Challenges of female employment in Bangladesh

Selim Raihan

The issue of women’s contribution to the national economy has emerged at the centre stage of development discourse in most countries. It is now widely accepted that women’s labour market participation is critical for improvement in their relative economic position, which also stimulates the efficiency and development potentials of the economy. However, not only on the ground of economic efficiency but also from equity and inclusive growth perspectives, it is imperative to have a greater level of engagement of females in the mainstream economic activities. While acknowledging the significant contribution women make in non-market activities, such as household work and caring of children and elderly at home, there is no denying the fact that a critical factor for ensuring inclusive growth in the economy requires larger participation of women in market-based productive activities. However, traditional social and gender norms, patriarchy, lack of education and skill, and narrow economic opportunities often restrict women’s participation in the labour market. This scenario is common in most of the developing countries in South Asia, Middle-East and North Africa.

Bangladesh witnessed a notable progress in the female labour market participation rate over the past three decades, from around 8% in the mid-1980s to almost 36% in 2016-17. A number of policy-driven changes during this period, especially family planning policies, education policies, micro credit opportunities and RMG focused export-oriented industrialization, can be attributed to this progress. However, in the recent decade, the impressive economic growth performance has not resulted in the rise in female labour market participation rate, which has remained stagnant at around 36%. Also, females’ labour market participation is primarily concentrated in low paid and low productive activities. The reasons lie in two major factors: the supply side factors and the demand side factors.

The empirical literature on Bangladesh’s labour market widely accepted that women’s labour market participation is primarily concentrated in low paid and low productive activities. The reasons lie in two major factors: the supply side factors and the demand side factors.

The July 2019 issue of Thinking Aloud focuses on “Gender and development”. The first page article titled “Challenges of female employment in Bangladesh” emphasizes that supply-side factors like child marriage, early pregnancy, reproductive and domestic responsibilities, and low level of skill and education restrict female labour market participation. On the demand side, in recent decade, slowing down of the growth of the readymade garment sector – the major sector of females’ wage employment, increased automation in the garment factories, sluggish private sector investment, lack of economic diversification, lack of social and work-place safety, lack of transport facilities for female workers, long working hours and overtime, and lack of women-friendly machine have adverse impact on female employment in particular. The second page article on “Trade and Women’s Economic Empowerment” stresses the need for development and implementation of inclusive trade policies that leave no one behind. Appropriate policies will help bridge the gender divide in trade and foster women empowerment. When women are empowered economically through their involvement in trade it leads to spill over benefits in terms of job creation which will benefit the economy as a whole. In order to ensure sustainable and inclusive growth, the economic potential of women needs to be utilized. The third page article titled “How is Bangladesh progressing in gender equality?” emphasizes that Bangladesh has progressed in infant mortality, life expectancy, female health and education. It has seen positive trends in women’s participation in economic life, politics and decision-making. Bangladesh has undertaken national plans and strategies to fight violence against women. However, despite the progress made so far, the educational gains achieved by women are yet to translate into greater empowerment and participation of women in social and economic life. The fourth page covers the events that took place in the month of June.

Challenges of female employment in Bangladesh

Trade and women’s economic empowerment

How is Bangladesh progressing in gender equality?

SANEM events

Editor: Selim Raihan
Associate Editors: Sunera Saba Khan Zubayer Hossen Wasim Ahmed Dony
Coordinator: Sk. Ashibur Rahman

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Trade and women’s economic empowerment

Sunera Saba Khan & Fahmida Haq Majumdar

Trade has assisted in lifting millions of people out of poverty. However, trade can also act as a driver in terms of poverty reduction for women and lead to women’s economic empowerment. In case of developing countries, women tend to be less educated compared to men leading them to incur greater constraints as compared to men in terms of access to foreign markets. When women are provided with the same opportunities as men, it leads to improvements in competitiveness and productivity and this in turn accelerates economic growth and poverty reduction. However, trade policies cannot be the solution to all forms of gender issues.

A very negligible proportion of total business owners are women. Only 10% business owners are women (Economic census, 2013). Although this situation has improved after 2000, gender specific constraints continue to be a big problem even today. Previously entrepreneurship was dominated by educated elite class men followed by women who used their own money to chase their dreams and set up their own businesses. However, this scenario is changing gradually. Women from not well-off households and with low levels of education are establishing their own businesses with support from micro credit programs or SMES. Along with national and international NGOs, Bangladesh government is also providing various forms of support and training in order to create an entrepreneurial friendly environment. In order to foster socio economic development, the potential of almost half of the population should be utilized by creating a friendly environment for women entrepreneurs. By doing so, they will be able to contribute directly to their family along with their own empowerment.

