

Gender Economics: The Underrepresentation of Females in the Labor Force

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ABSTRACT

In this paper, I study female labor force participation and consider potential threats and obstacles women face that may inhibit their participation in the labor force. This ultimately serves as the culprit and driving force for the underrepresentation of females in the labor force. My project presents the numerous factors that cause lower female labor participation, the possible benefits of increasing it, and potential solutions to overcome this economic disparity. I will analyze statistics from the World Bank by creating infographics such as scatterplots. In addition, I conduct literature reviews which serve as my main source of information.

Introduction

Gender inequality has displayed its prevalence over the years in numerous aspects of daily life such as in education, employment, legal protection, healthcare, religion, and politics. This research paper will look into gender inequality in labor participation from an economic lens. It will explore several causes for it as well as potential economic improvements as a result of higher female labor participation. Towards the end, I also present solutions to help overcome this widespread societal problem. My research question is: What are some factors that cause lower female labor participation and what are the possible adverse effects it can pose for the future? How can we counteract the economic disparity in labor participation?

Causes of low female labor participation

Conservative social norms and social stigma

Conservative social norms and social stigma revolving around paid female labor and unpaid labor such as doing housework and taking care of children are significant contributing factors to lower female labor representation. Conservative social norms in this context can be defined as norms that favor traditional values such as traditional family structures and gender roles and expectations. Moreover, social stigma is the discrimination against or disapproval of an

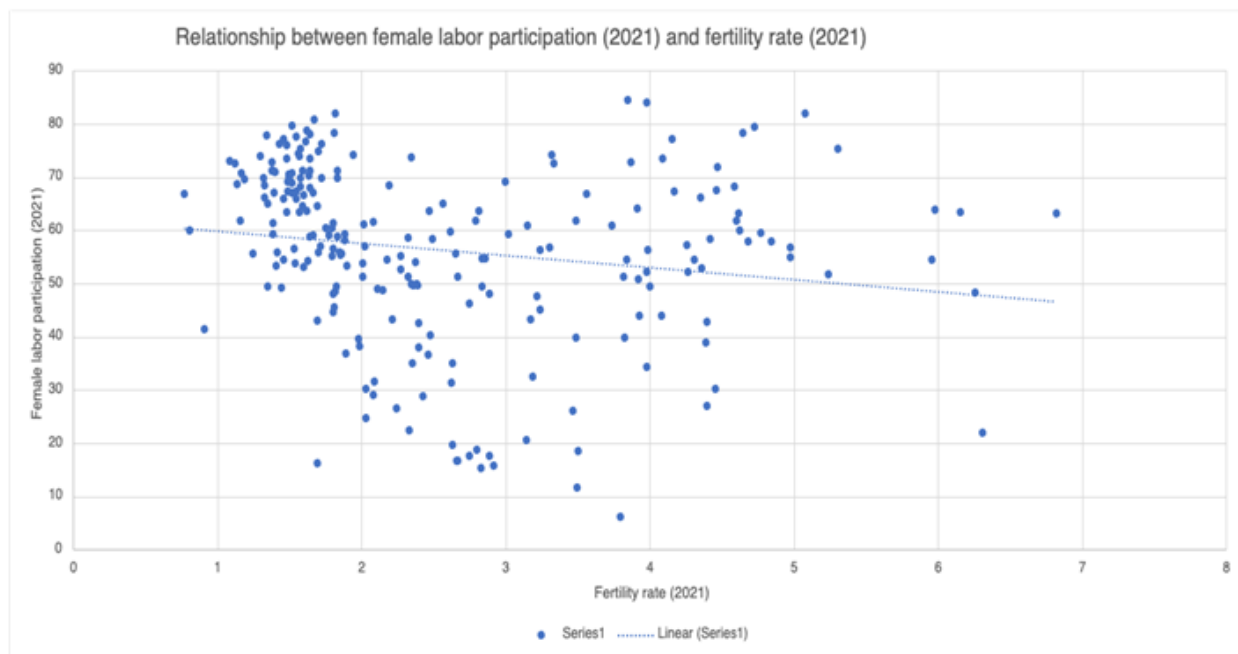
individual or group based on perceived characteristics that serve to distinguish them from other members of society.

