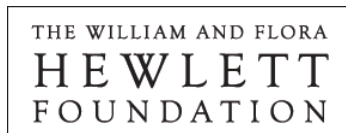


# **GROWTH AND ECONOMIC OPPORTUNITIES FOR WOMEN (GROW)**

## **LITERATURE REVIEW ON THE LINKS BETWEEN WOMEN'S ECONOMIC EMPOWERMENT AND GROWTH**

**MARCH 2016**

**UPDATE FOR THE UN HIGH LEVEL PANEL ON WOMEN'S ECONOMIC  
EMPOWERMENT**



Growth and Economic Opportunities for Women (GrOW) Literature Review on the Links between Women's Economic Empowerment and Growth – An update for the UN High Level Panel on Women's Economic Empowerment.

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This paper is one of a series undertaken by the Growth and Economic Opportunities for Women GrOW to inform its engagement with and provide evidence to the UN High Level Panel on Women's Economic Empowerment.

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## Executive summary

This paper presents the findings of a quick review of the literature on women's economic empowerment (WEE) and growth, prepared by the GrOW program. This exercise highlights not only the growing evidence of complementarity of WEE and growth objectives, but also that evidence on when and why policies drive change is not very strong, particularly across different contexts. Complementary policies and WEE-specific interventions remain key to promoting the 'win-win' – that WEE and growth can be mutually reinforcing. Furthermore, scholars stress the importance of understanding the multiple roles of women and that trade-offs may exist; in particular, the role of women in unpaid care and households remains a critical factor for the way women engage in labour markets and as entrepreneurs.

The review highlights key trends in WEE:

- growing women's labour force participation, but with large regional differences and trends, and continued (only slowly reducing) gender disparities;
- similarly, growing female entrepreneurship, but equally large regional differences, and only slowly emerging knowledge of what holds women back in different contexts;
- continued important role of the care economy, growing knowledge on time use, and need for better understanding of supportive policies.

Based on the understanding that growth-empowerment linkages need to be supported by complementary policies, the review highlights that the knowledge on what works in supporting WEE is growing, but still limited. We highlight this as a key priority for further work, including in a subsequent version of this review. While some interventions have been found to have a beneficial effects, there is also a growing body of evidence suggesting that specific (single-sector) interventions have limited impact. Context is also critical for the question of what works. It appears that the multi-dimensional constraints women face is of paramount importance, and we think it is important to bring existing and emerging evidence (and hence different development partners) together to develop better understanding of what works for WEE.

## The importance of gender equality: intrinsic and instrumental reasons

In recent years, the advocacy and global support for gender equality has become stronger. This is reflected in Sustainable Development Goal 5, which targets achieving gender equality and empowering all women and girls. Besides the rights-based focus on gender equality, which received global impetus with Beijing 1995, the instrumental case for equality, and ‘smart economics’ has gained strength over the last decade. Women’s ability to participate fully in economies is increasingly seen as critical for countries to achieve their full growth, for firms to increase productivity and profitability, and for reducing poverty and building safer and healthier communities.

There are several studies that model how **increasing gender parity in the labour market can contribute to growth**. The McKinsey Global Institute<sup>1</sup> estimates that if over the next decade women participated in the economy in the same way as men (both in term of numbers and types of occupations), global GDP would increase by USD 28 trillion in 2025. An IMF study<sup>2</sup> has shown that closing the gap between male and female employment would boost Japanese GDP by as much as 16%.

Cuberes and Teignier (2012)<sup>3</sup> mapped the scale of gender gaps in different geographical regions and found that as a result in low income countries there is an average of loss on 15% in per capita income. Their findings show that those countries with the highest levels of gender inequality, such as in Middle East and North Africa, the losses can be as high as a third of GDP. However a rigorous review of the evidence<sup>4</sup> of whether **economic growth promotes gender equality** or vice versa is **inconclusive**.

This growing acknowledgement of the value of investing in women’s economic empowerment is not just limited to government and development practitioners. Increasingly private sector actors are recognising the **value of a diverse and inclusive work force** that maximises the talent potential. More than 1,000 business leaders have signed the Women’s Empowerment Principles<sup>5</sup>, committing to empower women in the workplace, marketplace, and community. Firms see the value of developing a robust pipeline of skills all the way up to the executive

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<sup>1</sup> Woetzel, J. et al (2015). “The Power of Parity: How Advancing Women’s Equality can add \$12 Trillion to Global Growth”, McKinsey Global Institute. McKinsey and Company. Woetzel, J. et al (2015b). “The Power of Parity: Advancing Women’s Equality in India”, McKinsey Global Institute, takes a deeper look for India where the GDP boost of gender parity would be largest, mostly through raising female labour force participation.

<sup>2</sup> Steinberg, C. and M. Nakane (2012). “Can Women Save Japan?” IMF Working Paper WP/12/248. Washington D.C.: International Monetary Fund.

<sup>3</sup> Cuberes, D. and M. Teignier (2012). “Gender Gaps in the Labor Market and Aggregate Productivity”, Working Paper. Department of Economics, University of Sheffield. ISSN 1749-8368.

