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Trading up, Crowded out?

Ensuring economic diversification works for women

Lucia Fry co-Head of Policy, ActionAid UK

Lucia.fry@actionaid.org



Why this focus?

Increasing global attention to women's economic empowerment, economic diversification, and rising inequalities

Sustainable Development Goals

- **Goal 5** – Achieve gender equality and empower all women and girls
- **Goal 8** – Promote sustained and sustainable economic growth, decent work for all, higher levels of productivity through diversification & technological upgrading (8.2)
- **Goal10** – Reduce inequalities within and between countries

Plus

- High Level Panel on Women's Economic Empowerment
- IMF - female labor force participation as a macro-critical issue

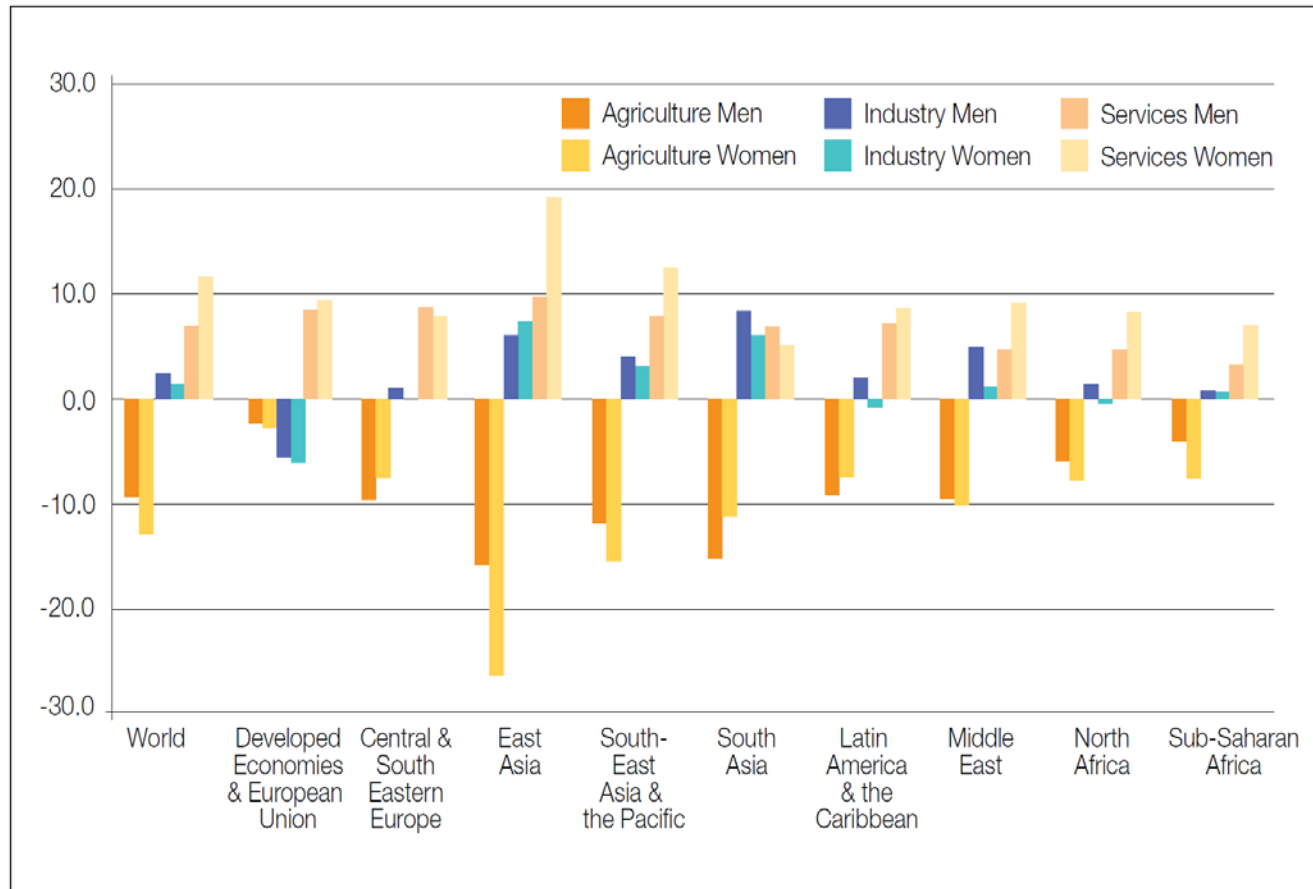
Plus

- Binding commitments under CEDAW, Beijing, ILO Conventions etc

Export led growth: a double-edged sword?