The labor force participation rate is vastly different between men and women. The International Labour Organization states that “the current global labor force participation rate for women is just under 47%. For men, it’s 72%” (ILO, 2017).

One reason for this disparity is the omnipresent gender norm entrenched in society that suggests “women should do the bulk of housework and childcare(Jayachandran, 2020).” This results in women having fewer hours to work for paid labor compared to their male counterparts which limits career opportunities and employment success.

Moreover, “child-rearing” tends to be one of the main reasons why women drop out of the labor force which is supported by the fact that one in ten working mothers quit jobs because of childcare pressures (Jayachandran, 2020). This is because of the expectation for women to be the ones who supervise and look after the children whilst their husbands are at work. This therefore results in an inverse relationship between child rearing and employment which is also shown in Figure 1.

Figure 1: Relationship between female labor force participation and fertility rate



Note: [x-axis: Fertility rate (2021), y-axis: Female labor participation (2021)] Source: World Bank

The graph shows that female labor participation is generally higher in times when fertility rates are lower which is mainly due to women needing to satisfy 'child rearing' needs.

As well as that, there are other social norms preventing women from working in specific fields such as agriculture. For example, some argue that "men have greater upper body and grip strength", allowing for more significant productivity while indulging in agricultural processes (Jayachandran, 2020). Therefore, this perceived masculine notion of 'being a man' has specifically restricted women from indulging in this field of work.

Additionally, some societies such as in the Middle East, North Africa, and India highly value the purity of women which limits their interaction with men outside their families. For example, under the Hindu caste system, there is a social stigma that suggests that "men outside the family are a source of pollution for women" so women are disallowed from working outside (Jayachandran, 2020). This thereby significantly limits the different forms of labor women can partake in as many occupations involve individuals working outside.

In American society, there is a notion that males must earn more than their wives, as shown in a model by Akerlof and Kranton. (Akerlof and Kranton, 2010). It was presented that when a randomly chosen married woman becomes more likely to outearn a randomly chosen man, the marriage rate declines. As a result of the belief that men should earn more than their wives, women may be influenced to participate less in the labor force if it becomes likely that their incomes exceed their husbands. This therefore serves as an invisible pressure and influence towards women to not work as much as.

In the American Community Survey from 2008-11, wives earn more than husbands in only 27% of heterosexual couples (Bertrand, 2013). Among these couples, the breaking of the gender identity norm seems to have influenced the quality of marriage. This is backed by data from the National Survey of Families and Households in the US which proved the majority (over 50%) of couples where the wife earns more than the husband "report less happy, report greater strife in their marriage," making them more susceptible and likely to get a divorce (Bertrand, 2013).

Lastly, due to a lack of strong enough norms to condemn sexual harassment of women in public spaces and abuse while commuting, female labor participation has experienced a significant decline. An example of this is evident in India where "68% have experienced violence while taking public transport" (National Herald India, 2021). This barrier preventing female labor representation will be further touched upon in the next paragraph.

Barriers to achieving higher female labor participation in India and the World

Safety Barriers: Harassment and Abuse

As mentioned previously, due to tolerated sexual harassment and abuse in communal areas and on public transportation, women may be fearful of working in occupations that involve commuting in public spaces, which has massively restricted their labor participation. In New Delhi, for example, 95% of women aged 16 to 49 stated that they felt unsafe in public spaces (Jayachandran, 2020). Therefore there must be stringent policies and laws enforced to ensure the safety of women at work and whilst commuting.

Moreover, men may feel threatened by their female partners' greater economic power which could in turn cause this backlash channel where female labor employment could increase intimate partner violence (Jayachandran, 2020). It was also found that the husband in a relationship tended to engage more in IPV when unemployed compared to whilst employed. Research in Bangalore, India, found that employed women experience more IPV and therefore ceasing employment resulted in a reduction in IPV (Krishnan 2010). Hence, this directly supports the belief that male counterparts feel threatened by their female partners' greater economic power. It was also found that women anticipating IPV could dampen their employment due to developing fears of abuse and deteriorating relationships with their male counterparts.