<sup>4</sup> Duflo, E. (2012) “Women Empowerment and Economic Development”. Journal of Economic Literature 2012, 50(4), 1051-79.

<sup>5</sup> A voluntary framework and resource for companies dedicated to advancing gender equality and contributing to SDG 5. [VOLUNTARY MEANS NON COMPLIANCE WITH THE FRAMEWORK WILL NOT HAVE EFFECT ON THE COMPANY]

levels. The World Economic Forum seeks to promote public-private partnerships to close gender gaps in employment.

Women are **integral not only as producers and workers but also consumers**<sup>6</sup>. The spending decisions that women make within households, such as their propensity to spend more on health and education, are shaping household savings rates and growth of sectors such as education, health care, financial services and consumer goods.

The contribution of women to the wellbeing of communities is well documented, particularly in terms of the gains for education<sup>7</sup>. Research in Latin America has explored more direct linkages between women's economic empowerment poverty reduction. Between 2000 and 2010, **female labour income reduced extreme poverty** by nearly a third in the region<sup>8</sup>. The analysis showed that in time of crises, women's participation in the labour force mitigated the effect of lost earnings by men in the household, as well as increased women's burden and vulnerability (work by IDS colleagues Naomi Hossain and team on food price volatility has good data on this). This sharing of the income burden reduced household vulnerabilities to income shocks. The data also showed that enrollment ratios were higher for those families who relied more heavily on women's earning capacity. Aguirre et al (2012)<sup>9</sup> show a strong correlation between women's economic empowerment and outcomes such as literacy rates, access to education, and child mortality.

The arguments for how women's economic empowerment contribute to economic growth seem intuitive, but the literature<sup>10</sup> suggests the links between the two neither clear nor self-sustaining. To that end, the Growth and Economic Opportunities for Women (GrOW) is undertaking a systematic review to assess how and in what circumstances women's economic empowerment contributes to economic growth.

#### Women's economic empowerment: what does it mean?

The specific focus of this literature review is the economic empowerment dimension of gender equality. The International Center for Research on Women defines<sup>11</sup> women's economic empowerment as a combination of capacity (resources) and agency (power/choice). *Economic Empowerment* is part of broader social processes and change; the focus here on economic

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<sup>6</sup> World Economic Forum (2015). "The Global Gender Gap Report 2015". Geneva: World Economic Forum.

<sup>7</sup> Gakidou, E. et al (2010). "Increased Educational Attainment and its Effect on Child Mortality in 175 Countries between 1970 and 2009: A Systematic Analysis". The Lancet. 376(9745).

<sup>8</sup> World Bank (2012b). "The Effect of Women's Economic Power in Latin America and the Caribbean". World Bank.

<sup>9</sup> Aguirre, DA. et al. (2012). "Empowering the Third Billion. Women and the World of Work in 2012". Booz and Company.

<sup>10</sup> Duflo, E. (2012) "Women Empowerment and Economic Development". Journal of Economic Literature 2012, 50(4), 1051-79.

<sup>11</sup> Golla, A. M., A. Malhotra, P. Nanda and R. Mehra (2011). "Understanding and Measuring Women's Economic Empowerment. Definition, Framework and Indicators". International Center for Research on Women.

empowerment is justified by the relative lack of progress in this sphere<sup>12</sup>, and limited knowledge about gaps and constraints.

The GrOW program conceptualizes women's economic empowerment in terms of capacity to make effective choices, and as a process with interaction between economic, political (legal) and social (cultural) dimensions. This is defined by a combination of labour force participation and wage labour, and non-wage activity such as entrepreneurship (often with limited growth prospects) as well as the care economy. Women's economic choices are strongly affected by prescribed gender roles which put a disproportionate burden of unpaid care on women. Finally, women's economic empowerment directly interacts with growth processes: gender equality and empowerment can impact economic growth and productivity, and different patterns of growth can shape women's participation and empowerment in different ways.<sup>13</sup>

### Global trends (and the underlying drivers) in Women's Economic Empowerment

There is a growing body of evidence that helps us understand trends and status of women's economic empowerment. This review of the literature focuses on trends in specific aspects of economic empowerment, around wage labour, entrepreneurship, and the care economy.

#### ***Labour force participation***

**Female labour force participation rates vary widely across regions<sup>14</sup>:** In countries such as Netherlands and Norway, where there is strong support for working mothers, rates of female labour force participation are as high as 58 and 61 percent respectively. In Japan and Korea, these rates hover at 50 percent. In Japan,<sup>15</sup> women often exit the labour force after the first child. Since long-term career choices are made as soon as graduates enter the labour market, women are sorted into informal jobs with less long-term capital investment, leading to permanent divergence between men and women's labour market outcomes as well as wellbeing (as often working conditions are poor in such jobs<sup>16</sup>).

In Latin America, nearly 54<sup>17</sup> percent of working age women participate in the labour force. Rapid gains made since the 1990s have now slowed considerably. Participation rates are lowest for the Arab region (23 percent) and South Asia (31 percent). In sub-Saharan Africa on the other hand, participation rates are at 64 percent.