Women encounter a number of barriers when it comes to participation of micro, small and medium enterprises (MSMEs) in international trade. Women run businesses remain vulnerable to fixed trade costs and are smaller in size when compared to businesses run by men. Women are subject to legal barriers and regulations which are to a certain extent discriminatory these include cultural biases; women struggle in terms of access to resources, assets, finance and information. Access to finance remains one of the most pressing issues in case of women entrepreneurs. Women encounter gender specific discrimination. That makes it difficult for them to arrange formal financial assistance. In South Asia, less than 10% of commercial credits are received by women (Haq, 2000). Recent findings indicate that women entrepreneurs start their new business with significantly lower capital than their male counterparts. Women are denied access to finance and are subject to discriminatory behavior of bank officers and gender stereotypes that females will not be able to pay the loan in due time. Huge collateral requirements and high interest rate act as hindrances to woman entrepreneurs. Majority of women entrepreneurs start their businesses by using their own personal savings and as a result, despite having the quality and passion, they often fail to succeed as a result of inadequate capital supply.

Women in most cases experience the negative side-effects of trade liberalization and face bigger hurdles compared to men in terms of reaping the benefits of trade. This is due to the presence of gender biases in education and training, inequalities in income distribution and ownership over resources. There are also barriers in terms of unequal economic opportunities and inequalities that include access to productive inputs that include credit, land, and technology. Other hindrances comprise of weak domestic demand, limited connections to market opportunities abroad, and difficulties meeting international health, safety, and other product requirements. Women have limited bargaining power that is further aggravated by problems in importing raw materials and the struggle in searching for investors for financing raw materials and machinery. In case of a reduction in tariffs on products that dominate their consumption baskets, women are benefitted. However, they lose out when their products have to compete with cheap imported products in the domestic markets. Women encounter barriers due to social constraints together with negative mindsets regarding women’s performance which makes it very tough for them to be in the driving seat. Another pivotal obstacle faced by women entrepreneurs is the lack of family support. Women face family restrictions when they want to set up their own businesses. Although female labour force participation in Bangladesh has increased over the years as a result of job security. However, women are encouraged to opt for jobs with secured income, fixed salaries compared to choosing an uncertain career like entrepreneurship. Therefore, conflicts in the family regarding women’s careers act as barriers to women entrepreneurship. When compared to businesses led by men, women’s businesses are smaller in emerging economies and in most cases, lack access to markets and infrastructure which act as restrictions to export. These barriers restrict them from achieving their full potential.

In Bangladesh, due to patriarchal mindset, the literacy rate in case of girls tends to be lower when compared to boys. According to UNESCO, the literacy rate for boys is around 77%. On the other hand, it is less than 70% for girls. The scope of education for girls is lower than boys. For a business to function effectively, managerial and technological skills are essential. However, as a result of limited access to vocational training, women find it very difficult to start their own business and efficiently run it. There is a lack of training facilities that will equip new entrepreneurs with the skills and knowledge needed to run their businesses smoothly. It has been observed that patriarchal attitudes towards women stands as one of the greatest obstacles to women’s leadership in business organizations.

Women entrepreneurs from rural areas face challenges when it comes to marketing their products. Due to transportation constraints, women operating their businesses in the rural areas are forced to sell their products to wholesalers from Dhaka. However, in many cases, women are forced to pay higher prices in the capital city. As a result, women lose out in terms of getting a fair price for their products and are not rewarded for the hard work behind their products. Information asymmetry, lack of knowledge of the market price, weak bargaining power and the high costs of maintaining new business contacts also hinder the way forward. Furthermore, women are also victims of sexual harassment which also acts as a barrier to trade.

Women are bound by age-old customs. In general, women face discriminatory behaviour from the different sectors of society as people assume women will be dependent on the male members of the family. Several religious and social constraints are also put on a number of women which prevent them from entering the job market and make a living. This is where entrepreneurship has come in which has helped a handful of women ensure their economic independence. Entrepreneurship has given women the freedom to run their businesses online or offline from their homes, maintain work life balance and thus, has given them a sense of empowerment.

Furthermore, destitute or widowed women can bring a change in their homestead through entrepreneurship. Social discrimination against these women can be reduced significantly as they will be able to ensure economic solvency. Better education and proper health care for their children can also be safeguarded. Thus, entrepreneurship acts as a gateway for ensuring their empowerment.

