

# **The costs of exclusion:** Gender job segregation, structural change, and the labor share of income

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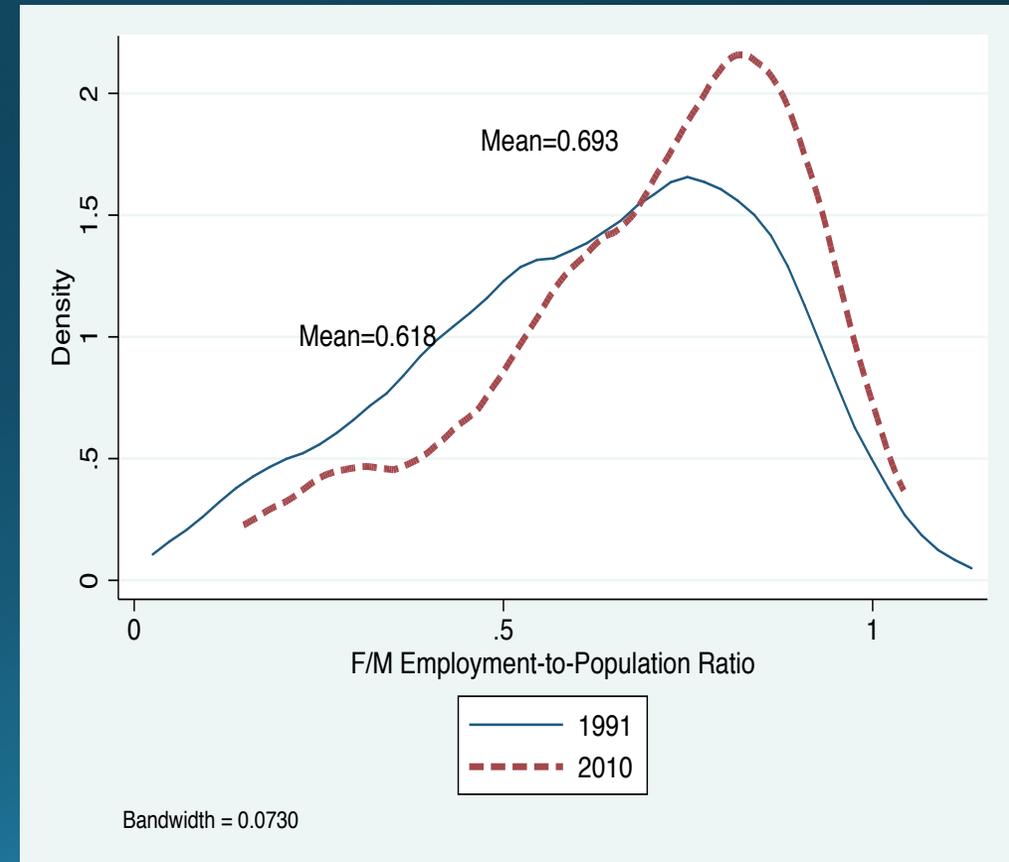
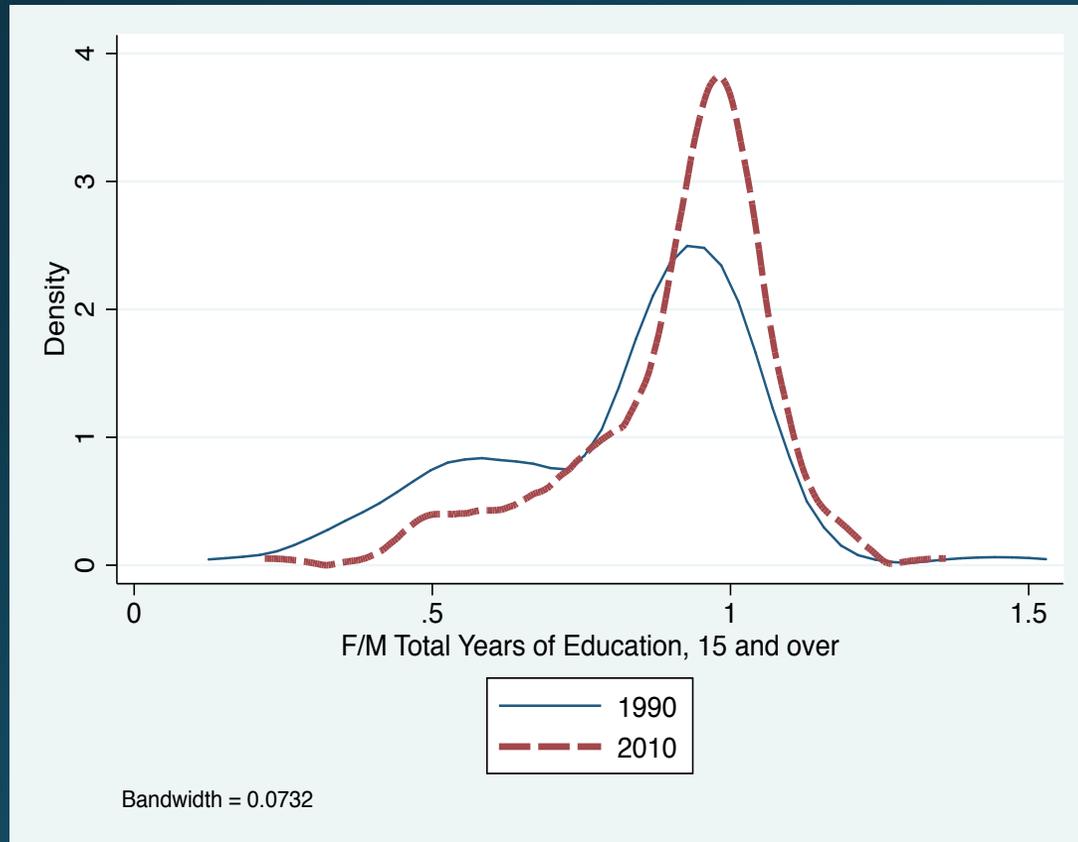
# Contradictory global trends