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<sup>12</sup> Stotsky, J., S. Shibuya, L. Kolovich, and S. Kebhaj (2016). "Trends in Gender Equality and Women's Advancement". *IMF Working Paper* WP/16/21. Washington D.C.: International Monetary Fund.

<sup>13</sup> For discussion of measurement on WEE, see <http://womeneconroadmap.org/measurement>, the emphasis on direct, intermediate and final outcomes is important for the discussion on what works.

<sup>14</sup> <http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>

<sup>15</sup> Steinberg, C. and M. Nakane (2012). "Can Women Save Japan?" *IMF Working Paper* WP/12/248. Washington D.C.: International Monetary Fund.

<sup>16</sup> Chopra, D., A. Kelbert, and P. Iyer (2013). "A Feminist Political Economy Analysis of Public Policies Related to Care: A Thematic Review", *IDS Evidence Report* 9, Brighton: IDS.

<sup>17</sup> <http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>

**Female labour force participation rates stagnating:** The International Labour Organization<sup>18</sup> notes that globally, female participation rates have fallen slightly, from 51.9 percent in 2000 to 50.3 in 2014. Patterns of women's economic engagement differs widely from region to region. The overall decline in labour force participation rates can be attributed to stagnating or falling rate of participation in South Asia (particularly India), East Asia and countries like the US.

Women's **patterns of employment** are significantly different from those of men. In South Asia and sub-Saharan Africa, a large proportion of women (70 and 60 percent respectively) are employed in the agriculture sector<sup>19</sup>. However, women are increasingly moving into jobs in the service sector (nearly half of all female employment in 2008) and to a limited extent into manufacturing as well. In addition to sectoral segregation, the type of employment available to women is also problematic<sup>20</sup>. Not only are women concentrated in sectors and jobs where pay is lower, working conditions are poor and employment insecure. The shift away from farm work has not led to African women moving into "decent employment" with a clearly identified career path.<sup>21</sup>

The global economy will continue to transform, as new technologies and systems are adopted rendering jobs in less competitive sectors obsolete. In order to understand how women in particular will be affected it is necessary to know how women engage in economic activity (as either wage labour or entrepreneurs) and how they can benefit from the economic transformation to come. For instance, critical questions that arise are whether women have the required skills and access for decent jobs in growing sectors, are they disproportionately affected by job losses, are they in vulnerable employment in new industries, or are they able to find other economic opportunities?

In theory<sup>22</sup>, as an economy transitions from low income agrarian society to a high income one with advanced technology, **women's supply of labour** adjusts accordingly. The female labour supply curve is considered to be u-shaped because at the early stage of economic development where the agriculture sector is dominant, women contribute (through both paid and unpaid work) to farm labour in high numbers. As incomes rise, particularly if unpaid care is considered women's domain and social conventions restrict women's entry into the work force, women would withdraw from the labour force (the bottom of the u). However, as education levels improve and technological advancement reduces women's care burden and opens up new job

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<sup>18</sup> ILO (2015). "World Employment Social Outlook: Trend 2015". Geneva: ILO.

<sup>19</sup> ILO (2010), "Women in Labor Markets; Measuring Progress and Identifying Change," Geneva: ILO.

<sup>20</sup> IDRC (2013). "Literature Review to Inform the DFID-IDRC-Hewlett Foundation Research Program on Women's Economic Empowerment, Gender Equality and Growth in Low Income Countries". Ottawa: International Development Research Centre.

<sup>21</sup> Fox, L. (2015). "Will Women in Low Income Countries Get Lost In Transformation?" Supporting Economic Transformation for ODI and DFID.

<sup>22</sup> Goldin, C. (1995). "The U-Shaped Female Labor Force Function in Economic Development and Economic History." Schultz TP Investment in Women's Human Capital and Economic Development. University of Chicago Press; 1995. pp. 61-90.

opportunities for them, the higher returns to paid work increases women's labour supply. However, the empirical evidence<sup>23</sup> of such a pattern is weak. Economic growth affects women's economic empowerment in complex ways. Women labour force participation responds differently to sector specific growth (for instance growth in mining and extractives compared to a resurgence of the agriculture sector as it becomes more mechanised)<sup>24</sup>.

Market forces are less equalising than may have been expected. The impacts of structural change, technological development, and globalisation can be both positive and negative for women. There is emerging evidence on how 'patterns of growth'<sup>25</sup> matter. We do know that the growth cycle matters and the sectors in which women work are important to our understanding of what happens during economic crises<sup>26</sup>. When women are in more vulnerable employment, they are hardest hit in recessions. In Mexico and Honduras<sup>27</sup> 70 percent of jobs lost were of women. In the United States on the other hand, because women were predominantly in the services sector<sup>28</sup> job losses were on par with those by men (who worked in manufacturing and construction). However when the economy recovered, men were more likely to find employment and female unemployment rates started rising<sup>29</sup>.

The supply of labour is also due to choice (however constrained that choice may be), not just circumstance. Women show **a strong preference for part time work**, so labour force participation is higher in markets that do not penalise part time work for women. However, where regulation is patchy or badly enforced, this can relegate women to casual work and the informal economy, while higher paying jobs remain the domain of men in full time work<sup>30</sup>.

