

Realizing Malaysia's potential through enhanced female labour force participation

Matthew Dornan

Senior Economist, Social Protection and Jobs Global Practice
12 October, 2023



Outline

1. Where do we stand?
2. Explaining gender inequalities in the labour market
3. How to address such inequalities

Why is enhancing female labour force participation important?

- Equity (first, and foremost)
- Utilisation of human capital and its implications for economic growth
- Ageing and its implications for the labor force

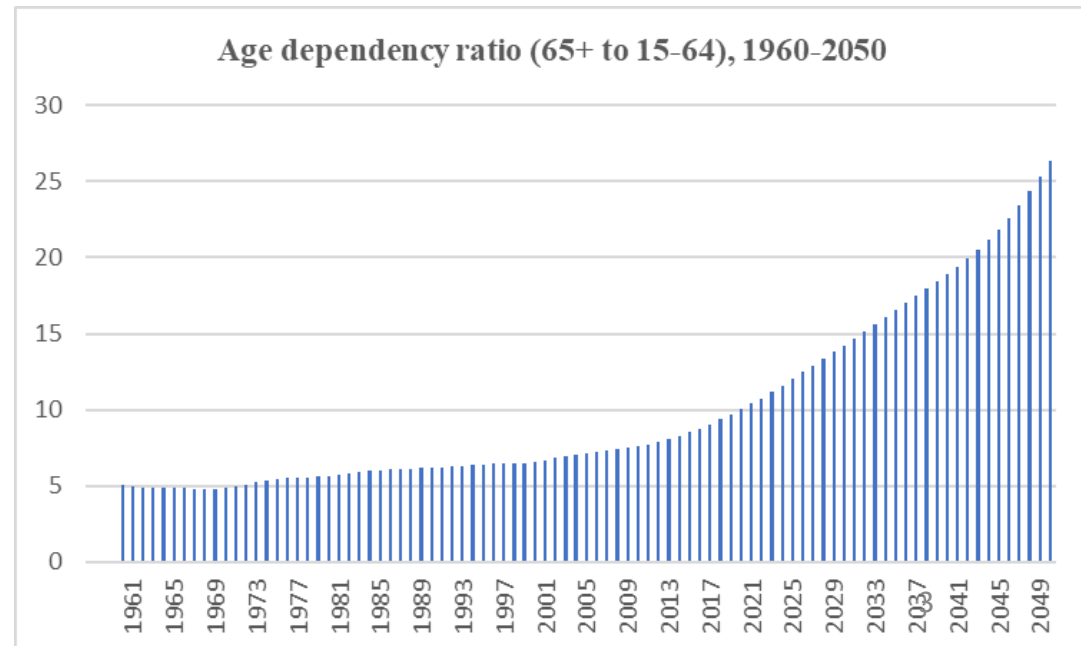
An intermediate objective of Ekonomi Madani is to increase female labour force participation to 60 percent in 10 years

Aggregate income gains from eliminating gender gaps, 2010–2017



Source: Authors' calculations based on Malaysian Labour Force Survey (Department of Statistics Malaysia) and Cubieres and Teignier (2019).

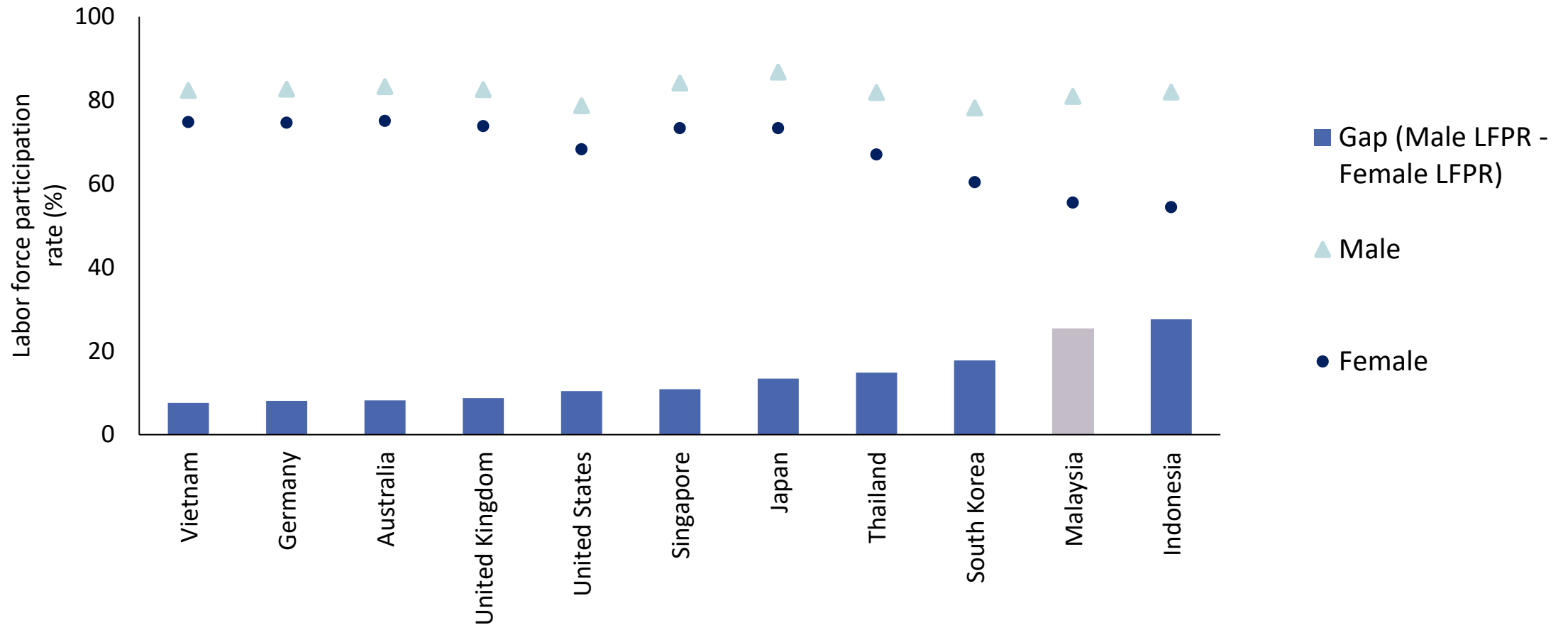
Age dependency ratio (65+ to 15-64), 1960-2050



Where do we stand?

