INVESTING IN THE CARE ECONOMY: OPPORTUNITIES FOR MALAYSIA

Development Challenge

A central part of UNDP narrative on gender is that women's empowerment is an attractive incentive for governments simply because women form a major resource base of a country. Women's participation in the economy often leads to better education and health outcomes for children, as they tend to invest more than men in their families. This contributes to the well-being of the whole nation. Their role in boosting productivity, innovation and economic growth in many countries shows that wherever women are empowered, they become agents of change for society.

However, in most societies, care work is considered a natural responsibility for women and girls. The disproportionate distribution of unpaid care responsibility, based on biased social norms and gender stereotypes, often reinforces gender inequalities by restricting women's opportunity to pursue educational, economic and employment goals outside of their homes.

According to a survey conducted by the International Labour Organization (ILO), women carry out an overwhelming 76.4% of unpaid care work globally, spending an average of 4 hours and 32 minutes per day on these activities, compared to men who spend just 1 hour and 24 minutes per day (Charmes, 2019).

The KRI's pilot Time Use study conducted in 2018 found that when it comes to unpaid care work, Malaysian women spent on average—3.6 hours (15.2%) of their time compared with men—2.2 hours (9.3%). In other words, women spent 63.6% more time on average for unpaid care work compared with men.

The Unpaid Care Conundrum

Unpaid care continues to be largely treated by mainstream economics as an externality, being unaccounted for in policies and national accounts. The associated costs from unpaid care work in the form of forgone wages and opportunities for women and girls amplify gender inequality.

Malaysian women's economic participation is still low in general, however, as Figure 1 below shows, this can vary widely by marital status and also by age. Malaysia's female labour force participation rate (LFPR) is one of the lowest among ASEAN countries (55.6% as of July 2022 while male LFPR is 82.5%). The rate of female LFPR growth has slowed down substantially to only 0.02% in the current five-year period.

FIGURE 1. LABOUR FORCE PARTICIPATION RATES FOR WOMEN AND MEN IN MALAYSIA BY MARITAL STATUS, 2021
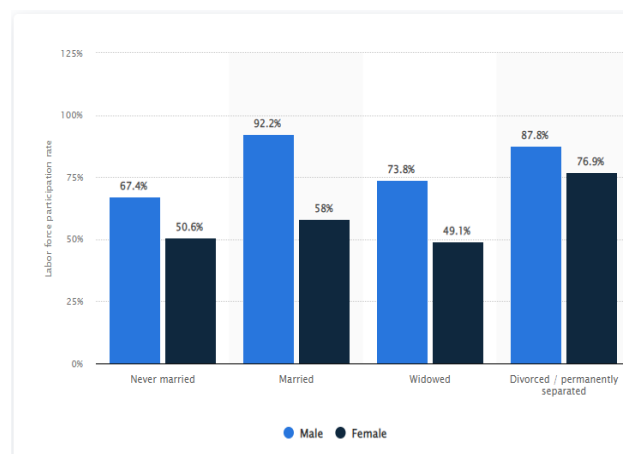
Source: World Bank based on ILO database

The Malaysian female LFPR rate is the smallest amongst women with primary or no formal education, meaning with lower income (as this is closely correlated with educational attainment), less educated women often find it difficult to afford good quality child care. Data also shows that housework is the main reason why women do not participate in the labour force. In 2018, 60.2% of women who did not participate in the labor force cited housework, while only 3.6% of men cited the same reason for not seeking work (DOSM, 2019).

Older women were still less likely to participate in the labour force than their younger counterparts - either women did not return to the labour force after giving birth or older women left the labour force to help younger families, older parents or sick members of the family manage care and domestic responsibilities. This contributes to the single-peaked pattern of women's LFPR by age profile. Malaysian women in the 30 – 34 age bracket make up almost 15% of unemployed women in urban areas, as compared to only 10% of unemployed men, in 2019. In no other age group, the women's percentage exceeds that of men. This could be indicative of the difficulties women face when planning to return to work after a period of time away.

The finding is further corroborated by multiple surveys conducted over different time periods. A survey conducted on accounting and finance professionals by ACCA and TalentCorp (2016) found that the four most common reasons women gave for leaving the workforce were "to raise a family" (65%), "lack of work-life balance" (43%), "to care for a family member" (38%) and "childcare is too expensive" (35%). The Ministry of Human Resources (2019) presents survey-based evidence that the need to take care of children or grandchildren is the most common reason for older women to exit the labour force.

