

**The Effect of Human Capital and Gender Difference of Employees
on Participation in Decision Making High Positions:
A Study Reference to Eheliyagoda Pradeshiya Sabha Area
in Sri Lanka**

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Keywords: Human Capital; Gender; Employment; Duncan Index.

Introduction

In an economic perspective, capital refers to factors of production which are used to produce goods and services. In a broad sense, the concept of capital is semantically a mixture of human capital and physical capital. Human capital is concerned as a production element which could generate added-value to production. The theory of human capital emphasizes that accumulation of human capital among the workforce which enhances labor productivity and increases their earning. Hence, accumulation of human capital largely affects the growth of wage rate and firms' productivity which finally contributes to national economy (Denison, 1962 and Schultz, 1961).

Human capital investment choices play a major role on differences in human capital accumulation of males and females which leads to gender differences in occupation (Barron et al., 1993). There is no variation in investing in human capital between males and females at the initial stage of human capital formation among the labor force in Sri Lanka. However, there are gender differences found in the decision making role between males and females in higher positions (Bandle and Wilhelm, 2007). These gender differences has two dimensions. A study by Gayle et al., (2012) showed that the uncertainties of

employers regarding the capability of females reduce their probability to be hired to high positions compared to males. Edirisinghe (2008) shows that though females have the abilities similar to the male such as efficiency, decision making skills, they are in fewer decision making positions compared to males in Sri Lanka. Jayaweera (2008) found that the decision making power of females in some services is too low compared to males in Sri Lanka, especially in planning, science and technology, education, administration, local income service, accountancy and legal sector services.

The previous studies relating to Sri Lanka do not empirically examine the relationship between gender differences in decision making higher positions and gender differences in investing in human capital. This is the research gap that this study attempts to fill.

Objectives

The objectives of this study are to examine the gender wise differences in decision making process and investing on human capital.

Methodology

The study is based on primary data collected from a sample of 80 individuals drawn by stratified sampling method from a population containing the workforce belonging to private banks, government banks and administrative bodies of the government institutions in Ehaliyagoda Pradeshiya Sabha area in Ratnapura District of Sri Lanka. The study employed a Logit Regression Model, where, the dependent variable of the model represent a Higher Position in Decision Making (HPD) in the selected organizations (HPD = 1 otherwise HPD = 0); and the explanatory variables are as follows. year of full (total) experience in entire career (YFE), years of experience in a particular job (YEJ), years of formal schooling and durations of other courses

(YSO), on the job training (OJT) with a value of 1 if the person had on the job training, and 0 otherwise; and gender of the employee (GND) with a value of 1 if the person is a male and 0 otherwise. Thus, the logit model for this study is:

$$HPD = \beta_0 + \beta_1 YFE + \beta_2 YEJ + \beta_3 YSO + \beta_4 OJT + \beta_5 GND + U_i \dots \dots \dots (1)$$

The Duncan index³ has modified in this study in order to measure the magnitude of the segregation based on gender in obtaining decision making higher position. The modified formula is:

$$D = \left(\frac{1}{2}\right) (F_i - M_i) + (F_j - M_j) \dots \dots \dots (2)$$

where,

- D - Duncan (dissimilarity) index,
- i* - High position in Decision Making
- j* - Position below decision making level
- F - fraction of females,
- M - fraction of males,

Results and Discussions

According to the results of the logit model analysis in Table 1, the probability to be in a higher decision making position compared to low position will increase by 0.03 when years of schooling and duration of other courses increased by one year. The probability to be in a higher decision making position is increased by 0.021 when a person has on the job training relative to a person who doesn't have on job training.

³ Otis Dudley Duncan and Beverly Duncan, "A Methodological Analysis of Segregation of Indexes," American Sociological Review (1955): p 210 - 217

Table1: Output of the Logit Model Analysis

Variable	dy/dx	SE	Z	P> Z	Average
YFE	0.0044	0.0073	0.06	0.201	14.8706
YEJ	0.010	0.0106	0.98	0.781	10.9412
YSO	0.0305*	0.0112	2.71	0.000	18.3647
OJT	0.0208**	0.1252	0.17	0.094	0.5765
GND	0.4596*	0.1182	3.97	0.000	0.3765

Note: * and ** represent significance at the 1% and 10% levels, respectively.

Further, the results indicate that the employee being a male has a higher probability that is 0.46, to obtain a higher position of decision making relative to females with comparable schooling and training. The other two variables such as YEF and YEJ are insignificant indicating that general and specific experience has no influence on being a decision making higher position. According to the logit model results, gender has the highest impact on obtaining a higher decision making position.

The Duncan Index analysis provides the following results:

$$D = (\frac{1}{2})[(F_i - M_i) + (F_j - M_j)] \rightarrow (\frac{1}{2})[(0.594 - 0.406) + (0.245 - 0.755)] = 0.3465$$

According to this index, 35% of males would have to be replaced by females in order to have gender parity in jobs of higher decision making.

Conclusion and Policy Recommendations

The study found that female participation in higher decision making higher positions is lower. The gender gap in occupational attainment shows that 59.38% of the posts of high positions are occupied by males and 75.48% of low positions are represented by females. According this study, years of full experience in entire career, years of experience

in a particular job have no influence on gender participation in higher positions in decision making, while years of formal schooling and durations of other courses, receiving on the job training and gender of the employee (GND) are significant. Gender has the highest impact on obtaining a higher position in decision making level.

It follows that higher investments in females' human capital, specifically schooling and training will help females to meet the same positions as males. However, even with similar schooling and training, the gender difference in decision making high position persists just because of gender differences. According to the result, it is necessary to adjust the women representation by 35% to mitigate gender differences in higher positions at decision making level.

References

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