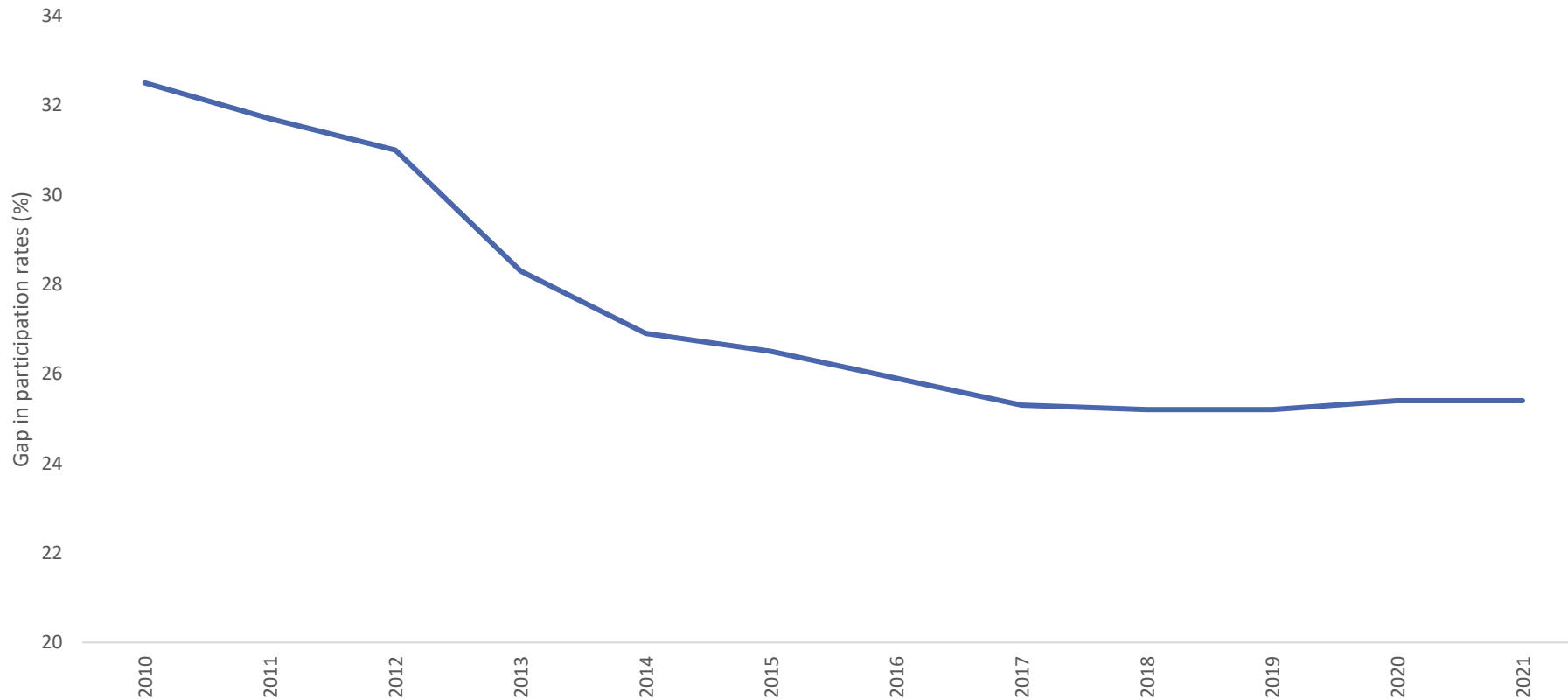
Significant gender inequalities in labour market outcomes

