The economic case for reducing gender gaps in the labour market

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**Table of contents**

Executive Summary .................................................................................................................. 4

About ........................................................................................................................................ 5

Introduction ............................................................................................................................... 6

Gender stereotypes: common challenges around the globe ...................................................... 12

Economic benefits of closing gender gaps ............................................................................. 14
  
  Channels ................................................................................................................................. 14

  Empirical evidence ................................................................................................................. 15

Policies ....................................................................................................................................... 23
  
  Gender stereotypes and the sexual division of labour ......................................................... 23

  Labour market ....................................................................................................................... 24

  The care economy ................................................................................................................. 26

  Education and training ......................................................................................................... 28

Conclusion ................................................................................................................................ 30

Bibliography ............................................................................................................................ 31

About the authors ..................................................................................................................... 37
Table of figures

Figure 1. Global Gender Gap Index ................................................................................................................. 8
Figure 2. International labour market map for the average global organization ................................. 9
Figure 3. Gender Gap Index by region .............................................................................................................. 9
Figure 4. Selected countries: labour force participation rate, 2016 ......................................................... 10
Figure 5. Selected countries: average usual weekly hours, 2016 ............................................................... 10
Figure 6. Time spent on unpaid care work by gender and region, 2014 .................................................... 11
Figure 7. Constraints for women, 2020 forecast in millions ................................................................. 14
Figure 8. Global stock performance: companies market cap > USD 10 billion ........................................ 16
Figure 9. Economic growth and gender inequality ...................................................................................... 19
Figure 10. Human development and gender inequality ................................................................................ 19
Figure 11. Incremental 2025 GDP to 2025 BAU scenario (%) ................................................................. 22

Table 1. Gender gap, by job family .................................................................................................................. 11
Table 2. Gender gap, by job family .................................................................................................................. 12
Executive Summary

Female labour force participation rate remains 27 percentage points lower than male and, according to the 2017 World Economic Forum’s Global Gender Gap Report, if the current trend continues it could take another 100 years to close the overall global gender gap. Still, closing participation rates is just the first stepping stone to achieving a more egalitarian labour market. Women also face severe segregation, both occupationally (while some occupations are considered ‘female’, such as domestic service; others have very low female participation, as it is the case of Science, Technology, Engineering and Mathematical fields) and vertically (women’s participation declines as one climbs up the career ladder). Additionally, they earn, on average, less than men do and they carry out a heavier burden of unpaid work.

This paper seeks to make the case that reducing gender inequality is not just a human right but also a human development and economic concern. In fact, we present some findings that help to argue that closing gender gaps is beneficial not just from a macroeconomic perspective but also at the micro level, as it has proved to be more profitable for companies.

McKinsey Global Institute (2015) affirms that if female labour force participation were equal to men’s, this could input an extra $28 trillion into the annual global GDP by 2025, compared to a ‘business-as-usual’ (BAU) scenario (in which gender gaps remain unchanged). More strikingly, GDP under the scenario in which women participate in the same way men do—the ‘full potential’ scenario—could be up to 60% higher than GDP under the BAU scenario. This is most significant in emerging economies since gaps between men and women are widest. Besides, another benefit of closing gender gaps for emerging and developing regions is the positive effect that it can have on both current and future poverty reduction rates (Sinha et al., 2007).

At the company level, the International Finance Corporation (2015) has found that better employment opportunities for women can contribute to increased profitability and productivity, and other studies, such as that of Credit Suisse Research Institute (2014), argue that higher female participation in boards or managerial positions within a firm positively impacts on their performance. Furthermore, fostering female participation seems to also translate into higher employee productivity, since Cuberes & Teignier-Baqué (2011b) estimate that male-dominated industries in many developing countries could increase their productivity between 3% and 25% simply by increasing female labour force participation.

Moreover, in this paper, we review existing policies that aim—or have the potential—to tackle these problems in order to contribute to the design of policies that can bridge gender gaps. While some policies have a long-term goal of deconstructing cultural beliefs which cause gender inequality and the sexual division of labour, others have more specific and short-term goals to increase female labour force participation.
About

The policy brief on “The economic case for reducing gender gaps in the labour market” was developed by CIPPEC, the Centre for the Implementation of Public Policies promoting Equity and Growth, an independent non-profit organization that works on better building public policies in Argentina. During 2018, CIPPEC acted as Co-Chair of Think20 (T20), together with CARI, and as knowledge partner of Women20 (W20) during the Argentine G20 presidency.

W20 is a transnational network that brings together women leaders of civil society, businesses, entrepreneurship ventures and think tanks. The main goal of W20 is to influence the agenda of the decision-making bodies of the G20, with a view to impacting public policies in order to increase women's participation in the economies and societies of their countries. W20 Argentina’s four focus topics are Labour Inclusion, Digital Inclusion, Financial Inclusion and Rural Development.

As W20 Argentina’s strategic implementation partner the Emerging Market Sustainability Dialogues (EMSD), a project of Gesellschaft für Internationale Zusammenarbeit (GIZ), commissioned by the Federal Ministry for Development and Economic Cooperation (BMZ), supported the research for this policy brief.

Further information on the project partners can be found online, on the W20 Argentina, CIPPEC, and EMSD websites.
**Introduction**

Even though female labour force participation has risen in the last decades, its rate of progress has slowed down and remains almost 27 percentage points lower than male labour force participation. Worse still, it is not expected to improve in the short term (International Labour Organization, 2017) and according to the 2017 World Economic Forum’s Global Gender Gap Report if the current trend continues it could take 100 years to close the overall global gender gap.

From a human right’s perspective, there is little question about the fact that mandate on closing gender gaps is the right thing to do. Over the last years, a growing body of literature has argued that reducing gender inequality is also economically beneficial. From both microeconomic and aggregate perspective, encouraging female participation and improving women’s conditions and possibilities in the job market can yield enormous economic returns.

Booz & Company (2012) estimate that the number of women between the ages of 20 and 65 that could potentially participate more fully in the mainstream global economy is expected to grow to 1 billion in the following decade. This means that women are poised to play a significant role in the global economy and especially in emerging economies which is the greatest source of untapped potential as it accounts for 94% of those women.

There exists a vast amount of literature on the mechanisms through which gender labour gaps may affect economic performance. At the aggregate level, these mechanisms include: the underutilisation of talent associated to women’s relative lower participation in the labour markets (Booz & Company, 2012), underinvestment in women’s human capital (Blackden, Canagarajah, Klasen, & Lawson, 2006) and the inefficiency and hampering of economic growth due to the artificial restriction posed on the pool of talent, among others.

At the company level, the International Finance Corporation (2015) has found that better employment opportunities for women contributes to increased profitability and productivity. Activities which have been identified to support this include: an expansion in the pool of candidates and talents for jobs, reduction of staff turnover and absenteeism, increase in productivity and innovation and greater insight into consumer preferences, as in the majority of cases women are those who influence purchasing decisions.

Along these lines, a group of studies has analysed how the gender composition in boards or managerial positions within a firm can impact on their performance. The Credit Suisse Research Institute (2014) found that between 2005 and 2014, large companies (i.e. with market capitalisation greater than USD 10 billion), whose managing boards had a higher-than-average percentage of women consistently outperformed, in terms of stock market performance, companies with fewer-than-average percentage of women in managerial positions.