Seclusion and Poor Working Conditions

Another barrier preventing women from working stems from the desire to seclude women from interactions with men which restricts useful interactions women have with business peers. These restrictions mostly affect the success of women in the field of entrepreneurship. Because of norms limiting their mobility, "women have sparse networks of peer entrepreneurs" who can serve as an integral source in "gaining informal skills" as well as "information about the market or customers" (Jayachandran, 2020). This, in turn, makes it difficult for women to prosper and benefit due to the lack of interaction with other businessmen which therefore leads to a reduction in female labor participation in the particular field of entrepreneurship.

Women are also significantly less likely to be readily available to start work on short notice than men. This is predominantly because women have a lack of information on jobs which links to the behavioral economics theory of not being able to make fully rational decisions due to information failure, impacting the bounded rationality of individuals. This is also due to a lack of suitable job opportunities and access to existing job opportunities.

Lastly, another significant barrier limiting female labor participation is the substandard quality of working conditions women face when they secure employment. For example, according to a 2023 poll from the Trades Union Congress, it was presented that 3 in 5 women have experienced harassment at work. This suggests that women still encounter barriers to entering the workforce due to struggles finding jobs and relatively poorer working conditions. This in turn calls for a

renewed focus by both the government and business leaders to improve working and care conditions. Across the world, inadequate care systems are seen as one of the largest roadblocks to improving gender gaps in the labor market.

Educational Barriers

Another extremely significant barrier is a lack of education. For example, in many advanced economies, individuals with basic education face a higher risk of unemployment and this pattern is particularly pronounced for women. According to the Global Gender Gap Report of 2020, 88% of females had access to primary education, compared to 91% of men. This shows that even from primary education women have lower access compared to men which would limit employment opportunities later on.

This is because some parents may prefer their daughters to become housewives rather than working in the labor force. This is supported by the statistic that in 5 states in North India, 57% wanted their sons to study as far as possible, while only 28% wanted the same for their daughters (Duflo, 2011).