Gender gap in labour force participation rates, by country, 2021



Some improvement in FLFP in the early part of last decade

Gender gap in labour force participation rates, Malaysia, 2010-2021

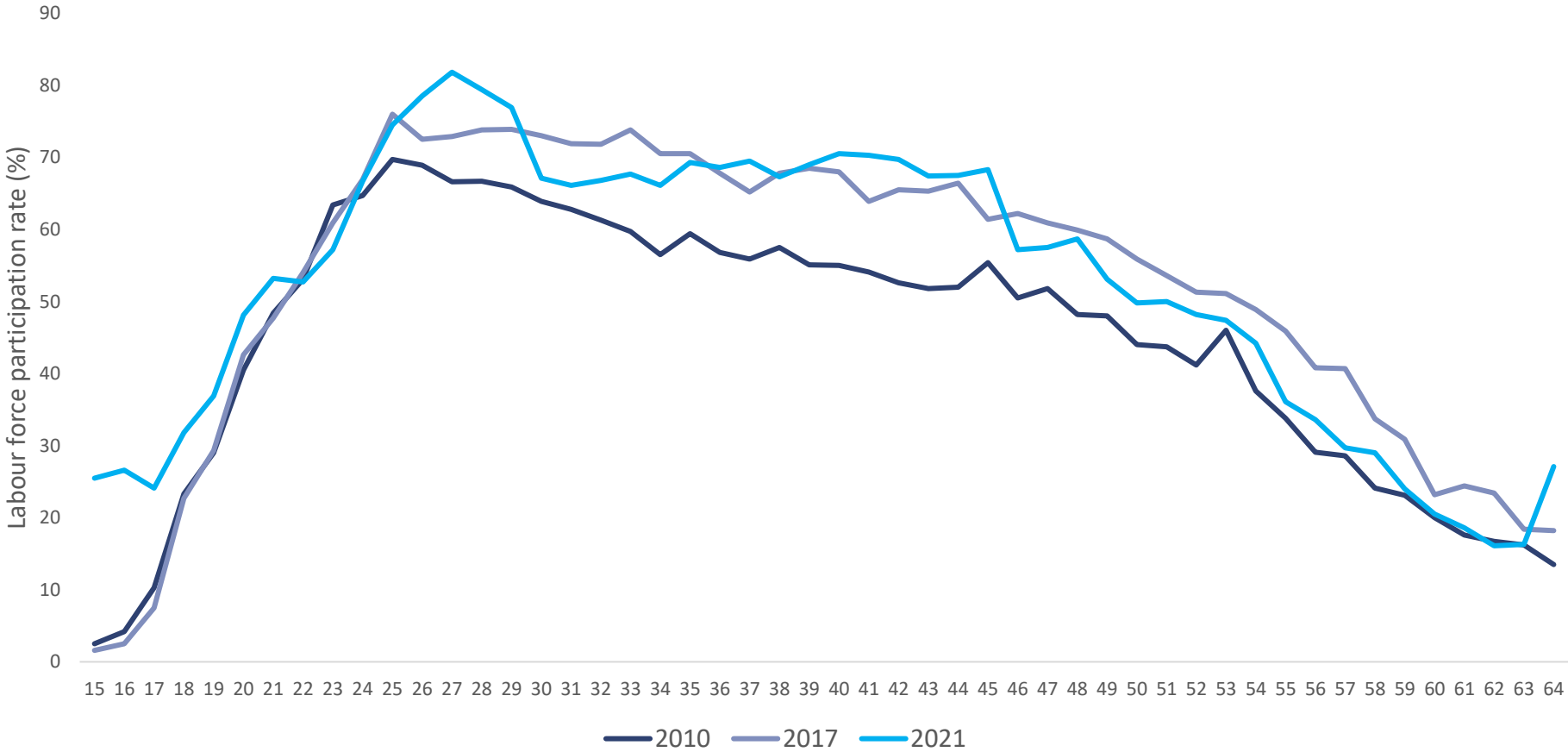


Source: Authors calculations based on DOSM data

Note: The labour force participation rate among the population ages 15-64. Gender gap = male- female

Driven by increases in FLFP amongst women aged 25+

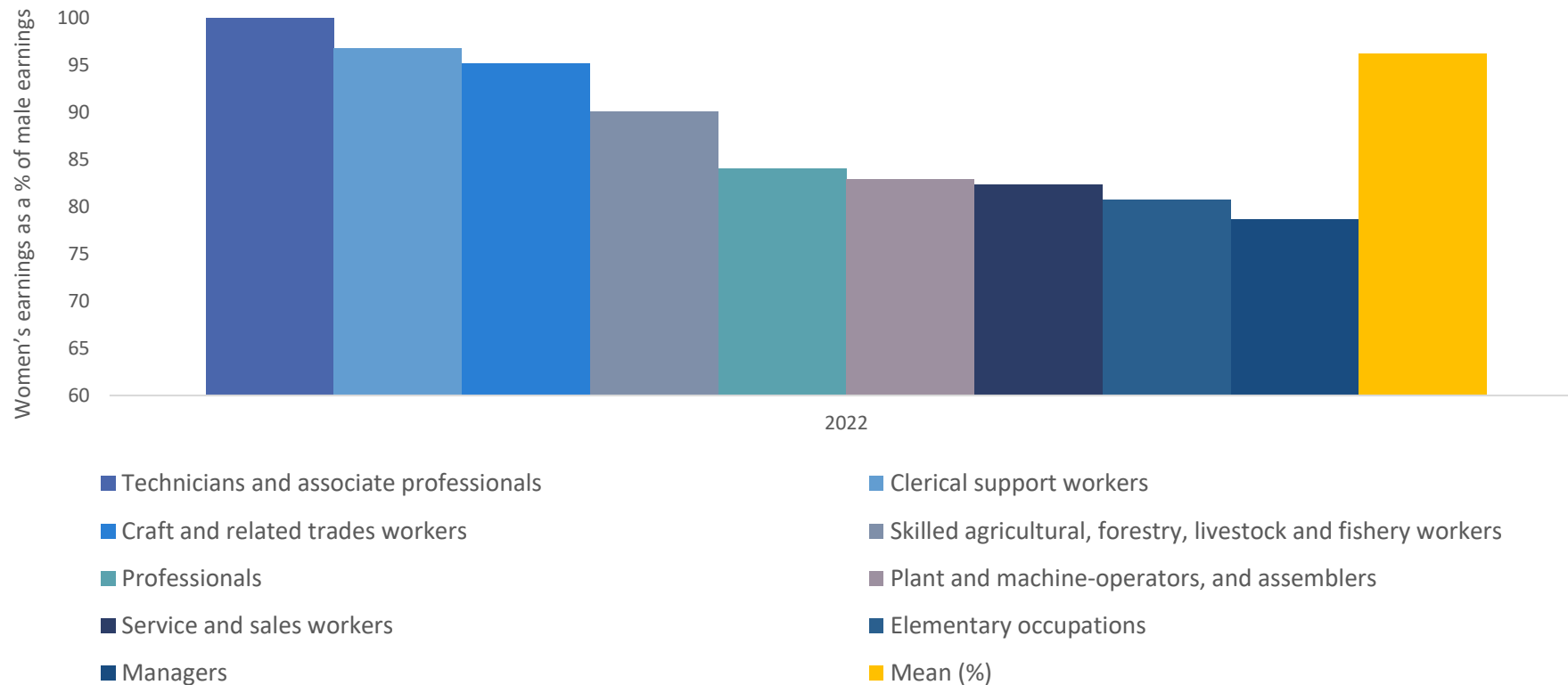
Female labour force participation rates, Malaysia, 2010, 2017, 2021



