

CHAPTER I

INTRODUCTION

1.1 Background

Women's work participation is believed as one of important factors that indicate women's empowerment and autonomy level (Mahata et al, 2017). Women's empowerment means a process of obtaining the rights and self-decision making. Therefore, women's empowerment can be described as women acquiring the ability to decide their own choices and are powerful enough to stand up for their decision (Osagi, 2001). Moreover, women's empowerment is a critical aspect to achieve gender equality as the United Nation suggests. According to Osagi (2001) gender equality means whether individuals are born male or female it will not define their rights, responsibilities, and opportunities. The promotion of gender equality will not hinder the rights, responsibilities, and opportunities of individuals. Thus, to work on the issues of women's empowerment and gender equality is indeed important as they are two of key factors for sustainable economic growth (Warth and Koparanova, 2012).

The enforcement of gender equality was declared under the Millennium Development Goals (MDGs) in 2000 and still continue to be declared in the Sustainable Development Goals (SDGs) in 2016. To be exact, United Nation addresses this issue under the goal 5 which is to achieve gender equality and empower all women and girls. Among some of the targets of this specific goal, the promotion of women's empowerment is mentioned. The promotion of women's empowerment comprises the women's empowerment in politics and economics. According to United Nation, the benefit for the society and humanity and also the sustainable economies will be obtained along with the implementation of women's discretion toward the access to decent work, education, health care, and delegation in the economic and political decision-making process. Therefore, the promotion of women's empowerment is important to not only achieve gender equality but as well as sustainable economic growth and a possible poverty eradication which are also addressed in the sustainable development goals.

The economic participation and opportunity is one of the global gender gap index according to World Economic Forum. Equalizing economic participation and opportunity for male and female can help to create gender equality. The issue on gender equality is basically addressing the disadvantages that women are dealing with. One of

the disadvantages is compare to men, women face unequal treatment and access to work or women simply cannot participate in the labour force. That is such a loss because high women labour force participation would push the economic growth (Sher Verick, 2014). Even International Labour Office (2017) on their publication about world employment social outlook reveals that the global labour force would increase by 204 million by 2025 if gender gaps in labour force decreases. Then this would bolster global employment by 189 million which could generate an increase in global GDP by 3.9% or US\$5.8 trillion. The fact that the female population is almost overlapping the male population especially for the productive age population should be taken into consideration to increase the labour market input. Even though male population in productive age is still slightly higher than female, the role of females as the driver of economic development cannot be neglected. As more women enter the labour market, the economies can grow faster as the labour input increases (Sher Verick, 2014).

However, earlier studies prove that female employment and development is not always positively related. Psacharopoulos and Tzannatos (1989) on their study about women's work participation elaborated the presence of U-shape relation between female labour force participation and development. Women's work participation declines as the industrialization started, as the industrialization takes place the urbanization also increases and lead to a more restriction for female to join the workforce. Moreover, the development marked by higher educational attainment which also lingers women's participation. It is only beneficial for women in the later stage of development or when the economy enabling full employment and open the opportunity to enter the labour force. Indeed, the presence of female labour with higher educational attainment in the later stages of development will replenish the labour force (Mammen and Paxson, 2000).

The low inclusion of women in the labour market is also linked to the existence of income inequality. The gaps in female and male worker participation rate will eventually create inequality in earning between sexes. Moreover women who are usually only involve in the informal sector with lower income will widen the gap. Providing women the opportunity to be economically active thus increase their participation in the economy will lead to lower income inequality, higher growth, and more favorable development outcomes.(Gonzales et al, 2015).

Women's involvement in the economic activity can be seen through its labour force participation rate. According to International Labor Organization (ILO) female labor force participation is women's participation in the labor market, either by working or looking for work. Meanwhile, the measure of female labor force participation is female labor force participation rate (FLFPR). It is a measure of the proportion of a country's female working-age population which is ranging from 15 to 64 years old that actively take part in the labor market, either by working or looking for work. Female labor force participation rate provides an indication of the size of female labor supply available to engage in the production of goods and services, relative to the working-age population (ILO).

