Female Labor Force Participation in Third World Countries: An Empirical Analysis

Anam Azam, Muhammad Rafiq

Abstract—The study identified the socio-economic and demographic factors of both married and unmarried females in third world countries. Almost all the countries have same problems but we have selected Pakistan as a sample country. The main purpose of this study was to examine which factors forced women to participate in labor market. So the best technique of data collection was survey of both married and unmarried females between the ages of 20 to 49. Two models (probit and logit) were used to analyze the factors which effect on FLFP. The result showed that some factors e.g. age; education and marital status have significant effect on FLFP. The findings showed that educated women and those who belong to joint families are more participate because of financial pressure.

Keywords—Education, Financial status, Family pressure Labor Market participation.

I. INTRODUCTION

THE economically population or labor force is a group of people who produce goods and service to meet the requirements of the society. Economically, Pakistan has low labor force participation as compared to other countries; however its major issue concerning the development of Pakistan. The incident of female labor force participation rate is very low owing to the lower percentage of women in the workforce. In Pakistan female labor force participation was raised at a greater rate than that of men since 1980. In Pakistan the study shows that female participation in labor force has strongly criticized especially those conducted before (1990-91).

Labor market has become a serious aspect in the eyes of strategist and economist. The Pakistani population is relatively migrants to the other countries; many poor people come from rural areas with few economic or educational resources. Women's decision about participation in labor market is of critically importance in determining living standard, dependency burden and saving pattern in the households. According to the labor force survey the annual growth rate of female labor force participation was 4 percent in (1980-99) and has gone up to 5.1 percent during 1995 to 1998; however this rate is very low as compared to other South Asian countries (World Bank 2002) [1] as shown in Table I.

Anam Azam is currently doing Master in Economics from Beijing University of Language and Culture University, Beijing, China (corresponding author to provide phone: 0086-13641117142; e-mail: anamrafiq95@gmail.com).

Muhammad Rafiq is studying at North China Electric Power University, Beijing, China (e-mail: jutt96@gmail.com).

TABLE I
ANNUAL GROWTH RATE OF FEMALE LABOR FORCE PARTICIPATION IN WORLD

Country	Income (PPP US$)	Global Rank	Ratio to male wages	Ratio for equal work	Rank
Afghanistan	-	-	-	-	-
Egypt	$2,605	126	0.26	0.82	1
Pakistan	$940	131	0.21	0.56	110
Bangladesh	$1,214	90	0.52	0.55	115
Nigeria	$1,842	74	0.57	0.73	33
Saudi Arabia	$6,652	132	0.17	0.62	94
Turkey	$7,813	121	0.3	0.63	85
Tunisia	-	-	-	-	-
Indonesia	$2,780	112	0.42	0.67	58

According to the labor force survey, [2] female labor force participation rate was merely 14 percent of the total labor force. It is well known that Pakistani women have lower rates of economic activity and higher rates of unemployment as compared to other countries [3]. Today's world economic status stands at a very recessionary stage which has compelled the entire households to participate in some form of economic activity, so that these households could make both end of their family meet.

Labor force participation rates are the primary indicator of the level of labor market activity in a country. According to the statistic report in (2010) the labor force participation rates remained below 30 percent in Northern Africa and Western Asia, below 40 percent in Southern Asia. Female labor force participation rate in different countries is given in Table II [4].

Pakistan is a developing country that faces many problems e.g. natural disasters, unemployment, and the global financial crises that has affected its economy. In this paper we defined different household related factors that lead to women participation in the economic activities. We explored level of education, household income, household financial status, household size & structure and area of residence. These are the main factors in which women make decisions about paid employment.

TABLE II
UNITS FEMALE LABOR FORCE PARTICIPATION (2008-2010)

year	Afghanistan	Egypt	Pakistan	Bangladesh	Nigeria	KSA
2008	15%	23%	22%	56%	48%	17%
2009	15%	24%	22%	57%	48%	17%
2010	16%	24%	22%	57%	48%	17%

II. Literature Review

In this paper relevant review of literature on female labor force participation were defined in Pakistan. In this section the issues of women to participate in labor force were discussed.

Amtul Hafez (2002) et al. has conducted a research on labor force participation decision of educated married women in Punjab. The study mainly focused on socio-economic and demographic factors which influence the decision of educated married women about participating in the labor market [5]. The major findings of this paper were that the female's education level is strong and positive determinant of female labor force participation.