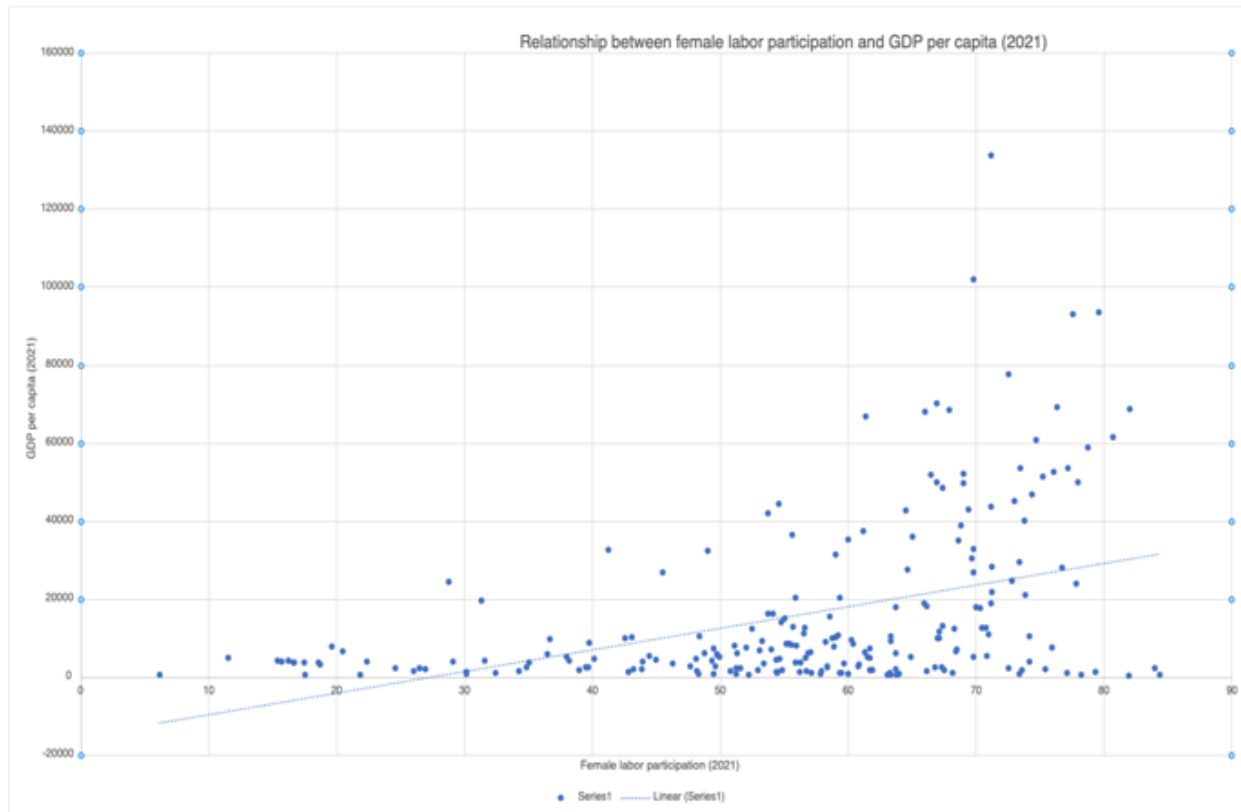
Balance between work and family

Due to the global norm that women should spend more time working at home and looking after children, women have found it increasingly difficult to find a sustainable balance between work and family/housework. Women with more children also spend more time looking after their kids, making time invested in training, work, and education less worthwhile as they would receive less of a return. This is mainly due to the limited hours of work women can obtain compared to their male counterparts which ultimately limits employment success. Moreover, women in developing countries may find household chores to be more time-consuming compared to developed countries. This is due to a lack of access to electricity and innovative technology to speed up the process. Therefore to overcome this imbalance between work and family/chores, there must be necessary interventions and policies such as shifting gender norms and introducing better technology for developing countries.

Economic development and potential improvements as a result of higher female labor representation

Improved levels of female labor participation can be hugely valuable in allowing for economic development and improvements in the future. For example, Figure 2 below presents a positive relationship between female labor participation and GDP per capita. However, we must take into account that this may not be causal and instead only a correlation.

Figure 2: Relationship between female labor force participation(2021) and GDP per capita (2021)



Note: [x-axis: Female labor participation (2021), y-axis: GDP per capita(2021)] Source: World Bank

Former World Bank President, James Wolfensohn, addressing the fourth UN conference emphasized the importance of increasing education for girls as it would have a ‘catalytic effect on every dimension of development.’ He also said this would lead to faster economic growth as more education for girls would also enable more women to attain leadership positions at all levels of society; from health clinics in the villages to parliaments in the capital. To conclude he also says that this will change the way societies deal with problems and raise the quality of global decision-making. This is supported by Christine Lagarde and Jonathan D. Ostry’s article “Economic Gains from Gender Inclusion” which states that “women and men bring different skills and perspectives to the workplace, including different attitudes to risk and collaboration.” Moreover, studies have also shown that an increasing number of women on boards is positively related to higher financial performance (Martínez, 2019).

Moreover, a study from the International Labor Organization has suggested that closing the

global gender gap in participation by 25% by 2025 has the potential to increase global GDP by US \$5.3 trillion (ILO 2017). The economic impacts of closing the participation gap could also include tax revenue increases of almost US \$1.4 trillion, suggesting the potential self-financing effects of closing the gender gap. This is predominantly due to the extra income generated by women which contributes to further economic growth.

However, it is important we also recognize there is some economic value in domestic chores and child care. This is because children learn essential life skills such as manners and discipline from their mothers which can help them with development later in life.

Solutions to counteract low female labor participation

Over the last few years, due to low female labor participation, several countries worldwide have introduced policies and laws to eradicate factors that result in low female labor representation. These factors include the harassment of women, the social stigma revolving around women working and earning more than their male counterparts, poor working conditions, and lastly low accessibility to things such as better technology and childcare.

