



“Summary of by Nilüfer Çagatay and Sule Özler: Feminization of the Labor Force: The Effects of Long-Term Development and Structural Adjustment” in Frontier Issues in Economic Thought, Volume 4: The Changing Nature of Work. Island Press: Washington DC, 1998. pp. 290-291

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“Summary of by Nilüfer Çagatay and Sule Özler: Feminization of the Labor Force: The Effects of Long-Term Development and Structural Adjustment”

Many researchers have found that women’s labor force participation rates respond to changes in the level of economic development. These changes can be examined in a single country over time or in cross-section studies comparing countries at different stages of development. It has been hypothesized that structural adjustment policies imposed by the World Bank and International Monetary Fund have drawn more women into the labor force in industrializing countries. This econometric study separates the general level of development from the impacts of structural adjustment to analyze the effects of each on the feminization of the labor force.

FEMINIZATION OF THE LABOR FORCE

As countries move through stages of economic development, the labor force participation rate (LFPR) of women goes through characteristic changes illustrated by a U-shaped pattern – first declining, then rising. Originally, development analysts thought that development and women’s entry into paid employment would occur in concert. However, in 1970, E. Boserup argued that women are marginalized in the initial stages of industrialization and their share of the labor force declines. Men have better access to education and technological training prompting productivity differences between men and women and hence employer preferences for men. As urbanization increases and home-based production is replaced by factory-based production, women find it more difficult to combine productive activity with reproductive responsibilities (care of home and children). This is witnessed in the downward segment of the U-curve. Over time, women adjust to more extensive industrialization. Their educational levels rise, fertility rates fall, domestic labor becomes commodified, and the labor force becomes feminized as women’s share of employment rises, forming the upward segment of the U-curve.

This historical pattern can also be seen in cross-section data comparing countries at different stages of development. Most research confirms the U-shaped relationship with phases of economic development. However, this general pattern contains differences mediated by demographic, cultural, and ideological issues. For example, the highly feminized labor forces in Eastern European countries reflect the socialist commitment to women’s economic engagement. On the other hand, Islam and Catholicism are often perceived as impediments to women’s labor force participation.

Shorter term macroeconomic policies also affect labor markets, particularly structural adjustment programs that combine stabilization and trade reform policies. The impact on women’s labor

force participation is related to two effects. First is the expansion of the export sector, which tends to be feminized in developing countries. Export-oriented industries, which are generally labor-intensive, using unskilled labor for which women have a comparative advantage, pull women into the labor force. Global competitive pressures can also favor women who receive lower wages than men. However, where more skilled labor is required or mechanization is greater, defeminization may occur.

The second aspect of structural adjustment that can lead to an increase in women's labor force participation rates is the worsening of the income distribution that generally follows, since women are often pushed into the labor market to make up for falling family incomes.

EMPIRICAL INVESTIGATION

Using pooled World Bank data from 165 countries for 1985 and 1990, variables were constructed to represent the effects of trade openness and income distribution on women's labor force participation rates. The ratio of exports to GNP indicates trade openness. The income share of workers in manufacturing industries is an estimation of income distribution (though data for all industries was not available). Other variables included the log of GNP, investment levels, inflation as an alternative indicator of income distribution, demographic characteristics, and the presence and intensity of World Bank and International Monetary Fund structural adjustment programs. Geographic region were used as controls or to test alternative model specifications.

RESULTS

The results confirm a robust relationship between women's labor force participation rates and economic development – the feminization U-curve – modified by demographic and cultural or ideological factors. After controlling for the feminization U-curve, the structural adjustment hypotheses were also confirmed. Women's labor force participation increases under structural adjustment through both the push factor of worsening income distribution and the pull factor of increased openness to export trade.