

## Reducing Gender Gaps in Pakistan's Labor Market: Policy Options for Enhancing Women's Economic Empowerment



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**Abstract:** *This policy paper delves into the persistent gender disparities within Pakistan's labour sector, highlighting the challenges faced by women in accessing and maintaining decent employment opportunities. Despite some progress, women encounter lower labour force participation, unequal wages, and limited access to social benefits. The concentration of women in low-paying, informal sectors hampers their economic advancement and social mobility. This paper critically assesses the gender imbalance in Pakistan's labour market and proposes actionable policy alternatives to enhance women's economic empowerment. By prioritizing legislative measures, decision-makers can address the root causes of these disparities, fostering gender equality and supporting women's participation in the workforce. The implementation of effective policies is vital to not only empower women but also contribute to Pakistan's overall economic growth and development.*

**Key Words:** Gender Disparities, Labor Market, Economic Empowerment, Policy Alternatives

### Introduction

For many years, Pakistan's labour sector has struggled with gender disparities. Despite certain advancements achieved in the area of gender equality, it remains quite difficult for women in Pakistan to find and keep acceptable employment prospects. Women have a low rate of labour force participation and earn significantly less than males, which emphasises the need for policy to address the gender wage gap. In order to improve women's economic empowerment, this policy paper analyses the existing state of gender disparities in Pakistan's labour market and offers policy alternatives. Pakistan sees a high concentration of women working in low-wage, unorganised industries, with little access to social protection or other benefits. Women's ability to advance economically and move up the social ladder is severely hampered by these issues. The challenges that women confront in

obtaining and retaining good employment opportunities must therefore be identified, and legislative actions must be given top priority.

This policy paper will offer useful and doable policy alternatives to improve women's economic empowerment through a thorough analysis of the problem of gender disparities in Pakistan's labour market. It is crucial that decision-makers and other stakeholders in Pakistan take these possibilities into account and give top priority to the laws that will most effectively reduce gender disparities in the workforce and advance gender equality. In the end, decreasing gender disparities in the workforce will empower women and support Pakistan's economic development.

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## Background

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According to the Labour Force Survey conducted in 2018–2019, with only 22.8% of women participating in the labour force, compared to 71.6% of men, Pakistan has one of the lowest rates of female labour force participation in the world (Akhtar, 2023). A number of things, including social norms and cultural expectations, a lack of access to education and skill-building opportunities, and inadequate policies aimed at increasing women's economic empowerment, can be blamed for the low participation rate of women in the labour force (Akhtar, 2023).

According to the World Bank, women in Pakistan experience considerable wage discrepancies as well; on average, they make 36% less than men (*Gender Discrimination in Pakistan - Daily Times*, 2019). In the unorganised sector, where women can make as little as 56% of what males make, the wage difference is substantially wider. Women may become stuck in low-paying positions with few possibilities for promotion as a result of this wage gap (*The Long Road to Gender Equality in Pakistan's Labour Force*, n.d.).

In Pakistan, women are disproportionately employed in low-wage, unregulated industries such as domestic work, agriculture, and micromanufacturing. These industries provide few perks and social protections, making women more susceptible to economic shocks like job losses and preventing them from setting money aside for the future (*Gender Discrimination in Pakistan - Daily Times*, 2019).

These figures show how critical it is to increase women's economic empowerment and solve the gender gaps in Pakistan's labour market. This can only be done by tackling the systemic obstacles that restrict women from finding and keeping adequate work opportunities through evidence-based policies and initiatives.

In addition to salary disparities and low labour force participation, women in Pakistan also struggle to find and keep suitable employment opportunities. For instance, women frequently lack access to trustworthy transportation, particularly in rural locations, which can restrict their mobility and employment options (Aslam, 2009). Women are frequently the targets of harassment and discrimination at work, which can create toxic work conditions and prevent them from advancing in their careers. In Pakistan, women also have considerable barriers to credit and financial services, which can restrict their capacity to launch and

expand enterprises or make investments in their education and skill development. Legal and regulatory constraints that prevent women from participating in the economy, such as prohibitions on women's property rights or restrictions on their capacity to open bank accounts or obtain loans, frequently make this lack of financial inclusion worse (Aslam, 2009).

