Promoting Employment for Women as a Strategy for Poverty Reduction

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a. Place women’s economic empowerment prominently on the agenda in high-level policy dialogue with Governments
b. Engage with and support government authorities, employers’ organisations and trade unions to promote gender sensitive labour market reforms and reduce the costs of doing business to facilitate women's entry.
c. Support organisations that promote women entrepreneurs in informal and formal economy and non-state actors in sensitising governments to the need for tackling cultural and social barriers.
d. Facilitate increase in supply of gender-sensitive business development opportunities and increase and diversify access to finance for women, including microfinance.

Why is employment important for poverty reduction

Employment is often described as the most important link between economic growth and poverty reduction. Providing income earning opportunities through wage employment or self employment for poor women and men is crucial to raising incomes and overcome poverty. However, currently women across the developing world enjoy limited access to fair and decent work compared to men.

Two main arguments are presented in current debates on women and economic empowerment. The right-based argument focuses on increasing women's job opportunities and their freedom to work in security and dignity. The economic argument emphasises women's economic capacities and potential contribution to economic growth. The economic argument draws on the fact that women tend to reinvest their income in improved nutrition, health and education for household members, thus increasing living standards and reducing “non-income poverty” in the long term. The Decent Work agenda of the ILO supports both arguments in combining the poverty reduction agenda with the fundamental right to work in freedom through the four pillars: Opportunities, Rights, Protection, and Voice.

Gender discrimination at the labour market has a significant cost. For Asia it has been estimated that gender discrimination costs up to USD 80 billion a year due to restriction on women’s labour market participation and access to schooling (United Nations Economic and Social Commission for Asia and the Pacific - UNESCAP, 2007;). Furthermore, as documented by Costa and Silva in a study of selected Latin American

* The opinions expressed and arguments employed in this paper are the sole responsibility of the authors, and do not necessarily reflect those of the OECD or the governments of its member countries.
countries, removing gender-based barriers to the labour market would lead to a significant reduction in the poverty rate (Costa and Silva, 2008).

The purpose of this paper is to identify issues keeping women in developing countries out of decent employment and point to strategies that donors may consider when designing interventions for improving women's employment opportunities.

Facts about women and employment - three imbalances

Women’s participation in paid, non-agricultural employment has continued to increase slowly. But women are still more likely than men to access low-paid, low-productivity and vulnerable jobs with no basic rights, social protection nor voice. According to a recent ILO report, the status of women at the labour markets throughout the world has not substantially narrowed gender gaps in the workplace (ILO, 2008).

Women's economic empowerment currently faces three major challenges: women are less likely to have a paid job; women’s jobs are more likely to be concentrated in the informal economy and in low value-added sectors; and in low-paid jobs characterized by poor working conditions.

Women face a significant gender gap in employment - especially in South Asia, the Middle East and North Africa

The gap between female and male employment worldwide is still significant. According to ILO estimates, the share of employed people in the world's working age population (the employment-to-population ratio) was 49.1% for women and 74.3% for men in 2007 (ILO, 2008).

The difference in the female and male share of employed people in the working age population is above 40 percentage points in South Asia, the Middle East and North Africa. At the other end of the spectrum, the gaps are below 20 percentage point in East Asia. As documented in a recent cross-country study of 18 sub-Saharan countries, countries with the highest male employment ratio also tend to have the lowest gender gap (Kolev and Sirven, 2007).
Closing the gap? The Middle East has managed to increase the female employment-to-population ratio by more than 35% during the period from 1997 to 2007. The ratio has also increased by almost 10% in North Africa and Latin America and the Caribbean, while some regions have even seen a slight decrease, notably sub-Saharan Africa, South Asia, and East Asia (ILO, 2008).

Source: ILO, 2008
Women are under-represented in the formal economy and in high value-added sectors

In developing countries six out of ten women work in the informal economy often as self-employed. Many of these women are domestic workers or informal factory workers, while others are unpaid workers in family enterprises and family farms. The poorer the region, the greater the likelihood that women work in the informal economy as unpaid contributing family members or low-income own-account workers.

Agriculture is the primary sector of women's employment. Women constitute 41% of the total employment in the agricultural sector. The regions with the highest proportion of women in the agriculture sector are East and South East Asia, the Middle East and sub-Saharan Africa (ILO, 2008).

In South Asia, Northern Africa, and Middle East women only constitute one in five of waged workers employed in the non-agricultural sectors (United Nations, 2007). It should be noted however, that some non-agriculture sectors are dominated by female workers. For example in Bangladesh, two out of three workers in the export-oriented garment industry are women (World Bank, 2000). In regions such as Latin America, the Caribbean, and in South-East Asia women constitute close to or above 40% of workers in the non-agricultural sector (United Nations, 2007: 12). Furthermore, the public sector tends to employ more women compared to the private sector, but women in the public sector tend to work in low paid jobs in social sectors such as education and health.