- Export-led growth is a favored development strategy for developing countries, especially in sectors that exploit their comparative advantage in cheap plentiful labor supply
- Emphasis on low-skill, low wage manufacturing of goods such as electronics and garments, dominated by women workers (*feminisation* of the labor force)
- For millions of women, this has created the opportunity for paid employment for the first time, with associated economic autonomy and other social benefits
- It could also – theoretically at least – be the first step towards economic transformation for countries seeking to move on from economies dominated by agriculture and commodity exports
- Economic diversification and production of quality exports has the potential for creating decent work opportunities for women, if the transition is managed well

FIGURE 1 Changes in sectoral shares in employment for women and men, 1995-2015



Source: Naoko Otobe, ILO, 2015¹⁹

Notes: Author's calculation using data from ILO's 2014 global employment trends projection.

Note 2015 based on ILO 2014 global employment trends datas.

Export-led growth and gender inequalities

**Export-manufacturing has created jobs for women.
However...**

- Discriminatory norms based on gender & other identities reproduced in labour market
- Women segregated into sectors based on stereotypes of 'women's work'
- Dominate insecure and vulnerable roles in informal / unregulated workplaces – undermines collective agency, reinforced through VAWG
- Lower wages justified on basis that work isn't 'skilled' / women not primary breadwinner
- Women's "comparative disadvantage" (Arizpe & Aranda, 1981) used to compete downwards on labour costs and conditions
- Women's underpaid and unpaid labour providing a hidden subsidy to profit in low value-added manufacturing sectors

