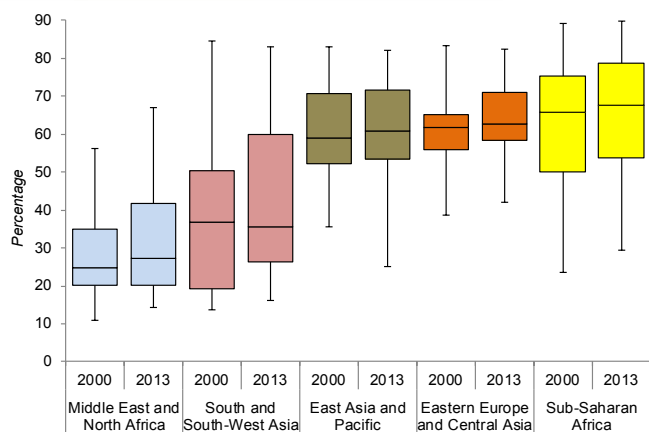


Boosting women's workforce participation in South and South-West Asia

The ten countries of South and South-West Asia perform poorly in ensuring economic opportunities for women.¹ Based on an index of women's economic participation, which captures female labour force participation, gender wage equality and the presence of female professional workers in 145 economies, Bhutan, the best-performing country in the subregion, is ranked at ninetieth.² India, the Islamic Republic of Iran and Pakistan are ranked among the bottom six countries in the index.

The median female labour force participation rate in South and South-West Asia, at 35.5% in 2013, is lower than that of all other regions of the world except the Middle East and North Africa (see figure 1). South and South-West Asia is also the only region in the world where female labour force participation decreased between 2000 and 2013.

Figure 1. Female workforce participation in South and South-West Asia



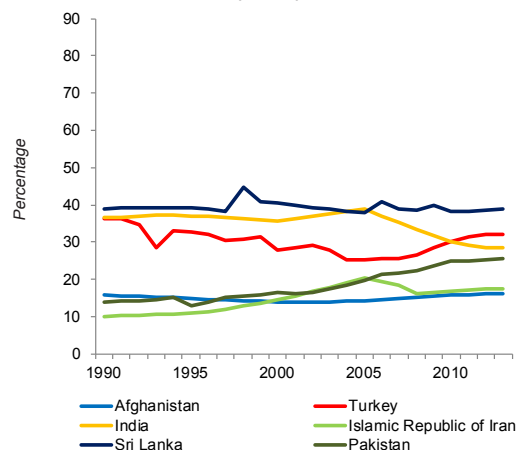
Source: ESCAP, based on World Development Indicators database of the World Bank.

Note: The upper and lower limits of the enclosed boxes correspond to the 75th and 25th percentiles respectively, while the horizontal lines within the boxes depict the median. The vertical lines show the range where the uppermost (lowermost) points reflect the maximum (minimum) values. These box plots are based on data from 152 countries: 20 in the Middle East and North Africa; 10 in South and South-West Asia; 29 in East Asia and the Pacific; 47 in Eastern Europe and Central Asia; and 46 in sub-Saharan Africa.

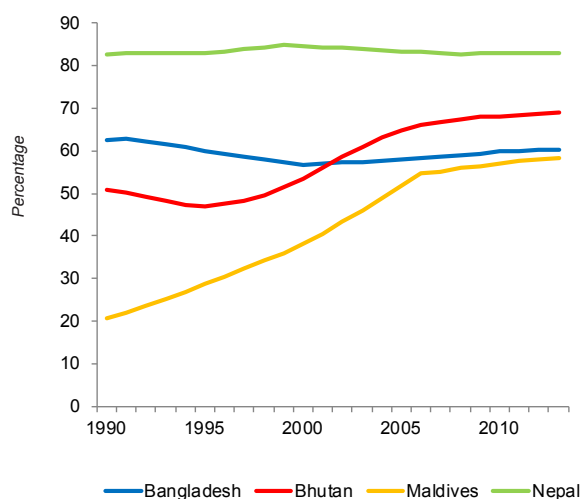
At the country level, female labour force participation is diverse in this subregion. The participation rate

Figure 2. Female labour force participation diverse in South and South-West Asia

Panel A: Countries with lower participation



Panel B: Countries with higher participation



Source: ESCAP, based on World Development Indicators database of the World Bank.

in 2013 was below 30% in Afghanistan, India, the Islamic Republic of Iran and Pakistan (see panel A in figure 2). In Bangladesh and Maldives, the participation rate was much higher (see panel B), although at about 60%, this is just on par with the global average. Only Bhutan and Nepal seemed to have active female participation in the labour markets compared with other countries in the world.³ In terms of changes over time, one striking trend is the steep decline in the participation rate in India since

2005, which is driven mainly by the lower labour market participation rate among rural women.⁴ In contrast, the participation rate surged by 18 and 38 percentage points in Bhutan and Maldives during the period 1990-2013, respectively.