COVID-19 pandemic has only served to amplify the existing disparities in unpaid care work between women and men. While both women and men have seen an increase in caregiving responsibilities, the burden has fallen disproportionately on women, deepening their disadvantage both at home and in the workplace (İlkkaracan and Memiş, 2021). The economic ramifications of this trend are significant, as it may hinder work productivity and set back progress of women in the labour force in the past decades.

Women are more likely than men to experience depression, with rates at 2.6% versus 2.0% respectively, based on the 2019 National Health Morbidity Survey[1]. The very poor with household incomes of less than RM1,000 per month have a disproportionately high depression rate at 4.9%. Moreover, the added weight of care work may curtail the financial independence of women, leaving them vulnerable to economic abuse and domestic violence.

The country is rapidly ageing and thus quality care services will be needed. Malaysia became an ageing society (>7% aged >65 yo) in 2020; It will be an aged society in 2044 ((>14% aged >65 yo), and a super-aged society in 2056 ((>20% aged >65 yo). It would be imperative to develop and implement policies as soon as possible to promote healthy and productive aging for men and women.

In Malaysia, childcare is defined as the early years, ages 0 – 4 years, and the standards and registration of childcare centres are governed and monitored by the Ministry of Women, Family and Development. However, forcing parents to look for informal or alternative care options for older school-going children during the parent's working hours. News about child-abuse and neglect with respect to unregistered and registered childcare providers are constant reminders of how difficult it is for the government to regulate and monitor childcare service providers.

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[1] MOH National Health and Morbidity Survey (NHMS) 2019

such as food, clothing, and shelter (European Institute for Gender Equality). The care economy represents a new vision of economics that recognizes the importance of empowerment and autonomy of women, who bear the brunt of unpaid care, to the functioning of the economies, the wellbeing of societies and life sustainability. Care work consists of two overlapping activities:

- direct, personal, and relational care activities, such as feeding a baby or nursing an ill partner; and
- indirect care activities or domestic work, such as cooking and cleaning.

Care work can be paid or unpaid. Unpaid care and domestic work are provided without explicit monetary reward in homes and communities. Paid care work refers to occupations where workers provide:

- direct face-to-face care or
- indirect forms of care that provide the preconditions for caregiving. It thus includes the work carried out by nurses, childminders, community health workers and elderly care assistants as well as domestic workers, cooks, and cleaners.

Care workers perform their tasks in a variety of settings: public, private, not-for-profit organizations as well as private homes. Being mostly in the service sector, care work is often associated with significant wage penalties and poor working conditions.

Women who bear the brunt of unpaid care work may also be less willing to have children, particularly if they perceive that they will not have adequate support for caregiving responsibilities. This can lead to declining birth rates, which have become a concern in many countries where populations are aging and there are fewer young people to support the elderly.

Paid at-home care services for children and the elderly has been largely provided by migrant workers from neighbouring countries. This has an indirect effect on the care economy's progression. Although tax incentives have been introduced to engage the private sector in investing in care infrastructure and services, the market for these services has not grown due to poor demand from the public. The supply and quality of migrant domestic workers are subject to labour migration policy and conditions for training and employment.

Malaysia needs to ensure that it achieves its economic development objective by focusing on both quantity and quality of growth, and in particular (as this gender diagnostic note makes clear), to substantially increase its female labour force participation rate, create an enabling environment to ensure its well-educated workforce remain productive longer, increase the retirement age, implement policies to promote healthy ageing, and encourage older females to continue contributing to the economy and society.

Strengthening the care economy

The care economy is a term that describes the range of social and material activities involved in providing care for the workforce, human population, and domestic needs

Investing in the paid care economy can take diverse forms, and the resulting solutions can be tailored to the specific needs of the groups requiring care. Investing in care industries, such as childcare, elder care, care for persons with disabilities and illness and health care, assistive technologies and infrastructure, all of which can create

job opportunities for both women and men and consequently create more sustainable and attractive work opportunities for women, allowing them to balance work and family life better.

Streamlining the care economy through investments and solutions can have a plethora of positive effects on people's lives and the economy. It can lead to innovation and de-stigmatization of care services. Currently, poor working conditions and wages have exacerbated labour shortages in the paid care sector. Workers in the care sector should enjoy better working conditions and equal pay for work of equal value, with the value being redefined to recognize social contributions, not merely market-based rewards.

