

Female Labor Force Participation and Economic Growth in Bangladesh

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Abstract:

An analysis of the relationship between economic growth and employment indicates that, it does not the conventional positive association between education and labor market participation, which points to a concentration of a significant proportion of women with lower levels of education on the lower rungs of the occupational ladder and also in informal jobs. Meanwhile, women with relatively higher levels of education are facing difficulties finding jobs. Our analysis shows that the growing concentration of economic and export activities over the past few years, alongside sluggish private sector investment, a slowdown in growth in the RMG sector and poor performance of non-RMG exports, is also responsible for stagnant job creation in the formal sector for women, despite them having some education. By considering this fact, arrangements of training and technical education are essential which require more attention to policy makers of the country.

Keyword: *Economic Growth, Women Participation, RMG sector.*

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I. Introduction

Economic growth measured by the change in per capita GDP is the primary measure of welfare of an economy. Among the determinants of economic growth, women employment has become a central issue for maintaining sustainable economic growth in the new global economy. The activities of women work force increases in the later stage of economic development due to increase in education and dynamics of economic activity. As the size of the economy expands women have easier and better access of jobs thus are encouraged to become economically active, it leads to increase women participation in the productive activities. The participation of women labor force is desirable for both equity and efficiency reasons. As far as the equity feature depict that the women's participation in the labor market ultimately improves economic situation, increase the relative economic efficiency in general augmented by enhancing the improvement potential of the country. Women constitute roughly half of the population of the world and thus potentially half of its work forces. But they are often disadvantaged as compared to men in access to employment opportunities and conditions of work; furthermore, many women forego or curtail employment because of family responsibilities. However, with the improvement of industrialization and modernization of the societies, the net labor force participation rate (LFPR) has continued to increase and the gap between the LFPR for men and women has been decreasing in all regions.

II. Literature Review

A World Economic Forum (WEF) report presented at Davos in January 2018 warns that there is likely to be a measurable gender disparity when it comes to jobs lost to automation. According to this report, the so-called Fourth Industrial Revolution will not affect everyone equally, and women will lose more jobs to automation. The Organization for Economic Co-operation and Development (OECD) (2017) points out that women and men have just as much to gain and fear from new digital technologies. Women may benefit from increased flexibility in work but the unscrupulous use of new atypical work arrangements may also reduce job quality. Automation has so far been most common in sectors like agriculture and manufacturing, where men dominate. But in the future, it is expected to spread, albeit to different degrees, across all sectors and most occupations, including those traditionally dominated by women, such as retail trade and food and beverage services. The country is currently facing a challenge of job creation for the new entrants into the labor force and a great many who are currently underemployed (Titumir, 2013). Moreover, a large number of women are being involved in the non-monetized sectors and in subsistence activities over the country (Rahman, 2013). It is, therefore, not surprising that raising female participation in the labor force is a declared policy goal in Bangladesh. A study by the Asian Development Bank (ADB) and ILO (2011) looked at the labor market situation in Asian countries and especially highlighted the impact of the global financial crisis, which engulfed

the industrial economies since 2008. Although it does not analyze the Bangladesh situation separately, some of the policy conclusions for South Asia region can be very relevant for this country.

III. Objectives Of The Studies

- To study about women’s role in economic development of country.
- To examine the effect of technology and automation on female labor demand at firm level;
- To explore the opportunities and challenges of expansion of female employment in different potential sectors in the economy; and
- To offer strategies and policies for the government as well as the private sector on actions that could address the problems identified.

IV. Data Selection And Methodology

It is an analytical research based on the secondary data. Data of this study was collected from different surveys conducted by Bangladesh Bureau of Statistics (BBS) by the year 1999 to 2017 and Bangladesh Bank. In this paper eight divisions have been considered. In order to project the growth rates of women laborers in the labor force of Bangladesh, arithmetic growth rate formula have been used and the formula is of the following-
 $P_t = P_o(1 + ry)$
 Where, P_t , number of labor at time t ; P_o , initial labor force; y , number of years between two consecutive BBS surveys; and r , labor participation.

FINDINGS and ANALYSIS

Women’s participation in the labor force has been experienced a positive significant increase during the period 2005-06 to 2016-2017.

Table 1: Labor Force Participation Rate both Male And Female
 Source: Labor Force Survey (LFS), 2016-17, BBS

Year	National		Urban		Rural	
	Male%	Female%	Male%	Female%	Male%	Female%
2005-06	86.8	29.2	83.2	27.4	88	29.8
2010	82.5	36	80.2	34.5	83.3	36.4
2013	81.7	33.5	81.7	32.9	81.6	33.7
2015-2016	81.9	35.6	81.7	30.8	81.9	37.6
2016-2017	80.5	36.3	81	31	80.3	38.6

Table 2: Participation Rate by Categories
 Source: Labor Force Survey (LFS), 2016-17, BBS

Indicator	2016-2017			
	Rural	Urban	Rural	Urban
Labor Force Participation Rate %	14957	5018	23.55%	7.90%
Unemployment Rate %	14076	45701	23.14%	75.13%
Employment Rate %	882	448	32.90%	16.74%
Employment to population ratio %	38796	5018	35.58%	4.60%

The women’s participation rate in labor force had showed the different trend in rural and urban area and regional basis during the period 2016-2017 and a remarkable progress had been shown in the rural area. The number of women in labor force in rural area had become double during the period. In 2016-1017 unemployment rate in urban area is higher than to rural. The increasing rate is 51.99%, it is very alarming in our economic growth.