Source: Authors calculations based on DOSM data
 Note: The labour force participation rate among the population ages 15-64. Gender gap = male- female

Other inequalities: a gender pay gaps exist in most occupations

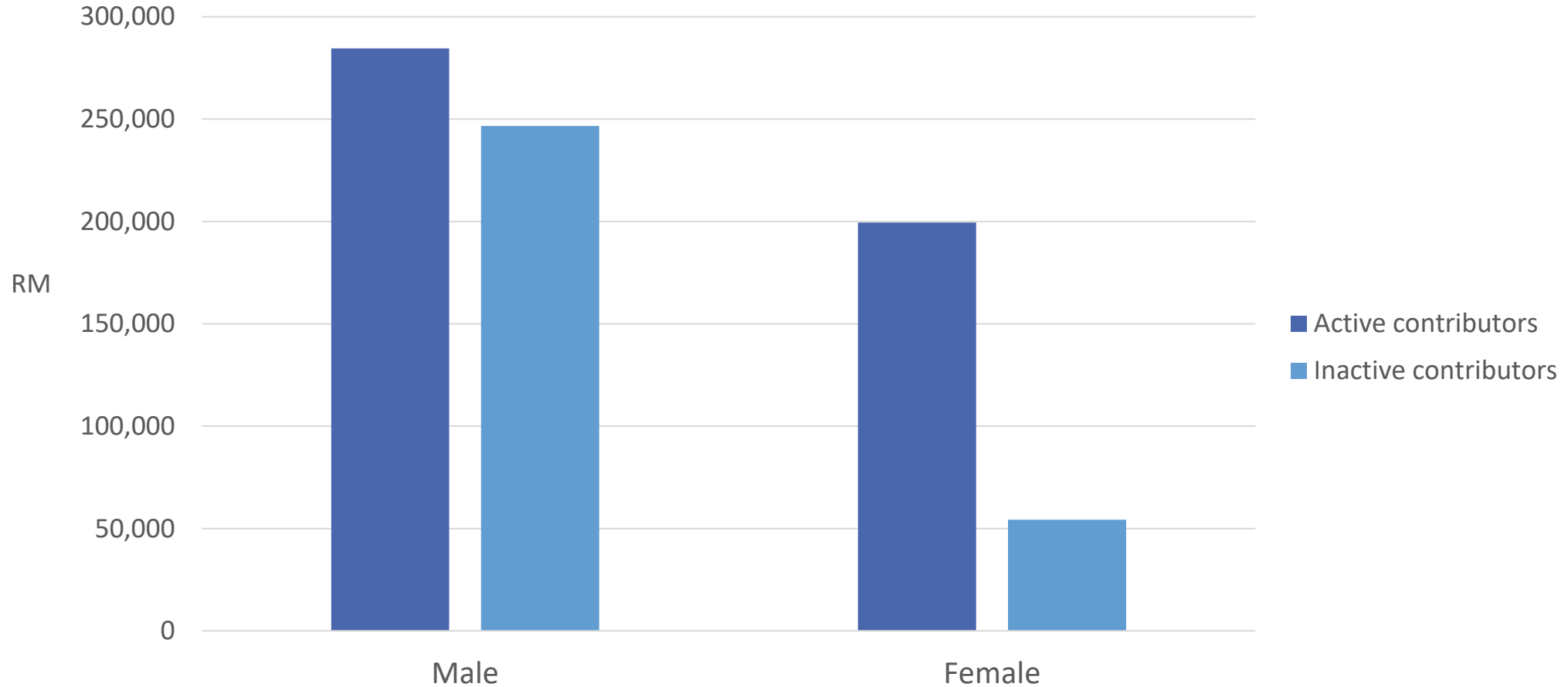
Gender wage gap by occupation



Source: Authors' calculations based on DOSM data

Gender inequality in retirement savings

EPF average member savings at age 54, 2021

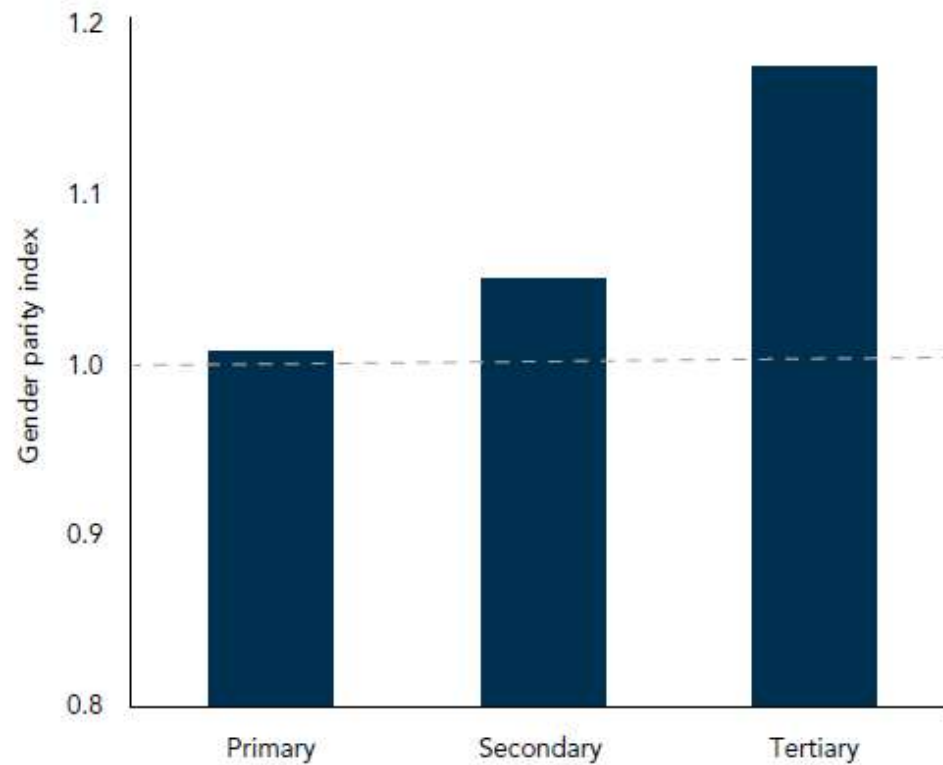


Source: EPF

What is behind gender inequalities in the labour market?