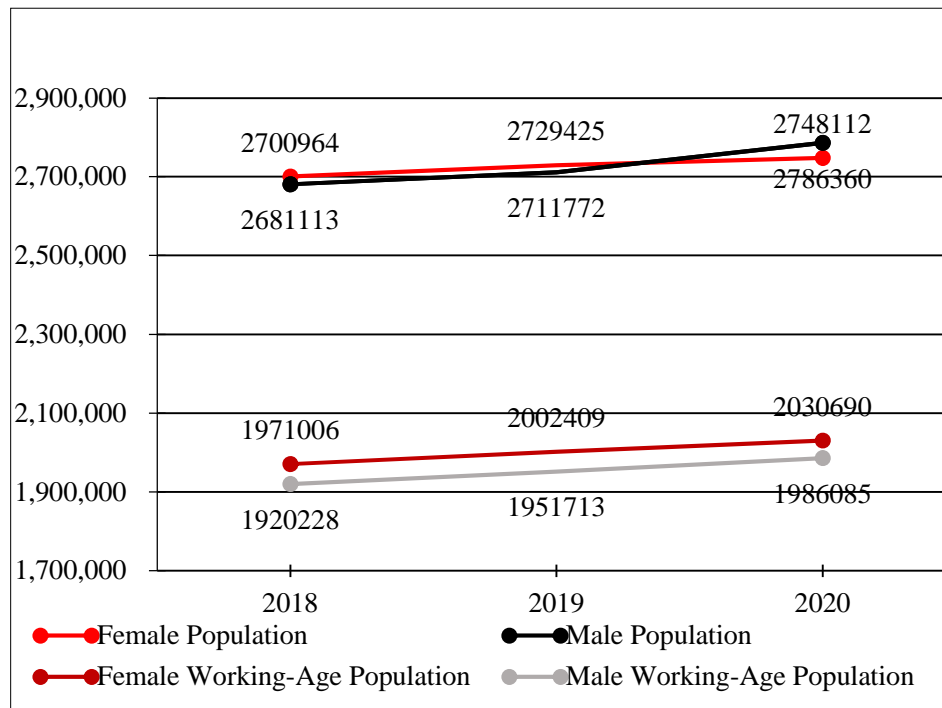
World Bank data recorded female labor force participation rate in Indonesia from 2013 to 2019 was in the range of 50-53%. Those female labor force participation reflect the condition of the proportion of working-age women included in the labor force, or choose to enter the labor force over domestic work. However, if those are being compared to male labor force participation rates that reached more than 80%, female labor force participation rate is still so low. This also means that male working-age population engage in the labor force is higher than the female.

A populous country may reflect the existence of abundant labour, especially if it is dominated with the working-age population. Indonesia is one of the countries with the highest population in the world. According to statistics Indonesia, in 2017 the population was 261.89 million people. Male and female population within the productive age was 100.5 million and 87.96 million, respectively. With a high population in a productive age, Indonesia could utilize this abundance of human resources to support economic growth. However, the female labour force participation rate in Indonesia is still low. In 2017, the World Bank recorded the female labour force participation rate was only 50.74%, it was quite high considering it has experienced a decline in 2015 with only 48.88%. However, it was not the highest rate since 1990. The highest peak of FLFPR was in 2010 with 51.86%. As a developing country, Indonesia with 50.74% of FLFPR fell behind other developing countries like Thailand with 60.47%, Vietnam with 73.24%, and Cambodia with 80.94% in the same year.

West Sumatra is one of provinces in Indonesia that has higher female population compare to the male population. According to West Sumatra Statistics, the number of

female population is 2,72 millions of people, take up to 50.16% out of the whole population. In addition, the number of female population within the working-age is unsurprisingly higher than the male counterpart. The comparison of female and male population and also female and male within the working-age population

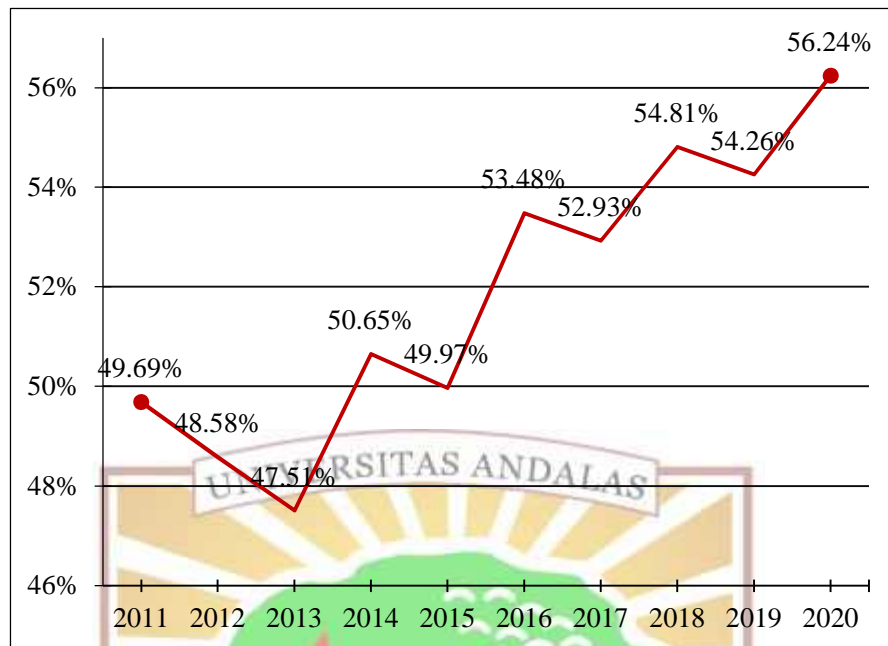
Figure 1.1
Female and Male Population Comparison
and Female and Male Working-Age Population Comparison



Source: West Sumatra Statistics

The comparison between male and female population in West Sumatra shows that female population is higher than male population for two consecutive years, 2018-2019. However in 2020, female population recorded a lower number compare to male population. Meanwhile, the working-age population comparison between male and female shows no-so-surprising record, which is female working-age population is higher form 2018-2020. Despite having higher number of female working-age population, female labor force participation rate cannot seem to record the same or even higher rate as the male counterpart. Female labor force participation has always been showing stagnant rate which only ranging from 48-56% for the past 10 years.