- **Inequality** has been on the rise globally since 1970s

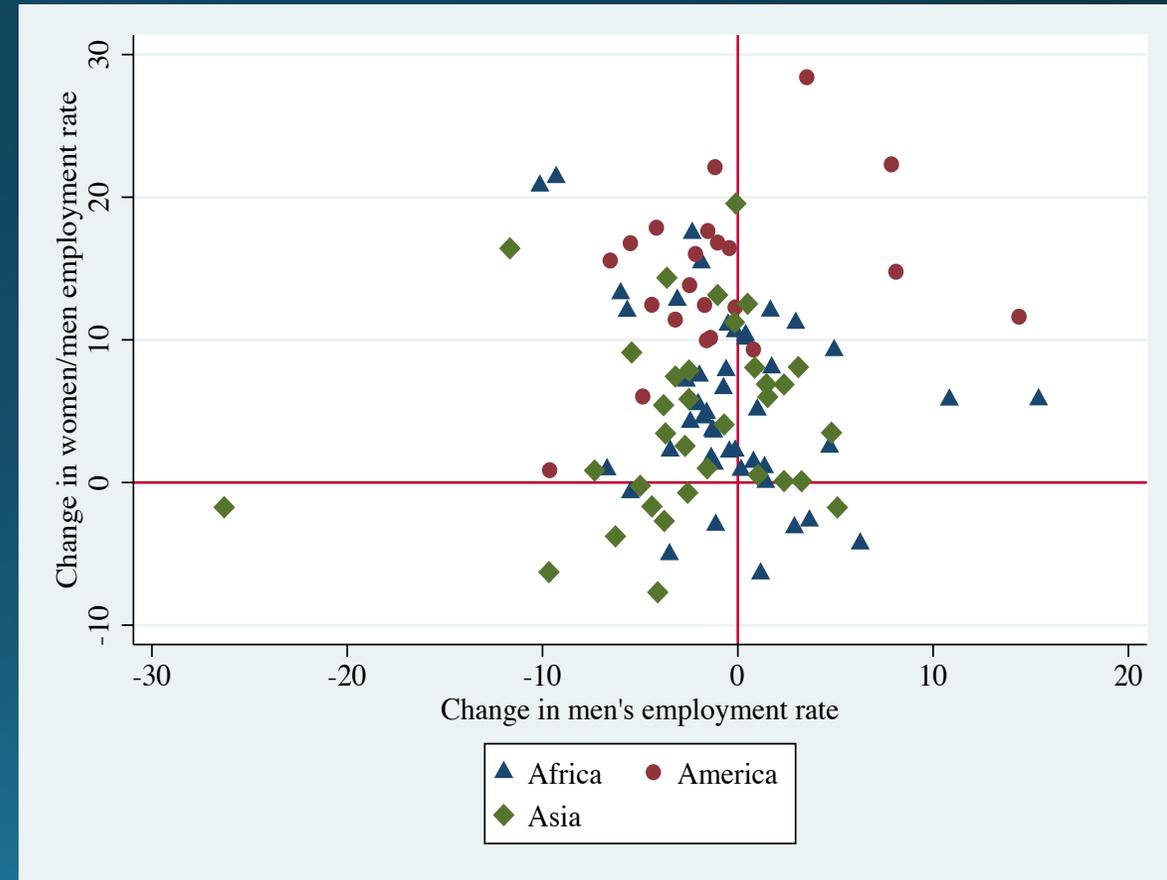
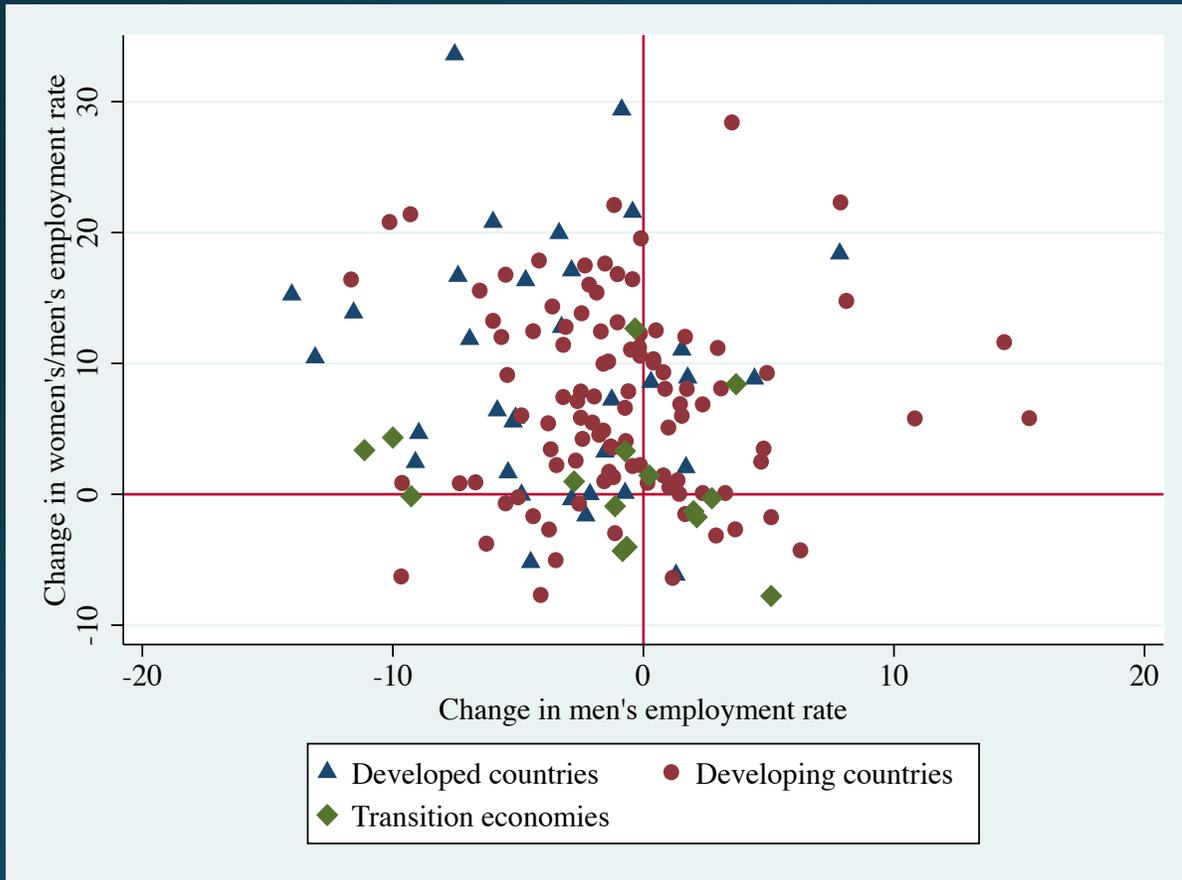
**BUT**

