

# GENDER AND GROWTH: EMPOWERING WOMEN IN THE PROCESS OF DEVELOPMENT



## POLICY LESSONS FROM THE iiG PROGRAMME

In the factors that underlie growth – health, education and the law – women are disadvantaged. In the mechanisms of growth which the iiG programme has investigated – insurance against risks, aspirations and access to capital – women can also be disadvantaged. Thus, how processes of growth impact on poverty for women requires an understanding of the additional constraints women face relative to men in terms of access to health, education and earning opportunities. This paper summarises the contribution of Phase I of the iiG research programme on the role of constraints faced by women in four specific dimensions: property rights, labour markets, access to employment training programmes and access to capital.

### KEY FINDINGS

- Property rights for women are an important means of their empowerment and policy emphasis should be laid on the formalisation of such rights for women.
- Deep-rooted social norms that constrain women (e.g. in the context of their property rights within the household) may sometimes end up nullifying the expected positive impact of female-oriented policy.
- Education constitutes a major means of empowering women, not least by allowing them access to expanding labour market opportunities, which in turn also constitute an important means of reducing gender inequality.
- Education alone may not be enough. Female-targeted employment and financial training programmes are also key to easing the transition from school to work for young women in poor countries.
- In addition to such employment training, improved access to capital for women is also required to boost their entrepreneurial outcomes and serve as a means of empowerment.

### PROPERTY RIGHTS

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In many developing countries, women lack independent rights to own and manage property (Duflo 2011). There are, however, strong arguments in favour of separate property rights for women, on the grounds not only of equity but also of efficiency. For example, independent property rights for women may improve their bargaining power within the household, thereby increasing their influence over the household decision-making process, which may in turn lead to greater investment in children's education, nutrition and health (Thomas 1990, 1992). Similarly, it has been argued that ensuring independent land titles for women can improve agricultural productivity by enhancing their access to credit, thereby facilitating productive investment in land. This is especially the case in the context of male migration, which is common in many parts of the developing world.

Policy aimed at righting the gender imbalance in property rights may enable women to participate better in the process of poverty reduction as well as having far-reaching consequences for aggregate growth.

iiG research in India found that a reform aimed at granting women greater inheritance rights to ancestral property was associated with an improvement in their mean educational attainment. Interestingly, however, the reform had no impact on the actual likelihood of inheritance by women. This is possibly because social norms in India have traditionally disallowed women from inheriting property<sup>1</sup> and the reform does not appear to have changed that. Instead, increased investment in the daughter's education was being used as a means of buying out her new-found right to ancestral property. This suggests that policy aimed at improving the condition of women may often not realise the desired outcome if it is in conflict with existing deep-rooted social norms and institutions. Change in social attitudes would be required to bring about a real improvement in the position of women in the context of inheritance. However, what is interesting is that, even in such contexts where social norms act as a constraint for women in the household, policy may lead to unintended but positive changes that ultimately empower women (through higher education, in this case) and enable them to lessen the constraints they face in other areas, e.g. the labour market.

In this regard, education constitutes an important means of empowering women. Past research has also found that greater education of women enhances the human capital of the next generation, thereby making a unique contribution to economic growth (Behrman, Foster, Rosenzweig and Vashishtha 1999). Education also eases the entry of women into the labour market, which independently constitutes an important dimension of female empowerment.

Compared with India, women's property rights face a somewhat different kind of threat in Africa. Duflo (2011) points out that, in Africa, it is actually not uncommon for women to have independent property rights, but often these are informal and hence insecure. Now, with property rights in Africa

<sup>1</sup> The reason behind this would be that married daughters leave the parental household whereas married sons stay and work with family assets, along with taking care of parents. To avoid an incentive problem for the sons, parents would give inheritance rights only to sons and not to daughters. Instead, daughters would be given dowry payments at the time of their marriage, as some form of 'pre-mortem' bequest.

being generally insecure (Udry 1996), there has been increasing emphasis placed on land formalisation initiatives. However, from the point of view of women, the worry is that such initiatives may unintentionally strip women of their access to land by replacing their informal claim under customary systems to a formal right, invested entirely in the male head of household. Researchers in urban Tanzania have attempted to study the ability of financial incentives to overcome such gender bias in the formalisation process by offering residents a discount on the price of a formal land title on the condition that a female household member is included as owner or co-owner. They find that it is relatively cheap to ensure that women are listed as co-owners in land formalisation, suggesting that men are less likely to resist the attainment of gender equality in this context. Although this particular research is not directly related to iiG, the findings from the project are relevant in the context of understanding the issues and challenges surrounding women's property rights in general.

## LABOUR MARKETS

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As mentioned above, the development of the labour market itself can serve as an important tool in reducing the gender bias against women in terms of inheritance and education. Botticini and Siow (2003) have argued that, as labour market opportunities in traditional societies such as India expand, children (particularly sons) are less likely to hold on to their parental occupation but seek work outside, such that the return from investing in general rather than family-specific human capital increases while, at the same time, the use of bequests to align work incentives for sons becomes less important. Thus, parents would be less likely to discriminate between their sons and daughters in terms of inheritance and would also be more willing to transfer wealth to them as human capital investments. The development of labour markets will play an important role in reducing gender inequality, not only in a general sense, but also in the specific context of inheritance.

