

Prioritise care and decent work agenda to accelerate 60% women workforce participation

Hawati Abdul Hamid and Puteri Marjan Megat Muzafar



Introduction

The world once again celebrates the International Women's Day on March 8 and rally behind the call to "Invest in Women: Accelerate Progress"—the theme for this year.

Achieving gender equality in the workplace remains a focal area that demands accelerated progress in the women's empowerment agenda. Investing in women is an attractive incentive for governments as women constitute a significant human resource base in many countries.

Women's participation in the productive economy not only expands the workforce and contributes to economic growth but, more importantly, is essential to women's own economic security, enabling them to shape their future and family without being dependent solely on men.

Views are short opinion pieces by the author(s) to encourage the exchange of ideas on current issues. They may not necessarily represent the official views of KRI. All errors remain the authors' own.

This view was prepared by Hawati Abdul Hamid and Puteri Marjan Megat Muzafar, researchers from the Khazanah Research Institute (KRI). The authors are grateful for the valuable comments from Hafiz Hafizi Suhaimi.

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Reaching 60%—An Achievable Target?

With Malaysian women's labour force participation rate (LFPR) in 2022 still low at 55.8%, compared to 81.9% for men, narrowing this gap has been identified as one of the targets under the Madani Economy Framework announced last year¹. The government aims to increase women's LFPR to 60% within the next ten years to further unlock women's potential in productive economic activities. Addressing care challenges that have been keeping women at home and creating conducive working arrangements have been identified as key to achieving the target. Accordingly, several gender-responsive initiatives, including incentives to encourage women to return to work and childcare, have been introduced under the annual fiscal budget (Table 1).

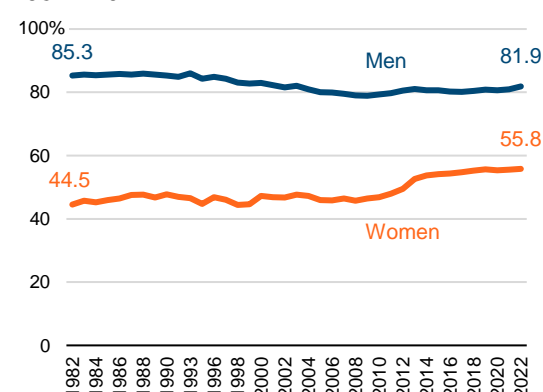
Table 1: Malaysia's budget allocation related to women and childcare

Budget 2024	Budget 2023	Budget 2022
<ul style="list-style-type: none"> Women Career Comeback tax incentive extended until 31 December 2028. Increase income tax exemption limit on childcare allowances received by employees or paid directly by employers to childcare centres from RM2,400 to RM3,000 per year 	<ul style="list-style-type: none"> Amendment to SOCSO's Act to allow for a grant equal to 80% of the insured employee's salary. This is estimated to benefit over 130,000 women returning to work after childbirth, involving RM290 million in total funds per year. RM15 million loan for childcare operators and facilitation of childcare centre registration; RM180 monthly childcare fee subsidy for civil servants and the raised the eligibility monthly income limit for households from RM5,000 to RM7,000. 	<ul style="list-style-type: none"> RM30 million allocation for childcare in Government buildings, especially in public hospitals and universities. Encourage private sector employers to adopt flexible working arrangements and provide childcare facilities at the office. Extend individual income tax relief of up to RM3,000 for fees paid to registered childcare centres or kindergartens.

Source: MOF (various years)

Despite the various initiatives introduced over the years, the progress has been marginal. Over the past five years, women's LFPR continue to hover around 55%, compared to men's which recorded a 1.5 percentage point increase within the same period (Figure 1). This disparity can be considered to be more serious considering women generally attain higher levels of education than men², yet underperforming in the labour market.

Figure 1: Labour Force Participation Rate by sex, 1982 – 2022



Source: DOSM (various years), Authors' calculation

¹ PMO (2023)

² Almost 44.1% of the women in the labour force obtained an STPM certificate and above, compared to only about 35.8% of men. Source: DOSM (2023a). Women also outnumber men in higher education, constituting 56.7% or 681,642 of students enrolled, whereas men made up 43.3% or 520,560 students. Source: MOHE (2023)

In absolute term, the number of women not participating in the labour force exceeds that of men by 2.3 times, at 4.95 million and 2.16 million respectively in 2022. Undeniably, a significant improvement occurred between 2011 and 2018, with an additional 1.38 million women joining the workforce. However, the rise was partly explained by the rise of own-account workers—more precarious in nature—which grew from 11.2% of employed women in 2011 to 19.5% in 2018, translating to an additional 627,500 women workforce.

Dissecting women's LFPR further across different age groups reveals that it peaks at ages 25 – 29 at 77.5%. Considering Malaysian women's first marriage age is at 27³, women's presence in the workforce gradually declines for all subsequent age groups⁴ as it later coincides with childbearing and parenting years⁵. The above situations highlight Malaysia's persistent challenge in fully harnessing the nation's human capital potential.