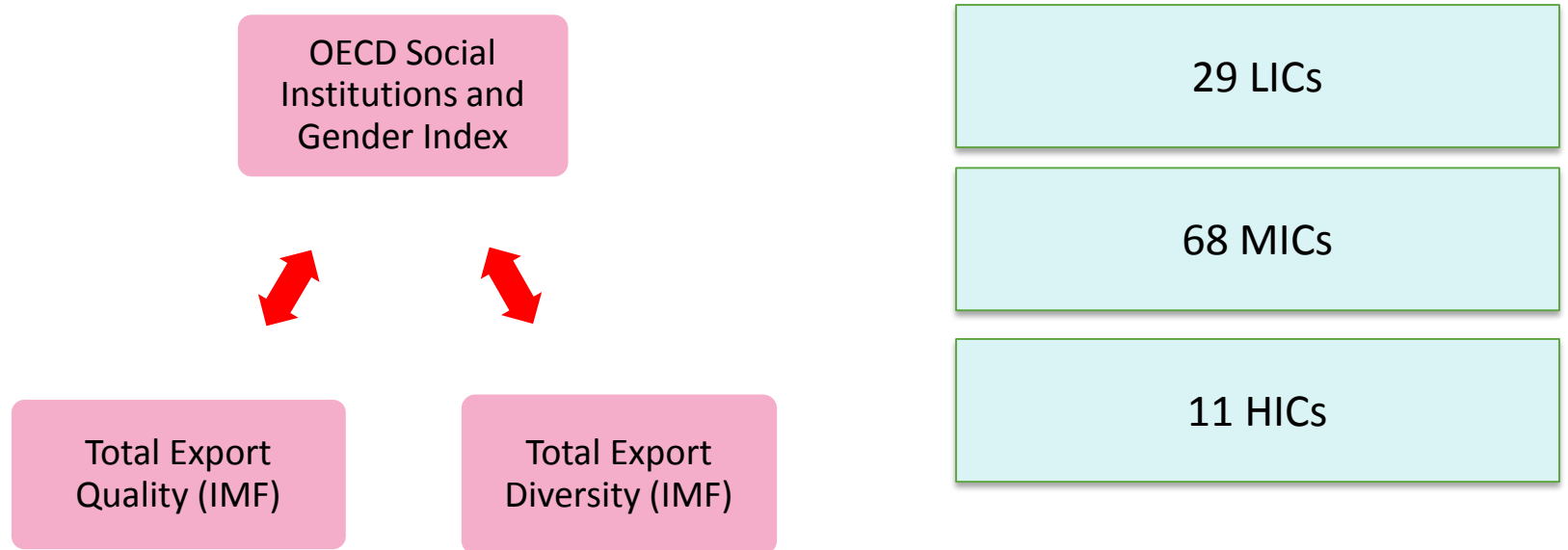


Export diversification: no silver bullet

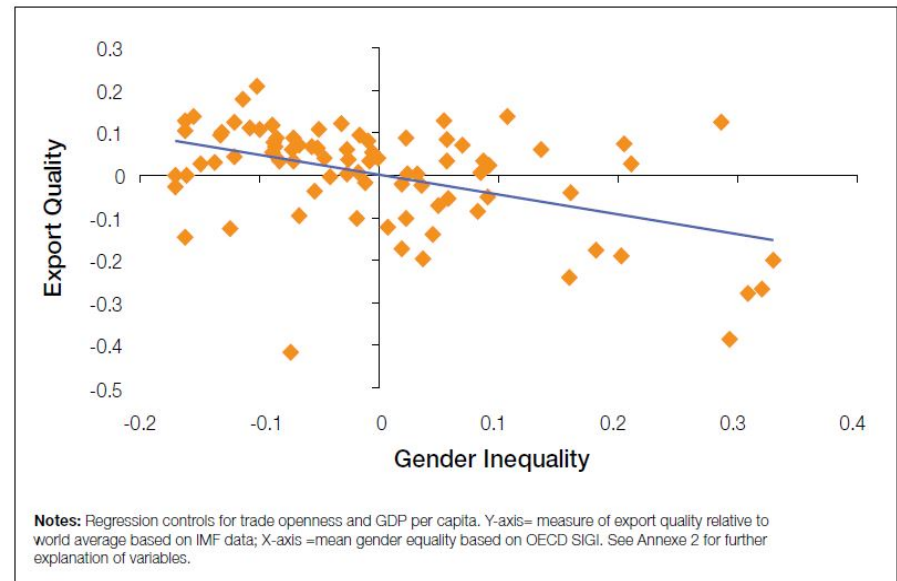
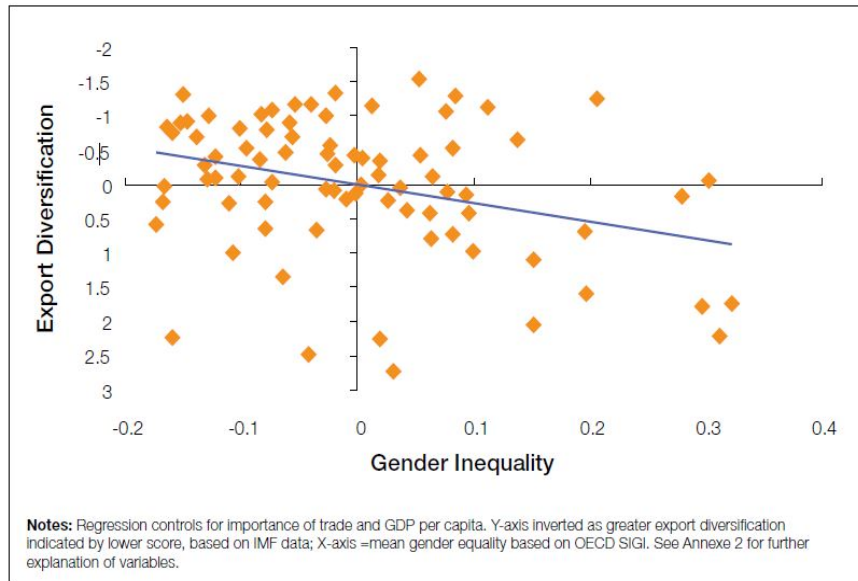
- Diversification important for reducing exposure to economic shocks & vulnerabilities, generating more and better jobs, and reducing inequalities between countries
- Many developing countries have taken steps towards diversification, encouraged by donors, SDG commitments
- However, gendered segregation of labour markets also leaves women vulnerable to job losses when countries diversify and move up the value chain
- Shifts towards higher skilled manufacturing > low skilled, low-paid jobs and the women who undertake them shifted to the informal economy (UN, 2011)
- Diversification & tech upgrading > *Defeminisation* of manufacturing in 21 / 36 developing countries, including in East Asia and the Pacific (Tejani and Milberg, 2016)