From an aggregate point of view, a meta-analysis carried out by CIPPEC shows that gender equality is associated both with boosting human development and faster economic growth. This is supported by the McKinsey Global Institute (2015) which affirms that if female labour force participation were equal to men’s, this could input an extra $28 trillion into the annual global GDP by 2025, compared to a business-as-usual scenario. Interestingly enough, it is in the developing world where the highest potential benefits are expected. According to the World Bank, investing in girls’ education would lead to an increase in the lifetime earnings of today’s cohort of girls equivalent to about 54% to 68% of countries’ GDP. In other words, an increase in annual GDP growth rates of about 1.5% (World Economic Forum, 2017).

Based on the vast amount of literature on the topic, both empirical and theoretical, this paper seeks to make the case that reducing gender inequality is not just a human right but also a human development and economic concern. In fact, it is argued that closing gender gaps is
beneficial not just from a macroeconomic perspective but also at the micro level as it has proved to be more profitable for companies.

To achieve gender equality, it is crucial to design policies that tackle the problems women face both in accessing the labour market and advancing up the career ladder. As a first step towards designing these policies, this paper reviews existing policies and groups them according to the problematic they seek to address. For example, some policies reviewed are designed to deconstruct cultural representations and the sexual division of labour, whilst others aim to remove obstacles to entering the labour market, re-distribute unpaid work and bridge educational gaps.

Hence, the paper is organized as follows. Section 2 presents evidence on the existing gender gaps and its different angles. Section 3 reviews the numerous obstacles to female empowerment. Section 4 analyses the mechanisms through which gender equality can foster economic growth and presents evidence and studies that argue that there exist, in fact, benefits both from a microeconomic and an aggregate perspective. Section 5 reviews policies aimed at reducing gender inequality. Finally, section 6 presents the conclusions.
We are still nowhere near gender equality

Gender gaps in the labour market remain one of the most pressing global challenges. Although female labour force participation has risen during the last decades, it is still almost 27 percentage points lower than male labour force participation and this rate is not expected to improve in the short term (International Labour Organization, 2017). In fact, female participation rate has been stagnating in recent years, casting doubts on the future tendency of this phenomenon and the reduction of gender gaps in the labour market. It must also be considered that participation rate is not the only measure of gender inequality as there are other obstacles to gender inequality that need to be taken into account such as the type and quality of job women are able to obtain.

While gender gaps are worrisome per se, it is the slow rate of progress that is most shocking. According to the 2017 World Economic Forum’s Global Gender Gap Report, the situation of women has worsened for the second consecutive year. If the current trend continues, the overall global gender gap will only be closed in 100 years and economic gender equality will not be achieved for at least another 217 years.

As demonstrated in Figure 1, while gender gaps in education and health are small on average (with women outperforming men in some countries), economic and political participation remains highly unequal.

Figure 1. Global Gender Gap Index (2017)


Entrepreneurial world is no different. According to a study by Noland, Moran, & Kotschwar (2016), it was found from surveyed companies that nearly a third had no women at all in either board or C-suite positions, 60% had no female board members, 50% had no female top executives and less than 5% had a female CEO. MERCER’s report When women thrive businesses thrive (2014) highlights that while women continue to lag behind men in overall labour force participation, their situation worsens as we look at higher positions (see Figure 2).
As demonstrated by Figure 3, Western European countries are closer to reaching gender equality. 

Focusing on the labour market, Citigroup (2017) points out that while women represent roughly 50% of working age population around the globe, female labour force participation (LFP) is consistently below that of men. In 2016, the OECD average female LFP stood at 64%, 16pp lower than male, and in some countries, such as Italy, the gap was bigger than 20pp (see Figure 4).
Even when women participate in the labour market, they tend to work fewer hours on average than men (see Figure 5). This is because they are likelier to work part-time or because even when working in a full time job they work for fewer hours (Citigroup, 2017).

One of the main deterrents of female LFP is unpaid domestic work, as women undertake a much larger proportion of these activities relative, especially those related to childrearing. This constitutes a significant obstacle to LFP since it means hours of work at home but which is not considered as such and therefore not paid. On average, in OECD countries women spend 271 minutes per day doing unpaid work compared to only 138 minutes for men. Yet there are large heterogeneities across countries and regions, and the Middle East and North Africa (MENA) region has been found to be the one with the largest gap (see Figure 6).
Figure 6. Time spent on unpaid care work by gender and region, 2014

![Chart showing time spent on unpaid care work by gender and region, 2014](image)

Note: This chart represents the average hours per day spent on unpaid care work by women and men in regions of the world: Middle East and North Africa (MENA), South Asia (SA), Eastern Europe and Central Asia (ECA), Latin America and the Caribbean (LAC), East Asia and Pacific (EAP), Sub-Saharan Africa (SSA) and North America (NA).

Source: Citigroup (2017)

Typically, this sexual division of labour within families is intrinsically linked to social stereotypes which associate certain types of activities to women and others to men. This unequal distribution also extends outside of family sphere into all aspects of society. The most prominent example is that only 32% of graduates globally in Science, Technology, Engineering and Mathematics (STEM) are women, while they constitute 54% of employees in Office and Administrative jobs (see Table 1). This is most worrying considering the potential changes in the labour market in the face of the fourth industrial revolution. More specifically, while Office and Administrative jobs are more likely to be automatized, jobs in STEM fields may develop and grow even further, thus widening the gender gap even further.

Table 1. Gender gap, by job family (2016)

<table>
<thead>
<tr>
<th>Job Family</th>
<th>Share of women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architecture and Engineering</td>
<td>11%</td>
</tr>
<tr>
<td>Arts, Design, Entertainment Sports and Media</td>
<td>48%</td>
</tr>
<tr>
<td>Business and Financial Operations</td>
<td>43%</td>
</tr>
<tr>
<td>Computer and Mathematical</td>
<td>23%</td>
</tr>
<tr>
<td>Construction and Extraction</td>
<td>10%</td>
</tr>
<tr>
<td>Installation and Maintenance</td>
<td>8%</td>
</tr>
<tr>
<td>Management</td>
<td>25%</td>
</tr>
<tr>
<td>Manufacturing and Production</td>
<td>20%</td>
</tr>
<tr>
<td>Office and Administrative</td>
<td>54%</td>
</tr>
<tr>
<td>Sales and Related</td>
<td>41%</td>
</tr>
</tbody>
</table>


Nota: The World Economic Forum (WEF) survey collects information from various countries and regions: La encuesta del Foro Económico Mundial (WEF) sobre la cual se basa su trabajo abarca varios países y regiones: Association of Southeast Asian Nations, Australia, Brazil, China, France, Germany, the Gulf Cooperation Council, India, Italy, Japan, Mexico, South Africa, Turkey, United Kindgom and United States.
Another disadvantage that women face, once they enter the labour market, is the wage gap as it is a common fact that, on average, women earn less than men, albeit in different magnitude in each sector (see Table 2). For this reason, this gap shrinks as one controls for sector and the same occurs if we control for qualification and most importantly for hours worked, implying that these factors explain a great portion of the existing wage gap.

Table 2. Gender gap, by job family (2016)

<table>
<thead>
<tr>
<th>Job Family</th>
<th>Gender wage gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architecture and Engineering</td>
<td>27%</td>
</tr>
<tr>
<td>Arts, Design, Entertainment Sports and Media</td>
<td>12%</td>
</tr>
<tr>
<td>Business and Financial Operations</td>
<td>30%</td>
</tr>
<tr>
<td>Computer and Mathematical</td>
<td>28%</td>
</tr>
<tr>
<td>Construction and Extraction</td>
<td>48%</td>
</tr>
<tr>
<td>Installation and Maintenance</td>
<td>24%</td>
</tr>
<tr>
<td>Management</td>
<td>34%</td>
</tr>
<tr>
<td>Manufacturing and Production</td>
<td>32%</td>
</tr>
<tr>
<td>Office and Administrative</td>
<td>36%</td>
</tr>
<tr>
<td>Sales and Related</td>
<td>35%</td>
</tr>
</tbody>
</table>


Gender stereotypes: common challenges around the globe
As demonstrated, gender inequalities adopt several forms and a common trend that stands out is that these gaps persist even in countries where women are, on average, at least as educated as men. Considering all this information, why is it that even in developed countries, women’s LFP is still significantly lower than men’s? In order to design policies that address this fundamental issue, it is important to understand the obstacles that women face, not only in accessing the labour market but also in climbing up the career ladder.