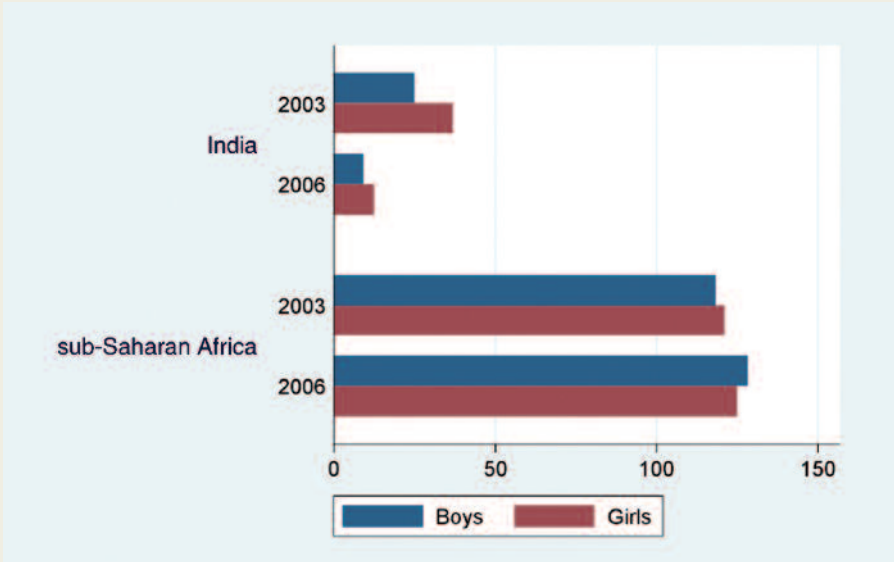
However, iiG research carried out in Bangladesh has also highlighted that women may sometimes enjoy lower rates of success in capturing the benefits of expanding opportunities in the labour market, relative to men. Rural agricultural labour markets in Bangladesh are characterised by tied-labour contracts (involving a long-term relationship between an employer and a worker where the employer provides a steady but low wage to the worker) and casual labour contracts (where the employer hires a worker for a high wage rate during the harvest season). The research project attempted to analyse the impact of an exogenous increase in the outside options of poor female workers (following experimental variation in asset transfer) in this setting on their involvement in tied-labour contracts, relative to males, and found that, although the supply of both female and male tied workers decreased as a result, returns to tied labour only increased for males. One of the reasons behind such a differential effect is argued to be the low opportunity cost of the time of female family labour in the employer's family that is used to substitute for hired tied labour.

## TRAINING PROGRAMMES

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Some of the most serious gender disparities in developing countries relate to education. As the following figures illustrate, although infant mortality rates remain very high in sub-Saharan Africa,

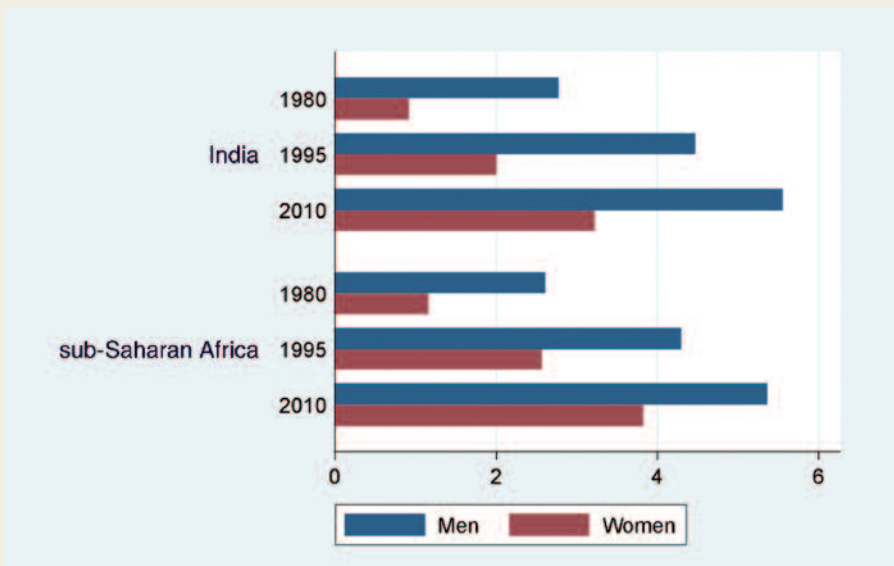
there is not much of a gender disparity. In contrast, India has achieved a much lower infant mortality rates overall, but higher mortality rates for girls than for boys are probably related to a cultural preference for boys.



Source: World Development Indicators (2010) data. Weighted by population. Sub-Saharan Africa excludes South Africa

FIGURE 1 - Mortality rate (per 1,000 children aged 1 year)

Compare this to the situation for years of schooling in the next figure. It is immediately clear that although access to education has undergone a large increase for both boys and girls, it is also striking that large gender disparities remain. These are large in both sub-Saharan Africa and India, but remain particularly pronounced in India where in 2010 the average duration of education for adult men is almost double that for women. If equal opportunities remain the aim, then it is clear that education is one of the main battlegrounds.