Inequalities exist despite better education outcomes amongst women

Gender parity index by level of education, 2017



Source: Authors' calculations based on UNESCO Institute for Statistics.

Harmonized composite test scores by gender, 2003-2015



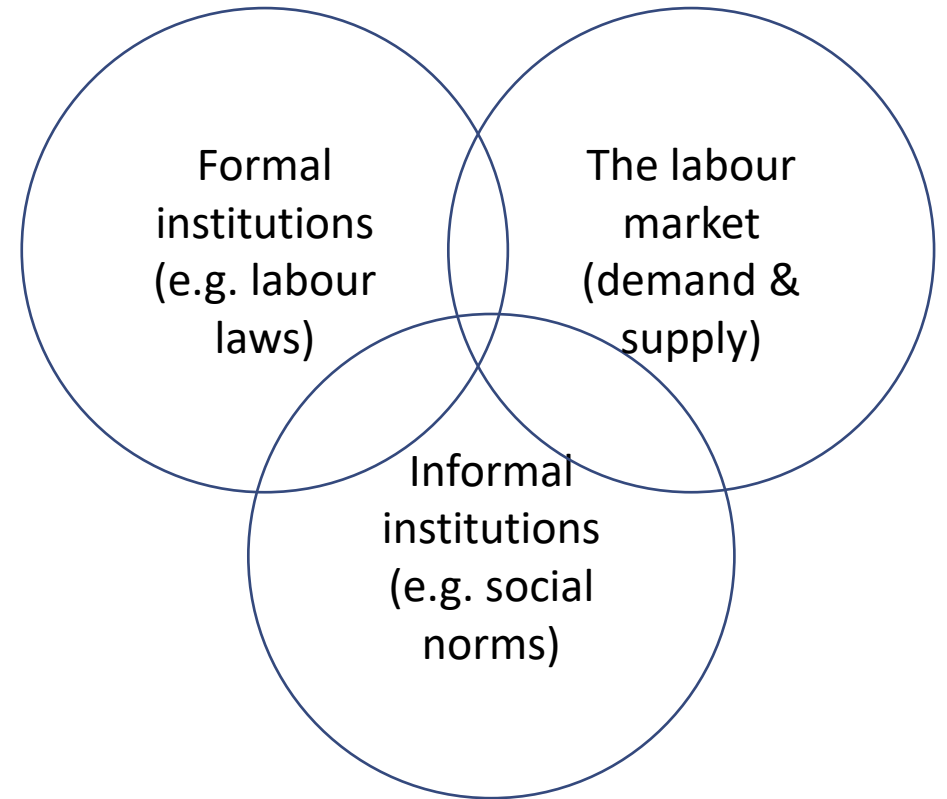
Source: Authors' calculations based on Patrinos and Angrist (2018).

Note: Figures are harmonized test scores from major international testing programs. Test scores for 2003, 2007, 2011, and 2015 are from TIMSS and PIRLS, those for 2009 and 2012 are from PISA.

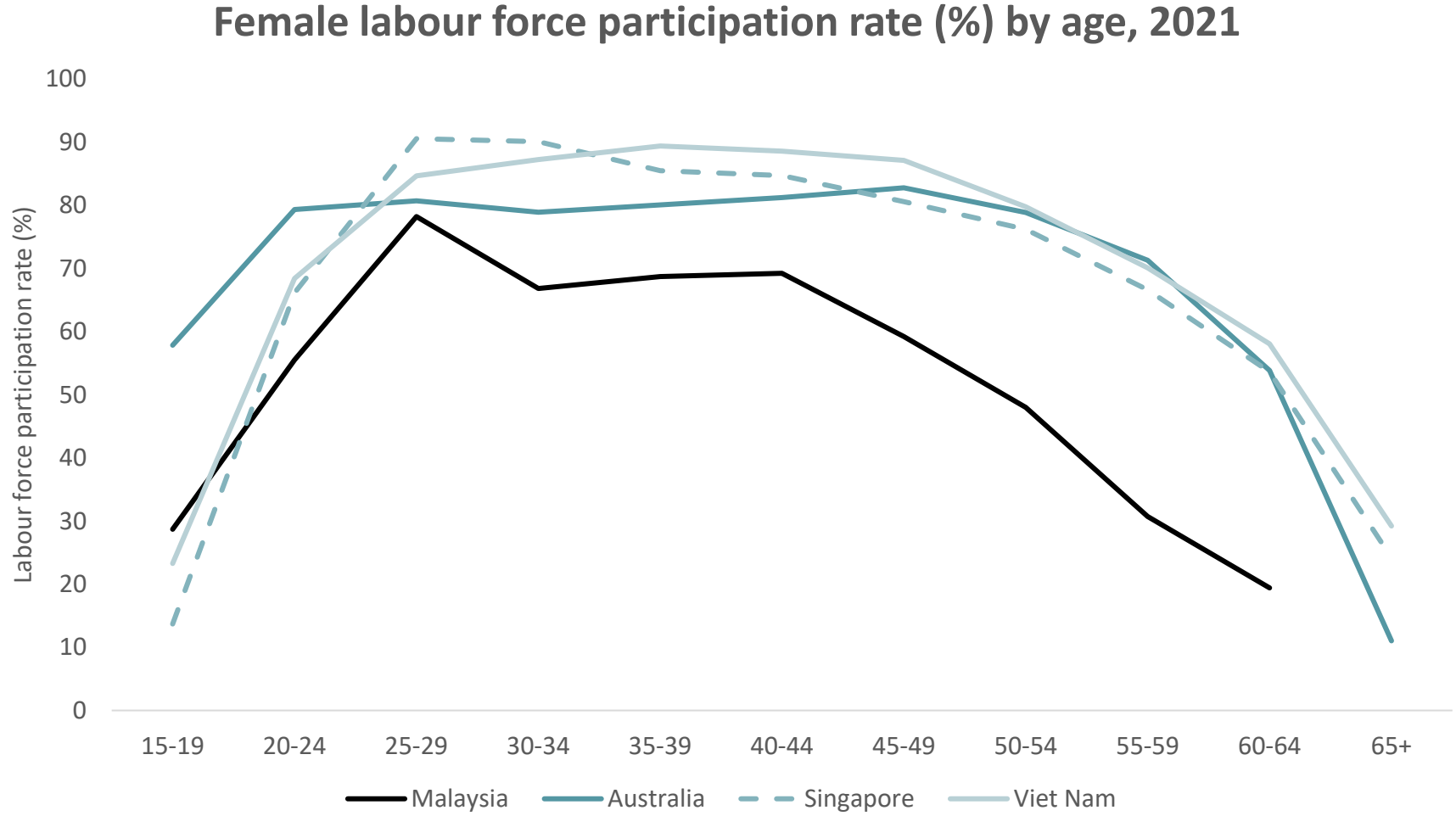
If women's education outcomes are better, why are labour market outcomes not?