Table 3: Broad Economic Sectors in Employment (%)
 Source: Labor Force Survey (LFS), 1999-(2016-17), BBS

	1999/00	2005/06	2010	2013	2015/16	2016/17
Agriculture	51.3	48	47.5	45.1	42.7	40.6
Male	52.2	41.8	40.1	41.7	34	32.2
Female	47.6	68.1	64.8	53.5	63.1	59.7
Industry	13.1	14.5	17.7	20.8	20.5	20.4

Male	11.3	15.1	19.6	19.6	22.3	22
Female	20	12.5	13.3	23.7	16.1	16.8
Manufacturing	9.5	11	12.4	16.4	14.4	14.4
Male	7.4	10.8	12.7	13.9	14.2	14
Female	17.9	11.5	11.7	22.5	14.9	15.4
Service	35.6	37.4	35.3	34.1	36.9	39
Male	36.4	43	41.1	38.7	43.7	45.8
Female	32.2	19.3	21.8	22.8	20.8	23.5

Over the past decade or so, an important change has occurred in the sectoral composition of female employment. Despite a reduction in female employment in agricultural activities in the earlier part of this decade (from 2006 to 2013), in recent years (since 2013) we observe a reversal of the trend. One important point to be noted here while explaining the sectoral employment pattern of women is the sharp rise in female employment in the manufacturing sector in 2013: from 11.7% in 2010 the share rose to 22.5% in 2013. This phenomenal rise is consistent with the sharp rise in RMG exports and the corresponding increase in the number of factories in the RMG sector during 2010 and 2013.

Table 4: Occupational Distribution % of Employed Man and Women 2016-2017.

Source: Labor Force Survey (LFS), 2016-17, BBS

Occupation	Male	Female
Managers	2.11	0.57
Professionals	4.5	5.55
Technicians and associate professionals	2.3	0.92
Clerical support workers	1.8	0.82
Service and sales workers	21.55	4.92
Skilled agriculture, forestry and fisheries	23.79	51.73
Craft and related trades	16.88	17.45
Plants and machine operators and assemblers	8.89	2.22
Elementary occupations	17.88	15.82
Other occupations	0.3	0
Total	100	100

Quality of employment of female labors can also be analyzed through their position on the occupational ladder. As Table 5 shows, very few employed women (as opposed to around 1–2% of men) are found to be at the top of the occupational ladder and, as expected, more than half of women are engaged in agriculture. In addition to agriculture, where the highest percentage of women is concentrated, a sizable percentage of women are working in crafts and trade-related activities, which includes employment in the RMG sector.

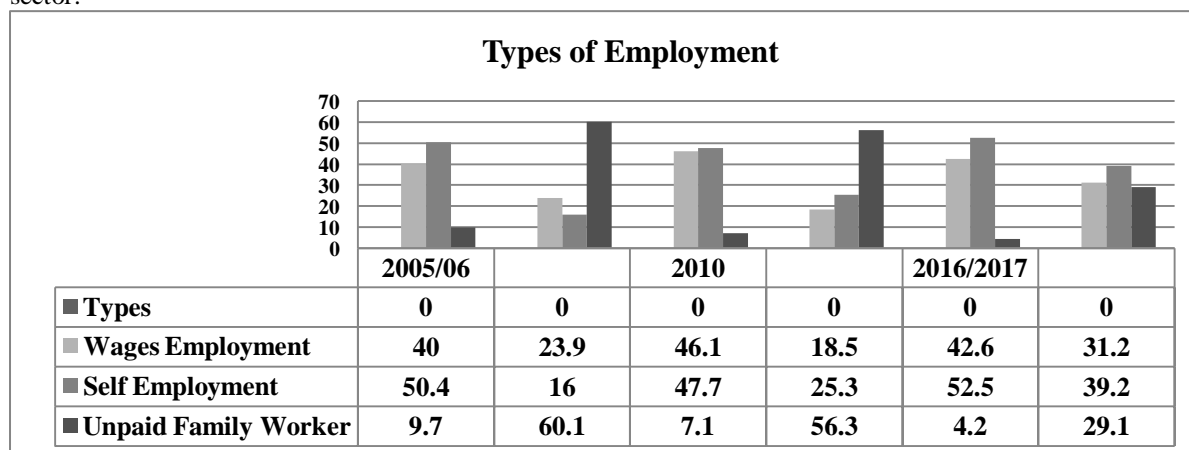


Figure-1: Types of Employment Both Male & Female(% Distribution of Employment In Categories Of Labor Force)

It is also important to understand the ‘quality’ of female labor force participation from a broader perspective, specifically through the types of work in which women are involved. As figure-1 shows, a significant proportion of employed women are found to be working as unpaid family workers. Although this proportion has reduced, the latest data of 2016/17 show that still as high as 29% of employed women in the labor market are unpaid family workers. These unpaid family workers are engaged mostly in agricultural activities, where the household head in most cases is found to be self-employed (BBS, 2018). The predominance of women in agricultural activities, coupled with their concentration in unpaid work, reflects the lack of dynamism in female employment in terms of quality of work.