A review of the literature reveals the existence of several obstacles to female empowerment, yet cultural representations seem to play a key role. The patriarchal culture determines a sexual division of labour that impacts not only on women’s decision to participate in the labour market but also on their labour trajectories and access to higher positions.

Following the study by Booz & Company (2012), women’s disadvantaged situation can be grouped into two broad categories: women are either (1) not prepared or (2) not enabled to join the workforce. The first refers to not having received sufficient education and qualifications, whereas the second refers to not having enough social and political support to engage with the labour market. It may well be the case that women are neither prepared nor enabled to join the workforce.

One of the main reasons affecting women not being enabled is related to family responsibilities and the care economy. A consequence of the sexual division of labour and existence of gender roles is that women are typically conceived as naturally responsible for domestic issues and thus carry out a heavier burden of unpaid work than men.
Hence, the costs associated with the conciliation of family life with work – both in terms of money and time- represent a major barrier not only to women’s access to the labour market but also to their subsequent participation. Thus, they end up trapped in what the literature defines as ‘sticky floors’, which are women that have scarce LFP or that work in precarious conditions, such as in domestic service1 (ONU MUJERES, 2017).

Furthermore, motherhood can cause a disruption in women’s careers, typically during their fertility peak. This can result in a professional gap crucial to obtaining promotions and, most troublesome, in a reduction in their responsibilities and dedication to the workplace as they take on an increased workload at home. Therefore, their way up the career ladder might be truncated, leaving women trapped in positions of lesser hierarchal status, defined by literature as ‘broken ladders’ (ONU MUJERES, 2017).

Gender roles along with a sexual division of labour not only hinder women’s participation in the labour market but also contribute to the segregation of those who do enter it. This segregation is twofold: occupational and vertical. The former refers to the fact that women tend to be concentrated in sectors that are catalogued as “female” (i.e. education, health or domestic services) while being significantly underrepresented in more male-dominated sectors. This is typically called ‘Glass walls’ (ONU MUJERES, 2017). To make things worse, typically female-dominated sectors exhibit average wages that are lower than those of male-dominated sectors. This is the case, for example, of domestic service, in which women represent as much as 83% of all domestic workers and which on average exhibits one of the lowest wages in the global economy (ILO, 2013).

Vertical segregation refers to women’s difficulties in reaching leadership and decision-making positions, both in the public and private sector. Following the architectonic metaphors (Bruckmüller, Ryan, Haslam, & Peters, 2013), women in this situation face so-called ‘Glass ceilings’. In this light, women come across many obstacles caused by the patriarchal culture and gender stereotypes deeply rooted in society. Some companies are reluctant to give women with children job opportunities that involve high stress levels or frequent travelling. This is typically related to the recurring idea that women’s role in domestic work affects negatively their performance and most importantly raises labour costs, which does not seem to have an empirical validation as Todaro, Godoy, & Abramo (2002) argue.

Perhaps as a perverse consequence of the lack of enablement, or perhaps as a convenient justification for it, the other big deficiency is that women are not prepared. Although education is the dimension in which the world is closest to achieving gender parity according to the World Economic Forum (2017) this hides several heterogeneities. Apart from obvious regional variations, women’s situation differs to men’s at different stages of the education cycle. Enrolment rates are only the first stepping stone to achieving gender equality in education as it is also the educational choices of girls and boys that affect the previously mentioned occupational segregation. The predetermined set of alternatives and the classification of certain skills and characteristics as either “masculine” or “feminine” can alter children’s perceptions of their own abilities from early childhood and ultimately undermining their performance (Shapiro & Williams, 2012).

In this vein, absence of female archetypes also plays a key role both in occupational and vertical segregation. The scarcity of women in STEM fields, or as entrepreneurs and directors

1 This is typically the case for less educated women or those who have lower income.
only perpetuates women’s *status quo* in an increasingly segregated labour market. Similarly, the lack of mentoring and promotion of female leadership negatively affect women’s career choice. In fact, as shown in Beaman, Duflo, Pande & Topalova (2012), (the lack of) female leadership influences adolescent girls’ career aspirations and educational attainment.

**Economic benefits of closing gender gaps**

**Channels**

As described above, Booz & Company's (2012) characterisation of the constraints for women to realize their economic potential classifies women as (1) *not prepared*, (2) *not enabled* or (3) *neither prepared nor enabled*. This way, their study concludes that, combining women in all three categories between the ages 20-65, in 2020 there will be around 865 million women that could potentially participate more fully in the mainstream global economy. Once again, it is in the emerging economies where gender inequality leaves an enormous potential to be exploited since these countries account for as much as 94% of those women (see **Figure 7**).

**Figure 7. Constraints for women, 2020 forecast in millions**

![Figure 7](image_url)


Moreover, these numbers are expected to grow to 1 billion in the following decade, which means that women are poised to play a role in the global economy as significant as that of the billion-plus populations of India and China. In this light, there is a vast literature on the mechanisms through which gender labour gaps may affect economic performance. At the aggregate level, we find there are three main channels.

The first channel, observed in Booz & Company’s (2012) study, is the underutilisation of talent due to women’s relative lower participation in the labour markets. An increase in their participation could be achieved, for instance, by exploiting the economies of scale associated with
extending the supply of day care. This would imply an increase of the potential GDP and income per capita (ILO, 2017b; McKinsey, 2015; OECD, 2012).

A second channel operates through underinvestment in women’s human capital. Blackden et al. (2006) argue that gender inequality in education and the labour market reduces both the actual and future stock of human capital. Firstly, previous sub-investment in women’s human capital affects present stock of human capital. Assuming the same distribution of abilities for girls and boys, the future stock of capital is endangered by the wage gap since it creates more incentives for parents to invest in men’s education. Therefore, if it weren’t for the wage gap, the future stock of capital of women would be much higher.

Finally, the combination of underutilizing women’s talent and underinvesting in their human capital lead us to the third channel: efficiency. Given the disadvantaged position of qualified women in labour markets, firms would rather forgo hiring female workers with a high potential for productivity to hire male workers instead, even when relatively less productive. This restriction imposed on the talent pool creates inefficiencies and hampers economic growth (Blackden et al., 2006). A similar argument can be made about entrepreneurial talent, which is arguably distributed randomly amongst individuals regardless of their gender. If women have fewer chances of reaching managerial positions, the speed of innovation and technology adoption in the economy shrinks leading to a decline in aggregate productivity and GDP per capita (Esteve-Volart, 2009).

Another literature stream has pointed out alternative mechanisms through which gender equality can have a positive economic impact. One is through its effect on the next generation’s stock of human capital. Sen (1990) and Klasen & Wink (2003) argue that asymmetries in employment and income undermine ‘women’s bargaining power within the household. As evidence show, women are more likely to invest in their children’s wellbeing than men (Duflo, 2003; Duflo, 2012), their relatively lower bargaining power may lead to underinvestment in children’s education and health. Similarly, Slotsky (2006) argues that increasing women’s decision-making power favours aggregate productivity in the long run, as they seem to have a stronger preference towards goods and services that contribute to building up children’s human capital (de Hoop et al., 2017).