Figure 1.2
Female Labor Force Participation Rate in West Sumatra, 2011-2020



Source: West Sumatra Statistics

The female labour force participation rate during 2011 to 2020 in the chart below shows that it is fluctuating through the years. The rate in 2011 and 2013 were still under 50% but then slightly increased in 2014 and reached 50%. Although in 2015 it shows a lower rate than the previous year but for the remaining years the rate was stable above 50%. This could be an alert that the female labour force participation will have a promising future if there are no certain occurrences that will affect the condition of the labour force in West Sumatra.

In regards to women labour force participation and it's high existence to achieve full potential of women empowerment, the fact that West Sumatra's culture is characterized by a matrilineal family kinship must be considered. Matrilineal family system settles the tracing of descent through the maternal line of kinship and giving salient responsibilities to women in community ceremonies. This culture involves a compound social system where based on the principle of interdependence and mutual responsibility, men and women share power and control. Moreover, Latief and Bandaro in Yangsen et. al (2021) mention that women have a high position, great control and even inalienable roles in the society especially in their own household. In the household, a woman is a central figure which is a decision maker related to the problem that occur within the family (Ronsi, 2011). With the above statements, it can be imagined that

Minangkabau women should have the power to make and stand up for their own decision, in this matter is the decision to participate in the work force to work rather than stay home to do the domestic work. Hence, women work force participation in West Sumatra with those statements alone should be high.

High supply of female labor force should have become an advantage for West Sumatra. But in reality there is still a gap between female and male labor in the labor force. There are less women who want to enter the work force compare to men. This gap hinders women's capability to reach the maximum productivity and could lead to an obstruction of economic growth. Moreover, it is going to create an inefficiency in the utilization of women capabilities because women who are involves in the domestic work actually can become more productive workers than men in the labor force (Tanakan and Muzones, 2016).

Moreover, rising in female work force participation can possibly lead to a decline in poverty. Costa et al (2009) explains that increase in female work force participation means that there is an increase in earning, thus increase in household income level and consumption which eventually reduce the poverty. It is crucial to encourage poor women to participate in the economic activity so that the upshot of rising in women work force participation in reducing poverty can be realized. In addition, a study by Davies and Joshi (1990) proves that a working wife in a male-headed household will keep the family out of the poverty line. It shows that women can earn enough to dodge the poverty if they given the opportunity to participate in the economic activity.

The importance of female work participation upsurge researchers' interest to dig into this matter deeper. Many researchers have conducted studies that observe the factors and determinants of female labour force participation, including, but not limited to, educational attainment, economic status, household characteristics, demographic, religion, social, and cultural factors. Moreover, researchers tried to investigate this phenomenon with micro or macro level factors. For instance, Zaheer and Qaiser (2016) examine the effect of macro level factors such as female population, female unemployment rate, the country GDP growth rate, female fertility rate, and mortality rate on female labour force participation in Pakistan. Feyisetan (1982) on the other hand, investigated the female labour force participation based on its relationship with the labour market sectors specifically in Ghana, Chile, Sri Lanka and Indonesia. Nam

(1991), Yakubu (2010), Hosney (2015), and Sorsa et al (2015) carried out studies focusing on the effect of education on female labour force participation while controlling for other factors such as, individual characteristics, family characteristics, social and economic factors. These studies prove the variation of result on the impact of education and other controlling factors on female labour force participation in different countries.

1.2 Problem Identification

Based on the research background about female labor force participation explained previously, problem identification that can be derived are as follows:

1. The existence of gender inequality within the labor force shows how women face disadvantages such as unequal treatment and access to work or women simply cannot participate in the labor force.
2. West Sumatra has a higher female working-age population compare to men, yet the women's work force participation rate is always fall way behind male labor force participation rate. The highest female labor force participation rate can only reach 56% while men's work force participation is almost if not always above 80%.
3. Women's work force participation rate depicts the women's work force condition where there are still less women willing to enter labor force and choose to do domestic work instead.
4. Women do not always get the same opportunity to involve in the labor force, thus hinder their ability to utilize their maximum productivity in the labor force.

1.3 Problem Statement

Many studies have proven that the determinants of women's work force encompass the age of female population, educational attainment, marital status, and wage rate. This study will examine the socio-economic condition factor, geographic location factors, and individual characteristics of the female labour force in West Sumatra. So, based on the background, the main questions of this study then are:

1. What is the impact of individual's age on women's work participation?
2. What is the impact of educational attainment on women's work participation?

3. What is the impact of income on women's work participation?
4. What is the impact of household size on women's work participation?
5. What is the impact of residential areas on women's work participation?
6. What is the impact of women's head of household status on women's work participation?
7. What is the impact of women's marital status on women's work participation?

1.4 General Research Objectives

General objective of this research is to identify the determinants of women's work participation in West Sumatra.