- **Educational & employment gender gaps** have narrowed
- And yet, **gender job segregation** has worsened.

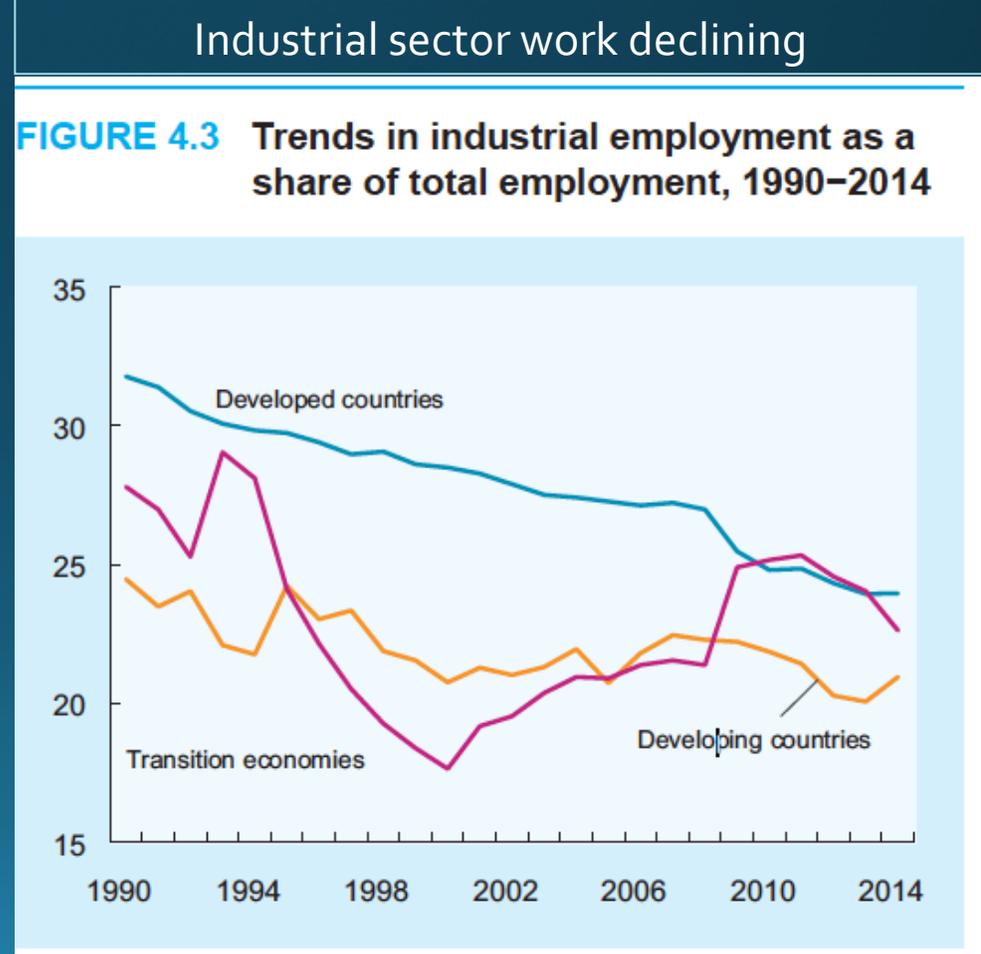
