



Policy Note on Role of Women in Bangladesh's Middle-Income Journey: An Exploration of Governance Challenges from Labour Market Perspective¹

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Bangladesh experiencing rapid demographic transition with persistent decline in fertility and mortality rates. The country's labour force (aged 15 and above) has risen from 40.7 million to 63.5 million between 2000 and 2016-17 (56.0 per cent growth); the total population increased from 127.5 million to 161.3 million (26.5 per cent growth) over the corresponding period. The working-age population has increased from 74.2 million to 109.1 million over the same period (a rise of 47.0 per cent) (BBS 2018, 2001). The increase in the working-age population in the backdrop of the decrease in dependency ratio suggests that Bangladesh has got into the phase of demographic dividend – a phase of relatively large youth labour force relative to the dependent population (Hayes and Jones 2015). However, the benefits to be accrued from demographic dividend are never automatic. One potential source in this connection relates to the female labour force participation (FLFP) which has largely remained untapped in Bangladesh.

In view of the sustainable development goals (SDGs), gender issues (Goal 5) have been accorded particular attention in view of Agenda 2030 (United Nations, 2015). Consequently, Bangladesh has an added aspiration to address gender related issues in line with goals and targets of SDG-5. The 7FYP indicate that the employment elasticity in Bangladesh currently stands at about 0.45. If the GOB projected average annual GDP growth rate of 7-8 per cent in 2016-2020 is considered, additional employment opportunities generated in the economy will exceed number of new entrants to the labour market. Many in the workforces currently belonging to the unemployed or under-employed categories should move to productive jobs. A part of those will be employed in the formal sector, others in the informal sector. It was estimated that 12.9 million additional jobs would be available during the five years of the 7th FYP, including about 2 million overseas jobs. 9.9 million workers would likely join the workforce in the course of the 7FYP (MoP, 2015). Bangladesh's women should be considered an important part of the jobs equation of the future. However, if the projected growth is materialized and the economy creates the estimated additional jobs than these opportunities should be developed in such a manner that women get more access to these jobs.

Policymakers should be concerned with whether women are being adequately equipped to access better jobs and are being able to take advantage of new labour market opportunities. Such opportunities will definitely emerge as Bangladesh continues to develop and makes the transition from a lower-middle-income country to a higher middle-income country. Policies will need to consider both supply side and demand side dimensions. Access to better education and training

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programmes are key. However, access to childcare, supportive institutional and legal measures to ease the burden of domestic duties, safety and security at the workplace are now more important both for inclusion and retention of female workers in the labour market. Encourage private sector development in industries and sectors that have the potential to enhance job opportunities for women is also important. Particular emphasis should be put on retaining girls in school and ensuring that they get good and quality education. It is also important to ensure that more girls get into secondary education level, and are able to take advantage of training opportunities that address demands of the job market. All these measures will serve the cause of FLFP.

Job-centric Macroeconomic Policies

A lot will hinge on the overall macroeconomic policies pursued by Bangladesh in support of job-centric growth. Recent labour force surveys points to the disquieting trend of jobless growth in Bangladesh, particularly in the manufacturing sector. This is likely to have adverse implications, particularly for the FLFP, especially because Bangladesh is one of the few developing countries where women's presence in the manufacturing sector job market is quite prominent. Bangladesh's future macroeconomic policies will need to be calibrated towards a job-centric growth trajectory that keeps the demands of both domestic and overseas job markets. Policies should support job-inducing infrastructure, promotion of labour-intensive sectors, productivity-enhancing interventions, appropriate incentives, targeted programmes to facilitate women's entry into sectors concerned with the 'new economy' as against the 'traditional economy'. Greater integration with global job market will be required towards higher FLFP in Bangladesh and for drawing the benefits of the potential demographic dividend.

Education with Skills Endowment

Our analysis has shown that returns to education, for female, tend to be limited, up to higher secondary level. On the other hand, training and skills endowments premium is found to be very high. In view of this, if the potential benefits of the demographic dividend is to be realized, there is a need to blend vocational training with female education, to enable greater and gainful labour force participation of women in the job markets of the future. Targeted programmes are needed for skills development through on-the-job training and apprenticeships by creating opportunities for female workers to move up the skills/employment/grades ladder. As was found, tertiary education has a significant impact on the FLFP. Consequently, ensuring female education beyond the high school level should be seen as an important job market strategy, particularly in view of the opportunities of higher female employment in the emerging 'new economy', a large part of which is based on e-commerce and information technology based activities.