Women face a decent work deficit

The ILO Decent Work Agenda advocates for productive opportunities with a fair wage, rights and recognition, personal development, fairness and gender equality (ILO.org). Many women working in both the formal and informal sector have a substantial “decent work deficit”:

Women’s earnings are well below those of their male colleagues. Kolen and Sirven’s cross-country study of sub-Saharan African economies finds a significant gender pay gap: The average female-to-male weekly income gap ranged between 23% (Burkina Faso) to 79% (Ghana), while women in Malawi earned slightly more than men (2007:12). According to UNIFEM, gender differentials in hourly earnings are common and apply to most types of employment, especially among own-account workers, while the gender ratio is more balanced for employees in the public sector (2005: 49). The gender pay gap can to a large extent be explained by lower level of education and by the fact that women are more likely to work in informal jobs. Controlling for the level of education, Kolen and Sirven (2007; 16-17) find that among workers with no education men earn almost three times more than women, while the gap is nearly closed with respect to workers with tertiary education.

Women's work related to domestic obligations in the family and unpaid contribution to family-run businesses is largely invisible in the statistics and of low status. Important efforts to document this type of work have been done by UNIFEM - including the unpacking of the term 'unpaid care work' which refers to the provision of services within households, for other households and community members. Although often not recognised as such, it is 'work' meaning that 'the activity has a cost in terms of time and energy and arises out of a social or contractual obligation, such as marriage or less formal social relationships’ (UNIFEM, 2005).
Women are often engaged in employment with high degrees of insecurity. Lack of recognition of women's work is often reflected in discrimination against women in regard to access to the labour market and working conditions once women are part of the labour market (wage differentiation, benefits, maternity leave, promotion) and skewed pension laws once women leave the labour market. For example, female workers in the garment industry in Bangladesh have typically been employed to “exploit the comparative advantages of their disadvantages, like the low price of their labour, their lower bargaining power and their docility” (World Bank, 2000). In areas with high prevalence of female-headed households due to e.g. out-migration of men, poor women can be forced into the sex industry and be exposed to HIV/AIDS and violence.

**Key factors at play - and possible solutions**

Even though gender patterns of employment are caused by a variety of factors, which differ by e.g. region, sector and type of employment, there are a number of structural causes of a more general nature. These include social and cultural barriers to women's employment, and the extent to which political and legal frameworks are conducive for women's employment. Key issues and proposed solutions in relation to the three main gender imbalances identified in the previous section are presented below, building on experiences from different parts of the world.

**Factors behind the gender gap - barriers to women's employment**

The general gender gap is explained by multiple factors. The most important among these factors are social and cultural patterns keeping women out of the labour market as well as a tendency of government authorities to invest too little attention and resources in promotion of women's employment:

Women are "time poor". Due to the gender division of labour in the family prevailing in many countries, women's responsibility for unpaid household labour leaves only few hours daily for engaging in work outside the household (UNIFEM, 2005). The situation is further aggravated in cases where women are the sole head of household. Women's ability to free up time depends to a great extent on the availability of services and infrastructure such as potable water, good access roads etc.

Cultural beliefs and norms may keep women out of the labour market. In many cultures there is little or no acceptance of women taking up employment - in society, in families, among employers and even among women themselves. In many rural areas of Afghanistan for example, women do not have permission to leave their house, let alone take a job outside the household (IRIN, 2007). In sub-Saharan Africa early marriage is common and often seen as a key factor why women fail to access the labour market. The OECD database on Gender, Institutions and Development confirms this by looking at a broader set of factors related to discrimination against women (OECD, 2008a). Using a combined measure for family code, physical integrity, civil liberties and ownership right, the OECD finds that discriminatory institutions have a direct impact on women's economic development (OECD, 2006). Finally, it should be noted that customary norms and lack of access to information often prevent women for claiming their rights and exploiting opportunities.

Women lack the basic education to effectively participate. Girls are still excluded from education more often than boys, particularly in West and South Asia (United Nations, 2007) and more so for secondary education, vocational, and tertiary
education. This education gap has implications for the ability of girls and women to access economic opportunities later in life. The rapid increase in women's labour force participation rate noted in the Middle East over the past decade has coincided with massive investments in education (ILO, 2008).