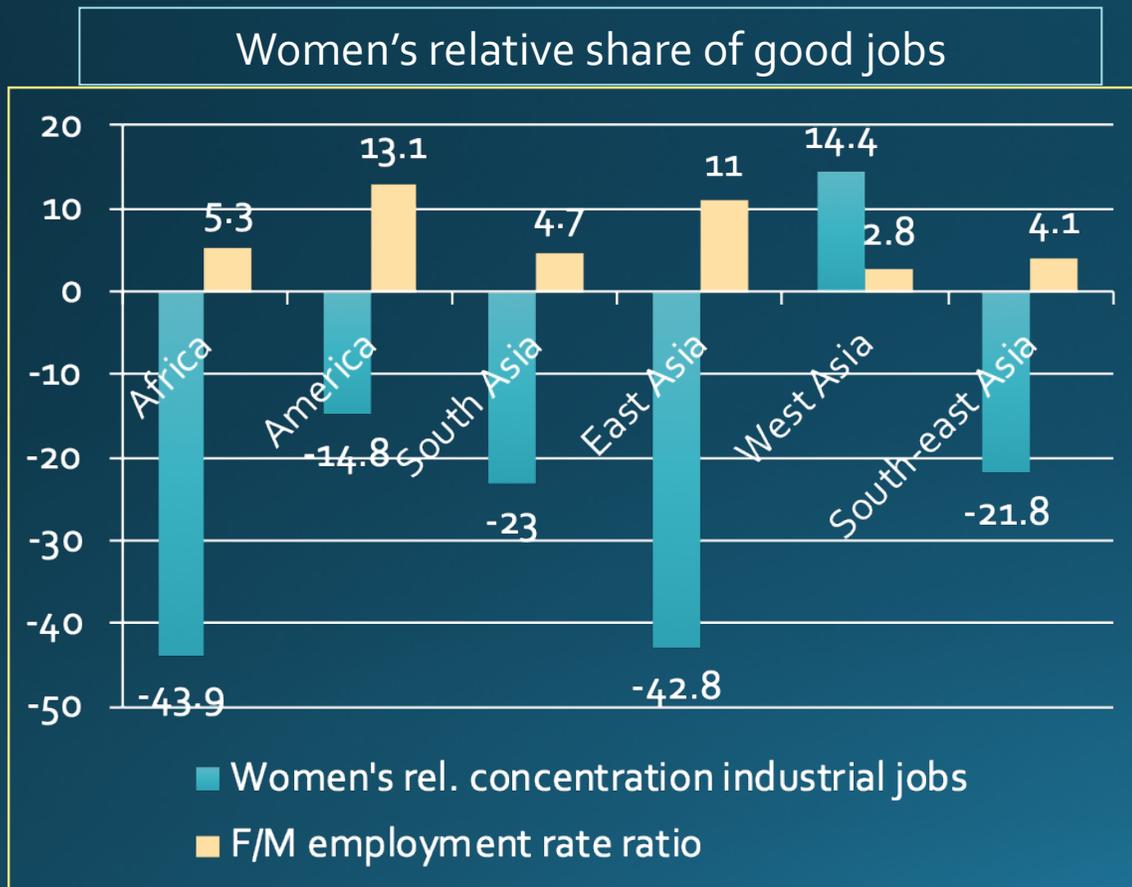
# Greater gender equality in education but employment equality lags: 160 countries