The above scenario clearly stresses the need for development and implementation of inclusive trade policies that leave no one behind. Appropriate policies will help to bridge the gender divide in trade and foster women empowerment. Women are subject to societal restrictions, unequal economic opportunities, and bias in the marketplace. Women need to be provided with access to international markets and financial support in case of export businesses. In order to promote women in the export sector, women-led exporting companies can be given assistance in the form of finding new export markets, offered cost sharing grants and through the provision of low interest loans or subsidies to women led exporting companies in order to promote and support their exports. When women are empowered economically through their involvement in trade, it leads to spill over benefits in terms of job creation which will benefit the economy as a whole. In order to ensure sustainable and inclusive growth, the economic potential of women needs to be utilized.

A prime reason women do not feel empowered is individuals who are in the driving seat fail to appreciate the caliber and contributions of women. Therefore, a welcoming atmosphere coupled with implementation of appropriate policies will prove to be encouraging for women to effectively engage in trade. Women entrepreneurs can be encouraged through provision of legal assistance for trade license and trade document, they can be offered marketing assistance to use local products, assistance regarding service quality control and adoption of new technology, guidance on human resource management techniques. Moreover, providing a platform for women to realise their potential and helping women to overcome the obstacles that stand in the way of engaging in entrepreneurship will allow women to empower their women and achieve long term development goals.

Sunera Saba Khan, Research Economist, SANEM. Email: suneracsab@gmail.com
Fahmida Haq Majumdar, Research Associate, SANEM. Email: f.mee@85@gmail.com
How is Bangladesh progressing in gender equality?

Zubayer Hossen and Mir Ashrafjun Nahar

The Sustainable Development Goals (SDGs) come forward with the agenda of leaving no one behind and thus, echo the necessity of gender equality. Specifically, SDG 5 accentuates on achieving gender equality and empowering all women and girls. Gender equality is a human right, a concern for all rather than just a concern of half of the world’s population since no society can develop economically, politically, or socially leaving half of its population marginalized. In the history of women’s rights, the adoption of Beijing Declaration and Platform for Action by 189 governments in 1995 is pronounced as a turning point and this remains a powerful source of stimulation in the effort to recognize equal opportunities for women and girls. However, while much progress has been made after the declaration, gender inequality continues to hold women back and deprives them of basic rights and opportunities. There is much more to be done to ensure that women and children are guaranteed healthy lives, education, and full social inclusion. This calls for developing progressive legal frameworks that promote equality and addressing issues such as unfair social norms and attitudes.

UN member countries are committed to acquiring the SDGs by the year 2030 and transforming their development to sustainable and inclusive development. The sustainable and inclusive development can only be attained through long-term investments in economic, human and environmental capital. Besides, this inclusive development will only be realized when all human rights, including gender equality, are protected. It is evident that better use of the world’s human resource could increase economic growth, reduce poverty, enhance societal well-being, and help ensure sustainable development in all countries. Therefore, in order to promote inclusive and sustainable development, it is a prerequisite to build a world where all people have an equal opportunity to materialize their aspirations regardless of their gender. While gender equality can be accommodating for positive economic growth and creating balance in the society, persistent gender inequality may incur high costs for the economy and hamper the capability for sustainable economic growth. There are many studies affirming the statement. The OECD estimates that gender inequality costs the region at least 25 percent of its GDP. According to the study “Unrealized Potential: The High Cost of Gender Inequality in Earnings”, countries are losing 160 trillion USD in wealth globally because of differences in lifetime earnings between women and men. On a per capita basis, gender inequality in earnings could lead to losses in wealth of 23,620 USD per person globally.

