

**COUNTRY BRIEFING PAPER**

**WOMEN IN  
MALAYSIA**

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December 1998

The views and interpretations in this paper are those of the author and not necessarily those of the Asian Development Bank.

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## ABBREVIATIONS

CEDAW	-	Convention on the Elimination of Discrimination Against Women
DCC	-	District Consultative Committee
DMC	-	Developing Member Country
DVA	-	Domestic Violence Act
GDP	-	Gross Domestic Product
HAWA	-	Women's Affairs Department
ICU	-	Implementation and Coordination Unit
ILO	-	International Labour Organization
LFPR	-	Labor Force Participation Rate
MAWID	-	Malaysian National Clearinghouse on Women in Development
MCA	-	Malaysian Chinese Association
MIC	-	Malaysian Indian Congress
NACIWID	-	National Advisory Council on the Integration of Women in Development
NGO	-	Non-Government Organization
NCWO	-	National Council of Women's Organizations
RETA	-	Regional Technical Assistance
SCC	-	State Consultative Committee
TA	-	Technical Assistance
WID	-	Women in Development

## **EXECUTIVE SUMMARY**

### **A. Introduction**

This paper deals with the socioeconomic status of Malaysian women. It provides an analysis of the recent trends of the female labor force participation, the areas where the female labor force is concentrated at present, and gender differentials in wages, and it makes recommendations to improve women's status through their participation in economic development. It also makes an attempt to analyze some of the emerging gender issues in the wake of the recent financial and economic crisis that has occurred in Asia.

The human resource development of women supports their ability to participate in national development and contribute to economic recovery. The Paper focuses on the need to enhance the educational and health opportunities for Malaysian women. The assessment of women's educational and health status reveals greater gender disparities in education and health in Sabah and Sarawak and Kelantan and Terangganu than in other parts of the country. Recommendations are made for improving women's situation in such geographical and socioeconomic contexts where they are now lagging behind, so as to bring more women into productive sectors, thereby contributing significantly to the social and economic development of the country. The need for routine collection and publication of gender disaggregated data on labor, and other non-demographic statistics has been identified as a measure to enhance policy formulation and fine tuning of program and policy interventions.

The paper analyzes national WID policies and the national machinery related to WID. The paper also analyzes the Bank's WID strategy in terms of its pipeline of technical assistance (TA) and loan projects, and makes further recommendations on WID for the Bank to pursue.

### **B. Malaysia's Economy**

Much progress has been achieved in the past few decades in narrowing the gender gap in Malaysia, as is shown in the developments in women's roles, both in absolute and relative terms, in the major socioeconomic aspects of the country's development: increasing rates of female labor force participation, gains in productive activities of women and their strengthened economic standing, their increased participation in education, and their improved health status. The impact of global recession in the mid 1980s, pushed the government to undertake structural adjustment policies, which led to the reduction of government expenditures. Private investment was sluggish or in decline up to 1986, and the real GDP growth fell to 1 percent in 1985 on account of an across the board decline in commodity prices. This led to retrenchment of labor across sectors. However, due to internal adjustments by the government to counteract the economic downtrend, the economy recovered remarkably from the recession of 1985. Malaysia's economic boom, which began in the late 1980s, continued in 1995 with gross domestic product (GDP) growth improving to 9.6 percent. The structural transformation of the economy since the 1980s is evident, from the growth of the manufacturing and services sectors in the GDP, as well as in exports and employment. The rapid expansion of the economy led to a decline in the unemployment rate to 2.8 percent in 1995. Malaysia's impressive economic growth has been accompanied by the greater participation of

women in the formal workforce and in a range of other activities.

### **C. Women's Labor Force Participation**

The rapid expansion in manufacturing increased employment in the sector sharply during the Sixth Malaysia Plan period, and dramatically altered the employment structure. The attainment of virtual full employment in 1995 marked a new milestone in the country's socioeconomic progress. The unemployment rate decreased from 2.8 percent in 1995 to 2.6 percent in 1996. Women's participation in the labor force has increased very much since 1970, and even though Malaysia is a newly industrializing country, its female labor force participation rate compares favorably with those of the industrialized countries of the Asia and the Pacific region. Women constitute 43.4 percent of the workforce in the manufacturing sector. However, the majority of women remain in low-skilled, labor-intensive jobs in agriculture, and in semi-skilled assembly work in the industry sector.

