

## Gendered Impacts of Globalization: Employment and Social Protection

This policy brief provides an **overview of current thinking on the gendered impacts of globalisation on employment and the policy implications of the evidence**. It draws on a review of existing literature conducted by UNRISD (2012).<sup>1</sup>

**Globalisation has led to increases in female labour force participation, reducing the gap between women's and men's labour force participation rates. However this increase has not necessarily translated into gender equality in pay and status, as women's entrance in the labour force has often been on unfavourable terms.**

This brief focuses on four key questions:

1. How has globalisation affected the female labour force?
2. What are the constraints to improving labour market outcomes for women?
3. How does social protection affect women's living standards and economic security under conditions of globalisation?
4. What are the policy and programme implications?

### *How has globalisation affected the female labour force?*

Globalisation often refers to the deepening of international economic relations. It is a historic phenomenon but recent interpretations have focused on policies of greater financial liberalisation, trade liberalisation, deflationary macroeconomic policies, fiscal restraint, privatisation, and the introduction of market principles into the public sector.

**Between 1980 and 2008 the gender gap in labour force participation narrowed from 32 to 26 percent.** This has been attributed to a combination of factors:

- Increasing demand for female labour, which is cheaper and perceived to be more suited to the type of work that has increased through international trade and export production;
- Pressure on women to seek paid work in order to replace or complement the (falling) earnings of other household members, due to the impact of economic crises, and
- A growing tendency on the part of women to seek paid work because of their rising levels of education, falling fertility rates, and changing aspirations.

An increase in employment such as in export-oriented manufacturing firms and capitalist farms producing horticultural export crops **have benefited some women, giving them their first discretionary income or a greater say in the allocation of household resources.** However:

- **The narrowing of the gender gap in economic participation has not produced commensurate gender equality in pay and status;** predominantly due to occupational sex segregation, with women largely remaining in lower paid occupations.
- **An increase in the female labour force has coincided with an increase in informal and unprotected forms of work in general, and amongst women in particular,** limiting their relative access to employment-related social protection (e.g. maternity leave, health insurance, old age pension). In most regions of the world, informal employment constitutes a larger proportion of women's total employment than it does of men's.

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<sup>1</sup> Razavi, S., Arza, C., Braunstein, E., Cook, S., & Goulding, K. (2012) Gendered Impacts of Globalization: Employment and Social Protection. UNRISD; Geneva, Switzerland. Full references cited in this brief can be found in this paper.

- **The division of reproductive work in the private sphere, such as rearing of children, looking after other dependents and looking after the home, has not altered in favour of women** despite women's increased participation in the labour force. This work is indispensable to the functioning of a 'productive' economy; but it is often invisible in economic statistics and unrecognized in public policy-making. **A recent estimate based on six countries, most of them developing, showed that if unpaid domestic and care work were assigned a monetary value it would constitute between 10 and 39 per cent of GDP.**<sup>2</sup>

### *What are the constraints to improving labour market outcomes for women?*

Labour markets are shaped by social norms and power inequalities. Therefore, the impact of globalisation on employment is experienced differently by men and women:

- **Women tend to have less access to working capital, labour (of others), social contacts, and different types of skills and experiences than men.** These differences are themselves often the outcomes of gender-based barriers and inequalities.
- The formal and informal practices of labour markets often reflect the gender norms of society. For example, **men and women have access (or are deemed appropriate for) different kinds of jobs with women's occupations tending to be lower paid.**
- Women and men have different roles and relationships to reproductive work. Women are often constrained by social obligation (e.g. need to care for their dependents) and social norms (e.g. restrictions on their physical movement) in accessing labour market opportunities. **The cultural acceptability of paid work, especially outside the home, the varying effects of women's life course, and the status of their households all affect women's experiences of paid work.**

**The macroeconomic policies that have dominated the past three decades have not generated sufficient employment for women that is of decent quality:**

1. **Financial liberalisation** calls for the opening up of capital markets to external flows. This has increased financial volatilities and crises, with negative consequences for investment and growth. In some contexts **women have been propelled into the labour force, and often into the more precarious forms of work to cover for volatile or declining household incomes in times of crisis.** Among developing and emerging economies, women are more likely to work in cyclically volatile industries than men, especially where export-oriented sectors that primarily employ women are large. The consequence is that **women face higher rates of unemployment or stronger wage pressures when economic crises take hold.**
2. **Inflation targeting** aims to limit a country's central bank to maintaining an exclusive policy focus on price stability, which in practice has also meant keeping inflation extremely low, typically around 2 percent for advanced economies and less than 5 percent for developing economies. Maintaining such extremely low inflation rates tends to restrict growth and employment, with differing impacts on men and women. **Although periods of inflation decline are associated with employment losses for both men and women, women lose more employment in percentage terms.** However, in the few cases where employment has expanded during periods of declining inflation, men have experienced larger employment gains than women.