There are multiple and interconnected factors that the global literature suggests could be responsible:

- Discrimination
- Social norms or “culture”
- Gender “sorting” into occupations
- Part-time work + temporary withdrawal from the labour market
- Caring and other household work



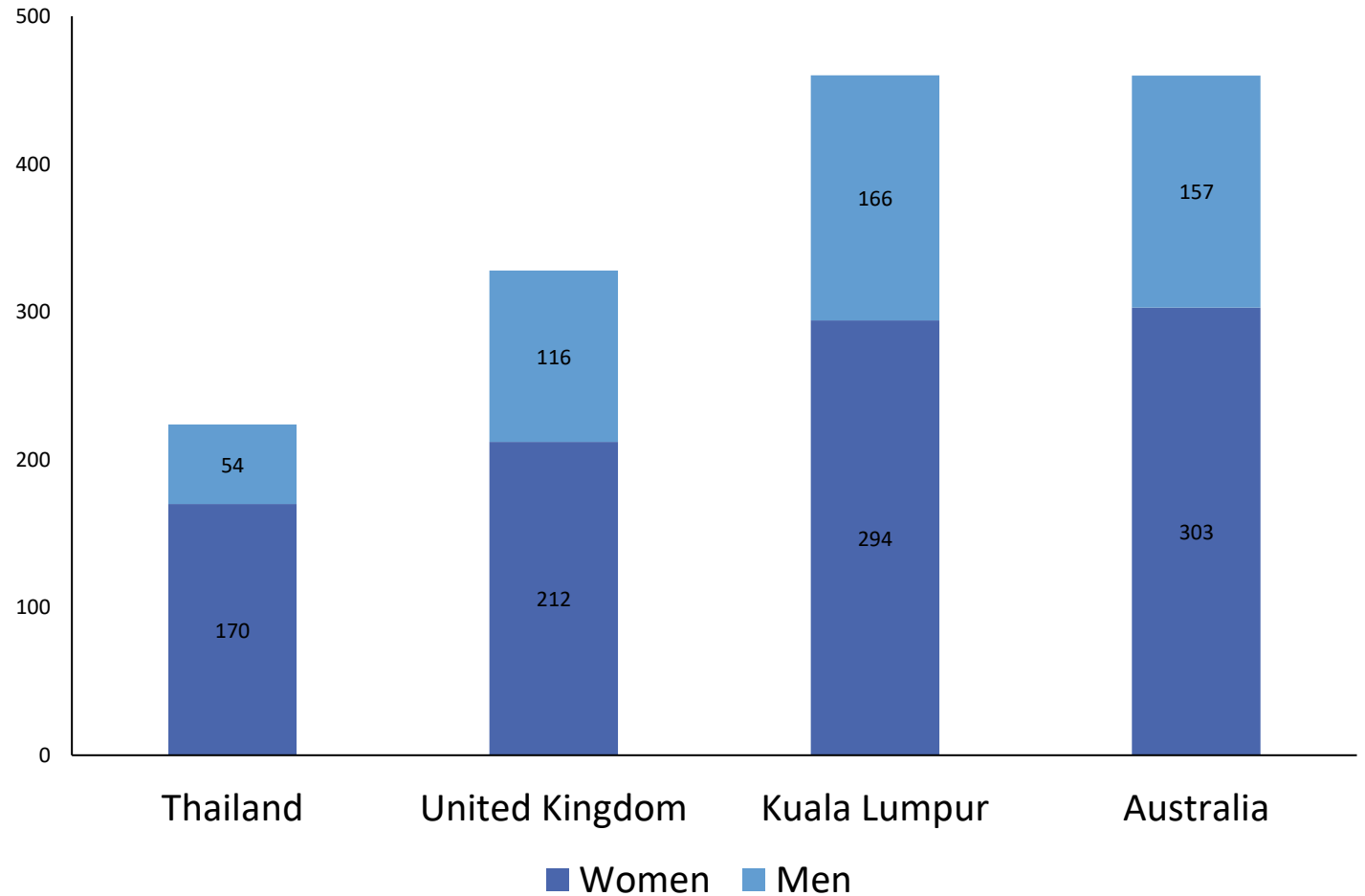
There is a sharp drop in FLFP starting at child-bearing age



