

Bangladesh Economic Dialogue on Inclusive Growth

Policy brief

Addressing female employment stagnation in Bangladesh

Dr Selim Raihan

Sayema Haque Bidisha

September 2018

Background

In a context of growing concern over gender disparities and the resulting adverse impacts on society and the economy, the issue of the contribution of women to the national economy has taken centre stage in development discourse in most countries. It is now widely accepted that the women's labour market participation improves their relative economic position, and from a broader perspective also stimulates the efficiency and development potential of the economy. However, traditional gender norms and patriarchal values often restrict women's mobility and constrain their activities in the labour market. This scenario is particularly common in South Asian countries, resulting in much lower participation and in concentration in low-paid activities for women in relation to their male counterparts.

Women's contribution to the national economy in Bangladesh is much lower than it could be, as a result of their low participation in the labour market. Women make a significant contribution in terms of non-market activities, such as household work and caring for children and the elderly at home, but a critical factor in ensuring inclusive growth in the economy lies in ensuring much larger participation of women in market-based productive activities. And it is not only on the grounds of economic efficiency that it is important to have a greater level of engagement of women in mainstream economic activities; it is critical also for the sake of greater equity and from an inclusive growth perspective.

Over the past two decades, Bangladesh's average economic growth rate has been around 5.5%, and in the most recent year (2016/17) the growth rate has recorded at 7.7%, accompanied by impressive progress on a number of socio-demographic indicators, such as the fertility rate, infant and child mortality, maternal mortality, etc. In the case of the labour market, the most noticeable change that has been observed is rising participation of women in the labour market, with the rate going from around 8% in the mid-1980s to almost 36% in 2016/17. Given the patriarchal and conservative social structure of the country, though, we should analyse such trends in female labour force participation more critically for a number of reasons.

First, despite the increase, the female participation rate is still much lower than the male participation rate, which is similar to that of advanced economies.

Second, the rate of growth of the female labour force and/or the annual average change in the participation rate has slowed over the past decade or so, and as a result the participation rate is still hovering around 36%.

Third, when the question of quality of employment is raised, women are found mostly in low-paid and low-productivity activities, and over time there has not been much progress in their relative position on the occupational ladder. A significant percentage of women are even involved in unpaid activities in family farms, and therefore, despite being included in the labour force, are not in a position to exercise financial

agency. In recent years, women's increased participation in agricultural activities and greater concentration in informal sector jobs have also highlighted the inferiority of women's position in the labour market. In this context, recent trends in ready-made garments (RMG) – the key female wage employment sector in Bangladesh – also show a fall in female employment.¹

Finally, in recent years there have been growing concerns that female workers are more vulnerable than their male counterparts in the era of technological advancement and increased automation.

Therefore, both from a numerical and a qualitative point of view, it can be argued that women are locked in an inferior position in the labour market. This deserves an in-depth analysis from both the supply and the demand side perspectives.

Why is there stagnation?

In case of the labour market in Bangladesh, for the past two or three decades the most noticeable change that has been observed has been rising participation of women, with the rate of participation going from around 8% in the mid-1980s to almost 36% in 2016/17. However, since 2010, there has not been much improvement in labour market participation for women, and even a decline in the participation rate in 2013. In addition, in terms of quality of work, we observe almost no significant change: almost a third of women still work as unpaid family worker and the majority of paid employees are concentrated on the lower rungs of the occupational ladder.

In this research, we utilised both supply- and demand-side data to obtain insights into the recent changes in the labour market experience

of women. By combining our micro analysis with analysis of the country's macroeconomic environment, we can generate a number of plausible inherent explanations.