**Gender wage gaps**<sup>31</sup> persist, even with gains made in recent years. Wages are lower in female dominated industries (for high skill categories and especially in low skilled work or with women being concentrated in sectors that are low paid or where certain jobs are undervalued because

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<sup>23</sup> Gaddis, I. and S. Klasen (2014). "Economic development, structural change, and women's labor force participation". *Journal of Population Economics*, Springer, vol. 27(3), pages 639-681, July.

<sup>24</sup> Gaddis, I. and S. Klasen (2011). "Economic Development, Structural Change and Women's Labor Force Participation; A Re-examination of the Feminization U Hypothesis," *Courant Research Centre: Poverty, Equity and Growth - Discussion Papers 71*, Courant Research Centre PEG, revised 25 Jul 2012.

<sup>25</sup> Kabeer, N. (2011). "Contextualizing the Economic Pathways of Women's Empowerment; Findings from a Multi-Country Research Programme," *Pathways Policy Paper*, Brighton: Institute of Development Studies.

<sup>26</sup> Elborg-Woytek, K. et al. (2013). "Women, Work, and the Economy: Macroeconomic Gains from Gender Equity". *IMF Staff Discussion Note SDN/13/10*. Washington D.C.: International Monetary Fund.

<sup>27</sup> Mazza, J. (2011). "Latin American Experience with Crisis-Driven Labor Market Programs". Document prepared for expert working group meeting. Inter-American Development Bank. [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_policy/documents/presentation/wcms\\_162837.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/presentation/wcms_162837.pdf)

<sup>28</sup> Kochhar, R. (2011). "Two Years of Economic Recovery. Women Lose Jobs, Men Find Them". PEW.

<sup>29</sup> OECD (2012). "Closing the Gender Gap: Act Now". [http://www.oecd-ilibrary.org/social-issues-migration-health/close-the-gender-gap-now\\_9789264179370-en](http://www.oecd-ilibrary.org/social-issues-migration-health/close-the-gender-gap-now_9789264179370-en)

<sup>30</sup> Zammit, A. (2010). "Value Chains and Decent Work for Women: What Is to be Done?" *Programme Paper No. 88*, ILO Policy Integration and Statistics Department, Geneva: ILO.

<sup>31</sup> Hegewisch, A. (2014). "Occupational Segregation and the Gender Wage Gap: A Job Half Done". Institute for Women's Policy Research (IWPR).



they are ‘women’s work’). Even accounting for observable characteristics that may explain the wage disparity<sup>32</sup> (from credentials and experience to working conditions) there is a wage penalty for women. This is particularly high for high wage earners in Europe and the US. Over a lifetime the accumulation of gender wage gaps along with interruptions in the work life of women (because of pregnancies and child care responsibilities) leads to large wealth differentials between men and women. The gender wage gap also has implications on labour force participation as it can lower incentive to work.

Because women tend to live longer than men and have over a lifetime earned less than men (and been affected by temporary absences from labour market due to pregnancy, or increasingly elderly care), pensions – where they are available for workers – can show significant differences between men and women. Women can end up in poverty or delaying retirement as a result<sup>33</sup>.

Intersecting aspects of identity such as ethnicity, race, caste and minority status can intersect with gender and lead to higher degrees of vulnerability. The gender wage gaps rise significantly for women in the US is that are Hispanic (61.2 percent) and black (68.6). The median wages for women belonging to such groups would put them below the poverty line (US bureau of Statistics)

## ***Entrepreneurship***

Women’s entrepreneurship has been rising, and rates of female entrepreneurship have tended to move upwards with growing labor force participation.<sup>34</sup> Again, there is significant global variation, and evidence that opportunities for women to grow their business tends to be limited.

Women’s entrepreneurship has continued to rise, female entrepreneurs are increasingly educated, and the data on entrepreneurial activity has been growing.<sup>35</sup> In 61 economies ‘Total Early-Stage Entrepreneurship Activity’ increased by 7% since 2012, and the gender gap narrowed accordingly.<sup>36</sup> Rates of female entrepreneurship tend to move upwards with growing labor force participation. But almost uniformly, women-owned enterprises are disadvantaged, are concentrated in low-return and informal sectors, and provide lower returns.

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<sup>32</sup> ILO (2014). “Global Wage Report 2014/15”. Geneva: ILO.

<sup>33</sup> Elborg-Woytek, K. et al. (2013). “Women, Work, and the Economy: Macroeconomic Gains from Gender Equity”. IMF Staff Discussion Note SDN/13/10. Washington D.C.: International Monetary Fund.

<sup>34</sup> Global Entrepreneurship Monitor (GEM), 2015 Women’s Report <http://gemconsortium.org/report>.

<sup>35</sup> The following relies mostly on the Global Entrepreneurship Monitor (GEM), other sources include [GEDI](#), the World Bank’s [Doing Business](#). The growing interest is partly informed by the [business case](#) for enhancing women’s participation and opportunities.

<sup>36</sup> [Global Entrepreneurship Monitor 2014](#).