Source: Authors calculations based on ILOSTAT and DOSM data

**Women
continue to
perform most
caring & other
household work**

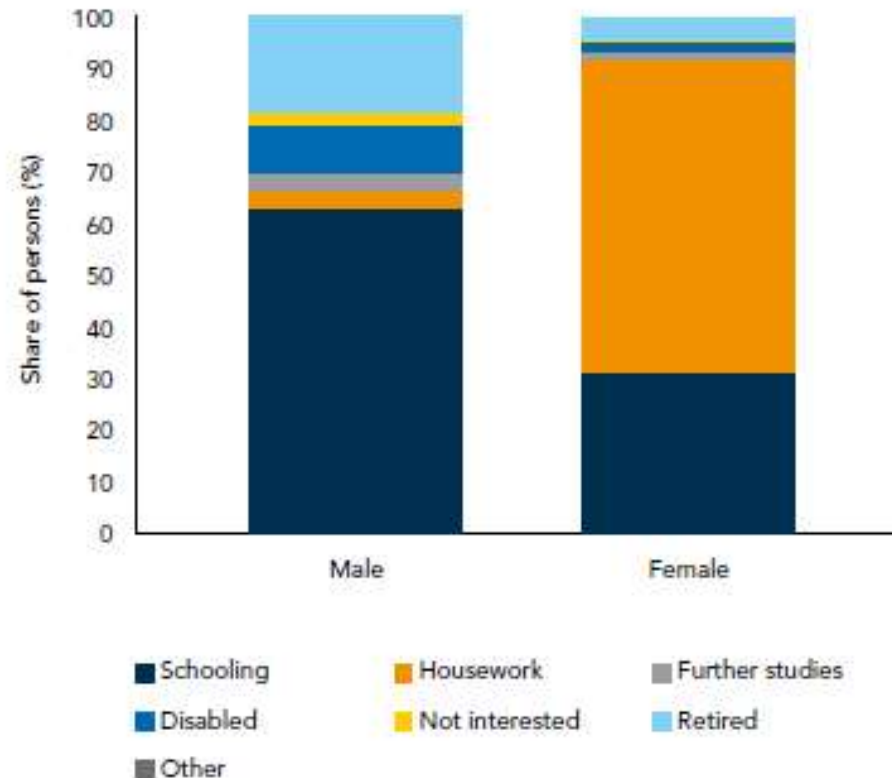
Time spent on domestic household activities (minutes per day)



Source: Authors calculations based on ILOSTAT and KRI (2019)

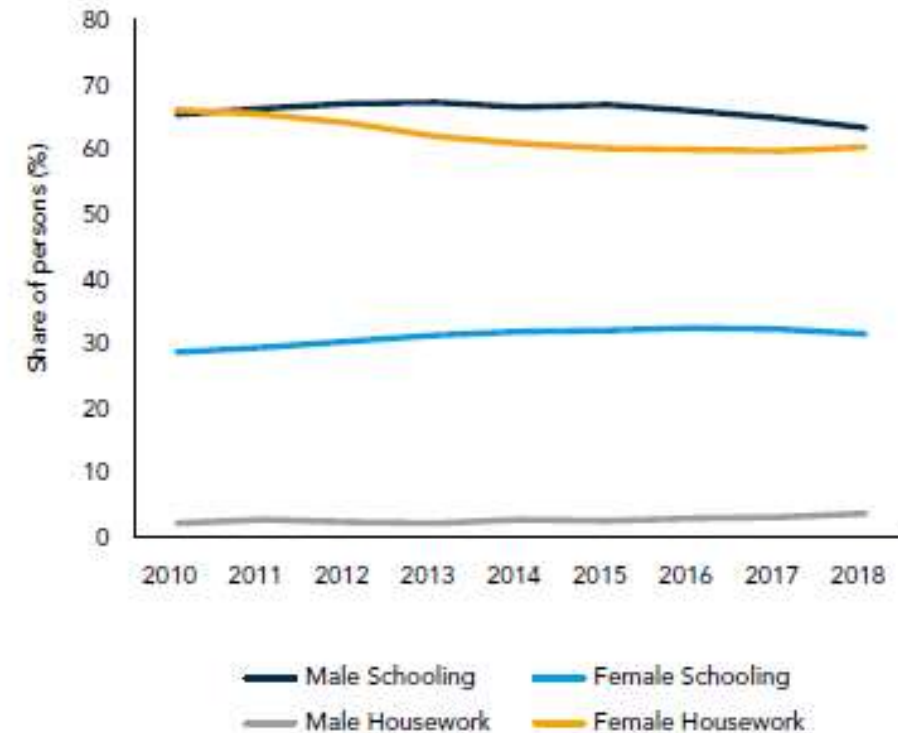
... and this impacts labour force participation (and outcomes)

Share of persons out of labor force by reasons for not seeking work, 2018



Source: Authors' calculations based on Malaysian Labour Force Survey (Department of Statistics Malaysia).

