

ABSTRACT

The Indonesian economy continues to be characterized by a low level of formal employment, particularly among women. While education is often seen as a key pathway to formal employment, this effect is not always straightforward for women due to systemic challenges such as employer bias, social expectations, and limited job availability. Thus, this study examines how education impacts the probability of securing formal employment for women in Indonesia, controlling for individual, household, and regional characteristics. Using data from the August 2024 wave of SAKERNAS and supplemented by PODES 2024, this study observes the working status, conditions, and socioeconomic characteristics of 182,906 working women aged 15-64 in Indonesia. Employing a binary logistic regression and IV-Probit regression, the results show that a higher education level increases the probability of being formally employed. The IV-Probit regression generated larger results compared to the baseline logistic analysis, revealing that each additional year of schooling increases the probability of formal employment by approximately 24 percentage points for women. The probability is highest for women with doctoral degrees. However, structural barriers such as household size, marriage, elderly care, and regional disparities in labor opportunities persist, often hindering entry to formal employment despite fulfilling the necessary educational requirements. These findings highlight the dual importance of expanding access to education while also addressing structural constraints to enhance female participation in the Indonesian formal labor market.

Keywords: formal female employment, education, Indonesia, female labor force participation, IV-Probit