

Bridging gender gaps? The rise and deceleration of female labor force participation in Latin America

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One of the most salient socioeconomic changes in Latin America over the last half-century has been the strong rise in female labor force participation (LFP). This trend has had a profound impact on the daily life of millions of Latin American women and families and it has also generated substantial economy-wide labor and social consequences. However, although remarkable, the long-run pattern of gains for women has been insufficient to close the gap with men in most labor market outcomes, including wages, employment and labor force participation. Gender equality in the labor market is still a pending and challenging goal in the region.

In a forthcoming book (Gasparini and Marchionni, 2015), we highlight a change in this trend that makes the situation potentially more worrisome: after around half a century of sustained growth, there are signs of a widespread and significant deceleration in the entry of women into the Latin American labor markets.² While female LFP rose at a rate of 0.9 percentage points per year between 1992 and 2002, that rate went down to 0.3 percentage points in the following decade (Figure 1). The contrast between a strong increase in female LFP during the 1990s and a substantial deceleration in the 2000s has been typical of most countries in the region, although not generalized to all economies.³ The slower entry of women into the workforce has delayed the

¹This post is based on Gasparini and Marchionni (eds.) (2015). *Bridging gender gaps? The rise and deceleration of female labor force participation in Latin America*. This is a forthcoming book written in the framework of a joint project between CEDLAS-Universidad Nacional de La Plata, CIEDUR and the International Development Research Centre (IDRC) of the Canadian government on *Enhancing women labor market participation and economic empowerment through better policies in Latin America*. See the overview of the book as a working paper at the CEDLAS web site.

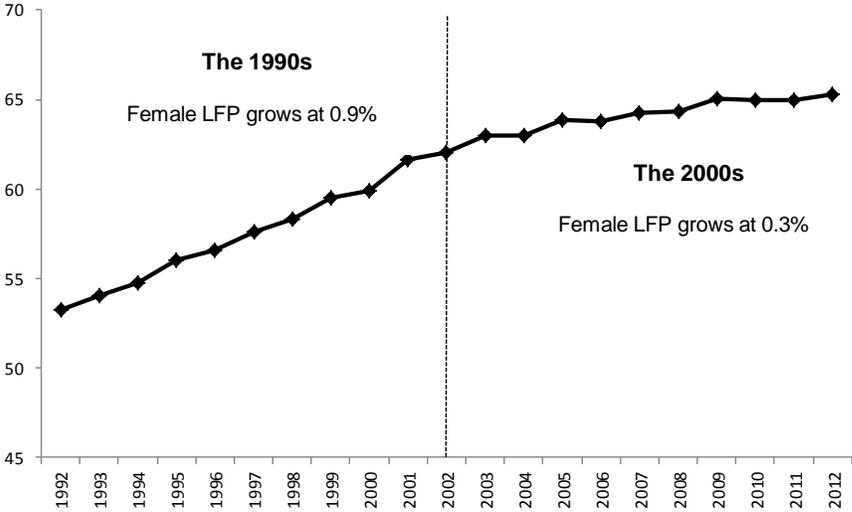
² The results are based on microdata from a large set of national household surveys, which were previously standardized to increase the comparability of the results across countries (the harmonization is part of the SEDLAC project – CEDLAS and The World Bank). This database, which includes information on all Latin American countries over the period 1992-2012, allows an assessment of female LFP in Latin America with a wider coverage, higher frequency and greater detail than previous studies. The dataset includes demographic, socioeconomic and labor information on more than 20 million people in all Latin American countries.

³ The set of countries in which there is evidence of a leveling off in female LFP includes Argentina, Bolivia, Brazil, Chile, Costa Rica, Ecuador, Honduras, Mexico, Nicaragua, Panama, Paraguay and Venezuela. The pattern is more mixed in El Salvador, Peru and Uruguay.

closing of the gender gap in labor participation, and makes improbable the fulfillment of the gender-equity Millennium Development Goals (MDGs) related to female employment. Moreover, this trend may also compromise poverty reduction targets, as the increase in women’s labor earnings has been a significant contributor to the reduction in poverty in the region.

Figure 1: Female labor force participation

Latin America, 1992-2012

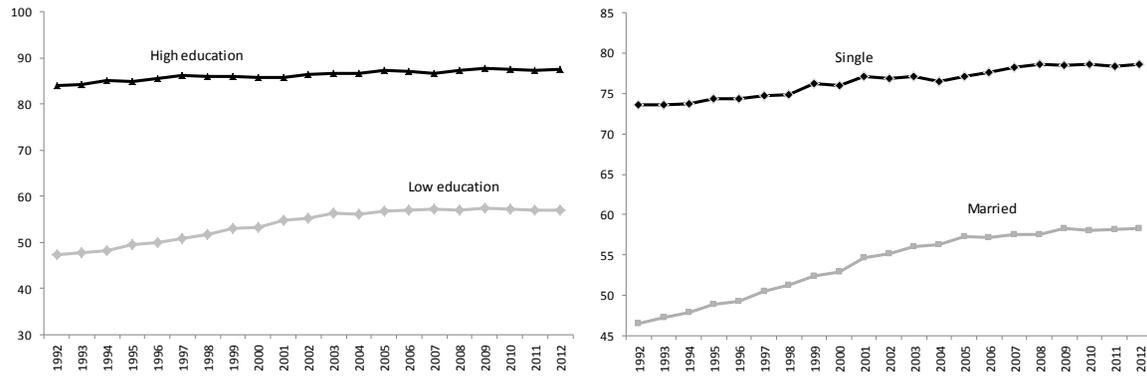


Source: own calculations based on microdata from national household surveys.
 Note: women aged 25-54. Unweighted means for Latin American countries.

