



Globalization and Gender gap in Indonesia

A thesis presented

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Contents

Contents	i
List of Tables	ii
1 Introduction	1
2 Related Literature	3
3 Indonesia: An Overview	5
4 Empirical Analysis	9
4.1 Data	9
4.1.1 Key Variables	10
4.2 The Model	14
4.3 Identification Issues	15
5 Results	17
5.1 Work Participation	18
5.2 Work Participation by Sector	23
5.3 Work by Occupational Status	24
5.4 Probability of Work by Previous Year Work Status	30
5.5 Hours of Work	33
6 Conclusions	38
7 Appendix	40
7.1 List of Variables	40
7.2 Map and Figures	42
References	47

List of Tables

- Table 1: Labour Participation rates by gender and by age group in Indonesia
- Table 2: List of Variables
- Table 3: Summary Statistics
- Table 4A : Work Participation (Females)
- Table 4B : Work Participation (Males)
- Table 5(A) : Probability of earning own income and a spouse earning own income(Answered by Females)
- Table 5(B) : Probability of earning own income and a spouse earning own income(Answered by Males)
- Table 6A : Work Participation by sector (Females)
- Table 6B : Work Participation by sector (Males)
- Table 7A : Probability of work by occupational status (Females)
- Table 7B : Probability of work by occupational status (Males)
- Table 8A : Probability of work conditional on previous year work status (Females)
- Table 8B : Probability of work conditional on previous year work status (Males)
- Table 9A : Hours of work in the last week (Females)
- Table 9B : Hours of work in the last week (Males)
- Table 10A : Usual hours of work (Females)
- Table 10B : Usual hours of work (Males)

Abstract

This thesis contributes to the growing literature of economic development by analyzing the effects of exposure to globalization on gender gap in labour market participation in Indonesia . I combine the individual-level data of three waves (1997, 2000 and 2007) of Indonesian Family Life Survey (IFLS) , with the provincial level data on exports and imports and also use data on population size of all cities in Indonesia by calculating geodesic distance between these cities and the individual's residence. I construct the province-level Population Gravity Index (PGI) score for each individual based on the idea that cities with larger populations exert more force (or gravity) of globalization, but this force weakens as an individual is located in more remote areas. I interact the individual's PGI score with provincial exports and imports and sum over all provinces to construct two explanatory variables – export exposure (*XEX*) and import exposure (*IEX*).

The dependent variables are related to intensive and extensive measures of employment outcomes. I estimate the effects of export and import exposure on probability of paid work for females and males aged from 20 to 65 years controlling for household fixed effects and province-year fixed effects. I find significant results for gender specific effects in labour force participation in Indonesia. The main findings of the thesis provide evidence that women's work participation is positively responsive to import exposure, and negatively to export exposure. However, I find no significant effects for males working less for pay with export exposure. This means exposure to exporting activities increases household income by increasing income earned by males, and this positive household income effect, in turn, discourages women's participation in paid work. Therefore, labour supply of men is inelastic in response to export exposure and import exposure. Meanwhile, to be consistent with the income effect, I also look at the probability of paid work in a particular sector. The result shows that females likely to work less both in agriculture and manufacturing sector with an export exposure. To get a closer view of working population's income status, I observe various employment outcomes by work status. The result

is also consistent with the income effect story as I find significant evidence that females prefer to do housework than any other jobs in response to export exposure. This result is also consistent with the income effect story that exposure to exporting activities increases household income by increasing income earned by males, and this positive household income effect discourages women's participation in paid labour market exhibiting a pronounced gender gap in labour force participation in Indonesia.

Declaration

I, Jesmin Ara Rupa, certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by any other person, except where due reference has been made in the text.

In addition, I certify that no part of this work will, in the future, be used in a submission in my name for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint award of this degree.

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