First, the static position of female employment can be correlated with the slow pace of growth in RMG – the leading sector of female wage employment in Bangladesh. Since 2013/14, the industry has gone through a major reform, mainly in response to the tragic Rana Plaza incident. Such reforms, imposed both nationally and also by international organisations, have been reflected in the weak growth of the RMG sector. Between 2010/11 and 2012/13, the annual average growth of RMG exports was 20.9%, and this came down to 7.4% between 2013/14 and 2017/18. The number of RMG factories also declined sharply, from 5,876 in 2012/13 to 4,222 in 2013/14. This reduction in the pace of the most crucial sector, which used to absorb around 3.5 million female workers, has reduced its female employment rate: recent studies reveal that the proportion of female employment in RMG is hovering around 65%. Also, it appears from our interviews that those RMG factories that were closed down after the Rana Plaza event in 2013 were mostly ones that were comparatively female labour-intensive. Furthermore, the introduction of labour-saving machinery was sped up after the Rana Plaza event for the kind of jobs that were previously carried out mostly by low-skilled female workers, which led to loss of jobs for female labour.

Second, from a macro point of view, empirical evidence suggests the country is going through a phase of jobless growth, with very little progress in private investment (Raihan, 2018).² Sluggish private investment has arguably constrained the expansion of existing industries while there has been no notable investment in new industries. As a result, we do not observe any significant

¹ The claim that the RMG industry employs 4.0 million workers is questionable. The Bangladesh Garment Manufacturers and Exporters Association website has since 2011/12 showed this figure without change. However, Labour Force Survey (LFS) data and some recent information indicate a drop in employment in

RMG. It is also important to mention that, while in the 1990s around 80% of employees in RMG were female, this proportion has come down to around 65% in recent years (SANEM, 2018).

² The private investment–gross domestic product ratio increased only from 22.5% in 2011/12 to 23.1% in 2016/17.

alternative sector (to RMG) that could absorb potential female entrants into the labour market.

Third, recent technological advancement/automation has affected employment, with women, who have lower levels of skills and education compared with men, affected more.

Fourth, our supply-side analysis reveals that the constraints to female labour market participation (e.g. presence of young children, marital status) have not changed in recent years. In addition, a close comparison of the supply-side analysis of 2010 with that of 2016/17 shows that the impact of crucial factors like education on women's labour market participation has even been reversed in certain cases, pointing to the inability of the market to translate education into labour market outcomes. The growing concentration of economic and export activities over the past few years, along with sluggish private sector investment, the slowdown in growth in RMG and poor performance of non-RMG exports, is also responsible for stagnant job creation in the formal sector for women, even when they have some education. Even though the general education level of women has increased in Bangladesh over the past decade, lack of job opportunities means that employment is not assured for them. However, education is found to play a strong positive role in the choice of non-agricultural over agricultural activities.

In recent years, as a result of the structural transformation of the economy, we have observed a natural decline in male employment in the agriculture sector. However, the female employment share in agriculture has increased, indicating a possibility that, with men increasingly migrating to larger towns or abroad and engaging in manufacturing/services sector job, women are being confined to low-paid (or even unpaid) agriculture sector activities that were previously performed by men. As a result, we do not observe a corresponding increase in female representation in manufacturing/services.

One important phenomenon of female employment in Bangladesh and other South Asian countries is the prevalence of unpaid work. In Bangladesh, there has not been much improvement over time in terms of a shift towards paid employment for women. As a result of this, there has not been much qualitative change in female employment and, around a third of employed women are still engaged in unpaid activities.

With a view to gaining insights into potential sectors for the absorption of women, we carried out interviews with firm owners and key informant interviews (KIIs) with experts in related areas. The findings reveal that, in addition to RMG, leather, publishing, chemicals, pharmaceuticals, cottage industry, IT, catering and restaurants, nursing, teaching, office administration, tourism, banking and fashion design are potential sectors to look to in any expansion of female employment. The responses of experts and firm representatives also highlighted the negative impact of both demand-side bottlenecks and supply-side factors in expanding female employment.

Key policy recommendations

Gender norm-centric policies:

- Given the importance of the gender norm-centric domestic/care responsibilities of women, as reflected in our empirical analysis as well as in KIIs, an important policy intervention is the establishment of day care facilities. The private sector has to take the lead, and it is in employers' interests to do so. The government can provide support through tax rebates, cheap credit facilities, etc., to the private sector in establishing day care centres at the workplace. In addition, strategies like extending the provision of maternity and post-maternity leave and introducing flexible and part-time working hours and distance working schemes could be useful in this regard. Again, the private sector should take the lead in introducing innovative working

schemes targeted primarily at women. Enforcing maternity leave in the private sector should be a key focus area for the government.

