



MINISTRY OF HUMAN RESOURCES



HRDF HUMAN CAPITAL REPORT

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WOMEN IN THE WORKFORCE: WORK-LIFE-PRACTICE



The Minister of Human Resources, M. Kula Segaran emphasised the importance of women in the workforce at the recent Life at Work 2018 Awards, organised by TalentCorp. He added that the ministry aims to increase the female labour force participation rate from 54.7% (in 2017) to 56.5% by 2020 (Mid-term Review of the 11th Malaysia Plan 2016-2020, 2018).



The award recognises organisations that adopt good work-life-practices that would eventually increase labour force participation as well as reduce staff turnover in the long run.



Among the many work life practices offered by award winning companies are:

- 1) Staggered working hours;
- 2) Flexible work arrangements;
- 3) Parental Leave Policy; and
- 4) Family-friendly initiatives (e.g. childcare centres).

The Minister mentioned that the Ministry of Human Resources will be coming up with a policy on a one-year personal income tax break in 2019 for women re-joining the workforce.



Further, the Women, Family and Community Development Deputy Minister Hannah Yeoh opined that the private sector can offer employees support systems such as childcare centres in the workplace, or family-friendly, work-life practices such as flexible working arrangements.



QUICK TAKEAWAYS AND SOUND BYTES

“...it is important to increase female labour force participation rate...”

“...it is recognised that companies that adopt good work-life-practices would reduce staff turnover in the long run...”

“...the Ministry of Human Resources will be coming up with a policy on a one-year personal income tax break in 2019 for women re-joining the workforce”



Average increased GDP Growth

4%

2001-2008

14%

2011-2016

It is reported that high participation of women in the workforce will benefit the nation's economic growth. The contribution of female employment to Malaysia's economic growth has on an average, increased from 4 percent from 2001 to 2008 of real GDP growth to 14 percent from 2011 to 2016 (International Monetary Fund,2018).

The benefits of high participation of women in the workforce will benefit the nation's economic growth.

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Here's a comparison of Asian economies and its respective female labour participation rate.



Malaysia



Singapore



Taiwan



South Korea



Japan

55.5%

59.4%

51.3%

52.1%

50.4%

Source: Department of Statistics Malaysia, 2018/Q3

Ministry of Manpower Singapore, 2017

National Statistics, Republic of China (Taiwan), 2018 Nov.

OECD Statistics, 2016 (for South Korea and Japan)

The comparison indicates that Malaysia's female labour participation rate is relatively similar to other Asian Tigers but still have room for improvement.

...Malaysia's female labour participation rate is relatively similar to other Asian Tigers...

POTENTIAL IMPACT FROM ONE-YEAR INCOME TAX BREAK IN 2019 FOR WOMEN RETURNING TO WORK

Sex	2016		2017		CAGR	
	Median (RM)	Mean (RM)	Median (RM)	Mean (RM)	Median (%)	Mean (%)
Total	2,000	2,657	2,160	2,880	7.7	8.1
Male	2,000	2,741	2,170	2,954	8.2	7.5
Female	2,000	2,532	2,145	2,772	7.0	9.1

Source: Salary and Wages Report, Malaysia, Department of Statistics Malaysia, 2017

... this proposed one-year income tax break in 2019 may not be sufficient to motivate them to join the workforce ...

The idea of a one-year income tax break in 2019 for women returning to work is an appealing one to many.

However, this proposed one-year income tax break alone may not be sufficient to motivate women to join the workforce.

Following the Compound Annual Growth Rate (CAGR) of median salary for female employees, it is estimated that the 2019 median salary for female will be RM2,456 per month, which translates to RM29,472 per annum.

Assuming the personal income tax rate remained as per year 2016/2017, the median tax exemption for an individual will be RM623.60 (RM150 for first RM20k, 5% for subsequent RM15k; LHDN, 2018).

The impact of an average RM623.60 incentive for one year may not be a sufficient trade-off in relation to other costs such as child-care or associated qualitative benefit such as quality time with the family.

Key takeaway for HRDF

Suitable training schemes may be developed by HRDF to find the right motivating factor(s) to encourage women to return to the workforce.



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