4	482.5	511.4	491.3	598.5	758.7
Unpaid Family Worker	339.7	346.2	304.5	329.8	334.9	307.5	312	325	322.1	394.5	418.5

The lack of female labour force participation, especially women who have attained tertiary education can be considered a demerit to the development of the economy in Malaysia, as it will lead to a problem of under-utilization and also wastage of human capital investment. This paper will observe the push and pull factors of women to enter the labour force, and the contributing factors that are needed to have a significant outcome. It is important to examine every possible variable so that the root of the problem can be resolved thus increasing the LFPR of women and flourishing the growth of the country.

1.4 Research Objectives

- i. The objective of the study is to determine the factors that influence the female labour force participation rate (LFPR) in Malaysia, and;
- ii. To determine the factors that stimulate female LFPR into micro enterprises.

1.5 Research Questions

Given the above discussion, the issues that this study will address are as follows:

- i. Why are one out of two women outside of the labour force?
- ii. How can participation in micro enterprises encourage women to enter the labour force?

2. Literature Review

Research is demonstrating that women's ever-increasing entry into the labour market has been the biggest engine of global growth and competitiveness.

2.1 Determinants of Women's Participation in the Labour Force

Gender discrimination is cited as one of the main hindrances to active economic participation of women (Saure and Zoabi, 2014). Though the gender discrimination is rather difficult to measure as it is often based on socio-cultural factors, here we use wage gender gaps as a proxy for gender inequality. Cuberes and Teigner (2014) examine the quantitative effects of gender gaps in labour force participation on productivity and living standards and found that gender gaps in entrepreneurship and in labour force participation significantly reduce per capita income.

Child Benefits and Childcare facility positively influence women participation in the labour force as shown by Nordic countries. Nordic countries give a more equal role to fathers in childrearing. In legislation, paternity leave is explicitly directed to the fathers of newborn children, gender equality should happen at home as well as at work for women to be able to continue to work. (Kinoshita and Guo, 2014). Also, findings of the survey by MWFC (2014) had found a need to reduce burdens of unpaid work, increase men's participation in unpaid work, better child care, better access to social protection and other capacity building initiatives to enhance women's skills and potential for work.

Family-friendly policies and flexible work arrangements could enable more women (and men) to balance their work and family lives. Kinoshita and Guo (2014) found that long and inflexible working hours associated with full-time employment prevent well-qualified Japanese and Korean women from taking up regular employment. The alternative is to take up non-regular low-skilled jobs with no security and benefits despite their high potential. McKinsey (2014) stated the reason for the difficulty for women to reach leadership position is because the lack of pro-family public supports such in balancing work and domestic responsibilities, and inflexible work hours.

Education attainment is considered to be positively related to labour force participation. Eckstein and Lifshitz (2009) find that the rise in education levels account for about one-third of the increase in female employment in the US. Steinberg and Nakane (2012) also report a positive contribution of education measured as the average number of years of female education to the increase in FLFP.

2.2 Micro Enterprises and Women's Work

Micro enterprises have unlimited opportunities to produce goods and services, using local resources and generating employment opportunities. In, Malaysia, micro enterprises are define as having sales turnover of less than RM300,000 or employees of less than five (SME Corp, 2014). Increasing numbers of women generate income by establishing small businesses and micro enterprises, while at the same time provides domestic responsibilities for family welfare, childcare, care of the elderly, food preparation and other family task (Pandi, 2011)

Dennis (1996), reporting findings from a survey of around 3000 new business founders in the USA and 54 per cent reported that both 'greater control over their life' and 'building something for the family' were very important motivating factors for forming their own business. Similarly, using data from a much larger nationally representative survey of 3,840 self-employed Canadians for 2000, 25% are classified as 'work-family entrepreneurs', demonstrating for

women the far greater importance of work-family relationships when making the decision to become self-employed (Hughes, 2006)

Haddock (2006) found that opportunities for managing time and balancing work and family may be particularly strong for self-employed who work at home. Likewise, Gurley-Calvez et al. (2009) found that self-employed women spent less time in work-related activities and more time providing childcare than men or employed women. These patterns reflect lifestyle choices related to women's preference for self-employment as a means of providing parental care.

Through self-employment, traditional gender patterns of primary responsibility for household tasks and caregiving are evident and even amplified in their use of time compared to mothers who are organizationally employed. For many, the flexibility of self-employment can create opportunities to integrate work and family life, particularly when children are young (Hilbrecht & Lero, 2013).

3. Conclusion

Female LFPR is both a driver and an outcome of development. As more women enter the labour force, economies can grow faster in response to higher labour inputs. Especially by establishing micro enterprises, women will gain income, contribute to the economy and care for the family at the same time. The Malaysian government has recognised women's empowerment as a key agenda in the 10th Malaysia Plan (2011-2015) and the New Economic Model (2010) has outlined specific plans to increase women's participation in the labour force. If the issue regarding the female LFPR can be addressed, we can see a potential gain in the growth of GDP in the near future.

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