- There is no denying that early marriage and early pregnancy act as critical constraints to female labour market participation. In this connection, the importance of stricter and careful implementation of anti-child marriage laws cannot be overemphasised. In addition to the direct role of the government, non-governmental organisations can contribute significantly through campaigns to change the mind-set of the people.
- Ensuring a gender-friendly environment in education/training institutes (e.g. separate bus service, toilet facilities, etc.) as well as at the workplace can prove instrumental to the greater involvement of young women and girls in secondary and tertiary education. Private sector leadership, monetary incentives from the government and public-private partnerships (PPPs) can be useful strategies in this respect.

Skills development and education sector policies:

- With a view to providing women with the necessary skills, support at the initial stage of skills development (e.g. information centres at *upazila* level, support desks at *upazila*-level financial institutions)³ and further assistance at the stage of marketing of the products of self-employed women can be of great importance. Initiatives from both the private and public sectors and PPPs can be very useful here.
- As reflected in the primary survey as well as in the KIIs, a low level of skills is one of the primary reasons for women's inferior position in the labour market. However, it is not only limited skills but also the

mismatch of skills offered by the traditional education system that is working against quality employment. In order to deal with the skill mismatch, one crucial issue is to align the curriculum with 'actual' market demand. In this context, a number of policies, such as strengthening collaboration between vocational institutes and industry (as in China and Thailand); involving industry sector representatives in designing curricula (India); and linking secondary education along with technical and vocational education and training (TVET) programmes to existing demand can be useful. The role of the private sector is particularly important in this regard, as it can assist in modifying the curriculum, coordinate with education institutes in the placement of fresh graduates/trainees, etc.

- In the case of TVET institutes, demand assessment at local level and linking local-level institutes to specific skills demand is crucial, especially when it is about absorbing women, who have less mobility under the patriarchal social structure. Also, lack of TVET institute performance data acts as a barrier to improving performance and the choices of prospective trainees. This situation can be improved through TVET institutes publishing annual statistics disaggregated by gender on job placement rates and on the starting salaries of those completing training. An online platform to collate these data and make it available in an accessible way would be very useful. In this connection, both government and privately run training centres can take the responsibility of placing local youths in relevant jobs after the completion of training, with the help of local-level government bodies. In the absence of

³ For example, union council offices could have a small desk to provide information on different types of skills development programmes in the relevant *upazila*. Similarly, there could be a

separate desk for female entrepreneurs, where women could obtain information about availability of credit, investment/small and medium-sized enterprise schemes, etc.

formal job centres, such entities can help in job search and matching. Involving women in rural areas in non-farm activities, such as in food processing and the storage and marketing of agro-based products, can help address the problems of rural and seasonal unemployment.

- As this research indicates, there is a need to strengthen the linkage between education and labour market participation for women, especially by encouraging women to participate in more relevant and technical education. There is a need here for coordination between primary/secondary and technical education providers.

Strategies to adapt to technological change and automation:

- To spread the benefits of technological change and automation more equitably, in the short run different tax incentives and social protection are useful. In the long term, there is a need to address the weakness in the investment climate with a view to removing barriers to the creation of new and higher-productivity jobs with correspondingly higher wages in the sectors that can generate large-scale employment for women.

Institutional strategies/reforms:

- To stimulate female labour market participation, a number of institutional reforms are needed. Effective coordination across relevant ministries (Education, Primary and Mass Education, Youth and Sports, Women and Children Affairs, Expatriates' Welfare and Overseas Employment, Finance) is critical to the timely and efficient implementation of government support programmes to the private sector related to various interventions, such as day care centres, low-cost accommodation, transport facilities, etc.