Mehak Ejaz (2005) has conducted a research on female labor force participation in Pakistan. The main purpose of this research was to identify the major determinants of female labor force participation in Pakistan especially with reference to rural and urban areas. The result of this paper shows that reducing the child care burden in females and facilitating educational attainment would lead to a higher labor force participating rate for females in Pakistan [6].

Sameera Ahmad (2008) et al. has conducted a research on Pakistani and Bangladeshi women's labor market participation in the University of Manchester. This paper focused on the issues of Pakistani and Bangladeshi women and also provides some insights into other countries. In this research Sameera Ahmad argued that economic activity is low and unemployment rate is also high amongst economically activity 15% for Pakistani and 16% for Bangladeshi women in 2001-5 [7]. The major findings of this paper were that women generally have lower rates of economic activity and higher rates of unemployment compared to other ethnic groups.

Safana Shaheen (2011) et al. has conducted a research on female labor force participation in university of Sargodha in Pakistan. The main purpose of this research was to analyze the determinants of female labor force participation decision. In this research Safana Shaheen argued that education and family size are positively significant related with female earnings. The result of this research shows that married females and the respondent of urban areas earn more than rural areas [8].

Zareen F. (2002) et al. has conducted a research on Women decision to Work in Pakistan. The main purpose of this paper is to identify the household related factors that lead to women participation in the economic activities. The writer argued that women's decision to participate in economic activities with their empowerment—who makes the decision to participate in the labor force—whether it is the women themselves or others [9]. The result of this paper shows women economic participation is positive effect on factors.

Samina Isran (2012) et al. has conducted a research on low Female Labor Participation causes and consequences in Pakistan [10]. The main purpose of this paper is to examine the extent to which the participation of Pakistani women in labor market reduces inequalities in power relations thereby enhancing their empowerment and bargaining position within household. The writer argues that through employment and other income-generating activities women's economic position improves and their status strengthens within the household.

The result shows that Participation of women in Pakistan is constrained by their lack of skill, education, and training beside socio-cultural norms. Moreover, women also carry the double burden of unpaid household work and the paid workload. At the same time, it is also believed that women enjoy a sense of independence and self-confidence by working for an income.

III. Methodology

Economist frequently encounters the research problem whereby the dependent variable of the structural model is not directly observed. The study was based on cross sectional data from the Pakistan according to the household factors. Socio-economic and demographic factors also included. It concentrates on the sample of married and unmarried aged (20-49) females and analyzes their participation in the labor market. We used stratified sampling based on population size.

In this study 12 to 15 household were selected based on the population size. In this research almost 130 households were visited and 210 married and unmarried females were interviewed. Finally we concluded that fifty percent woman worked in the labor market and fifty percent involved in the household activities.

We estimated two regression models: a Probability model and Logistic model respectively. We estimated these two models in which female labor force participation was a function of several explanatory groups. The female labor force participation is a dependent variable and the dependent variable can take only two binary values: 1 shows that if women participate in economic activity and 0 shows that if she does not participate. We estimate nonlinear function for the probability model.

We start with general equation:

$$Yi = f(X1\ldots X2)$$

where Yi denote female labor force participation (FLFP). If female participate in economic activity then y is equal to 1 and if female not participate in economic activity then it is equal to zero, $X1\ldots\ldots X2$ shows those factors which are leading to female participate in the labor force.

IV. Findings

Table III shows that the description of dependent and independent variables. Table III gives the age of female 20-49 years in the survey and level of education of female. Table IV shows that female in rural areas are less participative in economic activity as compared to the female in rural areas because they are uneducated and lacking in facilities and skills. Table V shows that females who belong to joint families participate more in economic activity as compared to those who belong to nuclear family system. Table VI shows that female in poor families are more participating due to large family size and financial pressure. According to this survey female education play a very important role to participate in the labor market. Similarly economic status of the household has a significant impact on female labor force participation.