Since women may be fearful of being subject to harassment whilst commuting to work, through a program called Viajemos Seguras, Mexico City reserves the first three cars of the subway for women on their way to work. The revolutionary implementation of this program has reassured women of safety during their travels to work. This can be extremely beneficial in the long term as it may encourage more women to work in fields that require the frequent use of public transportation. Therefore, through inspiration from Mexico, other countries should attempt to adopt similar policies to ensure safe traveling routes for working women.

Due to detrimental norms and views towards women, there must be policies and laws enforced to serve as a solution to shift views about masculinity such that men do not feel diminished by their partners' earning power which could help boost female employment. There should also be more stringent laws around domestic violence and media campaigns to change norms and behaviors. A possible method has been presented by Dhar et al (2020) who evaluated an effort to reshape gender attitudes in India, using schools as a medium to reach adolescents. Programs like this one can be extremely beneficial due to adolescents' impressionability while simultaneously being old enough to think about complex moral issues. In addition, an increase in the share of women working could reduce the stigma of female employment just by making it more commonplace. This could have cascading effects, encouraging more and more women to participate in labor with greater levels of confidence.

By introducing policies to improve working conditions for women in the workplace and eliminating gender gaps, economies will be able to experience immense growth. IMF research

found that some countries miss out on up to 27% of growth per capita due to gender gaps in the labor market which is huge when taken into perspective. The exclusion of women from certain job categories has historically posed a major obstacle to economic development. For example in Vietnam, around 80% of factory workers are women. These women are less likely to receive a promotion to higher-level supervisory or office roles or gain access to training despite having worked longer at the factory than men and are paid very poorly, making up 85% of men's salaries. Despite these saddening findings, providing good conditions for women at work has an impact that can stretch beyond the factory floor as it would increase efficiency in the production process. This also presents the inequality in the different jobs offered to men and women which could limit further economic empowerment due to a possible lack of diversity of ideas. Therefore firms could also try to adopt a system where the distribution of the types of jobs for men and women are similar.

Another potential solution could be to provide new technologies to women in developing countries that may make household chores less time-consuming. For example, Dinkleman (2011) studies an expansion of access to electricity in South Africa which caused increases in female employment due to efficiency and reduced time completing housework. An example of this could be shifting from the use of wood to electric stoves, a significantly more efficient alternative. The results from Dinkleman (2011) show that electrification led to a 9.5% increase in female employment due to time being freed up in home production. Therefore by raising awareness of these positive impacts, governments could invest in better technology for poorer households in the future to increase female labor participation, and thus boost GDP.

Conclusion

In conclusion, it is evident that globally there are several causes for lower female labor representation due to factors such as detrimental societal norms, maltreatment towards women, poor working conditions, and difficulty balancing work and family. However, there are potential solutions to counteract this. To change the societal norms and social stigma revolving around women working, there have been efforts to reshape gender attitudes by targeting adolescents in school. Moreover, there could also be an increased number of campaigns to raise awareness to encourage women to work. To facilitate the efforts to prevent the maltreatment of women, there have been instances in Mexico for example to reassure women of safety while commuting. By doing so, incidents of abuse and sexual harassment will be hugely limited. More stringent laws and policies should also be implemented to ensure women's safety and better working conditions. Lastly, to reduce the time spent completing household tasks, the government could invest in providing better technology to households to improve efficiency. An example of this was shown in South Africa where access to electricity was expanded and things like electric stoves were introduced. This would allow women to free up time doing housework and

encourage them to participate in the workforce, thereby increasing their working hours. All these solutions serve as extremely significant first steps in increasing female labor participation which could in turn boost the global economy's potential and actual growth.

The underrepresentation of females in the workforce is a crucial problem to consider due to its widespread prevalence in today's society which ultimately limits the ability of the global economy to expand further. As the International Labor Organization puts it, "The freedom to work - by choice, in conditions of dignity, safety, and fairness – is integral to human welfare. Guaranteeing that women have access to this right is an important end in itself." Moreover, developing countries would see their average annual GDP growth increase, which is especially significant during times of near-zero economic growth.

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