### **D. The Economic Crisis and Its Impacts on Women**

While the Paper does not deal at length on the impacts on women of the ongoing Asian economic crisis, an effort is made to identify some of the significant issues that need attention. During the period prior to mid 1997, as discussed in the preceding sections, women's participation in education and employment has been increasing. In identifying and beginning to analyze issues related to the gender impacts of the ongoing economic crisis, it will be important to keep in mind the need to safeguard the gains made by women, and to prevent/mitigate negative impacts through appropriate policies related to labor markets, support for human development, and gender disaggregated data collection, and monitoring and evaluation.

In the second half of 1997 Malaysia entered a new and painful economic crisis as compared with the 1980s downturn.<sup>1</sup> There was a 1.8 percent fall in the GDP in the first quarter of 1998, and the worst hit sectors were construction and manufacturing. It is now envisaged that the economic slowdown will persist throughout 1998 and recovery will take longer than anticipated.

Women are the most vulnerable to the effects of external shocks in the form of commodity price collapse and changes in terms of trade and economic crisis. An immediate assessment of the immediate impact of the economic downturn on the labor market has been the marked increase in the retrenchment of workers. The slower GDP growth is expected to result in a significant decline in employment growth and loss of jobs. The level of employment is projected to decrease in all sectors except for the export-oriented industries. The Human Resource Section of the Economic Planning Unit of Malaysia (EPU) expects that with slower employment growth there would be an increase in the unemployment growth rate to about 3.5 to 4.5 percent in 1998. The official data show that a total of 46,643 workers were retrenched from July 1997 until June 1998, with the manufacturing sector accounting for 60.5 percent of them. Women accounted for 38.4 percent or 12,853 of the 33,510 workers retrenched until May 1998.<sup>2</sup> It is also estimated that

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<sup>1</sup> "Economic Crisis and its Impact on Women in Malaysia, Measures Taken and Future Strategies", Paper prepared by HAWA for the APEC HRD Task Force on the Social impact of the Financial and Economic Crisis, June 1998).

<sup>2</sup> HAWA, 1998 *Ibid.*

annually, there will be about 220,000 new labor market entrants looking for jobs. With the contraction of employment in most industries many of them will have to compete with the retrenched workers for the same jobs.

Unskilled women workers, particularly women heads of households are vulnerable in the present circumstances of increasing unemployment, and the retrenchment of workers. Approximately 18 percent of Malaysian women are single parents.<sup>3</sup> Combined with low levels of skill, low job levels, and total responsibility for the maintenance of the family, such female headed households are particularly at risk. With the loss of jobs, families would be forced to cut back on food, education, and other essentials. There is likelihood of the involvement of children in informal sector work as a result of economic pressures.

While the government, unlike the private sector is not likely to retrench people, it is likely to cut back on employment, particularly at the lower levels. Since women form a large part of the lower ranks of government jobs, educated women are thus less likely to be hired as compared to men. Private firms are also likely to prefer hiring men as women may be seen as a high risk group, likely to get married and raise children. Again, women and children are likely to be adversely affected by any cutbacks in government spending in health. Societal violence against women is also likely to rise during the economic downturn.

The government is well aware of these problems and prospects for women workers, female headed households and the poor, and is arranging special assistance and support for retrenched women workers to participate as entrepreneurs in small-scale industries, business or trading. Retraining of retrenched and low level women workers to improve their skills and employability is envisaged. The government is also taking steps to ensure strict enforcement of labor laws and court decisions to protect the interests of women workers.