There are large cross-country *differences in the gender gap* in entrepreneurship activity, with some Southeast Asian, Latin American, and African countries showing a small gap, and the Middle East the largest. In developing countries, where entrepreneurship is high, few of the companies grow, and fewer women-owned enterprises grow.<sup>37</sup> Gender gaps in start-up activity are larger in middle-income countries, and narrower in lower-income countries.<sup>38</sup> In OECD contexts too, there continues to be a gender gap in entrepreneurial success. At the top end, gender differences can be very large: of the US entrepreneurs that raise venture capital, only 8 per cent are female and they receive less than 2 per cent of funding.<sup>39</sup>

There is a growing literature that tries to explain gender differences in entrepreneurship, why and how these vary across countries and regions, for starting and growing business. This can be described around two types of questions: do women have different capabilities and preferences, and do they have different access to productive opportunities, inputs, etc.<sup>40</sup>?

First, as gender gaps in education are closing, a growing body of literature focuses on whether women's intentions, risk taking and motivations with respect to entrepreneurship are different. Evidence, for low-income contexts, suggest for example the following gender differences:<sup>41</sup>

- There is evidence that women tend to have lower *growth expectations* (their firms tend to grow slower in both sales and employment than those of men even if one controls for sectors; in: Naude and Minniti 2011). Some evidence suggests that women in many developing countries are primarily concerned with survival.
- The GEM report indicates that women tend to have higher rates of *fear of failure*, but this is least the case in Africa and Southeast Asian countries.
- Female entrepreneurs in developing countries are found to be *portfolio rather than serial* entrepreneurs, as they attempt to diversify income sources and survival chances.
- Women may rely more than men on *extended families* (which often is their major social network); this is often constraining, since women's marriage status, and assets and incomes brought to their marriages, can determine their entrepreneurial decisions.<sup>42</sup>
- Women who are *married and have young children* tend to enter entrepreneurship rather than waged labour, and are more likely to be entrepreneurs than non-married

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<sup>37</sup> For example in Africa, according to the [GEM Report](#).

<sup>38</sup> <http://unu.edu/publications/articles/examining-entrepreneur-gender-gap.html#info>

<sup>39</sup> <http://elitedaily.com/money/venture-capitalists-still-overwhelmingly-fund-white-male-entrepreneurs-minorities-women/>; see the recent [NYT article](#).

<sup>40</sup> It may be relevant to contextualise the evidence on gender differences particularly in making firms grow with the conclusion by [Chris Woodruff](#) (2015) that the general knowledge on firm dynamics is still limited. Vossenbergh, Saskia (2016). "Gender-Aware Women's Entrepreneurship for Inclusive Development in Sub-Saharan Africa", INCLUDE, Gender Resource Facility..

<sup>41</sup> Croson and Gneezy (2009), Eckstein and Lifshitz (2011) on the role of preferences, Bruni et al. 2004, Afzal et al. 2011.

<sup>42</sup> Nordman 2016 forthcoming; Grim et al (2013) makes a similar point about constraints imposed by extended families (otherwise seen as source of support).

women. They can also be more likely to quit a business ‘voluntarily’ or because that is seen to be the only option given the circumstances.

- While *trust* is acknowledged to be important for successful entrepreneurship, there may also be gender differences in this respect (Orser and Elliot 2015 focusing on positive aspect of this, in OECD context, while much of the literature emphasises this as limiting)
- Similarly, while there has been some publications on limited risk taking by women, there is growing evidence that women take risks in more balanced ways (eg Kauffman Foundation 2015)

Importantly, including for policy, it is not always possible to distinguish these personality and subjective characteristics from questions of access,<sup>43</sup> to which we turn next.

Lack of access can exist in a wide range of factors and spheres:

- While gender gaps in education have been closing, they still remain in large parts of the world; moreover, skills and business specific training tends to be targeted towards men<sup>44</sup>.
- Lack of formal rights (World Bank) and access to justice.
- Access to productive resources:
  - land;<sup>45</sup>
  - finance and credit, with women generally being more credit constrained but impact of credit provision not straightforward;<sup>46</sup>
  - customs also restrict women's ability to manage property, conduct business, or travel without their husbands' consent;<sup>47</sup>
- Business registration can be an enabling factor, for establishing basic business practices, though evidence on enhancing productivity is limited<sup>48</sup>. The transition from informal to formal sectors is a common concern<sup>49</sup>, but little evidence exists.
- Women tend to concentrate in certain sectors, often less rewarding, less-often registered, and with least growth opportunities.<sup>50</sup> The reasons for these are complex; a

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<sup>43</sup> Van de Walle (2011: 5) on the difficulty of disentangling choice and preferences from constraints. It is also worth highlighting that the factors that hinder women's opportunities are not only context specific, but also may change – in both directions – over time. Detailed research on gender differences in motivations, from Europe, includes <http://www.sciencedirect.com/science/article/pii/S0263237314000139>.

<sup>44</sup> Hallward-Driemeier, M. (2013). “Empowering Women: Legal Rights and Economic Opportunities in Africa,” AFC and World Bank.