Finally, the relationship between women’s education and fertility rate has been stressed in literature as having an impact on growth. Higher levels in female education renders women’s time more expensive, incentivizing families to have fewer children so that they can spend more on each child. This pattern, on average, leads to a higher income per capita (Lagerlof, 2003).

**Empirical evidence**

Female talent remains one of the most under-utilized business resources, either squandered through lack of progression or untapped from the onset. For this reason, and in line with the mechanisms outlined in the previous section, growing evidence has documented and quantified the economic returns of reducing gender gaps in the economy. Part of the literature is devoted to

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2 It is noteworthy that Duflo (2012) finds a large impact on the anthropometric status of girls while having little effect on boys, which suggests that the opportunity cost of women’s relative lower bargaining power is bigger when it comes to girls in comparison to boys.
studying the effects at an aggregate level, whereas there is also growing evidence on the microeconomic returns of gender equality (i.e. at the firm level).

**At the firm level**

At the company level, as the IFC report (2015) finds, better employment opportunities for women can also contribute to increased profitability and productivity. Barney (1990) suggests that sources of sustained competitive advantage are firm resources that are valuable, rare, imperfectly imitable and non-substitutable. Hence, gender diversity as a source of intangible and socially complex resources can provide a firm with a sustained competitive advantage.

In particular, increasing attention has been devoted to the relationship between diversity and innovation. As Quintana-García & Benavides-Velasco (2008) argue, different points of view, educational backgrounds and experiences may facilitate complex problem-solving, and the generation of new ideas. This is supported by EC (2008) which states that the existence of dissimilar mind-sets can enhance flexibility, creativity and the ability to innovate.

A group of studies has analysed how different aspects of the gender composition in boards or managerial positions within a firm impact on their performance. To begin with, higher female participation on boards seems to be associated with better financial performance across several indicators. The Credit Suisse Research Institute (2014) found that between 2005 and 2014, large companies (i.e. with market capitalisation greater than USD 10 billion), whose managing boards had a higher-than-average percentage of women consistently outperformed, in terms of stock market performance, companies with fewer-than-average percentage of women in managerial positions (see **Figure 8**).

**Figure 8. Global stock performance: companies market cap > USD 10 billion (2006-2014)**

![Graph showing stock performance](image)


Similarly, IFC (2015) shows that in Jordan, in 2012, the average return on assets (ROA) of publicly listed companies without female representation was 0.99 compared with 3.03 for companies with at least one woman on the board.
A study by Catalyst (2011) reveals that companies listed in Fortune 500 with a higher representation of women in senior management positions financially outperform companies with proportionally fewer women at the top. Similarly, Dezsö & Ross (2012), using data of 1500 S&P firms, find that female representation in top management creates informational and social diversity which improves companies’ performance. It also improves managerial task performance throughout the firm, especially for women in lower-level managerial positions. Nonetheless, this study was found to be most statistically significant with firms whose strategy focuses strongly on innovation.

Noland et al. (2016) also found that companies with at least 30% of women at C-suite level can add as much as 6% to their net profits. As a matter of fact, when it comes to leadership positions, companies with top quartile representation of women in executive committees have performed better than companies with no women at the top—by some estimates as much as a 47% premium on average return on equity (WEF, 2016).

Furthermore, fostering female participation seems to also translate into higher employee productivity, and this in turn could have an effect on economic growth. Cuberes & Teignier-Baqué (2011) shows that excluding women from managerial positions has significant effects on resource allocation and aggregate productivity, and that excluding them from employment has large effects on income per capita. In this regard, Cuberes & Teignier-Baqué (2011b) estimate that male-dominated industries in many developing countries could increase their productivity between 3% and 25% simply by increasing female labour force participation.

In this light, Ali et al. (2011) test several hypotheses regarding the relationship between gender diversity and performance. Their results demonstrate an overall positive correlation between gender diversity and employee productivity, yet this only applied with a time lag of five years between diversity and employee productivity. These findings are in line with the resource-based view. Resources associated with organisational gender diversity such as market insight, creativity, innovation and improved problem-solving, take at least two years to impact employee productivity.

Moreover, Ali et al. (2011) also test the differentiated effects of gender diversity on productivity across sectors. They found that while the negative effects of having employees belonging to different social identities—such as those predicted by self-categorisation theories—were similar both in the services and manufacturing industries, the positive part of the performance curve was steeper in the services industry. These findings suggest that gender-diverse workforces might need to be handled differently depending on the industry to capitalize on the benefits of gender diversity.

A less discussed and researched aspect of gender diversity is its relationship with innovation (see for instance, Quintana-García & Benavides-Velasco (2008); Dosi (1988); Zahra & George (2002); Van der Vegt & Janssen (2003)). In this literature, employee diversity is thought to have a positive effect on innovation. Similarly, Østergaard et al. (2011) analysed information they had on 1648 different Danish firms obtained from the DISKO innovation survey. Their analysis showed that gender diversity is essential on lower hierarchical levels as well as on the management and technology teams for firms to achieve their best performance in innovation. Conversely, some evidence suggests that gender diversity has no significant effect on task conflict and performance (Pelled, Eisenhardt, & Xin (1999) and Chowdhury (2005)). Yet, these studies do not take into account that the nature of the task is crucial in determining the interaction between team composition and effectiveness. Fenwick & Neal (2001) aimed to disentangle this question using a sample of students. In their study, they compared the effect of gender diversity within groups performing managerial activities or individual work that required submitting written group reports. It turned out that the number of women in the group had a significant effect for
the former groups while had none for the latter. In their view, this is possibly related to the fact that managerial activities required more intra-group interaction than the written group reports which entailed more individual work.

Similarly, Díaz-García, González-Moreno, & Jose Sáez-Martínez (2013) study how gender diversity within R&D teams impacts innovation. Using data from the Technological Innovation Panel (PITEC) they found a significant positive relationship between gender diversity in R&D groups and radical innovation\(^3\).

The above-mentioned studies have a counterpart in the results of the European Business Test Panel (EBTP) survey. According to the study, the amount of companies that recognized the relationship between diversity and innovation increased from 26% in 2005 to 63% in 2008 (EC, 2008). However, the survey also revealed that there are several obstacles for companies to implement Equality and Diversity (E&D) policies and/or targets, namely, lack of leadership commitment, discriminatory attitudes and behaviours amongst staff and lack of information and awareness were at the top the list.

As a whole, this evidence highlights the economic benefits of reducing gender gaps in leadership positions. However, to achieve this, it is crucial to develop and sustain high-performing female talent and to create the necessary conditions for these talented women to progress up the career ladder. In this context, female middle managers constitute a key element of any successful gender diversity strategy since they represent an important source of potential leadership talent (Alexander Mann Solutions, 2013).

Although most of the previous studies show correlations, and not necessarily causation, the exhaustive literature on the topic has already inspired many companies around the world to foster women’s participation and put forward the business-case for reducing the gender gap.

**At the aggregate level**

As Citigroup (2017) points out, female empowerment is not only a human right but also a human development concern. Research carried out by CIPPEC demonstrates that gender equality is associated with boosting both human development and economic growth (see *Figures 9* and *10*).