Finally, many governments have failed to demonstrate explicit leadership and political will to supporting employment for women. Often promotion of women's participation is vested with resource-poor ministries. For example in Ghana, where the Ministry responsible for gender issues, the Ministry of Women and Children's Affairs, remains "severely under-resourced, and is left to draw on a network of gender desk officers consisting mostly of junior officers with little capacity to influence decision-making" (IFC, 2007). Likewise, Poverty Reduction Strategy Papers typically make reference to the importance of gender mainstreaming, but often fails to set specific targets for outputs and outcomes or make specific budget allocations to advance these priorities.

**Recommendations and good practice - reducing employment gender gaps**

No simple solutions are available to reduce employment gender gaps, especially in regions where the gaps are deeply rooted in norms, cultural and social practices and further consolidated by poor infrastructure and service delivery. It has been recognized however, that economic growth that increases demand for labour has the potential for having a real impact on women’s employment. Donors can contribute towards reducing gender gaps by cooperating with government authorities, the private sector and civil society to strengthen the supply of and demand for policies and programmes favouring women's access to the labour market.

Place women's economic empowerment more prominently on the agenda in high-level policy dialogue with Governments and in implementation instruments related to the Paris Declaration and the MDGs. A more prominent gender focus in poverty reduction strategies and private sector development strategies will set an example for the society at large and facilitate a stronger resource allocation to this area.

Support non-state actors in sensitising governments to the need for tackling cultural and social barriers. Private sector organisations, business chambers and NGOs could be supported to strengthen the demand for gender sensitive laws regarding inheritance and ownership, and conduct awareness raising programmes on women’s rights to decent employment etc. Another modality is to support networking and facilitate organisation among women. Simple awareness raising programmes targeting women have in many cases triggered positive effects on women’s participation in economic development.

In Guatemala for example the World Bank has carried out a land titling project to make women aware of their legal rights including the right to register land. As a result, women's land ownership has increased to 45% in the project areas - compared to 8% for the country as a whole (IFC.org).

Facilitate girls' access to primary and secondary school enrolment and attendance. While primary and secondary schooling not necessarily is an entry ticket to the labour market per se, it remains a fundamental building block for interventions such as awareness raising programmes, vocational training etc. Moreover, increasing girls' level of education will contribute to decreasing the pay gap between men and women.
Persuasion, advocacy and awareness raising will often be required, in combination with stipends or other financial support to motivate families to send their daughters to school, even though in most cases, education systems do not discriminate between boys and girls in terms of access.

In Bangladesh the World Bank supported Bangladesh Female Secondary School Assistance Program, led to a secondary school enrolment increase from 1.1 million to 3.9 million girls through the provision of tuition stipends (World Bank, 2007d).

Factors keeping women in low value added sectors

Women's tendency to work in low value-added sectors is, as outlined below, due to the existence of legislative and regulatory barriers as well as women's lack of skills and access to finance and business development services. However, many of the social and cultural factors discussed in the previous section also influence which type of employment women get involved in. For example, as documented by the OECD, the percentage of women participating in the paid non-agricultural labour market is generally higher in countries where women get married relatively late in their life cycle (OECD, 2006). Likewise, in a recent study, OECD notes that single women are more likely to be employed in the formal economy, while women with children are more likely to be employed in the informal economy (OECD, 2008b).

The costs of doing business often prevent many self-employed women from getting into business. To facilitate entrepreneurship among women, a considerable effort is required to streamline procedures for business registration and licensing, export permits, procedures for payments of taxes etc. Female entrepreneurs further have to struggle with the fact that legislation and tradition in some cases prevent their access to (and control of) productive resources, notably land.

The supply of gender sensitive business development services and finance is inadequate. To promote female entrepreneurs, gender sensitive business development services such as training, support to development of business plans and availability of business incubators catering to women are required. While microfinance is clearly a promising instrument for mobilising micro-scale entrepreneurs, it is still difficult for women to graduate to the next level and access loans from commercial banks (World Bank, 2007e; f).

Women in low value added sectors lack skills to access other sector. As evidenced by countries such as Singapore, Taiwan, and Malaysia an increase in vocational training is a precondition for countries to make the transition from low to high-value added production (World Bank, 2007a: 162)

Recommendations and good practice - increasing women's employment in high value-added sectors

To increase the share of women in high value added sectors within the formal as well as the informal sector immediate impacts may be achieved through simplification of legislative frameworks. In regard to medium and long term strategies, donors are encouraged to finance further research on the structural reasons why the majority of women are engaged in the informal sector. Finally, donors should work with government
authorities, training institutions, private companies, NGOs and commercial banks to increase women’s participation in non-agricultural sectors.