The deceleration has taken place in all subgroups for which we carry out the analysis, but it is particularly noticeable among married and vulnerable women; *i.e.* those with low education, living in rural areas, with children, or married to low-earnings spouses. For instance, while in the 1990s the LFP increased 0.80 points per year for women with low education (without a high school degree) and 0.24 points for those with tertiary education, in the 2000s the corresponding rates were 0.17 and 0.13 points per year, respectively (Figure 2). In contrast to what happened in previous decades, inequality among groups of women is growing in some countries, increasing the likelihood of a dual scenario in which labor participation of skilled (richer) women living in large cities converges to the levels of developed economies, while the labor supply of women in more vulnerable groups reaches a plateau at substantially lower levels. The slower entry of vulnerable women into the labor markets calls for a serious discussion about its determinants and policy implications.

Figure 2: Female labor force participation by group

Latin America, 1992-2012



Source: own calculations based on microdata from national household surveys.

Note: women aged 25-54. Unweighted means for Latin American countries. Education: low=less than secondary complete, high=tertiary complete. Married: includes women in formal and consensual unions.

The determinants

Our study delves into various alternative hypotheses on the contrast between the rapid growth in female labor force participation in the 1990s and its deceleration in the 2000s. Of course, identifying causal relationships for complex socioeconomic variables in a large geographic region is extremely hard: the evidence shown in the book is never conclusive, and admits alternative explanations. Our preferred interpretation of the existing body of evidence is that the fast economic growth experienced by the region in the 2000s was an important (although certainly not the only) determinant of the deceleration in female LFP. Lower unemployment and higher earnings by other income earners in the household (mostly male partners), plus increased social assistance, may have reduced the pressing need for vulnerable women to take low quality jobs.

Under this interpretation, the deceleration in female LFP is not necessarily a setback, but rather can be understood as an optimal response at the family level to improved economic conditions. This may have some positive implications, such as a potential for better job matching, and more time for higher quality parental childcare.

However, an alternative interpretation leads to more troublesome conclusions. The initial short-term impact of improved economic conditions and more generous social programs on female labor supply may have undesirable long-term consequences. Women who prefer to stay out of the labor market given the new economic situation may be less prone to participate in the future, even in a scenario with a greater supply of decent jobs. Being out of the labor market for some time may imply loss of productivity, and it may also reinforce

traditional gender roles in the household. These factors may cause a reduction in the attachment to the labor force for women and, ultimately, reduce possibilities for autonomous income generation in the longer term. This may in turn hinder the process of poverty reduction in the region, in which women's work played a crucial role in the last decades.

Policies

Fostering female employment is a complex problem, and therefore policy strategies are not simple or unique. Following a discussion of the available evidence in Latin America and the rest of the world, our book suggests some directions in which governments could move forward: (i) The expansion of childcare centers and pre-primary education, the promotion of schools with extended hours, and the provision of care services for the elderly should be prioritized in any strategy to facilitate female labor force participation, especially for vulnerable women. (ii) The system of parental leaves should be extended and updated. The experiences of some countries suggest some promising options: paternity leaves that cannot be transferred to women, parental leaves for childcare, more flexible schedules and collective financing of leaves. (iii) Governments and civil society could help by providing information and resources for family planning, easing the access to contraceptive methods and removing incentives for earlier or increased fertility decisions. (iv) Advocacy on co-responsibility at home may help modify some cultural norms on household arrangements, empower women and, in turn, relax the constraints on women's time, facilitating their insertion into the labor markets. (v) In most countries there is still room to advance toward gender equality in terms of property rights, for instance, by improving the security of cohabiting, widowed and divorced women's rights. (vi) Governments should pay attention to the unintended effects of social programs on gender issues, and be creative in the design of new components that help alleviate some of their potential side effects (e.g. complementing CCTs with access to labor-market oriented programs). (vii) Advances toward more flexible work arrangements (*i.e.*, more part time jobs, flexible work schedules) could be useful for the dual objectives of caring for children and older adults at home (since women will probably be over-represented in these tasks in the medium term), and at the same time participating in the labor market and pursuing a career. However, job flexibility has some potentially relevant drawbacks (e.g. reinforcing traditional gender roles within the family) that makes the assessment of its convenience ambiguous, and calls for a case-by-case evaluation. (viii) Extending education to disadvantaged groups of the population, including vulnerable women,

remains a central policy for labor force participation, given that a good-quality education makes the access to the labor market easier and more attractive.