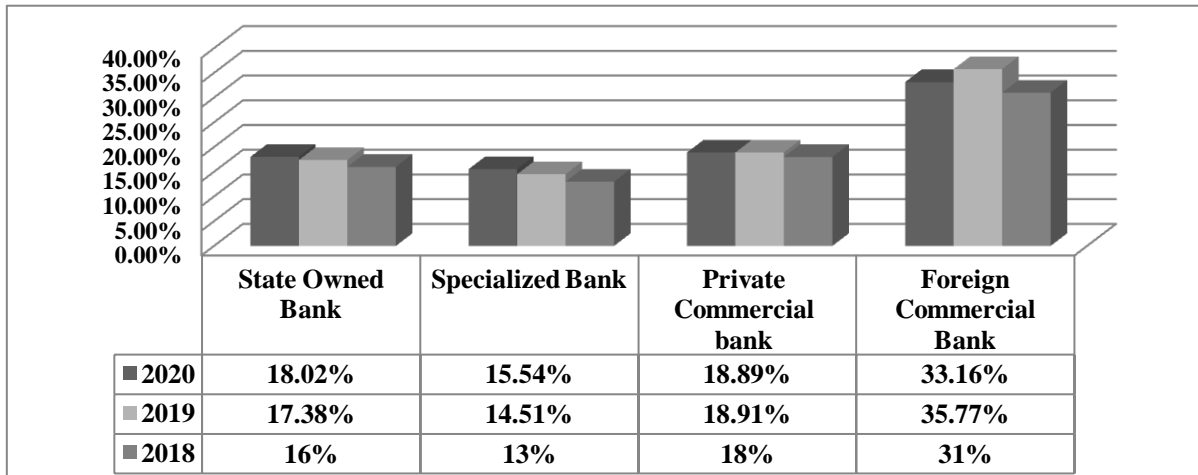


Figure-2: Female Participation in Banking Institution

The country's banking industry now feels proud of employing women. The involvement of women employees helps the sector grow. Women's participation in commercial banks has increased to a great extent. Bangladesh now boasts of more women's participation even in the political arena apart from business and corporate arenas. Having more women in the banking industry will surely turn it into a competitive one and brighten its image globally.

V. Recommendation

- Must focus on the women empowerment through self-help groups and this will help for the economic development of the country.
- A strong association between economic growth and women labor supply force is found as policy maker ought to concentrate on increase and improving women education and skills.
- The adoption of gender specific wage laws may be reduced the earning gap between both the genders. Moreover, measures to improve the employment opportunities along with the expansion of the manufacturing and industrial sector will contribute to increase the women labor supply.
- The policy makers should focus on cottage industries where the role and participation of women can easily be increased due to our cultural and traditional skills.
- To encourage the women labor supply in the labor market the government must provide child care subsidies especially in the form of day care centers, pri-school education etc., which may ultimately supports the women and encourage them to participate in the economic activities.

VI. Conclusion

There is a growing body of literature that recognizes the importance of labor market in economic growth, whereas studies conducted within the scope of gender equality are limited. To fill this gap in the literature, this paper has augmented slow growth model by including gender shares in the production function. Although the received literature on the trend in women’s employment hypothesizes a U-shaped relationship between economic growth and women’s employment implying a decline in female labor force participation rate during the early stage of growth, the evidence from Bangladesh does not support this hypothesis. An analysis of the relationship between economic growth and employment indicates that, while the elasticity of overall employment growth with respect to output growth has declined somewhat during the second half of the 2000s (compared to the first half of the decade), it rose substantially for women. Thus, economic growth appears to have been more conducive to the growth of female employment. In contrast, output elasticity of male

employment declined substantially. As for the relationship between female employment and the sectoral pattern of growth, the growth of agriculture (especially of poultry and livestock) appears to have been associated with an increase in the former. This is not surprising in view of the rapid expansion of micro finance in rural areas and the support to poultry and livestock provided by such programs.

In the urban areas, growth of the readymade garment industry has provided a major impetus to the growth of female employment. Although the share of women in total employment in the industry has declined over time, nearly two-thirds of the employment in the industry is still accounted for by women. And given the bright prospects of the industry, it should remain a major source of female employment in the country. However, the economy of Bangladesh as a whole and women's employment in urban areas seem to be too dependent on a single industry as other sectors that are growing are either too small or not employing women in large numbers. Moreover, issues relating to the level of and gender differential in wages, and other aspects of compliance with labor standards, e.g., working hours, safety and health in the work place, freedom of association and collective bargaining remain.

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