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\(^3\) Radical innovation refers to those that involve drastic changes, as opposed to incremental innovations which typically constitute improvements in products or production processes.
Figure 9. Economic growth and gender inequality (1985-2015)

Source: CIPPEC on United Nations Development Programme 2015 Human Development Report and Penn World Table 9.0

Figure 10. Human development and gender inequality (2015)

One strand of literature focuses on existing gaps in education. For instance, Dollar & Gatti (1999) study the ‘direct’ effect (by reducing the amount of human capital and restricting the pool of talent) of differential secondary school achievement on growth. A significant positive coefficient on female secondary attainment was found, even after controlling for fertility rates and instrumenting education with religious variables and civil liberties. The sample was split according to countries’ income and, interestingly, the results found that the more developed an economy is, the stronger the effect.

Other studies understand that promoting female education can positively affect economic growth through its impact on other indicators. This strand of literature argues that reducing the educational gender gap can reduce fertility levels (see Schultz (1997); Orazem & King (2007)), which in turn can lead to higher economic growth. Indeed, research on the relationship between fertility and level of income per capita goes back several decades, with Kuznets (1967) finding a positive correlation between population growth rate and income per capita. Several other studies followed Kuznets (1967) in studying the effect of population growth on income growth (see Kelley (1988); Kelley & Schmidt (2005); Bloom & Canning (2004)). However, it is worth noting that since fertility rate is an endogenous variable, most of these studies suffer from identification problems.

Existing research also looks at the impact of reducing employment gaps on economic growth. This literature typically views women’s employment as a means of enhancing their bargaining power which may have a range of positive effects on growth: higher savings, more productive investments and, especially, higher investments in the health and education of their children, thus promoting the next generation’s human capital. Accordingly, Klasen (2000) finds that increases in female labour force participation and formal-sector employment are associated with higher growth in a cross-country context. Knowles, Lorgelly & Owen (2002) also suggest that female education positively affects growth and potentially makes a greater contribution to labour productivity than male education given its indirect effects on measured output that are not captured by women’s earnings. Klasen & Lamanna (2009) posit that gender inequality in labour force participation (used as a proxy for gender gaps in employment) has a negative effect on economic growth.

Regarding gender gaps in employment, it is worth highlighting differences between men and women in entrepreneurship. As shown above, these gaps are still severe, even in developed countries, where the average incidence of females among employers is less than 30 percent (World Bank, 2001). Again, Cuberes & Teignier (2016) argue that gender gaps in entrepreneurship negatively affect both income and aggregate productivity, since they reduce the entrepreneur’s average talent. According to their simulations, if all women are discriminated against managerial positions (and assuming equal distribution of talent across genders), the loss in output per worker could be up to almost 25% and the loss in worker’s wage slightly higher. This negative impact is enhanced when incorporating out-of-necessity self-employment – i.e. agents who choose to be self-employed as they have no better option in order to quantify the effects for a sample of developing countries. Their analysis then shows that albeit always negative, the effects of gender gaps in entrepreneurship vary across countries and regions (the largest income loss is in the Middle East and North Africa, followed by South Asia and Latin America and the Caribbean).

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4 In their paper, they also analyze the determinants of gender inequality and they find that it is explained to a considerable extent by religious preferences, regional factors and civil freedom. For this reason, in order to deal with the endogeneity problem, they instrument education with these variables.

5 This indirect effects include the flow-on effects of higher output to higher physical capital investment.
Moreover, some studies simulate the impact of reducing gender gaps. McKinsey (2015) constructs an ideal future scenario where women participate in the economy identically to men and argue that this could inject an extra $28 trillion to the annual global GDP by 2025, compared with a business-as-usual scenario. These numbers arise from closing different gaps: for instance, increasing female participation in the labour force to match male levels accounts for 54% in the increase of potential GDP. Closing the hours worked gap would generate 23% of the estimated incremental GDP. Additionally, as women tend to be overrepresented in lower-productivity sectors, shifting them to positions in higher-productivity sectors and pairing the distribution pattern of male workers would add another 23% to the total potential GDP increase. Given associated government revenue shares in GDP, the latter achievement could unlock an additional US$1.4 trillion in global tax revenue, most of it (US$940 billion) in emerging economies. This suggests that additional public investment into closing global gender gaps (ILO, 2017b) could in fact be self-financing.

Given that this scenario is unrealistic in the medium term, McKinsey’s report evaluates more achievable scenarios. For example, if all countries matched their progress in terms of gender parity of the country with the best performance in the region, global GDP would increase by $12 trillion in 2025. Likewise, the International Labour Organization estimates the potential gains in terms of global GDP could amount to $5.3 trillion if all countries succeed in meeting the 2014 G20 target of ‘reducing the gap between male and female participation rates by 25% by 2025 (ILO, 2017).’

The differential effect of gender equality among countries is another important dimension to consider. Hakura, Hussain, Newiak, Thakoor & Yang (2016) suggest that the effect of gender equality on economic growth is positive and stronger in low income countries. Similarly, Klasen (2002), using panel regression analysis, found that educational gaps have a negative effect on economic growth, particularly in developing countries. Furthermore, this paper suggests that the effect is weaker in industrial countries. All these findings are consistent with Ramanayake & Ghosh (2017) who perform different estimations and yet obtain the same result in terms of gender equality and economic growth.

Reducing gender inequality is particularly relevant for developing regions. Given that they are the regions with the widest gap between men and women, they are those who would benefit the most from bridging that gap in terms of GDP opportunities. Based on a sample of a wide range of developing countries, the World Bank argues that investing in girls to complete their education at the same rate as boys can lead to an increase in lifetime earnings of today’s cohort of girls equivalent to between 54% and 68% of countries’ GDP. This corresponds to an increase in annual GDP growth rates of about 1.5% (World Economic Forum, 2017).

Moreover, ILO (2017) estimates that emerging economies would benefit the most from achieving this goal due to an increase of 4.8% in GDP, 6.2% in employment and 6.3% in the labour force. In addition, McKinsey (2015) argues that if women matched men in labour force participation, hours worked and sectorial distribution, defined as the ‘full potential’ scenario, the increase in GDP in emerging economies would be enormous. More specifically, GDP under the ‘full potential’ scenario could be up to 60% higher than GDP under the ‘business-as-usual’ (BAU) scenario (in which gender gaps remain unchanged). As demonstrated in Figure 11, this is particularly true for emerging and developing economies.
Figure 11. Incremental 2025 GDP to 2025 BAU scenario (%)

<table>
<thead>
<tr>
<th>Region</th>
<th>Increment 2025 GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>60</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>48</td>
</tr>
<tr>
<td>East and Southeast Asia (excluding China)</td>
<td>34</td>
</tr>
<tr>
<td>World</td>
<td>27</td>
</tr>
<tr>
<td>Eastern Europe and Central Asia</td>
<td>23</td>
</tr>
<tr>
<td>North America and Oceania</td>
<td>20</td>
</tr>
</tbody>
</table>


It is worth noting that although for the sake of policy making, the effect of gender gaps in education and employment have largely been studied separately, they are in fact so intrinsically linked that it is difficult to isolate the effects of these two factors. In other words, it might well be the case that gender gaps in education lead to gender gaps in employment and vice versa. Hence, the studies mentioned so far, which treat gender gaps in education and employment separately, should be interpreted cautiously.

Another strand of the literature—although not as extensive—studies the potential effect of closing gender gaps on poverty reduction. Sinha, Raju & Morrison (2007) conducted the principal survey. This paper examines different empirical contributions on how fostering gender equality can have a positive impact on poverty through its effect on economic growth and access to health, education and labour market opportunities. According to this study, one of the mechanisms is straightforward: if women have better access to the labour market, this implies greater employment opportunities leading to a rise in current income, higher consumption expenditures and, therefore, short-term economic growth and a decline in current poverty levels. At the same time, increased female labour force participation and earnings can stimulate future economic growth and reduce future poverty through higher savings. Finally, gender equality affects the bargaining power of mothers, causing a positive impact on their children’s well-being, future human capital accumulation, income poverty, productivity and economic growth.