Ensuring evenness of occupation

Our analysis revealed significant labour market segmentation with an accompanying wage penalty for women. This was found to be more visible in the urban labour market. Targeted programmes will need to be taken for women to have the skills to enter into the emerging urban job market opportunities. In the rural economy, in the backdrop of a falling share of agriculture, male employment is becoming more prominent. Special efforts will need to be taken for incentivizing female employment in the emerging rural non-farm sectors and gradual transition to the urban manufacturing and services job markets.

Reduce informality in FLFP

Our analysis shows that, as in many developing countries, there is a predominance of informality in the FLFP of Bangladesh. The analysis also revealed the high wage penalty on account of this. Both carrots (in the form of reforms and actions which reduce the costs and increase the benefits of formalisation e.g. fiscal incentives, access to credit and financial services) and sticks (enforcement of improved laws and regulations relating to minimum wage provisions, labour rights) will need to be deployed to encourage and incentivise transition from informality to formality. It is important to identify barriers (fiscal, regulatory) to formalisation and take gradual steps (simplification of tax laws, facilitation of compliance, easing of entry as a formal entity, a

supportive regulatory regime) to promote formal employment and formal sectors in the economy.

Labour market reforms

Labour laws in Bangladesh speak of securing and safeguarding the rights and entitlements of workers in enterprises, business units and clusters. However, to be eligible, the units need to have a threshold number of employees (e.g. 20 as per Article No. 183 in 2013 Amended Labour Law). The overwhelming majority of informal female workers are in micro and home-based enterprises where the vicious cycle of 'low-productivity – low-income' remains pervasive. Labour laws and related institutions must safeguard the interests and rights of women in MSMEs. A large number of informally employed female workers are engaged in various hazardous activities. Special targeted programmes need to be undertaken in support of these female informal workers. Particular attention ought to be given to the task of eliminating child female labour.

Encourage women entrepreneurship

About one-fourth of women in Bangladesh are engaged in self-employment; this share has been on the rise in the recent past. However, majority of these are low-paying jobs. It was found that self-employment in Bangladesh comes with significant earnings penalty. Scaling-up and entrepreneurship development will need to be supported through appropriate financial and fiscal instruments. Special programmes for women such as creation of dedicated credit funds for women and putting in place skills programme to encourage women entrepreneurship will be needed. Efforts should be taken to connect women entrepreneurs to regional and global markets.

Data needs

In recent times the BBS had taken initiative to generate high-frequency data on labour force participation in Bangladesh. Quarterly LFSs were being prepared to this end. However, regrettably this has been discontinued in recent times. There should be more detailed high-frequency data and information on labour force participation of women, particularly focusing on barriers to women's participation in labour force, on reasons why women leave jobs, information on job duration, data as regards job-shifting, reasons for preferring self-employment etc. Enterprise level surveys are required to help identify factors contributing to enhancement productivity and raising of earnings of female workers at the enterprise level. Skills and training programmes should be calibrated in view of these findings.

Issues concerning FLFP has remained a relatively understudied area of investigation in Bangladesh. In view of Bangladesh's aspiration to be a more inclusive society and from the perspective of attaining the SDGs, particularly Goal 4, 5, 8, 10 and to be able to realise the potentials of the demographic dividend, an indepth understanding of the underlying dynamics and driving forces concerning FLFP in Bangladesh labour market is urgently needed. Generation of more extensive data concerning those women who are working and who are in NEET will be needed. FLFP should be accorded more prominence in the upcoming 8FYP, vision 2041 document and the SDGs implementation plan of Bangladesh. Bangladesh's voluntary national reports (VNRs) in the context of the SDGs should monitor progress with regard to various dimensions of FLFP in light of the relevant SDG targets and indicators. FLFP in the particular context of the overseas job market is emerging area of opportunity for Bangladesh. The FLFP agenda should be pursued by Bangladesh by keeping the needs of both domestic and global job market opportunities.