Explaining the low participation rates

Conceptually, labour market participation for women and men depends upon a combination of individual and household factors, matched with job characteristics and demands, and facilitated by economic and social infrastructure. While common factors help determine labour market participation for both women and men, women often face a far more restrictive range of such factors compared with men. Household and social norms in the subregion assume that women take the vast majority of responsibility for domestic work and caregiving and are sometimes restricted from labour market participation altogether if household income levels are sufficiently high. Labour market segmentation and economic decision-making norms restrict the range of possible jobs in which women can participate.

In Bhutan and Nepal, where the participation rates are higher, there are generally fewer social restrictions on women to work, while poverty also drives the need to work in Nepal. The emergence of labour-intensive, export-oriented sectors, such as the ready-made garment sector in Bangladesh and tourism in Maldives, have boosted women's labour market participation, as social norms identify many occupations in these sectors as women-centric. Such sectors are still relatively small in India and Pakistan where female participation is limited.

The role of social norms in affecting female workforce participation in the subregion is strong. Working women can be perceived as lowering their household's social status. In one survey in Pakistan, 35% of women respondents reported that they were not working due to a lack of permission from a man, usually the husband or father, to work outside home and instead carry out domestic responsibilities.⁵ Similarly, the World Values Surveys during the period 2010-2014 reveal that only one third of the respondents in India and Pakistan agreed that having a job was the most effective way for a woman to be independent. This view compares to more than

half (54%) of respondents worldwide and places India and Pakistan in the bottom 3 countries out of the 60 countries surveyed.

Gender pay gaps, which arise when women with similar skills are paid less than men for doing the same job, also discourage women from working. In India, it is estimated that women are paid 10-15% less than men after accounting for education and work experience.⁶ Similarly, OECD data show that the gap between median earnings of women relative to median earnings of men was about 20% in Turkey relative to an average of 14% in 24 European economies.⁷

Overcoming core barriers and offsetting disincentives for women to work

Policies that overcome the core barriers would enhance the availability of and access to good-quality education, offer skill development programmes, and provide a conducive infrastructure and safe public transport to work, especially in rural areas. For example, in Bhutan, Bangladesh, Pakistan and Sri Lanka, electrification and improved access to water increased women's time available for market work.⁸ Policies should also ensure equal decision-making, including access to finance and such productive assets as land and capital. Less than 10 per cent of small and medium enterprises (SMEs) in South Asia for example are owned by women, compared to nearly 40 per cent of SMEs in other Asia-Pacific subregions.⁹ A quota for women in wage employment could also be introduced, at least in sectors where women do not traditionally participate. Similar quotas could be introduced for women in non-traditional vocational education and training, including apprenticeships building on existing women-targeted vocational training.¹⁰ Incentives that foster women's entrepreneurship, ownership and management of enterprises could focus on targets for financial institutions for SME business lending and tax advice services and incentives for women-owned and managed businesses. For example, India has recently approved direct support for financing to women entrepreneurs and guidance through pre-loan and post-loan procedures, targeting at least one loan for a woman entrepreneur per implementing bank branch.¹¹ Finally, there is a need to address discriminatory laws, such as family laws that limit decision-making power of female family members.

Policies promoting greater gender equality and men's participation in unpaid caregiving work in the household would also help dismantle strict barriers on the substitutability between paid and unpaid work. An example includes adequate parental and child-related benefits, such as parental leave that is fully funded by the Government¹² and for which a component must be used by male parents. Similarly, taxation frameworks that encourage mothers to work by reducing the net tax liability, such as taxing individual income rather than family income would also help reduce the cost of joining the job market¹³. New laws or stronger enforcement of existing laws and regulations are also needed to: (a) allow more flexible work arrangements for women and men, such as work during non-traditional working hours; (b) increase female workers' bargaining power to reduce gender pay gaps; (c) ensure a safe work environment that reflects social values; and (d) strengthen labour market flexibility, such as easing the entry and exit of workers.

Governments in the subregion have pursued some of these policy options. Some recent reforms include the requirement in India that at least one board member of every firm listed on the stock exchange is a woman and the provision in Pakistan that introduced a 22% quota for women in local governments.¹⁴ In the Islamic Republic of Iran, paid paternity leave has been introduced and in Turkey free preschool education. In Nepal, changes in legislation entitle unmarried daughters to an inheritance irrespective of their age; previously they had to be older than 35 years.