Investment Approaches

The 2030 Agenda for Sustainable Development recognizes that the private sector has a fundamental role to play if the world is to achieve the Sustainable Development Goals. To mobilize them, UNDP has developed the SDG Investor Maps as a flagship knowledge product to empower investors with clarity, insights and tools to achieve the SDGs, and to identify SDG investment opportunities in emerging industries. The Maps have integrated data from more than 26 countries, including Malaysia where the Care Economy is one of sectors analyzed.

The SDG Investor Map follows a strict eight–step methodology to scope four dimensions of sustainable investment enablers – 1) development need, 2) policy and regulatory environment, 3) market potential, and 4) risk factors. By utilizing the Maps as an analytical tool for a specific sector (e.g. care economy), it can diagnose the gaps in these four dimensions and provide recommendations for relevant stakeholders to better engage in the sector for scaled up investment and sustainable growth.

Investments and solutions in the private care economy can have different long-term benefits, including:
- Decreasing healthcare costs for individuals and states
- Professionalising the care industry and generating employment
- Increasing the contribution of the care sector to GDP, while increasing the number of care employees
- Changing people's perceptions of care and levels of independence of the people benefitting from the care services.

Initial findings from the SDG Investor Map consultations show that there are various policy as well as market barriers that have impeded the flow of investments into the Care Economy sub-sector in Malaysia. Investment solutions can take various forms:

1. Increasing the accessibility, quality, and affordability of professional caregivers in both home-based and institutional settings, enabled by community-based or marketplace solutions.

2. Regulatory and policy frameworks can be strengthened to promote workplace practices that support employees with care responsibilities, such as offering paid leave, flexible hours, or at-home working opportunities, as well as providing facilities or additional financial assistance for kindergartens.

3. Technology can play a vital role in enhancing care provision, through the use of assistive technologies and infrastructure and smart companion robots, sensor-based tracking and warning systems, and online platforms that connect users with various care services.

4. Channels for knowledge sharing, legal and emotional support can be created to address the specific challenges of caregivers and those in need of care.

5. More work needs to be done to ensure paid care jobs are high-skilled and properly compensated. Almost 40% of all projected job opportunities in emerging professions will be created in the care sector between

2020 and 2023, according to a report from the World Economic Forum[2]. Accreditation process for basic workers and professionals involved in childcare, eldercare, nursing, therapy and personal trainers should be improved in partnership with higher education and skills institutions.

6. Leveraging on community-based care workers to provide care services at-home or in care centres, and developing a training, monitoring and fair compensation structure. For example, many unemployed youth or retirees can register to work, even on a short -term basis, with elderly in their own communities to help them manage their daily needs.

Unpaid care work is a significant contributor to gender disparities in employment quantity and quality, and structural changes in this area have the potential to generate millions of jobs for women and contribute to the GDP substantially. Government incentives and regulations need to be streamlined and made more efficient. By incentivising the private sector's investment through subsidies or co-investment, the Government of Malaysia will generate multiplier effects that will pay for themselves over the medium term e.g. through increases in tax revenue and social security contributions, in combination with reductions in welfare programme subsidies and cash transfers to women in low-income families.

Once the care economy is transformed into a proper productive industry, the Government assumes the cost of taking care and nursing only the most vulnerable people - those who are unable to pay the market rates. On the other hand, the market should supply the remaining sectors, whose purchasing power will cover the costs of these newly emerged paid activities. The care economy, then, can exist under a mixed market approach.

[2] Jobs of Tomorrow - Mapping Opportunity in the New Economy, WEF, 2020

Concluding Remarks

Malaysia's commitments to the achievement of the SDGs include those related to the recognition, reduction, and redistribution of unpaid care work (SDG target 5.4 Recognise, reduce and redistribute unpaid care work).[3] More broadly, a healthy and thriving care economy is related to the achievement of a range of SDGs, including poverty eradication (SDG1), food security and nutrition (SDG2), health and wellbeing (SDG3), quality education and lifelong learning (SDG4), gender equality and the empowerment women and girls (SDG5), inclusive and sustainable economic growth, full and productive employment, and decent work (SDG 8), and reduced inequalities (SDG10).

Hence the 2030 Agenda calls for the development and strengthening of universal care policies and services based on the recognition of the right to care for all and the design of comprehensive care systems from a gender, intersectional, intercultural and human rights perspective as part of social protection systems. The benefits of universal access to quality care extend way beyond women; public spending on care systems is an investment instead of consumption expenditure, not unlike spending on the railways, ports and bridges that enable commercial activities. Investments in social infrastructure have high multiplier effects on economic growth, job creation, social cohesion and the well-being of the country.

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[3]The commitments can be found at
https://china.un.org/en/sdgs/5