## Policy Options

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### Promoting Entrepreneurship

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To increase women's economic empowerment in Pakistan, encouraging women's entrepreneurship is an essential policy choice. Women-owned companies have the potential to provide employment opportunities for women, lessen poverty, and boost the nation's economy. Women in Pakistan confront a number of impediments to entrepreneurship, including restricted access to money, training, and networks, despite the fact that there is a substantial market opportunity for them (*Barriers Faced by Women in Labour Market Participation: Evidence from Pakistan*, n.d.).

By offering focused training and capacity-building programmes that concentrate on developing important skills, such as financial management, marketing, and company growth, the government may solve these issues and encourage entrepreneurship among women. Additionally, by creating specifically designated women's business centres and other financial institutions that are suited to their needs, the government can give women entrepreneurs access to financing and credit on advantageous terms (*Barriers Faced by Women in Labour Market Participation: Evidence from Pakistan*, n.d.).

By providing tax advantages and other incentives, such as lowered regulatory hurdles and faster business registration procedures, the government can encourage women's entrepreneurship. These incentives may contribute to the development of a more hospitable business climate for female entrepreneurs, which may ultimately result in higher economic empowerment and improved gender equality. It can also help women business owners by fostering networking opportunities and building platforms for them to interact with possible clients and investors. This may contribute to the development of an environment that supports female entrepreneurs and gives them the tools and encouragement they require to be successful in their businesses.

### Increasing Financial Services Access

It is yet another crucial policy choice for boosting Pakistani women's economic empowerment. In Pakistan, women frequently don't have access to official financial services like savings accounts, loans, and insurance, which can make it more difficult for them to start their own enterprises, invest in their education, or deal with financial shocks (Bano Komal, [2020](#)). In order to solve this, the government can collaborate with financial institutions and other stakeholders to create and advertise financial services and products that are specific to the requirements of women, like microfinance and mobile banking.

### Legal and Regularity Barriers

The government can remove legal and regulatory obstacles that prevent women from accessing financial services in addition to promoting access to those services. The government might, for instance, act to change the laws and rules that restrict women's property rights or their ability to open bank accounts or obtain loans. The government may aid in increasing women's economic empowerment and minimising gender inequalities in Pakistan's labour market by promoting financial inclusion and eliminating legal and regulatory hurdles (Aslam, 2009).

### Education and Skill Development

It is possible to increase Pakistani women's economic empowerment through investing in education and skill development. In Pakistan, women may find it difficult to find acceptable employment and advance in their careers due to a lack of access to education and training options. The government may address this by funding education and skill-development activities geared towards women and girls, such as career training, literacy campaigns, and STEM education programmes.

The government can also collaborate with businesses and industry associations to advance gender-conscious recruiting procedures and provide chances for women to take part in apprenticeships and on-the-job training programmes. The government can aid in providing women with the information and abilities necessary to excel in the workforce and advance gender equality by making investments in education and skill development (Khurshid et al., [2020](#)).

### Addressing Gender-Based Violence and Harassment in the Workplace

Another crucial policy choice for boosting economic empowerment in Pakistan is to address gender-based violence and harassment in the workplace. In Pakistan, harassment and discrimination against women are commonplace. This can lead to toxic work conditions and prevent women from advancing professionally (Khurshid et al., [2020](#)). To address this, the government can endeavour to promote gender-sensitive laws and practices that safeguard women's safety and wellbeing as well as raise awareness of gender-based violence and harassment in the workplace.

In addition, the government can collaborate with companies and business associations to create and execute codes of conduct and other regulations that support a welcoming and inclusive workplace for women. The government may assist in fostering a more fair and supportive work environment for women by tackling gender-based violence and harassment in the workplace, which will eventually boost women's economic empowerment and advance gender equality.

A key policy objective for fostering equitable and sustainable economic growth in Pakistan is reducing gender disparities in the labour market and increasing women's economic empowerment. The aforementioned policy options, which support women's entrepreneurship, increase access to financial services, fund education and skill-building initiatives, and combat gender-based violence and harassment in the workplace, can assist in addressing the unique difficulties faced by women in Pakistan and advance gender equality in the workplace (Makwela, [2022](#)).

