

II. Labour force participation rates

A. Narrowing of labour force participation gaps in most regions

At global level, the labour force participation rates of both women and men have decreased over the last two decades. In some regions, however, the participation rate of women has increased, thereby narrowing the gender gap. That process notwithstanding, everywhere women are participating in the labour force to a lesser extent – sometimes significantly so – than men (figure 1).

Over the last twenty years (1995–2015), the global female labour force participation rate has decreased from 52.4 per cent to 49.6 per cent.³ The corresponding figures for men are 79.9 per cent and 76.1 per cent respectively. Accordingly, despite the slight drop in the percentage of both women and men in the labour force in 2015 compared to 1995, the gender gap in such participation has decreased slightly – by 1 percentage point – owing to the fact that women’s labour force participation decreased to a lesser extent than that of men.

In some regions, gaps in participation rates are narrowing. Thus, in Northern, Southern and Western Europe, this convergence can be attributed to the so-called “added worker effect” during the financial crisis, referring to the increase in the labour supply of married women who sought to compensate for the loss of family income when their husbands became unemployed.⁴ Since 2006, the female labour force participation rate in Northern, Southern and Western Europe has increased by 2.4 percentage points, while the corresponding male rate has decreased by 1.7 percentage points.

In South-Eastern Asia and the Pacific, labour force participation gaps have narrowed since 1995. This phenomenon is partly attributable to a small decline in male participation rates (from 81.8 per cent in 1995 to 81.3 per cent in 2015), while the female participation rate has lightly increased (from 58.0 per cent in 1995 to 58.8 per cent in 2015). The decline in male participation in the labour force might be attributed to the transition from primary activities to services (ADB, 2015a).

In Central and Western Asia gaps in labour force participation have narrowed. Among the possible factors are the greater trade openness and economic integration, which have led to the significant growth of export-oriented sectors. Some of these sectors (such as garments, electronics, and services) have employed an increasingly large number of women in recent decades.

In Latin America and the Caribbean, female participation in the labour force increased from 44.5 per cent in 1995 to 52.6 per cent in 2015. Among the determinants of higher female participation in the labour market, improved education and health factors – including decreasing fertility – are likely to have played a major role. Moreover, there have been significant increases in the provision of subsidized childcare, which may also explain the increase in female labour force participation (Busso and Fonseca, 2015).

By contrast, in Northern America the financial crisis has discouraged both men and women from participating in the labour market, but gaps have narrowed because the effect on men’s participation (decline of 5.3 percentage points) has been larger than that on women’s participation (decline of 0.9 percentage points).

In Eastern Europe, labour force participation for both men and women decreased over the period 1995–2005 and then increased in the aftermath of the financial crisis. Since 2006, however, the increase in labour force participation has been more marked for men (2.5 percentage points) than for women (0.6 percentage points). These trends are mostly due to demographic and behavioural changes (ILO, 2012a).

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3. Several factors might be responsible for lower female labour force participation rates. First, urbanization and the move out of subsistence agriculture are two key factors that have contributed to the withdrawal of women from the labour force (for an analysis of Turkey, see World Bank, 2009). Second, increased attendance in education and higher household income levels might also cause a decline in female labour force participation (for an analysis of India, see Kapsos et al., 2014). Finally, in Northern Africa, the Middle East and Southern Asia barriers to entry to the labour market and cultural restrictions continue to hinder work opportunities for young women to combine work and family life (Elder and Kring, 2016).

4. Bredtmann et al. (2014) find evidence for the “added worker effect” in a pool of 28 European countries. Bentolila and Ichino (2008) argue, however, that in Europe, the role of family support and thus wives’ reactions to their husbands’ job loss should be stronger whenever the welfare state fails to mitigate the consequences of unemployment. Empirical studies also find evidence for the added worker effect in Japan (Kohara, 2010), Australia (Gong, 2010) and Turkey (Baslevant and Onaran, 2003; Degirmenci and Ilkkaracan, 2013; Karaoglan and Okten, 2012). For the United States, see Blundell et al. (2012) and Mattingly and Smith (2010).