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

![Graph of F/M Total Years of Education, 15 and over (1990 and 2010)](image)

Bandwidth = 0.0732

![Graph of F/M Employment-to-Population Ratio (1991 and 2010)](image)

Bandwidth = 0.0730
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

**Defined as:**

\[
\text{% of women in industrial sector} \div \text{% of men in industrial sector jobs}
\]

Bandwidth = 0.1061
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
<table>
<thead>
<tr>
<th>Factor (developing countries)</th>
<th>Impact on women’s relative access to good jobs</th>
<th>Economic significance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structural transformation and the gender inclusivity of technological change</strong></td>
<td></td>
<td></td>
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<tr>
<td>Industrial employment as a share of total employment</td>
<td><strong>Positive:</strong> Industrial value added matters a LOT less</td>
<td>One SD increase from the mean (6.7 pp) $\rightarrow$ 11% increase</td>
</tr>
<tr>
<td>Higher capital intensity of production</td>
<td><strong>Negative:</strong> Given gender stereotypes and segregation, technological change may hurt women’s access to better jobs</td>
<td>One SD increase in K/L ratio, which nearly doubles it $\rightarrow$ 22% decline</td>
</tr>
<tr>
<td><strong>Structural and policy consequences of globalization</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stronger fiscal policy stances</td>
<td><strong>Positive:</strong> Shifts driven by gains for women, not losses for men</td>
<td>Increasing from lowest value to the mean (5% to 13.1%) $\rightarrow$ 9.7% increase</td>
</tr>
<tr>
<td>Net (not total) exports of manufactures</td>
<td><strong>Positive:</strong> Domestic value added in exports matter, FDI doesn’t</td>
<td>Increase of one SD from zero trade balance (8.8 pp) $\rightarrow$ 5.5% increase</td>
</tr>
<tr>
<td>Weighted tariffs</td>
<td><strong>Positive:</strong> Less trade liberalization enhances women’s access</td>
<td>One SD increase from the mean (5.1 pp) $\rightarrow$ 4% increase</td>
</tr>
<tr>
<td><strong>Economic growth</strong></td>
<td></td>
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<tr>
<td>Per capita GDP growth</td>
<td><strong>No effect:</strong> Failure of growth to produce sufficient employment also a failure for gender equality</td>
<td></td>
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<td><strong>Women’s involvement in markets</strong></td>
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<tr>
<td>Increasing women’s labor force participation</td>
<td><strong>Negative:</strong> Given the limited supply of good jobs, associated with increased gender segregation and crowding into bad jobs</td>
<td>One SD increase (17.2 pp) $\rightarrow$ 13.2% decline</td>
</tr>
</tbody>
</table>
### Employment protection legislation - Dismissals

<table>
<thead>
<tr>
<th>Measure</th>
<th>Impact on women’s relative access to good jobs</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD’s EPRC_v1 * rule of law</td>
<td><strong>Positive:</strong> Employment protections positively associated with gender job integration</td>
<td>Mostly developed countries</td>
</tr>
<tr>
<td>CBR index for on dismissal protection</td>
<td><strong>Positive:</strong> Employment protections positively associated with gender job integration</td>
<td>Developed countries</td>
</tr>
</tbody>
</table>
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”
During this period, variable declined 70.2% → 47.2%. This is associated with 4.7% decline in the labor share.

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.
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.