

Nina Rickett-Green

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Kris Thalhammer

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Malaysia and Its Working Women: An Effort In Progress

Malaysia has been rather successful in its economic development, and aims to be a fully developed country by 2020. However, Malaysia lags somewhat behind other countries in Southeast Asia in its productivity growth. In order for Malaysia to keep up with surrounding competitors, the country must uncover what is hindering its potential for optimal productivity growth (World Bank 2018). One way that a state can increase the amount of income flowing through the economy is to make paid jobs available to more of its citizens. Like many states in the Global South, women in Malaysia are more likely to participate in domestic forms of labor that are not statistically recognized as paid labor. Increasing female labor force participation could be one effective way to increase Malaysia's economic growth, and this is what I will be examining.

I argue that the Malaysian government's focus on increasing the number of women involved in the labor force and the economy has helped their productivity growth over the past ten years, but its attempts are not perfect.

The general problem that I am attempting to solve is whether or not women have or have not been a factor in Malaysia's workforce in the past; particularly in the past ten years. An increase in paid-labor participation could aid a surge in their productivity. Productivity growth is an important part of growth in living standards that involves more value being added to

production and thereby making income more available and distributed. While Malaysia's overall economic growth could remain successful, they will fall behind their competitors if the population's incomes are being insufficiently distributed and put back into its economy. To increase productivity and income levels, human capital must increase. The problem remains concerning which ways would be the most efficient for Malaysia to increase their working population. While it is not the only possible solution, I am trying to determine whether or not the higher inclusion of women into the labor force has been a proven cause of productivity growth in Malaysia, and whether or not this would help them in the future.

For this case study, I look at women/gender issues through multiple lenses, but primarily an economic one. Research and scholarly articles centered around Malaysia's labor force and overall development plans that assess women's roles have allowed me to determine whether or not the increase of women being included in the state's development has been a priority for the Malaysian government. My study will focus on activity in the past ten years, and it will also briefly consider the economic and social situations of the surrounding states to analyze whether Malaysia is seeing statistics that mimics those of other Southeast Asian countries, or whether their outcomes differ.

In Southeast Asia overall, the Total Fertility Rate (TFR) has gone down from 2.7 to 2.35 from 1995-2015. This is due to "urbanization, rising education, female labour-force participation, the empowerment of women, rising income, and the reduction in infant mortality" (Peng 2017). Two-thirds of Malaysian women say that family is their main reason for leaving the workforce, "and the government is trying to encourage them to re-enter the labour market by offering tax incentives to companies that establish nurseries or allow flexible work

arrangements” (Peng 2017) Because fertility rates are slowly declining, there has been significant labor shortages in the workforce. This has attracted many migrants looking for work, as well as an increase of ‘brain drain,’ in which highly educated Malaysians are moving and working outside of the country. Perhaps if more women were persuaded to remain in the workforce, as the Malaysian government is attempting to promote, there would be more people to fill the labor shortages that the country is experiencing, and there would be less of a need to hire immigrant workers (a system that promotes a type of “modern slavery” and worker exploitation) (Berita Harian 2018).

Between 1990 and 2016, Malaysia’s overall GDP (gross domestic product) has risen from about \$44 billion to \$297 billion (World Bank). While this is an impressive jump, there were setbacks along the way. Malaysia’s GDP dropped around \$28 billion in 2009 following the recession, and it dropped \$42 billion in 2015. It is clear that Malaysia’s economy was heavily impacted by the 2008 recession in the United States, as both countries’ GDPs dropped between 2008 and 2009. However, this does not explain the drastic drop between 2014 and 2015 in Malaysia, and subsequently the low GDP in 2016 as well. In the United States, the GDP only increased during that period. However, other southeastern Asian countries (Singapore, Thailand, Indonesia, and Myanmar) saw a GDP drop between 2015 and 2016, indicating that the cause was regional. Female labor participation increased almost 10 percentage points between 2011 and 2016, and besides the regional drop in GDP from 2015 to 2016, this was the period that Malaysia saw its highest GDP ever, peaking at \$338 billion.

The Malaysian government is aware of its economic shortcomings, and has attempted to implement a variety of five-year plans in order to maintain its economic momentum. Lee’s