## **E. National Policy on Women**

The progress in the advancement of the cause of women in Malaysia should be viewed within the context of the overall framework of national development policies, plans, and objectives. This is because efforts and plans to improve the status of women are integrated and incorporated into the various long-term sectoral planning and the National Five-Year Development Plan. The relevant policies are the New Economic Policy (1971-1990), the National Development Policy (1991-2000), and Vision 2020. More specifically, based on recognition of the need to ensure that women share equitably in the development processes in all sectors of growth and national life, the National Policy on Women was adopted by the Government in 1989. The objectives of the National Policy on Women are to ensure equitable sharing of resources and development opportunities between men and women and to integrate women into all sectors of development in accordance with their capabilities and needs. A visible outcome of the policy was the inclusion of a chapter on Women in Development (WID) in the 6MP (1991-1995). This chapter is significant, as it outlined the issues and concerns regarding WID that were still outstanding and identified those concerns that restricted the full integration of women in development. These concerns were as follow: (i) gender differentials in education; (ii) social norms and prejudices regarding the role and

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<sup>3</sup> Ibid.

status of women in society and in the labor market; (iii) domestic violence; (iv) sex stereotyping of women's roles, leading to limited prospects for them to access new opportunities for income earning; (v) lack of access to management training, credit, and market information; (vi) lack of support services to enable women to combine care giving and workplace responsibilities, leading to their withdrawal from the labor market at particular stages.

*1. Mainstreaming Gender and WID*

To fully enhance the socioeconomic status of women and their contribution to national development, further improvement can be made in certain key sectors of social and economic development. For example, gender gaps are still prevalent in employment in certain areas and at certain levels, in wages, and in education, for instance in the areas of science, technology, and engineering. Regional imbalances in socioeconomic development are reflected in greater gender disparities in Sabah, Sarawak, Kelantan and Terengganu. Here the gaps in terms of women's educational levels, health status, and income levels are more pronounced than in Peninsular Malaysia, although there have been improvements during the Sixth Malaysia Plan period.

**F. Programming Opportunities for the Bank to Address WID**

*1. Macroeconomic and Sector Work*

Women's issues cut across development strategies, policies, and programs. Therefore, the way in which the Bank influences macroeconomic policies and development planning will have direct and indirect impacts on women. It is essential that the Bank takes a proactive approach to designing gender-sensitive projects and selected, specific WID initiatives. Bank operations should therefore explicitly incorporate gender issues and concerns arising therefrom in ways that take into account the need for improving women's access to scientific and technical education and to employment in order to strengthen women's economic position, and to contribute to national development. In line with the maturing of the Malaysian economy to its present level, the emphasis of the Bank strategy of supporting and sustaining high economic growth with equity requires the mainstreaming of gender concerns into development strategies, capacity building, and policy formulation. In response to the ongoing financial and economic crisis, the Bank should attempt to identify and address WID and gender concerns arising out of the crisis.

*2. Capacity Building and Policy Support*

In view of the need for upgrading human resources and the technological base of the economy, the country faces large, varied and complex capacity building and policy support needs. Not only is there a scarcity of critically needed skills, but there is also a substantial mismatch of skills. The Bank has substantial experience in supporting capacity building and policy formulation in its DMCs. The Bank should accord priority to gender concerns in macroeconomic management and policy analysis, and supporting Malaysia's TCDC activities.

It is essential to increase gender awareness at decision making levels to further support the commitment to, and understanding of the need for gender sensitive policy. Within the Bank's proposed activities to provide capacity building and policy support, the mainstreaming of

gender concerns, for assisting the Government in developing gender responsive policy through the provision of advice, technical assistance, and training, will be important.

3. *Macroeconomic Management and Policy Analysis*

The Bank could provide support through economic and sector studies on the analysis of the gender impact of the structural transformation of the Malaysian economy, and the gender concerns arising out of the ongoing economic crisis, with regard to policy development, capacity building needs, and the identification of necessary ameliorative measures.

**G. Support to the National WID Machinery**

1. *Institutional Strengthening of HAWA*

The Bank's TA No. 2439-MAL: Institutional Strengthening of HAWA recommended structural, administrative and human resource changes to HAWA to promote its role as lead agency in Government in integrating WID into the national development process. The Bank should build on the recommendations to address HAWA's capacity-building needs and the support required by HAWA to prepare programs to enhance the gender sensitivity of Government administrators, especially decision makers.

**H. Legal Status of Women**

1. *RETA No. 5700: Sociolegal Status of Women*

Under the Bank's regional technical assistance (RETA) No. 5700, a study has been undertaken of the legal and practical constraints faced by Malaysian women in participating in economic and social activities. It includes study of the legal status of women under the national constitution, and various laws and conventions. It makes recommendations addressed to the Government, NGOs, women and law groups, and the Bank, for legal reform, awareness raising programs, institution building and training activities.