Paid and care work trade-offs

The primary reason why women opted to stay outside the labour force is due to caregiving and housework responsibilities. Data shows that 3.1 million women, constituting 62.9% of those outside labour force, cite family responsibilities as their primary reason for not seeking employment. This contrasts sharply with a smaller percentage of men, only 2.3% or 50,500, who attribute their decision to similar reasons (Figure 2).

Women generally shoulder more caregiving and domestic work activities than men. In fact, globally, women perform an overwhelming 76.4% of unpaid care work, spending an average of 4.5 hours per day, in contrast to men who spend only 1.4 hours⁶. In Malaysia, KRI's pilot Time Use Study⁷ conducted in 2018 found that women spent 63.6% more time on unpaid care work compared to men, despite both dedicating comparable time on paid work (6.6 hours for women and 6.9 for men) (Figure 3). This underscores the "double burden" or the "second shift" that women must undertake, managing caregiving and housework after completing their first shift in the workplace.

³ DOSM (2023b)

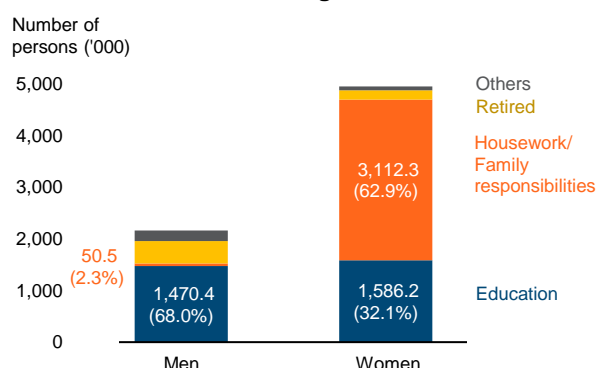
⁴ DOSM (2023a)

⁵ The mean age of Malaysian mothers for their first birth is at 27.9 years in 2022. DOSM (2023c)

⁶ Charmes (2019)

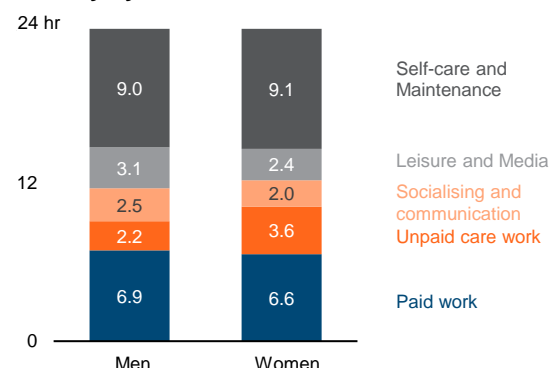
⁷ The study conducted a small-scale survey of 126 respondents in KL who are of working age. Source: KRI (2019)

Figure 2: Population outside the labour force, by sex and reasons for not seeking work, 2022



Note: "Education" includes those in schooling and those going for further studies. "Others" include those disabled and uninterested. Source: DOSM (2023a)

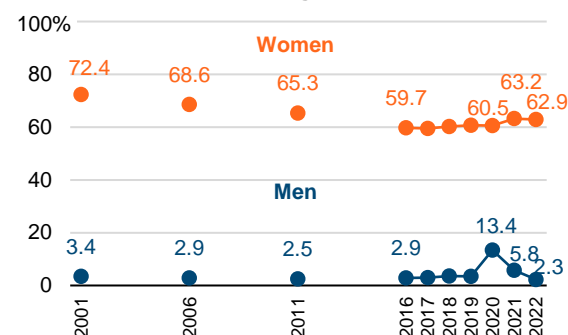
Figure 3: Average time spent on main activities in one day by sex, 2019



Note: The study also accounted for secondary activities that are not shown here. Source: KRI (2019)

Examining the trend over the past two decades suggests that there has been little improvement in rebalancing family responsibilities at home. In 2020, the proportion of men outside of the labour force due to family responsibilities peaked at 13.4%, indicating an increase in men undertaking caregiving duties during the COVID-19 pandemic (Figure 4). However, this trend has since reversed, with a subsequent decline to 5.8% in 2021 and a further drop to 2.3% in 2022.

Figure 4: Share of population outside the labour force citing housework/family responsibilities as the reason for not seeking work, 2001 – 2022



Source: DOSM (various years)

Redistribute care work

Malaysia must take further measures to accelerate women's workforce participation if it is to achieve the 60% target. The marginal progress in the last few years could also extend beyond trade-offs between paid work and caregiving responsibilities. Other factors, such as sociocultural norms, may also play a role, necessitating countermeasures if they are hindering progress. Nevertheless, it is important to ensure that the advancement of women in the workforce does not come at the expense of their well-being and security. Pushing women to work without the appropriate balancing act may adversely affect them, especially when they undertake work more precarious in nature, simultaneously worsening the "double burden" they have been shouldering.

Hence, it is equally important to ensure decent work for women and reconfigure the distribution of caregiving responsibilities, both within and outside the home. Within homes, there needs to be a redistribution between men and women by involving greater participation of men in caregiving roles. Redistribution outside the home entails expanding care service provisions by entities beyond the family unit such as the market, the not-for-profit organisation and the state. The prevailing care arrangements need to be more comprehensive to accommodate the needs of the women workforce, including expanding affordable and quality formal care services and professionalising care work that aligns with the decent work agenda.

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