Bangladesh, as a growing economy, also aspires to implement the 2030 agenda of SDGs and acknowledges the importance of providing women and girls with equal voices, choices, and opportunities. Now, the question is that how well has Bangladesh performed in ensuring gender equality so far? According to Gender Gap Index 2018, Bangladesh consolidates its position as a top performer in South Asian region and lower-middle income countries’ group. The Figure 1 illustrates that Bangladesh scores 0.72 on a scale of 0.0 to 1.0. This implies that the gender gap in Bangladesh is 28 percent. Bangladesh tops among South Asian countries, while the average score for South Asian countries is 0.68. Moreover, Bangladesh has performed well in comparison to global average. It ranks 48th globally. The global gender gap score stands at 68 percent. This means that, on average, there is still a 32 percent gap to close. Also, compared to previous years, the progress in reaching gender parity is noticeable. Figure 2 portrays that Bangladesh held 91st position with a score of 0.63 in 2006. The progress is extended by sub-indices too. However, during the years 2006–2018, though Bangladesh was more successful in the areas of educational attainment, health and survival, and political empowerment, there is still scope to improve, especially in economic participation and opportunity. Figure 3 shows, for economic participation and opportunity, the gender gap score of Bangladesh is lower than the global average by 0.15 point. In addition, this score is 0.08 point lower compared to South Asian countries. Bangladesh has shown poor performance in this category because of not being able to put a better showcase in case of female labour force participation; wage equality between male and female for similar work; female professional and technical workers; and legislators, senior officials and managers; etc. Though the women’s participation in the labour force has increased over time in Bangladesh, it has been stagnant at about 33 to 36 percent for last one decade. In fact, the female labour force participation rate has shown a decreasing trend recently. The female labour force participation rate was 36.3 percent in 2016, reported by the LFS 2016-17, where a recent study conducted by SANEM, in collaboration with GED, shows that the rate has gone down to 31.1 percent in 2018. The decline in number of female workers in RMG sector has mainly contributed to this poor participation. Besides, the gender pay gap is acting as a dissuasion to women joining the workforce. Women are getting paid less although they are doing the same work with same skills as men. In 2016, the gender wage gap was 9.8 percent at national level, while it was as high as 22.1 percent in urban areas (LFS, 2016-17). Bangladesh is constantly emphasizing on gender responsive policies and strategies in order to encourage women to participate more in economic activities and improve the overall gender equality scenario. The goals to protect women’s rights are visibly articulated in the policy documents of government such as 7th Five Year Plan (FYP). The expectancy, female health and education, and violence against women. It has seen positive trends in women’s participation in economic life, politics and decision-making. However, despite the progress made until now, the educational gains achieved by women are yet to translate into greater empowerment and participation of women in social and economic life. Discriminatory practices, social barriers and insufficient institutional protections continue to prevent women from progressing. Bangladesh needs to undertake focused policies and programmes targeting the issues working as a hindrance in the way of ensuring equality between men and women. The country requires a comprehensive plan to reduce the problems women face in workplace. Considering the forthcoming challenges of labour market, skills development of females must be prioritized in national plans. The women who are disabled, minority, adibashi, tribal etc. should get special attention in terms of training, allowance etc. There should be more allocation to incentivize and promote young female entrepreneurs. Overall, policies have to be carried out with a view to obtain the goal of gender equality, instead of on a quantitative manner through numerical disaggregation.

Zubayer Hossen, Research Economist, SANEM. Email: zubayerhossen14@gmail.com
Mir Ashrafjun Nahar, Research Associate, SANEM. Email: mirashat074@gmail.com


**Figure 1: Gender Gap for South Asian Countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>0.68</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>0.64</td>
</tr>
<tr>
<td>Nepal</td>
<td>0.67</td>
</tr>
<tr>
<td>India</td>
<td>0.67</td>
</tr>
<tr>
<td>Maldives</td>
<td>0.66</td>
</tr>
<tr>
<td>Bhutan</td>
<td>0.64</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.55</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.58</td>
</tr>
</tbody>
</table>

**Figure 2: Comparing Gender Gap for Bangladesh by Subindex**

<table>
<thead>
<tr>
<th>Subindex</th>
<th>2016</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Empowerment</td>
<td>0.73</td>
<td>0.47</td>
</tr>
<tr>
<td>Health and Survival</td>
<td>0.55</td>
<td>0.66</td>
</tr>
<tr>
<td>Educational Attainment</td>
<td>0.29</td>
<td>0.35</td>
</tr>
<tr>
<td>Economic Participation and Opportunity</td>
<td>0.58</td>
<td>0.66</td>
</tr>
<tr>
<td>Overall</td>
<td>0.57</td>
<td>0.56</td>
</tr>
</tbody>
</table>

**Figure 3: Score at a Glance Economic Participation and Opportunity**

- Bangladesh
- Global Average

**Note:** The data and analysis are based on the Global Gender Gap Report 2018, World Economic Forum.
SANEM has been organizing a monthly essay writing competition for the students titled “Youth’s Thoughts on Economics”. The topic of the competition for the month of June 2019 was “Climate change and sustainable development”. Around 60 essays were submitted by the students of different universities. From the submissions, four winners were declared. The winners are Israt Zahan Islam from Bangladesh University of Professionals, Md. Rakib Hossain from University of Dhaka, Md. Imran from University of Dhaka, and Sayed Imran Ur Rahman from Southeast University. The winners were awarded with a token money and certificates. Dr. Selim Raihan, Executive Director, SANEM and Professor of Economics, University of Dhaka handed over the certificates to the top 18 essay writers including the winners.

