



UNIVERSITI PUTRA MALAYSIA

**LABOUR FORCE PARTICIPATION IN MALAYSIA BY GENDER
AND LOCALITY PERSPECTIVES**

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LOCALITY PERSPECTIVES**

By

NOR AMNA A'LIAH BINTI MOHAMMAD NOR

**Thesis Submitted to the School of Graduate Studies, Universiti Putra
Malaysia, in Fulfilment of the Requirements for the Degree of Master of Science**

June, 2014

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Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment
of the requirement for the degree of Master of Science

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Chair: Associate Professor Rusmawati Binti Said, PhD
Faculty: Economics and Management

An attractive feature of the labour force in Malaysia is an expansion in the labour force participation rate of women, from 44.5 percent in 1982 to 47.9 percent in 2011. Even so, women's participation has been persistently lower than that of men, whose participation rates were 85.3 percent and 79.7 percent, respectively. Utilization of labour forces is higher in urban areas compared to rural areas. However, both areas showed a decline in participation. In light of these disparities, this study uses the Labour Force Survey (LFS) from the Malaysia Department of Statistics to examine the determinants and changes between gender and the locality of labour force participation in Malaysia. The differences between male-female and rural-urban participants' characteristics that affect the likelihood of individual participation in the labour force were analyzed. By using Labour Force Survey data for the years 2000, 2005, and 2010, the results of the logistic regression models indicate that the age group of 25–34 years and tertiary education are significant and positively influence the labour force participation for both genders. Based on marital status results, divorcees and married men are significantly more inclined to enter the workforce. In order to analyze by gender the differentials and changes that happened in the labour market, the non-linear decomposition approach was used. This technique is useful for identifying and quantifying the difference in outcome between the two groups. The finding exhibits that the observed male and female differentials in Malaysia are associated with differences in coefficients (unexplained variables), possibly a reflection of discrimination. Meanwhile, in terms of locality, findings of the logistic regression model showed that the age group 25–34 years is the main determinant of rural and urban labour force participation. However, the probabilities that households in urban areas will participate in the labour market are higher than of those in rural areas. Furthermore, educational factors in urban areas are more significant compared to those in rural areas. A non-linear decomposition demonstrates that the observed rural and urban differentials are attributable to differences in endowment (explained

variables) such as differences in individuals' education, age, or marital status. In conclusion, the gender and locality gaps of labour force participation can be tackled with emphasis on these determinants, which are able to attract individuals to engage in the labour market.



Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Master Sains

**PENYERTAAN TENAGA BURUH DI MALAYSIA DARIPADA
PERSPEKTIF JANTINA DAN LOKALITI**

Oleh

NOR AMNA A'LIAH BINTI MOHAMMAD NOR

Jun, 2014

Pengerusi: Profesor Madya Rusmawati Binti Said, PhD
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Satu ciri menarik mengenai tenaga buruh di Malaysia adalah peningkatan kadar penyertaan tenaga buruh wanita daripada 44.5 peratus pada tahun 1982 kepada 47.9 peratus pada tahun 2011. Walau bagaimanapun, penyertaan tenaga buruh wanita masih rendah jika dibandingkan dengan penyertaan tenaga buruh lelaki, yang mana kadar penyertaan tenaga buruh lelaki masing-masing sebanyak 85.3 peratus dan 79.7 peratus. Penggunaan tenaga buruh adalah lebih tinggi di kawasan bandar jika dibandingkan dengan luar bandar. Walau bagaimanapun, kedua-dua kawasan menunjukkan penurunan dalam penyertaan tenaga buruh mereka. Berdasarkan perbezaan ini, kajian ini menggunakan Penyiasatan Tenaga Buruh (PTB) dari Jabatan Statistik Malaysia bagi mengenal pasti faktor penentu dan perubahan dalam penyertaan tenaga buruh di Malaysia, dengan mengambil kira aspek jantina dan lokaliti. Perbezaan ciri-ciri individu yang dipengaruhi oleh jantina dan lokaliti dianalisa samada ciri-ciri tersebut mempengaruhi kadar penyertaan tenaga buruh. Dengan menggunakan data Penyiasatan Tenaga Buruh bagi tahun 2000, 2005 dan 2010, keputusan model regresi logistik menunjukkan bahawa kumpulan umur 25-34 tahun dan mempunyai pendidikan tinggi merupakan antara faktor penentu dalam mempengaruhi penyertaan tenaga buruh bagi kedua-dua jantina secara positif. Dalam pada itu, keputusan regresi berdasarkan status perkahwinan menunjukkan wanita yang telah bercerai dan lelaki yang sudah berkahwin adalah jauh lebih cenderung untuk memasuki tenaga kerja. Untuk menganalisa perubahan yang berlaku dalam pasaran buruh mengikut jantina, pendekatan penguraian bukan linear telah digunakan. Teknik ini sesuai untuk digunakan bagi mengenal pasti dan mengukur sebarang perbezaan dalam hasil antara dua kumpulan. Hasil kajian menunjukkan perbezaan di antara lelaki dan wanita di Malaysia berkait rapat dengan perbezaan pekali (pembolehubah samar), yang dapat dirumuskan sebagai kesan daripada diskriminasi jantina. Sementara itu, dari segi lokaliti, hasil model regresi logistik menunjukkan kumpulan umur 25-34 tahun adalah penentu utama kadar penyertaan tenaga buruh di bandar dan luar bandar. Walau bagaimanapun, kebarangkalian penyertaan ke dalam pasaran