Some studies which address this issue use a qualitative approach. This is the case of Siddique (1998) which assessed the impact of different gender initiatives on female well-being in Bangladesh. The paper shows that gender policies have been useful to reduce gender gaps but insufficient to close them. On the other hand, Chaudhry & Rahman (2009) study the impact of the educational gap on rural poverty in Pakistan. In this case, closing the educational gap had a positive impact on poverty and probability of being poor.

Quantitative approaches at a macroeconomic level have also been carried out. For instance, the World Bank Group (2001) used cross-country data on poverty and gender equality to discover a negative correlation between gender equality and poverty. This concurs with Sinha et al. (2007)’s findings and the most important stylized fact founded in this literature.

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6This happens because of changing female power in household decisions.
Another point of discussion is the relationship between female-headed households and the probability of being chronically poor. Although, evidence on this topic is inconclusive, some studies based on data from specific countries corroborate this relationship. For example, Lawson, Mckay, & Okidi (2006), using data from Uganda- or Buvinic & Gupta (1997)- suggest that female-headed households have a higher probability of being persistently poor than male-headed household. On the contrary, Shaffer (1998), who analyses data from Guinea, affirms that in that country female-headed household are not necessarily more likely than male-headed household to be poor.

To conclude, the evidence suggests that gender equality is profitable from different economic outlooks (economic growth, productivity, current and intergenerational human capital accumulation and poverty) and this explains why, beyond a human rights perspective, it is primordial for policy to address gender gaps. However, the research that seeks to empirically validate these channels faces several limitations. More precisely, many studies have endogeneity, multicollinearity, omitted variables and unobserved heterogeneity problems, among others. These problems in turn make it harder to not only claim a causal relationship but also to identify the mechanisms through which gender gaps hinder economic growth. Nonetheless, some of the less sophisticated or ambitious approaches to the topic may provide more adequate policy advice and for this reason have been taken into account in this section.

Policies
Given all the evidence provided, there seems to be little room to question that reducing gender gaps reaps economic benefits. Hence, the next question is how can countries close these gaps and how can women participate and have the same opportunities as men do in the labour market. The answer lies in understanding the reasons why they do not participate equally. Policies that aim to successfully reduce gender gaps should seek to eliminate the obstacles women face. There already exist a number of policies and good practices which aim to resolve this topic, or which have the potential to do so, and in this paper we have grouped such policies according to their area of incidence.

Gender stereotypes and the sexual division of labour
A lesson learnt is that a factor that helps to deconstruct cultural manifestations of gender inequality is the public representation of models that defy stereotypes, both among women and men. Massive communication campaigns have a moderate impact on attitudes and an even lesser impact on prejudices, which although often unconscious, are still a useful instrument for policy making. For instance, several studies have shown that this kind of interventions had a significant effect on the decline of HIV prevalence in several nations promoting the use of condoms and changing attitudes towards sexual relationships (see Green, Halperin, Nantulya, & Hogle, 2006; LaCroix, Snyder, Huedo-Medina, & Johnson, 2014).

Kosunen, Asikainen, Gústafsdóttir, Haggrén, & Lång (2017) thus highlight the vital role played by the media in constructing, or deconstructing, gender equality. Experimental studies have shown that being exposed to sexist advertising negatively affects the levels of women’s (and men’s) satisfaction with respect to their own bodies and widens the gap between their self-perception and actual appearance compared to what they conceive as ‘ideal’ (Lavine, Sweeney, & Wagner, 1999). In a similar way, then, it is plausible that media affects career choices and the assignment of roles by promoting and reproducing gender stereotypes. Thus, initiatives that seek to regulate gender discriminatory advertisement, although framed in a ‘cultural change’ paradigm of medium to long term, have a relatively high potential for impact.
Labour market
Most existing public programs aimed at increasing labour participation lack a gender perspective. More room is needed to acknowledge the disadvantaged position of women in the job market and use tools that already exist to foster their integration into the labour market. However, it is important to consider the occupational segregation of women to avoid reproducing this pattern in program participation. Furthermore, international experience reveals the need to coordinate these programs with measures to address obstacles that may arise from the unequal distribution of care and domestic responsibilities, that if not dealt with, may further exclude women from the job market (Berniell, 2016).

In the long run, policies that aim to generate a role model effect may also contribute to breaking occupational segregation by encouraging women to aspire to work in sectors not traditionally associated as female and to question the stereotype of women as caregivers. One example of such policy is the implementation of quotas in the public sector — a strategy typically designed to break glass ceilings— since it can generate an indirect effect through its impact on the supply side of the labour market. A natural experiment in India demonstrates that quotas in public positions had an impact on teenagers’ aspirations, career choices and time dedicated to housework through a successful use of the role model effect (Beaman et al., 2012).

On the other hand, policies which target the demand side of the job market are also crucial. For instance, employers need to be trained to carry out non-sexist recruitments. Based on recruitment posts present on on-line platforms in Argentina, there is no doubt that gender stereotypes in these processes are abundant. For example, when good appearance was requested, 93% of searches were directed to women. Additionally, 22% of posts exhibited explicit gender requirements and 82% of the searches used non-generic language (that is, asking for male engineers or female secretaries). Therefore, it is possible to establish patterns of parity in the hiring process and to develop open recruitment and selection processes both in the public and private sector. These should include neutral language in job searches, standardized and transparent tenders and interview questionnaires that are gender balanced. Selection judges should be from both sexes and be trained in gender parity to ensure that selection processes, designations and promotions are based exclusively on performance.

Likewise, there are interventions that try to remove personally identifiable information from the resumes of applicants or establish ‘blind’ recruiting during the selection process. These interventions were originally motivated by the use of blind auditions in symphony orchestras in the USA, which increased the probability of female musicians to go beyond the initial stage in the selection process by as much as 50% (Goldin & Rouse, 2000). Several organisations including Deloitte, HSBC, the BBC, powerhouse law firm Clifford Chance and cloud-storage firm Compose Inc. have put this system into practice. Australia has also launched blind recruitment trials and the Australian Bureau of Statistics (ABS) has shown impressive results from 2015 to 2016 by duplicating the proportion of women in senior positions. Nonetheless, recent impact assessments have shown that the initiative is not effective when there is a previous positive bias towards hiring women, since it then becomes neutralized by the introduction of blind recruitment and de-identification (Hiscox et al., 2017). This occurred when the Australian Public Service (APS) tried

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7 See https://www.cronista.com/negocios/Poca-informacion-y-abundantes-prejuicios-en-el-lenguaje-de-las-busquedas-laborales-20171009-0018.html
8 See https://www.fastcompany.com/3057631/how-blind-recruitment-works-and-why-you-should-consider
to imitate the ABS’s case. According to the study conducted by the Behavioural Economics Team of the Australian Government (BETA), the case of the APS was different since officers already tended to discriminate in favour of female and minority candidates and for this reason the initiative had the opposite effect desired.