<sup>45</sup> Goldstein, M. et al (2015). “Formalizing Rural Land Rights in West Africa. Early Evidence From a Randomized Impact Evaluation in Benin”. World Bank Policy Research Working Paper no 7435. Washington D.C.: World Bank.

<sup>46</sup> See literature in Campos et al (2015b); Demircuc-Kunt et al (2013), de Mel et al . (2009) and Fafchamps et al (2011) on experimental evidence on returns; Emran (2007).

<sup>47</sup> Namatovu (2012), Emran al. (2007), Fafchamps et . al. (2011), Hallward-Driemeier (various), and the World Bank on law and business.

<sup>48</sup> Campos, F. et al (2015). “Breaking the metal ceiling : female entrepreneurs who succeed in male-dominated sectors”. World Bank Policy Research Working Paper no 7503. Washington D.C.: World Bank.

<sup>49</sup> DCED (2012). “Scoping Study of Women's Entrepreneurship Development (WED) Interventions”. Donor Committee for Enterprise development (<http://www.enterprise-development.org/page/wed>).

<sup>50</sup> Bardasi et al 2011. A study from Zimbabwe showed that nearly 4 out of 5 women engaged in off-farm enterprise were brewing beer while men were smiths, brick-makers, and builders, and men's annual income that was at least

recent GIL paper shows that ‘cross-over’ is limited because of a combination of lack of information, skills (often not key), longer-term involvement, and social norms<sup>51</sup>.

- Higher rates of female entrepreneurship in developing countries also has been attributed to higher barriers women face to enter in the formal labour market<sup>52</sup>

### Gender Disparities, and Women’s Economic Empowerment are multi-dimensional

Women’s economic opportunities and choices are affected by multiple factors. Addressing one aspect (policies to increase female labour force participation) which do not address other intersecting aspects (time availability, burden of care, skill development), can limit the effect on empowerment or lead to unintended consequences (women unable to get wage work are either unemployed or in vulnerable low paid informal sector).

Social norms and institutions are critical in structuring economic opportunities for women. Having women in leadership and political positions can help unlock barriers for women but may not lead to a significant increase in autonomy or authority<sup>53</sup>. Stereotypes (sometimes unintended) and gendered valuation of work continue to play an important role (and demographic changes may impact these).

Public policies play an important role, including in mediating the impact of growth on women’s opportunities. There is growing evidence that laws prevent women from fully realising economic opportunities<sup>54</sup>. Implementation of policy is critical, and the knowledge on when and why policies are effective in driving change seems limited. For instance in Namibia and Peru<sup>55</sup> who saw their female labour force participation rates rise by 10 and 15 percentage points when they removed discriminatory aspects of family law.

### What do we know about what works?

The knowledge on how women’s economic empowerment can be promoted (or is promoted) by broader economic changes is growing, but still limited, and lagging behind descriptions of constraints.

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7 times that of women (Scott 1995). Hallward-Driemeier (2011) reports a gender gap in labour productivity on average of 6 per cent, but the impact of gender-related constraints on productivity appears larger in the informal sector. De Mel et al 2013 for Sri Lanka.

<sup>51</sup> Campos, F. et al (2015). "Breaking the metal ceiling : female entrepreneurs who succeed in male-dominated sectors". World Bank Policy Research Working Paper no 7503. Washington D.C.: World Bank.

<sup>52</sup> Naudé, W. and M. Minniti (2011). "Examining the Entrepreneur Gender Gap".

<http://unu.edu/publications/articles/examining-entrepreneur-gender-gap.html#info>

<sup>53</sup> O’Neil, T. and P. Domingo (2016). "Women and Power. Overcoming Barriers to Leadership and Influence". London: Overseas Development Institute (ODI).

<sup>54</sup> World Bank Group (2015). "Women, Business and the Law 2016: Getting to Equal", Washington D.C.: World Bank.

<sup>55</sup> Gonzales, C., et al. (2015). "Fair Play: More Equal Laws Boost Female Labour Force Participation," IMF Staff Discussion Note SDN/15/02.

Declining fertility, enhanced education, and in some countries low-skilled manufacturing opportunities are among the main factors that change women's economic opportunities<sup>56</sup>, and can thus be reinforced by policies and interventions.

**Demographic changes<sup>57</sup> are added drivers for women's economic participation.** For example, in ageing economies, as labour forces shrink and talent shortages emerge, women's integration into the economy is key to promoting dynamism. In countries where it is relatively easy for women to combine work with having children, female employment and female fertility both tend to be higher. Policies that allow women to combine work and family may thus play a role in addressing the future problems posed by ageing populations.

At the country level<sup>58</sup>, fertility is negatively associated with women's supply of labour. However cross country comparisons show a positive link between fertility and women's labour force participation. This is explained by countries where men take on a larger share of unpaid work thus allowing higher female labour force participation even with high levels of fertility.

There is growing evidence of **conscious and unconscious biases in recruitment practices**, how these can be addressed, and of the value for firms to address these. There is evidence that women even with the same credentials, skills and performance can be perceived as less competent than men. The use of quotas as a solution is promising but there are limits to how much that will achieve. Other approaches such as blind hiring (which has led to rapid changes in representation and diversity when applied) could be useful at the firm level. Government policies, such as public procurement policy would be a good approach to introduce this.