buruh oleh isi rumah kawasan bandar adalah lebih tinggi berbanding isi rumah di luar bandar. Pendidikan di kawasan bandar lebih ketara berbanding dengan kawasan luar bandar. Penguraian bukan linear menunjukkan perbezaan kadar penyertaan tenaga buruh di antara bandar dan luar bandar adalah disebabkan oleh perbezaan endowmen (pembolehkan bergerak balas) seperti faktor pendidikan, umur dan status perkahwinan individu tersebut. Kesimpulannya, jurang jantina dan kawasan dapat di atasi dengan memberi penekanan kepada faktor-faktor ini yang mana ianya dapat menarik individu untuk melibatkan diri dalam pasaran buruh.



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“I complain of my grief and sorrow to ALLAH and I know from ALLAH that you know not” {12:86}

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APPROVAL

I certify that a Thesis Examination Committee has met on 16th June 2014 to conduct the final examination of Nor Anna A'liah Binti Mohammad Nor on her Master of Science thesis entitled "Labour Force Participation in Malaysia by Gender and Locality Perspectives" in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the candidate be awarded the relevant degree.

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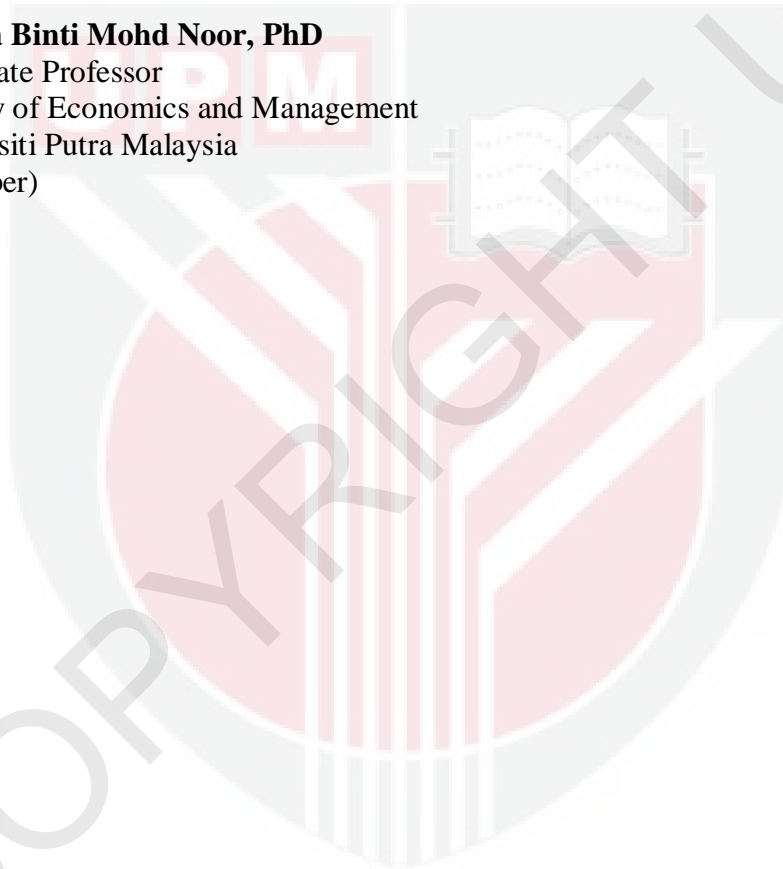
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