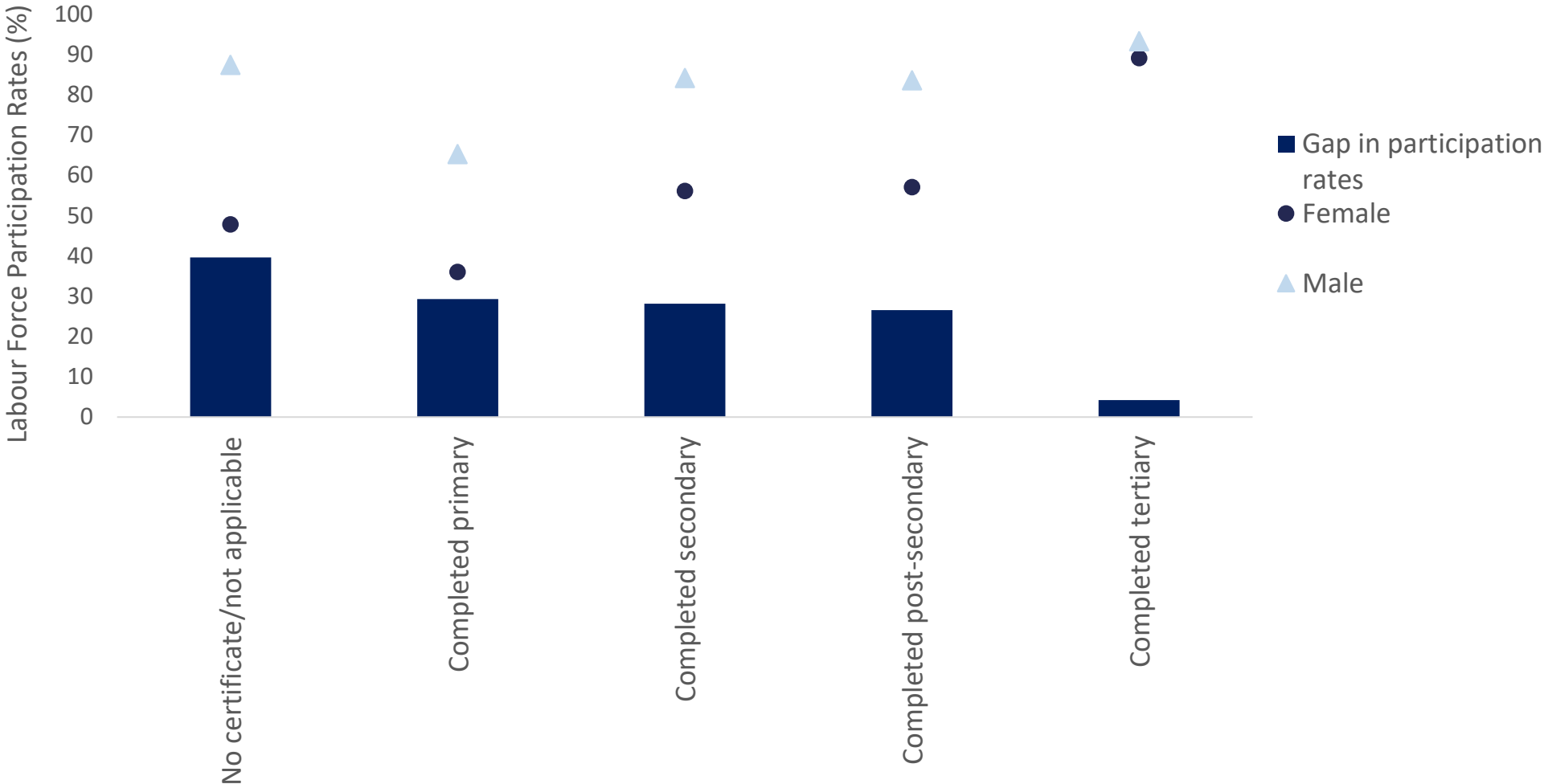
Share of persons out of the labor force by selected reasons for not seeking work, 2010-2018



Source: Authors' calculations based on Malaysian Labour Force Survey (Department of Statistics Malaysia).

Education has a significant impact on LF participation

Female labour force participation rates, by education



How to address gender inequalities in the labour market?

Solutions are multi-faceted, much like the problem

- Ensure that labour laws and regulations support and protect women in the workforce, preventing discrimination, and that laws do not present legal barriers to female employment (implementation is key)
- Influence social norms relating to gender through education and other avenues
- Encourage increased female participation in education subjects and occupations where they are under-represented
- Ensure that employers provide family friendly leave and flexibility policies, with parental leave offered to both males and females
- Facilitate accessible, affordable and quality childcare (and aged care) – there is a role for government in facilitating or supporting the provision of such goods given economic externalities

A key lesson from global experience is that gender equality is about both men and women

Reducing the burden of care is particularly important

- The evidence suggests that reducing the burden of care/housework amongst women is especially important in improving the gender equality of labour market outcomes.
- Doing so is not straightforward, as social norms play a role in the division of labour in the household.
- However, there are policy measures that can assist – as recognized by the Care Economy initiative introduced as part of the *Madani* framework:
 - Childcare subsidies have been used to good effect in other countries. They also exist in Malaysia, but are tightly targeted and are a relatively small amount. These could be expanded. Similar subsidies for aged care can be beneficial.
 - Re-entry tax exemptions and payments are another potential policy measure. The design of such measures is critical, and efficacy should be closely monitored

Concluding remarks

- Although Malaysia has made some progress over the last decade in reducing gender inequality of labour market outcomes, significant inequalities persist
- There are strong economic, as well as equity arguments for seeking to reduce these inequalities
- Doing so will inevitably involve a multi-faceted and whole-of-society approach
- A key concern, and a likely explanation for unequal outcomes in the labour market, is the uneven burden of caring borne by women. This disproportionately affects women with lower levels of education, who are less able to afford childcare and other 'outsourcing' of care responsibilities. Addressing this challenge, including the social norms that underpin disproportionate caring responsibilities, should be a priority

Terima Kasih



CONNECT WITH US

-  wbg.org/Malaysia
-  [@WorldBankMalaysia](https://www.facebook.com/WorldBankMalaysia)
-  [@WB_AsiaPacific](https://twitter.com/WB_AsiaPacific)
-  blogs.worldbank.org/category/countries/malaysia