When it comes to leadership positions<sup>59</sup>, companies with top quartile representation of women in executive committees in general perform better than companies with no women at the top, by some estimates with a 47% average return on equity. Links exists between having more women directors and corporate sustainability, as well as with economic growth. More diverse leadership teams can cater to a broader array of stakeholder needs and concerns.

Women's political representation has been enhanced by the introduction of quotas and this has shown to have broader positive effects on women's (economic) opportunities, but this too is likely to be context specific. The effectiveness of quotas has been drawn from work on Rwanda where the 30 percent quota for women in political positions has been exceeded and work from India, which shows how quotas not only increases the probability that women will compete in politics but also positively influence public acceptance for women in leadership positions<sup>60</sup>.

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<sup>56</sup> Fox, L. (2015). "Will Women in Low Income Countries Get Lost In Transformation?" Supporting Economic Transformation for ODI and DFID.

<sup>57</sup> World Economic Forum (2015). "The Global Gender Gap Report 2015". Geneva: World Economic Forum.

<sup>58</sup> Gonzales, C., et al. (2015). "Fair Play: More Equal Laws Boost Female Labour Force Participation," IMF Staff Discussion Note SDN/15/02.

<sup>59</sup> World Economic Forum (2015). "The Global Gender Gap Report 2015". Geneva: World Economic Forum.

<sup>60</sup> Beaman et al. (2009).

However there are limitations to how effective this is. In Niger<sup>61</sup> for instance, the effectiveness of quotas is conditional on how well the laws are structured and if implementation is appropriately tracked.

Evidence on what works in **supporting small entrepreneurs** has grown, and with that often how gender-specific constraints can be addressed. There is a growing body of evidence on skills training, access to finance, etc. Overall, the evidence appears to suggest that specific interventions have had limited impact, and that addressing a combination of constraints may be needed and have been more successful:

- Evidence on the impact of business training for female owned/managed businesses is mixed, and on its own the impact of training is limited. Training programs with gender-specific curricula appear to have little effect.
- There is a growing literature on how the gender gap in access to financial services is addressed. As with training, reviews show impacts can vary considerable. There is more success in helping to start businesses than growing them, and larger and diverse support is needed for businesses to grow.
- Some studies indicate an overall positive impact only when business training is accompanied by other initiatives such as access to credit. Other studies find that such interventions may be more effective for new owners than for existing businesses. There is some evidence on the effectiveness of jobs and skills training for women from Latin America, particularly when paired with childcare provision and transport. Reforms in family law and custom also may matter.
- Business development services are critical to entrepreneurial success, simply training is not sufficient: see eg Bardasi (2013) for Tanzania
- Value chain approaches, including for women, have shown positive results
- Field et al. (2015) emphasise the importance of aspirations, and how a more enabling environment (peer encouragement in particular) can enhance these.

Evidence on financial inclusion is of two levels. The first is the impact on women's lives, livelihood and wellbeing. The evidence is mixed, it's not a silver bullet. Kabeer 2005 shows that the microfinance revolution in low income countries did improve women's productivity. Women were also shown to have higher repayment rates relative to men. The second<sup>62</sup>, looks at how financial inclusion, particularly of women and underserved populations, can contribute to growth. Expanding access improves efficiency and there is evidence that as long as there is adequate levels of supervision, expanding access more broadly is conducive to growth.

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<sup>61</sup> Kang, A. (2013). "The Effect of Gender Quota Laws on the Election of Women: Lessons from Niger". Women's Studies International Forum, Volume 41, Issue null, Pages 94-102.

<sup>62</sup> Sahay, R. et al (2015). "Financial Inclusion: Can it Meet Multiple Macroeconomic Goals?" IMF Staff Discussion Note SDN/15/17.

However, at high levels of financial development, the marginal benefits of expanding financial inclusion (specifically credit) begin to decline.

**Changing laws against formal discrimination**, particularly family law, is associated with enhanced opportunities for women, but implementation is key. There is evidence from a variety of sources<sup>63</sup> that well designed changes in the law and in institutions can have significant impacts on gender equity and outcomes for women. There is descriptive or case study evidence on how social movements help drive, or promote such change. Legal restrictions to equality<sup>64</sup> explain a large part of the labor force participation gaps across both countries and time. Removal of these restrictions would be linked to reducing the gender gap in labour force participation by 2 to 3 percentage points. The following policy options are seen as most significant:

- Men and women should be guaranteed equal by the law with equal wages
- Doepke, Tertilt, and Voena 2012 show that equality in the law reduces inefficiencies, which acts as a spur on investment. In turn, it is linked to higher GDP per capita and a shift in composition of public expenditure on education, health and children, from being able to sign a contract
- Women having the right to be head of household
- Equal inheritance for sons and daughters
- Joint titling, shared community property for married couple
- Women legally being able to work, pursue a profession or open a bank account)
- Women being able to initiate legal proceedings without permission from husband or male guardian

It should be noted that legal changes can affect societal norms and attitudes, and vice versa. Some institutions perpetuate gender inequality.<sup>65</sup> These presence of these are linked to adverse outcomes such as lower completion rates for girls in secondary school, higher fertility, early marriage and child mortality. There is even correlation with perceptions of corruption in such countries.