Successful policy reforms to boost female labour force participation need to be bold in order to mobilize millions of women into the workforce, partly because influencing social norms and challenging traditional gender roles, which have deep cultural roots, is a challenging task.¹⁵ Reforms also need to be broad-based, as they require government action on various fronts.

Endnotes

¹ South and South-West Asia is made up of the ten countries of Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, Sri Lanka and Turkey.

² See World Economic Forum, "The Global Gender Gap Report 2015" (Geneva).

³ Methodologies and definitions can also be large contributing factors to differences in participation. In the case of Nepal, an important factor for high women's labour force participation is that collection of goods for own consumption (such as collecting firewood) is included in the definition of work in Nepal whereas it is excluded from definitions in other countries such as India. See for example, ILO, "Nepal labour market update, November 2014". Available from www.ilo.org/kathmandu/whatwedo/publications/WCMS_322446/lang--en/index.htm.

⁴ The rate among rural women decreased from about 33% in 2004/05 to 25% in 2011/12, likely due to higher school enrolment, agricultural mechanization and higher household income. For more details, see Sonali Das and others (2015), "Women workers in India: why so few among so many?" IMF Working Paper WP/15/55, International Monetary Fund, and Surjit Bhalla and Ravinder Kaur (2011), "Labour force participation of women in India: some facts, some queries", Asia Research Centre Working Paper 40, London School of Economics and Political Science.

⁵ R. Pande, D. Ford and E. K. Fletcher (forthcoming), "Female labor force participation in Asia: constraints and challenges", synthesis report, Asian Development Bank.

⁶ See Surjit Bhalla and Ravinder Kaur, "Labour force participation of women in India: some facts, some queries", Asia Research Centre Working Paper 40 (London, London School of Economics and Political Science, 2011).

⁷ See OECD, <https://www.oecd.org/gender/data/genderwagegap.htm>.

⁸ See World Bank, "World Development Report 2012: Gender Equality and Development" (Washington, D.C., 2012).

⁹ See ESCAP/SSWA, "Unlocking the potential of women's entrepreneurship in South Asia", United Nations ESCAP South and South-West Asia Policy Brief No.3, July 2015. Available from www.unescap.org/resources/policy-brief-no-3-unlocking-potential-womens-entrepreneurship-south-asia.

¹⁰ Various schemes currently exist to increase women's labour force participation through better transition of education to work, for example, India is developing apprenticeship training institutes for women in two states. See ESCAP/SSWA, "MDG3 – Achieving equal rights and opportunities for women and girls", ESCAP South and South-West Asia Policy Briefs, March 2015.

¹¹ Support is provided through the Stand Up India Scheme, approved in January 2016. 250,000 loans are targeted, with approximately half targeting women, and the other half those in ethnic groups within scheduled castes/scheduled tribes (<http://pib.nic.in/newsite/PrintRelease.aspx?relid=134220>).

¹² Parental leave should be funded fully by the Government so that the cost involved is not a factor when employers consider hiring women. Available data suggest that this is currently the case only in the Islamic Republic of Iran, Pakistan and Turkey. See World Bank, "Women, business and the law 2016: getting to equal" (Washington, D.C., 2016).

¹³ Katrin Elborgh-Woytek and others (2013). Women, work, and the economy: macroeconomic gains from gender equity. IMF Staff Discussion Note SDN/13/10, International Monetary Fund.

¹⁴ For details, see World Bank, "Women, business and the law 2016: getting to equal" (Washington, D.C., 2016).

¹⁵ For example, a study showed that in societies where the dominant agricultural practice during the pre-industrial period required stronger body strength thus giving more economic roles to men, there is weaker female participation in job markets and politics today. See Alberto Alesina, Paola Giuliano and Nathan Nunn, "On the origins of gender roles: women and the plough", *Quarterly Journal of Economics*, vol. 128, No. 2, pp. 469-530.

The MPFD Policy Briefs aim at generating a forward-looking discussion among policymakers, researchers and other stakeholders to help forge political will and build a regional consensus on needed policy actions and pressing reforms. Policy Briefs are issued without formal editing. This issue was prepared by Matthew Hammill (ESCAP Subregional Office for South and South-West Asia) and Vatcharin Sirimaneetham (ESCAP Macroeconomic Policy and Financing for Development Division). This policy brief benefited from comments by Nagesh Kumar, Hamza Ali Malik, Swayamsiddha Panda, and Wanphen Sreshthaputra-Korotki. For further information on this issue, please contact Aynul Hasan, Director, Macroeconomic Policy and Financing for Development Division, ESCAP (escap-mpdd@un.org).