**Support organisations that promote women entrepreneurs in informal and formal economy** with capacity development and basic infrastructure.

**Reduce the costs of doing business to facilitate women’s entry** by removing barriers for business registration, business licensing, acquisition of land etc. To ensure that future policies and regulations take such issues into consideration, some countries are conducting Regulatory Impact Assessments with specific emphasis on gender aspects on a pilot basis.

Recently, Lesotho made land registration easier for women by allowing married women to transfer land without their husband’s signature. Moreover, many developed economies such as Australia, Canada and New Zealand have demonstrated that introducing simple measures for business registration may have a significant, positive impact on the number of women registering their own businesses - a finding that has been confirmed by a pilot project in Entebbe, Uganda. The pilot project, which has been granted an international investors award, succeeded in reducing the time spent by Ugandan businesses in obtaining licenses by 90% while revenue went up by 40%. The pilot triggered a wave of first time applications from women. (World Bank, 2006b: 42).

**Facilitate increase in supply of gender-sensitive business development opportunities.** In order to expand the range of employment opportunities for women, skills and capacity development such as technical skills in agriculture, private sector etc., may be introduced. Specific initiatives in skills development may also address gender disparities in education and training, e.g. vocational training. Institutionalisation of incubators specially targeted towards women could be an area with significant scope for development of public-private partnerships.

In China, the Tianjin Women's Business Incubator was set up to benefit female micro and small-scale enterprises. Through a USD 2 million investment from the Chinese Government, UNDP, AusAID, and the All China Women's Federation, the scheme benefitted almost 50 women-owned businesses - and as a result close to 3,000 jobs were created (IFC.org).

In Tanzania, TUCTA (Trade Union Confederation of Tanzania) is implementing a programme to improve the rights of women market vendors which includes collective bargaining with the municipalities to provide a safer working environment and prevent sexual harassment from customers, promote management training, provide business premises at affordable rents, improve knowledge of legal rights etc.

**Increase and diversify access to finance for women, including microfinance.** Microfinance has clearly proven to be an effective tool in facilitating women's access to credit. Supporting development of new financial products, such as longer term loans, could assist women in expanding their businesses.

The micro-finance sector in Africa is relatively weak in coverage and performance compared to other regions. While the number of micro-finance institutions has evolved as steadily as other regions, the MFIs in Africa have not reached out to as many people as in Asia or Latin America. By the end of 2006, MFIs in Africa were reaching around 11% of the poorest households in the region, compared to 68% in Asia and 20% in Latin America.
While typical micro-finance schemes may not reach the poorest of the poor, experience from a Bangladeshi programme - Challenging the Frontiers of Poverty Reduction (CFPR) - has shown that women can also be economically empowered through small grants offered in combination with skills development, health services, and general awareness training (BRAC and Aga Khan Foundation, 2006).

Looking towards the better resourced women, the real challenge is to create incentives for commercial banks to offer credit to women graduating from micro-finance schemes. This is an issue currently being explored by the Global Banking Alliance for Women (gbaforwomen.org).

Factors keeping women in low quality employment

In many countries, informal sector jobs are synonymous with female employment and associated with low status and poor working conditions. Consequently the factors keeping women in the informal sector also imply that women continue to face poor working conditions. In addition, as outlined below, women may continue to face poor working conditions due to flaws in labour market legislation. Poor compliance of labour market legislations at the work place and weak enforcement mechanisms may also contribute to keeping women (and men for that matter) in jobs with poor working conditions:

Many women are not guaranteed decent work conditions due to flawed labour market legislation. Working conditions with direct impact on women, such as equal wage, maternity leave, and pension are in many cases not properly addressed. For examples in the case of Uganda, the labour laws date back to colonial times and do not address issues such as discrimination, sexual harassment, and maternity leave and pay (World Bank, 2006b).

In many instances workplaces do not consider gender aspects in working conditions and organisation. Many employers, especially small and medium sized enterprises lack the knowledge, skills and motivation to put in place working conditions that are attractive to women. This includes measures such as flexibility in working hours and place of work, accessible means of transport, affordable quality child care facilities, bath and toilet facilities and access to training and education. Occupational safety and health (OSH) is another concern for female workers. According to a recent International Finance Corporation (IFC) study, international experiences indicate that OSH regulation based on prescriptive and enforced regulation does not significantly reduce the rate of accidents - and the administrative cost of such regimes are very high (World Bank, 2007b: 92). On the other hand, experience from trade unions shows that OSH is a good entry point for dialogue as it can lead to a win-win situation in terms of improved working conditions for workers and improved productivity for employers.