Changing social attitudes is a complex process<sup>66</sup> but well-designed interventions that improve information and awareness can help shift social attitudes.

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<sup>63</sup> World Bank Group (2015). "Women, Business and the Law 2016: Getting to Equal", Washington D.C.: World Bank.

<sup>64</sup> Gonzales, C., et al. (2015). "Fair Play: More Equal Laws Boost Female Labour Force Participation," IMF Staff Discussion Note SDN/15/02

<sup>65</sup> Branisa, B., S. Klasen, and Z. Maria (2013). "Gender Inequality in Social Institutions and Gendered Development Outcomes," World Development, Elsevier, vol. 45(C), pages 252-268.

<sup>66</sup> Fernández, R. (2013). "Cultural Change as Learning: The Evolution of Female Labor Force Participation Over a Century". American Economic Review 2013. 103(1):472-500.

Addressing **women's double burden** has been key in public policy debate and policy in high-income countries, but the relevance is started to become recognised in lower-income contexts<sup>67</sup>. Shared parental leave, and government (or private sector) support for child care and other forms of unpaid work can be critical interventions (but evidence is very limited). Data on this is limited which is why demographic and health surveys need to expand their coverage of this issue. Ghani, Kerr and O'Connel (2013) show that the unequal distribution<sup>68</sup> of care means that gaps in infrastructure (cooking stoves, water etc) has a larger effect on women's participation than men's. WHO drinking water 2012 states that to collect drinking water, women spend 16 million hours a day. Men spend 6 million hours and children 4 million hours.

The challenge is that while there is evidence<sup>69</sup> from the women business and law 2016 that government supported child care works, in most countries it is seen as a cost that needs to be borne by the households and not as an investment in the economy. This is a mindset that reflects the invisibilising of the large role that the care economy plays in sustaining and underpinning the market economy. The largest implications of the lack of visibility of and support for care, are for poor women in low income households who cannot afford the high costs of child care. Further research on the value of providing universal child care or at least to low income households is necessary. The IFC is initiating work on the business case for private sector firms to internalise the cost of child care.

Government policy<sup>70</sup> is critical for shaping the type of ecosystem that facilitates women's economic participation. Many governments now institute policies that encourage women to work and make it easier for them to do so. Such policies can range from non-discrimination in hiring to maternity and paternity leave regimes to quotas encouraging women's participation in economic life. Women, particularly those who are married can be negatively affected by income tax rules<sup>71</sup>. In contrast, childcare subsidies such as tax credits increase women's participation in the labour force<sup>72</sup>.

As policy outcomes are better investigated, governments have a growing portfolio of tools available to address gender equality in the labour force. From 2011–2013, the World Economic forum conducted a survey of national policy frameworks relating to parental leave, childcare assistance, type of taxation and workplace equality. While these measures relate directly to promoting women's employment, they are not exhaustive. Evidence around maternity leave

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<sup>67</sup> Chopra, D., A. Kelbert, and P. Iyer (2013). "A Feminist Political Economy Analysis of Public Policies Related to Care: A Thematic Review", IDS Evidence Report 9, Brighton: IDS.

<sup>68</sup> Ghani, E., W. Kerr, and S. D. O'Connel (2013). "Promoting Women's Economic Participation in India". Economic Premise 75524. February 2013. Number 107. World Bank.

<sup>69</sup> World Bank Group (2015). "Women, Business and the Law 2016: Getting to Equal", Washington D.C.: World Bank.

<sup>70</sup> World Economic Forum (2015). "The Global Gender Gap Report 2015". Geneva: World Economic Forum.

<sup>71</sup> Elborg-Woytek, K. et al. (2013). "Women, Work, and the Economy: Macroeconomic Gains from Gender Equity". IMF Staff Discussion Note SDN/13/10. Washington D.C.: International Monetary Fund.

<sup>72</sup> Gonzales, C., et al. (2015). "Fair Play: More Equal Laws Boost Female Labour Force Participation," IMF Staff Discussion Note SDN/15/02.



assess what design is most effective. If women exit the labour market for extended period this can lead to a deterioration in skills and earnings (Ruhm 1998; Edin and Gustavsson 2008). This is why the focus on shared parental leave of an adequate duration (so paternal leave of more than a few weeks) is important. Otherwise focus on maternity leave can inadvertently discourage hiring of mothers (motherhood penalty).

Data and research matters. By redefining employment as activity done mainly for profit, unpaid care work and activities such as subsistence farming can also be counted and tracked giving us better profile on how men and women distribute their time and efforts economic and non-economic yet essential care activities<sup>73</sup>. Another key gap in the evidence is a mapping of what policies and interventions work best in which context and if there are pathways to simultaneously support economic growth and women's economic empowerment.

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<sup>73</sup> UN Women (2015). "Progress of the World's Women 2015-2016. Transforming Economies, Realizing Rights". New York: UN Women.