TABLE III
DESCRIPTION OF VARIABLES

Variables	Descriptions
Dependent variable	Labor Force Participation (LFP) = 1 If women participate = 0 not participate
Independent variables	Age (Female age 20-49 years)
	Education (level of education)
	Marital status (1= Unmarried, 0 Married)
	Household Income Household & Financial status (Head's Income, Monthly Expenditures)
	Family type &Size (Total No. of the family members)
	Location (Area of residence)

TABLE IV
LABOR FORCE PARTICIPATION OF FEMALE

	Frequency			Percent	
	Rural	Urban	Total	Rural	Urban
	3.76	1.65	5.41	69.50%	30.4%
	9.62	8.87	18.49	52.02%	47.9%
	10.20	14.31	24.51	41.61%	58.3%
Total	23.56	24.86	48.41	48.66%	51.2%

V. DISCUSSION

The empirical model indicates the factors of female labor force participation in Pakistan. Female characteristics such as age, Education, Marital status, Household Income, H-Financial status, Family Size and type area of residence are the significant determinants of FLFP in Pakistan. The sample of female age was 20 to 49years. The result shows that women's age has positive effect to involve them in economic activity.

For the interpretation probability derivates for all the variables were computed. These derivates measure the effect of one unit in an explanatory variable on the probability of FLFP. The dummy variables take the value of 1 rather than 0. Two models probit and logit are non-linear and their probability derivates are not constant. Therefore, these two derivates were estimated at the mean sample. The findings concluded that those females, who are educated, married and the age of 20 to 31 are more participative in the labor force.

Financial difficulty is another major issue in the labor force. If a woman belongs to a lower class family then due to financial difficulty and lower economic status she needs to participate into the labor force. The research shows that those women who are financial sound and rich have less participation in the labor force as compared to those who belong to poor families.

Household size has strong impact in FLFP. If F-size larger then there are more chances for females to participate in labor force because of financial pressure. It is observed that if family size increases then there are more chances to participate in the labor force. The result showed that those women who live in the joint family system participate more as compared to those women who live in the nuclear families.

TABLE V
SAMPLE MEANS AND STANDARD DEVIATIONS

Explanatory Variables	FLFP1	FLFP0
Age	0.131(0.348)	0.010(0.099)
Education	0.101(0.303)	0.010(0.099)
Marital status	68.6(0.464)	65.9(0.474)
Household Income	10700.30(6724.48)	22722.55(27015.40)
Household Financial Status	4416.9 (3388.5)	6109.1(5466.934)
Family size	6.343(2.572)	4.107(1.694)
Family type	0.697(0.462)	0.373(0.495)
Location	0.343(0.486)	0.608(0.491)

TABLE VI
ESTIMATES OF PROBABILITY MODEL FOR FLFP

Explanatory Variables	Normal Probit Model	Logistic Probit Model
Age	3.605(2.755)	6.349(2.685)
Education	3.954(3.270)	6.916(3.407)
Marital status	56.4(0.496)	34.8(0.476)
Household Income	-0.00005(-3.070)	-0.00009(-2.978)
Household Financial Status	-0.01(-15.211)	-0.0001
Family size	0.343(2.807)	0.583(2.752)
Family type	0.894(2.215)	1.587(2.181)
Location	-1.60(-3.452)	-2.760(-3.385)

V. CONCLUSION

In the present study an effort has been made to explore some factors of FLFP in Pakistan. The population of this study consisted of both married and unmarried female in labor market.

In this paper the main purpose was to analyze and study the factors which force females to participate in the labor market. For this purpose 12 to 15 respondents were selected and two models probit and logit were used. It was observed that poor females are more participate in labor market because of financial pressure and lack of facilities. The findings concluded that educated and married female are more participate in labor market. The findings showed that those female who belong to nuclear families less participate as compared to joint families; because in joint families family size is large that's why woman forced to participate in labor market. And in large families financial pressure and lack of job opportunities forced female to participate in labor market. It is also observed that economic pressure and hardship forced women to participate in labor market.

In this study it was observed that most of the females in rural areas don't participate in labor market because of gender discrimination, therefore rural females are less participative as compared to urban females.

VI. RECOMMENDATIONS

➢ Education plays a very important role in the development of society, so government should make some policies and provide opportunities and encouraged women to get education because only educated woman can have good skills and awareness of their rights and then they can participate and help their family and their needs.

- ➢ It was observed that females in rural areas work only fields because they lack in education, skills, resources and financial pressure does not allow them to get education.
- ➢ The effective utilization of human and financial resources are lacking in third world countries. The solution is that women should be encouraged to participate in the labor market because their contribution will lead toward the development of the society in general and improvement of their financial status in particular.
- ➢ Female labors force participation should be increased because if more women work then society will be developed and harmonized.
- ➢ Government should encourage women and provide them educational facilities, job opportunities. Almost half of the population of third world's countries is women and without participation of this huge amount of population no country can progress and improve its economy.

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