Source: Barro and Lee (2010) data. Weighted by population. Sub-Saharan Africa excludes South Africa

FIGURE 2 - Years of education for the population aged more than 25

As discussed above, higher education enables women to take advantage of expanding labour market opportunities in a growing economy. However, alongside education, there is also a need for employment and financial training programmes targeted at women in order to boost their participation in the labour market. The transition from school to work may be particularly difficult for young women in developing countries because they have poorer access to finance and information, are disproportionately responsible for domestic duties, are subject to stronger norms that hinder labour mobility and often face employer bias.

Such differences in constraints across the sexes may translate into significant differences in economic outcomes and hinder the progress of women. Thus, targeted youth employment programmes aimed at relaxing some of these constraints may be useful in this regard as they may yield higher benefits for young women and result in their empowerment.

However, even before evaluating the take-up and accruing benefits of such female-targeted programmes, it is important to study intention to participate, especially in developing countries where there are more binding constraints on female movement and labour market access. As many assistance programmes are voluntary, one is faced with the concern of selection into the programme. Studying intention to participate allows the ex-ante identification of likely beneficiaries of the programme and sheds light on the constraints of participation.

The iiG research programme makes an important contribution in this regard. Research in Uganda studies the individual-, household- and village-level determinants of girls' intention to participate in a 'livelihood' training workshop called the Adolescent Development Programme, which included training related to life skills, entrepreneurial skills and microfinance. The research found that girls who are more likely to benefit from the programme (e.g. single mothers who could benefit from the financial independence the programme offers, or girls who believe they could be successful entrepreneurs but currently lack the quantitative skills) are more likely to intend to participate. Reassuringly, girls in school are less likely to intend to participate, suggesting that education and training are not viewed as substitutes by these girls.

## CAPITAL AND ENTREPRENEURSHIP

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Although specially designed training programmes for women may strengthen women's prospects of running a successful enterprise, women face constraints on other dimensions that may still impede their success. One such major constraint would be in terms of access to capital for growing their enterprises. Microfinance organisations have attempted to fill this gap by lending exclusively to poor women, but evidence on the effectiveness of such loans has been mixed. Research carried out in south Asia has found no impact of access to capital on the profits of female-owned enterprises, but similar research in Ghana, Africa, showed large average treatment effects of providing in-kind grants to such enterprises. However, the positive impact in Ghana was restricted to only the wealthier female-run businesses, with no impact on subsistence ones. In addition, the research in Ghana found that in-kind grants work better than cash transfers, owing to self-control problems, suggesting that microfinance can indeed

lead to better business outcomes for women, albeit the more capable ones. Once again, although these pieces of research do not relate directly to the iiG programme, the lessons learnt from them are valuable in the context of understanding the issues relating to gender inequality in poor countries.

The upcoming Phase II of iiG will be delving deeper into the gender dimensions of private sector activity and its role in Africa's development, and hence promises to deliver more insights related to these issues.

### IMPLICATIONS FOR POLICY: GENDER AND GROWTH

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- Encourage formal land titling for women.
- Recognise that such female-oriented policy, if it is at odds with deep-rooted existing social norms relating to the position of women, may sometimes fail to realise its desired outcome, but may still lead to indirect benefits for women.
- Emphasise expansion of education opportunities for women.
- Encourage the expansion of labour market opportunities for women.
- Promote employment training programmes for young women, with special focus on building entrepreneurial and financial skills.
- Encourage the expansion of microfinance programmes that provide loans to female-run enterprises.
- For poor business women, consider providing entrepreneurial training programmes, in addition to such loans, to boost their profits.

### FOR MORE INFORMATION

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For more on the consequences of legal reform on women's empowerment in India, see Sanchari Roy, *'Empowering women: Inheritance rights and female education in India'*, CAGE Working paper no. 46, 2011.

For more on the female titling initiative in Uganda, see Daniel Ayalew Ali, Matthew Collin, Klaus Deininger, Justin Sandefur, Stefan Dercon and Andrew Zeitlin, *'Are poor slum dwellers willing to pay for formal land titles: Evidence from Dar es Salaam'*, mimeo, Oxford University.

For more on the labour market effects of the asset transfer experiment in Bangladesh, see Selim Gulesci, *'Labour-tying and poverty in a rural economy: Evidence from Bangladesh'*, mimeo, Bocconi University, 2011.

For more on the training programmes for young women in Uganda, see Oriana Bandiera, Robin Burgess, Markus Goldstein, Selim Gulesci, Imran Rasul and Munshi Sulaiman, '*Intentions to participate in adolescent training programs: Evidence from Uganda*', *Journal of the European Economic Association (Papers and Proceedings)*, April–May 2010, Issue 8, 2–3.

For more on the impact of grants to female-run businesses in Ghana, see Marcel Fafchamps, David McKenzie, Simon Quinn and Chris Woodruff, '*When is capital enough to get female microenterprises growing? Evidence from a randomized experiment in Ghana*', mimeo, Oxford University, 2010.

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