### Childcare Facilities

It is important to remember that boosting women's economic empowerment and minimising gender inequalities in Pakistan's labour market depends on access to inexpensive childcare facilities. In Pakistan, women face major obstacles to entering or remaining in the labour force due to a lack of cheap childcare options, according to a report by the International Labour Organisation (ILO). More than 70% of women cite this issue as their main deterrent to

entering or remaining in the workforce (Tanaka & Muzones, [2016](#)).

Public-private collaborations are one approach to solving this problem. For instance, the government may build community-based childcare facilities in low-income regions in collaboration with nearby groups or businesses. With this strategy, women in the neighbourhood would have access to affordable childcare facilities as well as career prospects.

### **Subsidize Private Sector Providers to Create more Childcare Facilities**

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Subsidising businesses in the private sector to build new daycare centres is an additional choice. In locations where there is a significant demand for childcare services, the government can offer financial incentives to private sector providers to build childcare facilities there. With this strategy, childcare facilities would be more readily available and more reasonably priced for low-income families.

It is important to note that Pakistan has already put in place several steps to provide access to inexpensive childcare facilities. For instance, in Lahore, Rawalpindi, and Multan, the Punjab Child Protection and Welfare Bureau has built daycare facilities for working women (Ali et al., [2022](#)). Furthermore, the Early Childhood Education and Development (ECED) programme, which offers free preschool education and daycare facilities to children from low-income households, was developed by the Sindh government (Makwela, [2022](#)).

These options, however, still have a narrow focus, and more work must be done to solve Pakistan's dearth of accessible, reasonably priced childcare facilities. A crucial policy choice that can greatly improve women's economic empowerment, raise their labour force participation, and lessen gender inequities in Pakistan's labour market is the provision of cheap childcare services.

### **Promoting Gender-Sensitive Hiring Practices**

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A critical policy choice to increase women's economic empowerment and close gender inequalities in Pakistan's labour market is to encourage gender-sensitive hiring practices. Given that women in Pakistan already earn 36% less than men on average, there is clear gender discrimination in the job market (Redaelli & Rahman, [2021](#)). Therefore, it is important

to establish a working culture that supports gender equality.

### **Encourage Employers to Offer Equal Pay for Equal Work**

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Encourage firms to provide equal compensation for equal effort as one method to support gender-sensitive hiring practices. This means that for the same work with the same level of training and experience, women should be compensated equally to men. In order to make sure that women are not penalized for taking time off to care for their children, companies must offer maternity and paternity leave (Redaelli & Rahman, [2021](#)).

### **Safe and Inclusive Workplace Environment**

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Promoting gender-sensitive recruiting practices also requires fostering a safe and welcoming work environment. The government can compel businesses to establish a diverse, inclusive workplace that is free from harassment and discrimination. This strategy can be carried out by offering training and awareness programmes on gender sensitivity and encouraging equal chances for companies and employees (Ali et al., [2022](#)).

The government may propose laws to compel firms to follow gender-sensitive recruiting procedures and to punish those who do not. For instance, the Punjab Protection against Harassment of Women at Workplace Act, recently passed by the Punjab government, mandates that companies set up a harassment complaint committee in every workplace. Similar to this, the Sindh government established the Sindh Women Employment Act, which requires firms to pay male and female employees equally for equal labour (Tribune, [2022](#)).

It is important to remember that encouraging gender-sensitive employment practices is a question of both social justice and economic effectiveness. According to research, gender equality at work can boost creativity, increase productivity, and boost financial results. Therefore, implementing gender-sensitive hiring practices is in the best interest of firms (Tribune, [2022](#)).

Through legislation, education campaigns, and financial incentives, the Pakistani government can also persuade employers to use these practices. Pakistan can maximise the potential of its workforce and

achieve sustained economic growth by fostering gender equality in the workplace.

### **Women's Access to Education and Employment**

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In Pakistan, women have much lower levels of education than males do, with only 49% of women having a high school diploma compared to 73% of men (Tribune, [2022](#)). Enhancing women's access to education can be a potent instrument for increasing their employability and closing the gender wage gap. To encourage girls to attend school and finish their education, the government may offer financial aid and scholarships. For instance, the Punjabi government launched the "Khadim-e-Punjab Schools Programme" in 2014 with the goal of giving out-of-school children, particularly girls, access to high-quality education. With a focus on raising the enrollment rates of girls, the programme resulted in the establishment of almost 4,000 schools and the enrolment of 1.3 million kids (Makwela, [2022](#)).

