

Behind the Stagnation of Female Labor Force

Participation in Indonesia*

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Abstract

We investigate seemingly stagnating female labor force participation rate of Indonesia from 1995 to 2007. We estimate wage elasticity and cross-wage elasticity of female labor supply and find that there exists sharp decrease in their absolute magnitude over time. The Oaxaca-Blinder decomposition results also support that there has been sharp decline in the responsiveness of women's labor supply to their own wage and spousal income. Our results imply that women's attitude toward work changed significantly even though overall female labor force participation rate of Indonesia appears to be stagnant.

Keywords: Female labor force participation, Elasticity of labor supply

JEL Classification Codes: J21, J22, J24

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