Recommendations and good practice - reducing women's decent work deficit

All steps designed to increase women's integration into the formal labour market will by and large have a positive impact on women's working conditions. In addition to the steps proposed in the previous section, women's working conditions may be further improved by adopting and implementing adequate labour market legislations.

Engage with government authorities, employers' organisations and trade unions to promote gender sensitive labour market reforms. Promoting labour market policies, legal
changes, compliance with ILO conventions and good corporate practices can improve access and working conditions for women through tri-partite processes and strengthening capacity of the tripartite organisations to promote gender equality in the labour market. A useful starting point could be to identify obstacles to women’s decent employment.

In 2004 Tanzania adopted a new employment and labour relations act which prohibits discrimination in the workplace on the basis of gender, sex, marital status, disability and pregnancy. It requires employers to put in place, report on, and register with the Labour Commissioner plans to promote equal opportunities. It also introduces maternity leave and contains provisions protecting a mother’s right to breastfeed and to be protected from engaging in hazardous employment (World Bank, 2007b). When advocating for labour standards it is important to strike the right balance between labour protection and job security, on the one side, and the need for employers to have flexibility, on the other side.

In 2003, after a 15 year struggle, domestic workers in South Africa were finally brought under the Unemployment Insurance Act covering employed workers. This requires employers to register their domestic workers and pay a monthly levy to a Fund. Workers also contribute. The Fund covers unemployment, maternity, sickness and death. Enforcement of the law is a problem, but there is evidence emerging of positive results in some areas. Statistics from the official disputes resolution body, the Commission for Conciliation, Mediation and Arbitration (CCMA), show fairly extensive usage of the disputes resolution machinery by the domestic sector. Latest statistics (April-December 2003) show that 12% of all referrals were from this sector, second only to the retail sector. The majority of cases referred are about dismissals – 85% between 1999 to 2003.

Through a combination of union campaigns and negotiations in a statutory tripartite (plus community) forum, workers rights and protections have been extended to a large numbers of vulnerable women workers in South Africa. This includes the right to organise, bargain collectively, access the dispute resolution processes and be protected from dismissal. It includes minimum conditions of employment such as leave, sick leave, maternity leave (although unpaid), overtime pay, prevention of discrimination, affirmative action and access to skills development. It applies not only to workers with full time employment and a single employer, but also to part-time workers and those with multiple employers. Recently, minimum wages were legislated through sectoral determinations for domestic and agricultural workers. Such determinations are made for “vulnerable” workers, where collective bargaining forums are not in place.

The way forward - partnership

In order to become effective, the solutions proposed above need to be adapted to specific contexts, involving actors relevant to the specific situation. It is possible, however to outline some general recommendations. Governments, the donor community and the private sector should seek to increase market demand and economic opportunities through increased investments targeted at labour-intensive industries and labour-surplus areas, supportive trade policies that protect these industries, as well as provide more and better linkages between formal firms, informal firms and informal workers.

A specific focus should be on reforming the financial and other economic institutions that affect working women, including reforms in the regulatory environment, to include one-stop registration and progressive fee structures. In the policy environment to address biases that favour formal firms/workers over informal firms/workers and men over
women. Financial institutions should introduce simplified borrowing and collateral requirements and extend savings and insurance products, and urban policies and planning needs to include information enterprises and workers in the allocation of urban space, resources and contracts.

Organizations of working poor women into membership-based organisations, such as unions, cooperatives, and other associations accountable to their members and representation of these organizations in relevant policy-making and rule-setting institutions are important to ensure women’s voice in decision-making processes. To ensure visibility of women’s employment, there need to be an official recognition of the economic contribution of working women through improved labour force and other economic statistics. Additionally, working women should be recognized as economic agents and their membership-based organizations should be considered as legitimate representative institutions. These are all essential enabling conditions for economic empowerment of women.

Finally, the guiding principle for any donor should be partnership with national drivers of change, including government authorities, private sector representatives, employers’ organisations, trade unions, NGOs and other development partners. Gender equality and women’s empowerment are also being promoted in relation to aid effectiveness, as seen in e.g. the April 2007 Dublin workshop on development effectiveness in practice (OECD, 2007b). Any strategy should be well founded in national development strategies and have ownership from the most important change agents. In consequence, the first step is to carry out joint analyses to identify needs, opportunities, threats and key drivers of change.
Notes

1 Informality is not *per se* a problem, it is a way of being and working for the vast majority of the working poor, especially women. The real problems lie with the institutions that make it difficult for informal enterprises to register, deny them the benefits of formality if they do encourage informal wage employment, and thereby deny legal protection to millions of workers.
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