Dr. Selim Raihan visited the International Food Policy Research Institute (IFPRI) at Washington, D.C.

Dr. Selim Raihan, Executive Director of South Asian Network on Economic Modeling (SANEM) and Professor of Economics at the University of Dhaka visited the International Food Policy Research Institute (IFPRI) at its headquarters in Washington, DC during June 23-30, 2019 to collaborate with researchers on Bangladesh economy-wide modeling. Dr. Raihan collaborated with Paul A. Dorosh, Division Director, Development Strategy and Governance Division, IFPRI; James Thurlow, Development Economist, IFPRI; and Angga Pradesha, Senior Research Analyst, IFPRI on Bangladesh economy-wide modeling focusing on government’s agricultural policies.

Dr. Selim Raihan delivered a lecture on “Bangladesh in regional trade: Problems and prospects”

Dr. Selim Raihan, Executive Director, SANEM and Professor of Economics, University of Dhaka delivered a lecture on “Bangladesh in regional trade: Problems and prospects” on June 22, 2019 at SANEM office. Dr. Raihan discussed about the concepts of trade and regional trade in the context of Bangladesh and gave real world examples. He noted that the South Asian regional trade constitutes only 5% of the global trade which is lower in comparison to other regions. He shed light on how different countries interact in accordance with regional trade which in turn impacts the overall national, regional, and global economy. He discussed about the importance of proposed trade alliances like Trans-Pacific Partnership from which the countries like Vietnam would be benefitted greatly. Dr. Raihan noted that bilateral free trade agreements will play a pivotal role to help Bangladesh in the post-LDC graduation era. He said that it is imperative for the country to prepare itself for the post-LDC time starting from now. He said that the proposed trade alliance of Bangladesh and Sri Lanka could play a very important role. He also discussed at length about the obstacles and problems of such trade alliances but mentioned that the benefits of such alliances always outweigh the potential problems. The session was highly engaging for the participants. The lecture session was attended by students representing different private and public universities. SANEM is going to organize such talks at regular intervals.

Dr. Selim Raihan made a presentation at Paris School of Economics

Dr. Selim Raihan, Executive Director of South Asian Network on Economic Modeling (SANEM) and Professor of Economics at the University of Dhaka made a presentation on "Institutional diagnostics of development: The Bangladesh perspective" at the Paris School of Economics, France on June 3, 2019. The conference was on economic development and institutions.

Dr. Selim Raihan delivered a lecture on "Bangladesh in regional trade: Problems and prospects"

Dr. Selim Raihan, Executive Director, SANEM and Professor of Economics, University of Dhaka delivered a lecture on “Bangladesh in regional trade: Problems and prospects” on June 22, 2019 at SANEM office. Dr. Raihan discussed about the concepts of trade and regional trade in the context of Bangladesh and gave real world examples. He noted that the South Asian regional trade constitutes only 5% of the global trade which is lower in comparison to other regions. He shed light on how different countries interact in accordance with regional trade which in turn impacts the overall national, regional, and global economy. He discussed about the importance of proposed trade alliances like Trans-Pacific Partnership from which the countries like Vietnam would be benefitted greatly. Dr. Raihan noted that bilateral free trade agreements will play a pivotal role to help Bangladesh in the post-LDC graduation era. He said that it is imperative for the country to prepare itself for the post-LDC time starting from now. He said that the proposed trade alliance of Bangladesh and Sri Lanka could play a very important role. He also discussed at length about the obstacles and problems of such trade alliances but mentioned that the benefits of such alliances always outweigh the potential problems. The session was highly engaging for the participants. The lecture session was attended by students representing different private and public universities. SANEM is going to organize such talks at regular intervals.

New recruitment and farewell of Research Associates at SANEM

The SANEM family, this month, welcomes Md. Tuhin Ahmed as Research Associate. At the same time, the family bids farewell to Nurun Naher, Research Associate. She is going to pursue her PhD in Economics from State University of New York at Binghamton, New York, United States. SANEM wishes them well for their future endeavours.

SANEM is a non-profit research organization registered with the Registrar of Joint Stock Companies and Firms in Bangladesh. Launched in January 2007 in Dhaka, it is a network of economists and policy makers in South Asia with a special emphasis on economic modeling. The organization seeks to produce objective, high quality, country- and South Asian region-specific policy and thematic research. SANEM contributes in governments’ policy-making by providing research supports both at individual and organizational capacities. SANEM has maintained strong research collaboration with global, regional and local think-tanks, research and development organizations, universities and individual researchers.