Another problematic described earlier is that of glass ceilings, which refers to the challenges women face in making their way up the career ladder. To counter this, a commonly used policy is that of gender quotas. Norway was the first country to adopt compulsory gender quotas in 2008, after a three-year voluntary period beginning in 2005. The Norwegian Public Limited Liability Companies Act imposes sanctions to companies that do not meet the 40% quota. Its launch was coupled with the creation of the Female Future Program, which involved the creation of databases with profiles of potential female candidates and training programs for future executives. Consequently, companies that fell under the initiative reached the required quota within the predetermined time-period and have succeeded in maintaining a high level of gender diversity ever since. Other countries followed Norway’s example by also introduced gender quotas: Spain (2007), France (2010), Iceland (2010), Italy (2011), Netherlands (2011), Belgium (2011) and Germany (2014). For example, in France, the introduction of gender quotas in the executive boards of public companies drove female participation from 16.1% in 2010 to 29.6% in 2014 (Credit Suisse Research Institute, 2014).

Another group of countries, including The United Kingdom, Sweden and Australia, have opted to foster female participation on boards on a voluntary basis by encouraging corporate initiatives that include gender diversity goals. For example, the United Kingdom’s goal was to have 25% of women on boards and more transparent and public selection processes. In this context, companies that started out having, on average, a 12.5% female participation rate successfully reached the 25% goal by 2015.

Unfortunately, there is no consensus on whether a voluntary or compulsory approach to adopting gender quotas is most effective. The main reason is that, although the implementation of gender quotas as in Norway’s case was successful as the minimum representation level was met, the share of women has not increased further. Moreover, even within boards, vertical sex segregation is still present as women continue to be underrepresented in most senior positions. Most problematic is the so-called ‘Golden Skirts’ phenomenon (Seierstad & Opsahl, 2011) which emerges when unexpected legislative mandates create a temporal shortage of skilled and qualified women available to take up such positions and only a selected few end up being chosen. In this case, it could be argued that the voluntary alternative, although functioning at a slower pace, can create a greater social awareness and become more deeply rooted in the entrepreneurship culture (Oswick & Noon, 2014).

This way, The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) fosters moving from compensatory measures -such as quotas- to actual political parity, a permanent principle to ensure equal gender representation. To this day, seven Latin-American countries have adopted gender parity laws. Nonetheless, this requires guaranteeing gender equity in the structure of political parties as they are the ones mobilizing candidates. Although women represent half the members of the party, female participation in government bodies or on lists of candidates is far from equal (IDEA & BID, 2015). It is therefore also vital to achieve a more egalitarian mode of working in parliament to achieve gender parity. Possible measures include: internal rules to generate more egalitarian working conditions, creating offices that help introduce a gender perspective at different stages of legislative work and guaranteeing the designation of women among the authorities of the chambers and commissions (Krook & Zetterberg, 2014).
The care economy
As previously mentioned, one of the main reasons why women are not enabled to participate more fully in the global economy is the sexual division of labour which considers women as naturally responsible for domestic issues and caregiving. Women are generally forced to conciliate family life with work which represents a major barrier not only to women’s access to the labour market but also to their subsequent participation.

Policies concerning the care economy can be grouped into two broad categories. On the one hand, there are those that aim to defeminize housework and child rearing, but these can only aspire to have a medium to long term effect. On the other hand, policies aim to expand care services and facilities to assist women who carry the burden of juggling both paid and unpaid domestic work.

Care policies
Women’s role and status as caregivers is one of the main obstacles they face that impedes not just their access to the labour market but also their working conditions and career progression. In this context, there exists a vast body of literature advocating for the effects of the supply of childcare on female labour force participation, hours worked and wages obtained. As a result, a growing number of countries in the region have adopted measures in this direction.

Contreras, Puentes & Bravo (2012) found that when women with children under the age of 6 have access to day-care centres close to their home or place of work and when the centre’s opening hours match their working hours, this has a positive effect on women’s participation, especially in middle class households. Sanchís & Katzlowicz (2014) suggest that the lack of attendance to preschool facilities of children under the age of 4 increases the proportion of women who are inactive because they consequently become fully devoted to housework.

Vegas & Santibáñez (2010) point out the potential impact of programs implemented in the region to improve child care supply and preschool education on female labour force participation. In Colombia, the program Hogares Comunitarios de Bienestar fostered the creation of child care centres for children under the age of 6. Attanasio & Vera-Hernández (2004) studied the implementation of this program and found that it increased the employment probability of women from 12% to a staggering 37% as well as the number of hours worked per month in as much as 75 hours. Also, as studied in Berlinski & Galiani (2007), the large expansion of pre-primary school facilities in Argentina between 1991 and 2001 had a positive effect (between 7 to 14 percentage points) on maternal employment. Similarly, Berlinski, Galiani & Mc Ewan (2011) found that by having their youngest offspring attending preschool, mothers were 19,1% more likely to work more than 20 hours a week and an extra 7.8 more hours per week on average.

Moreover, Barros, Olinto, Lunde & Carvalho (2011) analysed the implementation of Early Childhood Development program in Rio de Janeiro (Brazil) which provided free access to child care and found that labour force participation rates were substantially boosted and unemployment rates reduced, especially for newcomers to the labour force. Similarly, Rosero & Oosterbeek (2011) study the impact of child care centres on mothers in Ecuador which resulted in a 22% increase in the probability of them working as well as augmenting their working hours and having a positive and significant effect on household earnings.

It has also been shown in the region that access to at least partially subsidised child care supply has an effect on the amount of hours worked per week. For instance, Ángeles et al. (2011) analysed that in Mexico mothers worked 6 hours more per week and that the probability of getting a job increased by 18%. Calderon (2014) found that women’s probability of working went up by 1.8 percentage points and that there was a 4-5% rise in the average earnings of eligible female population.
Nevertheless, there are also other studies that exhibit no correlation between the expansion of child care centres and female labour force participation. A prime example is that of Medrano (2009) and Encina & Martínez (2009) who studied the case of Chile, where Bachelet’s administration decided to strongly expand day care facilities. This was done by more than doubling the number of available centres between 2005 and 2007, and no significant effects on labour force participation of poor women were found.

Regarding these no-effect reports, possible explanations might be found in the determinants of childcare demand. Along these lines, the Inter-American Development Bank (IDB) has explored factors related to household/children/mother’s characteristics and the service: the presence of alternative caregivers in the household, which typically reduce the demand for care services (Attanasio & Vera-Hernández, 2004; Connelly, DeGraff, & Levison, 1996; Hallman, Quisumbing, Ruel, & Brière, 2005); children’s age, since it increases the probability of enrolment (Leibowitz, Klerman, & Waite, 1992; Schlosser, 2005); distance to childcare centre, which is negatively correlated with labour force participation (Contreras et al., 2012; Urzúa & Veramendi, 2011); and coordination of time schedule of care services with working hours (Contreras et al., 2012).

The latter has been underscored as one the main determinants in child care decision. As a matter of fact, a case study in Belgium showed that it was the second most important criterion women looked for when the time came to choose a care centre for their children (Vandenbroeck, De Visscher, Van Nuffel, & Ferla, 2008). Similarly, in Uruguay an analysis revealed that women in median deciles are the most affected when the timetable of care centres fail to match their working hours. This can be explained by the fact that women from top deciles will have access to private services and those at the bottom tend to be excluded from the labour market in any case (Grupo de Trabajo Interinstitucional, 2012). Moreover, Vandenbroeck & Lazzari (2014) points out that women in the lowest income deciles tend to work during more unconventional hours and therefore require higher flexibility in the opening hours of care services. In this sense, opening care centres for longer hours in order to make them more compatible with working hours could contribute to increased female labour force participation, especially concerning women with lower incomes.

**Defeminisation of household management and child care**

Paternity and maternity leave is a key policy implemented by governments to deconstruct the role of women as natural caregivers so as to enhance their participation in the workforce. Parental leave is generally strongly biased towards women, which remains in line with the sexual division of labour, and fails to consider less traditional home configurations such as single-parent families and LBGT parenting.