article primarily discusses the 11th Malaysia Plan (11MP) and what the plan seeks to achieve (ie. improving management of foreign workers, raising labor productivity, etc.), but it also addresses the plan's faults. The study has a specific section on "implementing programmes to promote youth employment and women's labour participation" (Lee 2017) which addresses the underutilization of female workers. Although this plan was signed in 2015 and its goals are set to be achieved by 2020, the tenets of the plan build off of the previous five-year plans set in motion since the 1970s. Lee explicitly states that "labour markets have been curtailed by persistently low women's participation and relatively high youth — especially graduate — unemployment" (Lee 2017). In more numerical terms, Lee continues to explain that "Female labour force participation stayed at 45–48 per cent from 1980 until 2011, before touching 49.5 per cent in 2012, then climbing up to 53.4 per cent in 2013 and 54.3 per cent in 2016" (Lee 2017). This increase is positive; however, Malaysia must be more explicit in their efforts to provide available employment for women and youth. "On labour participation and unemployment, the 11MP focuses on women and youth — deservedly so, as the most important groups facing these problems, and whose potential is severely untapped by either choosing not to work or not being able to find work." Here, Lee clearly supports my thesis that the female population in Malaysia is an underutilized group that could perhaps allow Malaysia's economy to fulfill their lofty goals set by the government every five years.

In order for Malaysian women to be integrated effectively and usefully in ways that both benefit them and society, there must be economic systems that facilitate their participation. According to the Global Entrepreneurship Monitor, Malaysia's early stage entrepreneurial activity rate only grew marginally between 2009 and 2013, and has a long way to go on

governmental policies that encourage entrepreneurship (Global Entrepreneurship Monitor). One program that has been growing in use and popularity is the introduction of microfinancing. The implementation of microcrediting (similar to microfinancing) has been shown to produce many economic advancements in society, especially for rural and/or domestic women. Al-Mamun's article asserts that microcrediting reduces economic vulnerability, increases income, reduces poverty, and empowers women (Al-Mamun 2014). The study described in the article determined that the credit and loans given to rural household members created new jobs in the community. The program also allowed for the empowerment of previously unemployed (often female) domestic household members. This microcrediting plan directly invites women to be involved in business and job creation, which ultimately can lead to productivity growth.

One huge obstacle in Malaysia's efforts to persuade women to work in the paid labor force is the sheer underreporting of the work that women do currently. Franck and Olsson's article from 2014 titled "Missing Women? The Under-Recording and Under-Reporting of Women's Work in Malaysia" focuses on the fact that women's work is grossly underrepresented in statistics, and specifically how women interpret their own labor (Franck 2014). It was found that a majority of Malaysian women reported that they did not work, and that they were "housewives" instead. This finding reflects the gender norms that are in place, dictating that women are best suited for domestic work that is not considered paid labor. In addition, a few women explained that in order to continue receiving certain economic benefits (tax deductions, scholarships for school), the women of the household would not report their labor, even if they worked the same amount of time as their male partner. This indicates that the costs outweigh the

benefits of women having their labor recognized and reported (or at least this is what is perceived by Malaysian families).

As we have seen, there has been a variety of efforts to integrate women in to the Malaysian workforce, but I believe that these attempts could be made more of a priority. As Lee explains while analyzing the 11th Malaysia Plan, the economic goals fell flat in substance: “while proposing to raise female labour force participation, the effects of unfair gender discrimination were not acknowledged” (Lee 2017). It would be irresponsible and potentially more harmful if women were encouraged to enter a labor force that posed harm to them, or didn’t treat them fairly. Economic models that specifically benefit domestic women such as microfinancing/microcrediting should be highlighted and encouraged, and perhaps even incentivized through beneficial policies. Because women may not be able to (or want to) leave their domestic work, it may be of use for the Malaysian government to shift their definition of “work.” If women working in the home were paid a minimum wage, the economy would see more of that money throughout the country, and women would also have more agency to perhaps seek higher-paying jobs elsewhere.

A huge research limitation I faced while composing my argument was the lack of reporting from Malaysian women themselves. I would have loved to include first-hand opinions on the lack of women in the labor force from a Malaysian woman who either was in favor or disagreement about the push for fair and equal labor, but scholarly articles and news reporting was limited to opinions from outsiders or well-educated men. It is very possible that, if given the choice, women in Malaysia would like the labor force to remain as it is. However, this would

warrant further research on whether or not these opinions were stemmed from genuine desire to remain in housework, or an internalized form of gender roles and female oppression.

By doing this research, I am not suggesting that increasing the amount of women in the workforce is the only way to improve Malaysia's economic progress. The efforts already made have been integral to the overall advancement of Malaysia's economy; however, I am highlighting the ways in which women's labor could be further encouraged and rewarded in the community. One way the state could lead women more naturally into the paid workforce is through education. Malaysia's education levels for women are astonishingly high; over 98% of girls were enrolled in primary school in 2016 (World Bank). While the percentages drop as the level of schooling increases, 48% of Malaysian women enroll in colleges and universities, which is 8% higher than males. However, education levels among low-income women are significantly lower than middle income and high income Malaysian women, and increasing the amount of paid labor available to low-income Malaysian women could result in greater productivity growth as well as a more empowered and self-sufficient lower class. The Malaysian government has paid labor opportunities for women in their sights, but they will need a few more pushes (and years) to get there.

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