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<sup>2</sup> Budlender 2008a (full references in Razavi et al 2012)

3. **Trade liberalisation** - the increase in the number of countries expanding their exports of labour-intensive manufacturing commodities has contributed to driving down the relative prices (“terms of trade”) of those goods on the global market. This can be especially damaging for women who tend to be concentrated in the types of industries that are most exposed to international competition. In countries where manufacturing industries have up-graded their products to escape the adverse “terms of trade”, it has been difficult for women to gain access the new higher skill, higher wage export sector jobs.
4. **Fiscal constraints and public sector reforms** – Governments have come under pressure to reduce the size of the state including through the privatisation of state-owned enterprises (SOEs). As SOEs are typically capital-intensive and employ a higher share of men, privatisation has had a more negative impact on male employment. However, since **a significant proportion of public sector workers are women, and public sector employment constitutes an important share of women’s total formal employment, the down-sizing of the public sector is proportionately harder on women.**
5. Despite the liberalization of trade and finance, trans-national labour flows have been constrained during the present era of globalization as countries adopt measures to restrict the movement of people, selecting the types of migrants they need/want (e.g. IT workers, but also some feminized occupations like nursing). **Demand for domestic/care workers has grown as economic pressures increase the number of women seeking such employment, and as income inequalities within countries create the demand for personal services.** This has resulted in a “care deficit” within some poorer countries, as women leave their families and children behind to seek paid work across the globe, often in unprotected forms of work.

### ***How does Social Protection affect gender inequalities in the context of globalisation?***

In the context of increasing insecurities, many governments, development agencies and advocacy groups are turning to social protection (social assistance programmes) as key mechanisms for reducing the adverse impact on people. Some of these programmes, for example child-centred cash transfer schemes, explicitly target women. In some countries, especially in Latin America, social assistance programmes have significantly expanded their reach in recent years. Social insurance programmes have tended to exclude women as direct beneficiaries given that many women are employed in informal or casual forms of labour and are often not eligible for benefits associated with formal employment.

- **Pensions - Historically, women have not been well covered in pension programmes.** The gendered nature of paid and unpaid work has tended to exclude women as direct recipients of contributory pension programmes. Pension privatization in the 1990s linked benefit levels more closely to individual work histories and contributions, and therefore penalized women for their shorter labour market history, lower earnings, and higher life expectancy.
- However more recent reforms attempt to address the bias against low-income, informal workers and women. **Latin America has seen experiments in the development of basic pensions detached from contributory history for the lowest income groups.**<sup>3</sup> This has involved the

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3

<sup>3</sup> Arza 2011

establishment of a non-contributory universal pension, including child credits to recognise unpaid care work, and the adoption of gender-neutral mortality tables for calculating benefits.

- Child and family-centred cash transfers - Social assistance programmes, especially child/family cash transfer schemes have increased in recent years. When well-designed and implemented, they provide recipients, including many women, with a regular and reliable source of income (even though small). **Cash transfers can also enhance access to public services: but they work well in countries where strong public provision of essential social services exists, or where extensive efforts are simultaneously made to expand and improve the public delivery of such services.** However, policymakers also need to consider how child-centred cash transfers may negatively impact women, for example through conditionalities that require additional unpaid work from time-pressed mothers.
- **Public works programmes** - Public work programmes respond to situations where households are not able to find paid work and/or not able to meet their basic needs with the earnings derived from such work. India's National Rural Employment Guarantee Act (NREGA) guarantees 100 days of work per registered household. NREGA offers minimum wages, gender parity of wages, and provides basic worksite facilities. Women comprise 49.5 per cent of total employment. **Although the impacts vary, one study finds that the programme has been effective in raising the minimum wage in the local area and in minimizing the gap between women's actual wages and minimum wages.**<sup>4</sup> However, the scheme guarantees work per rural household not per individual. Given rural power inequalities it risks putting women at the end of the queue. It also provides work that is arduous and depleting, especially (but not only) for women.
- **Care leave and services** - Access to quality child care services and paid leave such as maternity/parental leave can enhance women's employment prospects. For example, several middle-income countries have expanded the responsibilities of the state to provide formal and non-formal, or community based forms of care and pre-school education that helps working mothers. However, the quality of services varies greatly for different income/social groups and the employment conditions characterizing care work can be exploitative in the non-formal and "community" creches. While care services can be an important source of jobs (for women and men) the policy challenge is to shift from reliance on informal market and voluntary provision, which often leads to exploitative work conditions and poor services, to professional and decently paid forms of care. Both workers and care recipients would benefit from such a shift.

### **What are the Policy and Programme implications?**

Tight monetary and fiscal policies, and free trade and capital flows, have proved not to be conducive to improvements in well-being and gender equality. **Trade and foreign direct investment (FDI) policies must serve as a tool of development (ie?), rather than the liberalization of trade and capital flows being pursued as ends in themselves.**

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<sup>4</sup> Dasgupta and Sudarshan 2011

**Two additional factors are also crucial to promote rapid progress in gender equality:**

If economic growth is to be broadly shared, it is necessary to introduce a set of labour market policies and related interventions that can affect wages and working conditions in diverse employment situations, and rectify gender imbalances and discriminatory practices. For example,

- **Wage workers and the self-employed need better social protection**, through registration of enterprises and registration in social insurance programmes (health, maternity, old age)
- **Legislation on minimum wage (indexed to inflation) and anti-discrimination can be other useful tools for wage workers as well as the regulation of working conditions.** However, these policies would require greater regulatory capacity on the part of the state and workers' organizations/trade unions.

The focus of macroeconomic policy should be on the generation of decent work and on improving social conditions, and not on income growth per se.

**Governments need to invest in areas such as well-functioning and accessible public health, public education and public care services** that can also become a source of "decent" employment; broad-based and redistributive social insurance programmes; and public provision of a range of complementary goods and services such as clean water, subsidized food items, sanitation, electricity, transport and housing.