Other policies:

- Given the dominance of unpaid work among women, it is important to consider strategies to bring them into mainstream labour market activities. For example, government and non-governmental initiatives are needed to bring unpaid workers into self-employment and to encourage them to enter the agriculture sector by means of the mainstream labour market. Strategies like establishing information cells in *upazilas*, providing credit at low interest rates, flexibility in terms of collateral, etc., can be considered in this regard.
- In Bangladesh, complex inheritance laws mean women's land rights are often not clearly defined, and this acts as a crucial constraint to their active participation in paid self-employed agricultural activities, and accessing credit in particular. Ownership of land is important to access credit, and absence of such ownership can be a barrier to self-employment activities. The government should put in place specific and flexible policies in this regard to ease the credit constraint for women.
- Social protection can be key in promoting female labour force participation (Raihan and Jahan, 2018). Providing social protection directly to women can enable them to participate in the labour force. Meanwhile, supporting other members of the household through other social protection can also facilitate female labour force participation.
- Women also need to be able to articulate their own obstacles and challenges regarding work – workplace safety, harassment and public insecurity, low pay, limited rights, finding out about opportunities, managing reproductive and paid work, etc.

Conclusion

The impressive economic growth performance over the past decade or so in Bangladesh has not been reflected in women's labour market

position: there has been very little change in their participation rate, as they continue to be concentrated in low-paid and low-productivity activities. The reasons for this lie on both the supply and the demand sides of the market: on the one hand there is an inability to cope with increased automation and the slowing down in growth of the RMG sector; on the other hand, low levels of skills and education, coupled with patriarchal gender norms, have acted as drivers of this 'not so impressive' position of women over the past eight to 10 years. In addition to these apparently direct factors, there exist certain structural bottlenecks, again on both sides of the market. With the male labour force participation rate already at more than 80%, sluggish investment and the recent 'jobless growth' phenomenon are having adverse impacts on women in particular.⁴ On the supply side, more holistic issues, such as child marriage and early pregnancy, coupled with reproductive and domestic responsibilities, have not changed much with the economic progress of the country. This has contributed to the much slower pace of, and even stagnancy in, women's labour market outcomes.

In terms of implementation, both the government and the private sector have an instrumental role to play. However, given the state of market failure in the country, effective government monitoring is essential to enable the smooth operationalisation of the relevant policies. For example, the government needs to play the lead role mainly in education and in the institutional area, whereas the private sector should be increasingly involved in particular through skills development programmes and capacity-building.

⁴ With male employment rates already high, in the past the additional jobs being created were going disproportionately to women. However, over the past few years, with the change in

References

- Raihan, S. (2018) 'An anatomy of "jobless growth" in Bangladesh' *The Daily Star News*, 8 May
- Raihan, S. and Bidisha, S. H. (2018) 'Female employment stagnation in Bangladesh'. Paper prepared for the DFID Bangladesh
- Raihan, S. and Jahan, I. (2018) 'How does social protection affect labor force participation in Bangladesh?' In S. Raihan (ed.) *Structural change and dynamics of labor markets in Bangladesh*. Amsterdam: Springer (forthcoming)
- SANEM – South Asian Network on Economic Modeling (2018) 'Baseline study of the improving working conditions in the Bangladesh ready-made garment sector. Report prepared for the International Labour Organization

the trend and the slowing down of job creation, it is women who have been hit more than men. For more about 'jobless growth' in Bangladesh, see Raihan (2018).

Dr Selim Raihan is a Professor in the Department of Economics of the University of Dhaka, Bangladesh, and Executive Director of the South Asian Network on Economic Modelling (SANEM).

Dr Sayema Haque Bidisha is Associate Professor, Department of Economics, University of Dhaka, Bangladesh, and Research Director, South Asian Network on Economic Modeling (SANEM).

This publication is an output of the Economic Dialogue on Inclusive Growth in Bangladesh Project funded by DFID.

The project is led by Overseas Development Institute in conjunction with The Asia Foundation.

The views presented in this paper are those of the authors and do not necessarily represent the views of ODI, The Asia Foundation, DFID or the UK Government. The authors take full responsibility for any errors or omissions contained in this report.

To read the full report, see:

Raihan, S. and Bidisha, S.H. (2018) 'Female employment stagnation in Bangladesh'. EDIG Research Paper 5. London: ODI, The Asia Foundation and UKaid.



The Asia Foundation



UKaid
from the British people