2. *Education*

While female enrollment at all levels of education is comparable to that of males, their participation in vocational and technical education is limited. Gender segregation arising from gender stereotyping, which influences students' choice of courses, is still prevalent. This reduces efficiency as well as equity, by limiting half the population from participating fully in the structural transformation of the economy. As the Bank has done in the past, efforts can be continued to facilitate female participation in the sciences, advanced technology, engineering, and technical education in order to increase female participation in related labor markets. As a result of the current economic crisis, the need for improving the skill levels of women workers has been demonstrated. This is important for retrenched workers who have to be adequately absorbed into alternative employment or income generating activities. It is also important to improve the skills of low level, low skilled women workers in order to enable them to retain their jobs, and improve their position.

Skills development, gender disaggregated data collection, and the development of labor market information systems would thus be important areas for Bank support.

3. *Retention of Women in the Workforce After Marriage*

The conditions leading to women's decisions to remain or withdraw from the labor force must be assessed within the context of Malaysian social values to determine the appropriate policy environment and incentives to retain a larger proportion of women in the labor force after marriage. While this is primarily a domestic issue in Malaysia, the Bank may assist in identifying, analyzing, and determining the options for some of the issues that may be involved such as provision of public or private child care facilities. An important issue in the context of the current economic downturn is the possibility for women to take up part time employment. The government has introduced changes in legislation to enable such work arrangements. This is likely to facilitate married women to enter/re-enter the labor market.

4. *Gender Disaggregated Data on Education and Employment*

The Bank should provide support for the collection of gender-disaggregated data on education and employment, particularly in the areas of scientific, technical, and vocational education, as well as training programs for diversified skills development and entrepreneurship development.

5. *Agriculture*

The agriculture sector is in relative decline in the Malaysian economy, as its importance in generating output and employment has steadily diminished in the course of structural change. The rapid transformation of the economy has removed surplus labor from most rural areas except in Sabah and Sarawak. The Bank and the Government have developed an approach that emphasizes land use planning, development of unutilized lands, and protection of environmentally sensitive areas. The Bank-assisted TA for the Daro-Mukah Coastal Zone Development Project should address gender concerns in the preparation of a framework Master Plan for the coastal zone of the Daro-Mukah area for 1996-2010; in carrying out feasibility studies for high priority subprojects in agriculture, fisheries, forestry, and infrastructure; and in the preparation of a cohesive proposal for the design and implementation of subprojects.

6. *Targeted Assistance to Sabah and Sarawak*

The Bank can promote women's access to services and income-generating activities as part of Bank operations in Eastern Malaysia where gender biases are more pronounced. Areas of support could include improving women's health and education status and development of women's employment opportunities.

7. *Support for the Outcome of the Beijing Conference*

The Bank could provide Malaysia with assistance to translate the Beijing Platform for Action into appropriate programs and projects to achieve the goals and aspirations of Malaysian women in the 21st century. Such assistance would be consistent with the Bank's overall gender

concerns in the region.

HAWA's report to the Cabinet identified four priority areas to be addressed by the Government of Malaysia. These are:

- promoting the economic potential and independence of women,
- increasing the participation of women in decision making,
- strengthening mechanisms at all levels to promote the advancement of women, and
- eradicating violence against women.

## **I. Conclusion**

The proposed programming opportunities for the Bank to address WID in Malaysia recommends that important gender objectives and strategies be further integrated into Bank operations. These are mutually supportive and are of critical importance to the social and economic progress of women in Malaysia.

Addressing women's concerns in a manner that acknowledges their changing and multiple socioeconomic roles within a rapidly changing economic environment will be a challenging and continuing task. The economic progress made in the last two decades has been accompanied by greater participation of women in the development process. These gains need to be protected and enhanced. However, certain concerns that have emerged with regard to the WID and gender impacts of the economic crisis need to be fully considered in the Bank's work in the areas of WID and gender in Malaysia. Increasing women's participation in development is both an opportunity and a challenge in Malaysia, and success in this area can help meet the emerging challenges and increase preparedness for the oncoming economic upswing.