Vocational training programmes, in addition to education, can assist women in developing their skills and knowledge and improve their chances of landing better-paying jobs. The government can launch programmes for women-only vocational training while offering incentives to firms that do so. In Pakistan, for instance, the National Vocational and Technical Training Commission (NAVTTTC) provides women with vocational training programmes in a variety of industries, such as healthcare, beauty, and fashion design (Witenstein, [2021](#)). After finishing their training, women can receive financial aid from the NAVTTTC to launch their enterprises.

Enhancing women's economic empowerment in Pakistan through improved access to education and vocational training is a viable policy option. To improve women's employability and close the gender wage gap, the government might offer scholarships, cash incentives, and programmes for vocational training.

### **Introducing Quotas for Women in Leadership Positions**

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Women's presence in leadership posts has increased as a result of the introduction of leadership quotas, which have been implemented in a number of nations throughout the world, including Norway, India, and Rwanda. For instance, Norway's 2003 introduction of a 40% female board quota for public limited

businesses led to a significant rise in the proportion of women on boards, from 9.4% in 2002 to 40.4% in 2019 (Witenstein, [2021](#)).

Similar to this, a constitutional amendment in India was adopted in 1993 that allotted women one-third of the seats in local governmental organisations. As a result, women's political participation and representation in positions of power at the municipal level significantly increased. In Rwanda, political parties are required to reserve 30% of their parliamentary seats for women under a quota system that was put in place in 2003. With 61.3% of the lower house's seats held by women, Rwanda has the greatest percentage of female lawmakers in the entire globe.

Quotas for women in executive roles can also be very advantageous economically. According to studies, businesses with more women in executive roles typically perform better financially. This is so that decision-making processes can benefit from the different perspectives, abilities, and experiences that women bring, which can result in more creative and efficient solutions.

Around the world, the United Nations has also highlighted the importance of increasing the representation of women in decision-making roles. One of the objectives of the 2030 Agenda for Sustainable Development, which the UN General Assembly adopted in 2015, is "Ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life" (Ebrahimi et al., [2022](#)).

Decreased gender disparities in Pakistan's labour market and increased economic empowerment for women can thus be achieved by implementing leadership quotas for women (Ali et al., [2022](#)). To prevent tokenism and the reinforcement of gender stereotypes, it is imperative to ensure that these policies are applied successfully. In order to secure the success and growth of women in leadership roles, the government should also offer them support and training.

### **Conclusion**

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By addressing the long-standing problem of gender disparities in the labour market, the suggested policies have the potential to considerably improve Pakistan's economic situation. Women's labour force participation rate and employability can be raised by promoting women's entrepreneurship, access to

childcare facilities, gender-sensitive hiring practises, and bettering women's access to education and vocational training, which will boost social welfare, and economic growth, and reduce poverty.

According to research, there are huge economic losses as a result of gender disparities in the workforce since women's abilities and talents are not completely utilised and their contributions to the economy are underestimated. Pakistan can maximise the potential of its 50% of the population and experience greater economic growth and development by filling these gaps.

For instance, increasing the number of women entrepreneurs can increase job possibilities and promote economic growth. A rise in female entrepreneurship might boost Pakistan's GDP by up to 2%, according to a World Bank analysis. Women can be empowered to attain better-paying employment, increasing household income and decreasing poverty, through expanding women's access to education and vocational training and giving access to inexpensive childcare facilities.

Despite potential difficulties, such as opposition from some social groups, these policies must all be

implemented in order to address the problem of gender disparities in Pakistan's labour market. By putting these principles into practice, Pakistan may enhance its inhabitants' economic standing, advance gender equality and inclusion, and forge a more sustainable and prosperous future. To implement and build a more inclusive and equitable society, policymakers and stakeholders must collaborate.

In addition, quotas for women in leadership roles and the promotion of gender-sensitive hiring practices help combat gender discrimination in the workplace, creating a more inclusive and diverse workforce and boosting productivity and innovation. Women's economic empowerment can also lead to improved health and education outcomes for their children, contributing to long-term development goals. Furthermore, increasing the number of women in positions of power can foster a diversity of viewpoints and approaches, resulting in more creative and successful policies and tactics. Overall, closing the gender wage gap in Pakistan is not only a matter of necessity from an economic standpoint but also a vital step towards building a more just and prosperous society.

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