International experience in this topic, led mainly by Nordic countries, suggests the need to change current arrangements surrounding parental leave. To begin with, an equal amount of paternity and maternity leave is essential to effectively redistribute domestic responsibilities within a family and reduce discrimination during recruitment processes. Countries which have proved to be exemplary by providing more than two weeks’ paternity leave are Finland, Iceland, Lithuania, Portugal and Slovenia (Addati, Cassirer, & Gilchrist, 2014).

However, despite evolving paternity leave schemes, a common global trait is that fathers have a right to choose whether they want to make use of this benefit. This too often leads to situations where men decide not to take advantage of the full paternity leave offered to them, thus leaving women stuck in their position as natural caregivers. As a result, an option would be to introduce compulsory paternity leave to ensure that both fathers and mothers share childcare
responsibilities equally and that men are involved in the critical early stages of an infant’s development (Addati et al., 2014).

An alternative approach is the promotion of family leave which stipulates a specific number of days that any of the two parents can choose to use. Evidence suggests that such policies are crucial in order to achieve gender equality but, as pointed out in Rossin-Slater, Ruhm & Waldfogel (2013), it is important that they be coupled with necessary incentive schemes to attain an equal distribution of parental leave between men and women. One such incentive scheme, described in Addati, Cassirer, & Gilchrist (2014), is to establish a minimum amount of non-transferable days that if not used by the father will be lost. Sweden adopted this idea in 1995 to avoid women using up most parental leave days. Using Sweden as a case study, Johansson (2010) analysed the differing effects that personal and spousal parental leave could have on earnings. He found that although personal leave has a negative impact on the future earnings of both parents, spousal leave in fact positively affects mother’s future wages.

Certainly, any parental leave scheme must be coupled with the provision of care services not only to foster male participation but also to facilitate women’s return to the labour market.

**Education and training**

Nowadays, there still are several obstacles preventing women from accessing education. Amongst other structural problems these include, poverty, sexual division of labour and economic and financial barriers. However, empirical evidence and case studies from across the world indicate that there exist a set of interventions, applicable at different levels of the educational system, which could reduce gender educational gaps.

To begin with, actions designed to close gender gaps at the primary level typically focus on targeting inequality of access to primary schools. This corresponds with a broad consensus, across different schools of thought, that the universalisation of primary schools has a positive impact on gender inequalities and children’s well-being. Moreover, evidence suggests that the cost of education is one of the main barriers individuals face in accessing formal education (In this regard, Bhalotra, Harttgen, & Klasen (2015), Riphahn (2012), Mukherjee & Chandrashekhar (2004)).

Consequently, as shown by Chorny et al. (2014), several countries have scrapped tuition fees at the primary level, contributing to reducing gender educational gaps and having a positive effect on future earnings, life expectancy, infant mortality rate and access to basic services. A successful example was the “Universal Primary Education” program, conducted in 1997 by the government of Uganda. The program aimed to remove all tuition fees in primary level institutions and, as demonstrated by Deininger (2003), it was effective in reducing gender inequalities in primary school attendance for girls and boys.

Similarly, as emphasized by UNESCO (2012), secondary school policies are also principally designed to increase both male and female attendance rates. It has been analysed that girl’s attendance rate is even lower at the secondary than the primary level. However, the report suggests that these rates vary widely across countries depending on the level of income, making it paramount to focus on reducing educational gender gaps in low and middle income countries to improve women’s wellbeing.

Scholarships are an important tool used to counter female underrepresentation in certain educational fields, particularly for STEM degrees. The government of Malaysia, supported by UNESCO, implemented a successful policy of handing out scholarships to tackle female
underrepresentation in these areas. It has been so effective that the majority of graduates in Malaysia in technology related degrees, at university level, are women (Curriculum Development Division, 2016).

Other strategies designed to encourage greater female participation in STEM degrees in other countries have also demonstrated positive effects. However, the common agreement is that issues on women’s social representation need to be addressed right from the early stages of childhood. For example, Stoeger et al. (2013) demonstrate that online tutoring programs in STEM subjects aimed at girls and the active promotion of STEM degrees and potential jobs to increase girls knowledge about these opportunities have positively influenced women’s interest in this field. Yet, Master et al. (2017) argue that although positive experiences in programming or robotics heighten women’s motivation for this area, it does not affect prior conceptions about women’s abilities in STEM fields or the stereotype of feminized career for girls.

To summarize, the evidence presented in this paper suggests that taking action along these lines can contribute to reducing the disproportionate absence of women in traditionally-male degrees and industries. As previously mentioned, diminishing the under-representation of women in certain areas, can deconstruct female stereotypes and social representations related to historically feminized areas. However, it is also important to enhance policies that aim to universalize the access to primary and, specifically, secondary school for both girls and boys.
Conclusion
To conclude, our current society is still a long way from achieving gender equality. Women across the world continuously experience different forms of discrimination and disadvantages. These include obstacles to entering the labour market, poor working conditions (such as being sub-employed or working in unregistered jobs), lack of full-time employment due to the unequal distribution of unpaid work, occupational and vertical segregation and wage gaps, amongst others. As a matter of fact, the World Economic Forum (2017) argues that women’s situation actually declined for the second year running in 2017 and that if this current trend continues, it will take another 100 years to close the overall global gender gap.

The main purpose of this policy brief is to examine gender inequality from differing perspectives and to make the case that gender gaps in the labour market not only infringe on human’s rights but also hinder human development and growth.

Evidence shows that higher female participation in both boards and managerial positions are associated with better financial performance on several financial measures (Catalyst Group, 2011; International Finance Corporation, 2015; Noland et al., 2016) and with higher employee productivity (Cuberes & Teignier-Baqué, 2011a). However, female middle managers represent a source of potential leadership talent (Alexander Mann Solutions, 2013) and for this reason it is also crucial to develop and sustain high-performing female talent and to create the necessary conditions for these talented women to progress up the career ladder.

Nevertheless, it is worth noting the time lag between the moment a company starts carrying a diversity agenda and the materialisation of improvements in employee productivity. Additionally, capitalizing on the benefits of gender diversity might need to be handled differently depending on the industry (Ali et al., 2011).

From a macroeconomic perspective, gender equality is associated with boosting both human development and economic growth. McKinsey Global Institute (2015) estimate that if women were to participate on an equal level to men in the labour market (assuming identical participation rates, number of hours worked and distribution across sectors) it could inject a further $28 trillion into the annual global GDP by 2025.

A specifically noteworthy finding by the McKinsey Global Institute (2015)’s study is that closing gender gaps will be of greatest benefit in emerging and developing regions, as the gap is so wide that reducing it will have a much greater impact on incremental GDP opportunities. Another benefit of closing gender gaps for emerging and developing regions is the positive effect that it can have on both current and future poverty reduction rates (Sinha et al., 2007).

In this context, this work reviews several policies and good practices that have been implemented across the world in an attempt to close gender gaps and which would be advisable to imitate. These have broadly been split between those that have a long-term goal of deconstructing cultural beliefs which cause gender inequality and the sexual division of labour, whilst others have more specific and short-term goals to increase female labour force participation. Short term policies include: improving female working conditions, breaking occupational and vertical segregation and tackling the issue of care responsibilities, which to this day remain one the greatest obstacles in the way of gender equality. In our view, an effective way of solving the problem of care responsibilities would entail introducing short term objectives to help women manage both their working life and household responsibilities. These should come simultaneously with longer term goals to ‘defeminise’ domestic duties altogether so that this heavy burden no longer falls exclusively on women in the future.
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