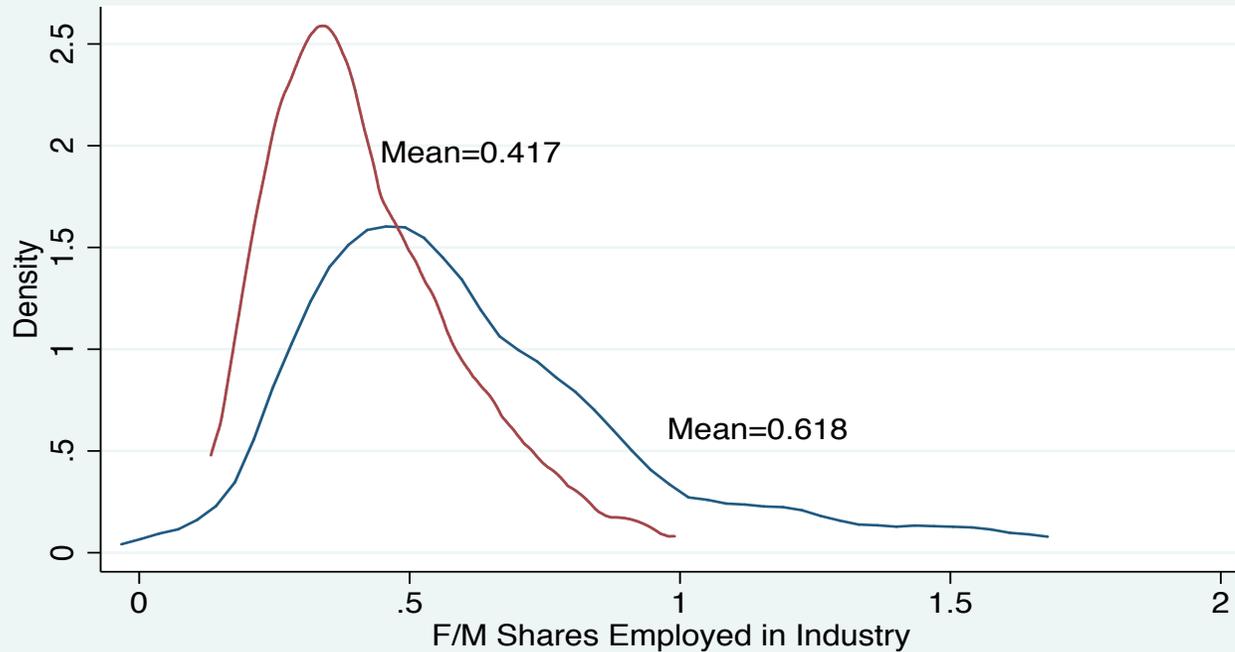
# Gender conflictive employment gains?: F/M employment ratio rising since 1991 as male employment rates fall



# And job segregation is increasing as industrial share of employment falls



# Women's relative concentration in industrial sector jobs



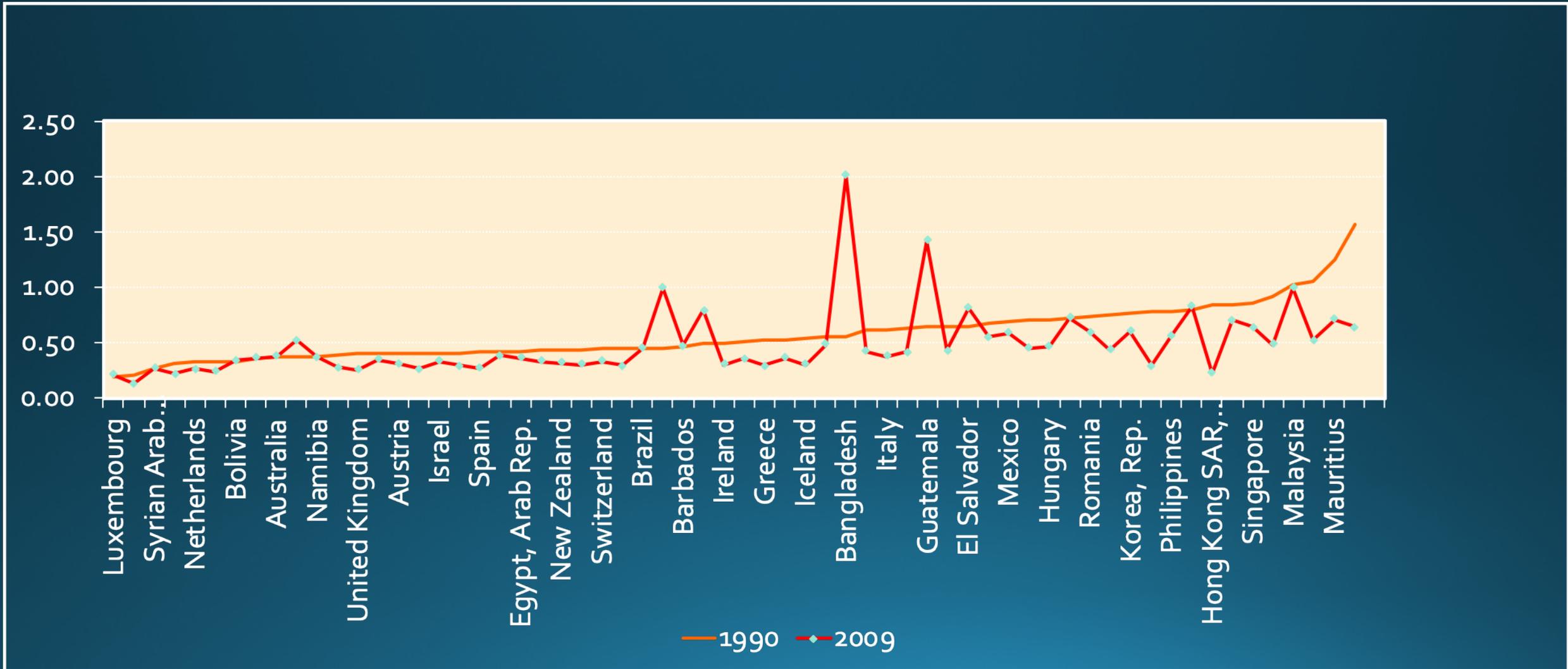
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## Defined as:

$$\frac{\% \text{ of women in industrial sector}}{\% \text{ of men in industrial sector jobs}}$$

# Shares of Females and Males Employed in the Industrial Sector, 1990 and 2009

*Countries Ranked by 1990 F/M Ratio*



# Two questions

1. What are **macro-structural causes** of greater job segregation, with women increasingly excluded from “good” jobs in the industrial sector?
2. Does increased gender job segregation **hurt men as well as women** by depressing the labor share of income?

# Industrial sector and “good” jobs

- Industry relative to agriculture and services
  - More likely to be formal, higher wage, less “vulnerable” work
  - Ratio of market services sector to industrial sector productivity averages 85% across regions. (In Europe/USA, 68%).
- Productivity-enhancing structural change and development
  - Resources, including labor, shift into higher productivity sectors to support aggregate productivity growth.
  - Access to higher-paying jobs builds domestic aggregate demand
  - Happens primarily through the process of industrialization
    - For almost all developed and developing countries that have experienced catch-up development
- Premature deindustrialization, stalled industrialization and the “middle income trap”

# Analytical framework: Stratification & dual labor markets

- **Dual/segmented labor market theory**

- Primary vs. secondary sector

- **Stratification**

Systems of distribution, buttressed by institutions, norms & stereotypes that create social & economic hierarchies in which some groups are identified as more deserving than others.

- Stratification + dual labor market + **job scarcity**

- Job rationing & opportunity hoarding by gender
- Crowding of women into lower quality jobs

# Macro structural & policy determinants of women's relative share of industrial sector or "good" jobs

## 1. **Structural transformation and the gender inclusivity of technological change**

- Industrial value-added as a share of GDP
- Industrial employment as a share of total employment
- Capital-labor ratio

## 2. **Structural and policy consequences of hyperglobalization**

- **Extent of global integration**
  - Trade/GDP
  - FDI/GDP
- Trade policy
  - Weighted tariff rate
- Fiscal policy stance
  - Government consumption/GDP

## 3. **Economic growth**

## 4. **Labor supply controls**

- W/M secondary school enrollment rate
- W/M labor force participation rate

### Some details

- 1991-2014, annual observations for two groups: developing and developed countries
- Country and time fixed effects