Exploring the relationship further

- ActionAid measured the extent to which gender inequality is associated with export quality and export diversity for 108 countries



Key findings



- Gender inequality negatively associated with export diversification & quality, even when controlling for GDP per capita and importance of trade
- Higher levels of gender discrimination associated with lower quality & less diverse export bases
- Export diversification & quality higher in countries that are more gender equal- *25% most gender equal countries have an export base that is, on average, 72% more diverse, and an export quality that is, on average, 47% higher, than countries in the bottom 25%*

Caveats

- **Not a causal relationship in either direction** - economic diversification will not automatically lead to gender equality
- **Results should not be overstated:** gender discrimination pervades labour markets and wider society in every country in the world, combining with /exacerbating other forms of identity-based discrimination. Therefore 'successful' countries still have work to do!



Country case studies

Bangladesh: Stopping short of transformation

- Economic development has focused on trade and economic liberalisation, with industrial strategy focusing on garments
- Garments worth more than \$24 billion in export earnings. 4 million workers,
- Progress on gender equality: maternal mortality; girls' education; political participation
- But – in economic terms – the strategy is reaching the end of its useful life
- Strategy has relied upon gender inequalities
- Low wages and poor working conditions for women due to socially ascribed gender roles (nimble fingers)
- Women's strategic needs unmet
- Doubtful prospect for gender equality and diversification

Vietnam: One step forward, two steps back

- Transition from central planning to market economy to export orientation with active role for state in boosting infant industry
- Much greater range of exports, with somewhat greater value-added
- Female employment predominant in foreign-invested enterprises and especially in manufacturing for export
- Strong policy framework for gender equality
- Continued gender gaps: in employment, pay, formality/informality, potential to advance
- Further trade liberalisation imminent with likely consequences for policy space and diversification

What do these findings tell us?

Supports hypotheses that:

- Occupational segregation confines women to exploitative conditions and limits their opportunities within low value-added export-oriented economies
- Current export-led growth model pushes developing countries into downward competition over (women's) wages, hampering their ability to diversify and meet global commitments on gender equality

Further research needed to explore compatibility of these findings with historical evidence of *defeminisation* of manufacturing workforce :

- Raises questions about how countries diversify whilst improving / retaining relatively higher levels of GE; what is relationship between the two; which aspects of gender equality? What other factors could be at play?
- The findings point to need for any efforts to diversify to be accompanied by robust policies to tackle gender discrimination in labour markets and wider society
- This could include ensuring women's equitable access to decent work opportunities, provision of gender responsive public services & social protection, women's rights to collectively organise

Policy recommendations (full list in the paper)

- Address gender-based discrimination in labor markets
- Adopt policies that protect, respect and promote the rights of all to decent work
- Address the barriers to countries' efforts to diversify and upgrade their economies, including in trade, investment and fiscal policies
- Address structural gender barriers to female labor force participation, and ability to access better jobs

Thank you

Questions / comments ?



Lucia.fry@actionaid.org / @lucefry