Factor <i>(developing countries)</i>	Impact on women's relative access to good jobs	Economic significance
<b>Structural transformation and the gender inclusivity of technological change</b>		
Industrial employment as a share of total employment	<b>Positive:</b> Industrial value added matters a LOT less	One SD increase from the mean (6.7 pp) → 11% increase
Higher capital intensity of production	<b>Negative:</b> Given gender stereotypes and segregation, technological change may hurt women's access to better jobs	One SD increase in K/L ratio, which nearly doubles it → 22% decline
<b>Structural and policy consequences of globalization</b>		
Stronger fiscal policy stances	<b>Positive:</b> Shifts driven by gains for women, not losses for men	Increasing from lowest value to the mean (5% to 13.1%) → 9.7% increase
Net (not total) exports of manufactures	<b>Positive:</b> Domestic value added in exports matter, FDI doesn't	Increase of one SD from zero trade balance (8.8 pp) → 5.5% increase
Weighted tariffs	<b>Positive:</b> Less trade liberalization enhances women's access	One SD increase from the mean (5.1 pp) → 4% increase
<b>Economic growth</b>		
Per capita GDP growth	<b>No effect:</b> Failure of growth to produce sufficient employment also a failure for gender equality	
<b>Women's involvement in markets</b>		
Increasing women's labor force participation	<b>Negative:</b> Given the limited supply of good jobs, associated with increased gender segregation and crowding into bad jobs	One SD increase (17.2 pp) → 13.2% decline

# Employment protection legislation - Dismissals

Measure	Impact on women's relative access to good jobs	Sample
OECD's EPRC_v1 * rule of law	<b>Positive:</b> Employment protections positively associated with gender job integration	Mostly developed countries
CBR index for on dismissal protection	<b>Positive:</b> Employment protections positively associated with gender job integration	Developed countries

# Are men also hurt by gender job segregation?

- Core sector (male) jobs increasingly rationed
- Women's weak remuneration and quality of work in secondary sector acts as "threat" effect on men in the primary sector
- Divided workers have weaker bargaining power
- Negative impact on labor share of income
- Conclusion: Class dynamics are "gender cooperative"



# Are men hurt by gender job segregation?

- Other points
  - Modern processes of industrialization may pose problems for labor.
  - Fiscal expansion and restrictive trade policies associated with higher labor share.
  - Export orientation correlated with lower labor share.

During this period, variable declined 70.2% → 47.2%. This is associated with 4.7% decline in the labor share.

**TABLE 4.5** Determinants of labour share of income

*Dependent variable: Labour share of income*

	<i>Fixed effects</i> (1)	<i>Two-stage least squares</i> (2)
Women's relative concentration in industrial employment	0.080** (0.037)	0.137** (0.055)
Women's/men's labour force participation	-0.154 (0.100)	-0.091 (0.107)
Industrial emp./total emp.	-0.021 (0.051)	0.042 (0.052)
Industrial value added/GDP	-0.183* (0.092)	-0.258*** (0.086)
Capital-labour ratio	0.033 (0.064)	0.071 (0.066)
Trade/GDP	-0.037 (0.024)	-0.004 (0.004)
Inward FDI/GDP	-0.005 (0.004)	-0.025 (0.024)
Weighted tariffs	0.036** (0.016)	0.039** (0.016)
Government consumption/GDP	0.157*** (0.055)	0.173*** (0.058)
Real interest rates	0.000 (0.001)	0.000 (0.001)
Observations	469	421
R-squared	0.446	0.481

# Implications of results

- **Crowding hurts women's access to employment – effect is large.**
  - Decline in F/M ind. employment → **23 percentage point decline of women's relative concentration in industry jobs from 1991-2010.**
  - Labor share fell 4.7 percentage points over that period.
- Falling L share cannot be attributed to increased F/M LFPR that squeezes men out of jobs
- **Expansionary fiscal policies & less trade liberalization** raise labor shares.

# Conclusions

- Due to declining no. of good jobs, women's increased employment has led to their **integration on inferior terms**.
- This **worsens overall inequality** by lowering the labor share of income with **negative effects for aggregate demand & growth**.
- What progress we have seen in women's increased relative employment is thus **gender conflictive**.